

**CHINA LIFE MPF MASTER TRUST SCHEME**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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# CHINA LIFE MPF MASTER TRUST SCHEME

## SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Overview

China Life MPF Master Trust Scheme (the “Scheme”) is a master trust scheme established by a trust deed dated 26 January 2000, as amended (the “Trust Deed”). The sponsor and administrator is China Life Insurance (Overseas) Company Limited (incorporated in the People’s Republic of China with limited liability). The trustee of the Scheme is China Life Trustees Limited (the “Trustee”). The Scheme was approved by the Mandatory Provident Fund Schemes Authority (the “MPFA”) on 31 January 2000.

Whilst the Scheme has been designed to ensure that participating employers can comply with the requirements of the Hong Kong Mandatory Provident Fund Schemes Ordinance (the “MPF Ordinance”) in respect of those employees covered by the MPF Ordinance, it is also possible for self-employed persons and non-employed persons to join the Scheme. If an employee member changes employment, he can leave the whole or any part of his accrued benefits in the Scheme and become a deferred member. Employees, self-employed members and non-employed members are all collectively referred to as “Scheme members” hereinafter.

Mandatory contributions in accordance with the MPF Ordinance are fully vested and belong immediately to Scheme members from the date the contributions were received by the Trustee. Participating employers, employees and self-employed members can choose to make additional voluntary contributions at their own discretion. However, benefits accruing on employers’ voluntary contributions need not belong immediately to the employees, but will be subject to a vesting scale determined by length of employment or other restrictions.

In accordance with the Trust Deed of the Scheme, the Trustee must procure that the trust assets of the Scheme members are invested in the constituent funds. During the year, ten constituent funds <sup>Note 1</sup> (including the restructuring of China Life Retire-Easy Global Equity Fund), each having a separate and distinct investment objective and policy, were offered exclusively for Scheme members’ selection. The Scheme members can allocate their accrued benefits to one or more constituent funds that best suit their investment objectives and constraints. The Scheme members may also select Default Investment Strategy as their investment choice.

### 2 Financial Developments

The Scheme commenced operations on 31 January 2000. The total contributions received and receivable including transfers in and benefits paid and payable including transfers out during the year were HK\$851,204,095 (2021: HK\$845,307,585) and HK\$819,920,952 (2021: HK\$692,645,115) respectively. The net asset value as at 31 December 2022 was HK\$3,769,742,774 (2021: HK\$4,372,451,430). The Scheme had 41,804 (2021: 40,590) members as at 31 December 2022.

Note 1: China Life Retire-Easy Global Equity Fund was changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **3 Changes to the governing rules of the Scheme**

The following is a brief summary of the key changes made to the governing rules / MPF Scheme Brochure of the Scheme during the year.

- With effect from 26 September 2022, the statement of investment policy and objective (“SIPO”) of the China Life Retire-Easy Global Equity Fund, a constituent fund of the Scheme, was amended to reflect that the restructure of the China Life Retire-Easy Global Equity Fund from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA.

For details, please refer to the relevant parts of the MPF Scheme Brochure.

#### **4 Contact**

Further information about the Scheme and its operations can be obtained from the following:

Interactive website	:	<a href="http://www.chinalife.com.hk">www.chinalife.com.hk</a>
Employer hotline	:	(852) 3999 5555
Member hotline	:	(852) 3999 5555
Fax number	:	(852) 2893 2103
Postal address	:	China Life Trustees Limited Room 801, 8/F, Tower A China Life Center, One HarbourGate 18 Hung Luen Road Hung Hom, Kowloon

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **5 Service providers**

##### **Trustee**

China Life Trustees Limited  
Room 801, 8/F, Tower A  
China Life Center, One HarbourGate  
18 Hung Luen Road  
Hung Hom, Kowloon

##### **Sponsor and Administrator**

China Life Insurance (Overseas) Company Limited <sup>Note 1</sup>  
(incorporated in the People's Republic of China with limited liability)  
12/F, China Life Center, Tower A  
One HarbourGate  
18 Hung Luen Road  
Hung Hom, Kowloon

##### **Custodian**

Bank of China (Hong Kong) Limited  
14/F, Bank of China Tower  
1 Garden Road  
Central, Hong Kong

##### **Legal advisor**

China Life Trustees Limited does not retain a regular external legal advisor.

Note 1: The Trustee is a wholly-owned subsidiary of the service provider.

## CHINA LIFE MPF MASTER TRUST SCHEME

### SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 5 Service providers (Continued)

##### **Investment Managers**

##### Taiping Assets Management (HK) Company Limited

Unit 1-2, 19th Floor,  
No. 18 King Wah Road,  
Hong Kong

Being the investment manager of China Life MPF Conservative Fund, the relevant approved pooled investment funds and the underlying unit trust approved pooled investment funds that the following constituent funds of the Scheme have invested in.

1. China Life Joyful Retirement Guaranteed Fund

##### Invesco Hong Kong Limited

41/F, Champion Tower  
Three Garden Road  
Central, Hong Kong

Being the investment manager of the relevant approved pooled investment funds that the following constituent funds of the Scheme have invested in.

1. China Life Retire-Easy Global Equity Fund <sup>Note 2</sup>
2. China Life Core Accumulation Fund
3. China Life Age 65 Plus Fund

With effect from 26 September 2022, Invesco Hong Kong Limited was ceased to be the investment manager for the underlying fund of China Life Retire-Easy Global Equity Fund and China Asset Management (Hong Kong) Limited was appointed as the investment manager for China Life Retire-Easy Global Equity Fund.

##### China Asset Management (Hong Kong) Limited

37/F, Bank of China Tower  
1 Garden Road  
Hong Kong

Being the investment manager for the following constituent fund of the Scheme.

1. China Life Retire-Easy Global Equity Fund <sup>Note 2</sup>

##### FIL Investment Management (Hong Kong) Limited

Level 21, Two Pacific Place  
88 Queensway  
Admiralty, Hong Kong

Being the investment manager of the relevant approved pooled investment funds that the following constituent funds of the Scheme have invested in.

1. China Life Balanced Fund
2. China Life Growth Fund
3. China Life Hong Kong Equity Fund

Note 2: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

## CHINA LIFE MPF MASTER TRUST SCHEME

### SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 5 Service providers (Continued)

##### **Investment Managers (Continued)**

###### JPMorgan Asset Management (Asia Pacific) Limited

21/F, Chater House  
8 Connaught Road Central  
Hong Kong

Being the investment manager of the relevant approved pooled investment fund that the following constituent fund of the Scheme has invested in.

1. China Life Greater China Equity Fund

###### Franklin Templeton Investments (Asia) Limited

17/F, Chater House  
8 Connaught Road Central  
Hong Kong

Being the investment manager of the relevant approved pooled investment fund that the following constituent fund of the Scheme has invested in.

1. China Life US Equity Fund

##### **Insurer and Guarantor**

China Life Insurance (Overseas) Company Limited <sup>Note 1</sup>  
(incorporated in the People's Republic of China with limited liability)  
22/F, CLI Building  
313 Hennessy Road  
Wan Chai, Hong Kong

##### **Auditor**

PricewaterhouseCoopers  
22/F, Prince's Building  
Central, Hong Kong

Note 1: The Trustee is a wholly-owned subsidiary of the service provider.

**CHINA LIFE MPF MASTER TRUST SCHEME**

**SCHEME REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**6 Board of Directors**

**Directors of the Trustee**

China Life Trustees Limited

Jiang Tao

Tam Tsz Kin, Thomas

Lee Fong Yee, Fanny

Si Chiu Tan, Henry

Lu Haitian

Business address of the Directors of the Trustee:

Room 801, 8/F, Tower A  
China Life Center, One HarbourGate  
18 Hung Luen Road  
Hung Hom, Kowloon

**Controllers of Associate**

The controllers of China Life Insurance (Overseas) Company Limited, which is one of the above parties and an associate of the Trustee, during the financial year ended 31 December 2022 are as follows:

Yu Deben (resigned on 15 July 2022)

Liu Yuejin (appointed on 27 October 2022)

Jiang Tao

Wu Shaohua

Lang Kuan

Liu Qing

Guo Yike

Wang Junhui

Mao Yumin

Xu Shiqing

Address:

The business address of the above controllers is:  
16/F, China Life Center Tower A  
One HarbourGate  
No.18 Hung Luen Road, Kowloon



## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Overview

China Life MPF Master Trust Scheme (the “Scheme”) offers exclusively to Scheme members ten constituent funds to invest their accrued benefits as at 31 December 2022 (2021: Ten). Each of the constituent funds has a separate and distinct investment objective and policy. Scheme members can allocate their accrued benefits to one or more constituent funds that best suit their investment objectives and constraints. The constituent funds are as follow:

China Life Balanced Fund (BF)  
China Life MPF Conservative Fund (MCF)  
China Life Growth Fund (GF)  
China Life Hong Kong Equity Fund (HKEF)  
China Life Joyful Retirement Guaranteed Fund (REGF)  
China Life Retire-Easy Global Equity Fund (REGEF) <sup>Note 1</sup>  
China Life Core Accumulation Fund (CAF)  
China Life Age 65 Plus Fund (APF)  
China Life Greater China Equity Fund (GCE)  
China Life US Equity Fund (USE)

#### Investment objectives and policies

##### China Life Balanced Fund

The investment objectives of BF are to provide capital appreciation as well as to seek income so as to achieve long-term balanced growth in capital.

The fund achieves its investment objectives by investing in an approved pooled investment fund (“APIF”) managed by FIL Investment Management (Hong Kong) Limited which invests in a diversified range of global equities and bonds.

##### China Life MPF Conservative Fund

The investment objective of MCF is to provide capital security with a level of income in Hong Kong dollars.

The fund achieves its investment objectives through investing primarily in Hong Kong bank deposits, commercial papers and short-term notes and the fund is managed by Taiping Assets Management (HK) Company Limited. The fund will maintain 10-30% bank deposits under normal circumstances.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Overview (Continued)

##### Investment objectives and policies (Continued)

###### China Life Growth Fund

The investment objectives of GF are to provide capital growth by long-term investment in global equities so that the members are adequately rewarded for foregoing the capital security and higher income that could have been achieved by investing in the money markets.

The fund achieves its investment objectives to provide capital growth by investing in an APIF managed by FIL Investment Management (Hong Kong) Limited which invests in a diversified international portfolio of equity securities in the world's major equities market and will have the flexibility to invest in the global bonds to manage the volatility of returns in the short term. The fund is designed for members who seek a significant and growing capital return together with a modest element of income growth.

###### China Life Hong Kong Equity Fund

The investment objective of HKEF is to produce returns that are related to those achieved on the major stock market indices of Hong Kong.

The investment policy is to invest in an APIF managed by FIL Investment Management (Hong Kong) Limited, which focuses on investment (i.e. at least 70% of its net asset value) into the equity markets of Hong Kong, namely equities of companies listed in Hong Kong (including Greater China companies that are listed in Hong Kong) or companies which have a business connection with Hong Kong (including companies which are listed outside Hong Kong). Companies which have a business connection with Hong Kong include but are not limited to companies that are domiciled or incorporated in Hong Kong, and the APIF will have the flexibility to invest in bonds in a limited manner (i.e. less than 30% of its net asset value) and to accept a high level of return volatility in the short term.

The fund maintains a minimum effective currency exposure of 30% of its net asset value in Hong Kong dollars.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Overview (Continued)

##### Investment objectives and policies (Continued)

###### China Life Joyful Retirement Guaranteed Fund

The investment objectives of REGF are to provide capital preservation in the long term and to enhance return with limited exposure to global equities, while also providing a guaranteed return.

The investment policy is to invest solely in a relevant insurance policy approved pooled investment fund (“relevant APIF”) issued by China Life Insurance (Overseas) Company Limited and will in turn solely invest in an UT APIF which maintains a diversified portfolio comprising the following:

- (a) Global equities such as common stocks and preferred stocks;
- (b) Intermediate-term global fixed income securities with maturity of up to ten years that meet the minimum credit rating as stipulated by the MPFA;
- (c) Debt securities issued or guaranteed by an exempt authority or listed on approved stock exchanges.

###### China Life Retire-Easy Global Equity Fund<sup>Note 1</sup>

The investment objectives of REGEF are to maximize capital appreciation over the long term through investments in global equities.

The fund achieves its investment objectives through investing in two or more index-tracking collective investment schemes duly approved by MPFA managed by China Asset Management (Hong Kong) Limited, which invests up to 100% of the net asset value in global equities. The fund maintains a minimum effective currency exposure of 30% of its net asset value in Hong Kong dollars.

###### China Life Core Accumulation Fund

The investment objectives of CAF are to provide capital growth by investing in a globally diversified manner.

The fund achieves its investment objectives through investing in an APIF managed by Invesco Hong Kong Limited, which in turn invests in two underlying APIFs. The fund primarily invests in a combination of global equities and bonds in a globally diversified manner. It targets to invest 60% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global bonds, cash and money market instruments). The asset allocation to higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets.

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Overview (Continued)

##### Investment objectives and policies (Continued)

###### China Life Age 65 Plus Fund

The investment objectives of APF are to provide stable growth by investing in a globally diversified manner.

The fund achieves its investment objectives through investing in an APIF managed by Invesco Hong Kong Limited, which in turn invests in two underlying APIFs. The fund primarily invests in a combination of global equities and bonds in a globally diversified manner. It targets to invest 20% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global bonds, cash and money market instruments). The asset allocation to higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets.

###### China Life Greater China Equity Fund

The investment objective of the Fund is to provide long term capital growth in HK dollar terms.

The fund achieves its investment objectives through investing in an APIF managed by JPMorgan Asset Management (Asia Pacific) Limited, which invests in a portfolio consisting primarily of securities of companies based or operating principally in the People's Republic of China, Hong Kong, Macau or Taiwan ("Greater China Region") and the majority of these companies will be listed on a stock exchange in Hong Kong or Taiwan.

###### China Life US Equity Fund

The investment objective of the Fund is to provide capital appreciation in the long term through investment in US equities.

The fund achieves its investment objectives through investing in an APIF managed by Franklin Templeton Investments (Asia) Limited, which invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability or above-average growth or growth potential as compared with the overall economy. Equity securities include common stocks, convertible securities and warrants on securities to the extent permissible under the relevant requirement as set out in the MPF Regulations.

Investments of the relevant APIF will be made principally in small, medium and large capitalization companies with strong growth potential across a wide range of sector. It will focus on sectors that have exceptional growth potential and fast growing, innovative companies within these sectors.

##### Investment analysis and commentary

Out of the ten constituent funds, eight of them (BF, GF, HKEF, REGF, CAF, APF, GCE and USE) are currently feeder funds and each invests in a relevant approved pooled investment fund. The constituent fund (MCF) invests in bank deposits and debt securities during the relevant year. The constituent fund (REGEF) is a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA during the relevant year.

The investment policy of each constituent fund is described in the latest MPF Scheme Brochure of the Scheme. A brief summary of the investment policy and strategy is stated above.

The investment performance of each constituent fund during the year varied and is shown in the following pages of this report.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Overview (Continued)

##### Investment managers' market perspective

##### Invesco Hong Kong Limited

Being the investment manager of the relevant approved pooled investment funds that the following constituent funds of the Scheme have invested in.

- i) China Life Core Accumulation Fund
- ii) China Life Age 65 Plus Fund

##### 2022 Market Overview

###### Equity

In 2022, global stock markets had its worst year since the 2008 global financial crisis. The markets faced several challenges, including Russia's invasion of Ukraine, high inflation numbers, and aggressive interest rate hikes. These events led to geopolitical uncertainty and a high degree of volatility. Central banks worldwide implemented interest rate hikes to control inflation, which led to an increase in bond yields. This left little diversification opportunities to equity investors as bonds, traditionally used as a safe haven during stock market volatility, also suffered from the interest rate hikes and exhibited positive correlation with equity markets. The rise in bond yields further made equities relatively less attractive to investors, which added to the downward pressure on the stock market. From a sector perspective, energy and consumer staples were the best performers during the year, while technology and consumer discretionary sectors underperformed. Despite the negative performance of the stock market and adverse macroeconomic circumstances due to high inflation, unemployment rates remained low in Europe and the US. This was a positive sign, indicating that the underlying economy was still performing relatively well.

###### Fixed Income

Throughout 2022 the portfolio was positioned according to our factor approach to fixed income investing. The portfolio is tilted towards bond markets that exhibit attractive value, quality and carry characteristics to which we add an Emerging Market sovereign bond allocation and a smaller corporate bond allocation that exhibits attractive quality characteristics. We believe these tilts will drive outperformance over time. We fund these positions through an underweight relative to benchmark in the core benchmark bond markets – principally the US, Germany and the UK. Over the period the fund posted a positive return and outperformed its benchmark. Major contributors to outperformance included our underweight exposures to the major funding markets of the US, Euro area, the UK and Japan. At year end the portfolio was positioned as follows. To capture carry characteristics the portfolio is positioned with exposure to government bonds from Australia, Switzerland and the UK. To capture value characteristics the portfolio is positioned with exposure to government bonds in Euro area, Switzerland and Norway and to capture Quality characteristics positioning is long government bonds in Switzerland, Norway and Sweden. Emerging market exposures are currently taken in Mexico, Malaysia, Poland, South Korea, Singapore and Thailand. The overweight positions are funded through underweights relative to benchmark to the core markets mainly the US, Germany and the UK.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Overview (Continued)

##### Investment managers' market perspective (Continued)

##### Invesco Hong Kong Limited (Continued)

##### 2023 Market Outlook and Strategy

###### Equity

Global markets were rattled in 2022 by Russia's invasion of the Ukraine, high inflation, and subsequent interest rate hikes by central banks. For 2023, growth projections for the euro zone and the US are rather weak. Inflation in many industrialized countries is falling but will remain higher than before in the medium term and most likely above inflation targets of the leading central banks at least until 2024. It is likely that the negative macroeconomic impact of high inflation on households' real incomes will be mitigated by relatively stable labour markets and solid employment figures.

At the start of 2023, our outlook for global equities remains neutral. While valuation levels are attractive, indicators of investor positioning (trend and risk aversion) and our economic environment signals are in neutral territory.

###### Fixed Income

2022 witnessed a dramatic re-pricing of fixed income markets resulting in one of the worst periods of performance for the asset class on record. The period was dominated by the geopolitical and global economic fallout from Russia's invasion of Ukraine in late February, the resulting energy crisis in Europe and the response from central banks to try and contain future inflation expectations as headline year on year inflation rose to 9% in the US and over 10% in the Euro area. As a result we enter 2023 with the fixed income asset class trading on significantly more attractive nominal yields than we have had for many years.

Looking forward growth is expected to remain slow, and below potential over 2023 in the US and Europe. There are few signs of large economic imbalances in the current economy that would be likely to lead to a deep recession like economies suffered in the Global Financial Crisis or the Pandemic Lockdown. However, although the current growth path has been better than expected, the Fed may find it is unable to bring down inflation to their 2% target without keeping rates higher for much longer than the market is currently expecting, risking a more pronounced slowdown in the economy.

China's post zero-covid reopening should generate stronger growth in the 5% range as a recovery starts. We believe the reopening after zero-COVID is real and will allow Chinese growth to recover.

Central banks have raised rates aggressively, but most are close to the end of their hiking cycle. Although inflation has peaked in our view, and will be declining in 2023, we expect central banks to continue with a very hawkish stance. In the latest month the Fed and ECB have increased the amount of tightening they anticipate delivering but markets have not priced in this more hawkish stance. As a result, upward pressure on the short end of yield curves will result if markets price to Fed and ECB expectations.

We expect a dollar peak and a decline in rates volatility in conjunction with the Fed ending its interest rate hiking cycle. The dollar is at very high valuations, particularly against its developed market peers, but recently we have seen some unwinding of US Dollar long positioning and broad-based US Dollar sell-off. As a result, we are neutral in the near term but expect we may see some dollar weakness going through later in 2023 after the Fed ceases rate hikes.

We continue to manage the fund in accordance with our fixed income factor approach utilising a factor allocation split between Carry, Value and Quality in G10 markets to which we have added an allocation to emerging markets to further enhance diversification and return potential.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Overview (Continued)

##### Investment managers' market perspective (Continued)

##### China Asset Management (Hong Kong) Limited

##### i) China Life Retire-Easy Global Equity Fund

##### 2022 Market Overview

2022 turned out to be an extremely challenging year for both equity and bond investors. Heightened volatility in economic activities and the financial markets, combining with geopolitical conflicts, inflationary pressures, monetary policy tightening, and the COVID pandemic, have cast a shadow over the global markets throughout the year. Safe-haven assets such as the U.S. dollar and commodities have outperformed financial assets, while equity, especially emerging markets and growth stocks lagged behind. Global fixed-income assets also recorded their worst performance in 20 years.

Global equities achieved robust rebounds in the fourth quarter as the moderating inflation in key markets fueled speculations that the pace of monetary policy tightening would slow. Risk appetite rose as U.S. dollar weakens against major currencies, and global stocks were further boosted by China's relaxation of its Covid-Zero policy.

##### **US equities:**

US equity benchmarks had their worst annual performance since 2008, with growth stocks significantly underperformed due to the elevated valuation level before the Federal Reserve lifted interest rates seven times by a total of 425 basis points in 2022.

If the Russian-Ukraine conflict is seen as a black swan event of the first-half of the year, then persistently high inflation, especially the stickiness of inflation in the service sectors, has cast a shadow over the market in the full year far exceeded investors' expectation. The primary reasons for runaway inflation are large-scale liquidity loosening ahead of the pandemic, and supply-side structural problems brought about by the pandemic.

##### **European equities:**

European stocks have taken a hit from the Russian invasion of Ukraine which highly impacted energy and food prices. Inflation rates in the UK and the Eurozone surpassed 10% at the end of year 2022, and the respective central banks have adopted similar rate hike paces as the US does, thereby dampening the overall risk appetite of the market.

##### **Japanese equities:**

Japan outperformed most of the major equity markets with only a single-digit loss, supported by the quality of the listed companies with reasonable valuation level.

The decision by the Bank of Japan's widening its tolerance range for 10-year Japanese government bond yields in December surprised the market, sparked a jump in the yen and a slide in government bonds, as investors considered this as a step towards policy normalisation and exit from the current easing framework.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Overview (Continued)**

##### **Investment managers' market perspective (Continued)**

##### **China Asset Management (Hong Kong) Limited (Continued)**

##### **2022 Market Overview (Continued)**

###### **China/HK equities:**

The return of China's equity market in 2022 fell short of most investors' expectations. The COVID pandemic and its related prevention and control measures have dealt a major blow to the economy, significantly undermining the effectiveness of stabilization policies. Investors continued to lower expectations for China's economic growth and corporate earnings. In the meantime, concerns over geopolitical risks, including the Russia-Ukraine conflict, the situation in the Taiwan Strait, and US-China relations, lingered for most of the year. Rapid interest rate hikes in the United States and other European developed economies to tame high inflation placed further pressure on Chinese Yuan and China's equity market.

