

CHINA LIFE MPF MASTER TRUST SCHEME
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

CHINA LIFE MPF MASTER TRUST SCHEME

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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CHINA LIFE MPF MASTER TRUST SCHEME

SCHEME REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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, eleven constituent funds (including 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), 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\$652,886,855 (2018: HK\$677,808,955) and HK\$777,523,113 (2018: HK\$788,568,696) respectively. The net asset value as at 31 December 2019 was HK\$4,009,613,356 (2018: HK\$3,839,690,769). The Scheme had 36,996 (2018: 35,566) members as at 31 December 2019.

CHINA LIFE MPF MASTER TRUST SCHEME

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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 ^{Note 1} of the Scheme during the year.

- launch of tax deductible voluntary contribution on 1 April 2019
- terminate two constituent funds, namely China Life Retire-Easy Balanced Fund and China Life Retire-Easy Capital Stable Fund
- change of the name of the reference index for Default Investment Strategy for reflecting its rebranding exercise
- substitute the description after the name of China Life Insurance (Overseas) Company Limited
- enhance the disclosure in relation to China Life Hong Kong Equity Fund
- change the number of free withdrawal instalment for retirement and early retirement claim to 12 times per year
- update the business address of Taiping Assets Management (HK) Company Limited, one of the investment manager of the Scheme
- reflect the corresponding amendments of the SFC Code on MPF Products
- incorporate relevant requirements regarding anti-money laundering and automatic exchange of financial account information

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

Note 1: With effect from 31 March 2020, the Principal Brochure of the Scheme has been renamed as “MPF Scheme Brochure” and presented in a standardized manner in accordance with the Code on Disclosure for MPF Investment Funds.

4 Contact

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

Interactive website	:	www.chinalife.com.hk
Employer hotline	:	(852) 3999 5555
Member hotline	:	(852) 3999 5555
Fax number	:	(852) 2893 2103
Postal address	:	China Life Trustees Limited 17/F CLI Building 313 Hennessy Road Wan Chai, Hong Kong

CHINA LIFE MPF MASTER TRUST SCHEME

SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

5 Service providers

Trustee

China Life Trustees Limited
17/F, CLI Building
313 Hennessy Road
Wan Chai, Hong Kong

Sponsor and Administrator

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

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. The substitution of the description of “Hong Kong Branch” after the name of China Life Insurance (Overseas) Company Limited with “(incorporated in the People's Republic of China with limited liability)” took effect in June 2019.

CHINA LIFE MPF MASTER TRUST SCHEME

SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 Guaranteed Return Fund
2. China Life Retire-Easy Guarantee 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 Balanced Fund ^{Note 1}
2. China Life Retire-Easy Capital Stable Fund ^{Note 1}
3. China Life Retire-Easy Global Equity Fund
4. China Life Core Accumulation Fund
5. China Life Age 65 Plus Fund

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

Insurer and Guarantor

China Life Insurance (Overseas) Company Limited ^{Note 2}
(incorporated in the People's Republic of China with limited liability)
22/F, CLI Building
313 Hennessy Road
Wan Chai, Hong Kong

Note 1: 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 2: The Trustee is a wholly-owned subsidiary of the service provider. The substitution of the description of "Hong Kong Branch" after the name of China Life Insurance (Overseas) Company Limited with "(incorporated in the People's Republic of China with limited liability)" took effect in June 2019.

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SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

5 Service providers (Continued)

Auditor

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

6 Board of Directors

Directors of the Trustee

China Life Trustees Limited

Stuart Hamilton Leckie (resigned on 30 November 2019) (Independent Director)

Business address:
2802 Tower Two, Lippo Centre, 89 Queensway,
Hong Kong

Si Chiu Tan, Henry (appointed on 2 September 2019) (Independent Director)

Business address:
17/F, CLI Building
313 Hennessy Road
Wan Chai, Hong Kong

Lu Haitian (appointed on 15 May 2020) (Independent Director)

Business address:
R701, 7/F, Core R, Shirley Chan Building
The Hong Kong Polytechnic University
Hung Hom, Kowloon

Tam Tsz Kin, Thomas (Chief Executive Director)

Business address:
17/F, CLI Building
313 Hennessy Road
Wan Chai, Hong Kong

Fang Jun (Director)

Business address:
15/F, Tower B, China Life Plaza
No.12 Financial Street
Xicheng District, Beijing
China

Lee Fong Yee, Fanny (Non-executive Director)

Business address:
Room 1101, 11/F, Tower 1
Admiralty Centre
18 Harcourt Road
Hong Kong

CHINA LIFE MPF MASTER TRUST SCHEME

**SCHEME REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

6 Board of Directors (Continued)

Directors of the Trustee (Continued)

Chau Chi Kin

(Non-executive Director)

Business address:
32/F, Henley Building
5 Queen's Road Central
Hong Kong

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 2019 are as follows:

Liu Anlin (resigned on 1 February 2019)

Fang Jun (resigned on 13 February 2020)

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

Kuang Tao

Wang Bin

The business address of the above controllers is:
China Life Center
22-28 Floor, 17 Financial Street
Xicheng District, Beijing
China

Lin Yunxia (resigned on 23 January 2019)

Business address:
Room 2603, Tower 1
Lianhua Community
Haidian District, Beijing
China

Yu Sheng Quan

Address:
808, Building 32
Ding Hui Dongli
Haidian District, Beijing
China

CHINA LIFE MPF MASTER TRUST SCHEME

**SCHEME REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

6 Board of Directors (Continued)

Controllers of Associate (Continued)

Liu Huimin (appointed on 13 February 2020)

Address:

Room 501
No. 2 Guangcheng Street
Xicheng District, Beijing
China

Zhang Shengman

Address:

Flat A, 31/F, Tower 1
Regence Royale
2 Bowen Road, Mid-Levels
Hong Kong

Mao Yumin

Address:

41D, Sorrento Tower 3
1 Austin Road West, Kowloon
Hong Kong

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview

China Life MPF Master Trust Scheme (the “Scheme”) offers exclusively to Scheme members nine constituent funds to invest their accrued benefits as at 31 December 2019 (2018: Eleven). 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 Guaranteed Return Fund (GRF)
China Life Hong Kong Equity Fund (HKEF)
China Life Retire-Easy Guarantee Fund (REGF)
China Life Retire-Easy Capital Stable Fund (RECSF) ^{Note 1}
China Life Retire-Easy Balanced Fund (REBF) ^{Note 1}
China Life Retire-Easy Global Equity Fund (REGEF)
China Life Core Accumulation Fund (CAF)
China Life Age 65 Plus Fund (APF)

Note 1: 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.

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 2019

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 Guaranteed Return Fund

The investment objective of GRF is to provide a return that is above the guaranteed rate of return to participants.

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 underlying unit trust approved pooled investment fund ("UT APIF") which maintains a well-diversified portfolio comprising the following:

- (a) Global equities such as common stocks and preferred stocks;
- (b) Fixed income securities that satisfy the minimum credit rating set by the MPFA, based on the credit rating of the security as determined by a credit rating agency approved by the MPFA; debt securities issued or guaranteed by an exempt authority, or listed on an approved stock exchange, and being issued by or guaranteed by a company or corporation whose shares are so listed;
- (c) Bank deposits that are assets deposited with authorised financial institutions being an institution authorised under Part IV of the Hong Kong Banking Ordinance (Cap. 155).

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 2019

1 Overview (Continued)

Investment objectives and policies (Continued)

China Life Retire-Easy Guarantee 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 Capital Stable Fund ^{Note 1}

The investment objectives of RECSF are to achieve capital preservation over the long term whilst seeking to enhance returns through limited exposure to global equities.

The fund achieves its investment objectives through investing in an APIF managed by Invesco Hong Kong Limited, which invests in a combination of global bonds and global equities. The fund maintains a minimum effective currency exposure of 30% of its net asset value in Hong Kong dollars.

China Life Retire-Easy Balanced Fund ^{Note 1}

The investment objectives of REBF are to achieve capital appreciation in excess of Hong Kong salary inflation over the long term.

The fund achieves its investment objectives through investing in an APIF managed by Invesco Hong Kong Limited, which invests in a combination of global bonds and global equities. The fund maintains a minimum effective currency exposure of 30% of its net asset value in Hong Kong dollars.

China Life Retire-Easy Global Equity Fund

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 an APIF managed by Invesco 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.

Note 1: 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.

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INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Investment objectives and policies (Continued)

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.

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.

Investment analysis and commentary

Out of the eleven constituent funds, ten of them (BF, GF, GRF, HKEF, REGF, RECSF, REBF, REGEF, CAF and APF) are currently feeder funds and each invests in a relevant approved pooled investment fund. The remaining constituent fund (MCF) invests in bank deposits and debt securities 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.

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 Retire-Easy Balanced Fund ^{Note 1}
- ii) China Life Retire-Easy Capital Stable Fund ^{Note 1}
- iii) China Life Retire-Easy Global Equity Fund
- iv) China Life Core Accumulation Fund
- v) China Life Age 65 Plus Fund

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Investment managers' market perspective (Continued)

Invesco Hong Kong Limited (Continued)

- i) China Life Retire-Easy Balanced Fund ^{Note 1}
- ii) China Life Retire-Easy Capital Stable Fund ^{Note 1}
- iii) China Life Retire-Easy Global Equity Fund

Note 1: 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.

2019 Market Overview

Global financial markets enjoyed strong performances in 2019 as most economies remained on a solid footing thanks to supportive policies and a phase-one trade agreement was reached between China and the US. US market performed strongly, wrapping up one of its best years on record. In Europe, equity markets also enjoyed strong rally, with the same global trade optimism driving markets higher and some positive economic signals providing extra impetus even as politics continued to dominate headlines. Emerging equity markets also registered broad gains to cap off a successful year for the asset class. Bond markets did well. Federal Reserve (FED) changed course this year and cut rates three times after raising them in 2018. Many other central banks followed the same path.

US equities: US equities reached fresh highs in 2019 to cap one of the best years of the past decade. Stocks were buoyed by hopes of an interim trade deal between the US and China and better-than-expected economic data. The FED projected that interest rates would remain on hold throughout 2020.

European equities: European equity markets finished the year strongly, buoyed by the combination of a convincing UK general election result and news of a phase-one trade deal between US and China. Against this backdrop, investors were happy to adopt a 'risk-on' stance with 'cyclical' parts of the market outperforming 'defensive' areas.

Japanese equities: Similar to other markets, Japan ended the reporting period on a positive note. Real GDP expanded modestly through the first three quarters but contracted in the fourth quarter due to the effect of consumption tax hike and typhoon. The Bank of Japan decided to carry on its monetary easing measures.

China/HK equities: China was among the best performing markets in 2019. Despite earlier twists and turns, it has agreed to reach a phase-one trade agreement with the US. Economic activities showed early signs of bottoming-out towards the year end with official manufacturing PMI returning to positive territory. Hong Kong equities, though finished higher, underperformed and were dragged by social situation in the second half.

Asia Pacific region (ex Japan, Hong Kong and China): Asian equity markets strengthened in 2019 on the back of favourable tailwinds from trade development between China and the US and strong government support across countries. Taiwan was the best performing market as its economy benefitted from stable domestic demand and manufacturing re-shoring. India and ASEAN markets on the other hand lagged as investors were less certain about their growth outlooks.

Global bonds: 2019 was an unexpectedly strong year of returns for nearly all areas of the bond market. Optimism over better economic data, a potential US/China trade deal and a decisive general election win for the UK's Conservative Party helped to spur overall sentiment.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Investment managers' market perspective (Continued)

Invesco Hong Kong Limited (Continued)

2020 Market Outlook and Strategy

Current market prices are reflecting the near-term effects of the coronavirus and the oil price war that has begun between OPEC members. Without a doubt the effect of the coronavirus on near-term growth and corporate earnings is going to be terrible. That said, it is important to remember that this effect is one of disruptions, not damage. The financial system is intact. Global production capacity is likewise in good shape. As recovery comes through, we believe we will see increased spending on information technology hardware and software. We will see increased spending on health care. We are likely to see a release of pent-up consumer demand for some discretionary goods and services. We believe the current market condition has thrown up opportunities to buy strong franchises at extraordinarily attractive prices.

US equities: Despite recent deteriorating in economic data including unemployment and retail sales, growth will eventually recover once the COVID-19 situation is under control. The government's relief measures should help support businesses and the economy.

European equities: European equities are not immune to the impact of COVID-19 that has led to a sharp market sell-off. Growth will slow substantially in the first half and recovery will depend on when economic activities are back to normal. That said, we believe the sharp decline has created numerous new opportunities across many sectors for active managers like ourselves to buy great businesses at attractive prices.

Japanese equities: as we experienced during the SARS episode, pent-up demand is expected to boost economic and corporate activity afterwards, and such an epidemic itself should not change the macro trend. We assume the Japanese economy to get back on the original path of gradual recovery after some disruptions. We broadly maintain our long-term scenario that labour and capacity shortage combined with companies' cash hoard will continue to support the Capex cycle and foster innovation and productivity improvement.

China/HK equities: We believe Chinese equities will likely continue to outperform as it is ahead of the curve in both virus containment and business resumption. We believe economic growth will recover as activities return to normal from 2Q onwards. That said, we see the improving outlook in China is complicated by the deterioration in the rest of the world. We believe policy support will be the key to maintain investor confidence and stabilize growth outlook amid rising external uncertainty.

Asia Pacific (ex Japan, HK and China) equities: We believe there remain uncertainties regarding the COVID-19 situation as different Asian countries are at different points of the infection curve. Countries that have contained the virus, mostly North Asian ones, will be first to resume production and see an early recovery. Growth prospect will be however more challenging in countries with constraints on resources.

Global Bonds: We believe the recent dislocation has opened opportunities for investors seeking attractive entry points in fixed income. While an economic recession seems almost assured at this point, bonds won't suffer equally. The Fed's support will not be able to prevent genuinely distressed credits and companies from going bankrupt. We still favor looking higher in the quality spectrum for some of the best potential reward at this point in the cycle.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Investment managers' market perspective (Continued)

Invesco Hong Kong Limited (Continued)

iv) China Life Core Accumulation Fund

v) China Life Age 65 Plus Fund

2019 Market Overview

Equity

Global equity markets ended the first quarter of the year in positive territory. Driven mostly by gains in the US equity market, global stocks saw their largest quarterly gains since 2010. The positive investor sentiment offset concerns over the health of the global economy and was fueled by optimism over trade talks between the two largest economies China and the US and a dovish rhetoric from several central banks, including the Fed and the European Central Bank. Markets were especially boosted by the Fed's announcement that it would put further interest increases on hold. All three months in the first quarter saw positive returns in global equity markets. Despite the question of UK's departure from the European Union, which dominated headlines throughout the first quarter of the year, the UK equity market along with the European equity market provided positive returns three months in a row. While markets performed well in April and June, the month of May recorded a negative performance. Continued fears of a trade war between the US and China weighed on markets mid-quarter as the US threatened increased tariffs and accused China of backpedaling. In June, international markets rose steadily, soothed by an improving outlook for global economic growth, the prospect of resolving US-Sino trade relations and a more accommodative tone from central banks including the US Federal Reserve. Global equity markets ended the third quarter of the year in slightly positive territory. While markets posted gains in July they tumbled significantly in August. September saw a recovery that was able to offset the losses of the previous months. Continued fears of a trade war between the US and China weighed on markets. The prospect of resolving US-Sino trade relations and a more accommodative tone from central banks including the US Federal Reserve drove positive performance in the last month of the quarter. Stocks hence benefitted from an accommodative central bank policy which saw the restart of the QE in Europe and further rates cuts by the US Federal Reserve. Global equity markets ended the fourth quarter of the year in positive territory amid receding fears of a global recession and signs of progress in US-China trade talks. In October, markets gained in response to several positive catalysts including a US interest rates cut, positive news flow around US-China trade negotiations, and a raft of upbeat corporate results. The optimistic environment helped ease concerns that global economic growth is losing momentum. This trend continued in November, as policies from central banks remained supportive and investors expected that low interest rates would be in place for longer. With the agreement of phase one US-China trade negotiations and an emphatic victory for the UK's Conservative Party, global equity markets saw a positive December and ended the year of 2019 with substantial gains.

