

Annual Report and Audited Financial Statements

PRINCIPAL MPF SCHEME SERIES 800

31 December 2023



PRINCIPAL MPF SCHEME SERIES 800

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PRINCIPAL MPF SCHEME SERIES 800

DIRECTORY OF PARTIES

Trustee and Administrator

Principal Trust Company (Asia) Limited
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Sponsor

Principal Insurance Company (Hong Kong) Limited
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Investment Manager

Principal Asset Management Company (Asia) Limited
29/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Custodian

Citibank, N.A.
50/F, Champion Tower
3 Garden Road
Central
Hong Kong

Legal Advisor

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

Auditor

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Global

Performance Overview

For much of 2023, inflation stayed above the Fed target, forcing the Fed to stay hawkish for much of the year – hiking and keeping policy rates above market pricing. Indeed, the market was disappointed, and the January rally sputtered and completely lost ground by February. This was interrupted in March by the US regional bank crisis, which coincided with the forced takeover of Credit Suisse by UBS in Europe. The short-lived crisis aside, the dominant fixed-income market driver for much of 2023 was the market repricing towards central banks' more hawkish guidance. In these respects, the course of 2023 largely followed the plot in the outlook we gave in December 2022. A key driver that did not follow our plot was growth in the US – which proved surprisingly resilient in 2023. This was due to stronger-than-expected consumer spending, which in turn came about from excess savings from COVID-19 stimulus support, increase in consumer leverage, and lagged effects of policy tightening as most US households exercised their option not to refinance their mortgages. European households bore the full brunt of monetary policy tightening, as most mortgage rates were floating in nature. Governments planned to revert towards fiscal discipline, suspended due to COVID-19. Businesses were further hit by weak demand from China. As a result, the European economy contracted in pretty much a textbook reaction to policy tightening even as the US remained resilient.

As weaker growth and sharply decelerating price pressures reverberate around most of the world, DM central banks mostly decided to hit the breaks on policy tightening towards the end of the year. Many emerging markets have already begun cutting rates over the course of the year itself, including Poland, Czech Republic, Hungary, Chile, Peru, and Brazil. Japan proved to be the exception, with business optimism and inflation at the highest levels seen in 3 decades, the Bank of Japan looks set to normalize monetary policy next year. For 2023, the global bond market, as represented by the Bloomberg global aggregate, delivered +5.7% return. Bond yields fell across the board due to rising expectations of broad-based rate cuts in the year ahead. The dollar depreciated 2.1%. US treasuries returned 4.1%, and European government bonds returned 10.4% from lower bond yields and stronger Euro. In emerging markets, local markets returned +6.9%, led by Latam, while Asia was weighed down by relatively lacklustre return from China, which offset strong performance from Indonesia, Philippines, Korea and India. In credits, the emerging market also proved resilient with +6.6% return. US IG outperformed with +8.5% return as recession concerns faded, and companies in the US was supported by Fed term funding programs implemented after the regional bank crisis in March, which boosted the stock market to finish the year at a record high.

Asia

Performance review

The final quarter of 2023 marked a strong finish to a strong year, with equity returns surprising to the upside. Using the MSCI All Country World Index (USD) as a proxy, global equities advanced 11.1% during the quarter with developed markets outperforming emerging markets, up 11.5% vs. 7.9%. Investor optimism was building as the fourth quarter progressed, powered by further declines in inflation and slowing job growth, prompting signals from the Fed and other Western central Banks of the final innings of monetary policy tightening. Recent inflation reports have also delivered a welcome softening as the year-over-year numbers fell each month in the fourth quarter. Investors anxiously await the next Fed policy decision, which the market expects to be a rate cut. The Asia Pacific ex-Japan Index gained 7.8% during the quarter, performing in-line with the broader MSCI Emerging Markets Index which rose 7.9%. Within Asia Pacific markets, the best performers were Taiwan, up 17.4%, South Korea, up 15.3%, and Australia, up 15.2%. The lone market to decline during the quarter was China, down 3.1%. The top-performing sectors were Information technology, materials, and utilities, while consumer staples, consumer discretionary, and communication services were the worst-performing. The FTSE MPF Asia Pacific ex-Japan Index underperformed the MSCI AC Asia Pacific Ex-Japan during the quarter, rising 7.4% vs. 7.8%. China was the main reason for the underperformance, driven by the consumer discretionary sector.

The quarter saw Asia credit spreads tighten in line with the improvement in risk sentiments due to the turn lower in yields. Overall Asia credit space has held in well, largely due to a lack of supply and supportive technical while fundamentals remain largely intact with China the major economy undergoing the medium-term transition. On the macro front, China's activity data remained weak despite a multitude of stimulus measures announced over the past few months. The property sector has yet to bottom, activity data in the form of industrial production and retail sales have seen some micro bounce while FAI growth rebounded from a relatively low base. China's sovereign rating outlook was downgraded from stable to negative by Moody's, due to the rating agency's longer-term view towards the China property sector. This saw minimal impact on the China IG credit space as the underlying drivers have been priced in by creditors, with most of the potential fallen angle risks limited other than the local government financing vehicles and the asset management companies.

Hong Kong and China

Performance Review

China's economic activities continue to slow down in the fourth quarter. Chinese equity fell on weak macro data and concerns over property and LGFV risks. Investors are also concerned about potential headwinds from new policies in the internet and gaming space. Overall earnings revision was still weak in December. China is on a new path of slower growth that will be domestically led. Economic indicators still remain challenged by the effects of zero-COVID policies, however, supportive measures should trickle into the economy to form a bottom. We are cautiously optimistic about China's equity market as the economy recovers towards pre-COVID levels. The property market still faces challenges given the high debt levels and falling real estate prices. In fixed income, continued policy support from the government may drive economic stabilization and improvement in the mid to long term. Growth may be realized as the effects of policy support come to the fore, especially given that we expect a lagged effect on recent stimulus actions. We will continue to watch sectors outside Real Estate like Tech, Utilities, and Finance for better-positioned BBB names.

Hong Kong equity markets continue to be lackluster on the back of a benign macroeconomic outlook and underperformed against the US, developed markets and broader Asia. Hong Kong's economic recovery tapered off into year-end as additional fiscal stimulus and the resumption of business and trade activities provided minimal impetus. Investments and capital expenditures remain soft while outbound travel curtailed the consumption recovery. Equity sentiment and macroeconomic outlook will be an incremental driver of HKD spot trajectory as global investors retain a cautious view on China's growth prospects while the potential loosening of IPO listing approvals can fuel some optimism. Growth momentum is likely to hinge on the recently announced measures to attract talent and inflows via an updated CIES scheme as consumption and PMI show early signs of recovery in the last quarter of 2023.

US

Performance Review

Macro indicators confirm a resilient U.S. economy, powered by the consumer and strong employment. In Q4 2023, the S&P 500 index gained 11.55%, a strong finish to a strong year. Historically robust returns were seen across most market segments, despite a host of challenges, including averting the most widely anticipated recession in modern memory. Investor optimism was building as the fourth quarter progressed, powered by further declines in inflation and slowing job growth, prompting signals from the Fed and other Western central Banks of the final innings of monetary policy tightening. Consistent with their performance through 2023, the “Magnificent Seven” (Apple, Microsoft, Google, Amazon, Meta, Nvidia, and Tesla) dominated the market, particularly those with current involvement or future ambitions in next-generation alternative intelligence. High-quality (as measured by ROE) companies continued to outperform low-quality companies as durable earnings profiles remain attractive among investors with economic conditions and outlooks top of mind. Large Size continued to outperform, but the quarter delivered a significant improvement in market breadth, as smaller-company shares and interest-rate sensitive, lower-quality cyclical stocks finally began to participate in the market advancement, after struggling for much of the year.

For and on behalf of
Principal Asset Management Company (Asia) Limited

A handwritten signature in black ink, appearing to be 'S. M.', written in a cursive style.

Hong Kong
25 June 2024

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT

Investment portfolio

<i>Constituent Funds</i>	<i>*Units</i>	2023		<i>% of net asset value</i>
		<i>Cost HK\$</i>	<i>Fair value HK\$</i>	
Principal Age 65 Plus Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal Age 65 Plus Fund	259,864,403.8696	2,951,828,469	3,121,153,396	100.16
Principal Aggressive Strategy Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal Aggressive Strategy Fund	42,075,450.2914	1,139,279,299	1,141,570,080	100.19
Principal Asian Bond Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal Asian Bond Fund	19,667,673.9473	189,255,889	190,839,374	100.60
Principal Asian Equity Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal Asian Equity Fund	105,124,418.9352	3,428,402,699	3,659,959,207	100.18
**Principal Capital Guaranteed Fund				
– Holdings in Principal Guaranteed Umbrella Fund				
– Principal Capital Guaranteed Fund	-	-	-	-
Principal Core Accumulation Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal Core Accumulation Fund	199,423,288.5748	2,696,414,756	2,988,258,268	100.11
Principal MPF Conservative Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal Asset Accumulation Fund	330,939,012.1577	5,227,444,808	5,378,089,887	99.95
Principal China Equity Fund				
– Holdings in Principal Life Style Fund				
– Principal China Equity Fund – Pension Class	173,863,806.9109	3,318,162,701	2,355,941,516	100.15
Principal Global Growth Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal Global Growth Fund	139,400,001.4917	3,637,031,885	3,870,956,821	100.17
Principal Hang Seng Index Tracking Fund				
– Holdings in Tracker Fund of Hong Kong	92,744,500.0000	2,193,826,956	1,594,277,955	100.11
Principal Hong Kong Bond Fund				
– Holdings in Principal Life Style Fund				
– Principal Hong Kong Bond Fund – Pension Class	45,087,913.9430	566,216,982	584,614,401	100.12
Principal HK Dollar Savings Fund				
– Holdings in Principal Life Style Fund				
– Principal Hong Kong Dollar Savings Fund - Pension Class	144,990,375.8799	2,032,967,807	2,126,573,843	99.76

* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.

** These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment portfolio (continued)

<i>Constituent Funds</i>	2023 (continued)			
	<i>*Units</i>	<i>Cost HK\$</i>	<i>Fair value HK\$</i>	<i>% of net asset value</i>
Principal Hong Kong Equity Fund				
– Holdings in Principal Life Style Fund				
– Principal Hong Kong Equity Fund – Pension Class	94,740,653.0183	3,920,328,179	3,027,418,619	100.27
Principal International Bond Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal International Bond Fund	48,006,205.0837	1,131,806,235	1,099,044,458	100.01
Principal International Equity Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal International Equity Fund	45,600,397.0290	1,769,896,093	2,294,365,736	100.14
Principal Long Term Accumulation Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal Long Term Accumulation Fund	56,855,274.3583	1,855,024,352	1,944,802,886	100.16
**Principal Long Term Guaranteed Fund				
– Holdings in Principal Guaranteed Umbrella Fund				
– Principal Long Term Guaranteed Fund	-	-	-	-
Principal Stable Yield Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal Stable Yield Fund	111,861,905.3923	2,084,003,983	2,097,321,237	100.10
Principal US Equity Fund				
– Holdings in Principal Unit Trust Umbrella Fund				
– Principal U.S. Equity Fund	66,307,523.9199	3,691,474,260	4,616,402,754	100.02

* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.

** These Constituent Funds were terminated on 26 October 2023.

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INVESTMENT REPORT (continued)

Statement of movements in portfolio holdings

	<i>% of net assets as at 31 December 2023</i>	<i>% of net assets as at 31 December 2022</i>
<i>Constituent Funds</i>		
Principal Age 65 Plus Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal Age 65 Plus Fund	100.16	100.03
Principal Aggressive Strategy Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal Aggressive Strategy Fund	100.19	100.17
Principal Asian Bond Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal Asian Bond Fund	100.60	100.28
Principal Asian Equity Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal Asian Equity Fund	100.18	100.15
*Principal Capital Guaranteed Fund		
– Holdings in Principal Guaranteed Umbrella Fund		
– Principal Capital Guaranteed Fund	-	99.97
Principal Core Accumulation Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal Core Accumulation Fund	100.11	100.09
Principal MPF Conservative Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal Asset Accumulation Fund	99.95	100.30
Principal China Equity Fund		
– Holdings in Principal Life Style Fund		
– Principal China Equity Fund - Pension Class	100.15	100.08
Principal Global Growth Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal Global Growth Fund	100.17	100.14
Principal Hang Seng Index Tracking Fund		
– Holdings in Tracker Fund of Hong Kong	100.11	99.76
Principal Hong Kong Bond Fund		
– Holdings in Principal Life Style Fund		
– Principal Hong Kong Bond Fund - Pension Class	100.12	100.04
Principal HK Dollar Savings Fund		
– Holdings in Principal Life Style Fund		
– Principal Hong Kong Dollar Savings Fund - Pension Class	99.76	100.14

* These Constituent Funds were terminated on 26 October 2023.

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INVESTMENT REPORT (continued)

Statement of movements in portfolio holdings (continued)

	<i>% of net assets as at 31 December 2023</i>	<i>% of net assets as at 31 December 2022</i>
<i>Constituent Funds</i>		
Principal Hong Kong Equity Fund		
– Holdings in Principal Life Style Fund		
– Principal Hong Kong Equity Fund - Pension Class	100.27	100.07
Principal International Bond Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal International Bond Fund	100.01	100.03
Principal International Equity Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal International Equity Fund	100.14	100.12
Principal Long Term Accumulation Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal Long Term Accumulation Fund	100.16	100.14
*Principal Long Term Guaranteed Fund		
– Holdings in Principal Guaranteed Umbrella Fund		
– Principal Long Term Guaranteed Fund	-	100.15
Principal Stable Yield Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal Stable Yield Fund	100.10	100.17
Principal US Equity Fund		
– Holdings in Principal Unit Trust Umbrella Fund		
– Principal U.S. Equity Fund	100.02	100.13

* These Constituent Funds were terminated on 26 October 2023.

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INVESTMENT REPORT (continued)

Investment income and performance

	2023																			
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	*Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	*Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	
Investment performance																				
Net (losses)/gains on investments - realised	(4,216,191)	(7,876,315)	(2,507,823)	21,582,137	182,757,685	27,392,271	38,864,073	(186,429,637)	21,365,225	(53,060,426)	(1,615,517)	26,414,969	(169,534,572)	(23,537,275)	71,769,824	3,889,482	136,944,939	(16,349,437)	145,448,252	
Net change in unrealised gains/(losses) on investments	<u>238,685,202</u>	<u>101,417,141</u>	<u>14,400,166</u>	<u>199,235,786</u>	<u>(129,680,725)</u>	<u>352,663,012</u>	<u>105,490,020</u>	<u>(220,143,469)</u>	<u>280,085,519</u>	<u>(181,592,426)</u>	<u>42,937,188</u>	<u>76,364,791</u>	<u>(226,998,714)</u>	<u>91,208,465</u>	<u>372,378,928</u>	<u>139,553,606</u>	<u>(89,307,387)</u>	<u>160,308,875</u>	<u>753,032,252</u>	

*These Constituent Funds were terminated on 26 October 2023.

	2022																			
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	
Investment performance																				
Net (losses)/gains on investments - realised	(11,020,008)	(5,505,572)	(4,163,519)	35,597,332	23,095,006	12,421,531	11,637,673	(164,809,917)	15,699,935	(48,805,499)	(4,016,040)	8,156,423	(180,891,272)	(25,668,169)	63,710,506	4,451,885	13,793,003	(19,248,636)	146,159,632	
Net change in unrealised gains/(losses) on investments	<u>(122,816,602)</u>	<u>(231,296,384)</u>	<u>(14,096,136)</u>	<u>(835,559,353)</u>	<u>12,876,554</u>	<u>(411,857,447)</u>	<u>24,722,927</u>	<u>(776,162,950)</u>	<u>(796,983,735)</u>	<u>(207,056,278)</u>	<u>(48,488,268)</u>	<u>(13,316,671)</u>	<u>(603,674,732)</u>	<u>(155,442,073)</u>	<u>(523,225,254)</u>	<u>(381,952,794)</u>	<u>(238,889,917)</u>	<u>(342,328,907)</u>	<u>(898,398,732)</u>	

	2021																			
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	
Investment performance																				
Net gains on investments - realised	18,453,140	47,648,270	986,653	307,506,727	17,153,066	101,964,573	18,292,354	272,816,984	195,160,616	17,420,142	17,504,552	30,939,151	256,319,373	29,218,101	164,138,860	85,231,501	26,991,199	76,262,403	308,597,513	
Net change in unrealised gains/(losses) on investments	<u>1,799,016</u>	<u>14,091,694</u>	<u>132,989</u>	<u>(372,891,480)</u>	<u>(175,396)</u>	<u>96,993,402</u>	<u>(10,764,660)</u>	<u>(928,072,541)</u>	<u>(63,280,834)</u>	<u>(267,655,926)</u>	<u>(18,458,930)</u>	<u>(18,856,815)</u>	<u>(873,466,409)</u>	<u>(86,042,844)</u>	<u>169,098,364</u>	<u>(57,392,917)</u>	<u>(9,970,753)</u>	<u>(89,385,637)</u>	<u>516,863,068</u>	

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INVESTMENT REPORT (continued)

Investment income and performance (continued)

	2023																			
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	*Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	*Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	
Income derived from investments																				
Distribution income	-	-	-	-	-	-	-	-	-	57,463,275	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	85	-	-	-	-	-	-	-	-	-	-
Other income	2,893	4,605	-	2,723	1,397,345	11,609	-	61,482	11,314	14,353	19,923	8,448	30,339	5,997	9,420	8,564	24,456	8,762	32,043	

*These Constituent Funds were terminated on 26 October 2023.

	2022																			
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	
Income derived from investments																				
Distribution income	-	-	-	-	-	-	-	-	-	52,941,640	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	52	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	6,781,431	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	2021																			
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	
Income derived from investments																				
Distribution income	-	-	-	-	-	-	-	-	-	42,236,625	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	77	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	14,313,863	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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INVESTMENT REPORT (continued)

Performance table

Investment record as at 31 December 2023

	Net asset value per unit			Total net asset value HK\$
	Class D HK\$	Class I HK\$	Class N HK\$	
Principal Age 65 Plus Fund	-	-	11.3384	3,116,302,171
Principal Aggressive Strategy Fund	23.7445	23.4016	-	1,139,404,156
Principal Asian Bond Fund	-	-	9.4316	189,700,659
Principal Asian Equity Fund	42.9132	41.0815	-	3,653,256,718
Principal Capital Guaranteed Fund*	-	-	-	-
Principal Core Accumulation Fund	-	-	14.1305	2,985,067,492
Principal MPF Conservative Fund	-	-	11.9308	5,380,511,283
Principal China Equity Fund	10.4012	9.9564	-	2,352,442,498
Principal Global Growth Fund	25.5785	24.8869	-	3,864,536,131
Principal Hang Seng Index Tracking Fund	-	-	10.4490	1,592,572,457
Principal Hong Kong Bond Fund	-	-	11.1925	583,931,456
Principal HK Dollar Savings Fund	11.5914	11.5245	-	2,131,669,095
Principal Hong Kong Equity Fund	19.2754	18.8577	-	3,019,164,596
Principal International Bond Fund	16.1288	15.9538	-	1,098,924,919
Principal International Equity Fund	24.9977	23.9352	-	2,291,150,296
Principal Long Term Accumulation Fund	20.0788	19.5360	-	1,941,605,158
Principal Long Term Guaranteed Fund*	-	-	-	-
Principal Stable Yield Fund	18.0693	17.5828	-	2,095,240,160
Principal US Equity Fund	29.1958	27.9604	-	4,615,324,493

* These Constituent Funds were terminated on 26 October 2023.

The last available net asset value per unit immediate of Principal Capital Guaranteed Fund Class D and Class I before 26 October 2023 were HK\$11.8738 and HK\$11.7563 respectively.

The last available net asset value per unit immediate of Principal Long Term Guaranteed Fund Class D and Class I before 26 October 2023 were HK\$12.4358 and HK\$11.7234 respectively.

Investment record as at 31 December 2022

	Net asset value per unit			Total net asset value HK\$
	Class D HK\$	Class I HK\$	Class N HK\$	
Principal Age 65 Plus Fund	-	-	10.5310	869,262,151
Principal Aggressive Strategy Fund	22.0942	21.8236	-	1,074,932,366
Principal Asian Bond Fund	-	-	8.8872	155,350,231
Principal Asian Equity Fund	40.8592	39.1944	-	3,554,839,221
Principal Capital Guaranteed Fund	11.7522	11.6505	-	2,585,060,064
Principal Core Accumulation Fund	-	-	12.3235	2,275,863,756
Principal MPF Conservative Fund	-	-	11.5338	2,651,526,978
Principal China Equity Fund	12.3108	11.8095	-	2,718,962,846
Principal Global Growth Fund	23.9347	23.3363	-	3,730,807,916
Principal Hang Seng Index Tracking Fund	-	-	11.7802	1,676,732,191
Principal Hong Kong Bond Fund	-	-	10.5196	564,017,261
Principal HK Dollar Savings Fund	11.1383	11.0786	-	2,018,652,534
Principal Hong Kong Equity Fund	22.0560	21.6010	-	3,346,564,099
Principal International Bond Fund	15.3049	15.1382	-	971,886,490
Principal International Equity Fund	20.2377	19.4155	-	1,734,104,452
Principal Long Term Accumulation Fund	18.8642	18.3924	-	1,880,203,512
Principal Long Term Guaranteed Fund	12.2794	11.6246	-	1,838,310,997
Principal Stable Yield Fund	17.0574	16.6329	-	2,005,977,432
Principal US Equity Fund	23.5999	22.6456	-	3,456,489,998

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Investment record as at 31 December 2021

	Net asset value per unit			Total net asset value HK\$
	Class D HK\$	Class I HK\$	Class N HK\$	
Principal Age 65 Plus Fund	-	-	12.2941	941,060,734
Principal Aggressive Strategy Fund	27.2758	26.9966	-	1,328,347,574
Principal Asian Bond Fund	-	-	10.0857	164,457,635
Principal Asian Equity Fund	50.4539	48.4912	-	4,437,041,243
Principal Capital Guaranteed Fund	11.6991	11.6078	-	2,203,994,163
Principal Core Accumulation Fund	-	-	14.7532	2,431,242,795
Principal MPF Conservative Fund	-	-	11.5160	2,339,078,253
Principal China Equity Fund	16.8549	16.1998	-	3,561,898,738
Principal Global Growth Fund	29.1904	28.5181	-	4,617,821,963
Principal Hang Seng Index Tracking Fund	-	-	13.5740	1,653,899,943
Principal Hong Kong Bond Fund	-	-	11.5598	674,104,939
Principal HK Dollar Savings Fund	11.2752	11.2192	-	2,094,797,645
Principal Hong Kong Equity Fund	27.9708	27.4217	-	3,799,181,376
Principal International Bond Fund	18.2950	18.0957	-	1,225,574,856
Principal International Equity Fund	25.9175	24.9121	-	2,163,291,368
Principal Long Term Accumulation Fund	22.8334	22.3072	-	2,322,596,821
Principal Long Term Guaranteed Fund	13.9694	13.2908	-	2,101,078,937
Principal Stable Yield Fund	20.2982	19.8330	-	2,438,930,315
Principal US Equity Fund	29.2079	28.0803	-	4,035,202,187

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2023

	Fund expense ratio (%)#	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualized investment return (%)
Principal Age 65 Plus Fund				
Class N	0.80777	11.3823	10.5092	7.67
Principal Aggressive Strategy Fund				
Class D	1.31949	24.2868	21.7173	7.47
Class I	1.51822	23.9562	21.4114	7.23
Principal Asian Bond Fund				
Class N	1.03586	9.4446	8.7858	6.13
Principal Asian Equity Fund				
Class D	1.34542	44.9774	38.6481	5.03
Class I	1.53540	43.1341	37.0113	4.81
**Principal Capital Guaranteed Fund				
Class D	1.29294	11.8738	11.7595	1.03
Class I	1.44311	11.7563	11.6526	0.91
Principal Core Accumulation Fund				
Class N	0.82229	14.1676	12.3543	14.66
Principal MPF Conservative Fund				
Class N	1.00007	11.9308	11.5378	3.44
Principal China Equity Fund				
Class D	1.32899	14.3297	9.9681	(15.51)
Class I	1.51940	13.7415	9.5422	(15.69)
Principal Global Growth Fund				
Class D	1.32086	25.9161	23.4300	6.87
Class I	1.52105	25.2617	22.8048	6.64
Principal Hang Seng Index Tracking Fund				
Class N	0.94739	13.4578	9.9372	(11.30)
Principal Hong Kong Bond Fund				
Class N	1.05105	11.1925	10.5485	6.40
Principal HK Dollar Savings Fund				
Class D	1.00415	11.5914	11.1442	4.07
Class I	1.04404	11.5245	11.0863	4.02
Principal Hong Kong Equity Fund				
Class D	1.30354	25.5586	18.5221	(12.61)
Class I	1.40353	25.0282	18.1212	(12.70)
Principal International Bond Fund				
Class D	1.32263	16.1971	14.6399	5.38
Class I	1.32264	16.0214	14.4810	5.39
Principal International Equity Fund				
Class D	1.34160	25.0396	20.1713	23.52
Class I	1.53202	23.9757	19.3370	23.28

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PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2023 (continued)

	Fund expense ratio (%)#	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualized investment return (%)
Principal Long Term Accumulation Fund				
Class D	1.31784	20.1998	18.3782	6.44
Class I	1.51802	19.6898	17.8878	6.22
**Principal Long Term Guaranteed Fund				
Class D	2.57060	12.7222	12.3305	1.27
Class I	3.07073	12.0374	11.6522	0.85
Principal Stable Yield Fund				
Class D	1.31635	18.1218	16.6031	5.93
Class I	1.51652	17.6341	16.1619	5.71
Principal US Equity Fund				
Class D	1.31400	29.2831	23.4576	23.71
Class I	1.50358	28.0444	22.4926	23.47

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PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2022

	Fund expense ratio (%)#	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualized investment return (%)
Principal Age 65 Plus Fund				
Class N	0.82	12.2684	10.2278	(14.34)
Principal Aggressive Strategy Fund				
Class D	1.33	27.3245	19.5538	(19.00)
Class I	1.52	27.0430	19.3216	(19.16)
Principal Asian Bond Fund				
Class N	1.03	10.0784	8.4624	(11.88)
Principal Asian Equity Fund				
Class D	1.32	50.7982	35.7532	(19.02)
Class I	1.51	48.8190	34.3085	(19.17)
Principal Capital Guaranteed Fund				
Class D	1.29	11.7570	11.6992	0.45
Class I	1.44	11.6509	11.6078	0.37
Principal Core Accumulation Fund				
Class N	0.82	14.7651	11.6405	(16.47)
Principal MPF Conservative Fund				
Class N	1.30	11.5341	11.5158	0.15
Principal China Equity Fund				
Class D	1.31	17.1940	9.4036	(26.96)
Class I	1.50	16.5240	9.0235	(27.10)
Principal Global Growth Fund				
Class D	1.30	29.1813	21.5655	(18.00)
Class I	1.50	28.5087	21.0342	(18.17)
Principal Hang Seng Index Tracking Fund				
Class N	0.94	14.4653	8.8524	(13.21)
Principal Hong Kong Bond Fund				
Class N	1.04	11.5451	10.1988	(9.00)
Principal HK Dollar Savings Fund				
Class D	1.00	11.2745	11.0440	(1.21)
Class I	1.04	11.2185	10.9855	(1.25)
Principal Hong Kong Equity Fund				
Class D	1.30	29.1354	16.4719	(21.15)
Class I	1.40	28.5620	16.1348	(21.23)
Principal International Bond Fund				
Class D	1.30	18.2150	14.5869	(16.34)
Class I	1.30	18.0166	14.4280	(16.34)
Principal International Equity Fund				
Class D	1.31	26.0342	18.8302	(21.91)
Class I	1.50	25.0237	18.0738	(22.06)

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PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2022 (continued)

	Fund expense ratio (%)#	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net 17nualized investment return (%)
Principal Long Term Accumulation Fund				
Class D	1.31	22.8027	17.3047	(17.38)
Class I	1.51	22.2769	16.8782	(17.55)
Principal Long Term Guaranteed Fund				
Class D	2.53	13.9467	11.8785	(12.10)
Class I	3.03	13.2687	11.2560	(12.54)
Principal Stable Yield Fund				
Class D	1.31	20.2543	15.9582	(15.97)
Class I	1.51	19.7897	15.5669	(16.14)
Principal US Equity Fund				
Class D	1.28	29.3931	22.0905	(19.20)
Class I	1.47	28.2579	21.2060	(19.35)

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PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2021

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)
Principal Age 65 Plus Fund			
Class N	12.3963	11.8519	1.67
Principal Aggressive Strategy Fund			
Class D	28.7930	26.4182	3.49
Class I	28.5476	26.1493	3.29
Principal Asian Bond Fund			
Class N	10.2172	9.9092	(0.46)
Principal Asian Equity Fund			
Class D	58.0686	48.4631	(2.44)
Class I	55.9021	46.5803	(2.63)
Principal Capital Guaranteed Fund			
Class D	11.6992	11.6987	0.00
Class I	11.6078	11.6078	0.00
Principal Core Accumulation Fund			
Class N	14.8363	13.4182	9.40
Principal MPF Conservative Fund			
Class N	11.5160	11.5156	0.00
Principal China Equity Fund			
Class D	24.1585	16.3818	(16.29)
Class I	23.2586	15.7459	(16.45)
Principal Global Growth Fund			
Class D	30.7316	28.4930	1.55
Class I	30.0759	27.8383	1.35
Principal Hang Seng Index Tracking Fund			
Class N	17.6786	13.2207	(12.57)
Principal Hong Kong Bond Fund			
Class N	11.7725	11.4647	(1.18)
Principal HK Dollar Savings Fund			
Class D	11.3293	11.2715	(0.45)
Class I	11.2770	11.2160	(0.49)
Principal Hong Kong Equity Fund			
Class D	39.4186	27.1585	(15.22)
Class I	38.6787	26.6261	(15.31)
Principal International Bond Fund			
Class D	19.3772	18.2061	(5.56)
Class I	19.1651	18.0078	(5.56)
Principal International Equity Fund			
Class D	26.1943	21.7048	18.19
Class I	25.1841	20.8985	17.97