China and Hong Kong witnessed a strong rebound in share prices after Beijing loosened its pandemic restrictions. The annual Central Economic Work Conference demanded making economic stability a top priority. Ending the years-long tech-industry crackdown, easing the property market regulation, are signs that towards recovery. Foreign financial institutions have become more bullish about China's stock market performance in 2023.

###### **Asia Pacific region (ex Japan, Hong Kong and China):**

Slow global economic growth and weak demand for consumer goods significantly impacted Asian exports, downturn in semiconductor demand aroused concerns and already reflected in some stocks markets in the region, particularly in Korea and Taiwan. On the other hand, India, which is one of the fastest growing economies within the region, witnessed its stock market ended the year with a positive return due to its resilience to the deteriorating external environment, and strong macroeconomic fundamentals. Overall, the Asian stock markets followed the movement of the major markets globally and posted a double-digit negative return in 2022.

##### **2023 Market Outlook and Strategy**

Looking ahead, the rate hike cycle in developed economies is nearing its end, with the risk of a global recession now appearing greater. On the upside, China will fully reopen as it scrapes COVID-related prevention and control measures. Concerns over geopolitical conflicts could still be an important factor limiting the performance of equity markets in the coming year.

###### **US equities:**

We see a high possibility of the U.S. economy moving into a mild recession in the coming year, while the Federal Reserve may restart interest rate cuts by the end of 2023. As rate hikes peak, US Treasury rates are expected to fall, leading to an inversion of the yield curve.

With the stock market correction in 2022, the valuation of US shares becomes fair. However, the corporate earnings estimates look overly optimistic for 2023, and if the final numbers end up falling short of consensus estimates, US shares may endure further correction. Central banks' commitment to tightening policies and the increasing threat of recession would also be the risks that investors should pay attention to. Tech Giants with strong cash flow like Apple are expected to outperform the market with peaking interest rates and a potential mild recession expected, a strategy overweighting US technology sector potentially benefits investors.



## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Overview (Continued)**

##### **Investment managers' market perspective (Continued)**

##### **China Asset Management (Hong Kong) Limited (Continued)**

##### **2023 Market Outlook and Strategy (Continued)**

###### **European equities:**

The ECB is expected to maintain a hawkish stance on inflation, but we expect geopolitical tensions in Europe and thus the pressure of soaring food and energy prices to relieve. Resilience in corporate earnings and the relatively low valuation compared to the US will be a support for European equities in the coming year. Diversification demand from global investors could further support the European stocks.

###### **Japanese equities:**

We believe the Japan's economy to have moderate growth amid mild inflation and will benefit from its recovery from pandemic and China's reopening. Japan should be relatively resilient and will continue to be a defensive play in the coming year due to solid corporate earnings, attractive valuation and smaller inflation risk compared with other markets. Japan will continue to be a defensive play. The falling yen has a direct negative impact on the Japanese economy, however the US tightening cycle ending earlier than other major economies may bring the US dollar lower in the coming year, reversing the trend of cheap Japanese Yen.

###### **China/HK equities:**

China will fully reopen as it scrapes COVID-related prevention and control measures. The key internal and external fundamentals bode well for China's equity market. The country's economic growth is expected to lead major economies in the world in 2023. We expect less impact of interest rate hikes in developed economies and geopolitical risks on China's equity market and believe that earnings, valuations and risk appetites all support a recovery in China's equity market in 2023. Global long-only funds still underweight China, potential re-allocation to China by global investors will boost the market.

###### **Asia Pacific region (ex Japan, Hong Kong and China):**

Asian countries benefit from the reopening of China with the tight trading relationship, while their geopolitical risk is relatively lower than China. Normalized policies in Asia may lead Asian equity market to outperform. Investment in quality Asian stocks with strong cash flow could balance the volatility of global allocation strategies.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Overview (Continued)**

##### **Investment managers' market perspective (Continued)**

##### **FIL Investment Management (Hong Kong) Limited**

Being the investment manager of the relevant approved pooled investment funds that the following constituent funds of the Scheme have invested in.

- i) China Life Balanced Fund
- ii) China Life Growth Fund
- iii) China Life Hong Kong Equity Fund

##### **2022 General Markets Review**

###### **United States**

- US equities suffered their worst year since 2008. Equities declined sharply in the first half of the year following the Russian invasion of Ukraine and the Federal Reserve's (Fed) interest rate hikes. Market sentiment continued to plunge after the US economy witnessed two consecutive quarters of negative growth and the US Fed confirmed that it will continue to raise interest rates even at the risk of an economic downturn, until inflation returns to its 2% target rate.
- Equities rebounded strongly at the start of the fourth quarter, as markets reacted positively to third quarter earnings. Names outside the technology sector and mega-cap group were particularly strong. The rally continued after October and November's Consumer Price Index figures surprised to the downside, raising expectations that we may have reached peak inflation, and as third quarter GDP was raised to 2.9% at an annualised rate, reflecting an improvement in consumer spending and exports.
- Equities fell in December, after US Fed Chairperson Jerome Powell reiterated the central bank's hawkish monetary policy measures. US Fed officials forecast interest rate hikes for 2023, and the projected terminal rate (peak Fed funds rate) increased from 4.6% in September to 5.1% in December. Rates are projected to decline in 2024. Most sectors declined over the one-year period; only energy and utilities ended in positive territory.

###### **Europe**

- European equities generated negative returns in 2022. Increasing concerns around inflation and higher bond yields led to volatile swings and significant sector and style rotations across global markets.
- The geopolitical crisis arising from the war in Ukraine accelerated the economic deterioration that was already underway and increased the pressure on supply chains that were already strained due to successive COVID-19 lockdowns. There was also a sharp rise in the cost of energy, further fuelling inflationary pressures and inviting a more hawkish stance by most major central banks.
- Record high levels of inflation led the European Central Bank (ECB) to hike its policy rate four times between July and December by 2.5% in total. On the back of upward revisions to the inflation outlook, the central bank is likely to implement further rate hikes at a steady pace to ensure a timely return of inflation to its 2% target. The ECB's future decisions are likely to be data and outlook dependent and will depend on the size and composition of fiscal responses and developments in euro and peripheral spreads.
- Towards the end of the year, equities were supported by optimism around European corporate earnings and the reversal of nearly all the unfunded tax cuts announced in the UK's September "mini-budget". The appointment of Prime Minister Rishi Sunak following the resignation of Liz Truss also supported markets. Against this backdrop, all sectors ended the year in negative territory with the exception of energy, which rose over 40%.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Overview (Continued)**

##### **Investment managers' market perspective (Continued)**

##### **FIL Investment Management (Hong Kong) Limited (Continued)**

##### **2022 General Markets Review (Continued)**

###### **Japan**

- Japanese equities fell over the period as concerns over broadening inflationary risks, as well as increasing interest rates weighed on stock prices. Russia's invasion of Ukraine, and its spill over effect on the global economy also weighed on investor sentiment. Faced with escalating price pressures, the US Federal Reserve (Fed) responded with a series of interest rate hikes, which saw the yen weaken sharply against the US dollar. This prompted Japan's Ministry of Finance to intervene in the currency market in September, for the first time since 1998.
- With inflation showing no signs of abating in many countries, investors started to price in the risk of an economic recession. Earlier in the period, share price gains were supported by strong earnings momentum and domestic political developments. Towards the end of the year, a more hawkish tone from the Fed and the Bank of Japan's unexpected decision to adjust its yield curve control policy drove a sharp decline in share prices. At a sector level, financials and energy were the leading gainers. Conversely, information technology companies were the weakest performers.

###### **Asia Pacific**

- 2022 was challenging for regional equities. We witnessed a confluence of events including a geopolitical crisis in Europe, the continuation of China's restrictive zero COVID-19 policy for a large part of the year, the strengthening of the US dollar against most Asian currencies, and aggressive global policy tightening led by the US. This backdrop did not favour traditional growth sectors, where future cash flows were discounted at a higher rate, and the regional market witnessed a persistent rotation towards value stocks. While regional equities were largely subdued during the year, sentiment tumbled sharply towards the latter half of the year, as evidenced by foreign selling via Northbound Stock Connect post China's 20th Communist Party Congress. Nevertheless, equities rebounded strongly during the last quarter, supported by strong foreign inflows. A faster and earlier-than-anticipated border re-opening plan, which marks the end of China's zero COVID-19 policy, lent support to Chinese markets. A shift towards a pro-growth stance by Chinese authorities, which suggests more supportive economic policies and the end of regulatory scrutiny, also improved the country's economic outlook.
- Regionally, foreign capital inflows and strong domestic demand boded well for Indian and the ASEAN equities which outperformed the broader market over the year. At a sector level, information technology (IT) and communication services were the key laggards, while energy ended in positive territory.

###### **Hong Kong**

- Hong Kong equities recorded negative returns over the year. Equity markets were negatively impacted by multiple factors through the year.
- At a global level, faster-than-expected US Federal Reserve (Fed) interest rate hikes, the Russia-Ukraine conflict and the resultant surge in commodity and oil prices were a major drag on sentiment.
- Domestically, prolonged COVID-19 lockdowns in China and lingering weakness in the Chinese housing market were negative drivers. The Chinese equity market also slid over the period and sentiment worsened following the conclusion of the 20th Party Congress, as many foreign investors substantially reduced their Chinese market exposures.
- Nonetheless, sentiment for both Hong Kong and Chinese equities improved towards the end of the year amid supportive government policies and the faster-than-expected COVID-19 border re-opening. Supportive property market policies and the People's Bank of China's (PBoC) easing monetary policies also aided sentiment.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Overview (Continued)**

##### **Investment managers' market perspective (Continued)**

##### **FIL Investment Management (Hong Kong) Limited (Continued)**

##### **2022 General Markets Review (Continued)**

##### **Bond**

- Fixed income markets endured significant volatility and posted negative returns over 2022. Markets battled with soaring inflation, unprecedented interest rate hikes by central banks and a subsequent synchronized slowdown in global economic activity.
- Russia's invasion of Ukraine, supply chain disruptions, an energy crisis in Europe and COVID-19 related lockdowns in China earlier in the year exacerbated an already challenging macro backdrop. However, markets recovered some lost ground towards the end of the year, as investors bet on easing inflation and slowing growth, which could eventually force global central banks to pursue a slower pace of tightening.
- The US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of England (BoE) stuck to a hawkish stance and delivered several interest rate hikes over the period, with a clear prioritization of inflation at the cost of growth. In turn, benchmark 10-year sovereign yields touched multi-year highs and government bonds posted negative returns. In the corporate credit space, both investment grade and high yield bonds posted negative returns, owing to a mix of wider credit spreads and higher sovereign yields. However, risk sentiment improved and credit markets appeared resilient towards the end of the period as investors turned hopeful of a slower pace of global monetary policy tightening and relatively stable corporate fundamentals.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Overview (Continued)**

##### **Investment managers' market perspective (Continued)**

##### **FIL Investment Management (Hong Kong) Limited (Continued)**

##### **2023 Market Outlook**

Higher-than-expected inflation, aggressive interest rate hikes and geopolitical concerns kept the market on edge for most of 2022. We expect equity markets to continue to face elevated levels of volatility as monetary policy is likely to remain restrictive while the US Federal Reserve tries to restore price stability. As a result of higher borrowing costs and increasing economic uncertainty, a recession appears likely, providing downside risks into 2023.

Macroeconomic indicators are weak and suggest there will be a recession in Europe. The outlook is uncertain and short-term confidence remains very fragile. While the portfolio manager believes that wage inflation will continue to affect prices upward, there are signs that inflation is peaking. There is a possibility that inflation drops faster than the market expects which should lead to stabilisation of interest rates. In addition, a continued warm winter in Europe will also likely mean that fears about power prices in Europe were exaggerated.

Financial markets will remain susceptible to a high level of macroeconomic uncertainty, centred on global inflation and interest rates, as well as attendant concerns over the risk of recession. While we are closely monitoring the impact that imported costs are having on companies and consumers in Japan, inflation is much lower compared to other regions and the country is reopening as the pandemic recedes.

Rising inflation compelled the US Federal Reserve and other regional central banks to tighten their monetary policies. This brought about much-needed attention to fundamentals as costs increased, supply-side shortages prevailed, and the consumer remained under pressure. However, China's enduring period of shrinking growth and regulatory uncertainty appears to have come to an end, and valuations look attractive. The rate hiking cycle is expected to slow down and the outlook for the consumer sectors is positive as sentiment recovers and the economy reopens. The manager's investment approach is about determining the right time, right price and right expectation. The fund is focused on fundamentally strong businesses where prudent management teams allocate capital efficiently to create long-term value. The manager is focused on opportunities in the consumer sectors, especially on the impact that discretionary spending will have on travel, services, and experiences.

As we move into 2023, the global economy continues to face a confluence of challenges. From persistently high inflation and aggressive global policy tightening to the continued fallout of the Russia-Ukraine war and the energy crisis, weak consumer confidence and political disruptions, our base case remains a hard landing, with a recession likely in the US and near certain in Europe and the UK. However, given recent strong data, we raise the probability of soft landing to 20%. We believe central banks, like the US Federal Reserve, are now at peak hawkishness and rate hikes will ease as large parts of the global economy head into a recession. We are confident that the hiking cycle is coming to an end by the middle of this year, before the prospect of a potential rate pause/cut to stave off the risk of recession. We expect rate volatility will give way to credit stress and will provide ample chance of price formation and inflow to an asset class which looks cheap to historical metrics.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Overview (Continued)**

##### **Investment managers' market perspective (Continued)**

##### **Taiping Assets Management (HK) Company Limited**

Being the investment manager of China Life MPF Conservative Fund, the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund that the following constituent fund of the Scheme has invested in.

- i) China Life Joyful Retirement Guaranteed Fund

##### **2022 Market Overview**

###### **Bond Market**

Year 2022 is one of the worst performing year for global credit bond market. Fed raised interest rate sharply in order to fight against high inflation. Major bond indices record double digit negative returns, for example JACI DIV IG -11.0% or JULI -15.4%. For the whole year of 2022, 10Y US Treasury yield rose 236bp, 3Y US Treasury yield rose 319bp, JACI DIV IG widened 13bp and JULI widened 34bp. There were also many black swan events which increased default rates, such as Russia-Ukraine war, Covid in China, Chinese property developers' defaults, UK policy mistake etc.

###### **Equity Market**

The rare and violent fluctuations in Hong Kong stocks have made 2022 a very difficult year for global institutional investors. Under the impact of domestic epidemic and real estate market correction, overseas interest rate hikes, and changes in the geopolitical situation, Hong Kong stocks have experienced a long bear market until the ultimate decline at the end of October.

In the first half of the year, despite the impact of black swan factors such as the conflicts between Russia and Ukraine, as well as the epidemic in Hong Kong and Shanghai, the Hong Kong stock market fluctuated back and forth, but under the optimism stemmed from the unblocking, the overall decline in the first half was not large.

However, in the third quarter and October, Hong Kong stocks were the worst-performing markets in the world. Negative factors included large-scale blockades, real estate loan cuts, and the Federal Reserve's unexpected hawkish interest rate hikes. Global stocks and bonds fell sharply. The Hang Seng Index once fell to 14,597 points, a 13-year low.

Since November, real estate and epidemic prevention policy have turned positive, and overseas interest rate hike expectations have eased. Driven by short covering, Hong Kong stocks rebounded rapidly from extremely pessimistic levels. In the end, the Hang Seng Index closed down 15.5% for the whole year, ranking in the middle among the world's major stock markets.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Overview (Continued)

##### Investment managers' market perspective (Continued)

##### Taiping Assets Management (HK) Company Limited (Continued)

##### 2023 Market Outlook and Strategy

###### Bond Market

In 2023, we expect US inflation to maintain a downward trend, economic growth to continue to decline, Fed is approaching the end of interest rate hiking cycle, the overall trend of interest rate is expected to be a volatile downward trend. In terms of inflation, there is still a downward trend in CPI components of housing, energy, automobiles, other commodities and other subdivisions. In terms of economic growth, several leading economic indicators such as PMI and financial conditions index maintain a downward trend, indicating that the US economic growth may continue to decline in the future. Several US banks' models forecast that the probability of US entering into a recession in the coming one year has increased. As Fed approaching the end of rate hiking cycle, the historical experiences of the previous four rate hiking cycles indicate that the 10Y US Treasury yield fluctuates in a range before the last rate hiking, and moves lower after the last hiking.

For the bond investment strategy in 2023, we will continue to improve the credit quality of the portfolio and grasp the opportunities of interest rate fluctuations. Overall, fixed income investment performance is expected to be better in 2023 than in 2022.

###### Equity Market

Looking forward to 2023, the policy tone is relatively positive. The policy on the epidemic prevention, real estate, and platform economy have clearly shifted, market confidence has increased, and consumption is expected to become an important direction for stabilizing the economy. The short-term is good: the epidemic peaked rapidly, and travel activity increases rapidly. During the Spring Festival, the impact of the epidemic on people's psychology and consumption behavior seems to be less pessimistic than expected. There are still uncertainties in the medium term, and factors that need to be verified include: the recovery of consumption and real estate still needs policy support, the impact of the epidemic for several years and the contraction of real estate credit, resulting in a reversal of consumer confidence and the recovery of real estate from the downturn.

External demand is still under pressure, and the risk of recession has not been eliminated. The loss of US stocks may affect Hong Kong stocks and become a risk factor for the whole year. Although the fear of Fed's aggressive interest rate hike has eased, reducing the pressure on Hong Kong stocks, due to the resilience of inflation, high interest rates may last longer and put pressure on the European and American banking systems. U.S. stock earnings have not yet been fully factored in recession expectations. Under the influence of continued high interest rates, U.S. stocks still have downward pressure on earnings and valuation. If the direction of the Federal Reserve and economic expectations in the future bring about significant fluctuations in interest rates at certain stages, it may affect Hong Kong stocks.

Despite the uncertainties, the overly pessimistic sentiment in Hong Kong stock market has improved significantly compared to 2022. The valuation of Hong Kong stocks still has a relative advantage, and there is still upside in general despite of the possible fluctuations. The market has mostly reflected policy optimism and will gradually enter the stage to focus on fundamentals.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Overview (Continued)**

##### **Investment managers' market perspective (Continued)**

###### **JPMorgan Asset Management (Asia Pacific) Ltd**

Being the investment manager of the relevant approved pooled investment fund that the following constituent funds of the Scheme has invested in.

- i) China Life Greater China Equity Fund

##### **2022 General Markets Review**

The opening months of 2022 presented a highly challenging environment for an investment philosophy rooted in growth and quality. Russia's invasion of Ukraine boosted energy prices, in turn compounding the inflationary pressure suffered by much of the world (but not China) as most countries moved towards a more reflationary post-COVID environment. The resulting increase in interest rates caused "long duration" growth stocks to derate, while investors rotated into value names. The market's bias away from new economy sectors was evident, but we retained conviction to avoid those sectors with weaker corporate governance, higher levels of government ownership, and inferior returns on capital.

To some extent that view was vindicated in the fourth quarter, when two important policy moves resulted a change in market direction. First, in the Mainland, in November the PBOC (Chinese central bank) and CBIRC (Chinese financial regulator) announced a comprehensive set of credit support measures for the real estate sector, exceeding market expectations. In essence this alleviated the systemic risk associated with real estate which had been worrying investors for some time. Even more importantly, in the closing weeks of the year the Chinese government effectively removed all COVID containment policies. The initial wave of resulting infections was faster than expected, such that by the end of December many large cities appeared already to have passed the initial peak of infection – but not of hospitalization. Despite some initial disruption to traffic and productivity, consumers began to look forward, with a budding recovery of consumption, traffic and business activities, and financial markets did the same.

In Taiwan, the market oversaw the worst calendar year performance in over a decade as the Fed's rate hikes, COVID restrictions, supply chain tightness and inventory de-stocking were headwinds to performance.



## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Overview (Continued)**

##### **Investment managers' market perspective (Continued)**

##### **JPMorgan Asset Management (Asia Pacific) Ltd (Continued)**

##### **2023 Market Outlook and Strategy**

The post-reopening first wave swept across China much faster than authorities' expectations, something which may be further accelerated by massive movement of people around the Lunar New Year holidays. Near term disruptions to production, consumption and traffic are within expectations and we do not believe that negative effects such as loss of productivity and a reluctance to travel will be long-lived. Major cities which have been early to see a spike in post-COVID Zero infections have witnessed a rapid recovery of traffic.

Looking forward through 2023, many policy and regulatory overhangs have been removed. The government must refocus on economic stability and growth. On balance global inflation pressures have been easing, suggesting no immediate need for more hawkish monetary policy in China. On the fiscal side China is once again resorting to stimulating investment, but it is also likely to do more to help consumption.

Having lived through the past three difficult years, the mindsets of many corporates have changed, resulting in improvements in cost efficiency and capital allocation. We will be watching closely to assess if positive operating leverage will boost earnings through the recovery process, and whether the improved capital allocation will persist.

In Taiwan, 2023 market earnings are estimated to decline but the magnitude of revisions has started to narrow as most of the negative factors have been priced in. We expect companies to provide conservative guidance for 1H23 in the upcoming reporting season. Currently, market valuations seem undemanding after the recent downward adjustments: once the inventory situation is digested, rate hike cycles are completed and COVID infections in China peak, the market will stand a better chance to recover lost ground.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Overview (Continued)**

##### **Investment managers' market perspective (Continued)**

###### **Franklin Templeton Investments (Asia) Ltd**

Being the investment manager of the relevant approved pooled investment fund that the following constituent funds of the Scheme has invested in.

- i) China Life US Equity Fund

##### **2022 General Markets Review**

US equities, as measured by the Standard & Poor's® 500 Index (S&P 500®), posted a -18.11% total return (in US-dollar terms) for the 12 months ended 31 December 2022, their worst calendar-year performance since the 2008 global financial crisis. High inflation, rising interest rates and geopolitical instability contributed to a sharp decline in equity prices and contracting economic growth in the first half of the reporting period. Nevertheless, consumer spending continued to rise, but deteriorating financial conditions and investors' expectations for slower growth continued to weigh on equity markets.

Inflation increased during the first half of the period, reaching 9.1% in June 2022, the highest annual rate since 1981. Continued supply-chain disruptions, strong consumer demand and volatile energy prices drove inflation higher. Russia's invasion of Ukraine also disrupted financial markets and led to a rise in oil and commodity prices in the first half of the reporting period. Inflation remained elevated but abated somewhat in the latter half of the period, decreasing to an annual rate of 6.5% in December 2022. The labour market remained strong amidst the high level of nominal growth, which drove the US unemployment rate down to 3.5% in December 2022. Wages also climbed during most of the year at the fastest rates in decades, which added to some investors' inflation concerns.

US gross domestic product grew in the third and fourth quarters after contracting in the first half of the year. Rising interest rates translated to higher borrowing costs for individuals and businesses, which dampened economic activity, especially in the housing and financial markets. In the second half of the period, rising consumer spending and increased exports amid declining inflation supported economic activity.