Fixed Income

2019 started with a strong rebound following a sharp decline at the end of the previous year. Global developed bonds rallied as bond investors remained fairly subdued about the prospects of economic growth, inflation, and the likelihood of central banks raising interest rates. A series of disappointing economic data releases in Europe and in the US meant there was a shift in tone from both the European Central Bank (ECB) and Federal Reserve (Fed) and at the end of Q1, both central banks delivered downbeat assessments and indicated rates would not rise in 2019, with the ECB announcing a new Targeted Long-Term Refinancing Operation (TLTRO). The second quarter of 2019 started on a positive note with data suggesting the Chinese economy had grown at a faster rate than expected but the strong start of the year for risk assets stalled in May as a result of increased geopolitical risks, in particular the escalation of trade tensions between US and China.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Investment managers' market perspective (Continued)

Invesco Hong Kong Limited (Continued)

2019 Market Overview (Continued)

Following the Fed and ECB's pivot toward more accommodative monetary policy, other central banks followed suit, the Bank of Canada abandoned its bias for higher interest rates, the reserve Bank of Australia adopted a similar policy and the Central Bank of Sweden lowered the projected path of the policy rate. The Bank of Japan also acted in a similar fashion, committing to extremely low interest rates until at least spring 2020.

The third quarter of 2019 was a strong quarter for bonds with yields falling in various markets, due to expectations about accommodative central bank policies and due to risk aversion sentiment when US-China trade tensions escalated. In the US, the Fed cut rates by 25bps in July but the accompanying statement to the decision stating that the cut represented a mid-cycle adjustment rather than the beginning of a substantial reduction in interest rates was met with some disappointment by the markets. As a result, bond yields increased, and the dollar strengthened following the first cut in interest rates for over a decade. The Fed eased policy further in September by lowering the funds rate by another 25bps, but the news that seven participants were in favour while five were against the cut was once again interpreted as a hawkish signal. In Europe, expectations of future monetary policy easing by the ECB through increasing the money supply, also helped support the bond market. In September the ECB announced a package of monetary stimulus, among the measures announced was a cut in the deposit interest rate and an open-ended resumption of QE.

The year ended with improved sentiment as forward-looking economic growth indicators stabilised, suggesting that the downward trend in global output was bottoming out. Adding to this, there were signs of a potential easing of trade tensions between the US and China. This drove government bond yields higher during this period. The move higher in yields was relatively orderly and viewed by many as a positive correction from historically low levels. The focus in the UK has been around Brexit and the year has been marked by several developments which included two deals with the EU, a PM resignation and a new general election. The latest election delivered a conclusive result in December which helped improving certainty around Brexit.

Throughout 2019 our portfolio was positioned to take advantage of deeper valued government bonds, but with hedges in lower volatility bonds to control portfolio tail risk, an allocation designed to do well in an environment of generally rising rates. The year was marked by increasing levels of volatility, with risk-off being the dominant sentiment at times. In these periodic environments of flight to quality, our short positions in the core rates of the US and EU performed weakly, however our position in Switzerland added to performance. The value tilt performed strongly, with our long positions in Canada and New Zealand performing well, with poor GDP growth and low inflation respectively, helping to keep down expectations that these countries' central banks would hike rates. Our position in Mexico was a drag to performance, NAFTA talks progress at the start of the year were supportive but later in the year the political uncertainty by new President Obrador's decision to scrap a large airport project based on a referendum among the general public weighted on performance. Our position in Poland performed well with dovish rhetoric from the Poland Central Bank dominating sentiment, similarly our position in Thailand also outperformed, even with the Bank of Thailand raising rates for the first time in seven years, this was broadly expected and policy bias then shifted back to neutral.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Investment managers' market perspective (Continued)

Invesco Hong Kong Limited (Continued)

2020 Market Outlook and Strategy

Equity

At the beginning of the year, our outlook for global equities remains positive. With the current uncertainty, visibility is limited and we are currently have a neutral stance on global equities. Valuation levels are attractive across the globe. Price trends have been broken recently while risk aversion is at elevated levels. The economic picture is mixed, given that economic activity is expected to decline noticeably.

Fixed Income

Global economies are currently experiencing a “sudden stop” in growth, as efforts to combat the spread of COVID-19 increase. Social distancing will likely have a severe direct impact on workers and small businesses across the economy. Our expectations are for a significant contraction in global GDP growth for the first half of this year with deterioration in the external environment placing further pressure on economic recovery for the rest of the year. It is now likely that 2020 will present a growth contraction in the US and Euro area along with a rise to double digit unemployment rates. In China, data for January and February recorded a 13-25% contraction, which may lead to a deep, negative growth for Q1 2020. The recovery from this sharp downward shock is dependent on how well the spread of the virus is contained, how quickly countries will be able to ease up social distancing and implement impactful, growth-oriented policies. The swift and targeted responses from both governments and central banks globally should not be underestimated. Support for investment grade corporate bonds in the US, UK and Europe have been included as key pillars in respective Central Bank's stimulus packages and are we believe, well placed for strong performance. In the US alone, it is expected that the US Federal Reserve (Fed) will purchase half of all new Investment Grade Corporate Bond issuance in 2020. The Fed states there is no limit to this stimulus. In Europe, the European Central Bank (ECB) has ‘thrown out its rule book’ by abandoning its capital key to ensure it has the flexibility to deploy the over EUR 1 trillion in Quantitative Easing to the areas of the market in most need of support. There are many unknowns, but we are cautiously optimistic that we will be successful in containing the spread of the virus and hopeful we will begin to pivot toward more growth-oriented policies toward the end of Q2.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

2019 General Markets Review

United States

- Following a difficult 2018, 2019 proved to be a strong year for US equities, which meaningfully outperformed global equities as a whole.
- Bouts of volatility related to the US-China trade dispute and a slowdown in manufacturing activity held back sentiment intermittently. However, the economic outlook brightened as a trade truce between the US and China seemed increasingly likely, which led to record-breaking advances across major market indices.
- US President Donald Trump said he would sign a phase-one trade deal with China on January 15, effectively compelling both sides to stop adding to the economic damage they have sustained from the imposition of tariffs.
- An accommodative monetary policy stance by the US Federal Reserve (Fed) also supported market performance. The central bank implemented rate cuts at its July, September and October meetings.

Europe

- European equities rose strongly in 2019, producing the best annual return of the last decade.
- Performance was broadly driven by the accommodative monetary policy stance adopted by most major global central banks and improving geopolitical conditions towards the end of the year.
- There was some volatility in the middle of the year, driven by weakening global economic data, uncertainty related to the UK's exit from the European Union, FY19 corporate earnings downgrades and ongoing trade tensions between the US and China.
- However, some of these fears reduced towards the end of the year on news of a 'phase-one' US-China trade deal, and reduced political uncertainty following the convincing majority secured by the Conservative Party in the UK general election.

Japan

- Japanese equities rose strongly over the 12-month period, supported by a significant rally in the second half of the year.
- Signs of easing tensions between the US and China and an accommodative monetary policy stance by global central banks supported investor sentiment. Strength in US economic indicators and record highs for US equity indices in the later part of the year provided additional tailwinds.
- Market gains were also supported by Prime Minister Shinzo Abe's announcement of a large fiscal stimulus package in early December to help the Japanese economy overcome the aftermath of recent natural disasters.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Investment managers' market perspective (Continued)

FIL Investment Management (Hong Kong) Limited (Continued)

2019 General Markets Review (Continued)

Asia Pacific

- Asia Pacific ex Japan equities delivered strong performance in 2019. Uncertainty around progress on US-China trade talks dominated sentiment over the period.
- Nevertheless, investor confidence improved towards the end of the period amid monetary policy easing around the globe and optimism around the resumption of US-China trade talks.
- In key developments, both countries agreed on a 'phase one' trade deal that is likely to be signed in January 2020, easing tensions over their 18-month trade war that unnerved financial markets and hurt global economic sentiment.

Greater China

- Chinese policymakers also maintained a pro-growth momentum, and various fiscal and monetary stimulus measures implemented through the year boosted domestic consumption and bolstered business confidence.
- However, shifting dynamics of US-China trade tensions and weaker domestic demand weighed on the Chinese economy, which grew at its slowest pace in nearly three decades in the third quarter.

Bond

- Fixed income markets posted positive returns over a year that was characterised by a changing monetary policy regime as investors grew increasingly concerned over the health of the global economy.
- Government bond yields slumped to record lows, many of them below zero, as central banks across the world adopted a cautious monetary policy stance, reflecting a combination of weak economic data, tepid inflation forecasts, continued uncertainty over US-China trade negotiations and concerns that the UK may exit the European Union (EU) without a trade deal.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Investment managers' market perspective (Continued)

FIL Investment Management (Hong Kong) Limited (Continued)

2020 Market Outlook

In terms of the latest asset allocation, we are underweight in global equities. Measures to restrict the spread of the virus are broadening and becoming more severe globally. These measures will result in a significant downturn in the coming quarters. The policy response has been swift and the total fiscal stimulus has exceeded that seen in any previous crisis; however, a stabilizing pandemic is the utmost crucial before we can see strong benefits from the policies. We have an overweight in bonds and cash. Treasuries remain an important safe-haven asset but are increasingly expensive as rates fall and demand for safe havens is strong. We do not think adding at these levels is prudent. Downgrades and defaults are inevitable. However, the moves to cut back on dividends and share buybacks are good news to credit bond holders as it lead to balance sheet prioritisation and the beginning of the next credit repair phase.

At the regional level, we cut the position in US equities. The US has become the country with most of confirmed cases globally. Prolonged and large scale containment measures will cause huge disruption to the economy, it is getting difficult to envisage a snapback recovery. The policy response has been swift and helped in improving liquidity condition. However, market sentiment remains weak and the actual impact to corporate earnings remain a concern. We also reduced exposure in European equities. Europe remains negative given the large area of the continent are shut-down in attempts to slow the virus' spread. High death toll is damaging confidence as well.

The Euro area has very limited policy space to lower rates and increase asset purchases. Fiscal easing will be an important part of stimulus but it is constrained by high debt problem. We are underweight in Japanese equities. The BOJ has already been taking aggressive easing measures, and the marginal benefits from the additional easing would be limited.

Leading indicators in Japan have been disappointed before the virus given the drag from the VAT hike in late 2019. JPY strength is also a challenge for corporates earnings. We have mildly raised position in Hong Kong and Asian equities. China is gradually getting out of the shadow of COVID-19 with harsh lockdown nationwide. The focus for China now shifts to containing the risk of inbound cases. Policy is likely to be deployed in a targeted approach. We see local activity resumption a positive sign, however, China still face the demand falling as the global economy contracts. Asia has a higher dependence on Chinese demand and hence the region would benefit from activity resumption in China. Lower oil price is also positive to some larger Asian importers and consumer countries as improved fiscal balance and lower inflation would provide them with more fiscal capacity.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 funds and the underlying unit trust approved pooled investment funds that the following constituent funds of the Scheme have invested in.

- i) China Life Guaranteed Return Fund
- ii) China Life Retire-Easy Guarantee Fund

2019 Market Overview

Bond Market

The Fed has cut the rates 3 times this year to bring the rates down to 1.75% from 2.5% on the back of concerns on global economic growth and uncertainty on the trade war front. US treasury yield has flattened, with the 2Y and 5Y reversed in a number of occasions, pointing to a possible recessive trends.

Given the supportive monetary stance by major economic countries, both the investment-grade and high yield bonds' credit spreads have narrowed. US dollar has remained at a high level whereas lower grade credit entities have seen higher issuance in the second half of the year.

Equity Market

The Hong Kong stock market has gone through another turbulent year, with Hang Seng Index starting well and reaching its all-year high in early May before giving up all its gains by August and ending the year on a higher note with an overall 9.1% YoY growth.

The Hong Kong stock market has been plagued by trade war, geopolitical tensions and internal civil turmoil in 2019. The development of the trade war between US and China guided investors' risk appetite and the direction of the market. The sentiment was not helped by the social tension in the second half of the year in the city. Fortunate to the investors, US and China reached a preliminary agreement on the trade war front in the last quarter, giving the market an end-of-year boost.

2020 Market Outlook and Strategy

Bond Market

After three rates cuts in 2019, the Fed has hinted at occasions that the current monetary stance is enough to support the broad economy, though the Fed will most likely keep its supportive stance if the economy worsens in 2020. We expect one more rates cut this year, bringing down the rates to 1.5% by end of this year.

The narrowing of rates and credit spread has pushed the fixed income products valuation to a higher level than post-crisis medians. We expect to see of reversal of this trend and remain vigilant to price movement.

For fixed income investment in 2020, we will find opportunities to increase the maturity and credit quality of our portfolio. We will increase our allocation in sectors related to domestic demand and financial capital instruments in stable economies. We will also be more selective in emerging market companies and China SOEs. We have strong convictions in Brazil, Russian and bank capitals fixed income instruments.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Investment managers' market perspective (Continued)

Taiping Assets Management (HK) Company Limited (Continued)

2020 Market Outlook and Strategy (Continued)

Equity Market

Our investment outlook for the Hong Kong stock market is upbeat in 2020. Firstly, the Hong Kong market valuation is attractive compared both vertically and horizontally; secondly, the HSI dividend yield has reached above 4%, 1 standard deviation above historical average; thirdly, the US-China trade war has reached a preliminary agreement, stabilising the exchange rate; and lastly, the fund flow to Hong Kong market from mainland has increased .

For equity investment in 2020, we will increase our equity position, especially the holdings of high dividend yield names and growth stocks with increasing market shares. We will focus on new economy sectors like internet, entertainment and media, innovative drugs and information technology; we will also look for investment opportunities in consumer and financial services sector.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Trustee's commentary

A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary				
	Annualized return (in terms of %)			
Constituent Fund	1 Year	5 Years	10 Years	Since Launch
China Life Hong Kong Equity Fund <i>Launch date: 23/12/2011</i>	16.20%	7.02%	N/A	7.19%
Benchmark / Performance target	13.99% ^{Note 1}	5.12% ^{Note 1}	N/A	N/A ^{Note 2}
Deviation from the benchmark / performance target	Above the performance target	Above the performance target	N/A	N/A
Trustee's commentary	<p>The fund's performance target: average performance of its fund type as obtained from Lipper</p> <p>The fund's performance was above the performance target in 1 year and 5 years term.</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"> - The fund generated positive returns over a period in which all sectors generated upbeat performance. Investor confidence improved towards the end of the period, amid monetary policy easing by most major central banks. - Policy measures implemented by the Hong Kong Monetary Authority further boosted the Hong Kong market. - Uncertainty around progress on US-China trade talks kept markets volatile. - Against this backdrop, the consumer staples and industrials sectors were the key contributors to returns, buoyed by their robust growth prospects. - The allocation to the information technology (IT) and health care sectors also enhanced gains. - Selected communication services stocks were among the key detractors from performance. 			