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PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2021 (continued)

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)
Principal Long Term Accumulation Fund			
Class D	23.8766	22.4654	(0.09)
Class I	23.3668	21.9490	(0.28)
Principal Long Term Guaranteed Fund			
Class D	14.1987	13.8146	(0.74)
Class I	13.5363	13.1969	(1.23)
Principal Stable Yield Fund			
Class D	21.0801	20.1276	(1.78)
Class I	20.6326	19.6675	(1.97)
Principal US Equity Fund			
Class D	29.3708	22.7123	26.96
Class I	28.2372	21.8755	26.73

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PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2020

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)
Principal Age 65 Plus Fund			
Class N	12.0927	10.3696	8.92
**Principal Aggressive Strategy Fund			
Class D	26.3551	23.2259	9.91
Class I	26.1373	23.0416	9.86
**Principal Asian Bond Fund			
Class N	10.1344	9.9582	1.33
Principal Asian Equity Fund			
Class D	51.7176	28.1113	24.19
Class I	49.7996	27.1292	23.81
Principal Capital Guaranteed Fund			
Class D	11.6986	11.6288	0.61
Class I	11.6078	11.5554	0.46
Principal Core Accumulation Fund			
Class N	13.4854	9.5769	13.10
Principal MPF Conservative Fund			
Class N	11.5163	11.4496	0.59
Principal China Equity Fund			
Class D	20.1350	12.8479	22.11
Class I	19.3894	12.4005	21.73
Principal Global Growth Fund			
Class D	28.7455	19.6915	14.34
Class I	28.1389	19.3090	14.08
Principal Hang Seng Index Tracking Fund			
Class N	16.2175	12.2154	(1.80)
Principal Hong Kong Bond Fund			
Class N	11.7028	10.9963	6.32
Principal HK Dollar Savings Fund			
Class D	11.3273	11.1713	1.39
Class I	11.2751	11.1203	1.39
Principal Hong Kong Equity Fund			
Class D	32.9942	21.9943	16.76
Class I	32.3786	21.5998	16.65
Principal International Bond Fund			
Class D	19.3721	17.5519	6.81
Class I	19.1601	17.3586	6.82
Principal International Equity Fund			
Class D	21.9292	12.3827	17.14
Class I	21.1179	11.9513	16.78

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PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2020 (continued)

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)
Principal Long Term Accumulation Fund			
Class D	22.8535	17.0521	12.41
Class I	22.3709	16.7207	12.15
Principal Long Term Guaranteed Fund			
Class D	14.0729	12.2701	6.41
Class I	13.4558	11.7768	5.88
Principal Stable Yield Fund			
Class D	20.6657	16.8579	9.77
Class I	20.2318	16.5324	9.52
Principal US Equity Fund			
Class D	23.0053	14.2460	11.89
Class I	22.1583	13.7523	11.54

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PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2019

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)
Principal Age 65 Plus Fund			
Class N	11.1233	10.1133	9.83
Principal Asian Equity Fund			
Class D	42.2546	35.3273	14.04
Class I	40.9112	34.2363	13.66
Principal Capital Guaranteed Fund			
Class D	11.6281	11.5082	1.05
Class I	11.5548	11.4527	0.90
Principal Core Accumulation Fund			
Class N	11.9379	10.1511	16.53
Principal MPF Conservative Fund			
Class N	11.4486	11.3125	1.21
Principal China Equity Fund			
Class D	16.6934	13.6762	16.43
Class I	16.1647	13.2545	16.04
Principal Global Growth Fund			
Class D	25.1728	21.8783	13.56
Class I	24.6986	21.5163	13.29
Principal Hang Seng Index Tracking Fund			
Class N	16.5222	13.7206	11.69
Principal Hong Kong Bond Fund			
Class N	11.1959	10.6756	3.03
Principal HK Dollar Savings Fund			
Class D	11.1707	11.0196	1.39
Class I	11.1197	10.9692	1.39
Principal Hong Kong Equity Fund			
Class D	29.6301	24.3577	12.28
Class I	29.1266	23.9499	12.17
Principal International Bond Fund			
Class D	18.5156	17.1647	6.08
Class I	18.3117	16.9756	6.08
Principal International Equity Fund			
Class D	18.7604	15.4402	19.59
Class I	18.1228	14.9646	19.19
Principal Long Term Accumulation Fund			
Class D	20.3473	18.1244	11.41
Class I	19.9636	17.8242	11.15
Principal Long Term Guaranteed Fund			
Class D	13.2379	12.4840	5.95
Class I	12.7210	12.0552	5.43
Principal Stable Yield Fund			
Class D	18.8335	17.2295	9.01
Class I	18.4802	16.9459	8.75
Principal US Equity Fund			
Class D	20.5949	16.1001	24.93
Class I	19.8986	15.6071	24.51

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PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2018

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)
Principal Age 65 Plus Fund			
Class N	10.4192	10.0155	(2.03)
Principal Asian Equity Fund			
Class D	49.1717	35.9501	(19.51)
Class I	47.8054	34.8446	(19.78)
Principal Capital Guaranteed Fund			
Class D	11.5076	11.4456	0.54
Class I	11.4522	11.4067	0.40
Principal Core Accumulation Fund			
Class N	11.4034	9.9933	(6.38)
Principal MPF Conservative Fund			
Class N	11.3115	11.2313	0.71
Principal China Equity Fund			
Class D	18.8287	13.8344	(13.02)
Class I	18.3065	13.4160	(13.32)
Principal Global Growth Fund			
Class D	26.5498	21.7771	(11.35)
Class I	26.1693	21.4183	(11.56)
Principal Hang Seng Index Tracking Fund			
Class N	17.6972	13.5503	(11.32)
Principal Hong Kong Bond Fund			
Class N	10.6799	10.4117	0.75
Principal HK Dollar Savings Fund			
Class D	11.0171	10.9204	0.90
Class I	10.9668	10.8702	0.90
Principal Hong Kong Equity Fund			
Class D	32.4049	23.8522	(14.09)
Class I	31.8917	23.4568	(14.18)
Principal International Bond Fund			
Class D	17.6787	16.8347	(2.52)
Class I	17.4828	16.6493	(2.51)
Principal International Equity Fund			
Class D	19.5426	15.0121	(13.95)
Class I	19.0017	14.5511	(14.25)
Principal Long Term Accumulation Fund			
Class D	20.9566	18.0152	(8.81)
Class I	20.6558	17.7180	(9.03)
Principal Long Term Guaranteed Fund			
Class D	13.0680	12.3922	(4.01)
Class I	12.6783	11.9683	(4.49)
Principal Stable Yield Fund			
Class D	18.9668	17.1177	(6.04)
Class I	18.6960	16.8371	(6.26)
Principal US Equity Fund			
Class D	19.8533	15.4324	(6.59)
Class I	19.2687	14.9612	(6.90)

The net annualised investment return represents the percentage change in unit price* for the year covered in this report. It is for indicative purposes only and is not a guide to future performance.

* 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 OR
 (unit price at the last pricing date - unit price at the beginning of the year)/ unit price at the beginning of the year
 (for terminated Constituent Fund/ fully redeemed class during the year) OR
 (unit price at the end of the year - unit price at the date of inception)/ unit price at the date of inception
 (for newly launched Constituent Fund/ class)

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2017

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)
#Principal Age 65 Plus Fund			
Class N	10.3324	9.9973	3.18
Principal Asian Equity Fund			
Class D	45.4090	32.2471	48.54
Class I	44.1743	31.4626	47.38
Principal Capital Guaranteed Fund			
Class D	11.4454	11.4284	0.15
Class I	11.4066	11.4028	0.03
#Principal Core Accumulation Fund			
Class N	10.9393	9.9676	9.30
Principal MPF Conservative Fund			
Class N	11.2313	11.2304	0.01
Principal China Equity Fund			
Class D	16.6388	11.6552	39.94
Class I	16.1867	11.3718	39.48
Principal Global Growth Fund			
Class D	24.9767	20.3368	23.12
Class I	24.6231	20.0954	22.83
Principal Hang Seng Index Tracking Fund			
Class N	16.0799	11.6286	41.74
Principal Hong Kong Bond Fund			
Class N	10.7707	10.3675	1.17
Principal HK Dollar Savings Fund			
Class D	10.9360	10.8695	0.36
Class I	10.8856	10.8192	0.29
Principal Hong Kong Equity Fund			
Class D	29.5091	20.7899	42.52
Class I	29.0467	20.4816	42.25
Principal International Bond Fund			
Class D	17.7303	16.3891	6.47
Class I	17.5334	16.2064	6.48
Principal International Equity Fund			
Class D	18.2475	14.9331	22.54
Class I	17.7470	14.5715	22.13
Principal Long Term Accumulation Fund			
Class D	20.0135	16.9856	1.47
Class I	19.7298	16.7838	1.23
Principal Long Term Guaranteed Fund			
Class D	13.0433	12.5528	3.10
Class I	12.6765	12.2430	2.09
Principal Stable Yield Fund			
Class D	18.3813	16.2851	12.90
Class I	18.1221	16.0925	12.64
Principal US Equity Fund			
Class D	17.7270	14.7700	19.30
Class I	17.2433	14.4122	18.91

The net annualised investment return represents the percentage change in unit price* for the year covered in this report. It is for indicative purposes only and is not a guide to future performance.

* 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 OR
(unit price at the last pricing date - unit price at the beginning of the year)/ unit price at the beginning of the year
(for terminated Constituent Fund/ fully redeemed class during the year) OR
(unit price at the end of the year - unit price at the date of inception)/ unit price at the date of inception
(for newly launched Constituent Fund/ class)

These Constituent Funds were newly launched on 1 April 2017.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2016

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)
Principal Asian Equity Fund			
Class D	34.9483	26.9559	4.76
Class I	34.1387	26.4052	4.28
Principal Capital Guaranteed Fund			
Class D	11.4283	11.4267	0.01
Class I	11.4028	11.4015	0.01
Principal MPF Conservative Fund			
Class N	11.2305	11.2298	0.01
Principal China Equity Fund			
Class D	12.8408	9.4706	0.97
Class I	12.5434	9.2770	0.51
Principal Global Growth Fund			
Class D	21.2562	18.3358	1.42
Class I	21.0199	18.1563	1.18
Principal Hang Seng Index Tracking Fund			
Class N	12.6670	9.4450	2.35
Principal Hong Kong Bond Fund			
Class N	10.7630	10.3179	(1.09)
Principal HK Dollar Savings Fund			
Class D	10.8973	10.8494	(0.10)
Class I	10.8494	10.8061	(0.17)
Principal Hong Kong Equity Fund			
Class D	22.9491	17.2231	0.61
Class I	22.6157	16.9822	0.52
Principal International Bond Fund			
Class D	17.5673	16.3017	1.11
Class I	17.3760	16.1469	0.93
Principal International Equity Fund			
Class D	15.0562	13.0493	1.42
Class I	14.6945	12.7844	0.96
Principal Long Term Accumulation Fund			
Class D	17.8196	15.8352	1.47
Class I	17.6214	15.6800	1.23
Principal Long Term Guaranteed Fund			
Class D	12.9533	12.3814	(0.53)
Class I	12.6538	12.1330	(1.03)
Principal Stable Yield Fund			
Class D	17.1184	15.6269	1.25
Class I	16.9289	15.4766	1.01
Principal US Equity Fund			
Class D	15.0283	12.4802	5.03
Class I	14.6684	12.2282	4.56

The net annualised investment return represents the percentage change in unit price* for the year covered in this report. It is for indicative purposes only and is not a guide to future performance.

* 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 OR
 (unit price at the last pricing date - unit price at the beginning of the year)/ unit price at the beginning of the year
 (for terminated Constituent Fund/ fully redeemed class during the year) OR
 (unit price at the end of the year - unit price at the date of inception)/ unit price at the date of inception
 (for newly launched Constituent Fund/ class)

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2015

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)
Principal Asian Equity Fund			
Class D	38.7416	29.2322	(8.89)
Class I	38.1033	28.7019	(9.35)
Principal Capital Guaranteed Fund			
Class D	11.4267	11.4250	0.02
Class I	11.4015	11.4006	0.01
Principal MPF Conservative Fund			
Class N	11.2298	11.2276	0.02
Principal China Equity Fund			
Class D	15.6368	10.7293	(8.16)
Class I	15.3793	10.5326	(8.61)
Principal Global Growth Fund			
Class D	22.3258	19.2995	(2.85)
Class I	22.1493	19.1274	(3.08)
Principal Hang Seng Index Tracking Fund			
Class N	14.2959	10.5917	(5.27)
Principal Hong Kong Bond Fund			
Class N	10.5367	10.2542	2.08
Principal HK Dollar Savings Fund			
Class D	10.9422	10.8753	(0.30)
Class I	10.9050	10.8326	(0.40)
Principal Hong Kong Equity Fund			
Class D	26.4478	19.3009	(5.04)
Class I	26.0964	19.0389	(5.14)
Principal International Bond Fund			
Class D	17.0366	16.1696	(4.13)
Class I	16.9131	16.0196	(4.35)
Principal International Equity Fund			
Class D	15.9626	13.8018	(3.13)
Class I	15.6963	13.5467	(3.61)
Principal Long Term Accumulation Fund			
Class D	18.2030	16.3367	(2.89)
Class I	18.0590	16.1909	(3.12)
Principal Long Term Guaranteed Fund			
Class D	13.0613	12.5619	(0.98)
Class I	12.8464	12.3338	(1.47)
Principal Stable Yield Fund			
Class D	17.0705	15.8974	(2.94)
Class I	16.9357	15.7561	(3.17)
Principal US Equity Fund			
Class D	14.9025	13.0259	(0.90)
Class I	14.6434	12.7924	(1.39)

The net annualised investment return represents the percentage change in unit price* for the year covered in this report. It is for indicative purposes only and is not a guide to future performance.

* 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 OR
 (unit price at the last pricing date - unit price at the beginning of the year)/ unit price at the beginning of the year
 (for terminated Constituent Fund/ fully redeemed class during the year) OR
 (unit price at the end of the year - unit price at the date of inception)/ unit price at the date of inception
 (for newly launched Constituent Fund/ class)

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Performance table (continued)

Performance record for the year ended 31 December 2014

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)
Principal Asian Equity Fund			
Class D	36.5206	30.7863	0.24
Class I	36.0332	30.4622	(0.25)
Principal Capital Guaranteed Fund			
Class D	11.4249	11.4173	0.07
Class I	11.4006	11.3997	0.01
Principal MPF Conservative Fund			
Class N	11.2276	11.2079	0.18
Principal China Equity Fund			
Class D	13.0524	10.6196	8.32
Class I	12.8774	10.5015	7.78
Principal Global Growth Fund			
Class D	21.6294	19.7558	(0.21)
Class I	21.4910	19.6562	(0.45)
Principal Hang Seng Index Tracking Fund			
Class N	12.6814	10.4472	3.91
Principal Hong Kong Bond Fund			
Class N	10.3397	9.9405	3.07
Principal HK Dollar Savings Fund			
Class D	10.9343	10.8800	(0.07)
Class I	10.9108	10.8537	(0.16)
Principal Hong Kong Equity Fund			
Class D	22.8972	19.5333	2.87
Class I	22.6087	19.3039	2.56
Principal International Bond Fund			
Class D	17.9043	16.9347	(1.42)
Class I	17.7971	16.8142	(1.65)
Principal International Equity Fund			
Class D	15.8110	14.1626	0.96
Class I	15.6149	13.9666	0.46
Principal Long Term Accumulation Fund			
Class D	18.0229	16.8096	(0.43)
Class I	17.9075	16.7249	(0.66)
Principal Long Term Guaranteed Fund			
Class D	12.8316	12.4976	1.75
Class I	12.6619	12.3668	1.25
Principal Stable Yield Fund			
Class D	17.2941	16.4791	(0.80)
Class I	17.1875	16.3696	(1.03)
Principal US Equity Fund			
Class D	14.4045	12.1702	11.29
Class I	14.1924	12.0436	10.75

The net annualised investment return represents the percentage change in unit price* for the year covered in this report. It is for indicative purposes only and is not a guide to future performance.

* 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 OR
(unit price at the last pricing date - unit price at the beginning of the year)/ unit price at the beginning of the year
(for terminated Constituent Fund/ fully redeemed class during the year) OR
(unit price at the end of the year - unit price at the date of inception)/ unit price at the date of inception
(for newly launched Constituent Fund/ class)

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies

Principal Age 65 Plus Fund

Investment objective

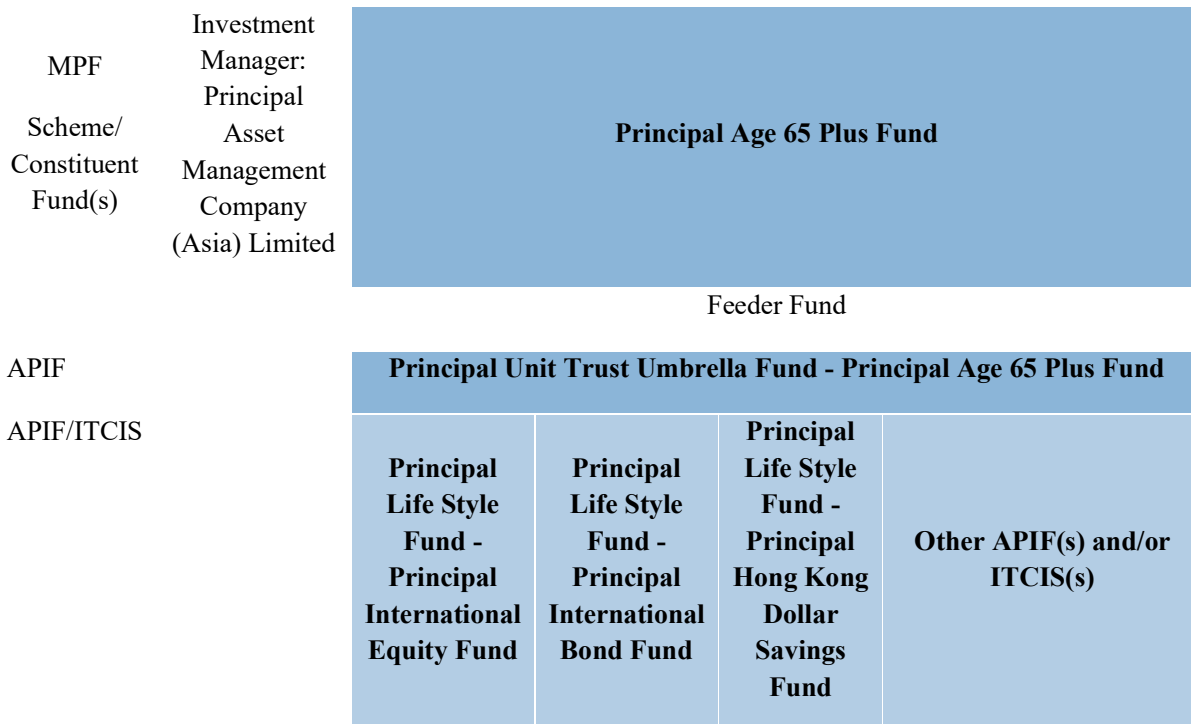
The investment objective of the Principal Age 65 Plus Fund is to provide stable growth for the retirement savings to members by investing in a globally-diversified manner. The Principal Age 65 Plus Fund is denominated in HKD.

The Principal Age 65 Plus Fund targets to hold 20% of its net assets in higher risk assets, with the remainder investing in lower risk assets. The asset allocation to higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets.

The return of the Principal Age 65 Plus Fund is expected to be in line with the Principal Age 65 Plus Fund's investment objective, and the Principal Age 65 Plus Fund is expected to perform in line with the Reference Portfolio.

Balance of investments

In order to achieve the investment objective, the Principal Age 65 Plus Fund will invest in a unit trust APIF (the Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund), which in turn invests in two or more passively or actively managed approved ITCISs and/or unit trust APIFs. The investment manager of the Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund has the discretion, subject to the limits in the following paragraph, to determine the allocation percentages of the investments of the Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund into passively or actively managed ITCISs and/or unit trust APIFs. Please refer to the following product structure chart illustrating the fund structure of the Principal Age 65 Plus Fund:



PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal Age 65 Plus Fund (continued)

Balance of investments (continued)

Through such underlying investment, the Principal Age 65 Plus Fund will hold 20% of its net assets in higher risk assets, with the remainder investing in lower risk assets. The asset allocation to higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. While the Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund may invest into actively and/or passively managed approved ITCISs and/or APIFs, the Principal Age 65 Plus Fund and the Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund itself will be managed to a target of 20% higher risk assets and 80% lower risk assets, with strict adherence to the ranges above. With this strategy, the investment manager of the Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund may allocate the assets among the approved ITCISs and/or unit trust APIFs in such proportions at its discretion in the interest of the unitholders of the Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund.

There is no prescribed allocation for investments in any specific countries or currencies.

The Principal Age 65 Plus Fund will maintain an effective currency exposure to HKD of not less than 30% through currency hedging operations by entering into currency forward contracts at the Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund level.

Security lending and repurchase agreements

Neither the Principal Age 65 Plus Fund nor the Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund will engage in security lending or enter into repurchase agreements.

Futures and options

Neither the Principal Age 65 Plus Fund nor the Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund will enter into any financial futures contracts or financial options contracts.

Risks

Due to the Principal Age 65 Plus Fund's investments being mainly in lower risk assets (such as global bonds and money market instruments), the risk profile of the Principal Age 65 Plus Fund is generally regarded as moderate. The investment manager of the Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund determines the risk profile of the Principal Age 65 Plus Fund, which is for your reference only.

The risk profile is based on relative exposure to equities/bonds (including an assessment of historical performance/volatility of return) and will be reviewed annually.

Principal Age 65 Plus Fund (continued)

Risks (continued)

Investments in the Principal Age 65 Plus Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Risks associated with small-capitalisation/mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Eurozone risks
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risk of investing in CIBM and/or Bond Connect
- Custodial risk
- Hedging risk
- Legal and regulatory risk
- Trading risks
- Key risks relating to the DIS
- Risks relating to investing solely in a single APIF or ITCIS

Principal Aggressive Strategy Fund

Investment objective

The objective of the Principal Aggressive Strategy Fund is to seek long-term growth of capital. The Principal Aggressive Strategy Fund is denominated in HKD.

In the long term, the return of the Principal Aggressive Strategy Fund is expected to exceed the inflation rates in Hong Kong.

Balance of investments

The Principal Aggressive Strategy Fund invests in the Principal Aggressive Strategy Fund under the Principal Unit Trust Umbrella Fund, a unit trust APIF managed by the Investment Manager. The APIF in turn invests in two or more APIFs and/or ITCISs. In selecting these APIFs and ITCISs, the Investment Manager will review the appropriateness of the underlying investments in meeting the objective of the Principal Aggressive Strategy Fund. Factors taken into consideration include, but are not limited to, the investment policies and objectives, portfolio strategies, historical performances, and liquidity of the underlying investments.

Through these underlying investments, the Principal Aggressive Strategy Fund will invest primarily in equities and debt securities of different countries. The Principal Aggressive Strategy Fund will provide an international exposure for investors' monies, with relatively more emphasis on equity investments.

The target ranges of asset allocation and geographic allocation of the Principal Aggressive Strategy Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Equity securities	60 - 100%
Debt securities	0 - 40%
Cash and short-term investments (e.g. bills and deposits)	0 - 30%

<i>Geographic allocation*</i>	<i>Range</i>
Asia Pacific	0 - 75%
Europe	0 - 75%
North America	0 - 80%
South America	0 - 10%
Africa/Middle East	0 - 10%

The Principal Aggressive Strategy Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Security lending and repurchase agreements

The Principal Aggressive Strategy Fund will not engage in security lending or repurchase agreements.

Principal Aggressive Strategy Fund (continued)

Futures and options

The Principal Aggressive Strategy Fund may not enter into any financial futures contracts or financial options contracts.

Risks

The risk profile of the Principal Aggressive Strategy Fund is generally regarded as high.

Investors in the Principal Aggressive Strategy Fund share the foreign exchange gains and losses associated with funds owning securities denominated in USD and other currencies.

Investments in the Principal Aggressive Strategy Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Risks associated with small-capitalisation/mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Eurozone risks
- Custodial risk
- Hedging risk
- Risks relating to investing solely in a single APIF or ITCIS
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Legal and regulatory risk
- Trading risks
- Risks of investing in CIBM and/or Bond Connect

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal Asian Bond Fund

Investment objective

The objective of the Principal Asian Bond Fund is to provide a return consisting of income and capital growth over medium to long term. The Principal Asian Bond Fund is denominated in HKD.

In the long term, the return of the Principal Asian Bond Fund is expected, but not guaranteed, to be comparable to the inflation rates in Hong Kong.

Balance of investments

The Principal Asian Bond Fund invests in the Principal Asian Bond Fund under the Principal Unit Trust Umbrella Fund, a unit trust APIF managed by the Investment Manager. The APIF in turn invests in another APIF which invests a majority of its assets in Asian debt securities, including but not limited to sovereign, quasi-sovereign, agency, corporate bonds, of varying maturities issued by a government, multi-lateral agencies or by companies, and denominated primarily in U.S. dollars and major Asian currencies. The types of debt securities that the Principal Asian Bond Fund intends to primarily invest into are government bonds, corporate bonds/debentures, floating rate notes, bills, commercial papers and certificates of deposit. In addition, the Principal Asian Bond Fund invests not more than 30% of its assets in time deposits or may hold cash.

Other than U.S. dollars and Hong Kong dollars, exposure to any single Asian currency, including but not limited to China Renminbi, South Korean Won and Singaporean dollars, will not exceed 30% of the Principal Asian Bond Fund's total assets. During special circumstances, such as periods of uncertainty or high volatility in Asian debt securities markets, the Principal Asian Bond Fund may invest up to 30% of its assets in non-Asian assets to protect the Principal Asian Bond Fund. During periods of high volatility, Asian debt securities may be less liquid or with higher bid-offer spreads etc. making them more difficult and expensive to transact in the market. In those cases, to help the Principal Asian Bond Fund maintain liquidity and buffer against market volatility, the Investment Manager may choose to invest in non-Asian assets, such as US Treasuries, non-Asian highly rated sovereign debt securities, which are more liquid and have lower bid-offer spread etc.

The target ranges of asset allocation and geographic allocation of the Principal Asian Bond Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Debt securities	70 - 100%
Cash and time deposits	0 - 30%
<i>Geographic allocation#</i>	<i>Range</i>
Asia	70 - 100%
Others	0 - 30%

The geographical allocation for debt securities of the Principal Asian Bond Fund is classified by country of risk. "Country of risk" is based on a number of criteria, including, in respect of a security, its issuer's country of domicile, the primary stock exchange on which it trades, the location from which the majority of its issuer's revenue comes, and its issuer's reporting currency.

The Principal Asian Bond Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Principal Asian Bond Fund (continued)

Security lending and repurchase agreements

The Principal Asian Bond Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal Asian Bond Fund may not enter into any financial futures contracts or financial options contracts.

Risks

The risk profile of the Principal Asian Bond Fund is generally regarded as moderate. Members should note that investment in the Principal Asian Bond Fund is subject to investment grade bond risk, i.e. debt securities ratings getting downgraded by rating agencies.

As the Principal Asian Bond Fund takes exposure to multiple currencies at any given time, investors in the Principal Asian Bond Fund share the foreign exchange gains and losses associated with funds owning securities denominated in these currencies.

Investments in the Principal Asian Bond Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Eurozone risks
- Custodial risk
- Hedging risk
- Risks relating to investing solely in a single APIF or ITCIS
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risk of investing in CIBM and/or Bond Connect

Principal Asian Equity Fund

Investment objective

The objective of the Principal Asian Equity Fund is to achieve capital growth over the long term by investing in Asian equity markets. The Principal Asian Equity Fund is denominated in HKD.

In the long term, the return of the Principal Asian Equity Fund is expected to exceed the inflation rates in Hong Kong.

Balance of investments

The Principal Asian Equity Fund invests in a unit trust APIF. The APIF in turn invests in another APIF which consists primarily of Asian equities and can include exposure to cash and short-term investments. Investment markets of the underlying APIFs may include but are not limited to Hong Kong, Singapore, South Korea, Malaysia, Taiwan, Thailand, the Philippines, Indonesia, India and China.

The target ranges of asset allocation and geographic allocation of the Principal Asian Equity Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Equity securities	70 - 100%
Cash and short-term investments (e.g. bills and deposits)	0 - 30%
 <i>Geographic allocation*</i>	 <i>Range</i>
Asia (ex-Japan)	80 - 100%
Others	0 - 20%

The Principal Asian Equity Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Security lending and repurchase agreements

The Principal Asian Equity Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal Asian Equity Fund may not enter into any financial futures contracts or financial options contracts.

Risks

The risk profile of the Principal Asian Equity Fund is generally regarded as high.

Investors in the Principal Asian Equity Fund share the foreign exchange gains and losses associated with funds owning securities denominated in various currencies of the countries in which the underlying APIFs invest.

Principal Asian Equity Fund (continued)

Risks (continued)

Investments in the Principal Asian Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Liquidity risk
- Risks relating to investing solely in a single APIF or ITCIS
- Risks associated with small-capitalisation / mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Valuation risks
- Credit rating risk
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risks associated with investments utilizing Stock Connect
- Custodial risk
- Hedging risk
- Legal and regulatory risk
- Trading risks

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal Capital Guaranteed Fund

Investment objective

The objective of the Principal Capital Guaranteed Fund is to guarantee the capital value of the contributions (i.e. capital guarantee), and to earn a competitive short-term rate of return. In the long term, the return of the Principal Capital Guaranteed Fund is expected to exceed the bank saving rates in Hong Kong. The Principal Capital Guaranteed Fund is denominated in HKD.