In an effort to control inflation, the US Federal Reserve (Fed) undertook a rapid shift towards restrictive monetary policy, starting in March 2022 with its first interest-rate hike since 2018. Thereafter, the Fed raised the federal funds rate at each of its six subsequent meetings to end the period at a range of 4.25%–4.50%. Furthermore, the Fed said it would continue to reduce its bond holdings and anticipated additional interest-rate increases at future meetings to curtail inflation.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Overview (Continued)**

##### **Investment managers' market perspective (Continued)**

##### **Franklin Templeton Investments (Asia) Ltd**

##### **2023 Market Outlook and Strategy**

As we enter 2023, we see an evolving economic backdrop. We expect inflation to moderate in the first half of the year but remain elevated relative to recent history. The Fed has started slowing the pace of interest-rate increases and is likely to become more data dependent regarding the direction of monetary policy as recent rate increases work their way through the economy. We believe the probability of a severe US recession in 2023 is relatively low, but growth will be pressured.

As active managers and fundamental stockpickers, we continually seek to take advantage of the temporary price dislocations created by unsettled markets. Our focus remains on investing in what we consider high-quality businesses with sustainable growth drivers that may not be reflected in current valuations. Many of these investments are related to secular growth themes that we believe can potentially deliver consistent long-term performance. To do this, we rely on our bottom-up, fundamental research capabilities and leverage our in-house team of analysts to uncover promising companies that have the potential to become market leaders.

We consider digital transformation to be an important secular growth theme that can drive productivity, lower costs and increase profitability for companies. It is not just a technology-driven trend, but one that is broadly permeating other areas of the economy in the form of health care innovation, digital customer engagement, factory automation and the integration of financial technologies.

Our focus for US equities in 2023 will continued to be on profit margins and earnings as consumers and corporations adjust to the changing economic environment, particularly in highly cyclical segments of the market. As such, we believe it will be a year for active management, and idiosyncratic factors—as opposed to macro factors, which may lead to high correlations—will likely drive returns.

The fund invests in quality growth businesses that, in our analysis, have robust competitive positions, strong pricing power and healthy financials. Our focus on major secular themes, such as digital transformation and health care innovation, leads us to both established and emerging growth players in various sectors. Currently, our largest sector exposure is in IT, where we prefer software companies, followed by health care and consumer discretionary.

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Overview (Continued)**

**Trustee's commentary**

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary</b>				
	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life MPF Conservative Fund <i>Launch date: 01/12/2000</i>	0.32%	0.51%	0.26%	0.45%
Benchmark / Performance target	0.08%	0.05%	0.03%	0.38%
Deviation from the benchmark / performance target	Above the performance target	Above the performance target	Above the performance target	Above the performance target
Trustee's commentary	<p>The fund's performance target: Prescribed Savings Rate</p> <p>The comparison with other MPF Conservative Fund type may not be meaningful as fees and charges of MPF Conservative Funds can either be deducted from the assets of the funds or members' accounts by way of unit deduction.</p> <p>The fund's performance was above the performance target in 1 year, 5 years, 10 years and since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- All of the portfolio's return came from HKD fixed deposits, mainly with medium-to-short tenors.</li> <li>- The deposit rates in Hong Kong rose in 2022 following Federal Reserve hiking interest rates.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Overview (Continued)**

**Trustee's commentary**

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary</b>				
	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life Hong Kong Equity Fund <i>Launch date: 23/12/2011</i>	(18.49%)	(3.77%)	2.38%	3.21%
Benchmark / Performance target	(18.97%) <sup>Note 1</sup>	(4.26%) <sup>Note 1</sup>	1.55% <sup>Note 1</sup>	4.13% <sup>Note 1&amp;2</sup>
Deviation from the benchmark / performance target	Above the performance target	Above the performance target	Above the performance target	Below the performance target
Trustee's commentary	<p>The fund's performance target: average performance of Hong Kong Equity fund type as obtained from Lipper</p> <p>The fund's performance was above the performance target in 1 year, 5 years and 10 years term while below the performance target in since launch.</p> <p>According to the investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- The fund generated negative returns over the year.</li> <li>- Chinese and Hong Kong equities delivered strong returns over the fourth quarter in 2022, as investors preferred these markets for their attractive valuations. A faster and earlier-than-anticipated border re-opening plan, has rapidly turned around investor sentiment in the Chinese market.</li> <li>- A shift towards a pro-growth stance by the Chinese authority, which suggested more supportive economic policies and the end of regulatory scrutiny, also improved the country's economic outlook.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Overview (Continued)**

**Trustee's commentary**

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary</b>				
	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life Growth Fund <i>Launch date: 01/12/2000</i>	(20.63%)	(0.57%)	3.84%	4.48%
Benchmark / Performance target	(18.59%) <sup>Note 1</sup>	(0.26%) <sup>Note 1</sup>	3.68% <sup>Note 1</sup>	3.58% <sup>Note 1</sup>
Deviation from the benchmark / performance target	Below the performance target	Below the performance target	Above the performance target	Above the performance target
Trustee's commentary	<p>The fund's performance target: average performance of Lifestyle- (&gt;80-100% Equity) fund type as obtained from Lipper</p> <p>The fund's performance was above the performance target in 10 years term and since launch while below the performance target in 1 year and 5 years term.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- The fund generated negative returns over the year.</li> <li>- In 2022, the global stock markets were under pressure amidst geopolitical tensions, high inflation, tightening monetary policy, and ultimately earnings risks that look inevitable as the economic cycle slows.</li> <li>- Global equities gained over the fourth quarter in 2022 and the fund has been benefited from the rally. Europe and Pacific ex Japan equities gained strongly. Emerging market equities also ended higher, led by China due to an ease in COVID-19 related curbs and the introduction of supportive measures for the distressed property sector.</li> <li>- At a sector level, energy, industrials and materials were the top performers, while consumer discretionary and communication services lagged the broader market.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life Balanced Fund <i>Launch date: 01/12/2000</i>	(19.56%)	(0.76%)	2.88%	4.04%
Benchmark / Performance target	(17.08%) <sup>Note 1</sup>	(0.45%) <sup>Note 1</sup>	2.77% <sup>Note 1</sup>	3.57% <sup>Note 1</sup>
Deviation from the benchmark / performance target	Below the performance target	Below the performance target	Above the performance target	Above the performance target
Trustee's commentary	<p>The fund's performance target: average performance of Lifestyle- (&gt;60-80% Equity) fund type as obtained from Lipper</p> <p>The fund's performance was above the performance target in 10 years and since launch while below the performance target in 1 year and 5 years term.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- The fund generated negative returns over the year.</li> <li>- In 2022, the global stock markets were under pressure amidst geopolitical tensions, high inflation, tightening monetary policy, and ultimately earnings risks that look inevitable as the economic cycle slows.</li> <li>- Global equities gained over the fourth quarter in 2022 and the fund has been benefited from the rally. Europe and Pacific ex Japan equities gained strongly. Emerging market equities also ended higher, led by China due to an ease in COVID-19 related curbs and the introduction of supportive measures for the distressed property sector.</li> <li>- At a sector level, energy, industrials and materials were the top performers, while consumer discretionary and communication services lagged the broader market.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life Joyful Retirement Guaranteed Fund <i>Launch date: 01/10/2007</i>	(9.70%)	(1.15%)	0.90%	1.94%
Benchmark / Performance target	1.35%	1.35%	1.35%	1.35%
Deviation from the benchmark / performance target	Below the performance target	Below the performance target	Below the performance target	Above the performance target
Trustee's commentary	<p>The fund's performance target: net guaranteed rate (i.e. 1.35% per annum)</p> <p>The fund's performance was above the performance target in since launch while below the performance target in 1 year, 5 years, 10 years term.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- For the equity portion, the rare and violent fluctuations in Hong Kong stocks have made in 2022. It's a very difficult year for global institutional investors. Under the impact of domestic epidemic and real estate market correction, overseas interest rate hikes, and changes in the geopolitical situation, Hong Kong stocks have experienced a long bear market until the ultimate decline at the end of October. In the first half of the year, despite the impact of black swan factors such as the epidemic in Russia, Ukraine, Hong Kong and Shanghai, the Hong Kong stock market fluctuated back and forth, but under the optimism stemmed from the unblocking, the overall decline in the first half was not large. However, in the third quarter and October, Hong Kong stocks were the worst-performing markets in the world. Negative factors included large-scale blockades, real estate loan cut, and the Federal Reserve's unexpected hawkish interest rate hikes. Global stocks and bonds fell sharply. The Hang Seng Index once fell to 14,597 points, a 13-year low. Since November, real estate and epidemic prevention policy have turned positive, and overseas interest rate hike expectations have eased. Driven by short covering, Hong Kong stocks rebounded rapidly from extremely pessimistic levels. In the end, the Hang Seng Index closed down 15.5% for the whole year, ranking in the middle among the world's major stock markets.</li> <li>- For the fixed income portion, at the beginning of 2022, the investment manager expected Fed to accelerate hiking interest rate, and interest rates may rise and lead to a decline in bond prices, and therefore adopted a keeping duration short investment strategy. Fed raised interest rates sharply in 2022, the US 3-year Treasury yield rose 319 bps, the 10-year Treasury yield rose 236 bps, and the fixed income portion recorded negative return, however, compared with J.P. Morgan JULI index which dropped 15.44%, and J.P. Morgan JACI Div Investment Grade index which dropped 11%, the fixed income portion significantly outperformed major bond indices.</li> </ul>			



**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life Age 65 Plus Fund <i>Launch date: 01/04/2017</i>	(15.18%)	0.04%	N/A	0.42%
Benchmark / Performance target	(14.94%) <sup>Note 3</sup>	0.01% <sup>Note 3</sup>	N/A	0.64% <sup>Note 3</sup>
Deviation from the benchmark / performance target	Below the performance target	Above the performance target	N/A	Below the performance target
Trustee's commentary	<p>The fund's performance target (recognized reference portfolio): FTSE MPF DIS Reference Portfolios - Age 65 Plus Fund</p> <p>The fund's performance was above the performance target in 5 years term while below the performance target in 1 year and since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- For equity, companies are selected using a proprietary multi-factor model that is built on proven return-seeking factors: Momentum, Quality and Value. Over the period, Value performed best while Momentum and Quality had only a moderately positive impact on relative performance.</li> <li>- For fixed income, throughout 2022 the portfolio was tilted towards bond markets exhibiting attractive value, quality and carry characteristics and select exposures to Emerging Market sovereign bonds. Investment manager active positioning contributed positively to performance over the period. Positive contributions from underweight exposures to funding markets of the US, Germany and the UK were the main contributors to performance.</li> <li>- For Age 65 Plus Fund, allocation was driven by glide path which has a mild and negative contribution. Security selection effect from both asset classes have been positive but it was not significant enough to offset impact from limited cash allocation. As result, the fund underperforming benchmark for 2022.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

Constituent Fund	Annualized return (in terms of %)			
	1 Year	5 Years	10 Years	Since Launch
China Life Core Accumulation Fund <i>Launch date: 01/04/2017</i>	(16.59%)	2.30%	N/A	3.47%
Benchmark / Performance target	(16.32%) <sup>Note 3</sup>	2.50% <sup>Note 3</sup>	N/A	3.83% <sup>Note 3</sup>
Deviation from the benchmark / performance target	Below the performance target	Below the performance target	N/A	Below the performance target
Trustee's commentary	<p>The fund's performance target (recognized reference portfolio): FTSE MPF DIS Reference Portfolios - Core Accumulation Fund</p> <p>The fund's performance was below the performance target in 1 year, 5 years term and since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- For equity, companies are selected using a proprietary multi-factor model that is built on proven return-seeking factors: Momentum, Quality and Value. Over the period, Value performed best while Momentum and Quality had only a moderately positive impact on relative performance.</li> <li>- For fixed income, throughout 2022 the portfolio was tilted towards bond markets exhibiting attractive value, quality and carry characteristics and select exposures to Emerging Market sovereign bonds. Investment manager active positioning contributed positively to performance over the period. Positive contributions from underweight exposures to funding markets of the US, Germany and the UK were the main contributors to performance.</li> </ul> <p>For Core Accumulation Fund, allocation was driven by glide path which has a mild and negative contribution. Security selection effect from both asset classes have been positive but it was not significant enough to offset impact from limited cash allocation. As result, the fund underperforming benchmark for 2022.</p>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

Constituent Fund	Annualized return (in terms of %)			
	1 Year	5 Years	10 Years	Since Launch
China Life Retire-Easy Global Equity Fund <i>Launch date: 01/10/2007</i>	(21.57%)	(2.58%)	2.94%	0.55%
Benchmark / Performance target	(20.84%) <sup>Note 1</sup>	2.52% <sup>Note 1</sup>	5.71% <sup>Note 1</sup>	4.53% <sup>Note 1&amp;2</sup>
Deviation from the benchmark / performance target	Below the performance target	Below the performance target	Below the performance target	Below the performance target
Trustee's commentary	<p>The fund's performance target: average performance of Global Equity fund type as obtained from Lipper</p> <p>The fund's performance was below the performance target in 1 year, 5 years and 10 years term and since launch.</p> <p>To enhance the competitive and generate a more consistent return in the long term of the fund, with effect from 26 September 2022, China Asset Management (Hong Kong) Limited has been appointed as the investment manager of the fund ("new investment manager"). According to the new investment manager, the following factors contributed to the performance of the fund for the period from 26 September 2022 to 31 December 2022:</p> <ul style="list-style-type: none"> <li>- The fund invests in global markets with tight gaps maintained in the exposures to different countries or regions compared to the benchmark index so as to reduce the tracking difference. For US equity exposure, the investment manager believes that technology-related companies contribute the most to the economic growth of the US and thus investment in which benefits investors the most in long term with high appreciation potential in share price, so the investment manager invests in a Nasdaq-100 Index ETF which is a technology-heavy investment to gain the US equity exposure. However, the Nasdaq-100 Index underperformed the general US market due to the tightening monetary policy that aroused worries on growth stocks. The investment manager believes that the relatively higher pressure on the stock prices of technology companies is short-term especially after the material market correction in 2022, and the strategic allocation to overweight high-growth companies will benefit investors for longer investment horizon.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life Greater China Equity Fund <i>Launch date: 13/12/2021</i>	(26.83%)	N/A	N/A	(25.44%)
Benchmark / Performance target	(25.93%) <sup>Note 1</sup>	N/A	N/A	1.94% <sup>Note 1&amp;2</sup>
Deviation from the benchmark / performance target	Below the performance target	N/A	N/A	Below the performance target
Trustee's commentary	<p>The fund's performance target: average performance of Greater China Equity fund type as obtained from Lipper.</p> <p>The fund's performance was below the performance target in 1 year and since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- The fund underperformed the benchmark in 2022 with both stock selection and sector allocation detracting during the period.</li> <li>- At the market level, both asset allocation and stock selection in Taiwan, China and Hong Kong detracted. In particular, overweight to China stocks hurt performance the most.</li> <li>- At the sector level the key detractors involved being overweight information technology and healthcare, and underweight financials and energy.</li> <li>- On the positive side, the stock selection of investment manager in Consumer Staples, Utilities and Basic Materials contributed. Beneficiaries of the steepening yield curve as well as the "reopening" theme also did well as the COVID-19 restrictions were relaxed.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life US Equity Fund <i>Launch date: 13/12/2021</i>	(33.04%)	N/A	N/A	(31.71%)
Benchmark / Performance target	(22.90%) <sup>Note 1</sup>	N/A	N/A	1.67% <sup>Note 1&amp;2</sup>
Deviation from the benchmark / performance target	Below the performance target	N/A	N/A	Below the performance target
Trustee's commentary	<p>The fund's performance target: average performance of US Equity fund type as obtained from Lipper.</p> <p>The fund's performance was below the performance target in 1 year and since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- 2022 was a challenging year for US equity markets as elevated inflation and tighter monetary policy took a toll on economic activity. Rising interest rates disproportionately hurt rate-sensitive growth stocks which extended their declines from their late-2021 peak. As a result, technology, communication services, and consumer discretionary companies collectively fared worse than the broader market averages. Negative returns in the strategy were heavily driven by the technology sector, in large part due to holdings in longer duration or smaller disruptive growth companies. The consumer discretionary sector saw challenges in internet retail and the automotive sector, as supply chain challenges and inflationary pressures were headwinds. The health care sector detracted as orientation to higher-growth segments including medical devices, services and medical technology underperformed more defensive areas such as pharmaceuticals.</li> </ul>			

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Overview (Continued)

##### Trustee's commentary (Continued)

#### **B. Supporting information in relation to trustee's assessment framework for deriving its commentary and trustee's action, if any, to address its concerns raised in its commentary in section A**

• Trustee reviews constituent fund performance regularly by reference to information from industrial data providers who are independent from the trustee. Should there be underperformance of a constituent fund, trustee will carry out review with involvement from relevant investment manager of the underlying funds.

Further to regular monitoring, fund performance also will be overseen by Investment Committee of the Trustee, a committee set up by the Board of the Trustee for assessing and monitoring the overall performance of the funds of the Scheme.

• In order to enhance the competitiveness and generate a more consistent return in the long term of China Life Retire-Easy Global Equity Fund ( "Global Equity Fund" ) and China Life US Equity Fund ( "US Equity Fund" ), with effect from 26 September 2022 and 1 February 2023 respectively, the structure of both funds have been changed from a feeder fund (investing in a single approved pooled investment fund) to a portfolio management fund (investing in the index-tracking collective investment schemes approved by MPFA). China Asset Management (Hong Kong) Limited has been appointed as the investment manager of both funds. The aggregate fees and charges of Global Equity fund has been lowered from 1.48% per annum to no more than 1.40% per annum; while the aggregate fees and charges of US Equity fund has been lowered from up to 1.19% per annum to up to 0.86% per annum.

• With effect from 23 June 2023, Schroder Investment Management (Hong Kong) Limited ( "Schroder" ) has been appointed as the investment manager of the China Life Retire-Easy Guarantee (PIF) Fund, an insurance policy approved pooled investment fund ( "Current APIF" ) and China Life Retire-Easy Stable Return Unit Trust (PIF) Fund, an underlying unit trust approved pooled investment fund ( "Underlying APIF" ) of China Life Joyful Retirement Guaranteed Fund ( "Guaranteed Fund" ) respectively. The statement of investment policy and objective ( "SIPO" ) of the Guaranteed Fund will be amended to increase the relative proportion of intended investments in fixed income, remove the restriction in bond investment maturity and relax the targeted geographical distribution restriction of the assets. The total management fees of the Guaranteed Fund will remain unchanged at 1.2% per annum. The trustee believes that the changes made to the Guaranteed Fund will provide potential protection for the portfolio of the Guaranteed Fund against market volatility, generate a more stable expected return of the Guaranteed Fund in the long run and enhance the competitiveness of China Life Scheme.

Note 1: The figure is obtained from Lipper.

Note 2: The comparison between the performance and the market average of the corresponding fund types may not be meaningful as different funds may have different launch dates.

Note 3: The figure is obtained from FTSE MPF DIS Reference Portfolios.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Investment valuations and movements

Contribution monies received during the year were invested into the following constituent funds based on the investment options chosen by the Scheme members. Movements in their net asset values during the year and their net asset value positions at year end are summarised as follows:

	China Life Balanced Fund HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Hong Kong Equity Fund HK\$	China Life Joyful Retirement Guaranteed Fund HK\$	China Life Retire-Easy Global Equity Fund <sup>Note 3</sup> HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$	China Life Greater China Equity Fund HK\$	China Life US Equity Fund HK\$
<b>Opening net asset value</b>	471,987,843	305,233,306	794,211,683	423,212,071	1,860,080,352	191,763,986	164,614,544	119,598,227	2,072,986	7,832,445
Proceeds on issue of units	49,445,392	324,769,867	96,215,863	226,217,865	345,325,394	28,566,834	88,449,347	42,800,935	41,083,715	68,026,420
Payments on redemption of units	(41,977,765)	(299,132,511)	(79,529,105)	(141,354,749)	(590,892,492)	(23,895,119)	(38,313,361)	(31,651,073)	(9,333,934)	(30,865,116)
Total comprehensive income for the year	(92,948,154)	1,090,882	(165,064,142)	(80,293,685)	(184,351,176)	(41,459,086)	(30,193,547)	(18,877,830)	(4,270,329)	(8,025,961)
<b>Change of net asset value during the year</b>	(85,480,527)	26,728,238	(148,377,384)	4,569,431	(429,918,274)	(36,787,371)	19,942,439	(7,727,968)	27,479,452	29,135,343
<b>Closing net asset value</b>	<u>386,507,316</u>	<u>331,961,544</u>	<u>645,834,299</u>	<u>427,781,502</u>	<u>1,430,162,078</u>	<u>154,976,615</u>	<u>184,556,983</u>	<u>111,870,259</u>	<u>29,552,438</u>	<u>36,967,788</u>

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Investment valuations and movements (Continued)

	China Life Balanced Fund HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Guaranteed Return Fund <sup>Note 1</sup> HK\$	China Life Hong Kong Equity Fund HK\$	China Life Joyful Retirement Guaranteed Fund HK\$	China Life Retire-Easy Global Equity Fund <sup>Note 3</sup> HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$	China Life Greater China Equity Fund HK\$	China Life US Equity Fund HK\$
<b>As at 31 December 2022</b>											
Investments	387,579,858	-	647,143,108	N/A	425,908,369	1,435,822,990	154,164,525	184,793,259	111,636,017	29,298,698	36,912,877
(% of net asset value)	100.28%	-	100.20%	N/A	99.56%	100.40%	99.48%	100.13%	99.79%	99.14%	99.85%
Other assets/(liabilities)	(1,072,542)	331,961,544	(1,308,809)	N/A	1,873,133	(5,660,912)	812,090	(236,276)	234,242	253,740	54,911
(% of net asset value)	(0.28%)	100.00%	(0.20%)	N/A	0.44%	(0.40%)	0.52%	(0.13%)	0.21%	0.86%	0.15%
<b>Net asset value</b>	<u>386,507,316</u>	<u>331,961,544</u>	<u>645,834,299</u>	<u>N/A</u>	<u>427,781,502</u>	<u>1,430,162,078</u>	<u>154,976,615</u>	<u>184,556,983</u>	<u>111,870,259</u>	<u>29,552,438</u>	<u>36,967,788</u>
<b>Net asset value per unit</b>	24.01	11.04	26.32	N/A	14.17	13.41	10.88	12.17	10.24	7.35	6.70



## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Investment valuations and movements (Continued)

	China Life Balanced Fund HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Guaranteed Return Fund Note 1 HK\$	China Life Hong Kong Equity Fund HK\$	China Life Joyful Retirement Guaranteed Fund * HK\$	China Life Retire-Easy Capital Stable Fund Note 2 HK\$	China Life Retire-Easy Balanced Fund Note 2 HK\$	China Life Retire-Easy Global Equity Fund HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$	China Life Greater China Equity Fund HK\$	China Life US Equity Fund HK\$
<b>As at 31 December 2021</b>													
Investments	473,252,427	-	796,077,605	-	420,629,920	1,866,511,250	N/A	N/A	192,302,205	163,853,495	119,054,823	1,887,144	5,491,536
(% of net asset value)	100.27%	-	100.23%	-	99.39%	100.35%	N/A	N/A	100.28%	99.54%	99.55%	91.04%	70.11%
Other assets/(liabilities)	(1,264,584)	305,233,306	(1,865,922)	-	2,582,151	(6,430,898)	N/A	N/A	(538,219)	761,049	543,404	185,842	2,340,909
(% of net asset value)	(0.27%)	100.00%	(0.23%)	-	0.61%	(0.35%)	N/A	N/A	(0.28%)	0.46%	0.45%	8.96%	29.89%
<b>Net asset value</b>	<u>471,987,843</u>	<u>305,233,306</u>	<u>794,211,683</u>	<u>-</u>	<u>423,212,071</u>	<u>1,860,080,352</u>	<u>N/A</u>	<u>N/A</u>	<u>191,763,986</u>	<u>164,614,544</u>	<u>119,598,227</u>	<u>2,072,986</u>	<u>7,832,445</u>
<b>Net asset value per unit</b>	29.85	11.00	33.16	-	17.39	14.85	N/A	N/A	13.87	14.59	12.08	10.04	10.01
<b>As at 31 December 2020</b>													
Investments	469,820,612	-	751,033,144	-	365,142,060	2,112,078,495	-	-	177,472,325	94,894,426	99,570,035	N/A	N/A
(% of net asset value)	100.26%	-	100.04%	-	99.71%	100.55%	-	-	99.82%	98.75%	98.96%	N/A	N/A
Other assets/(liabilities)	(1,234,049)	246,451,431	(278,553)	-	1,054,910	(11,633,925)	-	-	324,825	1,204,681	1,045,308	N/A	N/A
(% of net asset value)	(0.26%)	100.00%	(0.04%)	-	0.29%	(0.55%)	-	-	0.18%	1.25%	1.04%	N/A	N/A
<b>Net asset value</b>	<u>468,586,563</u>	<u>246,451,431</u>	<u>750,754,591</u>	<u>-</u>	<u>366,196,970</u>	<u>2,100,444,570</u>	<u>-</u>	<u>-</u>	<u>177,797,150</u>	<u>96,099,107</u>	<u>100,615,343</u>	<u>N/A</u>	<u>N/A</u>
<b>Net asset value per unit</b>	29.82	11.00	32.70	-	20.63	15.23	-	-	13.81	13.28	12.00	N/A	N/A

Note: Please refer to Note 9 to the financial statements for details of the investment portfolio held by each constituent fund.