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Trustee's commentary (Continued)

	Annualized return (in terms of %)			
Constituent Fund	1 Year	5 Years	10 Years	Since Launch
China Life Retire-Easy Global Equity Fund <i>Launch date: 01/10/2007</i>	16.99%	5.34%	5.48%	1.91%
Benchmark / Performance target	22.18% ^{Note 1}	5.85% ^{Note 1}	6.56% ^{Note 1}	N/A ^{Note 2}
Deviation from the benchmark / performance target	Below the performance target	Below the performance target	Below the performance target	N/A
Trustee's commentary	<p>The fund's performance target: average performance of its 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.</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"> - Selection effect from regional equity were mixed – America, Asia Pac and Europe lagged, whilst Hong Kong, China and Japan equities were more resilient. - America was dragged by consumer service. In Europe, having an overweight in telecommunications and oil & gas weighed on performance; investors were happy to adopt a 'risk-on' stance with 'cyclical' parts of the market outperforming 'defensive' areas. 			

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Trustee's commentary (Continued)

	Annualized return (in terms of %)			
Constituent Fund	1 Year	5 Years	10 Years	Since Launch
China Life Growth Fund <i>Launch date: 01/12/2000</i>	20.04%	5.88%	5.61%	5.64%
Benchmark / Performance target	17.63% ^{Note 1}	5.09% ^{Note 1}	4.90% ^{Note 1}	N/A ^{Note 2}
Deviation from the benchmark / performance target	Above the performance target	Above the performance target	Above the performance target	N/A
Trustee's commentary	<p>The fund's performance target: average performance of its 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.</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"> - The fund generated positive returns in 2019, primarily due to the strong performance of the equity segment. - Global financial markets performed strongly, supported by the accommodative monetary policy stance adopted by most major global central banks. - Investor sentiment improved further towards the end of the year as the US and China agreed to a "phase one" trade deal and as election results in the UK raised hopes for a smooth exit from the European Union. - Headwinds surrounding the global economy kept markets volatile. - Given this backdrop, the underlying holdings in American, Hong Kong and European equity strategies added significant value. - The allocation to Japan and other Asia Pacific equity markets also supported performance. - Additionally, the exposure to bonds enhanced gains. 			
China Life Retire-Easy Balanced Fund <i>Launch date: 01/10/2007</i>	N/A	N/A	N/A	N/A
Benchmark / Performance target	N/A	N/A	N/A	N/A
Deviation from the benchmark / performance target	N/A	N/A	N/A	N/A
Trustee's commentary	<p>The fund had no investments and operations since 24 September 2019 and the Mandatory Provident Fund Schemes Authority had approved the termination of the fund to take effect on 8 January 2020.</p>			

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Trustee's commentary (Continued)

	Annualized return (in terms of %)			
Constituent Fund	1 Year	5 Years	10 Years	Since Launch
China Life Balanced Fund <i>Launch date: 01/12/2000</i>	16.53%	4.94%	4.82%	5.18%
Benchmark / Performance target	14.22% ^{Note 1}	4.34% ^{Note 1}	4.33% ^{Note 1}	N/A ^{Note 2}
Deviation from the benchmark / performance target	Above the performance target	Above the performance target	Above the performance target	N/A
Trustee's commentary	<p>The fund's performance target: average performance of its 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.</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"> - The fund generated positive returns in 2019, primarily due to the strong performance of the equity segment. - Global financial markets performed strongly, supported by the accommodative monetary policy stance adopted by most major global central banks. - Investor sentiment improved further towards the end of the year as the US and China agreed to a "phase one" trade deal and as election results in the UK raised hopes for a smooth exit from the European Union. - Headwinds surrounding the global economy kept markets volatile. - Given this backdrop, the underlying holdings in American, Hong Kong and European equity strategies added significant value. - The allocation to Japan and other Asia Pacific equity markets also supported performance. - Additionally, the exposure to bonds enhanced gains. 			

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Trustee's commentary (Continued)

	Annualized return (in terms of %)			
Constituent Fund	1 Year	5 Years	10 Years	Since Launch
China Life Core Accumulation Fund <i>Launch date: 01/04/2017</i>	15.77%	N/A	N/A	6.18%
Benchmark / Performance target	17.03% ^{Note 3}	N/A	N/A	7.17% ^{Note 3}
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 (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 and since launch 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"> - For equity, companies are selected that are, in our view, attractively valued, have good earnings and price momentum and evidence that management supports shareholder value. Over the period stock selection had a negative impact with our exposure to value stocks detracting the most while momentum and quality could not fully compensate. - Throughout 2019 our portfolio was positioned to take advantage of deeper valued government bonds, but with hedges in lower volatility bonds to control portfolio tail risk. The year was marked by increasing levels of volatility. In these periodic environments of flight to quality, our short positions in the core rates of the US and EU performed weakly. The value tilt performed strongly, with our long positions in Canada and New Zealand adding to performance. 			

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Trustee's commentary (Continued)

	Annualized return (in terms of %)			
Constituent Fund	1 Year	5 Years	10 Years	Since Launch
China Life Age 65 Plus Fund <i>Launch date: 01/04/2017</i>	8.98%	N/A	N/A	3.31%
Benchmark / Performance target	9.63% ^{Note 3}	N/A	N/A	4.18% ^{Note 3}
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 (recognized reference portfolio): FTSE MPF DIS Reference Portfolios - Age 65 Plus Fund</p> <p>The fund's performance was below the performance target in 1 year and since launch 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"> - For equity, companies are selected that are, in our view, attractively valued, have good earnings and price momentum and evidence that management supports shareholder value. Over the period stock selection had a negative impact with our exposure to value stocks detracting the most while momentum and quality could not fully compensate. - Throughout 2019 our portfolio was positioned to take advantage of deeper valued government bonds, but with hedges in lower volatility bonds to control portfolio tail risk. The year was marked by increasing levels of volatility. In these periodic environments of flight to quality, our short positions in the core rates of the US and EU performed weakly. The value tilt performed strongly, with our long positions in Canada and New Zealand adding to performance. 			
China Life Retire-Easy Capital Stable Fund <i>Launch date: 01/10/2007</i>	N/A	N/A	N/A	N/A
Benchmark / Performance target	N/A	N/A	N/A	N/A
Deviation from the benchmark / performance target	N/A	N/A	N/A	N/A
Trustee's commentary	<p>The fund had no investments and operations since 24 September 2019 and the Mandatory Provident Fund Schemes Authority had approved the termination of the fund to take effect on 8 January 2020.</p>			

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Trustee's commentary (Continued)

	Annualized return (in terms of %)			
Constituent Fund	1 Year	5 Years	10 Years	Since Launch
China Life Guaranteed Return Fund <i>Launch date: 01/12/2000</i>	3.56%	1.25%	1.78%	2.18%
Benchmark / Performance target	Net guarantee rate	Net guarantee rate	Net guarantee rate	Net guarantee rate
Deviation from the benchmark / performance target	N/A	N/A	N/A	N/A
Trustee's commentary	The fund's performance target: net guaranteed rate (i.e. 2.5% per annum) The comparison between the performance and the average performance of its fund type may not be meaningful as guaranteed funds may have different guarantee mechanism. According to investment manager, the following factors contributed to the performance of the fund during the year: <ul style="list-style-type: none">- For the equity portion, our exposure to the equity market earlier in the year proved to be successful and, as the market started to correct, we reduced our equity exposure to protect our gains.- For the fixed income portion, we continued to improve the credit quality of the portfolio and selectively looked for yield in the BBB band.			
China Life Retire-Easy Guarantee Fund <i>Launch date: 01/10/2007</i>	3.04%	2.81%	2.98%	3.33%
Benchmark / Performance target	Net guarantee rate	Net guarantee rate	Net guarantee rate	Net guarantee rate
Deviation from the benchmark / performance target	N/A	N/A	N/A	N/A
Trustee's commentary	The fund's performance target: net guaranteed rate (i.e. 2% per annum) The comparison between the performance and the average performance of its fund type may not be meaningful as guaranteed funds may have different guarantee mechanism. According to investment manager, the following factors contributed to the performance of the fund during the year: <ul style="list-style-type: none">- For the equity portion, our exposure to the equity market earlier in the year proved to be successful and, as the market started to correct, we reduced our equity exposure to protect our gains.- For the fixed income portion, we continued to improve the credit quality of the portfolio and selectively looked for yield in the BBB band.			

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1 Overview (Continued)

Trustee's commentary (Continued)

	Annualized return (in terms of %)			
Constituent Fund	1 Year	5 Years	10 Years	Since Launch
China Life MPF Conservative Fund <i>Launch date: 01/12/2000</i>	1.16%	0.32%	0.17%	0.47%
Benchmark / Performance target	0.10%	0.03%	0.02%	0.43%
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 between the performance and the average performance of its 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 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"> - All of the portfolio's return came from HKD fixed deposits, mainly with medium-to-short tenors. - Even though the Fed has changed its tightening stance in the second half of the year, HIBOR had remained on a relatively attractive level. 			

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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
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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.
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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.

To simplify the choice of constituent funds available under the Scheme and enhance the competitiveness of the Scheme, two funds, namely China Life Retire-Easy Balanced Fund and China Life Retire-Easy Capital Stable Fund, had no investments and operations since 24 September 2019. The Mandatory Provident Fund Schemes Authority had approved the termination of these funds to take effect on 8 January 2020.
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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 Russell.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 Guaranteed Return Fund HK\$	China Life Hong Kong Equity Fund HK\$	China Life Retire-Easy Guarantee Fund HK\$	China Life Retire-Easy Capital Stable Fund ^{Note 1} HK\$	China Life Retire-Easy Balanced Fund ^{Note 1} HK\$	China Life Retire-Easy Global Equity Fund HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$
Opening net asset value	281,160,108	192,019,897	523,557,089	1,599,981,834	205,599,796	740,783,359	52,173,811	53,194,307	125,347,838	27,539,637	10,858,206
Proceeds on issue of units	95,205,111	80,759,021	82,195,452	458,410,025	175,722,890	561,161,480	14,851,419	7,791,376	29,686,417	31,855,523	69,825,955
Payments on redemption of units	(35,745,835)	(59,428,765)	(81,679,186)	(550,596,000)	(156,080,186)	(668,720,469)	(70,630,362)	(65,536,215)	(25,471,576)	(10,884,128)	(9,332,814)
Total comprehensive income for the year	50,080,356	2,389,729	105,613,824	50,538,249	35,458,905	22,164,791	3,605,132	4,550,532	21,710,616	5,578,109	1,226,808
Change of net asset value during the year	109,539,632	23,719,985	106,130,090	(41,647,726)	55,101,609	(85,394,198)	(52,173,811)	(53,194,307)	25,925,457	26,549,504	61,719,949
Closing net asset value	<u>390,699,740</u>	<u>215,739,882</u>	<u>629,687,179</u>	<u>1,558,334,108</u>	<u>260,701,405</u>	<u>655,389,161</u>	<u>-</u>	<u>-</u>	<u>151,273,295</u>	<u>54,089,141</u>	<u>72,578,155</u>

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 HK\$	China Life Hong Kong Equity Fund HK\$	China Life Retire-Easy Guarantee Fund HK\$	China Life Retire-Easy Capital Stable Fund ^{Note 1} HK\$	China Life Retire-Easy Balanced Fund ^{Note 1} HK\$	China Life Retire-Easy Global Equity Fund HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$
As at 31 December 2019											
Investments	392,128,513	-	630,702,615	1,568,868,117	260,562,649	651,587,007	-	-	151,527,275	53,947,424	72,605,059
(% of net asset value)	100.37%	-	100.16%	100.68%	99.95%	99.42%	-	-	100.17%	99.74%	100.04%
Other assets/(liabilities)	(1,428,773)	215,739,882	(1,015,436)	(10,534,009)	138,756	3,802,154	-	-	(253,980)	141,717	(26,904)
(% of net asset value)	(0.37%)	100.00%	(0.16%)	(0.68%)	0.05%	0.58%	-	-	(0.17%)	0.26%	(0.04%)
Net asset value	390,699,740	215,739,882	629,687,179	1,558,334,108	260,701,405	655,389,161	-	-	151,273,295	54,089,141	72,578,155
Net asset value per unit	26.22	10.93	28.49	15.10	17.46	14.93	-	-	12.62	11.80	10.94
As at 31 December 2018											
Investments	281,741,751	-	524,751,937	1,605,084,031	204,595,966	742,327,891	52,395,057	53,417,231	125,527,542	27,388,607	10,534,441
(% of net asset value)	100.21%	-	100.23%	100.32%	99.51%	100.21%	100.42%	100.42%	100.14%	99.45%	97.02%
Other assets/(liabilities)	(581,643)	192,019,897	(1,194,848)	(5,102,197)	1,003,830	(1,544,532)	(221,246)	(222,924)	(179,704)	151,030	323,765
(% of net asset value)	(0.21%)	100.00%	(0.23%)	(0.32%)	0.49%	(0.21%)	(0.42%)	(0.42%)	(0.14%)	0.55%	2.98%
Net asset value	281,160,108	192,019,897	523,557,089	1,599,981,834	205,599,796	740,783,359	52,173,811	53,194,307	125,347,838	27,539,637	10,858,206
Net asset value per unit	22.50	10.80	23.73	14.58	15.03	14.49	11.96	11.50	10.78	10.19	10.04

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 HK\$	China Life Hong Kong Equity Fund HK\$	China Life Retire-Easy Guarantee Fund HK\$	China Life Retire-Easy Capital Stable Fund HK\$	China Life Retire-Easy Balanced Fund HK\$	China Life Retire-Easy Global Equity Fund HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$
As at 31 December 2017											
Investments	304,823,177	-	605,669,886	1,679,979,783	184,474,778	891,560,129	45,445,417	54,210,332	141,735,088	12,709,581	3,619,762
(% of net asset value)	100.26%	-	100.16%	100.13%	99.72%	100.43%	100.38%	100.38%	100.36%	100.96%	85.26%
Other assets/(liabilities)	(802,129)	181,179,862	(981,141)	(2,209,220)	519,322	(3,794,024)	(174,238)	(207,019)	(513,019)	(121,422)	625,941
(% of net asset value)	(0.26%)	100.00%	(0.16%)	(0.13%)	0.28%	(0.43%)	(0.38%)	(0.38%)	(0.36%)	(0.96%)	14.74%
Net asset value	<u>304,021,048</u>	<u>181,179,862</u>	<u>604,688,745</u>	<u>1,677,770,563</u>	<u>184,994,100</u>	<u>887,766,105</u>	<u>45,271,179</u>	<u>54,003,313</u>	<u>141,222,069</u>	<u>12,588,159</u>	<u>4,245,703</u>
Net asset value per unit	24.95	10.76	27.08	14.78	17.18	14.21	12.78	12.86	12.40	10.86	10.22