The Principal Capital Guaranteed Fund invests in an insurance policy-based APIF which includes a guarantee. The insurance policy-based APIF is issued by Principal.

Principal is the insurer and guarantor of the underlying insurance policy-based APIF in which the Principal Capital Guaranteed Fund invests, and any return thereon.

Contributions invested in the Principal Capital Guaranteed Fund will receive a guarantee of capital over the period deposited in the Principal Capital Guaranteed Fund. The actual return of the Principal Capital Guaranteed Fund will vary from year to year and will be based on the unit value of the underlying insurance policy-based APIF. The value of the underlying insurance policy-based APIF is not based on the market value of the underlying assets but is calculated based on the approximate net asset value of the underlying assets valued on an amortized cost basis as declared on a daily basis by Principal, the insurer of the insurance policy-based APIF. The guarantee will ensure that the unit value of the Principal Capital Guaranteed Fund will never decrease. The capital value will be guaranteed for initial and subsequent contributions.

The account balance of a member investing in the Principal Capital Guaranteed Fund is determined by multiplying the number of units by the unit value. Since the unit value shall never decrease, and where the Principal Capital Guaranteed Fund has insufficient funds and the unit value may decrease, Principal, the guarantor of the underlying insurance-policy based APIF in which the Principal Capital Guaranteed Fund invests, will inject capital into the Principal Capital Guaranteed Fund to ensure that the unit value will not decrease. In other words, the guarantee will apply in all circumstances.

Principal, the guarantor of the Principal Capital Guaranteed Fund, holds an investment reserve to ensure that the unit value will never decrease. The investment reserve is backed by the assets of Principal. No part of the investment reserve will form part of the Scheme's assets. There is no additional charge for this investment reserve. The assets of Principal are maintained in accordance with all applicable requirements as prescribed by the relevant authority.

Prior to 30 December 2011, the capital might not be guaranteed in absolute term for members under the indirect charge option (i.e. the Class I units) because units were partly deducted from members' accounts as part of the management fees. With effect from 30 December 2011, all management fees for Class I units are deducted from the assets of the Principal Capital Guaranteed Fund in a manner similar to that of Class D units, and none of the management fees are charged by unit deduction from the members' accounts. The capital value of contributions made in respect of both Class D and Class I units will therefore be guaranteed on and after 30 December 2011.

Investments in the insurance policy-based APIF are held as the assets of Principal. Where Principal is liquidated, you may not have access to your investments temporarily, or their value may be reduced. Before you invest in the Principal Capital Guaranteed Fund, you should consider the credit risk posed by Principal, the insurer of the insurance policy-based APIF and, if necessary, seek additional information or advice.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal Capital Guaranteed Fund (continued)

Balance of investments

The Principal Capital Guaranteed Fund invests in an insurance policy-based APIF. The insurance policy-based APIF invests, in turn, in mainly a portfolio of short-duration securities. The Principal Capital Guaranteed Fund's exposure to capital gains and losses associated with interest rate fluctuations is mitigated because portfolio of the underlying insurance policy-based APIF in which the Principal Capital Guaranteed Fund invests will invest mainly in a variety of relatively short-duration securities held or located in Hong Kong and bank deposits placed with a Hong Kong branch of an authorised financial institution.

The target ranges of asset allocation and geographic allocation of the Principal Capital Guaranteed Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Debt securities	0 - 100%
Cash and short-term investments (e.g. bills and deposits)	0 - 100%

<i>Geographic distribution#</i>	<i>Range</i>
Hong Kong	100%

The Principal Capital Guaranteed Fund will maintain 100% in HKD currency investments, as measured by the effective currency exposure.

Whether an asset is held or located in Hong Kong shall be determined according to the "Statement of Best Practice on Protection for MPF Members in relation to Class G Insurance Policy APIFs" issued by the Hong Kong Federation of Insurers, as may be amended from time to time. As at the date of this MPF Scheme Brochure, investments held in Hong Kong may include the following:

- shares which are transferable and registrable only in a register kept in Hong Kong, or are in the ordinary course of business, transferable and registrable in a register kept in Hong Kong and their certificates (if any) are kept in Hong Kong;
- debt securities issued in Hong Kong, but only if they are transferable and registrable in a register in Hong Kong and, in the case of debt securities that are in the form of certificates, the certificates are kept in Hong Kong;
- debt securities issued outside Hong Kong, but only if their certificates are kept in Hong Kong and are transferable by delivery (with or without endorsement);
- deposits held with a Hong Kong branch of an authorized financial institution; and
- an interest in an authorised unit trust that is realizable in Hong Kong, but only if the governing law of the trust is the law of Hong Kong,

provided that these investments are permissible under Schedule 1 to the General Regulation.

Security lending and repurchase agreements

The Principal Capital Guaranteed Fund will not engage in security lending or repurchase agreements.

Principal Capital Guaranteed Fund (continued)

Futures and options

The Principal Capital Guaranteed Fund may not enter into any financial futures contracts or financial options contracts.

Risks

As the Principal Capital Guaranteed Fund is guaranteed against negative unit value movements, the level of risk is minimal. On the other hand, lower risk may mean lower return of the Principal Capital Guaranteed Fund.

The investment in the Principal Capital Guaranteed Fund is different from placing funds on deposit with a bank or deposit taking company, although the Principal Capital Guaranteed Fund provides a guarantee on capital value. The Principal Capital Guaranteed Fund is not subject to the supervision of the Hong Kong Monetary Authority.

Investments in the Principal Capital Guaranteed Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Risks relating to investing solely in a single APIF or ITCIS
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Risks of investing in collective investment schemes
- Custodial risk
- Hedging risk

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal Core Accumulation Fund

Investment objective

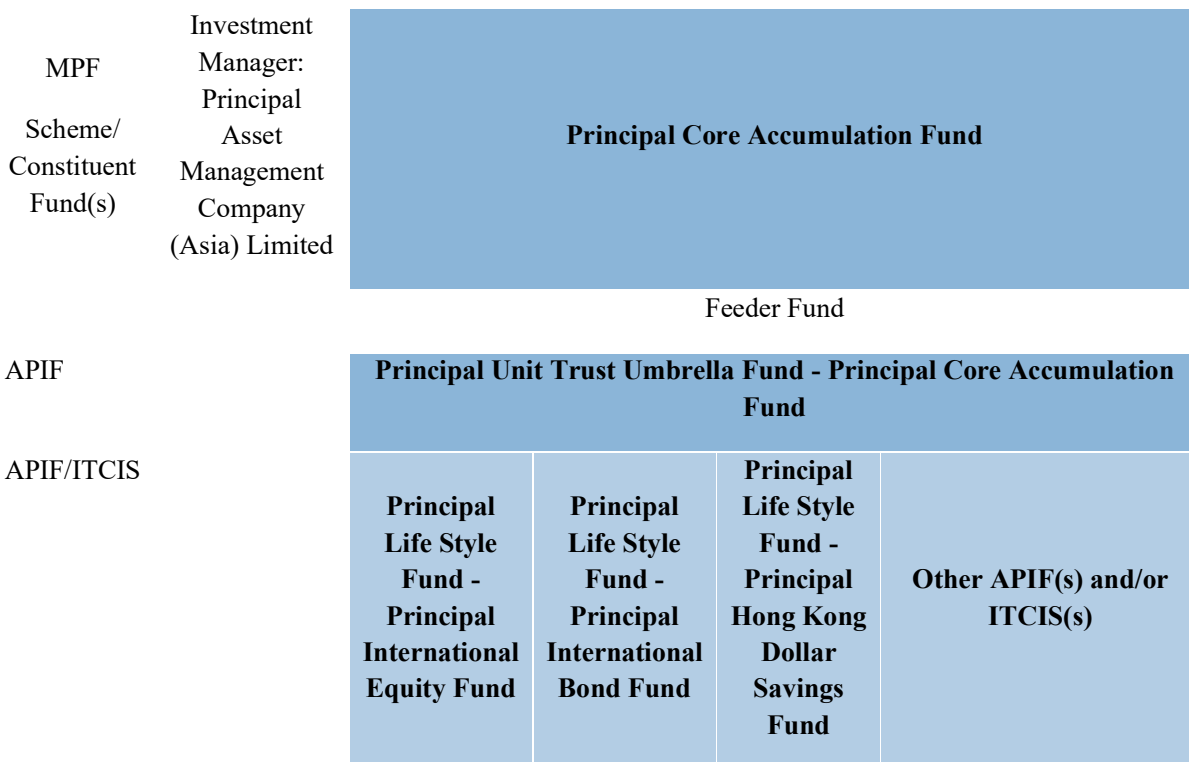
The investment objective of the Principal Core Accumulation Fund is to provide capital growth to members by investing in a globally-diversified manner. The Principal Core Accumulation Fund is denominated in HKD.

The Principal Core Accumulation Fund targets to hold 60% of its underlying assets in higher risk assets, with the remainder investing in lower risk assets. The asset allocation of higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets.

The return on the Principal Core Accumulation Fund may fluctuate, particularly in the short term. In the long term, however, the return is expected to be in line with the Principal Core Accumulation Fund's investment objective, and the Principal Core Accumulation Fund is expected to perform in line with the Reference Portfolio.

Balance of investments

In order to achieve the investment objective, the Principal Core Accumulation Fund will invest in a unit trust APIF (the Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund), which in turn invests in two or more passively or actively managed approved ITCISs and/or unit trust APIFs. The investment manager of the Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund has the discretion, subject to the limits in the following paragraph, to determine the allocation percentages of the investments of the Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund into passively or actively managed approved ITCISs and/or unit trust APIFs. Please refer to the following product structure chart illustrating the fund structure of the Principal Core Accumulation Fund:



Principal Core Accumulation Fund (continued)

Balance of investments (continued)

Through such underlying investment, the Principal Core Accumulation Fund will hold 60% of its net assets in higher risk assets, with the remainder investing in lower risk assets. The asset allocation to higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. While the Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund may invest into actively and/or passively managed approved ITCISs and/or APIFs, the Principal Core Accumulation Fund and the Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund itself will be managed to a target of 60% higher risk assets and 40% lower risk assets, with strict adherence to the ranges above. With this strategy, the investment manager of the Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund may allocate the assets among the approved ITCISs and/or unit trust APIFs in such proportions at its discretion in the interest of the unitholders of the Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund.

There is no prescribed allocation for investments in any specific countries or currencies.

The Principal Core Accumulation Fund will maintain an effective currency exposure to HKD of not less than 30% through currency hedging operations at the Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund level.

Security lending and repurchase agreements

Neither the Principal Core Accumulation Fund nor the Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund will engage in security lending or enter into repurchase agreements

Futures and options

Neither the Principal Core Accumulation Fund nor the Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund will enter into any financial futures contracts or financial options contracts.

Risks

Due to the Principal Core Accumulation Fund's relatively high exposure to equities, the risk profile of the Principal Core Accumulation Fund is generally regarded as moderate to high. The investment manager of the Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund determines the risk profile of the Principal Core Accumulation Fund, which is for your reference only.

The risk profile is based on relative exposure to equities/bonds (including an assessment of historical performance/volatility of return) and will be reviewed annually.

Principal Core Accumulation Fund (continued)

Risks (continued)

Investments in the Principal Core Accumulation Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Risks associated with small-capitalisation / mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Eurozone risks
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risk of investing in CIBM and/or Bond Connect
- Custodial risk
- Hedging risk
- Legal and regulatory risk
- Trading risks
- Key risks relating to the DIS
- Risks relating to investing solely in a single APIF or ITCIS

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal MPF Conservative Fund

The Principal MPF Conservative Fund is the required Constituent Fund as specified in section 37 of the General Regulation. The investment and operation of the Principal MPF Conservative Fund complies with all provisions of section 37 of the General Regulation. The Principal MPF Conservative Fund is denominated in HKD.

Investment objective

The objective of the Principal MPF Conservative Fund is to at least earn a net return equal to the prescribed savings rate (which is broadly the average rate of interest on a HKD savings account) determined by the MPFA.

In the long term, the return of the Principal MPF Conservative Fund is expected to be similar to the bank saving rates in Hong Kong.

Balance of investments

The Principal MPF Conservative Fund invests in a unit trust APIF. The APIF invests in a portfolio of bank deposits, short-duration securities and high-quality money market instruments denominated in HKD.

The target ranges of asset allocation and geographic allocation of the Principal MPF Conservative Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Certificates of deposit	0 - 95%
Debt securities	0 - 95%
Cash and short-term investments (e.g. bills and deposits)	0 - 100%
 <i>Geographic allocation*</i>	 <i>Range</i>
Hong Kong	100%

Security lending and repurchase agreements

The Principal MPF Conservative Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal MPF Conservative Fund may not enter into any financial futures contracts or financial options contracts.

Principal MPF Conservative Fund (continued)

Risks

The risk profile of the Principal MPF Conservative Fund is generally regarded as low.

The investment in the Principal MPF Conservative Fund is different from placing funds on deposits with a bank or a deposit-taking company in that there is no guarantee on the capital value or interest on investment made in the Principal MPF Conservative Fund. The Principal MPF Conservative Fund is not subject to the supervision of the Hong Kong Monetary Authority.

The Principal MPF Conservative Fund's exposure to capital gains and losses associated with interest rate fluctuations is mitigated because the Principal MPF Conservative Fund will indirectly invest mainly in a variety of relatively short duration securities and bank deposits.

Investments in the Principal MPF Conservative Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Counterparty risk
- Security risk
- Credit risk
- Investment grade bond risk
- Liquidity risk
- Risks relating to investing solely in a single APIF or ITCIS
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Risks of investing in collective investment schemes
- Custodial risk

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal China Equity Fund

Investment objective

The objective of the Principal China Equity Fund is to achieve capital growth over the long term by investing mainly in China-related equities. The Principal China Equity Fund is denominated in HKD.

In the long term, the return of the Principal China Equity Fund is expected to exceed the inflation rates in Hong Kong.

Balance of investments

The Principal China Equity Fund invests in a unit trust APIF. The APIF in turn invests at least 70% of its assets in equities issued by companies with exposure to different sectors of the economy in the PRC (Mainland China) or in collective investment schemes as permitted under the General Regulation which primarily invest in such equity securities. A majority of the total equity exposure will be in companies that derive a relatively high proportion of their revenues, profits or business from operation related to Mainland China. Equity securities include but are not limited to equity shares, preference shares and depository receipts. A majority of the equities will be listed on the Hong Kong Stock Exchange. However, the APIF may also have exposure to stocks listed on other exchanges within the applicable regulatory limits. The APIF may invest less than 30% of its total net asset value in eligible China A-Shares and/or China B-Shares listed on the Shanghai or Shenzhen stock exchanges.

This APIF may hold cash and short-term investments for cash management purpose.

The target ranges of asset allocation and geographic allocations of the Principal China Equity Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Equity securities	70 - 100%
Cash & short-term investments (e.g. bills and deposits)	0 - 30%

<i>Geographic allocation*</i>	<i>Range</i>
PRC (Mainland China)	70 - 100%
Other countries	0 - 30%

The Principal China Equity Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Security lending and repurchase agreements

The Principal China Equity Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal China Equity Fund will not enter into any financial futures contracts or financial options contracts.

Principal China Equity Fund (continued)

Risks

The risk profile of the Principal China Equity Fund is generally regarded as high.

Investments in the Principal China Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Liquidity risk
- Risks relating to investing solely in a single APIF or ITCIS
- Risks relating to investing in an APIF or an ITCIS that invests in a single market
- Risks associated with small-capitalisation/mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Valuation risks
- Credit rating risk
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risks associated with investments utilizing Stock Connect
- Custodial risk
- Trading risks
- Legal and regulatory risk

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal Global Growth Fund

Investment objective

The objective of the Principal Global Growth Fund is to seek long-term growth of capital through investing in a balanced portfolio. The Principal Global Growth Fund is denominated in HKD.

In the long term, the return of the Principal Global Growth Fund is expected to exceed the inflation rates in Hong Kong.

Balance of investments

The Principal Global Growth Fund invests in a unit trust APIF managed by the Investment Manager. The APIF in turn invests in two or more APIFs and/or ITCISs. The Investment Manager selects APIFs and ITCISs that help achieve the objective of the Principal Global Growth Fund. Through these underlying investments, the Principal Global Growth Fund will invest primarily in equities and debt securities of different countries. The Principal Global Growth Fund will provide an international exposure for investors' monies using a balanced investment philosophy. It will normally target a larger allocation to equity investments than debt securities.

The target ranges of asset allocation and geographic allocation of the Principal Global Growth Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Equity securities	30 - 90%
Debt securities	10 - 70%
Cash and short-term investments (e.g. bills and deposits)	0 - 30%

<i>Geographic allocation*</i>	<i>Range</i>
Asia	0 - 75%
Europe	0 - 75%
North America	0 - 80%
South America	0 - 10%
Africa/Middle East	0 - 10%
Others	0 - 20%

The Principal Global Growth Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Security lending and repurchase agreements

The Principal Global Growth Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal Global Growth Fund may not enter into any financial futures contracts or financial options contracts.

Principal Global Growth Fund (continued)

Risks

The risk profile of the Principal Global Growth Fund is generally regarded as moderate to high.

Investors in the Principal Global Growth Fund share the foreign exchange gains and losses associated with funds owning securities denominated in USD and other currencies.

Investments in the Principal Global Growth Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Risks associated with small-capitalisation/mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Risks relating to investing solely in a single APIF or ITCIS
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Eurozone risks
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risk of investing in CIBM and/or Bond Connect
- Custodial risk
- Hedging risk
- Legal and regulatory risk
- Trading risks

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal Hang Seng Index Tracking Fund

Investment objective

The objective of the Principal Hang Seng Index Tracking Fund is to provide investment results that closely correspond to the performance of the Hang Seng Index. The Principal Hang Seng Index Tracking Fund is denominated in HKD.

In the long term, the rate of return of the Principal Hang Seng Index Tracking Fund is expected to exceed the Hong Kong inflation rate.

Balance of investments

The Principal Hang Seng Index Tracking Fund invests all or substantially all of its assets in units in an ITCIS (The Tracker Fund of Hong Kong). The ITCIS in turn invests all or substantially all of its assets in equity securities listed on the Hong Kong Stock Exchange.

The Principal Hang Seng Index Tracking Fund will, through investing into the underlying ITCIS, maintain an effective currency exposure to HKD of not less than 30%.

Security lending and repurchase agreements

The Principal Hang Seng Index Tracking Fund will not engage in security lending or enter into repurchase agreements.

Futures and options

The Principal Hang Seng Index Tracking Fund will not enter into or acquire financial derivative instruments, including financial futures contracts or financial options contracts.

Risks

The risk profile of the Principal Hang Seng Index Tracking Fund is generally regarded as high.

There are particular risks involved in investing in an ITCIS which investors should note. Please refer to the relevant risk disclosures under section 4 (Risks).

One of the risks for investing in the Principal Hang Seng Index Tracking Fund is that the performance of the Principal Hang Seng Index Tracking Fund may be subject to certain degree of tracking error. The Investment Manager will monitor the tracking error of the Principal Hang Seng Index Tracking Fund on an on-going basis. If the tracking error exceeds a certain threshold, the Investment Manager will consider the reasons for such deviation and take actions where appropriate.

Principal Hang Seng Index Tracking Fund (continued)

Risks (continued)

Investments in the Hang Seng Index Tracking Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Liquidity risk
- Risks relating to investing solely in a single APIF or ITCIS
- Risks relating to investing in an APIF or an ITCIS that invests in a single market
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Valuation risks
- Credit rating risk
- Risks of investing in collective investment schemes
- Custodial risk
- Risk relating solely to investing in Principal Hang Seng Index Tracking Fund

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal Hong Kong Bond Fund

Investment objective

The objective of the Principal Hong Kong Bond Fund is to provide a return consisting of income and capital growth over medium to long term. The Principal Hong Kong Bond Fund is denominated in HKD.

In the long term, the return of the Principal Hong Kong Bond Fund is expected to be comparable to the inflation rates in Hong Kong.

Balance of investments

The Principal Hong Kong Bond Fund invests in a unit trust APIF. The APIF will primarily invest at least 70% of its assets in Hong Kong debt securities (rated or unrated#), including (but not limited to) sovereign and/or non-sovereign, floating and/or fixed, of varying maturities issued by a government or by multi-lateral agencies or by companies, and denominated in HKD. The types of debt securities that the APIF primarily intends to invest into are government bonds, corporate bonds/debentures, floating rate notes, bills, commercial papers and certificates of deposit. In addition, the APIF will invest not more than 30% of its assets in other short-term investments such as bills and deposits or may hold cash.

Investment in unrated debt securities is only limited to those issued by the "exempt authority" within the definition of section 7 of schedule 1 to the General Regulation.

The target ranges of asset allocation and geographic allocation of the Principal Hong Kong Bond Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Debt Securities	70 - 100%
Cash & Short-term Investments (e.g. bills and deposits)	0 - 30%
 <i>Geographic allocation*</i>	 <i>Range</i>
Hong Kong	70 - 100%
Others	0 - 30%

The Principal Hong Kong Bond Fund will maintain at least 70% in HKD currency investments, as measured by effective currency exposure.

Security lending and repurchase agreements

The Principal Hong Kong Bond Fund will not engage in security lending or enter into repurchase agreement.

Futures and options

The Principal Hong Kong Bond Fund will not enter into or acquire financial derivative instruments, including financial futures contracts or financial options contracts.

Principal Hong Kong Bond Fund (continued)

Risks

The risk profile of the Principal Hong Kong Bond Fund is generally regarded as moderate.

Members should note that investment in the Principal Hong Kong Bond Fund is subject to downgrading risk (i.e. debt securities ratings getting downgraded by rating agencies).

Investments in the Principal Hong Kong Bond Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Risks relating to investing solely in a single APIF or ITCIS
- Risks relating to investing in an APIF or an ITCIS that invests in a single market
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Risks of investing in collective investment schemes
- Risks associated with debt securities rated below investment grade or unrated
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risk of investing in CIBM and/or Bond Connect
- Custodial risk

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal HK Dollar Savings Fund

Investment objective

The objective of the Principal HK Dollar Savings Fund is to earn a competitive short-to-medium term rate of return. The Principal HK Dollar Savings Fund is denominated in HKD.

In the long term, the return of the Principal HK Dollar Savings Fund is expected to exceed the HKD bank saving rates in Hong Kong.

Balance of investments

The Principal HK Dollar Savings Fund invests in a unit trust APIF. The APIF will invest primarily in a portfolio of high quality short to medium duration debt securities (rated or unrated[#]), including (but not limited to) sovereign and/or non-sovereign, floating and/or fixed, of varying maturities issued by a government or by multi-lateral agencies or by companies, and denominated in HKD. The types of debt securities that the APIF primarily intends to invest into are government bonds, corporate bonds/debentures, floating rate notes, bills, commercial papers and certificates of deposit. The APIF may also hold assets denominated in other currencies.

[#] Investment in unrated debt securities is only limited to those issued by the "exempt authority" within the definition of section 7 of Schedule 1 to the General Regulation.

The target ranges of asset allocation and geographic allocation of the Principal HK Dollar Savings Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Short-to-medium duration debt securities (e.g. certificates of deposits)	60 - 100%
Cash and short-term investments (e.g. bills and deposits)	0 - 40%
 <i>Geographic allocation*</i>	 <i>Range</i>
Hong Kong	70 - 100%
United States	0 - 30%
Europe	0 - 30%
Others	0 - 20%

The Principal HK Dollar Savings Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Security lending and repurchase agreements

The Principal HK Dollar Savings Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal HK Dollar Savings Fund may not enter into any financial futures contracts or financial options contracts

Principal HK Dollar Savings Fund (continued)

Risks

The risk profile of the Principal HK Dollar Savings Fund is generally regarded as low.

Investments in the Principal HK Dollar Savings Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Risks relating to investing solely in a single APIF or ITCIS
- Risks relating solely to investment in the Principal HK Dollar Savings Fund
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Eurozone risks
- Risks of investing in collective investment schemes
- Risk associated with debt securities rated below investment grade or unrated
- RMB currency and conversion risks
- Custodial risk
- Risks relating to investing in an APIF or an ITCIS that invests in a single market
- Risk of investing in CIBM and/or Bond Connect

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal Hong Kong Equity Fund

Investment objective

The objective of the Principal Hong Kong Equity Fund is to achieve capital growth over the long term by investing mainly in Hong Kong equity markets. The Principal Hong Kong Equity Fund is denominated in HKD.

In the long term, the return of the Principal Hong Kong Equity Fund is expected to exceed the inflation rates in Hong Kong.

Balance of investments

The Principal Hong Kong Equity Fund invests in a unit trust APIF. The APIF in turn invests at least 70% of its assets in listed equities issued by companies established in Hong Kong or by companies whose shares are listed (including but not limited to H shares and shares of red-chip companies) on the Hong Kong Stock Exchange. The APIF may also invest in listed equities issued by companies which have business in Hong Kong. The APIF may hold up to 30% of its assets in cash and time deposits on a temporary basis or for such longer period as the circumstances require to maintain liquidity. The APIF may invest less than 30% of its total net asset value in eligible China A-Shares and/or China B-Shares listed on the Shanghai or Shenzhen stock exchange.

The target ranges of asset allocation and geographic allocations of the Principal Hong Kong Equity Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Equity securities	70 - 100%
Cash and short-term investments (e.g. bills and deposits)	0 - 30%
 <i>Geographic allocation*</i>	 <i>Range</i>
Hong Kong/China	70 - 100%
Others	0 - 30%

Security lending and repurchase agreements

The Principal Hong Kong Equity Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal Hong Kong Equity Fund will not enter into any financial futures contracts or financial options contracts.

Principal Hong Kong Equity Fund (continued)

Risks

The risk profile of the Principal Hong Kong Equity Fund is generally regarded as high.

Investments in the Principal Hong Kong Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Liquidity risk
- Risks relating to investing solely in a single APIF or ITCIS
- Risks relating to investing in an APIF or an ITCIS that invests in a single market
- Risks associated with small-capitalisation/mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Valuation risks
- Credit rating risk
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risks associated with investments utilizing Stock Connect
- Custodial risk
- Trading risks
- Legal and regulatory risk

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal International Bond Fund

Investment objective

The objective of the Principal International Bond Fund is to protect and maximise real asset value in terms of international purchasing power. The Principal International Bond Fund is denominated in HKD.

In the long term, the return of the Principal International Bond Fund is expected to be comparable to the inflation rates in Hong Kong.

Balance of investments

The Principal International Bond Fund invests in a unit trust APIF. The APIF in turn invests in another APIF which invests mainly in a portfolio of debt securities, both sovereign and non-sovereign, of varying maturities and denominated in the world's major currencies.

The target ranges of asset allocation and geographic allocation of the Principal International Bond Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Debt securities	70 - 100%
Cash and short-term investments (e.g. bills and deposits)	0 - 30%
 <i>Geographic allocation*</i>	 <i>Range</i>
Asia (ex-Japan)	0 - 50%
Europe	0 - 50%
Japan	0 - 50%
North America	15 - 85%
Other countries (each)	0 - 20%

The Principal International Bond Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Security lending and repurchase agreements

The Principal International Bond Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal International Bond Fund may not enter into any financial futures contracts or financial options contracts.

Principal International Bond Fund (continued)

Risks

The risk profile of the Principal International Bond Fund is generally regarded as moderate.

As the Principal International Bond Fund takes exposure to various currencies at any given time, investors in the Principal International Bond Fund share the foreign exchange gains and losses associated with funds owning these currencies.

Investments in the Principal International Bond Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Risks relating to investing solely in a single APIF or ITCIS
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Eurozone risks
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risk of investing in CIBM and/or Bond Connect
- Custodial risk
- Hedging risk

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal International Equity Fund

Investment objective

The objective of the Principal International Equity Fund is to seek capital growth over the long term through investing in an investment fund which is established in the form of a unit trust. The Principal International Equity Fund is denominated in HKD.

In the long term, the return of the Principal International Equity Fund is expected to exceed the inflation rates in Hong Kong.

Balance of investments

The Principal International Equity Fund invests in a unit trust APIF. The APIF in turn invests in another APIF which consists mainly of equity securities selected from investment markets around the world and can include exposure to cash and short-term investments.

The target ranges of asset allocation and geographic allocation of the Principal International Equity Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Equity securities	70 - 100%
Cash and short-term investments (e.g. bills and deposits)	0 - 30%
 <i>Geographic allocation*</i>	 <i>Range</i>
North America	0 - 65%
Europe	0 - 60%
Asia	0 - 50%
South America	0 - 50%
Middle East	0 - 20%
Africa	0 - 20%
Others	0 - 20%

The Principal International Equity Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Security lending and repurchase agreements

The Principal International Equity Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal International Equity Fund may not enter into any financial futures contracts or financial options contracts.

Principal International Equity Fund (continued)

Risks

The risk profile of the Principal International Equity Fund is generally regarded as high.

As the Principal International Equity Fund takes exposure to various currencies at any given time, investors in the Principal International Equity Fund share the foreign exchange gains and losses associated with funds owning these currencies.

Investments in the Principal International Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Liquidity risk
- Risks relating to investing solely in a single APIF or ITCIS
- Risks associated with small-capitalisation/mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Valuation risks
- Credit rating risk
- Eurozone risks
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Custodial risk
- Hedging risk
- Legal and regulatory risk
- Trading risks

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal Long Term Accumulation Fund

Investment objective

The objective of the Principal Long Term Accumulation Fund is to earn a competitive long-term total rate of return through investing in a balanced portfolio. The Principal Long Term Accumulation Fund is denominated in HKD.

The Principal Long Term Accumulation Fund is categorised as a balanced fund. While the short-term return may be volatile due to the risk inherent in its investments, the long-term rate of return is expected to be higher than that of a money market or bond fund.

In the long term, the return of the Principal Long Term Accumulation Fund is expected to be no less than the inflation rates in Hong Kong.