Note 1: China Life Guaranteed Return Fund (the "Terminated Fund") had no investments and operations since 1 December 2020. MPFA had approved the termination of the Terminated Fund to take effect on 8 March 2021.

Note 2: China Life Retire-Easy Capital Stable Fund and China Life Retire-Easy Balanced Fund (collectively, the "Terminated Funds") had no investments and operations since 24 September 2019. MPFA had approved the termination of the Terminated Funds to take effect on 8 January 2020.

Note 3: China Life Retire-Easy Global Equity Fund was changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

\* formerly known as China Life Retire-Easy Guarantee Fund

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3 Investment performance

	China Life Balanced Fund HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Guaranteed Return Fund <sup>Note 1</sup> HK\$	China Life Hong Kong Equity Fund HK\$	China Life Joyful Retirement Guaranteed Fund <sup>*</sup> HK\$	China Life Retire-Easy Capital Stable Fund <sup>Note 2</sup> HK\$	China Life Retire-Easy Balanced Fund <sup>Note 2</sup> HK\$	China Life Retire-Easy Global Equity Fund <sup>Note 3</sup> HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$	China Life Greater China Equity Fund HK\$	China Life US Equity Fund HK\$
<b>2022</b>													
Guaranteed return	-	-	-	N/A	-	60,329,047	N/A	N/A	-	-	-	-	-
Net (losses)/income excluding capital depreciation and guaranteed return	(2,242,346)	1,090,882	(3,724,730)	N/A	28,955	(20,482,527)	N/A	N/A	(891,320)	(1,099,051)	(724,467)	(10,609)	(7,944)
Capital depreciation	(90,705,808)	-	(161,339,412)	N/A	(80,322,640)	(224,197,696)	N/A	N/A	(40,567,766)	(29,094,496)	(18,153,363)	(4,259,720)	(8,018,017)
Net (loss)/income for the year	(92,948,154)	1,090,882	(165,064,142)	N/A	(80,293,685)	(184,351,176)	N/A	N/A	(41,459,086)	(30,193,547)	(18,877,830)	(4,270,329)	(8,025,961)
Total net asset value	386,507,316	331,961,544	645,834,299	N/A	427,781,502	1,430,162,078	N/A	N/A	154,976,615	184,556,983	111,870,259	29,552,438	36,967,788
Net asset value per unit	24.01	11.04	26.32	N/A	14.17	13.41	N/A	N/A	10.88	12.17	10.24	7.35	6.70

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3 Investment performance (Continued)

	China Life Balanced Fund HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Guaranteed Return Fund <sup>Note 1</sup> HK\$	China Life Hong Kong Equity Fund HK\$	China Life Joyful Retirement Guaranteed Fund <sup>*</sup> HK\$	China Life Retire-Easy Capital Stable Fund <sup>Note 2</sup> HK\$	China Life Retire-Easy Balanced Fund <sup>Note 2</sup> HK\$	China Life Retire-Easy Global Equity Fund HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$	China Life Greater China Equity Fund HK\$	China Life US Equity Fund HK\$
<b>2021</b>													
Guaranteed return	-	-	-	-	-	5,161,523	N/A	N/A	-	-	-	-	-
Net (losses)/income excluding capital appreciation and guaranteed return	(2,573,576)	2,836	(4,284,261)	-	92,941	(23,948,523)	N/A	N/A	(2,678,998)	(819,316)	(695,862)	(188)	(564)
Capital appreciation	3,019,518	-	13,617,274	-	(70,954,766)	(30,305,393)	N/A	N/A	3,238,037	12,526,608	1,454,069	9,657	3,309
Net income/(loss) for the year	445,942	2,836	9,333,013	-	(70,861,825)	(49,092,393)	N/A	N/A	559,039	11,707,292	758,207	9,469	2,745
Total net asset value	471,987,843	305,233,306	794,211,683	-	423,212,071	1,860,080,352	N/A	N/A	191,763,986	164,614,544	119,598,227	2,072,986	7,832,445
Net asset value per unit	29.85	11.00	33.16	-	17.39	14.85	N/A	N/A	13.87	14.59	12.08	10.04	10.01
<b>2020</b>													
Guaranteed return	-	-	-	15,987,477	-	10,183,980	-	-	-	-	-	N/A	N/A
Net (losses)/income excluding capital (depreciation) and guaranteed return	(2,267,569)	1,432,057	(3,564,251)	(20,618,767)	(34,286)	(11,279,353)	-	-	(2,087,455)	(450,574)	(511,891)	N/A	N/A
Capital appreciation	58,331,365	-	99,502,395	23,918,847	59,163,747	16,026,861	-	-	17,951,865	10,568,485	8,041,706	N/A	N/A
Net income for the year	56,063,796	1,432,057	95,938,144	19,287,557	59,129,461	14,931,488	-	-	15,864,410	10,117,911	7,529,815	N/A	N/A
Total net asset value	468,586,563	246,451,431	750,754,591	-	366,196,970	2,100,444,570	-	-	177,797,150	96,099,107	100,615,343	N/A	N/A
Net asset value per unit	29.82	11.00	32.70	-	20.63	15.23	-	-	13.81	13.28	12.00	N/A	N/A

Note 1: China Life Guaranteed Return Fund (the "Terminated Fund") had no investments and operations since 1 December 2020. MPFA had approved the termination of the Terminated Fund to take effect on 8 March 2021.

Note 2: China Life Retire-Easy Capital Stable Fund and China Life Retire-Easy Balanced Fund (collectively, the "Terminated Funds") had no investments and operations since 24 September 2019. MPFA had approved the termination of the Terminated Funds to take effect on 8 January 2020.

Note 3: China Life Retire-Easy Global Equity Fund was changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

\* formerly known as China Life Retire-Easy Guarantee Fund

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3 Investment performance (Continued)

##### Performance record (Note 1)

Name of constituent fund	Highest issue price									
	2022 HK\$	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$
China Life Balanced Fund	30.03	31.92	29.82	26.23	26.55	24.91	21.32	22.69	21.33	20.27
China Life MPF Conservative Fund	11.04	11.00	11.00	10.93	10.80	10.76	10.76	10.76	10.75	10.75
China Life Growth Fund	33.49	35.78	32.70	28.50	29.24	27.04	22.13	24.21	22.25	21.03
China Life Guaranteed Return Fund Note 4	N/A	N/A	15.37	15.14	15.19	15.28	15.20	15.12	14.37	13.79
China Life Hong Kong Equity Fund	18.27	24.86	20.63	17.77	19.01	17.18	13.26	15.16	12.93	12.25
China Life Joyful Retirement Guaranteed Fund *	14.93	15.54	15.23	14.93	14.49	14.21	13.80	13.39	13.00	12.62
China Life Retire-Easy Capital Stable Fund Note 3	N/A	N/A	N/A	12.79	13.15	12.76	11.99	12.06	11.80	11.35
China Life Retire-Easy Balanced Fund Note 3	N/A	N/A	N/A	12.76	13.62	12.84	10.80	11.63	11.02	10.40
China Life Retire-Easy Global Equity Fund Note 5	14.09	15.35	13.81	12.64	13.34	12.39	9.78	10.99	10.22	9.53
China Life Core Accumulation Fund	14.62	14.63	13.28	11.83	11.32	10.87	N/A	N/A	N/A	N/A
China Life Age 65 Plus Fund	12.08	12.25	12.00	10.97	10.31	10.24	N/A	N/A	N/A	N/A
China Life Greater China Equity Fund	10.04	10.04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
China Life US Equity Fund	10.01	10.04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Name of constituent fund	Lowest redemption price									
	2022 HK\$	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$
China Life Balanced Fund	21.71	29.16	20.98	22.26	22.16	20.32	18.17	19.21	19.37	17.83
China Life MPF Conservative Fund	11.00	11.00	10.93	10.80	10.76	10.76	10.76	10.75	10.75	10.75
China Life Growth Fund	23.36	32.12	21.23	23.36	23.28	21.10	18.21	19.67	19.80	17.97
China Life Guaranteed Return Fund Note 4	N/A	N/A	14.45	14.52	14.48	14.47	14.25	13.95	13.40	12.80
China Life Hong Kong Equity Fund	10.32	16.88	13.76	14.57	14.38	12.08	9.84	11.04	11.00	10.11
China Life Joyful Retirement Guaranteed Fund *	12.29	14.76	14.94	14.49	14.21	13.80	13.39	13.00	12.63	12.26
China Life Retire-Easy Capital Stable Fund Note 3	N/A	N/A	N/A	11.93	11.84	11.35	10.87	11.12	11.20	10.66
China Life Retire-Easy Balanced Fund Note 3	N/A	N/A	N/A	11.38	11.29	10.40	9.27	9.78	10.02	9.24
China Life Retire-Easy Global Equity Fund Note 5	10.41	13.41	8.81	10.61	10.53	9.49	8.01	8.72	9.00	8.07
China Life Core Accumulation Fund	11.49	13.23	9.60	10.11	9.93	9.99	N/A	N/A	N/A	N/A
China Life Age 65 Plus Fund	9.94	11.72	10.42	10.04	9.94	9.92	N/A	N/A	N/A	N/A
China Life Greater China Equity Fund	5.65	9.95	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
China Life US Equity Fund	6.51	10.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3 Investment performance (Continued)

##### Performance record (Continued)

Name of constituent fund	Net annualised investment return (Note 2)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	%	%	%	%	%	%	%	%	%	%
China Life Balanced Fund	(19.56)	0.10	13.73	16.53	(9.82)	22.79	0.89	(2.23)	1.33	12.51
China Life MPF Conservative Fund	0.36	0.00	0.64	1.20	0.37	0.00	0.00	0.09	0.00	0.00
China Life Growth Fund	(20.63)	1.41	14.78	20.06	(12.37)	28.34	0.62	(2.01)	1.42	16.90
China Life Guaranteed Return Fund <small>Note 4</small>	N/A	N/A	1.30	3.57	(1.35)	0.20	0.00	3.87	3.57	3.08
China Life Hong Kong Equity Fund	(18.52)	(15.71)	18.16	16.17	(12.51)	42.22	1.43	(4.26)	3.58	7.14
China Life Joyful Retirement Guaranteed Fund *	(9.70)	(2.50)	2.01	3.04	1.97	2.97	3.06	3.00	3.01	2.94
China Life Retire-Easy Capital Stable Fund <small>Note 3</small>	N/A	N/A	N/A	9.41	(6.42)	12.60	0.71	(2.42)	2.03	2.91
China Life Retire-Easy Balanced Fund <small>Note 3</small>	N/A	N/A	N/A	11.57	(10.58)	23.65	1.86	(3.77)	1.73	11.31
China Life Retire-Easy Global Equity Fund <small>Note 5</small>	(21.56)	0.43	9.43	17.07	(13.06)	30.66	2.26	(4.53)	1.46	17.55
China Life Core Accumulation Fund	(16.59)	9.86	12.54	15.80	(6.17)	6.48	N/A	N/A	N/A	N/A
China Life Age 65 Plus Fund	(15.23)	0.67	9.69	8.96	(1.76)	1.66	N/A	N/A	N/A	N/A
China Life Greater China Equity Fund	(26.79)	0.02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
China Life US Equity Fund	(33.07)	0.01	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note 1: Past performance is not necessarily a guide to future performance. Investors are reminded that the price of units and the income from them are not guaranteed and may go down as well as up. China Life Core Accumulation Fund and China Life Age 65 Plus Fund were launched on 1 April 2017. China Life Greater China Equity Fund and China Life US Equity Fund were launched on 13 December 2021.

Note 2: Net annualised investment return is determined by the following formula:

$$\frac{\text{Unit price at the end of the relevant period} - \text{Unit price at the beginning of the relevant period}}{\text{Unit price at the beginning of the relevant period}} \times \frac{\text{Total number of days for the relevant year}}{\text{Total number of days for the relevant period}}$$

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 3 Investment performance (Continued)

##### Performance record (Continued)

The following table summarises the fund expense ratio (“FER”) and transaction costs of the constituent funds:

	FER 2022 %	Transaction costs 2022 HK\$
China Life Balanced Fund	1.41%	-
China Life MPF Conservative Fund	1.15%	-
China Life Growth Fund	1.41%	-
China Life Hong Kong Equity Fund	0.86%	-
China Life Joyful Retirement Guaranteed Fund	2.06%	-
China Life Retire-Easy Global Equity Fund <sup>Note 5</sup>	1.55%	11,914
China Life Core Accumulation Fund	0.83%	-
China Life Age 65 Plus Fund	0.83%	-
China Life Greater China Equity Fund	1.28%	-
China Life US Equity Fund	1.31%	-

Note 3: China Life Retire-Easy Capital Stable Fund and China Life Retire-Easy Balanced Fund (collectively, the “Terminated Funds”) had no investments and operations since 24 September 2019. MPFA had approved the termination of the Terminated Funds to take effect on 8 January 2020.

Note 4: China Life Guaranteed Return Fund (the “Terminated Fund”) had no investments and operations since 1 December 2020. MPFA had approved the termination of the Terminated Fund to take effect on 8 March 2021.

Note 5: China Life Retire-Easy Global Equity Fund was changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

\* formerly known as China Life Retire-Easy Guarantee Fund

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 4 Investment portfolio as at 31 December 2022

	Holding units	2022		% of net asset value
		Cost HK\$	Fair value HK\$	
1) China Life Balanced Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Balanced Fund Class A	1,721,735.41	347,729,834	387,579,858	100.28%
2) China Life Growth Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Growth Fund Class A	2,669,622.16	553,412,283	647,143,108	100.20%
3) China Life Hong Kong Equity Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Hong Kong Equity Fund	1,626,473.57	505,452,423	425,908,369	99.56%
4) China Life Joyful Retirement Guaranteed Fund <u>Approved pooled investment fund</u> China Life Retire-Easy Guarantee (PIF) Fund	87,069,706.20	1,554,896,397	1,435,822,990	100.40%
5) China Life Retire-Easy Global Equity Fund <sup>Note 1</sup> <u>Approved index-tracking collective investment schemes</u>				
ChinaAMC Asia High Dividend ETF (03145)	2,450,000	21,406,282	22,834,000	14.73%
ChinaAMC CSI 300 Index ETF (03188)	20,000	864,520	892,800	0.58%
ChinaAMC Hang Seng TECH Index ETF (03088)	445,000	2,023,386	2,325,125	1.50%
ChinaAMC MSCI Europe Quality Hedged to USD ETF (03165)	1,830,000	24,950,220	27,120,600	17.50%
ChinaAMC MSCI Japan Hedged to USD ETF (03160)	800,000	10,308,000	10,464,000	6.75%
ChinaAMC NASDAQ 100 ETF (03086)	4,100,000	93,887,712	90,528,000	58.41%
		153,440,120	154,164,525	99.47%
6) China Life Core Accumulation Fund <u>Approved pooled investment fund</u> Invesco Core Accumulation Fund	14,552,598.27	192,497,811	184,793,259	100.13%

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 4 Investment portfolio as at 31 December 2022 (Continued)

		2022		
	Holding units	Cost HK\$	Fair value HK\$	% of net asset value
7)	China Life Age 65 Plus Fund <u>Approved pooled investment fund</u> Invesco Age 65 Plus Fund	10,349,989.03	111,636,017	99.79%
8)	China Life Greater China Equity Fund <u>Approved pooled investment fund</u> JPMorgan SAR Greater China Fund	165,838.56	29,298,698	99.14%
9)	China Life US Equity Fund <u>Approved pooled investment fund</u> Franklin MPF US Opportunities Fund	1,174,821.03	36,912,877	99.85%

The underlying approved pooled investment funds listed above were established in Hong Kong and have been approved by the MPFA.

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.



## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### 5 Investment portfolio movement report for the year ended 31 December 2022

	At 1 January 2022	Holdings		At 31 December 2022
		Additions	Disposals	
1) China Life Balanced Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Balanced Fund Class A	1,701,428.82	147,060.97	(126,754.38)	1,721,735.41
2) China Life Growth Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Growth Fund Class A	2,622,731.21	257,605.91	(210,714.96)	2,669,622.16
3) China Life Hong Kong Equity Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Hong Kong Equity Fund	1,309,313.08	699,749.71	(382,589.22)	1,626,473.57
4) China Life Joyful Retirement Guaranteed Fund <u>Approved pooled investment fund</u> China Life Retire-Easy Guarantee (PIF) Fund	103,528,273.91	20,176,856.82	(36,635,424.53)	87,069,706.20
5) China Life Retire-Easy Global Equity Fund <sup>Note 1</sup> <u>Approved pooled investment fund</u> Invesco Global Equities Fund	5,324,158.18	514,473.56	(5,838,631.74)	-
<u>Approved index-tracking collective investment schemes</u>				
ChinaAMC Asia High Dividend ETF (03145)	-	2,480,000	(30,000)	2,450,000
ChinaAMC CSI 300 Index ETF (03188)	-	20,000	-	20,000
ChinaAMC Hang Seng TECH Index ETF (03088)	-	875,000	(430,000)	445,000
ChinaAMC MSCI Europe Quality Hedged to USD ETF (03165)	-	1,900,000	(70,000)	1,830,000
ChinaAMC MSCI Japan Hedged to USD ETF (03160)	-	800,000	-	800,000
ChinaAMC NASDAQ 100 ETF (03086)	-	4,100,000	-	4,100,000
6) China Life Core Accumulation Fund <u>Approved pooled investment fund</u> Invesco Core Accumulation Fund	10,829,064.66	5,524,359.94	(1,800,826.33)	14,552,598.27

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**5 Investment portfolio movement report for the year ended 31 December 2022  
(Continued)**

	At 1 January 2022	Holdings		At 31 December 2022
		Additions	Disposals	
7) China Life Age 65 Plus Fund <u>Approved pooled investment fund</u> Invesco Age 65 Plus Fund	9,420,459.35	2,939,267.28	(2,009,737.60)	10,349,989.03
8) China Life Greater China Equity Fund <u>Approved pooled investment fund</u> JPMorgan SAR Greater China Fund	7,616.52	200,418.12	(42,196.08)	165,838.56
9) China Life US Equity Fund <u>Approved pooled investment fund</u> Franklin MPF US Opportunities Fund	110,072.88	1,699,361.58	(634,613.43)	1,174,821.03

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

# **INDEPENDENT AUDITOR’S REPORT TO THE TRUSTEE OF CHINA LIFE MPF MASTER TRUST SCHEME (THE “SCHEME”)**

## **Report on the Audit of the Financial Statements**

### **Opinion**

#### *What we have audited*

The financial statements of China Life MPF Master Trust Scheme (the “Scheme”) and each of its constituent funds, China Life Balanced Fund, China Life MPF Conservative Fund, China Life Growth Fund, China Life Hong Kong Equity Fund, China Life Joyful Retirement Guaranteed Fund, China Life Retire-Easy Global Equity Fund, China Life Core Accumulation Fund, China Life Age 65 Plus Fund, China Life Greater China Equity Fund, China Life US Equity Fund, which are set out on pages 52 to 99, comprise:

- the statement of net assets available for benefits of the Scheme and the statement of net assets of each of its constituent funds as at 31 December 2022;
- the statement of comprehensive income of each of the constituent funds for the year then ended;
- the statement of changes in net assets available for benefits of the Scheme and the statement of changes in net assets attributable to members of each of its constituent funds for the year then ended;
- the statement of cash flows of the Scheme and each of its constituent funds for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

#### *Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme and each of its constituent funds as at 31 December 2022, and of their 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 (“HKSA”) and with reference to Practice Note 860.1 (Revised), “The Audit of Retirement Schemes” issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

#### *Independence*

We are independent of the Scheme and each of its constituent funds in accordance with the HKICPA's Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF CHINA LIFE MPF MASTER TRUST SCHEME (THE "SCHEME") (CONTINUED)**

### **Other Information**

The Trustee is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

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

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

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

### **Responsibilities of the Trustee for the Financial Statements**

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

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's and each of its constituent funds' 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 and its constituent funds or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF  
CHINA LIFE MPF MASTER TRUST SCHEME (THE "SCHEME") (CONTINUED)**

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

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's and its constituent funds' 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 and its constituent funds' 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 and its constituent funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Matters under the General Regulation**

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



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 27 June 2023

**CHINA LIFE MPF MASTER TRUST SCHEME**

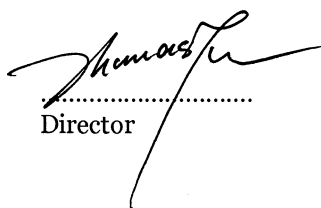
**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS - THE SCHEME  
AS AT 31 DECEMBER 2022**

	Note	2022 HK\$	2021 HK\$
<b>Assets</b>			
Investments	9	3,740,170,822	4,340,607,443
Contributions receivable			
From employers		15,867,901	16,633,880
From members		10,788,860	14,082,137
Amounts receivable on sale of investments		20,495	558,305
Cash and cash equivalents		21,991,780	31,571,497
<b>Total assets</b>		<u>3,788,839,858</u>	<u>4,403,453,262</u>
<b>Liabilities</b>			
Accruals and other payables		8,326,741	12,988,079
Benefits payable		9,330,150	11,604,194
Accounts payable on funds switching		1,401,090	6,370,456
Forfeitures payable		39,103	39,103
<b>Total liabilities</b>		<u>19,097,084</u>	<u>31,001,832</u>
<b>Net assets available for benefits attributable to members</b>		<u>3,769,742,774</u>	<u>4,372,451,430</u>

On behalf of China Life Trustees Limited

姜涛

Director



Director

The notes on pages 69 to 99 are an integral part of these financial statements.