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 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.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

3 Investment performance

	China Life Balanced Fund HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Guaranteed Return Fund HK\$	China Life Hong Kong Equity Fund HK\$	China Life Retire-Easy Guarantee Fund HK\$	China Life Retire-Easy Capital Stable Fund ^{Note 1} HK\$	China Life Retire-Easy Balanced Fund ^{Note 1} HK\$	China Life Retire-Easy Global Equity Fund HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$
2019											
Guaranteed return	-	-	-	5,871,359	-	-	-	-	-	-	-
Net (losses)/income excluding capital appreciation and guaranteed return	(1,905,415)	2,389,729	(3,403,735)	(21,676,507)	(48,289)	(12,170,951)	(604,521)	(630,996)	(1,978,776)	(261,946)	(194,989)
Capital appreciation	51,985,771	-	109,017,559	66,343,397	35,507,194	34,335,742	4,209,653	5,181,528	23,689,392	5,840,055	1,421,797
Net income for the year	50,080,356	2,389,729	105,613,824	50,538,249	35,458,905	22,164,791	3,605,132	4,550,532	21,710,616	5,578,109	1,226,808
Total net asset value	390,699,740	215,739,882	629,687,179	1,558,334,108	260,701,405	655,389,161	-	-	151,273,295	54,089,141	72,578,155
Net asset value per unit	26.22	10.93	28.49	15.10	17.46	14.93	-	-	12.62	11.80	10.94
2018											
Guaranteed return	-	-	-	60,489,571	-	34,524,147	-	-	-	-	-
Net (losses)/income excluding capital (depreciation) and guaranteed return	(1,963,772)	838,376	(3,789,753)	(22,328,653)	(25,306)	(13,410,162)	(778,433)	(843,943)	(2,054,072)	(134,857)	(52,640)
Capital depreciation	(28,477,740)	-	(69,373,784)	(58,989,270)	(28,106,596)	(3,408,395)	(2,680,322)	(5,237,234)	(16,465,995)	(1,734,293)	(88,749)
Net (losses)/income for the year	(30,441,512)	838,376	(73,163,537)	(20,828,352)	(28,131,902)	17,705,590	(3,458,755)	(6,081,177)	(18,520,067)	(1,869,150)	(141,389)
Total net asset value	281,160,108	192,019,897	523,557,089	1,599,981,834	205,599,796	740,783,359	52,173,811	53,194,307	125,347,838	27,539,637	10,858,206
Net asset value per unit	22.50	10.80	23.73	14.58	15.03	14.49	11.96	11.50	10.78	10.19	10.04

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 HK\$	China Life Hong Kong Equity Fund HK\$	China Life Retire-Easy Guarantee Fund HK\$	China Life Retire-Easy Capital Stable Fund HK\$	China Life Retire-Easy Balanced Fund HK\$	China Life Retire-Easy Global Equity Fund HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$
2017											
Guaranteed return	-	-	-	46,999,222	-	13,035,833	-	-	-	-	-
Net (losses)/income excluding capital appreciation/ (depreciation) and guaranteed return	(1,939,971)	12,531	(3,724,398)	(21,824,570)	(59,307)	(12,106,417)	(587,171)	(704,764)	(1,883,767)	(35,417)	(11,465)
Capital appreciation/ (depreciation)	59,093,285	-	136,533,016	(19,508,452)	51,067,408	22,769,437	5,059,993	10,513,438	35,053,432	622,346	59,037
Net income for the year	57,153,314	12,531	132,808,618	5,666,200	51,008,101	23,698,853	4,472,822	9,808,674	33,169,665	586,929	47,572
Total net asset value	304,021,048	181,179,862	604,688,745	1,677,770,563	184,994,100	887,766,105	45,271,179	54,003,313	141,222,069	12,588,159	4,245,703
Net asset value per unit	24.95	10.76	27.08	14.78	17.18	14.21	12.78	12.86	12.40	10.86	10.22

Note 1: 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.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

3 Investment performance (Continued)

Performance record (Note 1)

Name of constituent fund	Highest issue price									
	2019 HK\$	2018 HK\$	2017 HK\$	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$	2012 HK\$	2011 HK\$	2010 HK\$
China Life Balanced Fund	26.23	26.55	24.91	21.32	22.69	21.33	20.27	18.14	18.46	17.87
China Life MPF Conservative Fund	10.93	10.80	10.76	10.76	10.76	10.75	10.75	10.75	10.75	10.76
China Life Growth Fund	28.50	29.24	27.04	22.13	24.21	22.25	21.03	18.13	18.92	18.21
China Life Guaranteed Return Fund	15.14	15.19	15.28	15.20	15.12	14.37	13.79	13.31	13.36	13.46
China Life Hong Kong Equity Fund	17.77	19.01	17.18	13.26	15.16	12.93	12.25	11.21	10.00	N/A
China Life Retire-Easy Guarantee Fund	14.93	14.49	14.21	13.80	13.39	13.00	12.62	12.16	11.81	11.46
China Life Retire-Easy Capital Stable Fund ^{Note 3}	12.79	13.15	12.76	11.99	12.06	11.80	11.35	11.02	10.71	10.54
China Life Retire-Easy Balanced Fund ^{Note 3}	12.76	13.62	12.84	10.80	11.63	11.02	10.40	9.41	9.45	9.08
China Life Retire-Easy Global Equity Fund	12.64	13.34	12.39	9.78	10.99	10.22	9.53	8.18	8.54	8.08
China Life Core Accumulation Fund	11.83	11.32	10.87	N/A	N/A	N/A	N/A	N/A	N/A	N/A
China Life Age 65 Plus Fund	10.97	10.31	10.24	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name of constituent fund	Lowest redemption price									
	2019 HK\$	2018 HK\$	2017 HK\$	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$	2012 HK\$	2011 HK\$	2010 HK\$
China Life Balanced Fund	22.26	22.16	20.32	18.17	19.21	19.37	17.83	15.74	14.91	15.00
China Life MPF Conservative Fund	10.80	10.76	10.76	10.76	10.75	10.75	10.75	10.75	10.73	10.73
China Life Growth Fund	23.36	23.28	21.10	18.21	19.67	19.80	17.97	15.24	14.27	14.82
China Life Guaranteed Return Fund	14.52	14.48	14.47	14.25	13.95	13.40	12.80	12.58	12.16	12.50
China Life Hong Kong Equity Fund	14.57	14.38	12.08	9.84	11.04	11.00	10.11	9.14	9.98	N/A
China Life Retire-Easy Guarantee Fund	14.49	14.21	13.80	13.39	13.00	12.63	12.26	11.81	11.47	11.13
China Life Retire-Easy Capital Stable Fund ^{Note 3}	11.93	11.84	11.35	10.87	11.12	11.20	10.66	10.08	9.93	9.50
China Life Retire-Easy Balanced Fund ^{Note 3}	11.38	11.29	10.40	9.27	9.78	10.02	9.24	8.09	7.86	7.82
China Life Retire-Easy Global Equity Fund	10.61	10.53	9.49	8.01	8.72	9.00	8.07	6.67	6.52	6.61
China Life Core Accumulation Fund	10.11	9.93	9.99	N/A	N/A	N/A	N/A	N/A	N/A	N/A
China Life Age 65 Plus Fund	10.04	9.94	9.92	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name of constituent fund	Net annualised investment return (Note 2)									
	2019 %	2018 %	2017 %	2016 %	2015 %	2014 %	2013 %	2012 %	2011 %	2010 %
China Life Balanced Fund	16.53	(9.82)	22.79	0.89	(2.23)	1.33	12.51	13.86	(11.04)	8.98
China Life MPF Conservative Fund	1.20	0.37	0.00	0.00	0.09	0.00	0.00	0.00	0.00	(0.09)
China Life Growth Fund	20.06	(12.37)	28.34	0.62	(2.01)	1.42	16.90	16.53	(14.94)	10.43
China Life Guaranteed Return Fund	3.57	(1.35)	0.20	0.00	3.87	3.57	3.08	(1.63)	3.05	3.55
China Life Hong Kong Equity Fund	16.17	(12.51)	42.22	1.43	(4.26)	3.58	7.14	12.32	(8.11)	N/A
China Life Retire-Easy Guarantee Fund	3.04	1.97	2.97	3.06	3.00	3.01	2.94	3.81	2.96	3.05
China Life Retire-Easy Capital Stable Fund ^{Note 3}	9.41	(6.42)	12.60	0.71	(2.42)	2.03	2.91	9.13	(2.23)	4.14
China Life Retire-Easy Balanced Fund ^{Note 3}	11.57	(10.58)	23.65	1.86	(3.77)	1.73	11.31	15.11	(9.35)	6.27
China Life Retire-Easy Global Equity Fund	17.07	(13.06)	30.66	2.26	(4.53)	1.46	17.55	18.80	(14.57)	8.51
China Life Core Accumulation Fund	15.80	(6.17)	6.48	N/A	N/A	N/A	N/A	N/A	N/A	N/A
China Life Age 65 Plus Fund	8.96	(1.76)	1.66	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 2019

3 Investment performance (Continued)

Performance record (Continued)

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.

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

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

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

	FER 2019 %	Transaction costs 2019 HK\$
China Life Balanced Fund	1.42%	-
China Life MPF Conservative Fund	0.89%	-
China Life Growth Fund	1.42%	-
China Life Guaranteed Return Fund	1.94%	-
China Life Hong Kong Equity Fund	0.88%	-
China Life Retire-Easy Guarantee Fund	2.54%	-
China Life Retire-Easy Capital Stable Fund ^{Note 3}	1.28%	-
China Life Retire-Easy Balanced Fund ^{Note 3}	1.28%	-
China Life Retire-Easy Global Equity Fund	1.58%	-
China Life Core Accumulation Fund	0.87%	-
China Life Age 65 Plus Fund	0.87%	-

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.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

4 Investment portfolio as at 31 December 2019

		2019			
	Holding units	Cost HK\$	Fair value HK\$	% of net asset value	
1)	China Life Balanced Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Balanced Fund Class A	1,622,846.97	296,586,976	392,128,513	100.37%
2)	China Life Growth Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Growth Fund Class A	2,446,385.38	434,994,468	630,702,615	100.16%
3)	China Life Guaranteed Return Fund <u>Approved pooled investment fund</u> China Life Guaranteed Return (PIF) Fund	78,291,520.32	1,462,185,449	1,568,868,117	100.68%
4)	China Life Hong Kong Equity Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Hong Kong Equity Fund	810,408.84	236,689,327	260,562,649	99.95%
5)	China Life Retire-Easy Guarantee Fund <u>Approved pooled investment fund</u> China Life Retire-Easy Guarantee (PIF) Fund	36,426,539.32	630,206,762	651,587,007	99.42%
6)	China Life Retire-Easy Capital Stable Fund ^{Note 1} <u>Approved pooled investment fund</u> Invesco Global Stable Fund	-	-	-	-
7)	China Life Retire-Easy Balanced Fund ^{Note 1} <u>Approved pooled investment fund</u> Invesco Global Balanced Fund	-	-	-	-

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

4 Investment portfolio as at 31 December 2019 (Continued)

		2019 Cost HK\$	Fair value HK\$	% of net asset value
	Holding units			
8)	China Life Retire-Easy Global Equity Fund <u>Approved pooled investment fund</u>			
	Invesco Global Equities Fund	4,759,201.82	151,527,275	100.17%
		<u>108,039,573</u>	<u>151,527,275</u>	<u>100.17%</u>
9)	China Life Core Accumulation Fund <u>Approved pooled investment fund</u>			
	Invesco Core Accumulation Fund	4,469,694.44	53,947,424	99.74%
		<u>49,836,337</u>	<u>53,947,424</u>	<u>99.74%</u>
10)	China Life Age 65 Plus Fund <u>Approved pooled investment fund</u>			
	Invesco Age 65 Plus Fund	6,426,477.66	72,605,059	100.04%
		<u>71,447,901</u>	<u>72,605,059</u>	<u>100.04%</u>

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 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.

CHINA LIFE MPF MASTER TRUST SCHEME

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

5 Investment portfolio movement report for the year ended 31 December 2019

		Holdings		
		At 1 January 2019	Additions	Disposals
				At 31 December 2019
1)	China Life Balanced Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Balanced Fund Class A	1,365,027.86	357,769.67	(99,950.56)
2)	China Life Growth Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Growth Fund Class A	2,456,128.89	228,866.98	(238,610.49)
3)	China Life Guaranteed Return Fund <u>Approved pooled investment fund</u> China Life Guaranteed Return (PIF) Fund	84,134,042.93	23,178,299.09	(29,020,821.70)
4)	China Life Hong Kong Equity Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Hong Kong Equity Fund	739,494.58	447,501.03	(376,586.77)
5)	China Life Retire-Easy Guarantee Fund <u>Approved pooled investment fund</u> China Life Retire-Easy Guarantee (PIF) Fund	41,277,853.89	33,614,367.87	(38,465,682.44)
6)	China Life Retire-Easy Capital Stable Fund ^{Note 1} <u>Approved pooled investment fund</u> Invesco Global Stable Fund	2,158,422.44	473,590.49	(2,632,012.93)
7)	China Life Retire-Easy Balanced Fund ^{Note 1} <u>Approved pooled investment fund</u> Invesco Global Balanced Fund	2,060,643.28	206,394.50	(2,267,037.78)
8)	China Life Retire-Easy Global Equity Fund <u>Approved pooled investment fund</u> Invesco Global Equities Fund	4,676,952.79	717,966.29	(635,717.26)
9)	China Life Core Accumulation Fund <u>Approved pooled investment fund</u> Invesco Core Accumulation Fund	2,646,830.39	2,556,559.72	(733,695.67)
10)	China Life Age 65 Plus Fund <u>Approved pooled investment fund</u> Invesco Age 65 Plus Fund	1,023,824.88	6,028,181.69	(625,528.91)

Note 1: 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.

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 the Scheme and each of its constituent funds set out on pages 44 to 86, which 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 2019;
- 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 a summary of significant accounting policies.