Balance of investments

The Principal Long Term Accumulation Fund invests in a unit trust APIF managed by the Investment Manager. The APIF in turn invests in two or more APIFs and/or ITCISs. The Investment Manager selects APIFs and ITCISs that help achieve the objective of the Principal Long Term Accumulation Fund.

The selected APIFs will use an investment strategy which focuses on fundamental analysis in order to identify countries offering good relative value. Country research will focus on economic data such as GDP growth, inflation, monetary policy, etc. The global economic and individual countries' macroeconomics environment will be assessed before conducting the country asset allocation process.

Selection of debt securities is based on long-term, fundamental analysis. Through the underlying APIFs, the Principal Long Term Accumulation Fund will invest in the global bond markets of a broad array of governments, provinces, government-supported entities as well as corporate issuance. Equity investments will be made in securities which as a group, appear to possess potential for appreciation in market value. Common stocks chosen for investment may include those of companies with above average sales and earnings growth. The policy of investing in securities which have a high potential for capital growth can mean that the assets of the Principal Long Term Accumulation Fund may be subject to greater risk than securities which do not have such potential.

The target ranges of asset allocation and geographic allocation of the Principal Long Term Accumulation Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Equity securities	20 - 80%
Debt securities	15 - 75%
Cash and short-term investments (e.g. bills and deposits)	0 - 20%

<i>Geographic allocation*</i>	<i>Range</i>
United States	15 - 100%
Asia	0 - 85%
Europe	0 - 30%
Others	0 - 20%

The Principal Long Term Accumulation Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Principal Long Term Accumulation Fund (continued)

Security lending and repurchase agreements

The Principal Long Term Accumulation Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal Long Term Accumulation Fund may not enter into any financial futures contracts or financial options contracts.

Risks

The risk profile of the Principal Long Term Accumulation Fund is generally regarded as moderate to high.

As the Principal Long Term Accumulation Fund takes exposure to various currencies at any given time, investors in the Principal Long Term Accumulation Fund share the foreign exchange gains and losses associated with funds owning these currencies. Because the Principal Long Term Accumulation Fund indirectly owns debt securities, investors in the Principal Long Term Accumulation Fund will experience gains and losses on these securities as interest rates fluctuate.

Investments in the Principal Long Term Accumulation Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Risks associated with small-capitalisation/mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Risks relating to investing solely in a single APIF or ITCIS
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Eurozone risks
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risk of investing in CIBM and/or Bond Connect
- Custodial risk
- Hedging risk
- Legal and regulatory risk
- Trading risks

Principal Long Term Guaranteed Fund

Investment objective

The objective of the Principal Long Term Guaranteed Fund is to provide a competitive long-term total rate of return, while also providing a minimum guaranteed average annual return over the career of the members (i.e. long term guarantee). In the long term, the return of the Principal Long Term Guaranteed Fund is expected to be no less than the inflation rates in Hong Kong. The Principal Long Term Guaranteed Fund is denominated in HKD.

The Principal Long Term Guaranteed Fund invests in an insurance policy-based APIF which includes a guarantee. The insurance policy-based APIF is issued by Principal.

The Principal Long Term Guaranteed Fund adopts a longer-term investment philosophy. Principal, the insurer of the underlying insurance policy-based APIF, is the guarantor of the capital and the guaranteed rate of return for the underlying insurance policy-based APIF in which the Principal Long Term Guaranteed Fund invests.

For the purposes of the MPF Scheme Brochure, the below terms have the following meaning:

"intra-group transfer"

means any intra-group transfer of an employee member and the accrued benefits of the member to the new participating employer's participating scheme under the Scheme or another registered scheme under the trusteeship of Principal Trust Company (Asia) Limited and the management of Principal Asset Management Company (Asia) Limited, whereby the accrued benefits of the member (without the application of the guarantee) will be transferred to his new scheme accounts under the participating scheme of his new participating employer.

"mandatory portion"

means accrued benefits derived from mandatory contributions.

"nominal account balance"

means the net asset value in the units of the Principal Long Term Guaranteed Fund (without the application of the guarantee and before the deduction of the applicable bid spread, if any).

"prevailing applicable rate"

means 1% per annum and subject to the approval of the MPFA, such other rate as may be adjusted by Principal, as the insurer of the underlying insurance policy-based APIF, at a frequency of not more than once every three years, with at least three months prior notice from the Trustee to the members concerned before the effective date of the adjustment. Any adjustment to the prevailing applicable rate will be applicable to the qualifying balance from the date of adjustment and shall not affect the application of the relevant guaranteed rate(s) prior to the adjustment.

Principal Long Term Guaranteed Fund (continued)

Investment objective (continued)

For the purposes of the MPF Scheme Brochure, the below terms have the following meaning: (continued)

"qualifying event"	means in relation to a member, the occurrence of one of the following events: (i) Attainment of the normal retirement age or retirement at or after the early retirement age but before the normal retirement age; (ii) Total incapacity; (iii) Terminal illness; (iv) Death; (v) Permanent departure from Hong Kong; (vi) Claim of "small balance"; or (vii) (In respect of employee members only) Termination of the member's employment (regardless of the reason of termination) and the qualifying period is at least 36 complete months, provided that the qualifying period may be re-set to zero if the member effects a redemption, switching out or withdrawal of the units in the Principal Long Term Guaranteed Fund other than upon the occurrence of a qualifying event. For illustrations, please refer to Scenario 3 - Example 6 set out in Appendix II (Illustrations of the Guarantee Features of the Principal Long Term Guaranteed Fund).
"qualifying period"	means the continuous period for which the member has been investing in the Principal Long Term Guaranteed Fund up to and including the last date of his employment.
"Relevant Transfer of Benefits"	means, other than in the context of an intra-group transfer, any transfer of accrued benefits attributable to the Principal Long Term Guaranteed Fund between different accounts of a member within the Scheme involving redemption, switching out or withdrawal of the units in the Principal Long Term Guaranteed Fund other than upon the occurrence of a qualifying event. Accordingly, any reference to the words "redemption, switching out or withdrawal other than upon the occurrence of a qualifying event" (or derivative wording of the same meaning) in section 3.4.2 (<i>Principal Long Term Guaranteed Fund</i>) and in Appendix II (<i>Illustrations of the Guarantee Features of the Principal Long Term Guaranteed Fund</i>) shall be construed to include any Relevant Transfer of Benefits.

Principal Long Term Guaranteed Fund (continued)

Investment objective (continued)

For the purposes of the MPF Scheme Brochure, the below terms have the following meaning: (continued)

"Valid Claim"

means:

- (i) a claim of all accrued benefits;
- (ii) in respect of a self-employed person:
 - (A) who remains in self-employment notwithstanding attaining the normal retirement age, the first claim to occur of any of the following (and for the avoidance of doubt, excluding any subsequent claims):
 - (1) a claim for all of the mandatory portion;
 - (2) a claim for all of the voluntary portion;
 - (3) a claim for part of the mandatory portion; or
 - (4) a claim for part of the voluntary portion,in each case of (1) to (4), upon the occurrence of the qualifying event of reaching normal retirement age ("qualifying event (i)"), and the guarantee will apply to the whole of the mandatory portion and voluntary portion of the self-employed person, regardless of whether the first claim to occur is for all or part of the mandatory or voluntary portion;
 - (B) a claim of all of the mandatory portion upon the occurrence of the qualifying event (iii); or
- (iii) in respect of an employee member:
 - (A) who remains in employment notwithstanding attaining normal retirement age, the first claim to occur of either of the following (for the avoidance of doubt, excluding any subsequent claims):
 - (1) a claim of all of the mandatory portion; or
 - (2) a claim of part of the mandatory portion,upon the occurrence of the qualifying event (i), and the guarantee will apply to the entire mandatory portion regardless of whether the first claim to occur is for all or part of the mandatory portion; or
 - (B) a claim of all units in the relevant scheme account maintained for the mandatory portion upon the occurrence of the qualifying event (iii).

Principal Long Term Guaranteed Fund (continued)

Investment objective (continued)

For the purposes of the MPF Scheme Brochure, the below terms have the following meaning: (continued)

**"Valid Claim"
(continued)**

The Valid Claim should be submitted by the relevant member or his personal representative, as the case may be, pursuant to, and with all the necessary supporting documentation as prescribed by, the applicable regulations and the rules of the Scheme and must be received by the Trustee. Where an employee member invests in the Principal Long Term Guaranteed Fund in his capacity as an employee member under more than one employment, a Valid Claim made by the employee member under one employment shall mean a Valid Claim submitted by him under that employment only, but not under any other employment.

"voluntary portion"

means accrued benefits derived from voluntary contributions.

Contributions made by or on behalf of a member for the subscription of units in the Principal Long Term Guaranteed Fund will receive a guarantee of capital as well as a prescribed guarantee rate of return (depending on when the subscription is made, please see Appendix I (Operation of the guarantee in respect of the Principal Long Term Guaranteed Fund) for details) over the entire period such contributions are invested in the Principal Long Term Guaranteed Fund in the manner described below. Members should note that the guarantee of capital and return may be subject to the imposition of a bid spread in the future in relation to the redemption of the relevant units. The guarantee of capital and return will only be offered if the accrued benefits attributable to contributions in the Principal Long Term Guaranteed Fund are withdrawn upon the occurrence of a qualifying event.

In addition, the guarantee will apply in the following circumstances (the "**Exceptional Circumstances**"):

- *If the relevant member retires upon or after attaining the normal retirement age (qualifying event (i) other than early retirement) or dies (qualifying event (iv)), but he (or his personal representative) has failed to file a Valid Claim of his accrued benefits under the Scheme and, where applicable, to make an election pursuant to section 146 of the General Regulation: the accrued benefits (with the application of the guarantee) will be transferred to the member's personal account under the Scheme pursuant to the applicable regulations and the Scheme rules. After the transfer, the guarantee at the prevailing applicable rate will apply to his personal account of the Scheme in respect of the balances so transferred. When the member (or his personal representative) subsequently files a Valid Claim in respect of the personal account upon occurrence of a relevant qualifying event, the member (or his personal representative) will be entitled to the guarantee under the prevailing applicable rate in respect of the balance in his personal account.*

Principal Long Term Guaranteed Fund (continued)

Investment objective (continued)

In addition, the guarantee will apply in the following circumstances (the "**Exceptional Circumstances**"):
(continued)

- *In case of qualifying event (vii), if the employment of the member is terminated after fulfilling the qualifying period but the member has failed to file a Valid Claim of his accrued benefits under the Scheme and to make an election pursuant to section 146 of the General Regulation: his accrued benefits (with the application of the guarantee) will be transferred to the personal account under the Scheme pursuant to the applicable regulations and the Scheme rules. Subsequent to the transfer, the guarantee at the prevailing applicable rate will apply to his personal accounts in respect of the balances so transferred. When the relevant member finally files a Valid Claim in respect of the personal account(s) upon the occurrence of a qualifying event, the member will be entitled to the guarantee under the prevailing applicable rate in respect of the balance in his personal account.*

If there is an intra-group transfer in respect of a member, such new scheme accounts will, for the purpose of the guarantee, be treated as a continuation of his original scheme accounts and all the guarantee entitlements which he had accrued under the old scheme accounts will continue under his new scheme accounts as if there had never been any transfer. Accordingly, any continuous period for which the member had been investing in the Principal Long Term Guaranteed Fund under the original participating employer immediately preceding such transfer will also be taken into account in determining the qualifying period of that member under his employment with the new employer. The guaranteed rate of return which is applicable to the old scheme accounts will also be applicable to the new scheme accounts unless there is a redemption, switching out or withdrawal of the units in the Principal Long Term Guaranteed Fund other than upon the occurrence of a qualifying event. If the member subsequently files a Valid Claim of his accrued benefits from the new scheme accounts upon the occurrence of a qualifying event, the guarantee will be applied as at the date of withdrawal.

However, if a member effects a redemption, switching out or withdrawal of units of the Principal Long Term Guaranteed Fund at any time after 30 September 2004 other than the occurrence of a qualifying event, the remaining qualifying balance (regardless of whether it includes contributions made on or before 30 September 2004) will only be credited with 1.0% interest (i.e. the prevailing applicable rate).

Caution: Members should also note that if any of the qualifying events occurs but the accrued benefits of a member are transferred to the personal account(s) as a result of his failure of filing a Valid Claim of his accrued benefits prior to the transfer, then, unless any of the Exceptional Circumstances occurs:

- (i) no guarantee will apply at the time when the accrued benefits are transferred to the personal account(s);**
- (ii) any guarantee entitlements in respect of the member prior to the transfer will be forfeited; and**
- (iii) the prevailing applicable rate will be applicable to the personal account after the transfer of the accrued benefits thereto.**

Further, if the relevant member elects to transfer his accrued benefits to the personal account(s) upon termination of employment, or elects to have a Relevant Transfer of Benefit, but none of the relevant qualifying conditions occurs, no guarantee will be applicable at the time when the accrued benefits are so transferred.

Principal Long Term Guaranteed Fund (continued)

Investment objective (continued)

Investments in the insurance policy-based APIF are held as the assets of Principal. Where Principal is liquidated, you may not have access to your investments temporarily, or their value may be reduced. Before you invest in the Principal Long Term Guaranteed Fund, you should consider the credit risk posed by Principal, the insurer of the insurance policy-based APIF and, if necessary, seek additional information or advice.

Balance of investments

The Principal Long Term Guaranteed Fund invests in an insurance policy-based APIF. The insurance policy-based APIF invests, in turn, in two or more APIFs and/or ITCISs. In selecting these APIFs and ITCISs, the Investment Manager will seek to achieve the objective of the Principal Long Term Guaranteed Fund.

The selected APIFs and/or ITCISs are expected to use an investment strategy which focuses on, among others, fundamental analysis in order to identify the assets and the markets which are likely to offer good investment value. Such analysis should focus on economic issues such as GDP growth, inflation, monetary policy, currency analysis, valuations etc. At the security-selection level, analysis would focus on both micro and macro factors. These factors include margins, revenues, earnings expectations etc.

The underlying investments will consist of debt and equity securities. Such securities may be denominated in HKD, USD or other currencies, and consistent with the overall risk-return objectives and target geographical allocation of the Principal Long Term Guaranteed Fund. Currently, HKD is pegged to USD but the Principal Long Term Guaranteed Fund makes no assurance that this relationship will continue and therefore the Investment Manager requires the flexibility to choose assets in other currencies. Exposure to assets denominated in any currency other than HKD can bring potential gains or losses to the Principal Long Term Guaranteed Fund as the Principal Long Term Guaranteed Fund itself is denominated in HKD. As the Principal Long Term Guaranteed Fund indirectly owns debt and equity securities, members investing in the Principal Long Term Guaranteed Fund will experience gains and losses on these securities as markets fluctuate.

The target ranges of asset allocation and geographic allocation of the Principal Long Term Guaranteed Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Equity securities	10 - 55%
Debt securities	25 - 90%
Cash and short-term investments (e.g. bills and deposits)	0 - 20%
 <i>Geographic allocation*</i>	 <i>Range</i>
United States and Greater China	40 - 100%
Other Asia	0 - 50%
Europe	0 - 50%
Other countries	0 - 50%

The Principal Long Term Guaranteed Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Principal Long Term Guaranteed Fund (continued)

Security lending and repurchase agreements

The Principal Long Term Guaranteed Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal Long Term Guaranteed Fund may not enter into any financial futures contracts or financial options contracts.

Risks

The Principal Long Term Guaranteed Fund is categorised as a guaranteed fund. The level of risk is higher than a money market fund, however, with a guarantee of capital and return subject to the occurrence of a qualifying event.

Investments in the Principal Long Term Guaranteed Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Risks associated with small-capitalisation / mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Risks relating to investing solely in a single APIF or ITCIS
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Eurozone risks
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risk of investing in CIBM and/or Bond Connect
- Custodial risk
- Hedging risk
- Legal and regulatory risk
- Trading risks

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal Stable Yield Fund

Investment objective

The objective of the Principal Stable Yield Fund is to seek long-term growth of capital through investing in a balanced portfolio. The Principal Stable Yield Fund is denominated in HKD.

In the long term, the return of the Principal Stable Yield Fund is expected to exceed the inflation rates in Hong Kong.

Balance of investments

The Principal Stable Yield Fund invests in a unit trust APIF managed by the Investment Manager. The APIF in turn invests in two or more APIFs and/or ITCISs. The Investment Manager selects APIFs and ITCISs that help achieve the objective of the Principal Stable Yield Fund. Through these underlying investments, the Principal Stable Yield Fund will invest primarily in equities and debt securities of different countries. The Principal Stable Yield Fund will provide an international exposure for investors' monies, with relatively more emphasis on debt investments.

The target ranges of asset allocation and geographic allocation of the Principal Stable Yield Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Equity securities	0 - 60%
Debt securities	20 - 90%
Cash and short-term investments (e.g. bills and deposits)	0 - 30%

<i>Geographic allocation*</i>	<i>Range</i>
Asia	0 - 75%
Europe	0 - 75%
North America	0 - 80%
South America	0 - 10%
Africa/Middle East	0 - 10%
Others	0 - 20%

The Principal Stable Yield Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Security lending and repurchase agreements

The Principal Stable Yield Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal Stable Yield Fund may not enter into any financial futures contracts or financial options contracts.

Principal Stable Yield Fund (continued)

Risks

The risk profile of the Principal Stable Yield Fund is generally regarded as moderate.

Investors in the Principal Stable Yield Fund share the foreign exchange gains and losses associated with funds owning securities denominated in USD and other currencies.

Investments in the Principal Stable Yield Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Investment grade bond risk
- Liquidity risk
- Risks associated with small-capitalisation/mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Risks relating to investing solely in a single APIF or ITCIS
- Sovereign debt risks
- Valuation risks
- Credit rating risk
- Eurozone risks
- Risks of investing in collective investment schemes
- RMB currency and conversion risks
- PRC investment risk
- PRC tax risk with respect to capital gains
- Risk of investing in CIBM and/or Bond Connect
- Custodial risk
- Hedging risk
- Legal and regulatory risk
- Trading risks

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Principal US Equity Fund

Investment objective

The objective of the Principal US Equity Fund is to achieve capital growth over the long term by investing in US equity markets. The Principal US Equity Fund is denominated in HKD.

In the long term, the return of the Principal US Equity Fund is expected to exceed the inflation rates in Hong Kong.

Balance of investments

The Principal US Equity Fund invests in a unit trust APIF. The APIF in turn invests in another APIF which consists primarily of US equities and can include exposure to cash and short-term investments.

The target ranges of asset allocation and geographic allocation of the Principal US Equity Fund are as follows:

<i>Asset allocation*</i>	<i>Range</i>
Equity securities	70 - 100%
Cash and short-term investments (e.g. bills and deposits)	0 - 30%

<i>Geographic allocation*</i>	<i>Range</i>
United States	70 - 100%
Hong Kong	0 - 30%
Others	0 - 20%

The Principal US Equity Fund will maintain at least 30% in HKD currency investments, as measured by effective currency exposure.

Security lending and repurchase agreements

The Principal US Equity Fund will not engage in security lending or repurchase agreements.

Futures and options

The Principal US Equity Fund may not enter into any financial futures contracts or financial options contracts.

Principal US Equity Fund (continued)

Risks

The risk profile of the Principal US Equity Fund is generally regarded as high.

Investors in the Principal US Equity Fund share the foreign exchange gains and losses associated with funds owning securities denominated in USD and other currencies.

Investments in the Principal US Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 (Risks):

- Political, economic and social risks
- Interest rate risk
- Market risk
- Accounting standards and disclosure
- Foreign exchange risk
- Security risk
- Credit risk
- Counterparty risk
- Liquidity risk
- Risks relating to investing solely in a single APIF or ITCIS
- Risks relating to investing in an APIF or an ITCIS that invests in a single market
- Risks associated with small-capitalisation / mid-capitalisation companies
- Risks associated with high volatility of the equity market in certain countries and regions
- Risks associated with regulatory or exchanges requirements of the equity market in certain countries and regions
- Valuation risks
- Credit rating risk
- Risks of investing in collective investment schemes
- Custodial risk
- Hedging risk

Should there be any changes to the investment policy, the Trustee will notify the Scheme participants three months (or a short period as agreed by the SFC) in advance.

*Investors should note that (i) the ranges of assets and geographic allocations as shown in this section are for indication only and long-term allocations may vary with changing market conditions; and (ii) the geographic allocation for equity investments is classified by the principal place of business of the issuers and the geographic allocation for debt investments is classified by the relevant currency denomination.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee

During the financial year, all the investments made by each of the funds were in accordance with the respective fund's investment policies and the requirements under the Mandatory Provident Fund Schemes Ordinance and the Securities and Futures Ordinance. For detailed information of each fund's performance and particulars of investments, please refer to the details in this report.

Principal Age 65 Plus Fund - Class N

Launch Date: 1 April 2017

Reference Benchmark: MPF DIS Reference Portfolio - Age 65 Plus Fund

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	7.67	2.32	N/A	1.88
Benchmark/Performance Target#	7.21	1.73	N/A	1.59
Deviation	0.46	0.59	N/A	0.29

The fund outperformed the benchmark in 1-year, 5-year and since launch periods.

The fund was launched in April 2017 to provide capital growth to members by investing in a globally diversified manner. The fund is structured to invest substantially into index funds currently, while allocating small portions to active funds to grasp opportunities in the market. The rebalancing plan has been completed in Q4 2022, where the Manager trimmed down an underperforming underlying manager and reallocated to others to enhance diversification across investment style and alpha source, and improvement on performance can be seen this year.

During the financial period ended 31 December 2023, historically robust returns were seen across most market segments despite a host of challenges. Both US equity and global equity achieved double digits returns in 2023, and global bond closed the year with positive return as well. Over the year, the fund's exposures to US tech and our active global equity component brought positive impact and helped on the performance.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee

Principal Aggressive Strategy Fund - Class D

Launch Date: 22 October 2020

Reference Benchmark: Willis Towers Watson Composite Benchmark (>80% - 100% Equity)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	7.47	N/A	N/A	-0.27
Benchmark/Performance Target#	7.86	3.91	3.27	N/A
Deviation	-0.39	N/A	N/A	N/A

The fund slightly underperformed the benchmark in 1-year period.

The fund utilizes both top-down (asset allocation) and bottom-up (stock selection) investing strategies. In 2023, the majority of global equity markets have provided significant returns to investors, which was led by a cooling off in global inflation and a higher expectation of rate cuts by the US Fed and other central banks. Fixed income markets also concluded 2023 on a robust note, marked by a global peak in yields and the conclusion of the global central bank hiking cycle.

During the financial period ended 31 December 2023, asset allocation alpha of the fund stayed positive with allocation in US tech and China A-shares ETFs helped the most. Outperformance in our Hong Kong equity sleeve relative to benchmark also acted as a contributor. While performance of some building blocks lagged the indexes and acted as the key detractor of the fund's performance: one of the US equity sleeves underperformed with the underweight of some large-index-weighted Blue Chip exposures; the European equity sleeve was also weighed by the stock selection in industrials sector over the year.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee

Principal Aggressive Strategy Fund - Class I

Launch Date: 22 October 2020

Reference Benchmark: Willis Towers Watson Composite Benchmark (>80% - 100% Equity)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	7.23	N/A	N/A	-0.48
Benchmark/Performance Target#	7.66	3.71	3.07	N/A
Deviation	-0.43	N/A	N/A	N/A

The fund slightly underperformed the benchmark in 1-year period.

The fund utilizes both top-down (asset allocation) and bottom-up (stock selection) investing strategies. In 2023, the majority of global equity markets have provided significant returns to investors, which was led by a cooling off in global inflation and a higher expectation of rate cuts by the US Fed and other central banks. Fixed income markets also concluded 2023 on a robust note, marked by a global peak in yields and the conclusion of the global central bank hiking cycle.

During the financial period ended 31 December 2023, asset allocation alpha of the fund stayed positive with allocation in US tech and China A-shares ETFs helped the most. Outperformance in our Hong Kong equity sleeve relative to benchmark also acted as a contributor. While performance of some building blocks lagged the indexes and acted as the key detractor of the fund's performance: one of the US equity sleeves underperformed with the underweight of some large-index-weighted Blue Chip exposures; the European equity sleeve was also weighed by the stock selection in industrials sector over the year.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee

Principal Asian Bond Fund - Class N

Launch Date: 22 October 2020

Reference Benchmark: ICE BAML Asian Dollar Investment Grade TR Index

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	6.13	N/A	N/A	-1.82
Benchmark/Performance Target#	6.67	1.79	2.58	-1.69
Deviation	-0.54	N/A	N/A	-0.13

The fund underperformed the benchmark in 1-year and since launch periods.

The Fund benchmark was changed from Markit iBoxx ABF Pan-Asia Index to ICE BAML Asian Dollar Investment Grade TR Index in Sep 2023 to address the currency base mismatch between the benchmark and the portfolio, where Markit iBoxx ABF Pan-Asia Index is local currency based and the portfolio is hard currency based.

During the financial period ended 31 December 2023, the fund slightly underperformed relative to the benchmark mainly due to duration and curve positioning. The losses from duration came from the earlier overweight held but the portfolio was not able to capture the full reversal of yields as yields came back lower in December. Credit was a neutral contributor to the relative performance. The investment team will wait for opportunities to add duration at higher level of yields, while using any potential spread widening in the sovereign space. In credit, the team will remain the current positioning of an underweight spread duration position primarily driven by an underweight in China beta credit especially in property and will use the rebound in China credits to reposition the portfolio. In the meantime, the portfolio will continue to stay underweight and selective in the lower quality crossover BBB space as some of these credits are expected to underperform as recessionary risks rise.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Asian Equity Fund - Class D

Launch Date: 1 December 2000

Reference Benchmark: FTSE MPF Asia Pacific ex Japan

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	5.03	3.28	2.53	6.52
Benchmark/Performance Target#	6.07	3.82	3.03	N/A
Deviation	-1.04	-0.54	-0.50	N/A

The fund underperformed the benchmark in 1-year, 5-year and 10-year periods.

During the financial period ended 31 December 2023, Indian market contributed significantly to the performance especially in industrials and consumer staples sectors, while the overall weakness of the year mainly came from negative stock selection in China, where China's recovery pace post COVID restriction measures was overestimated. Negative view over information technology from earning cycle perspective also turned out to be counterproductive due to the sector's re-rating caused by AI related growth potential. Australia was another market that weighed on performance due to stock specific reasons as well as underweight in bank sector, which proves to be more defensive than the overall Australia market.

The portfolio is getting more neutral from country and sector perspective and focus on stock selection. Amid market volatility, portfolio construction discipline once again proved to be critical. The portfolio is positioned much more macro neutral and focusing on more long-term potential so as not to get distracted by the short-term geopolitical risk and macro uncertainty. Furthermore, a new sub-delegate manager based in Asia has been appointed in July 2023 to the underlying fund Principal Life Style Fund - Principal Asian Equity Fund to tap into the strength of their local investment expertise and utilise the investment management resources available within the Principal group.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Asian Equity Fund - Class I

Launch Date: 1 December 2000

Reference Benchmark: FTSE MPF Asia Pacific ex Japan

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	4.81	3.03	2.18	6.30
Benchmark/Performance Target#	5.88	3.63	2.84	N/A
Deviation	-1.07	-0.60	-0.66	N/A

The fund underperformed the benchmark in 1-year, 5-year and 10-year periods.

During the financial period ended 31 December 2023, Indian market contributed significantly to the performance especially in industrials and consumer staples sectors, while the overall weakness of the year mainly came from negative stock selection in China, where China's recovery pace post COVID restriction measures was overestimated. Negative view over information technology from earning cycle perspective also turned out to be counterproductive due to the sector's re-rating caused by AI related growth potential. Australia was another market that weighed on performance due to stock specific reasons as well as underweight in bank sector, which proves to be more defensive than the overall Australia market.

The portfolio is getting more neutral from country and sector perspective and focus on stock selection. Amid market volatility, portfolio construction discipline once again proved to be critical. The portfolio is positioned much more macro neutral and focusing on more long-term potential so as not to get distracted by the short-term geopolitical risk and macro uncertainty. Furthermore, a new sub-delegate manager based in Asia has been appointed in July 2023 to the underlying fund Principal Life Style Fund - Principal Asian Equity Fund to tap into the strength of their local investment expertise and utilise the investment management resources available within the Principal group.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Capital Guaranteed Fund - Class D

Launch Date: 1 December 2000

Reference Benchmark: MPF Prescribed Savings Rate

The objective of this fund is to guarantee the capital value of the contributions, and to earn a competitive short-term rate of return. This fund was terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Capital Guaranteed Fund - Class I

Launch Date: 1 December 2000

Reference Benchmark: MPF Prescribed Savings Rate

The objective of this fund is to guarantee the capital value of the contributions, and to earn a competitive short-term rate of return. This fund was terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Core Accumulation Fund - Class N

Launch Date: 1 April 2017

Reference Benchmark: MPF DIS Reference Portfolio - Core Accumulation Fund

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	14.66	6.67	N/A	5.26
Benchmark/Performance Target#	14.03	6.49	N/A	5.28
Deviation	0.63	0.18	N/A	-0.02

The fund outperformed the benchmark in 1-year and 5-year periods, but underperformed in since launch period.

The fund was launched in April 2017 to provide capital growth to members by investing in a globally diversified manner. The fund is structured to invest substantially into index funds currently, while allocating small portions to active funds to grasp opportunities in the market. The rebalancing plan has been completed in Q4 2022, where the Manager trimmed down an underperforming underlying manager and reallocated to others to enhance diversification across investment style and alpha source, and improvement on performance can be seen this year.

During the financial period ended 31 December 2023, historically robust returns were seen across most market segments despite a host of challenges. Both US equity and global equity ended 2023 with strong returns and global bond closed the year with positive return as well. Over the year, the fund's exposures to US tech and our active global equity component brought positive impact and helped on the performance.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal MPF Conservative Fund - Class N

Launch Date: 1 December 2000

Reference Benchmark: MPF Prescribed Savings Rate

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	3.44	1.07	0.63	0.77
Benchmark/Performance Target#	0.76	0.19	0.10	0.41
Deviation	2.68	0.88	0.53	0.36

The fund outperformed the benchmark in 1-year, 5-year and 10-year and since launch periods.