## CHINA LIFE MPF MASTER TRUST SCHEME

### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - THE SCHEME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 HK\$	2021 HK\$
<b>Income</b>			
Net change in unrealised loss on investments		(684,722,075)	(102,297,198)
Net realised gain on investments		60,329,047	5,161,523
Bank interest income		5,500	472
		<u>(624,387,528)</u>	<u>(97,135,203)</u>
<b>Expenses</b>			
Bank charges		-	-
		<u>-</u>	<u>-</u>
<b>Net loss for the year</b>		<u>(624,387,528)</u>	<u>(97,135,203)</u>
<b>Contributions received and receivable</b>			
	6		
From employers			
- Mandatory		123,555,116	125,127,073
- Additional voluntary		78,579,983	75,056,525
From members			
- Mandatory		129,790,918	132,195,880
- Additional voluntary		3,210,509	3,270,265
- Additional voluntary (Smart Easy Personal Contributions)		123,924,439	154,063,892
- Additional voluntary (Tax Deductible Voluntary Contributions)		137,255,585	74,641,823
		<u>596,316,550</u>	<u>564,355,458</u>
<b>Transfers in</b>			
Group transfers in from other schemes		21,838,522	19,998,632
Individual transfers in from other schemes		233,049,023	260,953,495
		<u>254,887,545</u>	<u>280,952,127</u>

The notes on pages 69 to 99 are an integral part of these financial statements.

**CHINA LIFE MPF MASTER TRUST SCHEME**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - THE SCHEME  
(CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 HK\$	2021 HK\$
<b>Benefits paid and payable</b>	7		
Retirement/early retirement		275,790,863	103,539,915
Death		3,472,763	3,201,495
Permanent departure		12,907,738	24,677,510
Total incapacity		707,005	855,485
Terminal Illness		173,173	13,353
Refund of additional voluntary contributions		345,421,399	177,306,051
Long service payment refund		11,791,101	17,013,970
		<u>650,264,042</u>	<u>326,607,779</u>
<b>Transfers out</b>			
Group transfers out to other schemes		20,014,231	93,397,634
Individual transfers out to other schemes		149,642,679	272,639,702
		<u>169,656,910</u>	<u>366,037,336</u>
<b>Forfeitures</b>		<u>9,604,271</u>	<u>16,461,820</u>
<b>Change in net assets available for benefits attributable to members for the year</b>		(602,708,656)	39,065,447
<b>Net assets available for benefits attributable to members at the beginning of the year</b>			
- members' accounts		<u>4,372,451,430</u>	<u>4,333,385,983</u>
<b>Net assets available for benefits attributable to members at the end of the year</b>			
- members' accounts		<u>3,769,742,774</u>	<u>4,372,451,430</u>

The notes on pages 69 to 99 are an integral part of these financial statements.



**CHINA LIFE MPF MASTER TRUST SCHEME**

**STATEMENT OF CASH FLOWS - THE SCHEME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 HK\$	2021 HK\$
<b>Cash flows from operating activities</b>		
Net loss for the year	(624,387,528)	(97,135,203)
Adjustment for bank interest income	(5,500)	(472)
	<u>(624,393,028)</u>	<u>(97,135,675)</u>
Net decrease/(increase) in investments	600,436,621	(33,661,718)
Net decrease in amounts receivable on sale of investments and other receivables	537,810	942,133
Net (decrease)/increase in accruals and other payables	(4,661,338)	2,680,506
Net (decrease)/increase in accounts payable on funds switching	(4,969,366)	6,370,456
	<u>(33,049,301)</u>	<u>(120,804,298)</u>
Bank interest received	5,500	472
<b>Net cash used in operating activities</b>	<u>(33,043,801)</u>	<u>(120,803,826)</u>
	-----	-----
<b>Cash flows from financing activities</b>		
Contributions and transfers in received	855,263,351	841,897,201
Benefits and transfers out paid	(822,194,996)	(699,542,323)
Forfeitures paid	(9,604,271)	(16,461,820)
<b>Net cash generated from financing activities</b>	<u>23,464,084</u>	<u>125,893,058</u>
	-----	-----
<b>Net increase in cash and cash equivalents</b>	(9,579,717)	5,089,232
Cash and cash equivalents at the beginning of the year	31,571,497	26,482,265
<b>Cash and cash equivalents at the end of the year</b>	<u>21,991,780</u>	<u>31,571,497</u>
	=====	=====
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash and cash equivalents	<u>21,991,780</u>	<u>31,571,497</u>
	=====	=====

The notes on pages 69 to 99 are an integral part of these financial statements.

## CHINA LIFE MPF MASTER TRUST SCHEME

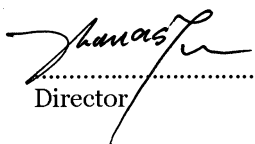
### STATEMENT OF NET ASSETS - CONSTITUENT FUNDS AS AT 31 DECEMBER 2022

	Note	China Life Balanced Fund		China Life MPF Conservative Fund		China Life Growth Fund	
		2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
<b>Assets</b>							
Investments	9	387,579,858	473,252,427	-	-	647,143,108	796,077,605
Derivative financial instruments		-	-	-	-	-	-
Amounts receivable on funds switching		92,643	149,990	2,248,059	1,834,968	640,960	683,428
Interest receivable		-	-	2,152,427	113,058	-	-
Amounts receivable on sale of investments		-	12,344	-	-	-	-
Fund transfer in receivable		25,422	6,465	-	-	4,356	30,611
Other receivables		-	-	-	-	-	-
Bank deposits with original maturity over three months		-	-	257,724,106	265,417,140	-	-
Cash and cash equivalents		507	507	71,876,485	39,266,417	514	512
<b>Total assets</b>		<b>387,698,430</b>	<b>473,421,733</b>	<b>334,001,077</b>	<b>306,631,583</b>	<b>647,788,938</b>	<b>796,792,156</b>
<b>Liabilities</b>							
Accruals and other payables		982,928	1,239,759	1,656,449	237,457	1,625,672	2,079,477
Amounts payable on funds switching		208,186	181,787	383,084	1,160,820	328,967	500,996
Amounts payable on purchase of investments		-	12,344	-	-	-	-
<b>Total liabilities</b>		<b>1,191,114</b>	<b>1,433,890</b>	<b>2,039,533</b>	<b>1,398,277</b>	<b>1,954,639</b>	<b>2,580,473</b>
<b>Net assets attributable to members</b>		<b>386,507,316</b>	<b>471,987,843</b>	<b>331,961,544</b>	<b>305,233,306</b>	<b>645,834,299</b>	<b>794,211,683</b>
<b>Units in issue</b>		<b>16,094,929.93</b>	<b>15,809,482.94</b>	<b>30,076,399.22</b>	<b>27,746,901.98</b>	<b>24,536,055.56</b>	<b>23,948,925.78</b>
<b>Net asset value per unit</b>		<b>24.01</b>	<b>29.85</b>	<b>11.04</b>	<b>11.00</b>	<b>26.32</b>	<b>33.16</b>

On behalf of China Life Trustees Limited

姜涛

Director

  
Director

The notes on pages 69 to 99 are an integral part of these financial statements.

**CHINA LIFE MPF MASTER TRUST SCHEME**

**STATEMENT OF NET ASSETS - CONSTITUENT FUNDS (CONTINUED)  
AS AT 31 DECEMBER 2022**

	Note	China Life Hong Kong Equity Fund		China Life Joyful Retirement Guaranteed Fund		China Life Retire-Easy Global Equity Fund <sup>Note 1</sup>	
		2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
<b>Assets</b>							
Investments	9	425,908,369	420,629,920	1,435,822,990	1,866,511,250	154,164,525	192,302,205
Derivative financial instruments	11	-	-	-	-	15,583	-
Amounts receivable on funds switching		2,565,410	3,930,180	993,272	682,788	17,692	214,786
Interest receivable		-	-	-	-	-	-
Amounts receivable on sale of investments		1,458	22,477	-	-	-	164,097
Fund transfer in receivable		1,795,954	451,325	-	-	-	73,712
Other receivables		-	-	-	-	78,891	-
Bank deposits with original maturity over three months		-	-	-	-	-	-
Cash and cash equivalents		204	203	266	266	1,360,486	93
<b>Total assets</b>		<u>430,271,395</u>	<u>425,034,105</u>	<u>1,436,816,528</u>	<u>1,867,194,304</u>	<u>155,637,177</u>	<u>192,754,893</u>
<b>Liabilities</b>							
Accruals and other payables		470,102	515,306	4,650,238	6,034,599	391,239	699,300
Amounts payable on funds switching		2,018,333	1,284,251	2,004,212	1,079,353	269,323	127,510
Amounts payable on purchase of investments		1,458	22,477	-	-	-	164,097
<b>Total liabilities</b>		<u>2,489,893</u>	<u>1,822,034</u>	<u>6,654,450</u>	<u>7,113,952</u>	<u>660,562</u>	<u>990,907</u>
<b>Net assets attributable to members</b>		<u>427,781,502</u>	<u>423,212,071</u>	<u>1,430,162,078</u>	<u>1,860,080,352</u>	<u>154,976,615</u>	<u>191,763,986</u>
<b>Units in issue</b>		<u>30,179,251.78</u>	<u>24,334,621.26</u>	<u>106,656,547.83</u>	<u>125,265,574.09</u>	<u>14,243,843.60</u>	<u>13,823,282.92</u>
<b>Net asset value per unit</b>		<u>14.17</u>	<u>17.39</u>	<u>13.41</u>	<u>14.85</u>	<u>10.88</u>	<u>13.87</u>

On behalf of China Life Trustees Limited

姜涛

Director

Director

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

The notes on pages 69 to 99 are an integral part of these financial statements.

## CHINA LIFE MPF MASTER TRUST SCHEME

### STATEMENT OF NET ASSETS - CONSTITUENT FUNDS (CONTINUED) AS AT 31 DECEMBER 2022

	Note	<u>China Life Core Accumulation Fund</u>		<u>China Life Age 65 Plus Fund</u>		<u>China Life Greater China Equity Fund</u>	
		2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
<b>Assets</b>							
Investments	9	184,793,259	163,853,495	111,636,017	119,054,823	29,298,698	1,887,144
Derivative financial instruments		-	-	-	-	-	-
Amounts receivable on funds switching		112,327	1,299,954	429,729	747,195	264,659	198,269
Interest receivable		-	-	-	-	-	-
Amounts receivable on sale of investments		-	107,089	10,553	252,297	-	-
Fund transfer in receivable		575,018	723,782	131,650	208,178	1,667	-
Other receivables		-	496	-	496	32,356	299
Bank deposits with original maturity over three months		-	-	-	-	-	-
Cash and cash equivalents		-	-	-	-	-	-
<b>Total assets</b>		<u>185,480,604</u>	<u>165,984,816</u>	<u>112,207,949</u>	<u>120,262,989</u>	<u>29,597,380</u>	<u>2,085,712</u>
<b>Liabilities</b>							
Accruals and other payables		305,093	260,002	189,495	200,874	41,897	487
Amounts payable on funds switching		618,528	1,003,181	137,642	211,591	3,045	12,239
Amounts payable on purchase of investments		-	107,089	10,553	252,297	-	-
<b>Total liabilities</b>		<u>923,621</u>	<u>1,370,272</u>	<u>337,690</u>	<u>664,762</u>	<u>44,942</u>	<u>12,726</u>
<b>Net assets attributable to members</b>		<u>184,556,983</u>	<u>164,614,544</u>	<u>111,870,259</u>	<u>119,598,227</u>	<u>29,552,438</u>	<u>2,072,986</u>
<b>Units in issue</b>		<u>15,163,396.54</u>	<u>11,280,959.91</u>	<u>10,921,558.89</u>	<u>9,903,244.03</u>	<u>4,021,446.08</u>	<u>206,403.77</u>
<b>Net asset value per unit</b>		<u>12.17</u>	<u>14.59</u>	<u>10.24</u>	<u>12.08</u>	<u>7.35</u>	<u>10.04</u>

On behalf of China Life Trustees Limited



Director



Director

The notes on pages 69 to 99 are an integral part of these financial statements.

**CHINA LIFE MPF MASTER TRUST SCHEME**

**STATEMENT OF NET ASSETS - CONSTITUENT FUNDS (CONTINUED)  
AS AT 31 DECEMBER 2022**

	Note	China Life US Equity Fund		Total	
		2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
<b>Assets</b>					
Investments	9	36,912,877	5,491,536	3,413,259,701	4,039,060,405
Derivative financial instruments	11	-	-	15,583	-
Amounts receivable on funds switching		55,385	2,361,334	7,420,136	12,102,892
Interest receivable		-	-	2,152,427	113,058
Amounts receivable on sale of investments		8,484	-	20,495	558,304
Fund transfer in receivable		46,386	150,785	2,580,453	1,644,858
Other receivables		56,105	999	167,352	2,290
Bank deposits with original maturity over three months		-	-	257,724,106	265,417,140
Cash and cash equivalents		-	-	73,238,462	39,267,998
<b>Total assets</b>		<u>37,079,237</u>	<u>8,004,654</u>	<u>3,756,578,715</u>	<u>4,358,166,945</u>
<b>Liabilities</b>					
Accruals and other payables		55,302	1,564	10,368,415	11,268,825
Amounts payable on funds switching		47,663	170,645	6,018,983	5,732,373
Amounts payable on purchase of investments		8,484	-	20,495	558,304
<b>Total liabilities</b>		<u>111,449</u>	<u>172,209</u>	<u>16,407,893</u>	<u>17,559,502</u>
<b>Net assets attributable to members</b>		<u>36,967,788</u>	<u>7,832,445</u>	<u>3,740,170,822</u>	<u>4,340,607,443</u>
<b>Units in issue</b>		<u>5,515,988.08</u>	<u>782,551.40</u>		
<b>Net asset value per unit</b>		<u>6.70</u>	<u>10.01</u>		

On behalf of China Life Trustees Limited

姜涛

Director



Director

The notes on pages 69 to 99 are an integral part of these financial statements.

## CHINA LIFE MPF MASTER TRUST SCHEME

### STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	<u>China Life MPF</u>				<u>China Life Growth Fund</u>		<u>China Life Hong Kong</u>		<u>China Life Joyful Retirement</u>	
		<u>China Life Balanced Fund</u>		<u>Conservative Fund</u>				<u>Equity Fund</u>		<u>Guaranteed Fund</u>	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Income</b>											
Bank interest income		1	-	4,757,803	944,863	1	-	1	-	-	-
Dividend income		-	-	-	-	-	-	-	-	-	-
Guaranteed return	8	-	-	-	-	-	-	-	-	60,329,047	5,161,523
Net realised gains/(losses) on sale of investments		4,578,643	14,984,978	-	-	10,655,331	24,960,851	(21,637,770)	22,005,863	(109,960,473)	(1,019,415)
Net change in unrealised (losses)/gains on investments		(95,284,451)	(11,965,460)	-	-	(171,994,743)	(11,343,577)	(58,684,870)	(92,960,629)	(114,237,223)	(29,285,978)
Other income		1,788,733	2,112,358	-	-	2,977,334	3,486,858	1,824,659	1,862,004	-	-
Exchange gains		-	-	-	-	-	-	-	-	-	-
		(88,917,074)	5,131,876	4,757,803	944,863	(158,362,077)	17,104,132	(78,497,980)	(69,092,762)	(163,868,649)	(25,143,870)
<b>Expenses</b>											
Transaction costs		-	-	-	-	-	-	-	-	-	-
Auditor's remuneration		53,241	83,924	50,873	46,574	90,293	142,406	59,070	76,902	206,555	253,004
Administration fee	4(a)	2,033,224	2,397,381	1,236,967	300,569	3,381,256	3,976,405	808,282	825,578	9,109,452	10,777,896
Custodian fee		406,645	479,476	412,322	100,190	676,251	795,281	404,141	412,789	1,656,264	1,959,618
MPF indemnity insurance		76,717	17,280	65,878	10,249	127,938	28,003	80,785	13,834	277,812	80,014
Trustee fee	4(a)	1,423,257	1,678,167	1,443,128	350,663	2,366,879	2,783,484	404,141	412,789	5,796,924	6,858,661
Investment management fee	4(b)	-	-	412,322	100,190	-	-	-	-	3,312,528	3,919,235
Other expenses		37,996	29,706	45,431	33,592	59,448	45,540	39,286	27,171	122,992	100,095
		4,031,080	4,685,934	3,666,921	942,027	6,702,065	7,771,119	1,795,705	1,769,063	20,482,527	23,948,523
<b>Total comprehensive (loss)/income for the year</b>		(92,948,154)	445,942	1,090,882	2,836	(165,064,142)	9,333,013	(80,293,685)	(70,861,825)	(184,351,176)	(49,092,393)

The notes on pages 69 to 99 are an integral part of these financial statements.

## CHINA LIFE MPF MASTER TRUST SCHEME

### STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	<u>China Life Retire-Easy</u>		<u>China Life Core Accumulation</u>		<u>China Life Age 65 Plus Fund</u>		<u>China Life Greater China Equity</u>	
		<u>Global Equity Fund</u> <sup>Note 1</sup>		<u>Fund</u>		<u>Fund</u>		<u>Fund</u>	
		2022	2021	2022	2021	2022	2021	2022	2021
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Income</b>									
Bank interest income		-	-	-	-	-	-	-	-
Dividend income		979,000	-	-	-	-	-	-	-
Guaranteed return		-	-	-	-	-	-	-	-
Net realised (losses)/gains on sale of investments		3,280,610	13,541,437	580,167	4,402,235	(733,671)	2,682,994	(1,260,615)	24
Net change in unrealised (losses)/gains on investments		(43,848,376)	(10,303,400)	(29,674,663)	8,124,373	(17,419,692)	(1,228,925)	(2,999,105)	9,633
Other income		83,070	-	-	-	-	-	119,379	299
Exchange gains		222,563	-	-	-	-	-	-	-
		<u>(39,283,133)</u>	<u>3,238,037</u>	<u>(29,094,496)</u>	<u>12,526,608</u>	<u>(18,153,363)</u>	<u>1,454,069</u>	<u>(4,140,341)</u>	<u>9,956</u>
<b>Expenses</b>									
Transaction costs		11,914	-	-	-	-	-	-	-
Auditor's remuneration		22,720	34,197	31,565	25,902	17,528	20,559	4,020	15
Administration fee	4(a)	763,118	912,261	478,153	367,325	317,312	312,471	74,749	306
Custodian fee		248,862	285,082	170,769	131,188	113,326	111,597	18,687	77
MPF indemnity insurance		31,945	6,670	38,216	4,403	22,729	3,831	5,728	12
Trustee fee	4(a)	580,679	665,191	358,355	275,397	237,763	234,186	18,687	77
Investment management fee	4(b)	497,482	760,218	-	-	-	-	-	-
Other expenses		19,233	15,379	21,993	15,101	15,809	13,218	8,117	-
		<u>2,175,953</u>	<u>2,678,998</u>	<u>1,099,051</u>	<u>819,316</u>	<u>724,467</u>	<u>695,862</u>	<u>129,988</u>	<u>487</u>
<b>Total comprehensive (loss)/income for the year</b>		<u>(41,459,086)</u>	<u>559,039</u>	<u>(30,193,547)</u>	<u>11,707,292</u>	<u>(18,877,830)</u>	<u>758,207</u>	<u>(4,270,329)</u>	<u>9,469</u>

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

The notes on pages 69 to 99 are an integral part of these financial statements.

## CHINA LIFE MPF MASTER TRUST SCHEME

### STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	<u>China Life US Equity Fund</u>		<u>Total</u>	
		2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
<b>Income</b>					
Bank interest income		-	-	4,757,806	944,863
Dividend income		-	-	979,000	-
Guaranteed return	8	-	-	60,329,047	5,161,523
Net realised (losses)/gains on sale of investments		(2,746,049)	1,668	(117,243,827)	81,560,635
Net change in unrealised (losses)/gains on investments		(5,271,968)	1,641	(539,415,091)	(148,952,322)
Other income		155,545	999	6,948,720	7,462,518
Exchange gains		-	-	222,563	-
		<u>(7,862,472)</u>	<u>4,308</u>	<u>(583,421,782)</u>	<u>(53,822,783)</u>
		-----	-----	-----	-----
<b>Expenses</b>					
Transaction costs		-	-	11,914	-
Auditor's remuneration		5,768	49	541,633	683,532
Administration fee	4(a)	93,839	982	18,296,352	19,871,174
Custodian fee		23,459	245	4,130,726	4,275,543
MPF indemnity insurance		7,973	42	735,721	164,338
Trustee fee	4(a)	23,459	245	12,653,272	13,258,860
Investment management fee	4(b)	-	-	4,222,332	4,779,643
Other expenses		8,991	-	379,296	279,802
		<u>163,489</u>	<u>1,563</u>	<u>40,971,246</u>	<u>43,312,892</u>
		-----	-----	-----	-----
<b>Total comprehensive (loss)/income for the year</b>		<u>(8,025,961)</u>	<u>2,745</u>	<u>(624,393,028)</u>	<u>(97,135,675)</u>

The notes on pages 69 to 99 are an integral part of these financial statements.



## CHINA LIFE MPF MASTER TRUST SCHEME

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS - CONSTITUENT FUNDS FOR THE YEAR ENDED 31 DECEMBER 2022

	China Life MPF				China Life Hong Kong				China Life Joyful Retirement	
	China Life Balanced Fund		Conservative Fund		China Life Growth Fund		Equity Fund		Guaranteed Fund	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
<b>Balance at the beginning of the year</b>	471,987,843	468,586,563	305,233,306	246,451,431	794,211,683	750,754,591	423,212,071	366,196,970	1,860,080,352	2,100,444,570
Units issued	49,445,392	76,649,608	324,769,867	386,502,175	96,215,863	158,989,590	226,217,865	386,103,074	345,325,394	371,501,981
Units redeemed	(41,977,765)	(73,694,270)	(299,132,511)	(327,723,136)	(79,529,105)	(124,865,511)	(141,354,749)	(258,226,148)	(590,892,492)	(562,773,806)
	7,467,627	2,955,338	25,637,356	58,779,039	16,686,758	34,124,079	84,863,116	127,876,926	(245,567,098)	(191,271,825)
<b>Total comprehensive (loss)/income for the year</b>	(92,948,154)	445,942	1,090,882	2,836	(165,064,142)	9,333,013	(80,293,685)	(70,861,825)	(184,351,176)	(49,092,393)
<b>Balance at the end of the year</b>	386,507,316	471,987,843	331,961,544	305,233,306	645,834,299	794,211,683	427,781,502	423,212,071	1,430,162,078	1,860,080,352
<b>Units outstanding at the beginning of the year</b>	15,809,482.94	15,712,705.80	27,746,901.98	22,403,628.19	23,948,925.78	22,955,925.42	24,334,621.26	17,754,929.90	125,265,574.09	137,910,758.21
Units issued	1,938,003.08	2,499,130.26	29,518,642.32	35,134,759.48	3,445,738.59	4,663,312.99	15,557,176.17	19,106,436.25	24,861,117.95	24,645,295.66
Units redeemed	(1,652,556.09)	(2,402,353.12)	(27,189,145.08)	(29,791,485.69)	(2,858,608.81)	(3,670,312.63)	(9,712,545.65)	(12,526,744.89)	(43,470,144.21)	(37,290,479.78)
<b>Units outstanding at the end of the year</b>	16,094,929.93	15,809,482.94	30,076,399.22	27,746,901.98	24,536,055.56	23,948,925.78	30,179,251.78	24,334,621.26	106,656,547.83	125,265,574.09

The notes on pages 69 to 99 are an integral part of these financial statements.