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 2019, 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 ("HSAs") 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 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. 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)

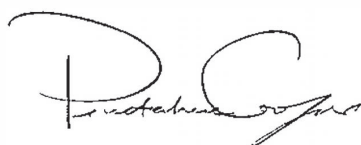
As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's 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

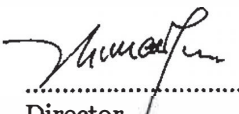
Hong Kong, 23 June 2020


CHINA LIFE MPF MASTER TRUST SCHEME

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS - THE SCHEME AS AT 31 DECEMBER 2019

	Note	2019 HK\$	2018 HK\$
Assets			
Investments	9	3,988,492,066	3,812,215,882
Contributions receivable			
From employers		13,891,095	14,501,220
From members		10,498,523	11,166,890
Amounts receivable on sale of investments		2,136,917	431,612
Cash and cash equivalents		26,217,941	19,688,442
Total assets		<u>4,041,236,542</u>	<u>3,858,004,046</u>
Liabilities			
Accruals and other payables		5,758,299	6,705,940
Benefits payable		24,255,431	9,737,442
Accounts payable on funds switching		1,570,353	1,830,792
Forfeitures payable		39,103	39,103
Total liabilities		<u>31,623,186</u>	<u>18,313,277</u>
Net assets available for benefits attributable to members		<u>4,009,613,356</u>	<u>3,839,690,769</u>

On behalf of China Life Trustees Limited


.....
Director


.....
Director

The notes on pages 61 to 86 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 2019

	Note	2019 HK\$	2018 HK\$
Income			
Net change in unrealised gain/(loss) on investments		299,584,672	(165,380,984)
Net realised gain on investments		3,332,379	1,289,109
Bank interest income		29,065	9,523
		<u>302,946,116</u>	<u>(164,082,352)</u>
Expenses			
Bank charges		-	-
Net income/(loss) for the year		<u>302,946,116</u>	<u>(164,082,352)</u>
		-----	-----
Contributions received and receivable	6		
From employers			
- Mandatory		127,694,419	120,971,331
- Additional voluntary		84,116,853	64,101,420
From members			
- Mandatory		154,855,929	142,101,686
- Additional voluntary		112,652,203	26,919,841
- Additional voluntary (Smart Easy Personal Contributions)		46,078,946	100,086,902
- Additional voluntary (Tax Deductible Voluntary Contributions)		5,594,778	-
		<u>530,993,128</u>	<u>454,181,180</u>
		-----	-----
Transfers in			
Group transfers in from other schemes		5,035,548	58,517,277
Individual transfers in from other schemes		116,858,179	165,110,498
		<u>121,893,727</u>	<u>223,627,775</u>
		-----	-----

The notes on pages 61 to 86 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 2019

	Note	2019 HK\$	2018 HK\$
Benefits paid and payable	7		
Retirement/early retirement		98,908,372	50,372,161
Death		3,402,391	6,095,301
Permanent departure		12,034,741	16,111,179
Total incapacity		702,520	1,270,062
Terminal Illness		344,832	2,981,752
Refund of additional voluntary contributions		462,902,901	479,084,894
Long service payment refund		10,815,874	12,277,340
		<u>589,111,631</u>	<u>568,192,689</u>
		-----	-----
Transfers out			
Group transfers out to other schemes		13,563,837	59,529,067
Individual transfers out to other schemes		174,847,645	160,846,940
		<u>188,411,482</u>	<u>220,376,007</u>
		-----	-----
Forfeitures		<u>8,387,271</u>	<u>7,950,320</u>
		-----	-----
Change in net assets available for benefits attributable to members for the year		169,922,587	(282,792,413)
Net assets available for benefits attributable to members at the beginning of the year			
- members' accounts		<u>3,839,690,769</u>	<u>4,122,483,182</u>
		-----	-----
Net assets available for benefits attributable to members at the end of the year			
- members' accounts		<u>4,009,613,356</u>	<u>3,839,690,769</u>
		=====	=====

The notes on pages 61 to 86 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 2019

	2019 HK\$	2018 HK\$
Cash flows from operating activities		
Net income/(loss)	302,946,116	(164,082,352)
Adjustment for bank interest income	(29,065)	(9,523)
	<hr/>	<hr/>
Net (increase)/decrease in investments	302,917,051	(164,091,875)
Net (increase)/decrease in amounts receivable on sale of investments and other receivables	(176,276,184)	285,534,964
Net decrease in accruals and other payables	(1,705,305)	184,210
Net decrease in accounts payable on funds switching	(947,641)	(203,005)
	<hr/>	<hr/>
Bank interest received	123,727,482	119,318,483
	29,065	9,523
	<hr/>	<hr/>
Net cash generated from operating activities	123,756,547	119,328,006
	<hr/>	<hr/>
Cash flows from financing activities		
Contributions and transfers in received	654,165,347	675,595,209
Benefits and transfers out paid	(763,005,124)	(785,099,762)
Forfeitures paid	(8,387,271)	(7,950,320)
	<hr/>	<hr/>
Net cash used in financing activities	(117,227,048)	(117,454,873)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	6,529,499	1,873,133
Cash and cash equivalents at the beginning of the year	19,688,442	17,815,309
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	26,217,941	19,688,442
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents:		
Cash and cash equivalents	26,217,941	19,688,442
	<hr/>	<hr/>


The notes on pages 61 to 86 are an integral part of these financial statements.

CHINA LIFE MPF MASTER TRUST SCHEME

STATEMENT OF NET ASSETS - CONSTITUENT FUNDS AS AT 31 DECEMBER 2019

		<u>China Life Balanced Fund</u>		<u>China Life MPF Conservative Fund</u>		<u>China Life Growth Fund</u>	
	Note	2019	2018	2019	2018	2019	2018
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Assets							
Investments	9	392,128,513	281,741,751	-	-	630,702,615	524,751,937
Amounts receivable on funds switching		41,881	201,328	841,135	81,716	722,835	255,642
Interest receivable		-	-	1,131,417	930,095	-	-
Amounts receivable on sale of investments		222,294	36,737	-	-	715,835	301,207
Fund transfer in receivable		93,929	107,612	-	-	52,974	177,464
Other receivables		-	-	-	-	-	-
Bank deposits with original maturity over three months		-	-	188,354,043	178,386,737	-	-
Cash and cash equivalents		507	504	25,986,528	13,425,133	512	508
Total assets		<u>392,487,124</u>	<u>282,087,932</u>	<u>216,313,123</u>	<u>192,823,681</u>	<u>632,194,771</u>	<u>525,486,758</u>
Liabilities							
Accruals and other payables		980,867	765,108	498,749	456,628	1,563,991	1,446,834
Amounts payable on funds switching		584,223	125,979	74,492	347,156	227,766	181,628
Amounts payable on purchase of investments		222,294	36,737	-	-	715,835	301,207
Total liabilities		<u>1,787,384</u>	<u>927,824</u>	<u>573,241</u>	<u>803,784</u>	<u>2,507,592</u>	<u>1,929,669</u>
Net assets attributable to members		<u>390,699,740</u>	<u>281,160,108</u>	<u>215,739,882</u>	<u>192,019,897</u>	<u>629,687,179</u>	<u>523,557,089</u>
Units in issue		<u>14,899,517.84</u>	<u>12,494,224.44</u>	<u>19,739,018.71</u>	<u>17,772,616.01</u>	<u>22,105,683.09</u>	<u>22,063,713.11</u>
Net asset value per unit		<u>26.22</u>	<u>22.50</u>	<u>10.93</u>	<u>10.80</u>	<u>28.49</u>	<u>23.73</u>

On behalf of China Life Trustees Limited


Director


Director

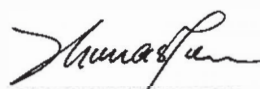
The notes on pages 61 to 86 are an integral part of these financial statements.

CHINA LIFE MPF MASTER TRUST SCHEME

STATEMENT OF NET ASSETS - CONSTITUENT FUNDS (CONTINUED) AS AT 31 DECEMBER 2019

	Note	<u>China Life Guaranteed Return Fund</u>		<u>China Life Hong Kong Equity Fund</u>		<u>China Life Retire-Easy Guarantee Fund</u>	
		2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Assets							
Investments	9	1,568,868,117	1,605,084,031	260,562,649	204,595,966	651,587,007	742,327,891
Amounts receivable on funds switching		2,020,591	1,002,589	1,132,419	1,280,497	8,475,339	2,519,873
Interest receivable		-	-	-	-	-	-
Amounts receivable on sale of investments		-	-	249,795	-	-	-
Fund transfer in receivable		-	-	1,137,141	2,036,581	-	-
Other receivables		-	-	-	-	-	-
Bank deposits with original maturity over three months		-	-	-	-	-	-
Cash and cash equivalents		517	517	203	201	266	266
Total assets		<u>1,570,889,225</u>	<u>1,606,087,137</u>	<u>263,082,207</u>	<u>207,913,245</u>	<u>660,062,612</u>	<u>744,848,030</u>
Liabilities							
Accruals and other payables		5,809,657	6,045,357	298,299	252,346	2,749,898	3,029,076
Amounts payable on funds switching		6,745,460	59,946	1,832,708	2,061,103	1,923,553	1,035,595
Amounts payable on purchase of investments		-	-	249,795	-	-	-
Total liabilities		<u>12,555,117</u>	<u>6,105,303</u>	<u>2,380,802</u>	<u>2,313,449</u>	<u>4,673,451</u>	<u>4,064,671</u>
Net assets attributable to members		<u>1,558,334,108</u>	<u>1,599,981,834</u>	<u>260,701,405</u>	<u>205,599,796</u>	<u>655,389,161</u>	<u>740,783,359</u>
Units in issue		<u>103,170,332.54</u>	<u>109,702,523.56</u>	<u>14,928,335.63</u>	<u>13,680,584.60</u>	<u>43,882,866.96</u>	<u>51,107,893.29</u>
Net asset value per unit		<u>15.10</u>	<u>14.58</u>	<u>17.46</u>	<u>15.03</u>	<u>14.93</u>	<u>14.49</u>

On behalf of China Life Trustees Limited


Director


Director

The notes on pages 61 to 86 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 2019

		<u>China Life Retire-Easy Capital Stable Fund</u> ^{Note 1}		<u>China Life Retire-Easy Balanced Fund</u> ^{Note 1}		<u>China Life Retire-Easy Global Equity Fund</u>	
	Note	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Assets							
Investments	9	-	52,395,057	-	53,417,231	151,527,275	125,527,542
Amounts receivable on funds switching		-	8,361	-	3,737	341,553	323,221
Interest receivable		-	-	-	-	-	-
Amounts receivable on sale of investments		-	34,138	-	2,015	491,353	49,291
Fund transfer in receivable		-	4,501	-	104,668	589,249	398,137
Other receivables		-	-	-	-	-	-
Bank deposits with original maturity over three months		-	-	-	-	-	-
Cash and cash equivalents		-	50	-	55	93	93
Total assets		-	52,442,107	-	53,527,706	152,949,523	126,298,284
Liabilities							
Accruals and other payables		-	208,046	-	215,532	533,733	489,588
Amounts payable on funds switching		-	26,112	-	115,852	651,142	411,567
Amounts payable on purchase of investments		-	34,138	-	2,015	491,353	49,291
Total liabilities		-	268,296	-	333,399	1,676,228	950,446
Net assets attributable to members		-	52,173,811	-	53,194,307	151,273,295	125,347,838
Units in issue		-	4,363,644.87	-	4,625,490.95	11,990,826.38	11,624,094.71
Net asset value per unit		-	11.96	-	11.50	12.62	10.78

On behalf of China Life Trustees Limited


Director


Director

Note 1: 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.


The notes on pages 61 to 86 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 2019

	Note	China Life Core Accumulation Fund		China Life Age 65 Plus Fund		Total	
		2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Assets							
Investments	9	53,947,424	27,388,607	72,605,059	10,534,441	3,781,928,659	3,627,764,454
Amounts receivable on funds switching		228,673	192,079	139,154	336,552	13,943,580	6,205,595
Interest receivable		-	-	-	-	1,131,417	930,095
Amounts receivable on sale of investments		354,103	8,224	103,537	-	2,136,917	431,612
Fund transfer in receivable		280,950	8,653	-	153	2,154,243	2,837,769
Other receivables		2,499	3,499	2,499	3,499	4,998	6,998
Bank deposits with original maturity over three months		-	-	-	-	188,354,043	178,386,737
Cash and cash equivalents		-	-	-	-	25,988,626	13,427,327
Total assets		<u>54,813,649</u>	<u>27,601,062</u>	<u>72,850,249</u>	<u>10,874,645</u>	<u>4,015,642,483</u>	<u>3,829,990,587</u>
Liabilities							
Accruals and other payables		83,605	43,489	121,540	16,286	12,640,339	12,968,290
Amounts payable on funds switching		286,800	9,712	47,017	153	12,373,161	4,374,803
Amounts payable on purchase of investments		354,103	8,224	103,537	-	2,136,917	431,612
Total liabilities		<u>724,508</u>	<u>61,425</u>	<u>272,094</u>	<u>16,439</u>	<u>27,150,417</u>	<u>17,774,705</u>
Net assets attributable to members		<u>54,089,141</u>	<u>27,539,637</u>	<u>72,578,155</u>	<u>10,858,206</u>	<u>3,988,492,066</u>	<u>3,812,215,882</u>
Units in issue		<u>4,585,521.26</u>	<u>2,702,947.75</u>	<u>6,635,811.88</u>	<u>1,081,931.88</u>		
Net asset value per unit		<u>11.80</u>	<u>10.19</u>	<u>10.94</u>	<u>10.04</u>		

On behalf of China Life Trustees Limited


Director


Director

The notes on pages 61 to 86 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 2019

	Note	China Life MPF				China Life Guaranteed				China Life Hong Kong	
		China Life Balanced Fund		Conservative Fund		China Life Growth Fund		Return Fund		Equity Fund	
		2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Income											
Bank interest income		2	1	4,230,668	2,782,516	4	1	-	-	2	1
Guaranteed return	8(a)	-	-	-	-	-	-	5,871,359	60,489,571	-	-
Net realised gains/(losses) on sale of investments		5,308,363	7,518,314	-	-	15,551,298	22,063,638	24,137,333	(26,373,574)	5,623,639	15,060,583
Net change in unrealised gains/(losses) on investments		46,677,408	(35,996,054)	-	-	93,466,261	(91,437,422)	42,206,064	(32,615,696)	29,883,555	(43,167,179)
Other income		1,303,365	1,225,425	-	-	2,342,992	2,374,017	-	-	975,398	869,704
		53,289,138	(27,252,314)	4,230,668	2,782,516	111,360,555	(66,999,766)	72,214,756	1,500,301	36,482,594	(27,236,891)
Expenses											
Auditor's remuneration		48,363	33,740	33,568	18,524	81,274	68,946	237,799	170,696	37,202	31,599
Administration fee	4(a)	1,633,683	1,755,385	620,336	772,301	2,929,450	3,395,366	13,613,116	14,155,444	471,458	420,499
Custodian fee		326,736	304,447	206,779	204,944	585,890	588,309	1,512,569	1,572,827	235,729	210,250
MPF indemnity insurance		9,784	9,495	6,169	5,874	17,637	18,703	51,013	52,988	6,780	5,777
Trustee fee	4(a)	1,143,578	1,065,566	723,726	717,307	2,050,615	2,059,082	6,050,274	6,291,308	235,729	210,250
Investment management fee	4(b)	-	-	206,779	204,944	-	-	-	-	-	-
Other expenses		46,638	20,565	43,582	20,246	81,865	33,365	211,736	85,390	36,791	16,636
		3,208,782	3,189,198	1,840,939	1,944,140	5,746,731	6,163,771	21,676,507	22,328,653	1,023,689	895,011
Total comprehensive income/(losses) for the year											
		50,080,356	(30,441,512)	2,389,729	838,376	105,613,824	(73,163,537)	50,538,249	(20,828,352)	35,458,905	(28,131,902)

The notes on pages 61 to 86 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 2019

		<u>China Life Retire-Easy Guarantee Fund</u>		<u>China Life Retire-Easy Capital Stable Fund</u> ^{Note 1}		<u>China Life Retire-Easy Balanced Fund</u> ^{Note 1}		<u>China Life Retire-Easy Global Equity Fund</u>	
	Note	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Income									
Bank interest income		-	-	-	-	-	-	-	-
Guaranteed return	8(b)	-	34,524,147	-	-	-	-	-	-
Net realised gains on sale of investments		17,830,160	14,582,174	6,727,132	939,384	11,828,317	2,647,744	4,960,498	6,915,576
Net change in unrealised (losses)/gains on investments		16,505,582	(17,990,569)	(2,517,479)	(3,619,706)	(6,646,789)	(7,884,978)	18,728,894	(23,381,571)
Other income		-	-	-	-	-	-	-	-
		<u>34,335,742</u>	<u>31,115,752</u>	<u>4,209,653</u>	<u>(2,680,322)</u>	<u>5,181,528</u>	<u>(5,237,234)</u>	<u>23,689,392</u>	<u>(16,465,995)</u>
Expenses									
Auditor's remuneration		93,169	107,262	5,779	7,061	5,419	7,179	19,820	16,463
Administration fee	4(a)	4,779,530	5,293,107	229,573	298,253	239,991	323,742	671,635	772,192
Custodian fee		1,194,883	1,323,277	59,372	77,134	62,067	83,726	209,886	208,039
MPF indemnity insurance		22,865	28,268	1,229	1,451	1,279	1,692	4,242	4,398
Trustee fee	4(a)	2,788,059	3,087,646	138,536	179,980	144,822	195,362	489,733	485,425
Investment management fee	4(b)	3,186,354	3,528,738	158,327	205,691	165,511	223,271	559,695	554,771
Other expenses		106,091	41,864	11,705	8,863	11,907	8,971	23,765	12,784
		<u>12,170,951</u>	<u>13,410,162</u>	<u>604,521</u>	<u>778,433</u>	<u>630,996</u>	<u>843,943</u>	<u>1,978,776</u>	<u>2,054,072</u>
Total comprehensive income/(losses) for the year		<u>22,164,791</u>	<u>17,705,590</u>	<u>3,605,132</u>	<u>(3,458,755)</u>	<u>4,550,532</u>	<u>(6,081,177)</u>	<u>21,710,616</u>	<u>(18,520,067)</u>

Note 1: 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.