During the financial period ended 31 December 2023, the fund comfortably achieved its objective, which is to at least earn a net return equal to the “prescribed savings rate” (which is broadly the average rate of interest on a Hong Kong dollar savings account) determined by the MPFA.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal China Equity Fund - Class D

Launch Date: 1 August 2007

Reference Benchmark: FTSE MPF China

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	-15.51	-5.99	-1.07	0.24
Benchmark/Performance Target#	-15.61	-5.06	-0.95	-0.39
Deviation	0.10	-0.93	-0.12	0.63

The fund outperformed the benchmark in 1-year and since launch periods, while underperformed in 5-year and 10-year.

During the financial period ended 31 December 2023, stock selection acted as the key contributor, especially in communication services and information technology sectors, while weakness showed in energy sector due to the underweight position. 2023 was a turnaround year with normalization of due diligence trips available again post 3 COVID-impacted years. The investment team has introduced more analysts to enhance the on-the-ground and fundamental research process during the year.

The investment team continues to adopt a barbell approach: holding deep value defensive stocks with sustainable cashflows, improving ROEs, rising dividends, and adding cheap cyclical exposure as a series of new stimulus policies coming out at increasing speed recently. Central SOEs that have the capability to reward minority shareholders with increasing dividend payout ratio and/or buybacks are still preferred. The team will continue to focus on companies that would benefit from economy recovery and companies with long-term growth stories.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal China Equity Fund - Class I

Launch Date: 1 August 2007

Reference Benchmark: FTSE MPF China

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	-15.69	-6.22	-1.40	-0.04
Benchmark/Performance Target#	-15.80	-5.25	-1.14	-0.58
Deviation	0.11	-0.97	-0.26	0.54

The fund outperformed the benchmark in 1-year and since launch periods, while underperformed in 5-year and 10-year.

During the financial period ended 31 December 2023, stock selection acted as the key contributor, especially in communication services and information technology sectors, while weakness showed in energy sector due to the underweight position. 2023 was a turnaround year with normalization of due diligence trips available again post 3 COVID-impacted years. The investment team has introduced more analysts to enhance the on-the-ground and fundamental research process during the year.

The investment team continues to adopt a barbell approach: holding deep value defensive stocks with sustainable cashflows, improving ROEs, rising dividends, and adding cheap cyclical exposure as a series of new stimulus policies coming out at increasing speed recently. Central SOEs that have the capability to reward minority shareholders with increasing dividend payout ratio and/or buybacks are still preferred. The team will continue to focus on companies that would benefit from economy recovery and companies with long-term growth stories.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Global Growth Fund - Class D

Launch Date: 1 December 2000

Reference Benchmark: Willis Towers Watson Composite Benchmark (>60% - 80% Equity)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	6.87	2.93	2.17	4.15
Benchmark/Performance Target#	6.75	2.65	2.42	N/A
Deviation	0.12	0.28	-0.25	N/A

The fund outperformed the benchmark in 1-year and 5-year periods, but underperformed in 10-year period.

The fund utilizes both top-down (asset allocation) and bottom-up (stock selection) investing strategies. In 2023, the majority of global equity markets have provided significant returns to investors, which was led by a cooling off in global inflation and a higher expectation of rate cuts by the US Fed and other central banks. However, Hong Kong and China equities, which turned in negative returns in 2023, had a very volatile year, given the concerns about property sector, weak consumer confidence and geopolitical tension. On the fixed income side, the markets also concluded 2023 on a robust note, marked by a global peak in yields and the conclusion of the global central bank hiking cycle.

During the financial period ended 31 December 2023, asset allocation alpha of the fund stayed positive with allocation in US tech and China A-shares ETFs helped the most. Outperformance in our Hong Kong equity sleeve relative to its benchmark also acted as a contributor.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Global Growth Fund - Class I

Launch Date: 1 December 2000

Reference Benchmark: Willis Towers Watson Composite Benchmark (>60% - 80% Equity)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	6.64	2.71	1.94	4.02
Benchmark/Performance Target#	6.55	2.45	2.22	N/A
Deviation	0.09	0.26	-0.28	N/A

The fund outperformed the benchmark in 1-year and 5-year periods, but underperformed in 10-year period.

The fund utilizes both top-down (asset allocation) and bottom-up (stock selection) investing strategies. In 2023, the majority of global equity markets have provided significant returns to investors, which was led by a cooling off in global inflation and a higher expectation of rate cuts by the US Fed and other central banks. However, Hong Kong and China equities, which turned in negative returns in 2023, had a very volatile year, given the concerns about property sector, weak consumer confidence and geopolitical tension. On the fixed income side, the markets also concluded 2023 on a robust note, marked by a global peak in yields and the conclusion of the global central bank hiking cycle.

During the financial period ended 31 December 2023, asset allocation alpha of the fund stayed positive with allocation in US tech and China A-shares ETFs helped the most. Outperformance in our Hong Kong equity sleeve relative to its benchmark also acted as a contributor.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Hang Seng Index Tracking Fund - Class N

Launch Date: 1 February 2012

Reference Benchmark: Hang Seng Index Total Return Index

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	-11.30	-5.89	-0.90	0.37
Benchmark/Performance Target#	-11.23	-5.66	-0.38	1.30
Deviation	-0.07	-0.23	-0.52	-0.93

The fund underperformed the benchmark in 1-year, 5-year, 10-year and since launch periods.

The fund provides investment results that closely correspond to the performance of the Hang Seng Index through investing substantially all of the fund's assets in units of the Tracker Fund of Hong Kong. During the financial period ended 31 December 2023, the tracking error and transaction cost remained relatively stable over the year.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Hong Kong Bond Fund - Class N

Launch Date: 1 February 2012

Reference Benchmark: HSBC Hong Kong Dollar Bond Index/Markit iBoxx ALBI Hong Kong

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	6.40	0.94	1.17	0.95
Benchmark/Performance Target#	6.13	0.66	1.24	0.96
Deviation	0.27	0.28	-0.07	-0.01

The fund outperformed the benchmark in 1-year and 5-year periods, but slightly underperformed in 10-year and since launch periods.

Hong Kong's economic recovery tapered off into year-end as additional fiscal stimulus and the resumption of business and trade activities provided minimal impetus. Investments and capital expenditures remain soft while outbound travel curtailed the consumption recovery. However, liquidity remained adequate in Hong Kong as HKMA retains a wide array of policy tools to provide additional liquidity via open market operations or reducing the issuance of exchange funded bills.

During the financial period ended 31 December 2023, though underweight in duration dragged in 2H of the year, currency allocation towards USD over the year and security selection in Q2 with positioning in banking and utility has contributed positively. It is expected economic growth in Hong Kong will remain challenged on an uncertain global and China growth outlook while domestic policies continue to be accommodative both on the fiscal and monetary end. The investment team will wait for opportunities to extend duration positioning if yields edge higher. With inflation likely to have peaked, it is expected duration sensitive credits to be defensive and the team will continue to look for selective opportunities in the high quality corporate or quasi-sovereign space.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal HK Dollar Savings Fund - Class D

Launch Date: 1 December 2000

Reference Benchmark: MPF Prescribed Savings Rate

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	4.07	1.02	0.60	0.64
Benchmark/Performance Target#	0.76	0.19	0.10	0.41
Deviation	3.31	0.83	0.50	0.23

The fund outperformed the benchmark in 1-year, 5-year and 10-year and since launch periods.

During the financial period ended 31 December 2023, our strategy of optimizing yield across various options in time deposits, certificate of deposits and public market securities to generate excess returns over the savings rate remains unchanged. Over longer time periods, the fund performance remained competitive against the savings rate.

The investment team looks to tactically reinvest at higher rates with occasional spikes in funding levels. With the continual inversion of the HKD curve, the fund will seek to capture attractive carry opportunities along the 1 to 2 years tenor.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal HK Dollar Savings Fund - Class I

Launch Date: 1 December 2000

Reference Benchmark: MPF Prescribed Savings Rate

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	4.02	0.99	0.56	0.61
Benchmark/Performance Target#	0.76	0.19	0.10	0.41
Deviation	3.26	0.80	0.46	0.20

The fund outperformed the benchmark in 1-year, 5-year and 10-year and since launch periods.

During the financial period ended 31 December 2023, our strategy of optimizing yield across various options in time deposits, certificate of deposits and public market securities to generate excess returns over the savings rate remains unchanged. Over longer time periods, the fund performance remained competitive against the savings rate.

The investment team looks to tactically reinvest at higher rates with occasional spikes in funding levels. With the continual inversion of the HKD curve, the fund will seek to capture attractive carry opportunities along the 1 to 2 years tenor.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Hong Kong Equity Fund - Class D

Launch Date: 1 September 2006

Reference Benchmark: FTSE MPF Hong Kong

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	-12.61	-5.19	-0.87	3.86
Benchmark/Performance Target#	-13.07	-5.39	-0.96	2.64
Deviation	0.46	0.20	0.09	1.22

The fund outperformed the benchmark in 1-year, 5-year and 10-year and since launch periods.

During the financial period ended 31 December 2023, both sector allocation and stock selection contributed to the performance. Stock selection in communication services sector and consumer staples position underweight acted as the key contributors. The excess cash also helped the portfolio during down market. While weakness showed in energy sector underweight and healthcare sector overweight. 2023 was a turnaround year with normalization of due diligence trips available again post 3 COVID-impacted years. The investment team has introduced more analysts to enhance the on-the-ground and fundamental research process during the year.

The investment team continues to adopt a barbell approach: holding deep value defensive stocks with sustainable cashflows, improving ROEs, rising dividends, and adding cheap cyclical exposure as a series of new stimulus policies coming out at increasing speed recently. Central SOEs that have the capability to reward minority shareholders with increasing dividend payout ratio and/or buybacks are still preferred. The team will continue to focus on companies that would benefit from economy recovery and companies with long-term growth stories.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Hong Kong Equity Fund - Class I

Launch Date: 1 September 2006

Reference Benchmark: FTSE MPF Hong Kong

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	-12.70	-5.29	-0.99	3.72
Benchmark/Performance Target#	-13.17	-5.49	-1.06	2.54
Deviation	0.47	0.20	0.07	1.18

The fund outperformed the benchmark in 1-year, 5-year and 10-year and since launch periods.

During the financial period ended 31 December 2023, both sector allocation and stock selection contributed to the performance. Stock selection in communication services sector and consumer staples position underweight acted as the key contributors. The excess cash also helped the portfolio during down market. While weakness showed in energy sector underweight and healthcare sector overweight. 2023 was a turnaround year with normalization of due diligence trips available again post 3 COVID-impacted years. The investment team has introduced more analysts to enhance the on-the-ground and fundamental research process during the year.

The investment team continues to adopt a barbell approach: holding deep value defensive stocks with sustainable cashflows, improving ROEs, rising dividends, and adding cheap cyclical exposure as a series of new stimulus policies coming out at increasing speed recently. Central SOEs that have the capability to reward minority shareholders with increasing dividend payout ratio and/or buybacks are still preferred. The team will continue to focus on companies that would benefit from economy recovery and companies with long-term growth stories.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal International Bond Fund - Class D

Launch Date: 1 December 2000

Reference Benchmark: FTSE World Government Bond Index (35% HKD hedged)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	5.38	-1.16	-0.66	2.09
Benchmark/Performance Target#	4.01	-2.08	-0.79	1.91
Deviation	1.37	0.92	0.13	0.18

The fund outperformed the benchmark in 1-year, 5-year and 10-year and since launch periods.

Global fixed income market remained volatile over the year but concluded the year on a robust note supported by a global peak in yields and the conclusion of the global central bank hiking cycle. During the financial period ended 31 December 2023, the fund was positioned to benefit from the constructive backdrop for high quality fixed income, supported by higher yields after over a year of interest rate hikes. The dedicated investment credit team enabled the fund to take convinced views on high quality credits within the investment grade space supported by strong fundamentals.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal International Bond Fund - Class I

Launch Date: 1 December 2000

Reference Benchmark: FTSE World Government Bond Index (35% HKD hedged)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	5.39	-1.16	-0.72	2.03
Benchmark/Performance Target#	4.01	-2.08	-0.79	1.91
Deviation	1.38	0.92	0.07	0.12

The fund outperformed the benchmark in 1-year, 5-year and 10-year and since launch periods.

Global fixed income market remained volatile over the year but concluded the year on a robust note supported by a global peak in yields and the conclusion of the global central bank hiking cycle. During the financial period ended 31 December 2023, the fund was positioned to benefit from the constructive backdrop for high quality fixed income, supported by higher yields after over a year of interest rate hikes. The dedicated investment credit team enabled the fund to take convinced views on high quality credits within the investment grade space supported by strong fundamentals.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal International Equity Fund - Class D

Launch Date: 1 December 2000

Reference Benchmark: FTSE MPF All-World (35% HK\$ hedged)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	23.52	9.82	5.26	4.05
Benchmark/Performance Target#	20.84	10.98	7.35	N/A
Deviation	2.68	-1.16	-2.09	N/A

The fund outperformed the benchmark by more than 2% in 1-year period, but underperformed in 5-year and 10-year periods.

2023 marked a strong finish of the year, with equity returns surprising to the upside. Historically robust returns were seen across most market segments, despite a host of challenges, including averting the most widely anticipated recession in modern memory. During the financial period ended 31 December 2023, the fund was benefited mostly by the strong performance of financial sector in Q1 and information technology in Q2, where stock selection acted as the key contributor in both sectors. Meanwhile, weakness in Japanese industrials and cash overweight position partially offset the gains in the last quarter.

Following a period of valuation improvement, earnings remain a key catalyst to further upside, and bottom-up stock selection will be key amidst uneven global economic recoveries and fluid Central Bank policies.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal International Equity Fund - Class I

Launch Date: 1 December 2000

Reference Benchmark: FTSE MPF All-World (35% HK\$ hedged)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	23.28	9.55	4.91	3.84
Benchmark/Performance Target#	20.65	10.79	7.16	N/A
Deviation	2.63	-1.24	-2.25	N/A

The fund outperformed the benchmark by more than 2% in 1-year period, but underperformed in 5-year and 10-year periods.

2023 marked a strong finish of the year, with equity returns surprising to the upside. Historically robust returns were seen across most market segments, despite a host of challenges, including averting the most widely anticipated recession in modern memory. During the financial period ended 31 December 2023, the fund was benefited mostly by the strong performance of financial sector in Q1 and information technology in Q2, where stock selection acted as the key contributor in both sectors. Meanwhile, weakness in Japanese industrials and cash overweight position partially offset the gains in the last quarter.

Following a period of valuation improvement, earnings remain a key catalyst to further upside, and bottom-up stock selection will be key amidst uneven global economic recoveries and fluid Central Bank policies.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Long Term Accumulation Fund - Class D

Launch Date: 1 December 2000

Reference Benchmark: Willis Towers Watson Composite Benchmark (>40% - 60% Equity)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	6.44	1.93	1.51	3.07
Benchmark/Performance Target#	6.02	1.35	1.52	N/A
Deviation	0.42	0.58	-0.01	N/A

The fund outperformed the benchmark in 1-year and 5-year periods, but underperformed in 10-year period.

The fund utilizes both top-down (asset allocation) and bottom-up (stock selection) investing strategies. In 2023, the majority of global equity markets have provided strong returns to investors, which was led by a cooling off in global inflation and a higher expectation of rate cuts by the US Fed and other central banks. Fixed income markets also concluded 2023 on a robust note, marked by a global peak in yields and the conclusion of the global central bank hiking cycle.

During the financial period ended 31 December 2023, asset allocation alpha of the fund stayed positive with allocation in US tech and China A-shares ETFs helped the most. Outperformance in our international bond sleeve relative to its benchmark also acted as a contributor.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Long Term Accumulation Fund - Class I

Launch Date: 1 December 2000

Reference Benchmark: Willis Towers Watson Composite Benchmark (>40% - 60% Equity)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	6.22	1.71	1.28	2.93
Benchmark/Performance Target#	5.82	1.15	1.32	N/A
Deviation	0.40	0.56	-0.04	N/A

The fund outperformed the benchmark in 1-year and 5-year periods, but underperformed in 10-year period.

The fund utilizes both top-down (asset allocation) and bottom-up (stock selection) investing strategies. In 2023, the majority of global equity markets have provided strong returns to investors, which was led by a cooling off in global inflation and a higher expectation of rate cuts by the US Fed and other central banks. Fixed income markets also concluded 2023 on a robust note, marked by a global peak in yields and the conclusion of the global central bank hiking cycle.

During the financial period ended 31 December 2023, asset allocation alpha of the fund stayed positive with allocation in US tech and China A-shares ETFs helped the most. Outperformance in our international bond sleeve relative to its benchmark also acted as a contributor.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Long Term Guaranteed Fund - Class D

Launch Date: 1 December 2000

Reference Benchmark: HK Inflation Rate

Qualified members are entitled to the maximum of qualifying balance (i.e. grow by current guarantee rate 1% per annum) or market value return during the qualifying period. This fund was terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Long Term Guaranteed Fund - Class I

Launch Date: 1 December 2000

Reference Benchmark: HK Inflation Rate

Qualified members are entitled to the maximum of qualifying balance (i.e. grow by current guarantee rate 1% per annum) or market value return during the qualifying period. This fund was terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Stable Yield Fund - Class D

Launch Date: 1 December 2000

Reference Benchmark: Willis Towers Watson Composite Benchmark (>20% - 40% Equity)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	5.93	0.91	0.79	2.60
Benchmark/Performance Target#	5.04	0.07	0.57	N/A
Deviation	0.89	0.84	0.22	N/A

The fund outperformed the benchmark in 1-year, 5-year and 10-year periods.

The fund utilizes both top-down (asset allocation) and bottom-up (stock selection) investing strategies. In 2023, the majority of global equity markets have provided strong returns to investors, which was led by a cooling off in global inflation and a higher expectation of rate cuts by the US Fed and other central banks. Fixed income markets also concluded 2023 on a robust note, marked by a global peak in yields and the conclusion of the global central bank hiking cycle.

During the financial period ended 31 December 2023, asset allocation alpha of the fund stayed positive with allocation in US tech helped the most. Outperformance in our short duration fixed income sleeve relative to its benchmark also acted as a contributor.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal Stable Yield Fund - Class I

Launch Date: 1 December 2000

Reference Benchmark: Willis Towers Watson Composite Benchmark (>20% - 40% Equity)

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	5.71	0.69	0.56	2.47
Benchmark/Performance Target#	4.84	-0.13	0.37	N/A
Deviation	0.87	0.82	0.19	N/A

The fund outperformed the benchmark in 1-year, 5-year and 10-year periods.

The fund utilizes both top-down (asset allocation) and bottom-up (stock selection) investing strategies. In 2023, the majority of global equity markets have provided strong returns to investors, which was led by a cooling off in global inflation and a higher expectation of rate cuts by the US Fed and other central banks. Fixed income markets also concluded 2023 on a robust note, marked by a global peak in yields and the conclusion of the global central bank hiking cycle.

During the financial period ended 31 December 2023, both asset allocation and stock selection alpha were positive. Asset allocation side, allocation in US tech helped the most. Outperformance in our short duration fixed income sleeve relative to its benchmark also acted as a contributor.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal US Equity Fund - Class D

Launch Date: 1 December 2000

Reference Benchmark: S&P 500 NR

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	23.71	12.15	8.64	4.75
Benchmark/Performance Target#	24.49	13.79	10.23	5.92
Deviation	-0.78	-1.64	-1.59	-1.17

The fund underperformed the benchmark in 1-year, 5-year, 10-year and since launch periods.

During the financial period ended 31 December 2023, the fund performed largely in line with the index, the lag of benchmark in longer term was mostly still weighed by the past performance before 2023, which was a result of its strategic allocation in small cap stocks. To reduce the overall volatilities and align the fund with market peers, the market cap positioning was restructured in 2021 to peg against the index. The fund maintained a low active share throughout the year, in recognition of the potential market uncertainties, taking into consideration of quality, value and momentum factors in the security selection and portfolio construction process.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Commentary by the Trustee (continued)

Principal US Equity Fund - Class I

Launch Date: 1 December 2000

Reference Benchmark: S&P 500 NR

	1 year (%)	5 year ann. (%)	10 year ann. (%)	Since Launch ann. (%)
Fund Performance*	23.47	11.88	8.28	4.55
Benchmark/Performance Target#	24.30	13.60	10.04	5.73
Deviation	-0.83	-1.72	-1.76	-1.18

The fund underperformed the benchmark in 1-year, 5-year, 10-year and since launch periods.

During the financial period ended 31 December 2023, the fund performed largely in line with the index, the lag of benchmark in longer term was mostly still weighed by the past performance before 2023, which was a result of its strategic allocation in small cap stocks. To reduce the overall volatilities and align the fund with market peers, the market cap positioning was restructured in 2021 to peg against the index. The fund maintained a low active share throughout the year, in recognition of the potential market uncertainties, taking into consideration of quality, value and momentum factors in the security selection and portfolio construction process.

Performance assessment framework:

Principal Trust Company (Asia) Limited (the “Trustee”) and Principal Asset Management Company (Asia) Limited (the “Investment Manager”) take continuous efforts in reviewing and improving the performance of the Constituent Funds. Currently, an investment committee is in place to oversee the performance of the Constituent Funds and the underlying fund managers. Appropriate qualitative and quantitative assessments are utilized to monitor all Constituent Funds with the oversight of a local investment committee. Ongoing conference calls or meetings with delegate managers are conducted to review each investment team and strategy and discuss business goals. The objective of this qualitative assessment is to ensure the delegate managers retain the organizational traits and the investment process characteristics that served as the basis for the original hiring decision. Meanwhile, quantitative assessments focus on those elements that can be measured objectively and compared to certain targets or goals. The most common and important form of quantitative assessment is the periodic review of historical performance against benchmarks and peers. Assessment of concerned funds would be further conducted, whilst appropriate actions would be taken if necessary, including but not limited to rebalancing the strategic asset allocation, replacing the existing underlying funds and reviewing the investment objective and policy. The Board of the Trustee will review the performance results and enhancement plans delivered by the investment committee on a quarterly basis.

Global equity and fixed income markets both rallied sharply to close out year 2023 with positive returns. The quality biased metrics in the Investment Manager’s investment process proved to be excelled in the market which quality factor had performed admirably and significantly outperformed other factors throughout the year, emerging as the strongest factor globally in 2023. Except Principal Hang Seng Index Tracking Fund, Principal Asian Equity Fund and Principal US Equity Fund, all the other Constituent Funds in the scheme outperformed peer medians, with 10 Constituent Funds ranked in the 1st quartile within their relevant peer groups at the close of 2023. The Investment Manager’s process still remains focus on bottom-up stock picking as the principal driver of outperformance. By identifying companies experiencing positive changes, it benefits the long-term performance and helps to generate better performance than benchmarks over market cycles.

The Investment Manager and/or the underlying Delegate Investment Managers will continue to monitor the Constituent Funds with underperformance issues and the effect of implemented changes (if any) as noted on the respective commentary in the previous section.

PRINCIPAL MPF SCHEME SERIES 800

INVESTMENT REPORT (continued)

Investment objectives and policies (continued)

Changes in the statement of investment policy

Principal Age 65 Plus Fund
Principal Aggressive Strategy Fund
Principal Asian Bond Fund
Principal Asian Equity Fund
Principal Capital Guaranteed Fund
Principal Core Accumulation Fund
Principal MPF Conservative Fund
Principal China Equity Fund
Principal Global Growth Fund
Principal Hang Seng Index Tracking Fund
Principal Hong Kong Bond Fund
Principal HK Dollar Savings Fund
Principal Hong Kong Equity Fund
Principal International Bond Fund
Principal International Equity Fund
Principal Long Term Accumulation Fund
Principal Long Term Guaranteed Fund
Principal Stable Yield Fund
Principal US Equity Fund

During the year under review, there were no major changes in the investment objectives and policies of the above funds that would significantly affect their risks profile.

For and on behalf of
Principal Trust Company (Asia) Limited

Martin Lau



Hong Kong
25 June 2024

PRINCIPAL MPF SCHEME SERIES 800

SCHEME REPORT

The Trustee hereby submits the scheme report together with the audited financial statements of Principal MPF Scheme Series 800 (the "Scheme") for the year ended 31 December 2023.

The Scheme

The Scheme is a master trust scheme registered in accordance with the Mandatory Provident Fund Schemes Ordinance (the "Ordinance") for the purpose of providing retirement benefits to members. The Scheme was established under a Master Trust Deed dated 31 January 2000, as subsequently amended and restated. The Scheme is registered under section 21 of the Ordinance.

Financial development

During the year, the Scheme operated in accordance with the MPF regime. All assets of the Scheme are invested in accordance with the prescribed policy in the Master Trust Deed.

Enquiry

Further information about the Scheme and its operation can be obtained by contacting Principal Trust Company (Asia) Limited, the administrator of the Scheme, at 2827-1233 or via the internet at www.principal.com.hk.

Directory of parties

Details of those parties engaged by the Trustee for the purposes of providing services to the Scheme during the year ended 31 December 2023 are set out on page 1.

Principal Financial Group, Inc. is the ultimate holding company of Principal Trust Company (Asia) Limited, Principal Insurance Company (Hong Kong) Limited and Principal Asset Management Company (Asia) Limited.

Change to the governing rules

The governing rules of the Scheme have not been changed during the financial year ended 31 December 2023.

PRINCIPAL MPF SCHEME SERIES 800

SCHEME REPORT (continued)

Directors

The directors of Principal Trust Company (Asia) Limited during the year and up to the date of this report were:

Cheong Wee Yee
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Lau Martin Kin Yeung
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

John Michael Egan
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Uday Jayaram
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Liu Man Kwong (resigned on 31 May 2024)
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Lam Heung Yeung Herman
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Hong Mei Knight
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

PRINCIPAL MPF SCHEME SERIES 800

SCHEME REPORT (continued)

Controllers

The controllers of Principal Insurance Company (Hong Kong) Limited during the year and up to the date of this report were:

Julian Christopher Vivian Pull
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Lau Martin Kin Yeung
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

John Michael Egan
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Wong Yuk Ying
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Li Wing Kuen
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Principal International (Asia) Limited
29/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Principal Financial Group, Inc.
711 High Street, Des Moines
Iowa 50392, U.S.A.

Principal Financial Services, Inc.
711 High Street, Des Moines
Iowa 50392, U.S.A.

Principal International, LLC
711 High Street, Des Moines
Iowa 50392, U.S.A.

PRINCIPAL MPF SCHEME SERIES 800

SCHEME REPORT (continued)

Controllers

The controllers of Principal Asset Management Company (Asia) Limited during the year and up to the date of this report were:

Kenneth Kirk West (resigned on 21 June 2024)
29/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Chiu Siu Po Steve (appointed on 1 March 2023)
29/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Zhong Rongsa (appointed on 1 March 2023)
29/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Rohit Vohra (appointed on 1 March 2023)
29/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Ching Ho Yin Derek (resigned on 1 March 2023)
29/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Barbara Ann McKenzie (appointed on 1 January 2023) (resigned on 1 March 2023)
29/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Paul McConomy (appointed on 1 January 2023) (resigned on 1 March 2023)
29/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Principal International (Asia) Limited
29/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

PRINCIPAL MPF SCHEME SERIES 800

SCHEME REPORT (continued)

Controllers (continued)

The controllers of Principal Asset Management Company (Asia) Limited during the year and up to the date of this report were: (continued)

Principal Financial Group, Inc.
711 High Street, Des Moines
Iowa 50392, U.S.A.

Principal Financial Services, Inc.
711 High Street, Des Moines
Iowa 50392, U.S.A.

Principal International, LLC
711 High Street, Des Moines
Iowa 50392, U.S.A.

For and on behalf of
Principal Trust Company (Asia) Limited

Martin Lau

A large, stylized handwritten signature in black ink, appearing to be 'Martin Lau', positioned to the right of the printed name.