## CHINA LIFE MPF MASTER TRUST SCHEME

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS - CONSTITUENT FUNDS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>China Life Retire-Easy Global Equity Fund</u> <sup>Note 1</sup>		<u>China Life Core Accumulation Fund</u>		<u>China Life Age 65 Plus Fund</u>		<u>China Life Greater China Equity Fund</u>	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Balance at the beginning of the year</b>	191,763,986	177,797,150	164,614,544	96,099,107	119,598,227	100,615,343	2,072,986	-
Units issued	28,566,834	76,614,291	88,449,347	105,986,987	42,800,935	72,062,543	41,083,715	2,079,750
Units redeemed	(23,895,119)	(63,206,494)	(38,313,361)	(49,178,842)	(31,651,073)	(53,837,866)	(9,333,934)	(16,233)
	4,671,715	13,407,797	50,135,986	56,808,145	11,149,862	18,224,677	31,749,781	2,063,517
<b>Total comprehensive (loss)/income for the year</b>	(41,459,086)	559,039	(30,193,547)	11,707,292	(18,877,830)	758,207	(4,270,329)	9,469
<b>Balance at the end of the year</b>	154,976,615	191,763,986	184,556,983	164,614,544	111,870,259	119,598,227	29,552,438	2,072,986
<b>Units outstanding at the beginning of the year</b>	13,823,282.92	12,876,960.03	11,280,959.91	7,238,069.51	9,903,244.03	8,385,931.02	206,403.77	-
Units issued	2,389,904.96	5,316,725.86	6,819,709.70	7,539,862.13	3,902,713.98	5,992,102.22	5,031,480.34	208,029.62
Units redeemed	(1,969,344.28)	(4,370,402.97)	(2,937,273.07)	(3,496,971.73)	(2,884,399.12)	(4,474,789.21)	(1,216,438.03)	(1,625.85)
<b>Units outstanding at the end of the year</b>	14,243,843.60	13,823,282.92	15,163,396.54	11,280,959.91	10,921,558.89	9,903,244.03	4,021,446.08	206,403.77

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

The notes on pages 69 to 99 are an integral part of these financial statements.

**CHINA LIFE MPF MASTER TRUST SCHEME**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS - CONSTITUENT FUNDS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	China Life US Equity Fund		Total	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
<b>Balance at the beginning of the year</b>	7,832,445	-	4,340,607,443	4,306,945,725
Units issued	68,026,420	8,648,823	1,310,901,632	1,645,138,822
Units redeemed	(30,865,116)	(819,123)	(1,286,945,225)	(1,514,341,429)
	37,161,304	7,829,700	23,956,407	130,797,393
<b>Total comprehensive (loss)/income for the year</b>	(8,025,961)	2,745	(624,393,028)	(97,135,675)
<b>Balance at the end of the year</b>	36,967,788	7,832,445	3,740,170,822	4,340,607,443
<b>Units outstanding at the beginning of the year</b>	782,551.40	-		
Units issued	8,685,185.04	864,432.69		
Units redeemed	(3,951,748.36)	(81,881.29)		
<b>Units outstanding at the end of the year</b>	5,515,988.08	782,551.40		

The notes on pages 69 to 99 are an integral part of these financial statements.

## CHINA LIFE MPF MASTER TRUST SCHEME

### STATEMENT OF CASH FLOWS - CONSTITUENT FUNDS FOR THE YEAR ENDED 31 DECEMBER 2022

	China Life Balanced Fund		China Life MPF Conservative Fund		China Life Growth Fund		China Life Hong Kong Equity Fund		China Life Joyful Retirement Guaranteed Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Cash flows from operating activities</b>										
Total comprehensive (loss)/income for the year	(92,948,154)	445,942	1,090,882	2,836	(165,064,142)	9,333,013	(80,293,685)	(70,861,825)	(184,351,176)	(49,092,393)
Adjustment for:										
Bank interest income	(1)	-	(4,757,803)	(944,863)	(1)	-	(1)	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-	-
Net decrease/(increase) in investments	85,672,569	(3,431,815)	-	-	148,934,497	(45,044,461)	(5,278,449)	(55,487,860)	430,688,260	245,567,245
Net increase in derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Net (increase)/decrease in interest receivable	-	-	(2,039,369)	245,772	-	-	-	-	-	-
Net decrease/(increase) in bank deposits with original maturity over three months	-	-	7,693,034	(50,969,592)	-	-	-	-	-	-
Net decrease/(increase) in amounts receivable on sale of investments	12,344	(12,344)	-	-	-	158,085	21,019	251,959	-	-
Net (increase)/decrease in other receivables	-	-	-	-	-	-	-	-	-	-
Net (decrease)/increase in accruals and other payables	(256,831)	112,104	1,418,992	(197,954)	(453,805)	298,653	(45,204)	120,062	(1,384,361)	1,783,511
Net (decrease)/increase in amounts payable on purchase of investments	(12,344)	12,344	-	-	-	(158,085)	(21,019)	(251,959)	-	-
Cash (used in)/generated from operations	(7,532,417)	(2,873,769)	3,405,736	(51,863,801)	(16,583,451)	(35,412,795)	(85,617,339)	(126,229,623)	244,952,723	198,258,363
Bank interest income received	1	-	4,757,803	944,863	1	-	1	-	-	-
Dividend income received	-	-	-	-	-	-	-	-	-	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(7,532,416)</b>	<b>(2,873,769)</b>	<b>8,163,539</b>	<b>(50,918,938)</b>	<b>(16,583,450)</b>	<b>(35,412,795)</b>	<b>(85,617,338)</b>	<b>(126,229,623)</b>	<b>244,952,723</b>	<b>198,258,363</b>
<b>Cash flows from financing activities</b>										
Receipts on subscription*	49,483,782	76,816,461	324,356,776	386,517,895	96,284,586	160,005,531	226,238,006	384,554,644	345,014,910	372,895,179
Payments on redemption*	(41,951,366)	(73,942,692)	(299,910,247)	(328,003,590)	(79,701,134)	(124,592,736)	(140,620,667)	(258,325,021)	(589,967,633)	(571,153,542)
<b>Net cash generated from/(used in) financing activities</b>	<b>7,532,416</b>	<b>2,873,769</b>	<b>24,446,529</b>	<b>58,514,305</b>	<b>16,583,452</b>	<b>35,412,795</b>	<b>85,617,339</b>	<b>126,229,623</b>	<b>(244,952,723)</b>	<b>(198,258,363)</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>32,610,068</b>	<b>7,595,367</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year	507	507	39,266,417	31,671,050	512	512	203	203	266	266
<b>Cash and cash equivalents at the end of the year</b>	<b>507</b>	<b>507</b>	<b>71,876,485</b>	<b>39,266,417</b>	<b>514</b>	<b>512</b>	<b>204</b>	<b>203</b>	<b>266</b>	<b>266</b>
<b>Analysis of balances of cash and cash equivalents</b>										
Cash and cash equivalents	507	507	71,876,485	39,266,417	514	512	204	203	266	266

\*Include increase/decrease in amounts receivable/payable on funds switching and sale/purchase of investments.

The notes on pages 69 to 99 are an integral part of these financial statements.

## CHINA LIFE MPF MASTER TRUST SCHEME

### STATEMENT OF CASH FLOWS - CONSTITUENT FUNDS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>China Life Retire-Easy</u> <u>Global Equity Fund</u> <sup>Note 1</sup>		<u>China Life Core Accumulation</u> <u>Fund</u>		<u>China Life Age 65 Plus Fund</u>		<u>China Life Greater China Equity Fund</u>	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Cash flows from operating activities</b>								
Total comprehensive (loss)/income for the year	(41,459,086)	559,039	(30,193,547)	11,707,292	(18,877,830)	758,207	(4,270,329)	9,469
Adjustment for:								
Bank interest income	-	-	-	-	-	-	-	-
Dividend income	(979,000)	-	-	-	-	-	-	-
Net decrease/(increase) in investments	38,137,680	(14,829,880)	(20,939,764)	(68,959,069)	7,418,806	(19,484,788)	(27,411,554)	(1,887,144)
Net increase in derivative financial instruments	(15,583)	-	-	-	-	-	-	-
Net (increase)/decrease in interest receivable	-	-	-	-	-	-	-	-
Net decrease/(increase) in bank deposits with original maturity over three months	-	-	-	-	-	-	-	-
Net decrease/(increase) in amounts receivable on sale of investments	164,097	(164,097)	107,089	(107,089)	241,744	(252,297)	-	-
Net (increase)/decrease in other receivables	(78,891)	-	496	1,000	496	1,000	(32,057)	(299)
Net (decrease)/increase in accruals and other payables	(308,061)	102,619	45,091	116,953	(11,379)	51,461	41,410	487
Net (decrease)/increase in amounts payable on purchase of investments	(164,097)	164,097	(107,089)	107,089	(241,744)	252,297	-	-
Cash (used in)/generated from operations	(4,702,941)	(14,168,222)	(51,087,724)	(57,133,824)	(11,469,907)	(18,674,120)	(31,672,530)	(1,877,487)
Bank interest income received	-	-	-	-	-	-	-	-
Dividend income received	979,000	-	-	-	-	-	-	-
<b>Net cash (used in)/ generated from operating activities</b>	<b>(3,723,941)</b>	<b>(14,168,222)</b>	<b>(51,087,724)</b>	<b>(57,133,824)</b>	<b>(11,469,907)</b>	<b>(18,674,120)</b>	<b>(31,672,530)</b>	<b>(1,877,487)</b>
<b>Cash flows from financing activities</b>								
Receipts on subscription <sup>#</sup>	28,837,640	78,172,789	89,785,738	105,314,574	43,194,928	72,322,067	41,015,658	1,881,481
Payments on redemption <sup>#</sup>	(23,753,306)	(64,004,567)	(38,698,014)	(48,180,750)	(31,725,021)	(53,647,947)	(9,343,128)	(3,994)
<b>Net cash generated from / (used in) financing activities</b>	<b>5,084,334</b>	<b>14,168,222</b>	<b>51,087,724</b>	<b>57,133,824</b>	<b>11,469,907</b>	<b>18,674,120</b>	<b>31,672,530</b>	<b>1,877,487</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,360,393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year	93	93	-	-	-	-	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>1,360,486</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Analysis of balances of cash and cash equivalents</b>								
Cash and cash equivalents	1,360,486	93	-	-	-	-	-	-

<sup>#</sup>Include increase/decrease in amounts receivable/payable on funds switching and sale/purchase of investments.

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

The notes on pages 69 to 99 are an integral part of these financial statements.

## CHINA LIFE MPF MASTER TRUST SCHEME

### STATEMENT OF CASH FLOWS - CONSTITUENT FUNDS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

	China Life US Equity Fund		Total	
	2022	2021	2022	2021
	HK\$	HK\$	HK\$	HK\$
<b>Cash flows from operating activities</b>				
Total comprehensive (loss)/income for the year	(8,025,961)	2,745	(624,393,028)	(97,135,675)
Adjustment for:				
Bank interest income	-	-	(4,757,806)	(944,863)
Dividend income	-	-	(979,000)	-
Net decrease/(increase) in investments	(31,421,341)	(5,491,536)	625,800,704	30,950,692
Net increase in derivative financial instruments	-	-	(15,583)	-
Net (increase)/decrease in interest receivable	-	-	(2,039,369)	245,772
Net decrease/(increase) in bank deposits with original maturity over three months	-	-	7,693,034	(50,969,592)
Net decrease/(increase) in amounts receivable on sale of investments	(8,484)	-	537,809	(125,783)
Net (increase)/decrease in other receivables	(55,106)	(999)	(165,062)	702
Net (decrease)/increase in accruals and other payables	53,738	1,564	(900,410)	2,389,460
Net (decrease)/increase in amounts payable on purchase of investments	8,484	-	(537,809)	125,783
	<u>(39,448,670)</u>	<u>(5,488,226)</u>	<u>243,480</u>	<u>(115,463,504)</u>
Cash (used in)/generated from operations	(39,448,670)	(5,488,226)	243,480	(115,463,504)
Bank interest income received	-	-	4,757,806	944,863
Dividend income received	-	-	979,000	-
	<u>(39,448,670)</u>	<u>(5,488,226)</u>	<u>5,980,286</u>	<u>(114,518,641)</u>
<b>Cash flows from financing activities</b>				
Receipts on subscription*	70,436,768	6,136,704	1,314,648,792	1,644,617,325
Payments on redemption*	(30,988,098)	(648,478)	(1,286,658,614)	(1,522,503,317)
	<u>39,448,670</u>	<u>5,488,226</u>	<u>27,990,178</u>	<u>122,114,008</u>
	<u>-</u>	<u>-</u>	<u>33,970,464</u>	<u>7,595,367</u>
<b>Net increase in cash and cash equivalents</b>	-	-	33,970,464	7,595,367
Cash and cash equivalents at the beginning of the year	-	-	39,267,998	31,672,631
	<u>-</u>	<u>-</u>	<u>73,198,462</u>	<u>39,267,998</u>
<b>Cash and cash equivalents at the end of the year</b>	-	-	73,198,462	39,267,998
	<u>-</u>	<u>-</u>	<u>73,198,462</u>	<u>39,267,998</u>
<b>Analysis of balances of cash and cash equivalents</b>				
Cash and cash equivalents	-	-	73,198,462	39,267,998
	<u>-</u>	<u>-</u>	<u>73,198,462</u>	<u>39,267,998</u>

\*Include increase/decrease in amounts receivable/payable on funds switching and sale/purchase of investments.

The notes on pages 69 to 99 are an integral part of these financial statements.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 The Scheme**

China Life MPF Master Trust Scheme (the “Scheme”) is established and governed by its Trust Deed dated 26 January 2000, as amended. The Scheme is registered under section 21 of the Hong Kong Mandatory Provident Fund Schemes Ordinance (the “MPF Ordinance”) and is required to comply with the MPF Ordinance and the relevant regulations, guidelines and codes issued by the Mandatory Provident Fund Schemes Authority (the “MPFA”) and the Securities and Futures Commission of Hong Kong (the “SFC”).

The Scheme comprises ten constituent funds as at 31 December 2022 (2021: Ten). Each of the constituent funds is approved by the MPFA and authorised by the SFC, and has its own investment policy and predetermined fees and charges. Contributions and benefits are dealt with at the scheme level whereas investments in approved pooled investment funds are dealt with at the constituent funds level. The constituent funds are as follows:

China Life Balanced Fund  
China Life MPF Conservative Fund  
China Life Growth Fund  
China Life Hong Kong Equity Fund  
China Life Joyful Retirement Guaranteed Fund  
China Life Retire-Easy Global Equity Fund  
China Life Core Accumulation Fund  
China Life Age 65 Plus Fund  
China Life Greater China Equity Fund  
China Life US Equity Fund

China Life Guaranteed Return Fund (the “Terminated Fund”) had no investments and operations since 1 December 2020. MPFA had approved the termination of the Terminated Fund to take effect on 8 March 2021.

China Life Greater China Equity Fund and China Life US Equity Fund were launched on 13 December 2021.

China Life Retire-Easy Global Equity Fund was changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

The financial information of the Scheme comprises (i) the statement of net assets available for benefits as at 31 December 2022, and the statement of changes in net assets available for benefits and statement of cash flows for the year ended 31 December 2022 of the Scheme on a standalone basis; and (ii) the statement of net assets as at 31 December 2022, and the statement of comprehensive income, statement of changes in net assets attributable to members and statement of cash flows for the year ended 31 December 2022 for each of the Scheme’s constituent funds.

#### **2 Summary of significant accounting policies**

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

##### **(a) Basis of preparation**

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Summary of significant accounting policies (Continued)

##### (a) Basis of preparation (Continued)

MPFA had approved the termination of the China Life Guaranteed Return Fund (the “Terminated Fund”) on 8 March 2021, where the Terminated Fund had no operations and investments since 1 December 2020. As a result, the financial statements of the Terminated Fund for the year ended have not been prepared on a going concern basis. The Trustee has assessed that the values of all assets and liabilities at the reporting date approximate their net realizable value, and therefore no changes of accounting policies or adjustments have been made in the financial statements in order to reflect the fact that the Terminated Fund will be able to realise its assets or to extinguish its liabilities in the normal course of business.

The preparation of financial statements in conformity with HKFRSs requires the Trustee to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

##### Standards and amendments to existing standards effective from 1 January 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Scheme and its constituent funds.

##### New standards, amendments and interpretations effective after 1 January 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme and its constituent funds.

##### (b) Investments

###### Classification

The Scheme and its constituent funds classify their investments based on both the Scheme’s and its constituent funds’ business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets are managed and performance are evaluated on a fair value basis. The Scheme and its constituent funds are primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Scheme and its constituent funds have not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The collection of contractual cash flows is only incidental to achieving the Scheme and its constituent funds’ business model’s objective. Consequently, all investments are measured at fair value through profit or loss.



## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### **2 Summary of significant accounting policies (Continued)**

##### **(b) Investments (Continued)**

###### Recognition, derecognition and measurement

Regular purchases and sales of investments are accounted for on the trade date basis - the date on which the Scheme and its constituent funds commit to purchase or sell the investments. Financial assets at fair value through profit or loss are initially recognised at fair value, excluding transaction costs. Transaction costs are expensed as incurred in the statement of changes in net assets available for benefits for the Scheme and statement of comprehensive income for the constituent funds.

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

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the “investments” category are presented in the statement of changes in net assets available for benefits within “net change in unrealised gain on investments” and “net realised gain on investments” for the Scheme and in the statement of comprehensive income within “net change in unrealised gains/(losses) on investments” and “net realized gains on sale of investments” for the constituent funds in the year in which they arise.

###### Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market and participants at the measurement date.

Investments in unitised constituent funds are valued at their respective closing net asset value per unit. Investments in approved pooled investment funds are valued at their respective closing bid prices.

###### Transfers between levels of the fair value hierarchy

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

##### **(c) Income and expenses**

Guaranteed return is recognised when declared by China Life Insurance (Overseas) Company Limited (incorporated in the People's Republic of China with limited liability), the Guarantor. Interest income is recognised on a time-proportion basis using the effective interest method. Other income is accounted for on an accruals basis.

Expenses are accounted for on an accruals basis.

##### **(d) Translation of foreign currencies**

###### **(i) Functional and presentation currency**

Items included in the financial statements of the Scheme and its constituent funds are measured using the currency of the primary economic environment in which they operate (the “functional currency”). The financial statements are presented in Hong Kong dollars, which is the functional and presentation currency of the Scheme and its constituent funds.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### **2 Summary of significant accounting policies (Continued)**

##### **(d) Translation of foreign currencies (Continued)**

###### **(ii) Transactions and balances**

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

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

Foreign exchange gains and losses relating to financial assets carried at fair value through profit or loss are presented in the statement of changes in net assets available for benefits within “net change in unrealised gain on investments” and “net realised gain on investments” for the Scheme and statement of comprehensive income within “net change in unrealised gains/(losses) on investments” and “net realised gains on sale of investments” for the constituent funds.

##### **(e) Proceeds and payments on issue and redemption of units**

The net asset value of the constituent funds is computed on each business day. Prices for issues and redemptions on each business day are based on the closing valuation of that business day.

Proceeds and payments for units subscribed and redeemed are included in the statement of changes in net assets attributable to members of the respective constituent funds.

##### **(f) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and deposits held at banks with a maturity of three months or less from the date of placement, net of bank overdrafts, if any.

##### **(g) Amounts receivable on sale of investments/payable on purchase of investments**

Amounts receivable on sale of investments/payable on purchase of investments represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled by the end of the year respectively.

##### **(h) Accounts receivables**

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme and its constituent funds shall measure the loss allowance on amounts receivable on sale of investments at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme and its constituent funds shall measure the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the counterparties, probability that the counterparties will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### **2 Summary of significant accounting policies (Continued)**

##### **(h) Accounts receivables (Continued)**

Accounts receivables are classified as current assets if the collections of receivables are expected within one year. If not, they are presented as non-current assets.

##### **(i) Accounts payable and accruals**

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

##### **(j) Contributions**

Contributions are accounted for on an accruals basis.

##### **(k) Benefits**

Benefits are accounted for on an accruals basis.

##### **(l) Transfers in/out**

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

##### **(m) Forfeitures**

If a member ceases to be a member, the part of the employer's voluntary balance not otherwise disposed of in accordance with the rules of the Scheme may be applied in reducing the contributions of the employer or in such other manner as the Trustee may determine, having consulted the employers (including payment to the employers). Forfeitures arising from such cases which have not been designated for the benefit of existing members and which have not been returned to the employers would be treated as liabilities of the Scheme.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### **2 Summary of significant accounting policies (Continued)**

##### **(n) Structured entities**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- (a) restricted activities,
- (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors,
- (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support, and
- (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

The Scheme and its constituent funds consider all of their investments in constituent funds and APIFs respectively (the “Investee Funds”) to be investments in unconsolidated structured entities. Refer to Note 3(a) for investment strategies of the Investee Funds. The Investee Funds finance their operations by issuing units which are puttable at the holder’s option and entitle the holder to a proportional stake in the respective fund’s net assets. The Scheme and its constituent funds hold units in each of its Investee Funds.

The change in fair value of each Investee Fund is included in the statement of changes in net assets available for benefits for the Scheme and statement of comprehensive income for the constituent funds.

##### **(o) Financial derivative instruments**

Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quotes from broker. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Subsequent changes in the fair value of any derivative instruments are recognised immediately in the statement of comprehensive income.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management

The Scheme and its constituent funds are exposed to various risks which are discussed below.

##### (a) Strategy in using financial instruments

###### China Life Balanced Fund

The investment strategy is an attempt to limit risk through prudent diversification in various asset classes as stated below:

- a) Cash (5%)
- b) Bonds (25%)
- c) Equities (70%)

###### China Life MPF Conservative Fund

The investment strategy is an attempt to limit risk through prudent diversification in various short-term notes or commercial papers as stated below:

- a) Bank deposits and commercial papers (0% to 100%)
- b) Short-term notes (maximum 2 years) (0% to 12%)

###### China Life Growth Fund

The investment strategy is an attempt to achieve high return through prudent diversification in various asset classes as stated below:

- a) Cash (3%)
- b) Bonds (7%)
- c) Equities (90%)

###### China Life Hong Kong Equity Fund

The investment strategy is an attempt to limit risk through diversification in various asset classes as stated below:

- a) Cash (0%)
- b) Bonds (0%)
- c) Equities (100%)\*

\* Please note that this only represents the target allocations and the actual asset allocations will at times vary considerably from that shown above.