The notes on pages 61 to 86 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 2019

		<u>China Life Core Accumulation Fund</u>		<u>China Life Age 65 Plus Fund</u>		<u>Total</u>	
	Note	2019	2018	2019	2018	2019	2018
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Income							
Bank interest income		-	-	-	-	4,230,676	2,782,519
Guaranteed return		-	-	-	-	5,871,359	95,013,718
Net realised gains on sale of investments		329,413	241,137	216,398	13,380	92,512,551	43,608,356
Net change in unrealised gains/(losses) on investments		5,510,642	(1,975,430)	1,205,399	(102,129)	245,019,537	(258,170,734)
Other income		-	3	215	-	4,621,970	4,469,149
		<u>5,840,055</u>	<u>(1,734,290)</u>	<u>1,422,012</u>	<u>(88,749)</u>	<u>352,256,093</u>	<u>(112,296,992)</u>
		-----	-----	-----	-----	-----	-----
Expenses							
Auditor's remuneration		8,332	4,762	6,302	1,716	577,027	467,948
Administration fee	4(a)	113,932	57,494	84,904	20,414	25,387,608	27,264,197
Custodian fee		40,690	20,533	30,323	7,291	4,464,924	4,600,777
MPF indemnity insurance		923	371	802	137	122,723	129,154
Trustee fee	4(a)	85,393	43,092	63,632	15,300	13,914,097	14,350,318
Investment management fee	4(b)	-	-	-	-	4,276,666	4,717,415
Other expenses		12,676	8,608	9,241	7,782	595,997	265,074
		<u>261,946</u>	<u>134,860</u>	<u>195,204</u>	<u>52,640</u>	<u>49,339,042</u>	<u>51,794,883</u>
		-----	-----	-----	-----	-----	-----
Total comprehensive income/(losses) for the year		<u>5,578,109</u>	<u>(1,869,150)</u>	<u>1,226,808</u>	<u>(141,389)</u>	<u>302,917,051</u>	<u>(164,091,875)</u>
		=====	=====	=====	=====	=====	=====

The notes on pages 61 to 86 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 2019

	<u>China Life Balanced Fund</u>		<u>China Life MPF Conservative Fund</u>		<u>China Life Growth Fund</u>		<u>China Life Guaranteed Return Fund</u>		<u>China Life Hong Kong Equity Fund</u>	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at the beginning of the year	281,160,108	304,021,048	192,019,897	181,179,862	523,557,089	604,688,745	1,599,981,834	1,677,770,563	205,599,796	184,994,100
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Units issued	95,205,111	51,603,182	80,759,021	79,815,450	82,195,452	93,360,721	458,410,025	465,504,727	175,722,890	237,730,862
Units redeemed	(35,745,835)	(44,022,610)	(59,428,765)	(69,813,791)	(81,679,186)	(101,328,840)	(550,596,000)	(522,465,104)	(156,080,186)	(188,993,264)
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	59,459,276	7,580,572	21,330,256	10,001,659	516,266	(7,968,119)	(92,185,975)	(56,960,377)	19,642,704	48,737,598
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Total comprehensive income/(losses) for the year	50,080,356	(30,441,512)	2,389,729	838,376	105,613,824	(73,163,537)	50,538,249	(20,828,352)	35,458,905	(28,131,902)
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Balance at the end of the year	390,699,740	281,160,108	215,739,882	192,019,897	629,687,179	523,557,089	1,558,334,108	1,599,981,834	260,701,405	205,599,796
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Units outstanding at the beginning of the year	12,494,224.44	12,183,587.72	17,772,616.01	16,843,532.58	22,063,713.11	22,329,703.68	109,702,523.56	113,498,224.70	13,680,584.60	10,771,113.52
Units issued	3,852,510.54	2,096,637.99	7,435,539.57	7,413,957.03	3,124,492.32	3,502,990.22	30,650,363.14	31,247,466.74	10,729,792.66	14,136,305.46
Units redeemed	(1,447,217.14)	(1,786,001.27)	(5,469,136.87)	(6,484,873.60)	(3,082,522.34)	(3,768,980.79)	(37,182,554.16)	(35,043,167.88)	(9,482,041.63)	(11,226,834.38)
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Units outstanding at the end of the year	14,899,517.84	12,494,224.44	19,739,018.71	17,772,616.01	22,105,683.09	22,063,713.11	103,170,332.54	109,702,523.56	14,928,335.63	13,680,584.60
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The notes on pages 61 to 86 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 2019

	China Life Retire-Easy Guarantee Fund		China Life Retire-Easy Capital Stable Fund ^{Note 1}		China Life Retire-Easy Balanced Fund ^{Note 1}		China Life Retire-Easy Global Equity Fund	
	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Balance at the beginning of the year	740,783,359	887,766,105	52,173,811	45,271,179	53,194,307	54,003,313	125,347,838	141,222,069
Units issued	561,161,480	534,666,335	14,851,419	24,410,434	7,791,376	18,544,045	29,686,417	32,741,649
Units redeemed	(668,720,469)	(699,354,671)	(70,630,362)	(14,049,047)	(65,536,215)	(13,271,874)	(25,471,576)	(30,095,813)
	(107,558,989)	(164,688,336)	(55,778,943)	10,361,387	(57,744,839)	5,272,171	4,214,841	2,645,836
Total comprehensive income/(losses) for the year	22,164,791	17,705,590	3,605,132	(3,458,755)	4,550,532	(6,081,177)	21,710,616	(18,520,067)
Balance at the end of the year	655,389,161	740,783,359	-	52,173,811	-	53,194,307	151,273,295	125,347,838
Units outstanding at the beginning of the year	51,107,893.29	62,473,424.53	4,363,644.87	3,543,537.18	4,625,490.95	4,200,085.78	11,624,094.71	11,390,296.08
Units issued	38,521,149.38	37,452,590.55	1,195,895.45	1,940,035.14	633,984.04	1,464,741.11	2,503,645.66	2,693,560.73
Units redeemed	(45,746,175.71)	(48,818,121.79)	(5,559,540.32)	(1,119,927.45)	(5,259,474.99)	(1,039,335.94)	(2,136,913.99)	(2,459,762.10)
Units outstanding at the end of the year	43,882,866.96	51,107,893.29	-	4,363,644.87	-	4,625,490.95	11,990,826.38	11,624,094.71

Note 1: 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.

The notes on pages 61 to 86 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 2019

	China Life Core Accumulation Fund		China Life Age 65 Plus Fund		Total	
	2019	2018	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at the beginning of the year	27,539,637	12,588,159	10,858,206	4,245,703	3,812,215,882	4,097,750,846
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Units issued	31,855,523	25,158,492	69,825,955	9,643,723	1,607,464,669	1,573,179,620
Units redeemed	(10,884,128)	(8,337,864)	(9,332,814)	(2,889,831)	(1,734,105,536)	(1,694,622,709)
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	20,971,395	16,820,628	60,493,141	6,753,892	(126,640,867)	(121,443,089)
	-----	-----	-----	-----	-----	-----
Total comprehensive income/(losses) for the year	5,578,109	(1,869,150)	1,226,808	(141,389)	302,917,051	(164,091,875)
	-----	-----	-----	-----	-----	-----
Balance at the end of the year	54,089,141	27,539,637	72,578,155	10,858,206	3,988,492,066	3,812,215,882
	=====	=====	=====	=====	=====	=====
Units outstanding at the beginning of the year	2,702,947.75	1,158,925.40	1,081,931.88	415,434.19		
Units issued	2,853,320.87	2,306,403.79	6,421,754.98	950,565.38		
Units redeemed	(970,747.36)	(762,381.44)	(867,874.98)	(284,067.69)		
	-----	-----	-----	-----		
Units outstanding at the end of the year	4,585,521.26	2,702,947.75	6,635,811.88	1,081,931.88		
	=====	=====	=====	=====		

The notes on pages 61 to 86 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 2019

	China Life Balanced Fund		China Life MPF Conservative Fund		China Life Growth Fund		China Life Guaranteed Return Fund		China Life Hong Kong Equity Fund	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Cash flows from operating activities										
Total comprehensive income/(losses) for the year	50,080,356	(30,441,512)	2,389,729	838,376	105,613,824	(73,163,537)	50,538,249	(20,828,352)	35,458,905	(28,131,902)
Adjustment for:										
Bank interest income	(2)	(1)	(4,230,668)	(2,782,516)	(4)	(1)	-	-	(2)	(1)
Net (increase)/decrease in investments	(110,386,762)	23,081,426	-	-	(105,950,678)	80,917,949	36,215,914	74,895,752	(55,966,683)	(20,121,188)
Net (increase) in interest receivable	-	-	(201,322)	(414,164)	-	-	-	-	-	-
Net (increase) in bank deposits with original maturity over three months	-	-	(9,967,306)	(42,217,826)	-	-	-	-	-	-
Net decrease/(increase) in amounts receivable on sale of investments	(185,557)	12,535	-	-	(414,628)	(125,701)	-	-	(249,795)	147,508
Net decrease/(increase) in other receivables	-	-	-	-	-	-	-	-	-	-
Net increase/(decrease) in accruals and other payables	215,759	(97,810)	42,121	(28,335)	117,157	(255,136)	(235,700)	(294,016)	45,953	32,596
Net increase/(decrease) in amounts payable on purchase of investments	185,557	(12,535)	-	-	414,628	125,701	-	-	249,795	(147,508)
Cash (used in)/generated from operations	(60,090,649)	(7,457,897)	(11,967,446)	(44,604,465)	(219,701)	7,499,275	86,518,463	53,773,384	(20,461,827)	(48,220,495)
Bank interest income received	2	1	4,230,668	2,782,516	4	1	-	-	2	1
Net cash generated from/(used in) operating activities	(60,090,647)	(7,457,896)	(7,736,778)	(41,821,949)	(219,697)	7,499,276	86,518,463	53,773,384	(20,461,825)	(48,220,494)
Cash flows from financing activities										
Receipts on subscription*	95,378,241	51,592,825	79,999,602	80,349,017	81,852,749	94,380,695	457,392,023	468,719,158	176,770,408	236,642,237
Payments on redemption*	(35,287,591)	(44,134,928)	(59,701,429)	(69,466,635)	(81,633,048)	(101,879,969)	(543,910,486)	(522,492,542)	(156,308,581)	(188,421,743)
Net cash generated from/(used in) financing activities	60,090,650	7,457,897	20,298,173	10,882,382	219,701	(7,499,274)	(86,518,463)	(53,773,384)	20,461,827	48,220,494
Net increase/(decrease) in cash and cash equivalents	3	1	12,561,395	(30,939,567)	4	2	-	-	2	-
Cash and cash equivalents at the beginning of the year	504	503	13,425,133	44,364,700	508	506	517	517	201	201
Cash and cash equivalents at the end of the year	507	504	25,986,528	13,425,133	512	508	517	517	203	201
Analysis of balances of cash and cash equivalents										
Cash and cash equivalents	507	504	25,986,528	13,425,133	512	508	517	517	203	201

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

The notes on pages 61 to 86 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 2019

	China Life Retire-Easy Guarantee Fund		China Life Retire-Easy Capital Stable Fund ^{Note 1}		China Life Retire-Easy Balanced Fund ^{Note 1}		China Life Retire-Easy Global Equity Fund	
	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$	2019 HK\$	2018 HK\$
Cash flows from operating activities								
Total comprehensive income/(losses) for the year	22,164,791	17,705,590	3,605,132	(3,458,755)	4,550,532	(6,081,177)	21,710,616	(18,520,067)
Adjustment for:								
Bank interest income	-	-	-	-	-	-	-	-
Net decrease/(increase) in investments	90,740,884	149,232,238	52,395,057	(6,949,640)	53,417,231	793,101	(25,999,733)	16,207,546
Net (increase) in interest receivable	-	-	-	-	-	-	-	-
Net (increase) in bank deposits with original maturity over three months	-	-	-	-	-	-	-	-
Net decrease/(increase) in amounts receivable on sale of investments	-	-	34,138	(34,138)	2,015	173,684	(442,062)	18,546
Net decrease/(increase) in other receivables	-	-	-	-	-	-	-	-
Net (decrease)/ increase in accruals and other payables	(279,178)	(646,849)	(208,046)	31,877	(215,532)	7,541	44,145	(58,132)
Net (decrease)/increase in amounts payable on purchase of investments	-	-	(34,138)	34,138	(2,015)	(173,684)	442,062	(18,546)
Cash generated from/(used in) operations	112,626,497	166,290,979	55,792,143	(10,376,518)	57,752,231	(5,280,535)	(4,244,972)	(2,370,653)
Bank interest income received	-	-	-	-	-	-	-	-
Net cash generated from/(used in) operating activities	112,626,497	166,290,979	55,792,143	(10,376,518)	57,752,231	(5,280,535)	(4,244,972)	(2,370,653)
Cash flows from financing activities								
Receipts on subscription*	555,206,014	533,434,300	14,864,281	24,399,453	7,899,781	18,600,766	29,476,973	32,216,437
Payments on redemption*	(667,832,511)	(699,725,279)	(70,656,474)	(14,022,935)	(65,652,067)	(13,320,231)	(25,232,001)	(29,845,784)
Net cash generated from/(used in) financing activities	(112,626,497)	(166,290,979)	(55,792,193)	10,376,518	(57,752,286)	5,280,535	4,244,972	2,370,653
Net increase/(decrease) in cash and cash equivalents	-	-	(50)	-	(55)	-	-	-
Cash and cash equivalents at the beginning of the year	266	266	50	50	55	55	93	93
Cash and cash equivalents at the end of the year	266	266	-	50	-	55	93	93
Analysis of balances of cash and cash equivalents								
Cash and cash equivalents	266	266	-	50	-	55	93	93

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

Note 1: 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.