Hong Kong
25 June 2024



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
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Independent auditor's report To the Trustee of Principal MPF Scheme Series 800

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Principal MPF Scheme Series 800 (the "Scheme") set out on pages 116 to 175, which comprise the statement of net assets available for benefits as at 31 December 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in net assets available for benefits and the statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Other Information included in the Annual Report

The Trustee is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

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

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

Responsibilities of Trustee for the Financial Statements

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



Independent auditor's report (continued)
To the Trustee of Principal MPF Scheme Series 800

Responsibilities of Trustee for the Financial Statements (continued)

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

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

The Trustee is responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Scheme has 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 HKSA's, we exercise professional judgment 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.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent auditor's report (continued)
To the Trustee of Principal MPF Scheme Series 800

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

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

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

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

Certified Public Accountants
Hong Kong
25 June 2024

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

		2023									
Notes		Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	*Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$
Income											
		-	-	-	-	-	-	-	-	-	57,463,275
		-	-	-	-	-	-	-	-	-	-
	4	234,469,011	93,540,826	11,892,343	220,817,923	53,076,960	380,055,283	144,354,093	(406,573,106)	301,450,744	(234,652,852)
	3	-	-	-	-	-	-	-	-	-	85
		2,893	4,605	-	2,723	1,397,345	11,609	-	61,482	11,314	14,353
		<u>234,471,904</u>	<u>93,545,431</u>	<u>11,892,343</u>	<u>220,820,646</u>	<u>54,474,305</u>	<u>380,066,892</u>	<u>144,354,093</u>	<u>(406,511,624)</u>	<u>301,462,058</u>	<u>(177,175,139)</u>
Expenses											
		(20,402)	(13,309)	(3,546)	(49,267)	(28,995)	(53,342)	(41,739)	(37,010)	(66,071)	(36,347)
	6(a),6(c)	(3,313,086)	(4,198,539)	(344,933)	(14,512,943)	(2,147,456)	(6,561,740)	(3,208,927)	(10,791,776)	(13,473,999)	(847,688)
		-	-	-	-	-	-	-	-	-	(223,143)
		(31,008)	(35,815)	(5,654)	(117,217)	(31,651)	(86,206)	(91,382)	(84,963)	(121,150)	(54,570)
		-	-	-	-	-	-	-	-	-	(423,844)
	6(d)	(369,625)	(343,746)	(71,413)	(1,107,216)	(542,369)	(941,825)	(1,258,213)	(827,406)	(1,332,130)	(1,311,367)
	6(a),6(e)	-	(2,269,481)	(344,933)	(7,256,471)	(4,294,913)	-	(6,417,855)	(5,395,888)	(7,699,428)	(3,390,752)
	6(a),6(b)	(6,626,171)	(9,943,876)	(931,319)	(30,136,362)	(23,492,876)	(13,123,480)	(20,858,028)	(22,368,491)	(34,156,813)	(8,815,954)
		<u>(10,360,292)</u>	<u>(16,804,766)</u>	<u>(1,701,798)</u>	<u>(53,179,476)</u>	<u>(30,538,260)</u>	<u>(20,766,593)</u>	<u>(31,876,144)</u>	<u>(39,505,534)</u>	<u>(56,849,591)</u>	<u>(15,103,665)</u>
Increase/(decrease) in net assets available for benefits and total profit or loss and other comprehensive income for the year		<u>224,111,612</u>	<u>76,740,665</u>	<u>10,190,545</u>	<u>167,641,170</u>	<u>23,936,045</u>	<u>359,300,299</u>	<u>112,477,949</u>	<u>(446,017,158)</u>	<u>244,612,467</u>	<u>(192,278,804)</u>

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

Year ended 31 December 2023

	Notes	2023 (continued)										Total HK\$
		Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	*Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	Scheme level HK\$ (Note 5)	
Income												
Distribution income		-	-	-	-	-	-	-	-	-	-	57,463,275
Gains/(losses) on investments	4	41,321,671	102,779,760	(396,533,286)	67,671,190	444,148,752	143,443,088	47,637,552	143,959,438	898,480,504	-	2,291,339,894
Interest income	3	-	-	-	-	-	-	-	-	-	1,281	1,366
Other income		19,923	8,448	30,339	5,997	9,420	8,564	24,456	8,762	32,043	-	1,654,276
		<u>41,341,594</u>	<u>102,788,208</u>	<u>(396,502,947)</u>	<u>67,677,187</u>	<u>444,158,172</u>	<u>143,451,652</u>	<u>47,662,008</u>	<u>143,968,200</u>	<u>898,512,547</u>	<u>1,281</u>	<u>2,350,458,811</u>
Expenses												
Audit fee		(8,166)	(26,314)	(44,435)	(14,125)	(29,138)	(30,754)	(25,462)	(34,654)	(67,918)	-	(630,994)
Investment management fee	6(a),6(c)	(1,435,725)	(2,064,550)	(13,421,578)	(2,535,727)	(8,035,832)	(6,744,186)	(3,047,059)	(7,180,077)	(15,987,774)	-	(119,853,595)
Investment transaction costs		-	-	-	-	-	-	-	-	-	-	(223,143)
Legal and professional fees		(18,251)	(64,616)	(106,989)	(32,133)	(65,864)	(60,962)	(20,552)	(65,003)	(131,867)	-	(1,225,853)
Licence fees		-	-	-	-	-	-	-	-	-	-	(423,844)
Operating expenses	6(d)	(183,956)	(650,397)	(1,022,258)	(317,566)	(649,828)	(648,981)	(387,910)	(716,906)	(1,512,019)	(1,281)	(14,196,412)
Sponsor fee	6(a),6(e)	(1,148,580)	(4,129,100)	(6,710,789)	(2,028,581)	(4,017,916)	(3,853,820)	(3,047,059)	(4,102,901)	(7,993,887)	-	(74,102,354)
Trustee and administrator fee	6(a),6(b)	(3,101,166)	(14,183,324)	(25,015,555)	(8,114,325)	(16,488,055)	(16,940,738)	(23,708,614)	(18,294,853)	(33,207,727)	-	(329,507,727)
		<u>(5,895,844)</u>	<u>(21,118,301)</u>	<u>(46,321,604)</u>	<u>(13,042,457)</u>	<u>(29,286,633)</u>	<u>(28,279,441)</u>	<u>(30,236,656)</u>	<u>(30,394,394)</u>	<u>(58,901,192)</u>	<u>(1,281)</u>	<u>(540,163,922)</u>
Increase/(decrease) in net assets available for benefits and total profit or loss and other comprehensive income for the year												
		<u>35,445,750</u>	<u>81,669,907</u>	<u>(442,824,551)</u>	<u>54,634,730</u>	<u>414,871,539</u>	<u>115,172,211</u>	<u>17,425,352</u>	<u>113,573,806</u>	<u>839,611,355</u>	<u>-</u>	<u>1,810,294,889</u>

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

Year ended 31 December 2023

		2022									
Notes		Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$
Income											
		-	-	-	-	-	-	-	-	-	52,941,640
	4	(133,836,610)	(236,801,956)	(18,259,655)	(799,962,021)	35,971,560	(399,435,916)	36,360,600	(940,972,867)	(781,283,800)	(255,861,777)
	3	-	-	-	-	6,781,431	-	-	-	-	52
		-	-	-	-	-	-	-	-	-	-
		<u>(133,836,610)</u>	<u>(236,801,956)</u>	<u>(18,259,655)</u>	<u>(799,962,021)</u>	<u>42,752,991</u>	<u>(399,435,916)</u>	<u>36,360,600</u>	<u>(940,972,867)</u>	<u>(781,283,800)</u>	<u>(202,920,085)</u>
Expenses											
		(3,074)	(45,468)	(313)	(39,242)	(19,499)	(7,514)	(14,289)	(32,206)	(32,473)	(5,197)
	6(a),6(c)	(2,227,794)	(4,134,497)	(307,782)	(15,049,035)	(2,363,126)	(5,684,635)	(3,340,047)	(11,643,813)	(13,753,071)	(807,870)
		-	-	(395)	-	-	-	-	-	-	(282,019)
		(914)	(2,274)	(92)	(5,029)	(2,611)	(1,786)	-	(4,397)	(8,172)	(1,910)
		-	-	-	-	-	-	-	-	-	(403,934)
	6(d)	(134,640)	(483,198)	(83,281)	(973,459)	(563,129)	(371,313)	(544,046)	(774,638)	(1,097,573)	(679,994)
	6(a),6(e)	-	(2,234,864)	(307,782)	(7,524,517)	(4,726,251)	-	(6,680,093)	(5,821,907)	(7,858,898)	(3,231,478)
	6(a),6(b)	(4,455,587)	(9,798,425)	(831,012)	(31,250,001)	(25,837,221)	(11,369,271)	(21,710,302)	(24,136,245)	(34,845,086)	(8,401,843)
		<u>(6,822,009)</u>	<u>(16,698,726)</u>	<u>(1,530,657)</u>	<u>(54,841,283)</u>	<u>(33,511,837)</u>	<u>(17,434,519)</u>	<u>(32,288,777)</u>	<u>(42,413,206)</u>	<u>(57,595,273)</u>	<u>(13,814,245)</u>
(Decrease)/increase in net assets available for benefits and total profit or loss and other comprehensive income for the year		<u>(140,658,619)</u>	<u>(253,500,682)</u>	<u>(19,790,312)</u>	<u>(854,803,304)</u>	<u>9,241,154</u>	<u>(416,870,435)</u>	<u>4,071,823</u>	<u>(983,386,073)</u>	<u>(838,879,073)</u>	<u>(216,734,330)</u>

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

31 December 2023

		2023										
		Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	*Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$	
Notes												
Assets												
	Investments measured at fair value through profit or loss	7	3,121,153,396	1,141,570,080	190,839,374	3,659,959,207	-	2,988,258,268	5,378,089,887	2,355,941,516	3,870,956,821	1,594,277,955
	Subscriptions in transit		6,876,037	1,843,948	624,634	4,412,573	-	11,299,814	33,740,934	5,009,490	5,467,662	3,286,182
	Contributions receivable											
	- by employers		-	-	-	-	-	-	-	-	-	-
	- by employees		-	-	-	-	-	-	-	-	-	-
	Amounts receivable from brokers		8,819,521	2,547,893	584,404	7,757,488	-	7,243,890	15,859,239	6,997,192	9,282,223	8,218,974
	Cash and cash equivalents	8	-	-	-	-	-	-	-	-	-	5,536,168
			<u>3,136,848,954</u>	<u>1,145,961,921</u>	<u>192,048,412</u>	<u>3,672,129,268</u>	<u>-</u>	<u>3,006,801,972</u>	<u>5,427,690,060</u>	<u>2,367,948,198</u>	<u>3,885,706,706</u>	<u>1,611,319,279</u>
Liabilities												
	Amounts pending for allocation		-	-	-	-	-	-	-	-	-	-
	Amounts payable on redemptions		12,682,851	3,563,086	1,668,463	11,393,504	-	10,832,773	22,431,034	9,763,870	12,171,110	15,069,287
	Amounts payable to brokers		5,605,605	1,037,868	424,429	2,511,728	-	8,042,357	20,047,988	2,537,371	4,100,306	-
	Accrued expenses and other payables		2,258,327	1,956,811	254,861	4,967,318	-	2,859,350	4,699,755	3,204,459	4,899,159	3,677,535
			<u>20,546,783</u>	<u>6,557,765</u>	<u>2,347,753</u>	<u>18,872,550</u>	<u>-</u>	<u>21,734,480</u>	<u>47,178,777</u>	<u>15,505,700</u>	<u>21,170,575</u>	<u>18,746,822</u>
	Net assets available for benefits		<u>3,116,302,171</u>	<u>1,139,404,156</u>	<u>189,700,659</u>	<u>3,653,256,718</u>	<u>-</u>	<u>2,985,067,492</u>	<u>5,380,511,283</u>	<u>2,352,442,498</u>	<u>3,864,536,131</u>	<u>1,592,572,457</u>

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS (continued)

31 December 2023

		2023 (continued)									
Notes	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	*Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	Scheme level HK\$	Total HK\$
Assets											
	Investments measured at fair value through profit or loss										
7	584,614,401	2,126,573,843	3,027,418,619	1,099,044,458	2,294,365,736	1,944,802,886	-	2,097,321,237	4,616,402,754	-	42,091,590,438
	2,475,796	22,511,753	8,515,600	7,559,022	8,596,285	2,471,518	-	6,355,411	32,660,264	-	163,706,923
	Contributions receivable										
	-	-	-	-	-	-	-	-	-	133,069,415	133,069,415
	-	-	-	-	-	-	-	-	-	105,052,581	105,052,581
	974,724	8,627,405	8,597,867	3,163,432	3,227,707	3,973,008	-	3,318,696	13,991,404	-	113,185,067
8	-	-	-	-	-	-	-	-	-	83,193,730	88,729,898
	<u>588,064,921</u>	<u>2,157,713,001</u>	<u>3,044,532,086</u>	<u>1,109,766,912</u>	<u>2,306,189,728</u>	<u>1,951,247,412</u>	<u>-</u>	<u>2,106,995,344</u>	<u>4,663,054,422</u>	<u>321,315,726</u>	<u>42,695,334,322</u>
Liabilities											
	-	-	-	-	-	-	-	-	-	38,004,904	38,004,904
	1,794,615	13,895,994	16,769,338	5,009,259	7,359,455	5,477,962	-	4,999,126	18,670,097	11,091,445	184,643,269
	1,801,374	10,192,097	4,900,897	4,607,968	4,861,472	1,706,250	-	4,097,487	23,405,047	-	99,880,244
	537,476	1,955,815	3,697,255	1,224,766	2,818,505	2,458,042	-	2,658,571	5,654,785	34,097,381	83,880,171
	<u>4,133,465</u>	<u>26,043,906</u>	<u>25,367,490</u>	<u>10,841,993</u>	<u>15,039,432</u>	<u>9,642,254</u>	<u>-</u>	<u>11,755,184</u>	<u>47,729,929</u>	<u>83,193,730</u>	<u>406,408,588</u>
	<u>583,931,456</u>	<u>2,131,669,095</u>	<u>3,019,164,596</u>	<u>1,098,924,919</u>	<u>2,291,150,296</u>	<u>1,941,605,158</u>	<u>-</u>	<u>2,095,240,160</u>	<u>4,615,324,493</u>	<u>238,121,996</u>	<u>42,288,925,734</u>

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS (continued)

31 December 2023

		2023									
	Notes	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	*Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$
Number of units in issue	9										
- D Class		-	1,027,866.0350	-	4,234,273.7720	-	-	-	12,589,918.3540	9,565,994.1010	-
- I Class		-	47,646,270.3820	-	84,503,955.3450	-	-	-	223,123,124.3090	145,451,936.7480	-
- N Class		274,844,917.4480	-	20,113,271.1770	-	-	211,250,677.8140	450,975,844.0620	-	-	152,413,607.3320
		<u>274,844,917.4480</u>	<u>-</u>	<u>20,113,271.1770</u>	<u>-</u>	<u>-</u>	<u>211,250,677.8140</u>	<u>450,975,844.0620</u>	<u>-</u>	<u>-</u>	<u>152,413,607.3320</u>
Net asset value per unit											
- D Class		-	23.7445	-	42.9132	-	-	-	10.4012	25.5785	-
- I Class		-	23.4016	-	41.0815	-	-	-	9.9564	24.8869	-
- N Class		11.3384	-	9.4316	-	-	14.1305	11.9308	-	-	10.4490
		<u>11.3384</u>	<u>-</u>	<u>9.4316</u>	<u>-</u>	<u>-</u>	<u>14.1305</u>	<u>11.9308</u>	<u>-</u>	<u>-</u>	<u>10.4490</u>

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS (continued)

31 December 2023

Notes	2023 (continued)								
	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	*Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$
Number of units in issue	9								
- D Class	-	13,752,023.5150	7,094,102.2220	3,424,679.6030	9,042,551.6210	9,971,796.5520	-	4,674,165.9030	7,830,355.2900
- I Class	-	171,136,138.4790	152,851,491.8300	65,419,553.6480	86,278,958.1510	89,137,118.6300	-	114,360,993.0480	156,890,025.1200
- N Class	52,171,866.1270	-	-	-	-	-	-	-	-
Net asset value per unit									
- D Class	-	11.5914	19.2754	16.1288	24.9977	20.0788	-	18.0693	29.1958
- I Class	-	11.5245	18.8577	15.9538	23.9352	19.5360	-	17.5828	27.9604
- N Class	11.1925	-	-	-	-	-	-	-	-

* These Constituent Funds were terminated on 26 October 2023.

For and on behalf of
Principal Trust Company (Asia) Limited



Director



Director

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS (continued)

31 December 2023

		2022									
Notes	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$	
Assets											
	Investments measured at fair value through										
	profit or loss										
7	869,502,442	1,076,736,306	155,780,407	3,560,026,234	2,584,190,696	2,277,825,488	2,659,391,462	2,721,209,669	3,736,140,315	1,672,762,080	
	Subscriptions in transit	3,663,235	3,215,406	682,974	9,421,159	35,802,972	10,364,241	19,629,009	13,710,219	9,644,341	7,808,283
	Contributions receivable										
	- by employers										
	-	-	-	-	-	-	-	-	-	-	
	- by employees										
	-	-	-	-	-	-	-	-	-	-	
	Amounts receivable from brokers										
	2,665,175	2,412,535	799,520	4,970,104	18,724,664	9,053,220	13,664,811	7,522,136	8,743,160	4,941,594	
8	Cash and cash equivalents										
	-	-	-	-	-	-	-	-	-	5,730,648	
	<u>875,830,852</u>	<u>1,082,364,247</u>	<u>157,262,901</u>	<u>3,574,417,497</u>	<u>2,638,718,332</u>	<u>2,297,242,949</u>	<u>2,692,685,282</u>	<u>2,742,442,024</u>	<u>3,754,527,816</u>	<u>1,691,242,605</u>	
Liabilities											
	Amounts pending for allocation										
	-	-	-	-	-	-	-	-	-	-	
	Amounts payable on redemptions										
	2,013,679	2,512,494	773,513	6,810,314	23,393,139	7,039,325	17,410,693	8,466,378	9,358,225	11,203,646	
	Amounts payable to brokers										
	3,477,820	2,727,039	766,982	6,892,286	25,500,526	11,263,570	16,440,393	10,610,324	8,146,932	-	
	Accrued expenses and other payables										
	1,077,202	2,192,348	372,175	5,875,676	4,764,603	3,076,298	7,307,218	4,402,476	6,214,743	3,306,768	
	<u>6,568,701</u>	<u>7,431,881</u>	<u>1,912,670</u>	<u>19,578,276</u>	<u>53,658,268</u>	<u>21,379,193</u>	<u>41,158,304</u>	<u>23,479,178</u>	<u>23,719,900</u>	<u>14,510,414</u>	
	Net assets available for benefits										
	<u>869,262,151</u>	<u>1,074,932,366</u>	<u>155,350,231</u>	<u>3,554,839,221</u>	<u>2,585,060,064</u>	<u>2,275,863,756</u>	<u>2,651,526,978</u>	<u>2,718,962,846</u>	<u>3,730,807,916</u>	<u>1,676,732,191</u>	

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS (continued)

31 December 2023

		2022 (continued)									
Notes	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	Scheme level HK\$	Total HK\$
Assets											
	Investments measured at fair value through										
	profit or loss										
7	564,263,371	2,021,564,613	3,348,817,839	972,186,925	1,736,173,296	1,882,757,289	1,840,978,825	2,009,297,351	3,460,971,463	-	39,150,576,071
	1,863,441	15,242,845	21,819,752	6,060,442	6,379,171	4,771,616	5,032,480	5,323,072	19,576,472	-	200,011,130
	Contributions receivable										
	- by employers										
	-	-	-	-	-	-	-	-	-	137,393,049	137,393,049
	- by employees										
	-	-	-	-	-	-	-	-	-	109,512,380	109,512,380
	Amounts receivable from brokers										
	3,525,375	14,025,203	10,860,164	2,910,466	5,134,185	4,007,698	5,327,509	4,250,145	11,818,339	-	135,356,003
8	Cash and cash equivalents										
	-	-	-	-	-	-	-	-	-	97,046,324	102,776,972
	<u>569,652,187</u>	<u>2,050,832,661</u>	<u>3,381,497,755</u>	<u>981,157,833</u>	<u>1,747,686,652</u>	<u>1,891,536,603</u>	<u>1,851,338,814</u>	<u>2,018,870,568</u>	<u>3,492,366,274</u>	<u>343,951,753</u>	<u>39,835,625,605</u>
Liabilities											
	Amounts pending for allocation										
	-	-	-	-	-	-	-	-	-	58,502,847	58,502,847
	Amounts payable on redemptions										
	2,358,329	17,060,435	14,134,307	1,904,307	4,473,405	4,462,739	3,968,109	4,367,817	13,115,321	9,203,111	164,029,286
	Amounts payable to brokers										
	2,613,566	12,826,874	15,912,868	5,992,592	6,494,081	4,022,722	5,336,202	5,503,967	14,972,198	-	159,500,942
	Accrued expenses and other payables										
	663,031	2,292,818	4,886,481	1,374,444	2,614,714	2,847,630	3,723,506	3,021,352	7,788,757	29,340,365	97,142,605
	<u>5,634,926</u>	<u>32,180,127</u>	<u>34,933,656</u>	<u>9,271,343</u>	<u>13,582,200</u>	<u>11,333,091</u>	<u>13,027,817</u>	<u>12,893,136</u>	<u>35,876,276</u>	<u>97,046,323</u>	<u>479,175,680</u>
	<u>564,017,261</u>	<u>2,018,652,534</u>	<u>3,346,564,099</u>	<u>971,886,490</u>	<u>1,734,104,452</u>	<u>1,880,203,512</u>	<u>1,838,310,997</u>	<u>2,005,977,432</u>	<u>3,456,489,998</u>	<u>246,905,430</u>	<u>39,356,449,925</u>

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS (continued)

31 December 2023

		2022									
		Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$
Number of units in issue	Notes										
	9										
- D Class		-	795,610.0650	-	4,238,161.8320	9,366,673.7210	-	-	12,716,873.8990	10,080,481.9290	-
- I Class		-	48,450,021.4940	-	86,279,424.3900	212,435,621.8960	-	-	216,979,017.3890	149,532,188.9960	-
- N Class		82,542,606.4110	-	17,480,214.6360	-	-	184,675,733.4390	229,891,133.2490	-	-	142,333,763.3100
Net asset value per unit											
- D Class		-	22.0942	-	40.8592	11.7522	-	-	12.3108	23.9347	-
- I Class		-	21.8236	-	39.1944	11.6505	-	-	11.8095	23.3363	-
- N Class		10.5310	-	8.8872	-	-	12.3235	11.5338	-	-	11.7802

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS (continued)

31 December 2023

		2022 (continued)								
	Notes	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$
Number of units in issue	9									
- D Class		-	13,882,241.9270	6,613,078.8350	3,183,654.7680	8,975,922.4310	10,671,049.1770	13,547,665.5420	4,880,617.5820	7,044,614.7910
- I Class		-	168,255,210.4950	148,173,928.6950	60,982,213.7620	79,959,481.4210	91,282,181.5740	143,828,803.8060	115,597,929.3580	145,292,636.2970
- N Class		53,615,822.6580	-	-	-	-	-	-	-	-
		<u>53,615,822.6580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net asset value per unit										
- D Class		-	11.1383	22.0560	15.3049	20.2377	18.8642	12.2794	17.0574	23.5999
- I Class		-	11.0786	21.6010	15.1382	19.4155	18.3924	11.6246	16.6329	22.6456
- N Class		10.5196	-	-	-	-	-	-	-	-
		<u>10.5196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year ended 31 December 2023

		2023									
Notes	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	*Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$	
	Balance brought forward	869,262,151	1,074,932,366	155,350,231	3,554,839,221	2,585,060,064	2,275,863,756	2,651,526,978	2,718,962,846	3,730,807,916	1,676,732,191
10	Contributions received and receivable	2,385,611,044	209,481,990	81,399,781	551,494,966	796,589,493	1,002,632,924	3,989,346,390	719,283,877	538,116,331	936,542,472
11	Withdrawals paid and payable	(362,682,636)	(221,750,865)	(57,239,898)	(620,718,639)	(3,405,585,602)	(652,729,487)	(1,372,840,034)	(639,787,067)	(649,000,583)	(828,423,402)
	Increase/(decrease) in net assets available for benefits and total profit or loss and other comprehensive income	<u>224,111,612</u>	<u>76,740,665</u>	<u>10,190,545</u>	<u>167,641,170</u>	<u>23,936,045</u>	<u>359,300,299</u>	<u>112,477,949</u>	<u>(446,017,158)</u>	<u>244,612,467</u>	<u>(192,278,804)</u>
	Balance carried forward	<u>3,116,302,171</u>	<u>1,139,404,156</u>	<u>189,700,659</u>	<u>3,653,256,718</u>	<u>-</u>	<u>2,985,067,492</u>	<u>5,380,511,283</u>	<u>2,352,442,498</u>	<u>3,864,536,131</u>	<u>1,592,572,457</u>

		2023 (continued)										
Notes	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	*Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	Scheme level HK\$ (Note 5)	Total HK\$	
	Balance brought forward	564,017,261	2,018,652,534	3,346,564,099	971,886,490	1,734,104,452	1,880,203,512	1,838,310,997	2,005,977,432	3,456,489,998	246,905,430	39,356,449,925
10	Contributions received and receivable	141,509,354	975,600,671	937,150,303	313,377,431	528,139,191	283,362,413	552,012,132	395,515,631	1,342,108,211	(8,783,434)	16,670,491,171
11	Withdrawals paid and payable	(157,040,909)	(944,254,017)	(821,725,255)	(240,973,732)	(385,964,886)	(337,132,978)	(2,407,748,481)	(419,826,709)	(1,022,885,071)	-	(15,548,310,251)
	Increase/(decrease) in net assets available for benefits and total profit or loss and other comprehensive income	<u>35,445,750</u>	<u>81,669,907</u>	<u>(442,824,551)</u>	<u>54,634,730</u>	<u>414,871,539</u>	<u>115,172,211</u>	<u>17,425,352</u>	<u>113,573,806</u>	<u>839,611,355</u>	<u>-</u>	<u>1,810,294,889</u>
	Balance carried forward	<u>583,931,456</u>	<u>2,131,669,095</u>	<u>3,019,164,596</u>	<u>1,098,924,919</u>	<u>2,291,150,296</u>	<u>1,941,605,158</u>	<u>-</u>	<u>2,095,240,160</u>	<u>4,615,324,493</u>	<u>238,121,996</u>	<u>42,288,925,734</u>

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (continued)

Year ended 31 December 2023

		2022									
Notes	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$	
	Balance brought forward	941,060,734	1,328,347,574	164,457,635	4,437,041,243	2,203,994,163	2,431,242,795	2,339,078,253	3,561,898,738	4,617,821,963	1,653,899,943
10	Contributions received and receivable	337,601,190	197,020,497	71,097,800	616,404,004	1,404,591,730	903,709,292	1,527,804,469	868,392,894	566,471,492	1,116,473,477
11	Withdrawals paid and payable	(268,741,154)	(196,935,023)	(60,414,892)	(643,802,722)	(1,032,766,983)	(642,217,896)	(1,219,427,567)	(727,942,713)	(614,606,466)	(876,906,899)
	(Decrease)/increase in net assets available for benefits and total profit or loss and other comprehensive income	<u>(140,658,619)</u>	<u>(253,500,682)</u>	<u>(19,790,312)</u>	<u>(854,803,304)</u>	<u>9,241,154</u>	<u>(416,870,435)</u>	<u>4,071,823</u>	<u>(983,386,073)</u>	<u>(838,879,073)</u>	<u>(216,734,330)</u>
	Balance carried forward	<u>869,262,151</u>	<u>1,074,932,366</u>	<u>155,350,231</u>	<u>3,554,839,221</u>	<u>2,585,060,064</u>	<u>2,275,863,756</u>	<u>2,651,526,978</u>	<u>2,718,962,846</u>	<u>3,730,807,916</u>	<u>1,676,732,191</u>

		2022 (continued)										
Notes	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	Scheme level HK\$ (Note 5)	Total HK\$	
	Balance brought forward	674,104,939	2,094,797,645	3,799,181,376	1,225,574,856	2,163,291,368	2,322,596,821	2,101,078,937	2,438,930,315	4,035,202,187	245,110,203	44,778,711,688
10	Contributions received and receivable	172,129,711	1,016,995,396	1,258,092,594	276,947,751	448,567,459	304,967,034	380,184,844	452,242,430	1,354,840,442	1,795,227	13,276,329,733
11	Withdrawals paid and payable	(223,588,169)	(1,067,300,346)	(879,783,312)	(336,172,638)	(391,724,347)	(340,854,428)	(379,878,688)	(492,350,537)	(1,129,298,069)	-	(11,524,712,849)
	(Decrease)/increase in net assets available for benefits and total profit or loss and other comprehensive income	<u>(58,629,220)</u>	<u>(25,840,161)</u>	<u>(830,926,559)</u>	<u>(194,463,479)</u>	<u>(486,030,028)</u>	<u>(406,505,915)</u>	<u>(263,074,096)</u>	<u>(392,844,776)</u>	<u>(804,254,562)</u>	<u>-</u>	<u>(7,173,878,647)</u>
	Balance carried forward	<u>564,017,261</u>	<u>2,018,652,534</u>	<u>3,346,564,099</u>	<u>971,886,490</u>	<u>1,734,104,452</u>	<u>1,880,203,512</u>	<u>1,838,310,997</u>	<u>2,005,977,432</u>	<u>3,456,489,998</u>	<u>246,905,430</u>	<u>39,356,449,925</u>

PRINCIPAL MPF SCHEME SERIES 800

STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 HK\$	2022 HK\$
Cash flows from operating activities			
Interest received		1,366	1,435
Distribution income received		57,463,275	52,941,640
Other income received		1,654,276	6,781,431
Operating expenses paid		(558,183,372)	(527,340,527)
Net cash flows used in operating activities		<u>(499,064,455)</u>	<u>(467,616,021)</u>
Cash flows from investing activities			
Purchase of investment		(15,902,674,577)	(11,735,846,689)
Proceeds from sale of investment		15,215,550,342	10,464,178,417
Net cash flows used in investing activities		<u>(687,124,235)</u>	<u>(1,271,668,272)</u>
Cash flows from financing activities			
Contributions received		16,695,080,868	13,139,474,174
Withdrawals paid		(15,522,939,252)	(11,426,986,407)
Net cash flows generated from financing activities		<u>1,172,141,616</u>	<u>1,712,487,767</u>
Net decrease in cash and cash equivalents		(14,047,074)	(26,796,526)
Cash and cash equivalents at beginning of year		<u>102,776,972</u>	<u>129,573,498</u>
Cash and cash equivalents at end of year		<u><u>88,729,898</u></u>	<u><u>102,776,972</u></u>
Analysis of balances of cash and cash equivalents:			
Bank balances	8	<u><u>88,729,898</u></u>	<u><u>102,776,972</u></u>

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. THE SCHEME

Principal MPF Scheme Series 800 (the "Scheme") is a master trust scheme established under a master trust deed dated 31 January 2000 (the "Master Trust Deed"), as subsequently amended, with Principal Trust Company (Asia) Limited as the trustee (the "Trustee"), Principal Asset Management Company (Asia) Limited as the investment manager (the "Investment Manager"), and Principal Trust Company (Asia) Limited as the administrator (the "Administrator"). The Scheme is registered under section 21 of the Mandatory Provident Fund Schemes Ordinance (the "Ordinance").

Under the Master Trust Deed, the Trustee is required to establish and maintain separate constituent funds (the "Constituent Fund" and collectively the "Constituent Funds") into which contributions may be invested. The Constituent Funds are notional funds established within the Scheme and are only available for investment by members of the Scheme.