###### China Life Joyful Retirement Guaranteed Fund

The constituent fund through the approved pooled investment fund maintains at least 30% effective currency exposure to Hong Kong dollars. It generally follows the assets allocation as below:

- a) Global equities (0% to 30%)
- b) Fixed income securities (50% to 80%)
- c) Cash/bank deposit (0% to 50%)

The targeted geographic distribution of the assets is:

- a) Hong Kong/China (30% to 80%)
- b) Europe (0% to 40%)
- c) America (0% to 40%)
- d) Asia Pacific (0% to 40%)
- e) Middle East (debt securities only) (0% to 40%)

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (a) Strategy in using financial instruments (Continued)

###### China Life Retire-Easy Global Equity Fund<sup>Note 1</sup>

The constituent fund invests in two or more index-tracking collective investment schemes duly approved by MPFA managed by China Asset Management (Hong Kong) Limited, which invests up to 100% of the net asset value in global equities.

###### China Life Core Accumulation Fund

The constituent fund invests in Invesco Core Accumulation Fund which invests in a combination of global equities and bonds in a globally diversified manner through investment into two underlying Invesco approved pooled investment funds. It will target to invest 60% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global bonds, cash and money market instruments). The asset allocation to higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets.

###### China Life Age 65 Plus Fund

The constituent fund invests in Invesco Age 65 Plus Fund which invests in a combination of global equities and bonds in a globally diversified manner through investment into two underlying Invesco approved pooled investment funds. It will target to invest 20% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global bonds, cash and money market instruments). The asset allocation to higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets.

###### China Life Greater China Equity Fund

The constituent fund invests in JPMorgan SAR Greater China Fund which invests in a portfolio consisting primarily of securities of companies based or operating principally in the People's Republic of China, Hong Kong, Macau or Taiwan ("Greater China Region") and the majority of these companies will be listed on a stock exchange in Hong Kong or Taiwan.

###### China Life US Equity Fund

The constituent fund invests in Franklin MPF US Opportunities Fund which invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability or above-average growth or growth potential as compared with the overall economy. Equity securities include common stocks, convertible securities and warrants on securities to the extent permissible under the relevant requirement as set out in the MPF Regulations.

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (b) Market price risk

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

Except for China Life MPF Conservative Fund and China Life Retire-Easy Global Equity Fund, the constituent funds' market price risk is managed through diversification of the underlying investment portfolio of the approved pooled investment funds held. The market price risk of China Life MPF Conservative Fund is covered under interest rate risk. Refer to Note 3(c).

At the year end date, should market prices of the approved pooled investment funds have risen/lowered by 5% with all other variables held constant, the net assets attributable to members would increase/decrease by approximately:

	2022 HK\$	2021 HK\$
China Life Balanced Fund	19,378,993	23,662,621
China Life Growth Fund	32,357,155	39,803,880
China Life Hong Kong Equity Fund	21,295,418	21,031,496
China Life Joyful Retirement Guaranteed Fund	71,791,150	93,325,563
China Life Retire-Easy Global Equity Fund <sup>Note 1</sup>	N/A	9,615,110
China Life Core Accumulation Fund	9,239,663	8,192,675
China Life Age 65 Plus Fund	5,581,801	5,952,741
China Life Greater China Equity Fund	1,464,935	94,357
China Life US Equity Fund	1,845,644	274,577

Market price sensitivity analysis for China Life Retire-Easy Global Equity Fund investing in index-tracking collective investment schemes approved by MPFA is as follows:

	2022		2021	
	Change in index +/-	Impact HK\$ +/-	Change in index +/-	Impact HK\$ +/-
Asia High Dividend Index, CSI 300 Index, Hang Seng TECH Index, MSCI Europe Index, MSCI Japan Index, NASDAQ 100 Index	5%	4,802,049	N/A	N/A

Management has used its view of what would be a “reasonable possible shift” in the market prices, having regard to the historical volatility of the market prices, to estimate the change for use in the sensitivity analysis above.

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **3 Financial risk management (Continued)**

##### **(c) Interest rate risk**

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

Except for China Life MPF Conservative Fund, the majority of the financial assets and liabilities of the Scheme and its constituent funds are non-interest bearing. As a result, the Scheme and its constituent funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. However, some constituent funds are indirectly exposed to interest rate risk in respect of certain approved pooled investment funds for their fixed income investment portfolios, and these are covered under market price risk.

The Scheme and its constituent funds had interest bearing cash and cash equivalents of HK\$21,882,796 (2021: HK\$31,462,513) and HK\$63,394,855 (2021: HK\$31,249,215) and bank deposits with original maturity of more than three months of HK\$Nil (2021: HK\$Nil) and HK\$257,724,106 (2021: HK\$265,417,140) respectively at 31 December 2022 and are therefore exposed to interest rate risk on these bank deposits.

At 31 December 2022, should the relevant market interest rates have risen/lowered by 25 basis points (2021: 25 basis points) with all other variables held constant, the net assets of the Scheme and its constituent funds would increase/decrease by approximately HK\$54,707 (2021: HK\$78,656) and HK\$802,797 (2021: HK\$741,666) respectively, arising mainly from the increase/decrease in bank interest income.



## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (c) Interest rate risk (Continued)

The table below summarizes China Life MPF Conservative Fund's exposure to interest rate risk at the year end date:

	Up to 1 year HK\$	1-5 years HK\$	Over 5 years HK\$	Non-interest bearing HK\$	Total HK\$
<b>At 31 December 2022</b>					
<u>Assets</u>					
Amounts receivable on funds switching	-	-	-	2,248,059	2,248,059
Interest receivable	-	-	-	2,152,427	2,152,427
Bank deposits with original maturity over three months	257,724,106	-	-	-	257,724,106
Cash and cash equivalents	62,032,878	-	-	9,843,607	71,876,485
	<u>319,756,984</u>	<u>-</u>	<u>-</u>	<u>14,244,093</u>	<u>334,001,077</u>
<u>Liabilities</u>					
Accruals and other payables	-	-	-	1,656,449	1,656,449
Amounts payable on funds switching	-	-	-	383,084	383,084
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,039,533</u>	<u>2,039,533</u>
Interest sensitivity gap	<u>319,756,984</u>	<u>-</u>	<u>-</u>		
<b>At 31 December 2021</b>					
<u>Assets</u>					
Amounts receivable on funds switching	-	-	-	1,834,968	1,834,968
Interest receivable	-	-	-	113,058	113,058
Bank deposits with original maturity over three months	265,417,140	-	-	-	265,417,140
Cash and cash equivalents	31,247,634	-	-	8,018,783	39,266,417
	<u>296,664,774</u>	<u>-</u>	<u>-</u>	<u>9,966,809</u>	<u>306,631,583</u>
<u>Liabilities</u>					
Accruals and other payables	-	-	-	237,457	237,457
Amounts payable on funds switching	-	-	-	1,160,820	1,160,820
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,398,277</u>	<u>1,398,277</u>
Interest sensitivity gap	<u>296,664,774</u>	<u>-</u>	<u>-</u>		

At 31 December 2022 and 2021, China Life MPF Conservative Fund did not hold any debt securities.

Taiping Assets Management (HK) Company Limited, the investment manager of China Life MPF Conservative Fund, has used its view of what would be a "reasonable possible shift" in the market interest rates, having regard to the historical volatility of the market interest rates, to estimate the change for use in the sensitivity analysis above.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (d) Credit and custody risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Certain transactions entered into by the constituent funds may expose them to risks associated with counterparties not able to fulfil their obligations. To mitigate this risk, the constituent funds only buy and sell through brokers which have been approved as an acceptable counterparty according to the investment managers' internal counterparty credit review procedures.

The Scheme's financial assets which are potentially subject to concentrations of credit risk consist principally of bank balances. Details are as follows:

	HK\$	Credit rating	Source
<b>At 31 December 2022</b>			
Bank of China (Hong Kong) Limited	21,881,955	Aa3	Moody's
Citibank, N.A.	109,825	A+	S&P
<b>At 31 December 2021</b>			
Bank of China (Hong Kong) Limited	31,462,513	Aa3	Moody's
Citibank, N.A.	108,984	A+	S&P

The constituent funds' financial assets which are potentially subject to concentrations of credit risk consist principally of bank balances held with the banks and investments held with the custodians (including the custodian of the underlying approved pooled investment funds). The table below summarises the assets placed with banks and custodians at the year end date:

	Bank	2022		2021		Source
		Bank balances HK\$	Credit rating	Bank balances HK\$	Credit rating	
China Life Balanced Fund	Bank of China (Hong Kong) Limited	507	Aa3	507	Aa3	Moody's
China Life MPF Conservative Fund	Bank of China (Hong Kong) Limited	9,843,607	Aa3	8,018,783	Aa3	Moody's
	Bank of Communications	23,612,545	A-	2,000,000	A-	S&P
	Bank of East Asia	7,569,236	A-	25,401,117	A-	S&P
	China Bohai Bank Co Ltd	11,116,498	Baa3	-	Baa3	Moody's
	China CITIC Bank International Limited	21,502,002	A3	24,340,264	A3	Moody's
	China Construction Bank (Asia) Corporation Limited	27,839,253	A	25,028,088	A	S&P
	China Guangfa Bank Co Ltd	22,544,816	Baa3	-	Baa3	Moody's
	China Merchants Bank	26,293,289	BBB+	12,638,043	BBB+	S&P

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (d) Credit and custody risk (Continued)

	Bank	2022		2021		Source
		Bank balances HK\$	Credit rating	Bank balances HK\$	Credit rating	
China Life MPF Conservative Fund (Continued)	Chiyu Banking Corporation	-	Baa1	19,668,883	Baa1	Moody's
	Chong Hing Bank	26,173,191	Baa1	26,749,609	Baa1	Moody's
	CMB Wing Lung Bank Ltd.	25,050,441	A2	24,846,248	A3	Moody's
	Dah Sing Bank Limited	-	A2	27,176,677	A2	Moody's
	DBS Bank	25,701,796	Aa3	4,002,014	Aa3	Moody's
	Fubon Bank	10,428,087	BBB+	25,682,920	BBB+	S&P
	Hang Seng Bank	16,847,323	AA-	7,451,788	AA-	S&P
	Industrial and Commercial Bank of China (Asia) Limited	24,662,659	A1	20,172,190	A1	Moody's
	Industrial Bank Co., Ltd.	24,692,173	Baa2	26,000,326	Baa2	Moody's
	Shanghai Pudong Development Bank Co., Ltd.	25,723,675	Baa2	25,506,607	Baa2	Moody's
China Life Growth Fund	Bank of China (Hong Kong) Limited	514	Aa3	512	Aa3	Moody's
China Life Hong Kong Equity Fund	Bank of China (Hong Kong) Limited	204	Aa3	203	Aa3	Moody's
China Life Joyful Retirement Guaranteed Fund	Bank of China (Hong Kong) Limited	266	Aa3	266	Aa3	Moody's
China Life Retire-Easy Global Equity Fund <sup>5</sup>	Bank of China (Hong Kong) Limited	1,360,486	Aa3	93	Aa3	Moody's
China Life Core Accumulation Fund	Bank of China (Hong Kong) Limited	-	Aa3	-	Aa3	Moody's
China Life Age 65 Plus Fund	Bank of China (Hong Kong) Limited	-	Aa3	-	Aa3	Moody's
China Life Greater China Equity Fund	Bank of China (Hong Kong) Limited	-	Aa3	-	Aa3	Moody's
China Life US Equity Fund	Bank of China (Hong Kong) Limited	-	Aa3	-	Aa3	Moody's

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (d) Credit and custody risk (Continued)

	Custodian	2022		2021		Source
		Investments HK\$	Credit rating	Investments HK\$	Credit rating	
China Life Balanced Fund	HSBC <sup>1#</sup>	387,579,858	A-1+	473,252,427	A-1+	S&P
China Life Growth Fund	HSBC <sup>1#</sup>	647,143,108	A-1+	796,077,605	A-1+	S&P
China Life Hong Kong Equity Fund	HSBC <sup>1#</sup>	425,908,369	A-1+	420,629,920	A-1+	S&P
China Life Joyful Retirement Guaranteed Fund	Bank of China (Hong Kong) Limited	1,435,822,990	Aa3	1,866,511,250	Aa3	Moody's
China Life Retire-Easy Global Equity Fund <sup>5</sup>	BCT <sup>2#</sup>	N/A	Unrated	192,302,205	Unrated	N/A
	Bank of China (Hong Kong) Limited	154,180,108	Aa3	N/A	N/A	Moody's
China Life Core Accumulation Fund	BCT <sup>2#</sup>	184,793,259	Unrated	163,853,495	Unrated	N/A
China Life Age 65 Plus Fund	BCT <sup>2#</sup>	111,636,017	Unrated	119,054,823	Unrated	N/A
China Life Greater China Equity Fund	JPMorgan <sup>3#</sup>	29,298,698	A-1	1,887,144	A-1	S&P
China Life US Equity Fund	Citibank <sup>4#</sup>	36,912,877	A+	5,491,536	A+	S&P

<sup>1</sup> HSBC stands for "HSBC Institutional Trust Services (Asia) Limited".

<sup>2</sup> BCT stands for "Bank Consortium Trust Company Limited".

<sup>3</sup> JPMorgan stands for "JPMorgan Chase Bank, N.A., Hong Kong Branch".

<sup>4</sup> Citibank stands for "Citibank, N.A.".

<sup>5</sup> China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

# represents custodian of underlying approved pooled investment funds

All derivative financial instruments of China Life Retire-Easy Global Equity Fund represent outstanding currency forward contracts as disclosed in Note 11. The counterparty of these contracts are Bank of China (Hong Kong) Limited with credit rating of P-1 by Moody's.

The Scheme and its constituent funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2022 and 2021, all contribution receivable, amounts receivable on sale of investments, amounts receivable on funds switching, interest receivable, fund transfer in receivable, bank deposits with original maturity over three months and cash and cash equivalents are due to be settled within 1 month. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Scheme and constituent funds.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling a liability, including a redemption request.

The constituent funds are exposed to daily cash redemptions of units in the constituent funds. The constituent funds invest in approved pooled investment funds or quoted debt securities that are considered to be readily realisable.

At 31 December 2022, the constituent funds held fixed deposits of HK\$319,756,984 (2021: HK\$296,664,774) and approved pooled investment funds of HK\$3,259,095,176 (2021: HK\$4,039,060,405) that are expected to readily generate cash inflows for managing liquidity risk.

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

	<u>Less than 1 month</u>		<u>Sub-total</u>	<u>1-3 months</u>	<u>More than 3 months</u>	<u>Total</u>
	<u>Amounts payable on funds switching</u>	<u>Amounts payable on purchase of investments</u>		<u>Accruals and other payables</u>	<u>Accruals and other payables</u>	
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
<b>At 31 December 2022</b>						
China Life Balanced Fund	208,186	-	208,186	894,261	88,667	1,191,114
China Life MPF Conservative Fund	383,084	-	383,084	1,586,508	69,941	2,039,533
China Life Growth Fund	328,967	-	328,967	1,478,178	147,494	1,954,639
China Life Hong Kong Equity Fund	2,018,333	1,458	2,019,791	381,641	88,461	2,489,893
China Life Joyful Retirement Guaranteed Fund	2,004,212	-	2,004,212	4,292,211	358,027	6,654,450
China Life Retire-Easy Global Equity Fund <sup>Note 1</sup>	269,323	-	269,323	355,010	36,229	660,562
China Life Core Accumulation Fund	618,528	-	618,528	267,374	37,719	923,621
China Life Age 65 Plus Fund	137,642	10,553	148,195	164,679	24,816	337,690
China Life Greater China Equity Fund	3,045	-	3,045	37,656	4,241	44,942
China Life US Equity Fund	47,663	8,484	56,147	49,907	5,395	111,449

**CHINA LIFE MPF MASTER TRUST SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS**

**3 Financial risk management (Continued)**

**(e) Liquidity risk (Continued)**

	<u>Less than 1 month</u>		<u>Sub-total</u>	<u>1-3 months</u>	<u>More than 3 months</u>	<u>Total</u>
	<u>Amounts payable on funds switching</u>	<u>Amounts payable on purchase of investments</u>		<u>Accruals and other payables</u>	<u>Accruals and other payables</u>	
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
<b>At 31 December 2021</b>						
China Life Balanced Fund	181,787	12,344	194,131	1,137,085	102,674	1,433,890
China Life MPF Conservative Fund	1,160,820	-	1,160,820	176,199	61,258	1,398,277
China Life Growth Fund	500,996	-	500,996	1,909,041	170,436	2,580,473
China Life Hong Kong Equity Fund	1,284,251	22,477	1,306,728	426,680	88,626	1,822,034
China Life Joyful Retirement Guaranteed Fund	1,079,353	-	1,079,353	5,615,817	418,782	7,113,952
China Life Retire-Easy Global Equity Fund	127,510	164,097	291,607	658,564	40,736	990,907
China Life Core Accumulation Fund	1,003,181	107,089	1,110,270	231,419	28,583	1,370,272
China Life Age 65 Plus Fund	211,591	252,297	463,888	176,815	24,059	664,762
China Life Greater China Equity Fund	12,239	-	12,239	459	28	12,726
China Life US Equity Fund	170,645	-	170,645	1,473	91	172,209

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (f) Currency risk

Currency risk is the risk that the value of assets and liabilities will fluctuate due to changes in foreign exchange rates. As at 31 December 2022 and 2021, all of the constituent funds' assets and liabilities (except China Life Retire-Easy Global Equity Fund) are denominated in Hong Kong dollars. Thus, the constituent funds were not directly exposed to currency risk.

As at 31 December 2022, China Life Retire-Easy Global Equity Fund has assets and liabilities denominated in currencies other than the Hong Kong dollar, the Fund's functional and presentation currency, and United States dollar. Since the Hong Kong dollar is currently pegged to the United States dollar within a narrow range, the currency risk is considered minimal (2021: Nil).

China Life Joyful Retirement Guaranteed Fund has indirect currency risk exposure through its investment in the APIF (China Life Retire-Easy Guarantee (PIF) Fund), which invests in UT APIF (China Life Retire-Easy Stable Return Unit Trust (PIF) Fund) with major investment in securities, and from such investment in securities generate investment income, which is denominated in currencies other than Hong Kong dollars.

As at 31 December 2022, China Life Retire-Easy Stable Return Unit Trust (PIF) Fund had net monetary exposure of HK\$1,143,014,639 (2021: HK\$1,235,907,682) which are denominated in United States dollar and Renminbi and therefore, the constituent fund was indirectly exposed to currency risk. Since the Hong Kong dollar is currently pegged to the United States dollar within a narrow range, the currency risk is considered minimal. However, the constituent funds are exposed to currency risk on Renminbi, as the value of assets and liabilities denominated in Renminbi will fluctuate due to changes in foreign exchange rates.

The table below summarises the impact on net assets attributable to unitholders of the UT APIFs as a result of increases/decreases of key exchange rates on the exposures above.

##### China Life Joyful Retirement Guaranteed Fund

	2022		2021	
	Change in foreign exchange rates +/-	Impact HK\$ +/-	Change in foreign exchange rates +/-	Impact HK\$ +/-
Renminbi	5.00%	1,848,682	5.00%	2,748,341

The Managers have used its view of what would be a reasonable possible shift in the foreign exchange rates, having regard to the historical volatility of the foreign exchange rates, to estimate the change for use in the sensitivity analysis above. The investment managers may enter into currency forward contracts from time to time to reduce currency exposure. Refer to Note 11 for details of outstanding currency forward contracts as at 31 December 2022 (2021: Nil).

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (g) Capital risk management

The capital of the constituent funds is represented by the units of the constituent funds, and shown as net assets attributable to members in the statement of net assets. The amount of net assets attributable to members for each constituent fund can change significantly on a daily basis as the constituent funds are subject to daily subscriptions and redemptions at the discretion of members. Subscriptions and redemptions of units during the year are shown in the statement of changes in net assets attributable to members. The constituent funds' objective when managing capital is to safeguard the constituent funds' ability to continue as a going concern in order to provide retirement benefits to members. In order to achieve the investment objectives, the constituent funds endeavor to invest their capital in accordance with the investment policies as outlined in note 3(a), whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

##### (h) Fair value estimation

As at 31 December 2022 and 2021, the carrying values of financial assets and liabilities other than investments are a reasonable approximation of their fair values.

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Scheme and its constituent funds is the current bid price.

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

The Scheme and its constituent funds classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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



## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (h) Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the constituent funds' financial assets measured at fair value at the year end date.

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>At 31 December 2022</b>				
<b>China Life Balanced Fund</b>				
Approved pooled investment fund	387,579,858	-	-	387,579,858
<b>China Life Growth Fund</b>				
Approved pooled investment fund	647,143,108	-	-	647,143,108
<b>China Life Hong Kong Equity Fund</b>				
Approved pooled investment fund	425,908,369	-	-	425,908,369
<b>China Life Joyful Retirement Guaranteed Fund</b>				
Approved pooled investment fund	-	1,435,822,990	-	1,435,822,990
<b>China Life Retire-Easy Global Equity Fund</b> <sup>Note 1</sup>				
Approved index-tracking collective investment schemes	154,164,525	-	-	154,164,525
Derivative financial instruments	-	15,583	-	15,583
	154,164,525	15,583	-	154,180,108
	154,164,525	15,583	-	154,180,108
<b>China Life Core Accumulation Fund</b>				
Approved pooled investment fund	184,793,259	-	-	184,793,259
<b>China Life Age 65 Plus Fund</b>				
Approved pooled investment fund	111,636,017	-	-	111,636,017
<b>China Life Greater China Equity Fund</b>				
Approved pooled investment fund	29,298,698	-	-	29,298,698
<b>China Life US Equity Fund</b>				
Approved pooled investment fund	36,912,877	-	-	36,912,877

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (h) Fair value estimation (Continued)

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>At 31 December 2021</b>				
<b>China Life Balanced Fund</b>				
Approved pooled investment fund	473,252,427	-	-	473,252,427
<b>China Life Growth Fund</b>				
Approved pooled investment fund	796,077,605	-	-	796,077,605
<b>China Life Hong Kong Equity Fund</b>				
Approved pooled investment fund	420,629,920	-	-	420,629,920
<b>China Life Joyful Retirement Guaranteed Fund</b>				
Approved pooled investment fund	-	1,866,511,250	-	1,866,511,250
<b>China Life Retire-Easy Global Equity Fund</b>				
Approved pooled investment fund	192,302,205	-	-	192,302,205
<b>China Life Core Accumulation Fund</b>				
Approved pooled investment fund	163,853,495	-	-	163,853,495
<b>China Life Age 65 Plus Fund</b>				
Approved pooled investment fund	119,054,823	-	-	119,054,823
<b>China Life Greater China Equity Fund</b>				
Approved pooled investment fund	1,887,144	-	-	1,887,144
<b>China Life US Equity Fund</b>				
Approved pooled investment fund	5,491,536	-	-	5,491,536

Investments whose values are based on quoted market prices in active markets are classified within level 1. The constituent funds do not adjust the quoted price for these instruments.