The notes on pages 61 to 86 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 2019

	<u>China Life Core Accumulation Fund</u>		<u>China Life Age 65 Plus Fund</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Cash flows from operating activities						
Total comprehensive income/(losses) for the year	5,578,109	(1,869,150)	1,226,808	(141,389)	302,917,051	(164,091,875)
Adjustment for:						
Bank interest income	-	-	-	-	(4,230,676)	(2,782,519)
Net (increase)/decrease in investments	(26,558,817)	(14,679,026)	(62,070,618)	(6,914,679)	(154,164,205)	296,463,479
Net (increase) in interest receivable	-	-	-	-	(201,322)	(414,164)
Net (increase) in bank deposits with original maturity over three months	-	-	-	-	(9,967,306)	(42,217,826)
Net (increase)/decrease in amounts receivable on sale of investments	(345,879)	(8,224)	(103,537)	-	(1,705,305)	184,210
Net decrease in other receivables	1,000	1,000	1,000	1,000	2,000	2,000
Net increase/(decrease) in accruals and other payables	40,116	26,757	105,254	10,786	(327,951)	(1,270,721)
Net increase/(decrease) in amounts payable on purchase of investments	345,879	8,224	103,537	-	1,705,305	(184,210)
Cash (used in)/generated from operations	(20,939,592)	(16,520,419)	(60,737,556)	(7,044,282)	134,027,591	85,688,374
Bank interest income received	-	-	-	-	4,230,676	2,782,519
Net cash generated from/(used in) operating activities	(20,939,592)	(16,520,419)	(60,737,556)	(7,044,282)	138,258,267	88,470,893
Cash flows from financing activities						
Receipts on subscription*	31,546,632	24,967,182	70,023,506	9,933,960	1,600,410,210	1,575,236,030
Payments on redemption*	(10,607,040)	(8,446,763)	(9,285,950)	(2,889,678)	(1,726,107,178)	(1,694,646,487)
Net cash generated from/(used in) financing activities	20,939,592	16,520,419	60,737,556	7,044,282	(125,696,968)	(119,410,457)
Net increase/(decrease) in cash and cash equivalents	-	-	-	-	12,561,299	(30,939,564)
Cash and cash equivalents at the beginning of the year	-	-	-	-	13,427,327	44,366,891
Cash and cash equivalents at the end of the year	-	-	-	-	25,988,626	13,427,327
Analysis of balances of cash and cash equivalents						
Cash and cash equivalents	-	-	-	-	25,988,626	13,427,327

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

The notes on pages 61 to 86 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 nine constituent funds as at 31 December 2019 (2018: eleven). 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 Guaranteed Return Fund
China Life Hong Kong Equity Fund
China Life Retire-Easy Guarantee Fund
China Life Retire-Easy Capital Stable Fund (the Terminated Fund)
China Life Retire-Easy Balanced Fund (the Terminated Fund)
China Life Retire-Easy Global Equity Fund
China Life Core Accumulation Fund
China Life Age 65 Plus Fund

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.

The financial information of the Scheme comprises (i) the statement of net assets available for benefits as at 31 December 2019, and the statement of changes in net assets available for benefits and statement of cash flows for the year ended 31 December 2019 of the Scheme on a standalone basis; and (ii) the statement of net assets as at 31 December 2019, 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 2019 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 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)

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 2019

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2019 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 2019 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 2019, 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/(loss) on investments” and “net realized 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/(losses) on 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/(loss) on investments” and “net realised gain on investments” for the Scheme and statement of comprehensive income within “net change in unrealised gains/(losses) on sale of investments” and “net realised gains/ (losses) on 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)

(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.

(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.

(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.

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 Guaranteed Return Fund

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

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

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 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 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 Guarantee 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 Retire-Easy Capital Stable Fund ^{Note 1}

The constituent fund invests in Invesco Global Stable Fund which will normally invest 70% of its net asset value in global bonds and 30% of its net asset value in global equities.

China Life Retire-Easy Balanced Fund ^{Note 1}

The constituent fund invests in Invesco Global Balanced Fund which will normally invest around 30% of its net asset value in global bonds and 70% of its net asset value in global equities.

China Life Retire-Easy Global Equity Fund

The constituent fund invests in Invesco Global Equities Fund. Investments will be made with an emphasis on the Hong Kong market but in general may cover a global range of markets in Asia, Australia, Japan, Europe and North America.

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.

Note 1: 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.

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, 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:

	2019 HK\$	2018 HK\$
China Life Balanced Fund	19,606,426	14,087,088
China Life Growth Fund	31,535,131	26,237,597
China Life Guaranteed Return Fund	78,443,406	80,254,202
China Life Hong Kong Equity Fund	13,028,132	10,229,798
China Life Retire-Easy Guarantee Fund	32,579,350	37,116,395
China Life Retire-Easy Capital Stable Fund ^{Note 1}	-	2,619,753
China Life Retire-Easy Balanced Fund ^{Note 1}	-	2,670,862
China Life Retire-Easy Global Equity Fund	7,576,364	6,276,377
China Life Core Accumulation Fund	2,697,371	1,369,430
China Life Age 65 Plus Fund	3,630,253	526,722

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 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. The Terminated Funds were not exposed to market price risk as there was no investment held by the Terminated Funds since 24 September 2019.

(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.

CHINA LIFE MPF MASTER TRUST SCHEME

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(c) Interest rate risk (Continued)

The Scheme and its constituent funds had interest bearing cash and cash equivalents of HK\$26,108,957 (2018: HK\$19,260,915) and HK\$24,514,564 (2018: HK\$9,037,224) and bank deposits with original maturity of more than three months of HK\$Nil (2018: HK\$Nil) and HK\$188,354,043 (2018: HK\$178,386,737) respectively at 31 December 2019 and are therefore exposed to interest rate risk on these bank deposits.

At 31 December 2019, should the relevant market interest rates have risen/lowered by 25 basis points (2018: 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\$65,272 (2018: HK\$48,152) and HK\$532,172 (2018: HK\$468,560) respectively, arising mainly from the increase/decrease in bank interest income.

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\$
At 31 December 2019					
<u>Assets</u>					
Amounts receivable on funds switching	-	-	-	841,135	841,135
Interest receivable	-	-	-	1,131,417	1,131,417
Bank deposits with original maturity over three months	188,354,043	-	-	-	188,354,043
Cash and cash equivalents	24,512,466	-	-	1,474,062	25,986,528
	<u>212,866,509</u>	<u>-</u>	<u>-</u>	<u>3,446,614</u>	<u>216,313,123</u>
<u>Liabilities</u>					
Accruals and other payables	-	-	-	498,749	498,749
Amounts payable on funds switching	-	-	-	74,492	74,492
	<u>-</u>	<u>-</u>	<u>-</u>	<u>573,241</u>	<u>573,241</u>
Interest sensitivity gap	<u>212,866,509</u>	<u>-</u>	<u>-</u>		
At 31 December 2018					
<u>Assets</u>					
Amounts receivable on funds switching	-	-	-	81,716	81,716
Interest receivable	-	-	-	930,095	930,095
Bank deposits with original maturity over three months	178,386,737	-	-	-	178,386,737
Cash and cash equivalents	9,035,029	-	-	4,390,104	13,425,133
	<u>187,421,766</u>	<u>-</u>	<u>-</u>	<u>5,401,915</u>	<u>192,823,681</u>
<u>Liabilities</u>					
Accruals and other payables	-	-	-	456,628	456,628
Amounts payable on funds switching	-	-	-	347,156	347,156
	<u>-</u>	<u>-</u>	<u>-</u>	<u>803,784</u>	<u>803,784</u>
Interest sensitivity gap	<u>187,421,766</u>	<u>-</u>	<u>-</u>		

CHINA LIFE MPF MASTER TRUST SCHEME

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(c) Interest rate risk (Continued)

At 31 December 2019 and 2018, 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.

(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
At 31 December 2019			
Bank of China (Hong Kong) Limited	26,108,957	Aa3	Moody’s
Citibank, N.A.	108,984	A+	S&P
At 31 December 2018			
Bank of China (Hong Kong) Limited	19,260,915	Aa3	Moody’s
Citibank, N.A.	427,527	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:

		2019		2018		Source
		Bank balances HK\$	Credit rating	Bank balances HK\$	Credit rating	
	Bank					
China Life Balanced Fund	Bank of China (Hong Kong) Limited	507	Aa3	504	Aa3	Moody’s
China Life MPF Conservative Fund	Bank of China (Hong Kong) Limited	1,474,062	Aa3	4,390,104	Aa3	Moody’s
	Bank of Communications	10,828,680	A-	14,481,752	A-	S&P
	Bank of East Asia	17,023,849	A-	14,877,683	A-	S&P
	China CITIC Bank International Limited	16,675,609	A3	15,145,035	A3	Moody’s

CHINA LIFE MPF MASTER TRUST SCHEME

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(d) Credit and custody risk (Continued)

	Bank	2019	Credit rating	2018	Credit rating	Source
		Bank balances HK\$		Bank balances HK\$		
China Life MPF Conservative Fund (Continued)	China Construction Bank (Asia) Corporation Limited	7,133,794	A	15,361,838	A	S&P
	China Merchants Bank	16,576,336	BBB+	15,523,073	BBB+	S&P
	Chiyu Banking Corporation	16,838,665	Baa1	12,567,582	Baa1	Moody's
	Chong Hing Bank	16,876,766	Baa1	15,593,474	Baa1	Moody's
	Citibank, N.A.	-	A+	7,500,000	A+	S&P
	CMB Wing Lung Bank Ltd. (formerly named as Wing Lung Bank Ltd.)	17,043,109	A3	14,885,538	A3	Moody's
	Dah Sing Bank Limited	17,350,671	A2	11,638,954	A2	Moody's
	DBS Bank	-	AA-	2,054,876	AA-	S&P
	Fubon Bank	17,416,873	BBB+	15,030,779	BBB+	S&P
	Hang Seng Bank	17,345,890	AA-	13,679,668	AA-	S&P
	Industrial and Commercial Bank of China (Asia) Limited	12,000,000	A1	14,980,471	A1	Moody's
	Industrial Bank Co., Ltd.	17,500,000	Baa2	-	Baa2	Moody's
	Standard Chartered Bank (Hong Kong) Limited	12,256,267	A+	4,101,043	A+	S&P
China Life Growth Fund	Bank of China (Hong Kong) Limited	512	Aa3	508	Aa3	Moody's
China Life Guaranteed Return Fund	Bank of China (Hong Kong) Limited	517	Aa3	517	Aa3	Moody's
China Life Hong Kong Equity Fund	Bank of China (Hong Kong) Limited	203	Aa3	201	Aa3	Moody's
China Life Retire-Easy Guarantee Fund	Bank of China (Hong Kong) Limited	266	Aa3	266	Aa3	Moody's
China Life Retire-Easy Capital Stable Fund ³	Bank of China (Hong Kong) Limited	-	Aa3	50	Aa3	Moody's
China Life Retire-Easy Balanced Fund ³	Bank of China (Hong Kong) Limited	-	Aa3	55	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)

	Bank	2019		2018		Source
		Bank balances HK\$	Credit rating	Bank balances HK\$	Credit rating	
China Life Retire-Easy Global Equity Fund	Bank of China (Hong Kong) Limited	93	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

	Custodian	2019		2018		Source
		Investments HK\$	Credit rating	Investments HK\$	Credit rating	
China Life Balanced Fund	HSBC ¹	392,128,513	A-1+	281,741,751	A-1+	S&P
China Life Growth Fund	HSBC ¹	630,702,615	A-1+	524,751,937	A-1+	S&P
China Life Guaranteed Return Fund	Bank of China (Hong Kong) Limited	1,568,868,117	Aa3	1,605,084,031	Aa3	Moody's
China Life Hong Kong Equity Fund	HSBC ¹	260,562,649	A-1+	204,595,966	A-1+	S&P
China Life Retire-Easy Guarantee Fund	Bank of China (Hong Kong) Limited	651,587,007	Aa3	742,327,891	Aa3	Moody's
China Life Retire-Easy Capital Stable Fund ³	BCT ²	-	Unrated	52,395,057	Unrated	N/A
China Life Retire-Easy Balanced Fund ³	BCT ²	-	Unrated	53,417,231	Unrated	N/A
China Life Retire-Easy Global Equity Fund	BCT ²	151,527,275	Unrated	125,527,542	Unrated	N/A
China Life Core Accumulation Fund	BCT ²	53,947,424	Unrated	27,388,607	Unrated	N/A
China Life Age 65 Plus Fund	BCT ²	72,605,059	Unrated	10,534,441	Unrated	N/A

¹ HSBC stands for "HSBC Institutional Trust Services (Asia) Limited".

² BCT stands for "Bank Consortium Trust Company Limited".

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.

[#] represents custodian of underlying approved pooled investment funds

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 2019 and 2018, all contribution receivable, amounts receivable on sale of investments, amounts receivables 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 2019, the constituent funds held fixed deposits of HK\$212,866,509 (2018: HK\$187,421,766) and approved pooled investment funds of HK\$3,781,928,659 (2018: HK\$3,627,764,454) 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>1-3 months</u>	<u>More than 3 months</u>	
	Amounts payable on funds switching HK\$	Amounts payable on purchase of investments HK\$	Sub-total HK\$	Accruals and other payables HK\$	Accruals and other payables HK\$	Total HK\$
At 31 December 2019						
China Life Balanced Fund	584,223	222,294	806,517	906,291	74,576	1,787,384
China Life MPF Conservative Fund	74,492	-	74,492	456,852	41,897	573,241
China Life Growth Fund	227,766	715,835	943,601	1,445,298	118,693	2,507,592
China Life Guaranteed Return Fund	6,745,460	-	6,745,460	5,503,208	306,449	12,555,117
China Life Hong Kong Equity Fund	1,832,708	249,795	2,082,503	250,539	47,760	2,380,802
China Life Retire-Easy Guarantee Fund	1,923,553	-	1,923,553	2,588,894	161,004	4,673,451
China Life Retire-Easy Capital Stable Fund ^{Note 1}	-	-	-	-	-	-
China Life Retire-Easy Balanced Fund ^{Note 1}	-	-	-	-	-	-
China Life Retire-Easy Global Equity Fund	651,142	491,353	1,142,495	505,380	28,353	1,676,228
China Life Core Accumulation Fund	286,800	354,103	640,903	75,339	8,266	724,508
China Life Age 65 Plus Fund	47,017	103,537	150,554	107,375	14,165	272,094

Note 1: 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.