The Scheme had seventeen Constituent Funds as at 31 December 2023:

- Principal Age 65 Plus Fund
- Principal Aggressive Strategy Fund
- Principal Asian Bond Fund
- Principal Asian Equity Fund
- Principal Capital Guaranteed Fund (terminated on 26 October 2023)
- Principal Core Accumulation Fund
- Principal MPF Conservative Fund
- Principal China Equity Fund
- Principal Global Growth Fund
- Principal Hang Seng Index Tracking Fund
- Principal Hong Kong Bond Fund
- Principal HK Dollar Savings Fund
- Principal Hong Kong Equity Fund
- Principal International Bond Fund
- Principal International Equity Fund
- Principal Long Term Accumulation Fund
- Principal Long Term Guaranteed Fund (terminated on 26 October 2023)
- Principal Stable Yield Fund
- Principal US Equity Fund

31 December 2023

1. THE SCHEME (continued)

With effect from 1 April 2019, the Scheme offers tax deductible voluntary contributions ("TVC") account to eligible persons. TVC paid into a TVC account will be eligible for tax concessions starting from the year of assessment 2019/2020 in accordance with the Inland Revenue Ordinance. Though it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions.

2.1 BASIS OF PREPARATION

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

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

The preparation of financial statements in conformity with HKFRSs requires the Trustee of the Scheme 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 estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

31 December 2023

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Scheme has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>

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

(a) Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

- Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Scheme has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Scheme's financial statements.

(b) Amendments to HKAS 8 *Definition of Accounting Estimates*

- Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Scheme's approach and policy align with the amendments, the amendments had no impact on the Scheme's financial statements.

31 December 2023

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Scheme has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> ^{1,4}
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> ^{1,4}
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> ¹
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ²

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

² Effective for annual periods beginning on or after 1 January 2025

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

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

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Scheme is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Scheme’s financial statements.

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Scheme measures its debt and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Scheme. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Scheme uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Scheme determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Scheme's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Scheme has applied the practical expedient of not adjusting the effect of a significant financing component, the Scheme initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cashflows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement(continued)

The Scheme's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Scheme commit to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if (a) they are acquired for the purpose of selling or repurchasing in the near term, (b) on initial recognition, it is part of a portfolio of identified financial instruments that are managed together for which, there is evidence of a recent actual pattern of short-term profit-taking, or (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designed and effective hedging instruments). Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of net assets available for benefits at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

This category includes investments which the Scheme had not irrevocably elected to classify at fair value through other comprehensive income. Distribution income on equity investments classified as financial assets at fair value through profit or loss are also recognised as distribution income in the statement of profit or loss and other comprehensive income when the right of payment has been established, it is probable that the economic benefits associated with the distribution income will flow to the Scheme and the amount of the distribution income can be measured reliably.

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at amortised cost (debt instruments)

The Scheme measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

The Scheme recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Scheme expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Scheme assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Scheme compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Scheme considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Scheme may also consider a financial asset to be in default when internal or external information indicates that the Scheme is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Scheme. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for investment contract receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

The Scheme holds the trade receivables with no significant financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for ECLs under HKFRS 9 to all its trade receivables. Therefore the Scheme does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Scheme's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about the past events, current conditions and forecasts of future economic conditions.

The Scheme uses provision matrix as a practical expedient to measure ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Scheme's statement of net assets available for benefits) when:

- the rights to receive cash flows from the asset have expired; or
- the Scheme has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Scheme has transferred substantially all the risks and rewards of the asset, or (b) the Scheme has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

When the Scheme has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Scheme continues to recognise the transferred asset to the extent of the Scheme's continuing involvement in the asset. In that case, the Scheme also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Scheme has retained.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Scheme's financial liabilities include amounts pending for allocation, amounts payable on redemptions, amounts payable to brokers, accrued expenses and other payables.

Subsequent measurement

Financial liabilities at amortised cost (Loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of net assets available for benefits if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Scheme's cash management.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Scheme and when the revenue can be measured reliably, on the following bases:

- (a) Interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset. Interest income on bank deposits is disclosed separately on the face of the statement of profit or loss and other comprehensive income. Interest income on debt securities is included in gains on investments.
- (b) Distribution income is recognised when the Scheme's right to receive payment has been established. Distribution income relating to exchange-traded equity investments is recognised in profit or loss as distribution income when declared. Distribution income from private equity investments and other investment funds are recognised in profit or loss as distribution income when declared.
- (c) Realised and unrealised gains and losses on investments at fair value through profit or loss are dealt with in profit or loss in the year in which they arise.

Expenses

All expenses, including investment management and custodian fees, are recognised in profit or loss on an accrual basis.

Foreign currencies

Transactions in foreign currencies are translated into the functional currency of the Scheme using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Scheme if:

- (a) the party is a person or a close member of that person's family and that person:
- (i) has control or joint control over the Scheme;
 - (ii) has significant influence over the Scheme;
 - (iii) is a member of the key management personnel of the Trustee or of a parent of the Trustee;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Scheme are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Scheme 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 either the Scheme or 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); and
 - (viii) the entity, or any member of a Scheme of which it is a part, provides key management personnel services to the Scheme or to the parent of the Scheme.

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 an equity instrument 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.

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NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Units in issue (continued)

The redeemable units do not provide the unitholders with the right to require redemption for cash at a value proportionate to the unitholders' share in the Scheme's net assets at each daily redemption date and also in the event of the Scheme's liquidation. 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 amounts.

3. INTEREST INCOME

This represents interest earned from the receipt of cleared funds before the acquisition of units. Any interest earned belongs to the Scheme.

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NOTES TO FINANCIAL STATEMENTS

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4. GAINS AND LOSSES ON INVESTMENTS

	2023									
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	*Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$
Realised gains	3,728,731	71,401	9,967	22,951,257	182,757,852	27,621,362	38,864,073	-	22,165,414	-
Net change in unrealised gains	<u>238,716,980</u>	<u>101,431,210</u>	<u>14,401,586</u>	<u>199,235,794</u>	<u>262,807</u>	<u>352,712,810</u>	<u>150,731,791</u>	<u>742,343,770</u>	<u>280,102,866</u>	<u>417,956,575</u>
Total gains on investments	<u>242,445,711</u>	<u>101,502,611</u>	<u>14,411,553</u>	<u>222,187,051</u>	<u>183,020,659</u>	<u>380,334,172</u>	<u>189,595,864</u>	<u>742,343,770</u>	<u>302,268,280</u>	<u>417,956,575</u>
Realised losses	(7,944,922)	(7,947,716)	(2,517,790)	(1,369,120)	(167)	(229,091)	-	(186,429,637)	(800,189)	(53,060,426)
Net change in unrealised losses	<u>(31,778)</u>	<u>(14,069)</u>	<u>(1,420)</u>	<u>(8)</u>	<u>(129,943,532)</u>	<u>(49,798)</u>	<u>(45,241,771)</u>	<u>(962,487,239)</u>	<u>(17,347)</u>	<u>(599,549,001)</u>
Total losses on investments	<u>(7,976,700)</u>	<u>(7,961,785)</u>	<u>(2,519,210)</u>	<u>(1,369,128)</u>	<u>(129,943,699)</u>	<u>(278,889)</u>	<u>(45,241,771)</u>	<u>(1,148,916,876)</u>	<u>(817,536)</u>	<u>(652,609,427)</u>
Net gains/(losses) on investments	<u>234,469,011</u>	<u>93,540,826</u>	<u>11,892,343</u>	<u>220,817,923</u>	<u>53,076,960</u>	<u>380,055,283</u>	<u>144,354,093</u>	<u>(406,573,106)</u>	<u>301,450,744</u>	<u>(234,652,852)</u>

* These Constituent Funds were terminated on 26 October 2023.

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NOTES TO FINANCIAL STATEMENTS

31 December 2023

4. GAINS AND LOSSES ON INVESTMENTS (continued)

	2023 (continued)									
	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	*Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	Total HK\$
Realised gains	288,590	26,414,969	-	-	71,769,824	5,392,173	136,947,425	22,194	145,448,252	684,453,484
Net change in unrealised gains	42,966,323	93,627,155	666,482,751	124,079,121	524,563,576	139,578,323	12,632	160,375,997	753,032,431	5,002,614,498
Total gains on investments	<u>43,254,913</u>	<u>120,042,124</u>	<u>666,482,751</u>	<u>124,079,121</u>	<u>596,333,400</u>	<u>144,970,496</u>	<u>136,960,057</u>	<u>160,398,191</u>	<u>898,480,683</u>	<u>5,687,067,982</u>
Realised losses	(1,904,107)	-	(169,534,572)	(23,537,275)	-	(1,502,691)	(2,486)	(16,371,631)	-	(473,151,820)
Net change in unrealised losses	(29,135)	(17,262,364)	(893,481,465)	(32,870,656)	(152,184,648)	(24,717)	(89,320,019)	(67,122)	(179)	(2,922,576,268)
Total losses on investments	<u>(1,933,242)</u>	<u>(17,262,364)</u>	<u>(1,063,016,037)</u>	<u>(56,407,931)</u>	<u>(152,184,648)</u>	<u>(1,527,408)</u>	<u>(89,322,505)</u>	<u>(16,438,753)</u>	<u>(179)</u>	<u>(3,395,728,088)</u>
Net gains/(losses) on investments	<u>41,321,671</u>	<u>102,779,760</u>	<u>(396,533,286)</u>	<u>67,671,190</u>	<u>444,148,752</u>	<u>143,443,088</u>	<u>47,637,552</u>	<u>143,959,438</u>	<u>898,480,504</u>	<u>2,291,339,894</u>

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

4. GAINS AND LOSSES ON INVESTMENTS (continued)

	2022									
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$
Realised gains	-	4,680,240	-	46,467,599	23,095,006	20,711,929	11,637,673	-	28,210,308	-
Net change in unrealised gains	-	-	-	-	12,876,554	-	24,722,927	-	-	5,117,642
Total gains on investments	-	4,680,240	-	46,467,599	35,971,560	20,711,929	36,360,600	-	28,210,308	5,117,642
Realised losses	(11,020,008)	(10,185,812)	(4,163,519)	(10,870,267)	-	(8,290,398)	-	(164,809,917)	(12,510,373)	(48,805,499)
Net change in unrealised losses	(122,816,602)	(231,296,384)	(14,096,136)	(835,559,353)	-	(411,857,447)	-	(776,162,950)	(796,983,735)	(212,173,920)
Total losses on investments	(133,836,610)	(241,482,196)	(18,259,655)	(846,429,620)	-	(420,147,845)	-	(940,972,867)	(809,494,108)	(260,979,419)
Net (losses)/gains on investments	(133,836,610)	(236,801,956)	(18,259,655)	(799,962,021)	35,971,560	(399,435,916)	36,360,600	(940,972,867)	(781,283,800)	(255,861,777)

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NOTES TO FINANCIAL STATEMENTS

31 December 2023

4. GAINS AND LOSSES ON INVESTMENTS (continued)

	2022 (continued)									
	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	Total HK\$
Realised gains	-	8,195,832	-	-	63,710,506	11,700,166	13,793,003	-	146,367,449	378,569,711
Net change in unrealised gains	-	2,635,437	66,955,283	-	-	-	-	-	-	112,307,843
Total gains on investments	-	10,831,269	66,955,283	-	63,710,506	11,700,166	13,793,003	-	146,367,449	490,877,554
Realised losses	(4,016,040)	(39,409)	(180,891,272)	(25,668,169)	-	(7,248,281)	-	(19,248,636)	(207,817)	(507,975,417)
Net change in unrealised losses	(48,488,268)	(15,952,108)	(670,630,015)	(155,442,073)	(523,225,254)	(381,952,794)	(238,889,917)	(342,328,907)	(898,398,732)	(6,676,254,595)
Total losses on investments	(52,504,308)	(15,991,517)	(851,521,287)	(181,110,242)	(523,225,254)	(389,201,075)	(238,889,917)	(361,577,543)	(898,606,549)	(7,184,230,012)
Net (losses)/gains on investments	(52,504,308)	(5,160,248)	(784,566,004)	(181,110,242)	(459,514,748)	(377,500,909)	(225,096,914)	(361,577,543)	(752,239,100)	(6,693,352,458)

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NOTES TO FINANCIAL STATEMENTS

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5. STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS – “SCHEME LEVEL” COLUMN

This represents the movement between the current year-end and prior year-end for contributions receivable and contributions surcharge receivable. Contributions receivable and contributions surcharge receivable are amounts due but not yet received from employers and members as at year end.

6. RELATED PARTY TRANSACTIONS

The following is a summary of transactions with related parties during the year which were entered into in the ordinary course of business and on normal commercial terms:

(a) The breakdown of the fee rates of each of the Constituent Funds is as follows:

	Constituent Fund Level (% p.a. of net assets value)				
	2023				
	Sponsor fee	Trustee/administrator fee			Investment management fee
	Class D	Class I	Class N		
Principal Age 65 Plus Fund	Nil	N/A	N/A	0.50	0.25
Principal Aggressive Strategy Fund	0.20	0.68	0.88	N/A	0.37
Principal Asian Bond Fund	0.20	N/A	N/A	0.54	0.20
Principal Asian Equity Fund	0.20	0.65	0.84	N/A	0.40
Principal Capital Guaranteed Fund*	0.20	0.95	1.10	N/A	0.10
Principal Core Accumulation Fund	Nil	N/A	N/A	0.50	0.25
Principal MPF Conservative Fund	0.20	N/A	N/A	0.65	0.10
Principal China Equity Fund	0.20	0.65	0.84	N/A	0.40
Principal Global Growth Fund	0.20	0.70	0.90	N/A	0.35
Principal Hang Seng Index Tracking Fund	0.20	N/A	N/A	0.52	0.05
Principal Hong Kong Bond Fund	0.20	N/A	N/A	0.54	0.25
Principal HK Dollar Savings Fund	0.20	0.65	0.69	N/A	0.10
Principal Hong Kong Equity Fund	0.20	0.65	0.75	N/A	0.40
Principal International Bond Fund	0.20	0.80	0.80	N/A	0.25
Principal International Equity Fund	0.20	0.65	0.84	N/A	0.40
Principal Long Term Accumulation Fund	0.20	0.70	0.90	N/A	0.35
Principal Long Term Guaranteed Fund*	0.20	1.10	1.60	N/A	0.20
Principal Stable Yield Fund	0.20	0.70	0.90	N/A	0.35
Principal US Equity Fund	0.20	0.65	0.84	N/A	0.40

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

6. RELATED PARTY TRANSACTIONS (continued)

(a) The breakdown of the fee rates of each of the Constituent Funds is as follows: (continued)

	Constituent Fund Level (% p.a. of net assets value)				
	2022				
	Sponsor fee	Trustee/administrator fee			Investment management fee
	Class D	Class I	Class N		
Principal Age 65 Plus Fund	Nil	N/A	N/A	0.50	0.25
Principal Aggressive Strategy Fund	0.20	0.68	0.88	N/A	0.37
Principal Asian Bond Fund	0.20	N/A	N/A	0.54	0.20
Principal Asian Equity Fund	0.20	0.65	0.84	N/A	0.40
Principal Capital Guaranteed Fund	0.20	0.95	1.10	N/A	0.10
Principal Core Accumulation Fund	Nil	N/A	N/A	0.50	0.25
Principal MPF Conservative Fund	0.20	N/A	N/A	0.65	0.10
Principal China Equity Fund	0.20	0.65	0.84	N/A	0.40
Principal Global Growth Fund	0.20	0.70	0.90	N/A	0.35
Principal Hang Seng Index Tracking Fund	0.20	N/A	N/A	0.52	0.05
Principal Hong Kong Bond Fund	0.20	N/A	N/A	0.54	0.25
Principal HK Dollar Savings Fund	0.20	0.65	0.69	N/A	0.10
Principal Hong Kong Equity Fund	0.20	0.65	0.75	N/A	0.40
Principal International Bond Fund	0.20	0.80	0.80	N/A	0.25
Principal International Equity Fund	0.20	0.65	0.84	N/A	0.40
Principal Long Term Accumulation Fund	0.20	0.70	0.90	N/A	0.35
Principal Long Term Guaranteed Fund	0.20	1.10	1.60	N/A	0.20
Principal Stable Yield Fund	0.20	0.70	0.90	N/A	0.35
Principal US Equity Fund	0.20	0.65	0.84	N/A	0.40

The above fee types are accrued daily, calculated on each dealing day and is paid monthly in arrears.

- (b) The Trustee collects contributions in accordance with the rules of the Scheme and invests the contributions in the Constituent Funds. The Trustee is also the scheme administrator handling the daily administration work of the Scheme. Including to keep records of the Scheme, handling requests for transfers or withdrawal of accrued benefits and providing other customer services to enrolled employers and scheme members.
- (c) All investments held by each Constituent Fund were managed by the Investment Manager.
- (d) Operating expenses are paid by the Administrator and then recharged to the Constituent Funds.
- (e) The Sponsor of the Scheme provides product design advice as well as ancillary and support services to the Trustee as may be agreed between them from time to time, including but not limited to business development, marketing, sponsoring of the Scheme and product development.
- (f) For the years ended 31 December 2023 and 2022, the Constituent Funds did not have any transactions with any of the Investment Manager's associates or delegates.
- (g) The transactions with related parties as stated above are within the definition of transactions with associates in accordance with the MPF Ordinance and MPF Guideline II.4 Annex C I (D) 2.

PRINCIPAL MPF SCHEME SERIES 800

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6. RELATED PARTY TRANSACTIONS (continued)

(h) At year end, the fee expense and amounts payable to the related parties were:

	2023								
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$
<u>For the year ended 31 December 2023</u>									
Investment management fee	3,313,086	4,198,539	344,933	14,512,943	2,147,456	6,561,740	3,208,927	10,791,776	13,473,999
Sponsor fee	-	2,269,481	344,933	7,256,471	4,294,913	-	6,417,855	5,395,888	7,699,428
Trustee and administrator fee	6,626,171	9,943,876	931,319	30,136,362	23,492,876	13,123,480	20,858,028	22,368,491	34,156,813
<u>As at 31 December 2023</u>									
Investment management fee payable	654,909	351,984	31,884	1,209,331	-	621,039	483,610	785,917	1,129,221
Sponsor fee payable	-	190,262	31,884	604,666	-	-	967,220	392,959	645,269
Trustee and administrator fee payable	1,309,818	833,110	86,087	2,511,019	-	1,242,078	3,143,465	1,629,618	2,862,958

* These Constituent Funds were terminated on 26 October 2023.

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6. RELATED PARTY TRANSACTIONS (continued)

(h) At year end, the fee expense and amounts payable to the related parties were: (continued)

	2023 (continued)									
	Principal Hang Seng Index Tracking Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	*Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$
<u>For the year ended 31 December 2023</u>										
Investment management fee	847,688	1,435,725	2,064,550	13,421,578	2,535,727	8,035,832	6,744,186	3,047,059	7,180,077	15,987,774
Sponsor fee	3,390,752	1,148,580	4,129,100	6,710,789	2,028,581	4,017,916	3,853,820	3,047,059	4,102,901	7,993,887
Trustee and administrator fee	8,815,954	3,101,166	14,183,324	25,015,555	8,114,325	16,488,055	16,940,738	23,708,614	18,294,853	33,207,727
<u>As at 31 December 2023</u>										
Investment management fee payable	65,898	122,583	179,940	1,004,629	227,714	763,068	567,800	-	612,308	1,536,755
Sponsor fee payable	263,591	98,067	359,880	502,315	182,171	381,534	324,457	-	349,890	768,378
Trustee and administrator fee payable	685,337	264,780	1,236,164	1,872,358	728,685	1,566,687	1,426,621	-	1,560,330	3,191,021

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

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31 December 2023

6. RELATED PARTY TRANSACTIONS (continued)

(h) At year end, the fee expense and amounts payable to the related parties were:

	2022								
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$
<u>For the year ended 31 December 2022</u>									
Investment management fee	2,227,794	4,134,497	307,782	15,049,035	2,363,126	5,684,635	3,340,047	11,643,813	13,753,071
Sponsor fee	-	2,234,864	307,782	7,524,517	4,726,251	-	6,680,093	5,821,907	7,858,898
Trustee and administrator fee	4,455,587	9,798,425	831,012	31,250,001	25,837,221	11,369,271	21,710,302	24,136,245	34,845,086
<u>As at 31 December 2022</u>									
Investment management fee payable	185,726	336,106	26,388	1,199,359	218,016	484,498	764,774	911,073	1,103,297
Sponsor fee payable	-	181,679	26,388	599,679	436,032	-	1,529,548	455,536	630,456
Trustee and administrator fee payable	371,451	796,415	71,247	2,490,848	2,384,204	968,996	4,971,031	1,888,253	2,796,273

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

6. RELATED PARTY TRANSACTIONS (continued)

(h) At year end, the fee expense and amounts payable to the related parties were: (continued)

	2022 (continued)									
	Principal Hang Seng Index Tracking Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$
<u>For the year ended 31 December 2022</u>										
Investment management fee	807,870	1,503,994	2,037,732	13,514,796	2,611,046	7,344,665	6,972,609	3,833,993	7,443,425	14,282,874
Sponsor fee	3,231,478	1,203,195	4,075,463	6,757,399	2,088,838	3,672,332	3,984,348	3,833,993	4,253,386	7,141,436
Trustee and administrator fee	<u>8,401,843</u>	<u>3,248,627</u>	<u>13,994,943</u>	<u>25,189,726</u>	<u>8,355,347</u>	<u>15,044,696</u>	<u>17,496,842</u>	<u>29,769,114</u>	<u>18,965,767</u>	<u>29,653,672</u>
<u>As at 31 December 2022</u>										
Investment management fee payable	70,373	119,766	170,712	1,116,386	206,651	590,969	557,062	311,570	596,469	1,149,404
Sponsor fee payable	281,493	95,813	341,425	558,193	165,321	295,484	318,321	311,570	340,840	574,702
Trustee and administrator fee payable	<u>731,882</u>	<u>258,694</u>	<u>1,172,692</u>	<u>2,081,072</u>	<u>661,284</u>	<u>1,211,457</u>	<u>1,398,310</u>	<u>2,422,117</u>	<u>1,519,629</u>	<u>2,387,247</u>

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

7. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023									
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	*Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$
Collective investment schemes										
Listed securities	-	-	-	-	-	-	-	-	-	1,594,277,955
Unit trust	3,121,153,396	1,141,570,080	190,839,374	3,659,959,207	-	2,988,258,268	5,378,089,887	2,355,941,516	3,870,956,821	-
Total	3,121,153,396	1,141,570,080	190,839,374	3,659,959,207	-	2,988,258,268	5,378,089,887	2,355,941,516	3,870,956,821	1,594,277,955

	2023 (continued)									
	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	*Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	Total HK\$
Collective investment schemes										
Listed securities	-	-	-	-	-	-	-	-	-	1,594,277,955
Unit trust	584,614,401	2,126,573,843	3,027,418,619	1,099,044,458	2,294,365,736	1,944,802,886	-	2,097,321,237	4,616,402,754	40,497,312,483
Total	584,614,401	2,126,573,843	3,027,418,619	1,099,044,458	2,294,365,736	1,944,802,886	-	2,097,321,237	4,616,402,754	42,091,590,438

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

7. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

	2022									
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$	Principal Hang Seng Index Tracking Fund HK\$
Collective investment schemes										
Listed securities	-	-	-	-	-	-	-	-	-	1,672,762,080
Unit trust	869,502,442	1,076,736,306	155,780,407	3,560,026,234	2,584,190,696	2,277,825,488	2,659,391,462	2,721,209,669	3,736,140,315	-
Total	<u>869,502,442</u>	<u>1,076,736,306</u>	<u>155,780,407</u>	<u>3,560,026,234</u>	<u>2,584,190,696</u>	<u>2,277,825,488</u>	<u>2,659,391,462</u>	<u>2,721,209,669</u>	<u>3,736,140,315</u>	<u>1,672,762,080</u>

	2022 (continued)									
	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	Total HK\$
Collective investment schemes										
Listed securities	-	-	-	-	-	-	-	-	-	1,672,762,080
Unit trust	564,263,371	2,021,564,613	3,348,817,839	972,186,925	1,736,173,296	1,882,757,289	1,840,978,825	2,009,297,351	3,460,971,463	37,477,813,991
Total	<u>564,263,371</u>	<u>2,021,564,613</u>	<u>3,348,817,839</u>	<u>972,186,925</u>	<u>1,736,173,296</u>	<u>1,882,757,289</u>	<u>1,840,978,825</u>	<u>2,009,297,351</u>	<u>3,460,971,463</u>	<u>39,150,576,071</u>

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

8. CASH AND CASH EQUIVALENTS

	2023 HK\$	2022 HK\$
Principal Age 65 Plus Fund	-	-
Principal Aggressive Strategy Fund	-	-
Principal Asian Bond Fund	-	-
Principal Asian Equity Fund	-	-
Principal Capital Guaranteed Fund*	-	-
Principal Core Accumulation Fund	-	-
Principal MPF Conservative Fund	-	-
Principal China Equity Fund	-	-
Principal Global Growth Fund	-	-
Principal Hang Seng Index Tracking Fund	5,536,168	5,730,648
Principal Hong Kong Bond Fund	-	-
Principal HK Dollar Savings Fund	-	-
Principal Hong Kong Equity Fund	-	-
Principal International Bond Fund	-	-
Principal International Equity Fund	-	-
Principal Long Term Accumulation Fund	-	-
Principal Long Term Guaranteed Fund*	-	-
Principal Stable Yield Fund	-	-
Principal US Equity Fund	-	-
	<hr/>	<hr/>
Scheme level	83,193,730	97,046,324
	<hr/>	<hr/>
Total	<u>88,729,898</u>	<u>102,776,972</u>

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

9. UNITS IN ISSUE

	2023								
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	*Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$
Class D									
Balance at 1 January 2023	-	795,610.0650	-	4,238,161.8320	9,366,673.7210	-	-	12,716,873.8990	10,080,481.9290
Issued during the year	-	504,027.1800	-	689,079.6580	2,759,030.2690	-	-	3,731,496.8210	1,273,484.9060
Redeemed during the year	-	(271,771.2100)	-	(692,967.7180)	(12,125,703.9900)	-	-	(3,858,452.3660)	(1,787,972.7340)
Balance at 31 December 2023	-	<u>1,027,866.0350</u>	-	<u>4,234,273.7720</u>	-	-	-	<u>12,589,918.3540</u>	<u>9,565,994.1010</u>
Class I									
Balance at 1 January 2023	-	48,450,021.4940	-	86,279,424.3900	212,435,621.8960	-	-	216,979,017.3890	149,532,188.9960
Issued during the year	-	8,641,877.7510	-	13,043,313.9480	65,178,635.0580	-	-	58,234,896.4560	20,868,067.3680
Redeemed during the year	-	(9,445,628.8630)	-	(14,818,782.9930)	(277,614,256.9540)	-	-	(52,090,789.5360)	(24,948,319.6160)
Balance at 31 December 2023	-	<u>47,646,270.3820</u>	-	<u>84,503,955.3450</u>	-	-	-	<u>223,123,124.3090</u>	<u>145,451,936.7480</u>
Class N									
Balance at 1 January 2023	82,542,606.4110	-	17,480,214.6360	-	-	184,675,733.4390	229,891,133.2490	-	-
Issued during the year	225,614,762.9710	-	8,934,865.2420	-	-	75,941,387.5370	337,992,700.9890	-	-
Redeemed during the year	(33,312,451.9340)	-	(6,301,808.7010)	-	-	(49,366,443.1620)	(116,907,990.1760)	-	-
Balance at 31 December 2023	<u>274,844,917.4480</u>	-	<u>20,113,271.1770</u>	-	-	<u>211,250,677.8140</u>	<u>450,975,844.0620</u>	-	-

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

9. UNITS IN ISSUE (continued)

	2023 (continued)									
	Principal Hang Seng Index Tracking Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	*Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$
Class D										
Balance at 1 January 2023	-	-	13,882,241.9270	6,613,078.8350	3,183,654.7680	8,975,922.4310	10,671,049.1770	13,547,665.5420	4,880,617.5820	7,044,614.7910
Issued during the year	-	-	6,231,361.6450	2,412,821.2630	1,063,200.7380	1,500,922.0350	909,484.8160	5,225,459.3900	894,062.4150	2,847,382.4390
Redeemed during the year	-	-	(6,361,580.0570)	(1,931,797.8760)	(822,175.9030)	(1,434,292.8450)	(1,608,737.4410)	(18,773,124.9320)	(1,100,514.0940)	(2,061,641.9400)
Balance at 31 December 2023	-	-	13,752,023.5150	7,094,102.2220	3,424,679.6030	9,042,551.6210	9,971,796.5520	-	4,674,165.9030	7,830,355.2900
Class I										
Balance at 1 January 2023	-	-	168,255,210.4950	148,173,928.6950	60,982,213.7620	79,959,481.4210	91,282,181.5740	143,828,803.8060	115,597,929.3580	145,292,636.2970
Issued during the year	-	-	80,073,889.4540	41,714,730.9430	19,337,022.3270	22,494,157.0140	13,994,762.9010	41,260,957.0010	22,277,051.1910	49,972,212.0310
Redeemed during the year	-	-	(77,192,961.4700)	(37,037,167.8080)	(14,899,682.4410)	(16,174,680.2840)	(16,139,825.8450)	(185,089,760.8070)	(23,513,987.5010)	(38,374,823.2080)
Balance at 31 December 2023	-	-	171,136,138.4790	152,851,491.8300	65,419,553.6480	86,278,958.1510	89,137,118.6300	-	114,360,993.0480	156,890,025.1200
Class N										
Balance at 1 January 2023	142,333,763.3100	53,615,822.6580	-	-	-	-	-	-	-	-
Issued during the year	81,622,217.2790	13,107,132.3560	-	-	-	-	-	-	-	-
Redeemed during the year	(71,542,373.2570)	(14,551,088.8870)	-	-	-	-	-	-	-	-
Balance at 31 December 2023	152,413,607.3320	52,171,866.1270	-	-	-	-	-	-	-	-