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

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2022 and 2021, the constituent funds did not hold any investments classified in level 3.

For the year ended 31 December 2022 and 2021, there were no transfers between levels of investments held by the constituent funds.

As at 31 December 2022 and 2021, the financial assets and liabilities included in the statement of net assets, other than investments are measured at amortised cost; their carrying values are a reasonable approximation of fair value.

The fair values of forward foreign exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 4 Transactions with associates/related parties

Except as disclosed below and in Note 9, the Scheme and its constituent funds did not have any transactions and balances with related parties, including the Trustee, Taiping Assets Management (HK) Company Limited, Invesco Hong Kong Limited, FIL Investment Management (Hong Kong) Limited, JPMorgan Asset Management (Asia Pacific) Limited, Franklin Templeton Investments (Asia) Limited and their associates or delegates during the year. Associates or delegates of the Investment Manager or Trustee are those as defined in the Ordinance established by the MPFA.

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

##### (a) Trustee and administration fees

China Life Trustees Limited, the Trustee, and China Life Insurance (Overseas) Company Limited, the Administrator, are entitled to receive a fee calculated based on the net asset value of the respective constituent funds at the following annual rates for the year ended 31 December 2022 and 2021:

	China Life Balanced Fund	China Life MPF Conservative Fund	China Life Growth Fund	China Life Hong Kong Equity Fund	China Life Joyful Retirement Guaranteed Fund	China Life Retire-Easy Global Equity Fund <sup>1</sup>	China Life Core Accumulation Fund	China Life Age 65 Plus Equity Fund	China Life Greater China Equity Fund	China Life US Equity Fund
Trustee fee	0.35%	0.35%	0.35%	0.10%	0.35%	0.35%	0.21%	0.21%	0.10%	0.10%
Administration fee (Before 13 December 2021)	0.50%	0.30%	0.50%	0.20%	0.55%	0.48%	0.28%	0.28%	N/A	N/A
Administration fee (On or after 13 December 2021)	0.50%	0.30%	0.50%	0.20%	0.55%	0.48%	0.28%	0.28%	0.40%	0.40%
Administration fee (On or after 26 September 2022)	0.50%	0.30%	0.50%	0.20%	0.55%	0.40%	0.28%	0.28%	0.40%	0.40%

The trustee and administration fees are calculated and accrued on each valuation day and payable quarterly in arrears.

The trustee and administration fees for the year are disclosed in the statement of comprehensive income. The trustee and administration fees payable at the year end date were as follows:

	China Life Balanced Fund	China Life MPF Conservative Fund	China Life Growth Fund	China Life Hong Kong Equity Fund	China Life Joyful Retirement Guaranteed Fund	China Life Retire-Easy Global Equity Fund <sup>1</sup>	China Life Core Accumulation Fund	China Life Age 65 Plus Equity Fund	China Life Greater China Equity Fund	China Life US Equity Fund
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 31 December 2022										
Trustee fee	329,465	653,268	544,592	95,410	1,251,895	138,059	95,121	58,590	6,276	8,318
Administration fee	470,664	559,944	777,988	190,821	1,967,263	157,782	126,923	78,171	25,104	33,271
At 31 December 2021										
Trustee fee	418,926	72,552	703,331	106,670	1,637,947	167,027	82,361	62,903	77	245
Administration fee	598,465	62,188	1,004,758	213,340	2,573,916	229,066	109,833	83,935	306	982

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 4 Transactions with associates/related parties (Continued)

##### (b) Investment management fees

The following investment managers are entitled to receive a fee calculated based on the net asset value of the respective constituent funds at the following annual rates:

##### Taiping Assets Management (HK) Company Limited

Being the investment manager for China Life MPF Conservative Fund and the relevant approved pooled investment fund that the following constituent fund of the Scheme has invested in.

1. China Life Joyful Retirement Guaranteed Fund

##### Invesco Hong Kong Limited

Being the investment manager for the relevant approved pooled investment funds that the following constituent funds of the Scheme have invested in.

1. China Life Retire-Easy Global Equity Fund <sup>Note 2</sup>
2. China Life Core Accumulation Fund
3. China Life Age 65 Plus Fund

With effect from 26 September 2022, Invesco Hong Kong Limited was ceased to be the investment manager for the underlying fund of China Life Retire-Easy Global Equity Fund and China Asset Management (Hong Kong) Limited was appointed as the investment manager for China Life Retire-Easy Global Equity Fund.

##### China Asset Management (Hong Kong) Limited

Being the investment manager for the following constituent fund of the Scheme.

1. China Life Retire-Easy Global Equity Fund <sup>Note 2</sup>

##### FIL Investment Management (Hong Kong) Limited

Being the investment manager for the relevant approved pooled investment funds that the following constituent funds of the Scheme have invested in.

1. China Life Balanced Fund
2. China Life Growth Fund
3. China Life Hong Kong Equity Fund

##### JPMorgan Asset Management (Asia Pacific) Limited

Being the investment manager for the relevant approved pooled investment funds that the following constituent fund of the Scheme has invested in.

1. China Life Greater China Equity Fund

##### Franklin Templeton Investments (Asia) Limited

Being the investment manager for the relevant approved pooled investment funds that the following constituent fund of the Scheme has invested in.

1. China Life US Equity Fund

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 4 Transactions with associates/related parties (Continued)

##### (b) Investment management fees (Continued)

The investment management fees for the year are disclosed in the statement of comprehensive income. The investment management fees payable at the year end date were as follows:

	China Life Balanced Fund <sup>1</sup>	China Life MPF Conservative Fund	China Life Growth Fund <sup>1</sup>	China Life Hong Kong Equity Fund <sup>1</sup>	China Life Joyful Retirement Guaranteed Fund	China Life Retire-Easy Global Equity Fund <sup>2</sup>	China Life Core Accumulation Fund <sup>1</sup>	China Life Age 65 Plus Fund <sup>1</sup>	China Life Greater China Equity Fund <sup>1</sup>	China Life US Equity Fund <sup>1</sup>
Investment management fee (Before 13 December 2021)	0.45%	0.10%	0.45%	0.45%	0.20%	0.40%	0.08%	0.08%	N/A	N/A
Investment management fee (On or after 13 December 2021)	0.45%	0.10%	0.45%	0.45%	0.20%	0.40%	0.08%	0.08%	0.58%	Upto 0.59%
Investment management fee (On or after 26 September 2022)	0.45%	0.10%	0.45%	0.45%	0.20%	N/A	0.08%	0.08%	0.58%	Upto 0.59%

The investment management fees are calculated and accrued on each valuation day and payable quarterly in arrears.

	China Life Balanced Fund <sup>1</sup> HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund <sup>1</sup> HK\$	China Life Hong Kong Equity Fund <sup>1</sup> HK\$	China Life Joyful Retirement Guaranteed Fund HK\$	China Life Retire-Easy Global Equity Fund <sup>1&amp;2</sup> HK\$	China Life Core Accumulation Fund <sup>1</sup> HK\$	China Life Age 65 Plus Fund <sup>1</sup> HK\$	China Life Greater China Equity Fund <sup>1</sup> HK\$	China Life US Equity Fund <sup>1</sup> HK\$
At 31 December 2022 Investment management fee	N/A	186,648	N/A	N/A	715,368	N/A	N/A	N/A	N/A	N/A
At 31 December 2021 Investment management fee	N/A	20,729	N/A	N/A	935,969	190,888	N/A	N/A	N/A	N/A

Note 1: The investment management fees are deducted at the approved pooled investment fund level.

Note 2: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### **5 Payments charged to Default Investments Strategy (“DIS”) constituent funds or scheme or members who invest in the constituent funds**

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

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the Trustee, the Administrator, the investment manager(s), the custodian and the sponsor and/or the promoter (if any) of the Scheme and the underlying investment fund(s) of each of the China Life Core Accumulation Fund and China Life Age 65 Plus Fund, and any of the delegates from these parties, and such fees are calculated as a percentage of the net asset value of each of the DIS constituent funds and their underlying investment fund(s), but do not include any out-of-pocket expenses incurred by each of the China Life Core Accumulation Fund and China Life Age 65 Plus Fund and their underlying investment fund(s).

In addition, in accordance with the Mandatory Provident Fund legislation, the total amount of all payments that are charged to or imposed on a DIS constituent fund or members who invest in a DIS constituent fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee’s duties to provide services in relation to a DIS constituent fund, shall not in a single year exceed 0.2% of the net asset value of the China Life Core Accumulation Fund and China Life Age 65 Plus Fund.

For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of net asset value and transaction costs incurred by a DIS constituent fund in connection with recurrent acquisition of investments for the DIS constituent fund (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS constituent fund.

Out-of-pocket expenses that are not incurred on a recurrent basis may still be charged or imposed on DIS constituent fund and such out-of-pocket expenses are not subject to the above statutory limit.

Payment for services, out-of-pocket expenses and other payment charged to the China Life Core Accumulation Fund and China Life Age 65 Plus Fund are disclosed below. Payments for services and out-of-pocket expenses are those defined in the MPF Ordinance.

**CHINA LIFE MPF MASTER TRUST SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Payments charged to Default Investments Strategy (“DIS”) constituent funds or scheme or members who invest in the constituent funds (Continued)**

**For the year ended 31 December 2022**

	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$
<b>Payments for services</b>		
- Administration fee	478,153	317,312
- Custodian fee	170,769	113,326
- Trustee fee	358,355	237,763
- Investment management fee	-	-
<b>Total payments services</b>	<u>1,007,277</u>	<u>668,401</u>
<b>Out-of-pocket expenses</b>		
- Auditor’s remuneration	31,565	17,528
- MPF indemnity insurance	38,216	22,729
- Other expenses	21,497	15,313
<b>Total out-of-pocket expenses</b>	<u>91,278</u>	<u>55,570</u>
<b>Other payments</b>		
- Organisational costs	496	496
<b>Total other payments</b>	<u>496</u>	<u>496</u>
<b>Total payments</b>	<u>1,099,051</u>	<u>724,467</u>
Out-of-pocket expenses expressed as a percentage of average net asset value as at the last dealing day of each month of the constituent funds	<u>0.05%</u>	<u>0.05%</u>

**CHINA LIFE MPF MASTER TRUST SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Payments charged to Default Investments Strategy (“DIS”) constituent funds or scheme or members who invest in the constituent funds (Continued)**

**For the year ended 31 December 2021**

	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$
<b>Payments for services</b>		
- Administration fee	367,325	312,471
- Custodian fee	131,188	111,597
- Trustee fee	275,397	234,186
- Investment management fee	-	-
<b>Total payments services</b>	<u>773,910</u>	<u>658,254</u>
<b>Out-of-pocket expenses</b>		
- Auditor’s remuneration	25,902	20,559
- MPF indemnity insurance	4,403	3,831
- Other expenses	14,101	12,218
<b>Total out-of-pocket expenses</b>	<u>44,406</u>	<u>36,608</u>
<b>Other payments</b>		
- Organisational costs	1,000	1,000
<b>Total other payments</b>	<u>1,000</u>	<u>1,000</u>
<b>Total payments</b>	<u>819,316</u>	<u>695,862</u>
Out-of-pocket expenses expressed as a percentage of average net asset value as at the last dealing day of each month of the constituent funds	<u>0.03%</u>	<u>0.03%</u>

**6 Contributions**

Mandatory contributions for both the employers and members are equal to 5% of the members’ relevant income up to HK\$30,000 per month and in respect of members earning less than HK\$7,100 per month, the members’ mandatory contribution is nil.

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

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



## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **7 Benefits**

Members will become entitled to benefits in respect of mandatory contributions to the Scheme in the circumstances set out in the MPF Ordinance. Currently, these circumstances include where the members (i) reach the age of 65; (ii) permanently cease employment, after reaching the age of 60; (iii) become totally incapacitated; (iv) permanently depart from Hong Kong; (v) die; (vi) have the right to claim a small balance or (vii) become terminally ill pursuant to the MPF Ordinance.

With effect from 1 February 2016, the scheme member can choose one of the following ways to manage MPF benefits: (a) withdraw MPF benefits by instalments, (b) withdraw all MPF benefits in a lump sum and (c) retain all the MPF benefits in the account for continuous investment.

Members will become entitled to benefits in respect of voluntary contributions to the Scheme in circumstances set out in the Trust Deed and the relevant participation agreement.

#### **8 Guaranteed return**

##### **China Life Joyful Retirement Guaranteed Fund**

The guarantee rate of return of 1.35% per annum after the deduction of administration expenses (1.2%). The amount is guaranteed by China Life Insurance (Overseas) Company Limited. The guarantee entitlement is provided to a Member upon satisfaction of any of the following qualifying conditions

- (A) withdrawals on any grounds specified in section 15 of the Mandatory Provident Fund Schemes Ordinance; or
- (B) withdrawals in circumstances other than the ones set out in (A) above where the period starting from the first Dealing Day on which contributions are credited and ending on the relevant Dealing Day on which the contributions are withdrawn (“Qualifying Period”) equals a continuous period of at least 36 completed months or more.

For the avoidance of doubt, condition (B) of the Qualifying Conditions is not applicable in the case of withdrawal by way of rebalancing or rectification of overpaid contributions.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 9 Investments

	2022 HK\$	2021 HK\$
<b><u>The Scheme</u></b>		
Investments in constituent funds		
China Life Balanced Fund	386,507,316	471,987,843
China Life MPF Conservative Fund	331,961,544	305,233,306
China Life Growth Fund	645,834,299	794,211,683
China Life Hong Kong Equity Fund	427,781,502	423,212,071
China Life Joyful Retirement Guaranteed Fund	1,430,162,078	1,860,080,352
China Life Retire-Easy Global Equity Fund <sup>Note 1</sup>	154,976,615	191,763,986
China Life Core Accumulation Fund	184,556,983	164,614,544
China Life Age 65 Plus Fund	111,870,259	119,598,227
China Life Greater China Equity Fund	29,552,438	2,072,986
China Life US Equity Fund	36,967,788	7,832,445
	<hr/>	<hr/>
Investments at fair value	3,740,170,822	4,340,607,443
	<hr/> <hr/>	<hr/> <hr/>
Investments at cost	3,318,480,307	3,234,194,853
	<hr/> <hr/>	<hr/> <hr/>

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

**CHINA LIFE MPF MASTER TRUST SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS**

**9 Investments (Continued)**

	2022 HK\$	2021 HK\$
<b><u>Constituent funds</u></b>		
<b>China Life Balanced Fund</b>		
<u>Approved pooled investment fund</u>		
Fidelity Global Investment Fund - Balanced Fund Class A	387,579,858	473,252,427
<b>China Life Growth Fund</b>		
<u>Approved pooled investment fund</u>		
Fidelity Global Investment Fund - Growth Fund Class A	647,143,108	796,077,605
<b>China Life Hong Kong Equity Fund</b>		
<u>Approved pooled investment fund</u>		
Fidelity Global Investment Fund - Hong Kong Equity Fund	425,908,369	420,629,920
<b>China Life Joyful Retirement Guaranteed Fund</b>		
<u>Approved pooled investment fund</u>		
China Life Retire-Easy Guarantee (PIF) Fund	1,435,822,990	1,866,511,250
<b>China Life Retire-Easy Global Equity Fund <sup>Note 1</sup></b>		
<u>Approved pooled investment fund</u>		
Invesco Global Equities Fund	-	192,302,205
<u>Approved index-tracking collective investment schemes</u>		
Listed securities	154,164,525	-
<b>China Life Core Accumulation Fund</b>		
<u>Approved pooled investment fund</u>		
Invesco Core Accumulation Fund	184,793,259	163,853,495
<b>China Life Age 65 Plus Fund</b>		
<u>Approved pooled investment fund</u>		
Invesco Age 65 Plus Fund	111,636,017	119,054,823
<b>China Life Greater China Equity Fund</b>		
<u>Approved pooled investment fund</u>		
JPMorgan SAR Greater China Fund	29,298,698	1,887,144
<b>China Life US Equity Fund</b>		
<u>Approved pooled investment fund</u>		
Franklin MPF US Opportunities Fund	36,912,877	5,491,536
Investments at fair value	<u>3,413,259,701</u>	<u>4,039,060,405</u>
Investments at cost	<u>3,503,916,307</u>	<u>3,590,301,913</u>

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 10 Bank loans, overdrafts and other borrowings

The Scheme and its constituent funds had no bank loans, overdrafts and other borrowings as at 31 December 2022 and 2021.

#### 11 Derivative financial instruments

##### China Life Retire-Easy Global Equity Fund

###### At 31 December 2022

Contract to deliver	In exchange for	Settlement date	Unrealised gain HK\$
Open forward contracts: US\$5,904,832	HK\$46,000,000	28 March 2023	15,583
		Total unrealised gain	<u>15,583</u>

#### 12 Accrued benefits of the Scheme

The total accrued benefits vested in the members' accounts amounted to HK\$3,699,366,612 as at 31 December 2022 (2021: HK\$4,297,774,863).

#### 13 Taxation

The Scheme is not subject to Hong Kong profits tax as it is considered as a recognized retirement scheme and not carrying on a business in Hong Kong according to the Inland Revenue Department Practice Note No.23.

#### 14 Soft commission arrangements

During the year ended 31 December 2022 and 2021, the investment managers and their associates did not enter into any soft commission arrangements with brokers in relation to dealings in the assets of the Scheme and its constituent funds.

#### 15 Security lending arrangements

During the year ended 31 December 2022 and 2021, the Scheme and its constituent funds did not enter into any security lending arrangements.

#### 16 Negotiability of assets

There were no statutory or contractual requirements restricting the negotiability of the assets of the Scheme and its constituent funds as at 31 December 2022 and 2021.

#### 17 Commitments

The Scheme and its constituent funds had no commitments as at 31 December 2022 and 2021.

#### 18 Contingent liabilities

The Scheme and its constituent funds had no contingent liabilities as at 31 December 2022 and 2021.

## **CHINA LIFE MPF MASTER TRUST SCHEME**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **19 Marketing expenses**

There have been no advertising expenses, promotional expenses or commissions or brokerage fees paid or payable to the MPF intermediaries deducted from the Scheme or its constituent funds during the year ended 31 December 2022 and 2021.

#### **20 Subsequent event**

With effect from 1 February 2023, China Life US Equity Fund (the “US Equity Fund”), a constituent fund of the Scheme, is restructured from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes. The statement of investment policy and objective was amended to reflect the restructuring of the US Equity Fund. Franklin Templeton Investments (Asia) Limited ceased to be the investment manager of the underlying fund of the US Equity Fund and China Asset Management (Hong Kong) Limited was appointed as the investment manager of the US Equity Fund. The aggregate fees and charges of the US Equity Fund is lowered from up to 1.19% per annum to up to 0.86% per annum.

China Life Joyful Retirement Guaranteed Fund currently invests solely in China Life Retire-Easy Guarantee (PIF) Fund (the “IP APIF”), which in turn solely invests in China Life Retire-Easy Stable Return Unit Trust (PIF) Fund (the “UT APIF”). With effect from 23 June 2023, Taiping Assets Management (HK) Company Limited ceases to be the investment manager of the IP APIF and UT APIF and Schroder Investment Management (Hong Kong) Limited is appointed as the investment manager of the APIF and UTAPIF respectively. The statement of investment policy and objective of China Life Joyful Retirement Guaranteed Fund is amended to increase the relative proportion of intended investments in fixed income, remove the restriction in bond investment maturity and relax the targeted geographical distribution restriction of the assets. The investment management fee of 0.20% per annum is charged at the UT APIF level instead of the China Life Joyful Retirement Guaranteed Fund level pursuant to the new relevant investment management agreement.

#### **21 Approval of financial statements**

The financial statements were approved by the Trustee on 27 June 2023.

**CHINA LIFE MPF MASTER TRUST SCHEME**  
**INDEPENDENT AUDITOR'S ASSURANCE REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

## **INDEPENDENT AUDITOR’S ASSURANCE REPORT TO THE TRUSTEE OF CHINA LIFE MPF MASTER TRUST SCHEME**

We have audited the financial statements of the China Life MPF Master Trust Scheme and each of its constituent funds (hereafter referred to as the “Scheme”) for the year ended 31 December 2022 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised) “The Audit of Retirement Schemes” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and have issued an unqualified auditor’s report thereon dated 27 June 2023.

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

### **Trustee’s Responsibility**

The General Regulation requires the Trustee to ensure that:

- (a) proper accounting and other records are kept in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme;
- (b) the requirements specified in the guidelines made by the Mandatory Provident Fund Schemes Authority (the “MPFA”) under section 28 of the Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation are complied with;
- (c) the requirements under sections 34DB(1)(a), (b), (c) and (d), 34DC(1), 34DD(1) and (4) of the Ordinance are complied with; and
- (d) the Scheme assets are not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### **Our Independence and Quality Control**

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

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Auditor’s Responsibility**

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

**INDEPENDENT AUDITOR'S ASSURANCE REPORT  
TO THE TRUSTEE OF CHINA LIFE MPF MASTER TRUST SCHEME  
(CONTINUED)**

**Auditor's Responsibility (Continued)**

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

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

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

**Opinion**

Based on the foregoing:

- (a) in our opinion:
- (i) proper accounting and other records have been kept during the year ended 31 December 2022 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and
  - (ii) the requirements specified in the guidelines made by the MPFA under section 28 of the Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation have been complied with, in all material respects, as at 31 December 2022, 29 July 2022 and 31 March 2022; and
  - (iii) the requirements specified in the Ordinance under sections 34DB(1)(a), (b), (c) and (d), 34DC(1) and 34DD(1) and (4)(a) with respect to the investment of accrued benefits and control of payment for services relating to China Life Core Accumulation Fund and China Life Age 65 Plus Fund have been complied with, in all material respects, as at 31 December 2022, 29 July 2022 and 31 March 2022; and
  - (iv) the requirements specified in section 34DD(4)(b) of the Ordinance with respect to the controls of out-of-pocket expenses of the China Life Core Accumulation Fund and China Life Age 65 Plus Fund have been complied with, in all material respects, as at 31 December 2022.
- (b) as at 31 December 2022, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.



**INDEPENDENT AUDITOR'S ASSURANCE REPORT  
TO THE TRUSTEE OF CHINA LIFE MPF MASTER TRUST SCHEME  
(CONTINUED)**

**Other Matter**

The requirements specified in the Ordinance under sections 34DI(1) and (2) and 34DK(2) with respect to the transfer of accrued benefits to an account and specified notice, and 34DJ(2), (3), (4) and (5) with respect to locating scheme members relating to China Life Core Accumulation Fund and China Life Age 65 Plus Fund are not applicable to the Trustee during the year ended 31 December 2022 as the Trustee has completed the relevant transitional provisions and the default investment arrangement of the Scheme prior to 1 April 2017 was not guaranteed funds. Accordingly, there is no reporting on these sections.

**Intended Users and Purpose**

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



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 27 June 2023