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>1-3 months</u>	<u>More than 3 months</u>	
	Amounts payable on funds switching HK\$	Amounts payable on purchase of investments HK\$	Sub-total HK\$	Accruals and other payables HK\$	Accruals and other payables HK\$	Total HK\$
At 31 December 2018						
China Life Balanced Fund	125,979	36,737	162,716	703,428	61,680	927,824
China Life MPF Conservative Fund	347,156	-	347,156	418,332	38,296	803,784
China Life Growth Fund	181,628	301,207	482,835	1,327,677	119,157	1,929,669
China Life Guaranteed Return Fund	59,946	-	59,946	5,726,421	318,936	6,105,303
China Life Hong Kong Equity Fund	2,061,103	-	2,061,103	209,723	42,623	2,313,449
China Life Retire-Easy Guarantee Fund	1,035,595	-	1,035,595	2,850,673	178,403	4,064,671
China Life Retire-Easy Capital Stable Fund	26,112	34,138	60,250	197,620	10,426	268,296
China Life Retire-Easy Balanced Fund	115,852	2,015	117,867	204,220	11,312	333,399
China Life Retire-Easy Global Equity Fund	411,567	49,291	460,858	461,489	28,099	950,446
China Life Core Accumulation Fund	9,712	8,224	17,936	39,309	4,180	61,425
China Life Age 65 Plus Fund	153	-	153	14,800	1,486	16,439

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 2019 and 2018, all of the constituent funds' assets and liabilities are denominated in Hong Kong dollars. Thus, the constituent funds were not directly exposed to currency risk.

China Life Guaranteed Return Fund and China Life Retire-Easy Guarantee Fund have indirect currency risk exposure through its investment in the APIFs (China Life Guaranteed Return (PIF) Fund and China Life Retire-Easy Guarantee (PIF) Fund), which invest in UT APIFs (China Life Stable Return Unit Trust (PIF) Fund and 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 2019, China Life Stable Return Unit Trust (PIF) Fund and China Life Retire-Easy Stable Return Unit Trust (PIF) Fund had net monetary exposure of HK\$969,101,742 (2018: HK\$1,013,947,086) and HK\$434,703,362 (2018: HK\$467,784,595) respectively which are denominated in United States dollar and Renminbi and therefore, the constituent funds were 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 Guaranteed Return Fund

	2019		2018	
	Change in foreign exchange rates +/-	Impact HK\$ +/-	Change in foreign exchange rates +/-	Impact HK\$ +/-
Renminbi	5.00%	19	5.00%	2,091,718

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 2019 and 2018, 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\$
At 31 December 2019				
China Life Balanced Fund				
Approved pooled investment fund	392,128,513	-	-	392,128,513
China Life Growth Fund				
Approved pooled investment fund	630,702,615	-	-	630,702,615
China Life Guaranteed Return Fund				
Approved pooled investment fund	-	1,568,868,117	-	1,568,868,117
China Life Hong Kong Equity Fund				
Approved pooled investment fund	260,562,649	-	-	260,562,649
China Life Retire-Easy Guarantee Fund				
Approved pooled investment fund	-	651,587,007	-	651,587,007
China Life Retire-Easy Capital Stable Fund ^{Note 1}				
Approved pooled investment fund	-	-	-	-
China Life Retire-Easy Balanced Fund ^{Note 1}				
Approved pooled investment fund	-	-	-	-
China Life Retire-Easy Global Equity Fund				
Approved pooled investment fund	151,527,275	-	-	151,527,275
China Life Core Accumulation Fund				
Approved pooled investment fund	53,947,424	-	-	53,947,424
China Life Age 65 Plus Fund				
Approved pooled investment fund	72,605,059	-	-	72,605,059

Note 1: 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.

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\$
At 31 December 2018				
China Life Balanced Fund				
Approved pooled investment fund	281,741,751	-	-	281,741,751
China Life Growth Fund				
Approved pooled investment fund	524,751,937	-	-	524,751,937
China Life Guaranteed Return Fund				
Approved pooled investment fund	-	1,605,084,031	-	1,605,084,031
China Life Hong Kong Equity Fund				
Approved pooled investment fund	204,595,966	-	-	204,595,966
China Life Retire-Easy Guarantee Fund				
Approved pooled investment fund	-	742,327,891	-	742,327,891
China Life Retire-Easy Capital Stable Fund				
Approved pooled investment fund	52,395,057	-	-	52,395,057
China Life Retire-Easy Balanced Fund				
Approved pooled investment fund	53,417,231	-	-	53,417,231
China Life Retire-Easy Global Equity Fund				
Approved pooled investment fund	125,527,542	-	-	125,527,542
China Life Core Accumulation Fund				
Approved pooled investment fund	27,388,607	-	-	27,388,607
China Life Age 65 Plus Fund				
Approved pooled investment fund	10,534,441	-	-	10,534,441

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 2019 and 2018, the constituent funds did not hold any investments classified in level 3.

For the year ended 31 December 2019 and 2018, there were no transfers between levels of investments held by the constituent funds.

As at 31 December 2019 and 2018, 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.

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 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:

	China Life Balanced Fund	China Life MPF Conservative Fund	China Life Growth Fund	China Life Guaranteed Return Fund	China Life Hong Kong Equity Fund	China Life Retire- Easy Guarantee Fund	China Life Retire- Easy Capital Stable Fund ¹	China Life Retire- Easy Balanced Fund ¹	China Life Retire- Easy Global Equity Fund	China Life Core Accumulation Fund	China Life Age 65 Plus Fund
Trustee fee	0.35%	0.35%	0.35%	0.40%	0.10%	0.35%	0.35%	0.35%	0.35%	0.21%	0.21%
Administration fee (Before 2 October 2018)	0.60%	0.40%	0.60%	0.90%	0.20%	0.60%	0.58%	0.58%	0.58%	0.28%	0.28%
Administration fee (On or after 2 October 2018)	0.50%	0.30%	0.50%	0.90%	0.20%	0.60%	0.58%	0.58%	0.48%	0.28%	0.28%

Note 1: 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.

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 HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Guaranteed Return Fund HK\$	China Life Hong Kong Equity Fund HK\$	China Life Retire- Easy Guarantee Fund HK\$	China Life Retire- Easy Capital Stable Fund ¹ HK\$	China Life Retire- Easy Balanced Fund ¹ HK\$	China Life Retire- Easy Global Equity Fund HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$
At 31 December 2019											
Trustee fee	333,897	188,116	532,478	1,572,345	62,635	604,075	-	-	128,176	26,809	38,199
Administration fee	476,995	161,242	760,683	3,537,777	125,270	1,035,558	-	-	175,784	35,759	50,972
At 31 December 2018											
Trustee fee	258,243	171,614	487,389	1,636,120	52,431	665,157	46,734	48,295	116,757	13,987	5,266
Administration fee	371,402	148,652	701,034	3,681,270	104,862	1,140,269	77,445	80,032	161,257	18,658	7,025

Note 1: 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.

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 funds that the following constituent funds of the Scheme have invested in.

1. China Life Guaranteed Return Fund
2. China Life Retire-Easy Guarantee 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 Balanced Fund ^{Note 1}
2. China Life Retire-Easy Capital Stable Fund ^{Note 1}
3. China Life Retire-Easy Global Equity Fund
4. China Life Core Accumulation Fund
5. China Life Age 65 Plus Fund

Note 1: 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.

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

	China Life Balanced Fund ¹	China Life MPF Conservative Fund	China Life Growth Fund ¹	China Life Guaranteed Return Fund ¹	China Life Hong Kong Equity Fund ¹	China Life Retire- Easy Guarantee Fund	China Life Retire- Easy Capital Stable Fund ²	China Life Retire- Easy Balanced Fund ²	China Life Retire- Easy Global Equity Fund	China Life Core Accumulation Fund ¹	China Life Age 65 Plus Fund ¹
Investment management fee	0.45%	0.10%	0.45%	0.10%	0.45%	0.40%	0.40%	0.40%	0.40%	0.08%	0.08%

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

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.

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

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 ¹ HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund ¹ HK\$	China Life Guaranteed Return Fund ¹ HK\$	China Life Hong Kong Equity Fund ¹ HK\$	China Life Retire- Easy Guarantee Fund HK\$	China Life Retire- Easy Capital Stable Fund ² HK\$	China Life Retire- Easy Balanced Fund ² HK\$	China Life Retire- Easy Global Equity Fund HK\$	China Life Core Accumul ation Fund ¹ HK\$	China Life Age 65 Plus Fund ¹ HK\$
At 31 December 2019											
Investment management fee	N/A	53,747	N/A	N/A	N/A	690,372	-	-	146,487	N/A	N/A
At 31 December 2018											
Investment management fee	N/A	49,033	N/A	N/A	N/A	760,180	53,411	55,195	133,437	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 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.

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.

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 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.

For the year ended 31 December 2019

	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$
Payments for services		
- Administration fee	113,932	84,904
- Custodian fee	40,690	30,323
- Trustee fee	85,393	63,632
- Investment management fee	-	-
Total payments services	<u>240,015</u>	<u>178,859</u>
Out-of-pocket expenses		
- Auditor’s remuneration	8,332	6,302
- MPF indemnity insurance	923	802
- Other expenses	11,676	8,241
Total out-of-pocket expenses	<u>20,931</u>	<u>15,345</u>
Other payments		
- Organisational costs	1,000	1,000
Total other payments	<u>1,000</u>	<u>1,000</u>
Total payments	<u>261,946</u>	<u>195,204</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 2018

	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$
Payments for services		
- Administration fee	57,494	20,414
- Custodian fee	20,533	7,291
- Trustee fee	43,092	15,300
- Investment management fee	-	-
Total payments services	<u>121,119</u>	<u>43,005</u>
Out-of-pocket expenses		
- Auditor’s remuneration	4,762	1,716
- MPF indemnity insurance	371	137
- Other expenses	7,608	6,782
Total out-of-pocket expenses	<u>12,741</u>	<u>8,635</u>
Other payments		
- Organisational costs	1,000	1,000
Total other payments	<u>1,000</u>	<u>1,000</u>
Total payments	<u>134,860</u>	<u>52,640</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>0.06%</u>	<u>0.12%</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

(a) China Life Guaranteed Return Fund

The amount represented the shortfall between the actual rate of return at the year end date and the guaranteed compound rate of return of not less than 4% (2018: 4%) per annum before the deduction of administration expenses (1.5%). The amount is guaranteed by China Life Insurance (Overseas) Company Limited.

(b) China Life Retire-Easy Guarantee Fund

The amount represented the shortfall between the actual rate of return at the year end date and the guaranteed compound rate of return of not less than 3.5% (2018: 3.5%) per annum before the deduction of administration expenses (1.5%). The amount is guaranteed by China Life Insurance (Overseas) Company Limited.

9 Investments

	2019 HK\$	2018 HK\$
<u>The Scheme</u>		
Investments in constituent funds		
China Life Balanced Fund	390,699,740	281,160,108
China Life MPF Conservative Fund	215,739,882	192,019,897
China Life Growth Fund	629,687,179	523,557,089
China Life Guaranteed Return Fund	1,558,334,108	1,599,981,834
China Life Hong Kong Equity Fund	260,701,405	205,599,796
China Life Retire-Easy Guarantee Fund	655,389,161	740,783,359
China Life Retire-Easy Capital Stable Fund ^{Note 1}	-	52,173,811
China Life Retire-Easy Balanced Fund ^{Note 1}	-	53,194,307
China Life Retire-Easy Global Equity Fund	151,273,295	125,347,838
China Life Core Accumulation Fund	54,089,141	27,539,637
China Life Age 65 Plus Fund	72,578,155	10,858,206
Investments at fair value	<u>3,988,492,066</u>	<u>3,812,215,882</u>
Investments at cost	<u>3,059,703,947</u>	<u>3,183,012,435</u>

Note 1: 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.

CHINA LIFE MPF MASTER TRUST SCHEME

NOTES TO THE FINANCIAL STATEMENTS

9 Investments (Continued)

	2019 HK\$	2018 HK\$
<u>Constituent funds</u>		
China Life Balanced Fund		
<u>Approved pooled investment fund</u>		
Fidelity Global Investment Fund - Balanced Fund Class A	392,128,513	281,741,751
China Life Growth Fund		
<u>Approved pooled investment fund</u>		
Fidelity Global Investment Fund - Growth Fund Class A	630,702,615	524,751,937
China Life Guaranteed Return Fund		
<u>Approved pooled investment fund</u>		
China Life Guaranteed Return (PIF) Fund	1,568,868,117	1,605,084,031
China Life Hong Kong Equity Fund		
<u>Approved pooled investment fund</u>		
Fidelity Global Investment Fund - Hong Kong Equity Fund	260,562,649	204,595,966
China Life Retire-Easy Guarantee Fund		
<u>Approved pooled investment fund</u>		
China Life Retire-Easy Guarantee (PIF) Fund	651,587,007	742,327,891
China Life Retire-Easy Capital Stable Fund ^{Note 1}		
<u>Approved pooled investment fund</u>		
Invesco Global Stable Fund	-	52,395,057
China Life Retire-Easy Balanced Fund ^{Note 1}		
<u>Approved pooled investment fund</u>		
Invesco Global Balanced Fund	-	53,417,231
China Life Retire-Easy Global Equity Fund		
<u>Approved pooled investment fund</u>		
Invesco Global Equities Fund	151,527,275	125,527,542
China Life Core Accumulation Fund		
<u>Approved pooled investment fund</u>		
Invesco Core Accumulation Fund	53,947,424	27,388,607
China Life Age 65 Plus Fund		
<u>Approved pooled investment fund</u>		
Invesco Age 65 Plus Fund	72,605,059	10,534,441
Investments at fair value	3,781,928,659	3,627,764,454
Investments at cost	3,289,986,793	3,380,842,125

Note 1: 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.

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 2019 and 2018.

11 Accrued benefits of the Scheme

The total accrued benefits vested in the members' accounts amounted to HK\$3,947,505,346 as at 31 December 2019 (2018: HK\$3,790,828,327).

12 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.

13 Soft commission arrangements

During the year ended 31 December 2019 and 2018, 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.

14 Security lending arrangements

During the year ended 31 December 2019 and 2018, the Scheme and its constituent funds did not enter into any security lending arrangements.

15 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 2019 and 2018.

16 Commitments

The Scheme and its constituent funds had no commitments as at 31 December 2019 and 2018.

17 Contingent liabilities

The Scheme and its constituent funds had no contingent liabilities as at 31 December 2019 and 2018.

18 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 2019 and 2018.

19 Approval of financial statements

The financial statements were approved by the Trustee on 23 June 2020.

CHINA LIFE MPF MASTER TRUST SCHEME
INDEPENDENT AUDITOR'S ASSURANCE REPORT
FOR THE YEAR ENDED
31 DECEMBER 2019

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 2019 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 23 June 2020.

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

Trustee’s Responsibility

The General Regulation requires the Trustee to ensure that:

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

Our Independence and Quality Control

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

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

Auditor’s Responsibility

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

INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE TRUSTEE OF 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 2019 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 2019, 30 September 2019 and 31 May 2019; 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 2019, 30 September 2019 and 31 May 2019; 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 2019.
- (b) as at 31 December 2019, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

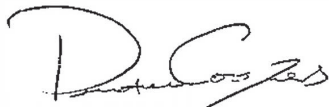
INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE TRUSTEE OF CHINA LIFE MPF MASTER TRUST SCHEME (CONTINUED)

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 2019 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, 23 June 2020