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

9. UNITS IN ISSUE (continued)

	2022								
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$
Class D									
Balance at 1 January 2022	-	751,793.6830	-	4,379,260.9220	8,733,552.7620	-	-	12,056,723.3470	10,557,516.4540
Issued during the year	-	349,021.4540	-	693,032.8920	4,132,505.3520	-	-	3,291,027.8530	1,321,447.8940
Redeemed during the year	-	(305,205.0720)	-	(834,131.9820)	(3,499,384.3930)	-	-	(2,630,877.3010)	(1,798,482.4190)
Balance at 31 December 2022	-	<u>795,610.0650</u>	-	<u>4,238,161.8320</u>	<u>9,366,673.7210</u>	-	-	<u>12,716,873.8990</u>	<u>10,080,481.9290</u>
Class I									
Balance at 1 January 2022	-	48,444,585.2520	-	86,945,335.8100	181,068,974.0320	-	-	207,327,385.7940	151,119,315.7760
Issued during the year	-	8,267,316.9330	-	14,059,265.1660	116,748,810.2600	-	-	63,256,307.1470	21,734,835.1530
Redeemed during the year	-	(8,261,880.6910)	-	(14,725,176.5860)	(85,382,162.3960)	-	-	(53,604,675.5520)	(23,321,961.9330)
Balance at 31 December 2022	-	<u>48,450,021.4940</u>	-	<u>86,279,424.3900</u>	<u>212,435,621.8960</u>	-	-	<u>216,979,017.3890</u>	<u>149,532,188.9960</u>
Class N									
Balance at 1 January 2022	76,545,624.4720	-	16,305,892.9150	-	-	164,793,347.5630	203,115,252.4570	-	-
Issued during the year	30,227,556.6700	-	7,685,829.1100	-	-	69,397,295.1240	132,657,708.2570	-	-
Redeemed during the year	(24,230,574.7310)	-	(6,511,507.3890)	-	-	(49,514,909.2480)	(105,881,827.4650)	-	-
Balance at 31 December 2022	<u>82,542,606.4110</u>	-	<u>17,480,214.6360</u>	-	-	<u>184,675,733.4390</u>	<u>229,891,133.2490</u>	-	-

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

9. UNITS IN ISSUE (continued)

	2022 (continued)									
	Principal Hang Seng Index Tracking Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$
Class D										
Balance at 1 January 2022	-	-	15,343,965.6530	6,151,431.7870	3,718,194.7410	9,521,780.6550	11,144,439.0910	14,758,333.9610	4,849,923.8870	7,228,933.5660
Issued during the year	-	-	8,380,474.3770	2,515,283.5650	871,001.8440	1,346,685.4520	1,032,941.9960	1,773,575.6310	965,132.6140	2,909,210.6680
Redeemed during the year	-	-	(9,842,198.1030)	(2,053,636.5170)	(1,405,541.8170)	(1,892,543.6760)	(1,506,331.9100)	(2,984,244.0500)	(934,438.9190)	(3,093,529.4430)
Balance at 31 December 2022	-	-	13,882,241.9270	6,613,078.8350	3,183,654.7680	8,975,922.4310	10,671,049.1770	13,547,665.5420	4,880,617.5820	7,044,614.7910
Class I										
Balance at 1 January 2022	-	-	171,294,066.9640	132,271,493.7450	63,967,960.8560	76,930,673.6350	92,711,198.3830	142,573,264.3600	118,009,517.3880	136,182,729.5110
Issued during the year	-	-	83,106,734.2230	52,694,291.3620	16,252,539.3200	19,928,450.7830	14,674,873.4920	29,551,056.9840	24,783,345.7580	52,376,026.8500
Redeemed during the year	-	-	(86,145,590.6920)	(36,791,856.4120)	(19,238,286.4140)	(16,899,642.9970)	(16,103,890.3010)	(28,295,517.5380)	(27,194,933.7880)	(43,266,120.0640)
Balance at 31 December 2022	-	-	168,255,210.4950	148,173,928.6950	60,982,213.7620	79,959,481.4210	91,282,181.5740	143,828,803.8060	115,597,929.3580	145,292,636.2970
Class N										
Balance at 1 January 2022	121,843,003.6190	58,314,218.9520	-	-	-	-	-	-	-	-
Issued during the year	93,418,119.9950	15,785,014.7260	-	-	-	-	-	-	-	-
Redeemed during the year	(72,927,360.3040)	(20,483,411.0200)	-	-	-	-	-	-	-	-
Balance at 31 December 2022	142,333,763.3100	53,615,822.6580	-	-	-	-	-	-	-	-

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

10. CONTRIBUTIONS RECEIVED AND RECEIVABLE

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

	2023 HK\$	2022 HK\$
From employers		
- mandatory	1,337,520,611	1,378,555,581
- additional voluntary	273,189,347	265,014,483
From members		
- mandatory	1,241,367,375	1,272,715,829
- additional voluntary	92,027,089	100,138,450
	<u>2,944,104,422</u>	<u>3,016,424,343</u>
Transfer in from		
- other schemes	2,469,097,174	2,422,329,710
- same scheme	2,027,722,347	2,074,055,314
	<u>4,496,819,521</u>	<u>4,496,385,024</u>
Switching in	8,834,315,851	5,628,176,260
Others	395,251,377	135,344,106
Proceeds on issue of units	<u>16,670,491,171</u>	<u>13,276,329,733</u>

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

11. WITHDRAWALS PAID AND PAYABLE

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

	2023 HK\$	2022 HK\$
Benefits	1,261,046,392	974,252,825
Transfers out	5,382,796,463	4,860,357,579
Forfeitures	54,691,643	57,984,433
Switching out	8,834,313,419	5,628,096,179
Others	15,462,334	4,021,833
Payments on redemption of units	<u>15,548,310,251</u>	<u>11,524,712,849</u>

12. TAXATION

The Scheme is not subject to Hong Kong Profits tax as it is not considered to be carrying on a business in Hong Kong. Reconciliations of the tax expense/credit applicable to income/loss for the year using the statutory rate to tax expense/credit at the effective tax rate have not been presented as the income/loss of the Scheme is not subject to tax.

13. SOFT COMMISSION ARRANGEMENTS

Neither the Trustee, the Administrator, the Investment Manager nor any of its connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the investments of the Constituent Funds to the broker or dealer, save that goods and services may be retained within the limitations set out by the Hong Kong Securities and Futures Commission. Those permissible goods and services must be, among other things, of demonstrable benefit to the members and consistent with best execution standards. They may include research and advisory services, portfolio analysis, data and quotation services etc. but may not include, among other things, travel, accommodation, entertainment or direct money payments. The Trustee, the Administrator and the Investment Manager did not enter into any soft commission arrangements for the years ended 31 December 2023 and 2022.

14. MARKETING EXPENSES

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

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15. PAYMENTS CHARGED TO DEFAULT INVESTMENT STRATEGY CONSTITUENT FUNDS

Year ended 31 December 2023

	Principal Age 65 Plus Fund		Principal Core Accumulation Fund	
	HK\$	% of net assets#	HK\$	% of net assets#
Payments for out-of-pocket expenses				
- Auditor's fees	20,402		53,342	
- Bank charges	-		-	
- Legal and professional fees	31,008		86,206	
- Miscellaneous expenses	94,707		225,766	
- Printing and postage expenses	274,918		716,059	
	<u>421,035</u>	0.03	<u>1,081,373</u>	0.04
Payments for service				
- Investment management fee	3,313,086		6,561,740	
- Trustee and administrator fee	6,626,171		13,123,480	
	<u>9,939,257</u>		<u>19,685,220</u>	
Other payments				
- Legal and professional fees (non-recurring)	-		-	
	<u>10,360,292</u>		<u>20,766,593</u>	

Year ended 31 December 2022

	Principal Age 65 Plus Fund		Principal Core Accumulation Fund	
	HK\$	% of net assets#	HK\$	% of net assets#
Payments for out-of-pocket expenses				
- Auditor's fees	3,074		7,514	
- Bank charges	-		-	
- Legal and professional fees	914		1,786	
- Miscellaneous expenses	124,661		334,429	
- Printing and postage expenses	9,979		36,884	
	<u>138,628</u>	0.02	<u>380,613</u>	0.02
Payments for service				
- Investment management fee	2,227,794		5,684,635	
- Trustee and administrator fee	4,455,587		11,369,271	
	<u>6,683,381</u>		<u>17,053,906</u>	
Other payments				
- Legal and professional fees (non-recurring)	-		-	
	<u>6,822,009</u>		<u>17,434,519</u>	

The net asset value used for calculating the percentage of out-of-pocket expenses is the sum of the net asset value of the relevant DIS constituent fund as at the last dealing day of each month of the relevant year divided by 12.

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NOTES TO FINANCIAL STATEMENTS

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16. BANKING FACILITIES, BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

The Scheme had no bank loans, overdrafts or other borrowings as at 31 December 2023 and 2022.

17. COMMITMENTS

The Scheme had no commitments as at 31 December 2023 and 2022.

18. CONTINGENT LIABILITIES

The Scheme had no contingent liabilities as at 31 December 2023 and 2022.

19. NEGOTIABILITY OF ASSETS

At 31 December 2023 and 2022, there was no statutory or contractual requirement restricting the negotiability of the assets of the Scheme.

20. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2023			2022		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments measured at fair value through profit or loss	42,091,590,438	-	42,091,590,438	39,150,576,071	-	39,150,576,071
Subscriptions in transit	-	163,706,923	163,706,923	-	200,011,130	200,011,130
Contributions receivable						
- by employers	-	133,069,415	133,069,415	-	137,393,049	137,393,049
- by employees	-	105,052,581	105,052,581	-	109,512,380	109,512,380
Amounts receivable from brokers	-	113,185,067	113,185,067	-	135,356,003	135,356,003
Cash and cash equivalents	-	88,729,898	88,729,898	-	102,776,972	102,776,972
	<u>42,091,590,438</u>	<u>603,743,884</u>	<u>42,695,334,322</u>	<u>39,150,576,071</u>	<u>685,049,534</u>	<u>39,835,625,605</u>

Financial liabilities

	2023	2022
	At amortised cost HK\$	At amortised cost HK\$
Amounts pending for allocation	38,004,904	58,502,847
Amounts payable on redemptions	184,643,269	164,029,286
Amounts payable to brokers	99,880,244	159,500,942
Accrued expenses and other payables	83,880,171	97,142,605
	<u>406,408,588</u>	<u>479,175,680</u>

31 December 2023

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The major methods and assumptions used in estimating the fair values of financial instruments in accordance with the accounting policy stated in note 2.4 are disclosed below:

The carrying amounts of all the Constituent Funds' financial assets and financial liabilities at the year end date approximated their fair values. For the investment funds, the fair values are based on their latest NAV per unit at the year end date. For other financial instruments, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

For the year ended 31 December 2023 and 2022, there was no transfer of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

At 31 December 2023 and 31 December 2022, all financial instruments of the Scheme carried at fair value were investments in listed security and unit trust which fall into Level 1 and Level 2 of the fair value hierarchy respectively.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Each Constituent Fund normally invests in one or more investment fund (the "Investment Funds") to get its asset allocation. The Investment Funds can either be equity funds or fixed income funds. Further, these funds may be regional or country specific. The purpose is to achieve the asset allocation in accordance with each Constituent Fund's investment objectives and policies as stated in the offering documents of the Scheme. Since the Constituent Funds derive their value from the value of these Investment Funds, their risk profile is a function of the risks inherent in each Investment Fund. These inherent risks include market risk, credit risk and liquidity risk. The portfolio manager of each Investment Fund uses various tools to manage these risks.

Additionally, there is a risk of under-allocation or over-allocation to one or more of these Investment Funds. While the risk of each Investment Fund is managed at that fund's level, the overall asset allocation of the Constituent Fund is managed within set investment guidelines to ensure that risks taken are in line with investment and risk expectations. The Constituent Fund's exposure to Investment Funds is periodically rebalanced to prevent excessive exposure. Each Constituent Fund that is allowed to invest into more than one Investment Fund has internal guidelines that specify the permissible asset allocation ranges within which portfolio managers of the Investment Fund operate.

The Scheme offers a wide range of investment choices to investors to allow them the flexibility of choosing the desired risk profile for their investments. For example, there is a more aggressive balanced fund (Global Growth Fund that invests a majority of its assets into equity assets); and there is also a conservative balanced fund like the Stable Yield Fund (majority invested into fixed income assets).

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22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk. The Constituent Funds solely invest in Investment Funds which are denominated in Hong Kong dollars, their functional currency. So, the direct currency risk and interest rate risk are not significant. There are inherent risks in the Investment Funds level.

To control the risk of the Investment Funds, investment decisions for these funds are based on a risk/reward analysis, with the adoption of diversification policies. Investment decisions are taken in accordance with the investment objectives of the concerned portfolios so that unwarranted deviations (risks) are controlled.

The Investment Funds are also subject to the risk of concentration of investments in issuers located in a particular country or region which may be susceptible to adverse securities markets, exchange rates and social, political, regulatory or economic events which may occur in that country or region.

Currency risk

The Investment Funds may invest in financial instruments denominated in currencies other than their functional currency. Consequently, each Investment Fund is exposed to the risk that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the portfolio's assets or liabilities denominated in currencies other than its functional currency. However, as Hong Kong dollar ("HKD") is pegged to United States dollar ("USD"), the risk of movement in exchange rate between HKD and USD is considered to be insignificant.

The Investment Funds do not generally hedge currency exposures beyond what is required to achieve the minimum HKD currency exposure set by the Mandatory Provident Fund Schemes Authority. Such Investment Funds' effective HKD exposure is monitored on a daily basis, based on which additional hedges may be put in place from time to time.

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NOTES TO FINANCIAL STATEMENTS

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22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Currency risk sensitivity analysis

As at year end, had HKD strengthened/weakened by 5% in relation to all currencies except USD, with all other variables held constant the net asset value ("NAV") of the Constituent Funds and the change in net assets available for benefits and total comprehensive income as recorded in the statement of profit or loss and other comprehensive income would have decreased/increased by the percentages as shown below. The analysis is performed on the same basis for 2022.

	2023								
	Principal Age 65 Plus Fund	Principal Aggressive Strategy Fund	Principal Asian Bond Fund	Principal Asian Equity Fund	*Principal Capital Guaranteed Fund	Principal Core Accumulation Fund	Principal MPF Conservative Fund	Principal China Equity Fund	Principal Global Growth Fund
Change in NAV	1.5651%	2.0223%	0.0016%	3.4091%	-	1.5801%	-	1.0742%	2.0661%

	2023 (continued)									
	Principal Hang Seng Index Tracking Fund	Principal Hong Kong Bond Fund	Principal HK Dollar Savings Fund	Principal Hong Kong Equity Fund	Principal International Bond Fund	Principal International Equity Fund	Principal Long Term Accumulation Fund	*Principal Long Term Guaranteed Fund	Principal Stable Yield Fund	Principal US Equity Fund
Change in NAV	-	-	-	0.2939%	2.5557%	1.7768%	2.1655%	-	2.1157%	-

* These Constituent Funds were terminated on 26 October 2023.

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NOTES TO FINANCIAL STATEMENTS

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22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Currency risk sensitivity analysis (continued)

	2022								
	Principal Age 65 Plus Fund	Principal Aggressive Strategy Fund	Principal Asian Bond Fund	Principal Asian Equity Fund	Principal Capital Guaranteed Fund	Principal Core Accumulation Fund	Principal MPF Conservative Fund	Principal China Equity Fund	Principal Global Growth Fund
Change in NAV	1.3573%	1.7539%	0.0026%	2.7495%	-	1.4951%	-	0.9161%	1.6385%

	2022 (continued)									
	Principal Hang Seng Index Tracking Fund	Principal Hong Kong Bond Fund	Principal HK Dollar Savings Fund	Principal Hong Kong Equity Fund	Principal International Bond Fund	Principal International Equity Fund	Principal Long Term Accumulation Fund	Principal Long Term Guaranteed Fund	Principal Stable Yield Fund	Principal US Equity Fund
Change in NAV	-	-	-	0.2471%	1.4941%	1.8357%	1.5672%	0.1775%	1.4083%	-

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22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Interest rate risk

The Investment Funds holding interest rate debt securities are exposed to interest rate risk, where the value of these securities may fluctuate as a result of changes in interest rates. In general, if interest rates rise, the income potential of the floating interest rate securities also rises but the value of fixed rate securities declines. A fall in interest rates would generally have the opposite effect. Aligning the portfolio maturity profile to that of the internal benchmarks (for Investment Funds that use such internal benchmarks like Bloomberg Barclays Bond Index) and keeping deviations within certain limits is an important way of controlling relative interest rate risk. The portfolio manager of the Investment Funds is also aware of the running yield of the portfolio, in absolute and relative terms, based on which he adjusts portfolio holdings with the objective of optimising total portfolio returns from the two sources i.e. running yield and expected price changes.

Some Investment Funds may not have internal benchmarks. For such funds (especially money market type funds), the portfolio manager may use a laddering technique to control duration risk. Such technique involves staggering investment maturities over different time buckets to reduce reinvestment and price risk arising from interest rate changes.

31 December 2023

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Interest rate risk sensitivity analysis

A change of 100 basis points in interest rates as at the year end date would have changed the NAV of the respective Constituent Funds and the change in net assets available for benefits by the percentages shown below. The analysis is performed on the same basis for 2022.

	2023								
	Principal Age 65 Plus Fund	Principal Aggressive Strategy Fund	Principal Asian Bond Fund	Principal Asian Equity Fund	*Principal Capital Guaranteed Fund	Principal Core Accumulation Fund	Principal MPF Conservative Fund	Principal China Equity Fund	Principal Global Growth Fund
Increase 100 basis points in interest rate	(4.78%)	(0.31%)	(4.09%)	-	-	(2.28%)	(0.09%)	-	(1.28%)
Decrease 100 basis points in interest rate	4.82%	0.34%	4.61%	-	-	2.30%	0.09%	-	1.39%

	2023 (continued)									
	Principal Hang Seng Index Tracking Fund	Principal Hong Kong Bond Fund	Principal HK Dollar Savings Fund	Principal Hong Kong Equity Fund	Principal International Bond Fund	Principal International Equity Fund	Principal Long Term Accumulation Fund	*Principal Long Term Guaranteed Fund	Principal Stable Yield Fund	Principal US Equity Fund
Increase 100 basis points in interest rate	-	(2.89%)	(0.38%)	-	(4.95%)	-	(2.29%)	-	(3.03%)	-
Decrease 100 basis points in interest rate	-	3.10%	0.37%	-	5.40%	-	2.50%	-	3.30%	-

* These Constituent Funds were terminated on 26 October 2023.

PRINCIPAL MPF SCHEME SERIES 800

NOTES TO FINANCIAL STATEMENTS

31 December 2023

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Interest rate risk sensitivity analysis (continued)

		2022								
		Principal Age 65 Plus Fund	Principal Aggressive Strategy Fund	Principal Asian Bond Fund	Principal Asian Equity Fund	Principal Capital Guaranteed Fund	Principal Core Accumulation Fund	Principal MPF Conservative Fund	Principal China Equity Fund	Principal Global Growth Fund
Increase 100 basis points in interest rate		(4.54%)	(0.31%)	(3.29%)	-	(0.91%)	(2.15%)	(1.89%)	-	(1.16%)
Decrease 100 basis points in interest rate		4.58%	0.35%	3.75%	-	0.91%	2.16%	2.01%	-	1.29%
		2022 (continued)								
		Principal Hang Seng Index Tracking Fund	Principal HK Dollar Savings Fund	Principal Hong Kong Equity Fund	Principal International Bond Fund	Principal International Equity Fund	Principal Long Term Accumulation Fund	Principal Long Term Guaranteed Fund	Principal Stable Yield Fund	Principal US Equity Fund
Increase 100 basis points in interest rate		-	(2.49%)	(0.37%)	-	(4.70%)	-	(2.10%)	(2.32%)	(2.82%)
Decrease 100 basis points in interest rate		-	2.62%	0.37%	-	5.22%	-	2.33%	2.46%	3.14%

31 December 2023

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Other price risk

Other price risk is the risk that the value of a financial instrument 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 (stock-specific) or its issuer, or factors affecting all instruments (generic risks) traded in the market.

The choice of Investment Funds is based on the Investment Manager's views on the suitability of a particular Investment Fund in achieving the asset allocation profile of that Constituent Fund. There is a constant review of such Investment Funds in order to provide the Constituent Funds with more investment options to achieve their target allocations. The performance of each Investment Fund is monitored regularly, as in the normal course of investment operations in consideration of the overall market risks including foreign currency risks, interest rate risks and other price risks. When their performance is found to be below expectations, the portfolio manager takes appropriate action.

Each Constituent Fund derives its other price risk from each of the Investment Funds that it invests into. Such other price risk of these Investment Funds can be mitigated by constructing a diversified portfolio of investments i.e. diversified on asset class or geographies (global vs country specific) or both. The portfolio manager of the Investment Funds manages such risks by regularly monitoring portfolio exposures, both on an absolute basis and relative to underlying benchmarks, if any. For example, if an Investment Fund benchmark has an exposure of x% in a particular stock and of y% in a particular country, the portfolio manager may manage exposure to that stock in his portfolio within $x \pm 10\%$ and to the country at $y \pm 10\%$. Other risks relating to liquidity, sector exposures etc. are also managed in a similar manner. However, it should be noted that while diversification does mitigate risks, diversification benefits may not be visible in the short-term, especially when market volatility increases.

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NOTES TO FINANCIAL STATEMENTS

31 December 2023

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Other price risk sensitivity analysis

As at year end, the overall market exposures of each Constituent Fund were as follows. An increase in prices of the Investment Funds at the year end would have increased the NAV of the respective Constituent Funds and the change in net assets available for benefits by the amounts shown below. An equal change in the opposite direction would have decreased the NAV by an equal but opposite amount. The analysis is performed on the same basis for 2022.

	2023								
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	*Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$
Overall market exposure	3,121,153,396	1,141,570,080	190,839,374	3,659,959,207	-	2,988,258,268	5,378,089,887	2,355,941,516	3,870,956,821
% change in prices	10%	10%	10%	10%	-	10%	10%	10%	10%
Change in NAV	<u>312,115,340</u>	<u>114,157,008</u>	<u>19,083,937</u>	<u>365,995,921</u>	<u>-</u>	<u>298,825,827</u>	<u>537,808,989</u>	<u>235,594,152</u>	<u>387,095,682</u>

	2023 (continued)									
	Principal Hang Seng Index Tracking Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	*Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$	
Overall market exposure	1,594,277,955	584,614,401	2,126,573,843	3,027,418,619	1,099,044,458	2,294,365,736	1,944,802,886	-	2,097,321,237	4,616,402,754
% change in prices	10%	10%	10%	10%	10%	10%	10%	-	10%	10%
Change in NAV	<u>159,427,796</u>	<u>58,461,440</u>	<u>212,657,384</u>	<u>302,741,862</u>	<u>109,904,446</u>	<u>229,436,574</u>	<u>194,480,289</u>	<u>-</u>	<u>209,732,124</u>	<u>461,640,275</u>

* These Constituent Funds were terminated on 26 October 2023.

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NOTES TO FINANCIAL STATEMENTS

31 December 2023

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Other price risk sensitivity analysis (continued)

	2022								
	Principal Age 65 Plus Fund HK\$	Principal Aggressive Strategy Fund HK\$	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal Capital Guaranteed Fund HK\$	Principal Core Accumulation Fund HK\$	Principal MPF Conservative Fund HK\$	Principal China Equity Fund HK\$	Principal Global Growth Fund HK\$
Overall market exposure	869,502,442	1,076,736,306	155,780,407	3,560,026,234	2,584,190,696	2,277,825,488	2,659,391,462	2,721,209,669	3,736,140,315
% change in prices	10%	10%	10%	10%	10%	10%	10%	10%	10%
Change in NAV	86,950,244	107,673,631	15,578,041	356,002,623	258,419,070	227,782,549	265,939,146	272,120,967	373,614,032

	2022 (continued)									
	Principal Hang Seng Index Tracking Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal HK Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Long Term Accumulation Fund HK\$	Principal Long Term Guaranteed Fund HK\$	Principal Stable Yield Fund HK\$	Principal US Equity Fund HK\$
Overall market exposure	1,672,762,080	564,263,371	2,021,564,613	3,348,817,839	972,186,925	1,736,173,296	1,882,757,289	1,840,978,825	2,009,297,351	3,460,971,463
% change in prices	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Change in NAV	167,276,208	56,426,337	202,156,461	334,881,784	97,218,693	173,617,330	188,275,729	184,097,883	200,929,735	346,097,146

31 December 2023

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment to pay dues in time.

The Investment Funds' portfolio manager has a credit review process in place. This ensures review and monitoring of credit quality and credit risk exposure on an ongoing basis, which helps protect portfolios from anticipated negative credit events. The portfolio manager performs this review on a regular basis. The Investment Funds' credit risk is also mitigated through diversification and control of exposure to any single issuer in the Investment Fund.

Credit risk of the Investment Funds arising on debt securities is mitigated by investing primarily in rated securities or securities issued by rated counterparties of minimum credit ratings stipulated by the Authority ("BBB-" / "A-2" by S&P or equivalent ratings by other rating agencies). Typically, in cases where a holding's credit rating of an investment falls below the above minimum ratings, the portfolio manager disposes it as soon as practical.

Substantially all the cash at banks held by the Scheme and the Investment Funds is placed with reputable financial institutions. The Trustee monitors the risk by monitoring the credit rating and financial position of these financial institutions on a regular basis. If the credit quality or the financial position of these financial institutions deteriorates significantly, the Trustee will move the cash balances to another financial institution.

All the investments of the Investment Funds are held by Citibank N.A., as the custodian of the Investment Funds. Bankruptcy or insolvency of the custodian may cause the Investment Funds' rights with respect to securities held by the custodian to be delayed or limited. The Trustee monitors its risk by monitoring the credit quality and financial position of the custodian.

Financial assets subject to HKFRS 9's impairment requirements

The Scheme's financial assets subject to the ECL model within HKFRS 9 are only short-term trade receivables, cash and cash equivalents and others. At 31 December 2023, the total of short-term trade receivables, cash and cash equivalents and others was HK\$603,743,884 on which no loss allowance had been provided (31 December 2022: total of HK\$685,049,534 on which no loss allowance had been provided). There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period.

All trade receivables are expected to be received in three months or less. An amount is in default if it has not been received 30 days after it is due.

As trade receivables are impacted by the ECL model within HKFRS 9, the Scheme has adopted the simplified approach. The loss allowance is therefore based on lifetime ECLs.

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. Items have been grouped by their nature into the following categories: subscriptions in transit, contributions receivable and amounts receivable from brokers.

31 December 2023

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk (continued)

Financial assets not subject to HKFRS 9's impairment requirements

The Scheme is exposed to credit risk on debt instruments, money market funds and similar securities. These classes of financial assets are not subject to HKFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets, under HKFRS 9 represents the Scheme's maximum exposure to credit risk on financial instruments not subject to the HKFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

(c) Liquidity risk

The Constituent Funds are exposed to daily liquidity risk on redemptions of units. This arises from the risk that the Investment Manager may not be able to convert investments into cash to meet liquidity needs in a timely manner. Almost all the Constituent Funds' assets are invested in Investment Funds. These funds have daily pricing and are readily redeemable and are generally convertible into cash. As a result, in most instances, the Constituent Funds should be able to liquidate their Investment Funds quickly at close to their fair values in order to meet liquidity requirements.

The Constituent Funds are not exposed to other activities which give rise to significant liquidity risk.

(d) Specific instruments

Derivatives

The Investment Manager does not intend to enter into any financial futures contracts, financial options contracts nor derivatives transactions at the Constituent Fund level. The underlying Investment Funds may trade in forward contracts for hedging purpose, currency forwards to settle transactions and exposure to warrants arising mainly from corporate actions relating to underlying securities.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee on 25 June 2024

**Independent auditor's assurance report
To the Trustee of Principal MPF Scheme Series 800**

We have audited the financial statements of Principal MPF Scheme Series 800 (the "Scheme") for the year ended 31 December 2023 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unqualified auditor's report thereon dated 25 June 2024.

Pursuant to section 102 of the Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation"), we are required to report whether the Scheme complied with certain requirements of the Mandatory Provident Fund Schemes Ordinance ("MPFSO") 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 under section 28 of the MPFSO 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 MPFSO are complied with; and
- (d) the Scheme assets are not subject to any encumbrance, otherwise than as permitted by the General Regulation.

Our Independence and Quality Management

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

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



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Independent auditor's assurance report (continued) **To the Trustee of Principal MPF Scheme Series 800**

Auditor's Responsibility

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

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

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

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

Opinion

Based on the foregoing:

1. in our opinion:
 - (a) proper accounting and other records have been kept during the year ended 31 December 2023 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and
 - (b) the requirements specified in the guidelines made by the Mandatory Provident Fund Schemes Authority under section 28 of the MPFSO 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 December 2023, 30 June 2023 and 31 March 2023; and
 - (c) the requirements specified in the MPFSO 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 Principal Core Accumulation Fund and Principal Age 65 Plus Fund have been complied with, in all material respects, as at 31 December 2023, 30 June 2023 and 31 March 2023; and
 - (d) the requirements specified in section 34DD(4)(b) of the MPFSO with respect to the controls of out-of-pocket expenses of the Principal Core Accumulation Fund and Principal Age 65 Plus Fund have been complied with, in all material respects, as at 31 December 2023.
2. as at 31 December 2023, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.



Independent auditor's assurance report (continued)
To the Trustee of Principal MPF Scheme Series 800

Other Matter

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

Intended Users and Purpose

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

Certified Public Accountants
Hong Kong
25 June 2024