

**CHINA LIFE MPF MASTER TRUST SCHEME**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2023**

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

### **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

<b>Contents</b>	<b>Pages</b>
Scheme report	1 - 8
Investment report	9 - 48
Independent auditor's report	49 - 51
Master trust scheme	
Statement of net assets available for benefits	52
Statement of changes in net assets available for benefits	53 - 54
Statement of cash flows	55
Constituent funds	
Statement of net assets	56 - 59
Statement of comprehensive income	60 - 62
Statement of changes in net assets attributable to members	63 - 65
Statement of cash flows	66 - 68
Notes to the financial statements	69 - 100

# CHINA LIFE MPF MASTER TRUST SCHEME

## SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

### 1 Overview

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

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

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

In accordance with the Trust Deed of the Scheme, the Trustee must procure that the trust assets of the Scheme members are invested in the constituent funds. During the year, ten constituent funds <sup>Note 1&2</sup> (including the restructuring of China Life US Equity Fund and the change of investment manager for the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund of China Life Joyful Retirement Guaranteed Fund), each having a separate and distinct investment objective and policy, were offered exclusively for Scheme members’ selection. The Scheme members can allocate their accrued benefits to one or more constituent funds that best suit their investment objectives and constraints. The Scheme members may also select Default Investment Strategy as their investment choice.

### 2 Financial Developments

The Scheme commenced operations on 31 January 2000. The total contributions received and receivable including transfers in and benefits paid and payable including transfers out during the year were HK\$768,245,187 (2022: HK\$851,204,095) and HK\$440,211,229 (2022: HK\$819,920,952) respectively. The net asset value as at 31 December 2023 was HK\$4,238,351,783 (2022: HK\$3,769,742,774). The Scheme had 43,560 (2022: 41,804) members as at 31 December 2023.

Note 1: China Life US Equity Fund was changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

Note 2: Taiping Assets Management (HK) Company Limited ceased to be the investment manager for the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund and Schroder Investment Management (Hong Kong) Limited was appointed as the investment manager for the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund of China Life Joyful Retirement Guaranteed Fund with effect from 23 June 2023.

## CHINA LIFE MPF MASTER TRUST SCHEME

### SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

- With effect from 1 February 2023, the statement of investment policy and objective (“SIPO”) of the China Life US Equity Fund, a constituent fund of the Scheme, was amended to reflect that the restructure of the China Life US Equity Fund from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA. Franklin Templeton Investments (Asia) Limited ceased to be the investment manager of the underlying fund of the China Life US Equity Fund and China Asset Management (Hong Kong) Limited was appointed as the investment manager of the China Life US Equity Fund. The aggregate fees and charges of the US Equity Fund is lowered from up to 1.19% per annum to up to 0.86% per annum.
- With effect from 23 June 2023, the statement of investment policy and objective (“SIPO”) of the China Life Joyful Retirement Guaranteed Fund, a constituent fund of the Scheme, currently invests solely in China Life Retire-Easy Guarantee (PIF) Fund (the “IP APIF”), which in turn solely invests in China Life Retire-Easy Stable Return Unit Trust (PIF) Fund (the “UT APIF”), was amended to increase the relative proportion of intended investments in fixed income, remove the restriction in bond investment maturity and relax the targeted geographical distribution restriction of the assets. Taiping Assets Management (HK) Company Limited ceased to be the investment manager of the IP APIF and UT APIF and Schroder Investment Management (Hong Kong) Limited was appointed as the investment manager of the APIF and UTAPIF respectively.
- Other changes including the enhancement of disclosure of the statement of investment policy and objective of China Life Growth Fund, China Life Balanced Fund and China Life Hong Kong Equity Fund; addition of new ground for suspension of dealings of constituent funds; and change of address of approved trustee, administrator and promotor of the Scheme.

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

#### 4 Contact

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

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

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

### **SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **5 Service providers**

##### **Trustee**

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

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

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

##### **Custodian**

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

##### **Legal advisor**

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

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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

1. China Life Joyful Retirement Guaranteed Fund <sup>Note 1</sup>

With effect from 23 June 2023, Taiping Assets Management (HK) Company Limited ceased to be the investment manager for the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund and Schroder Investment Management (Hong Kong) Limited was appointed as the investment manager for the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund of China Life Joyful Retirement Guaranteed Fund.

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

Level 33, Two Pacific Place,  
88 Queensway,  
Hong Kong

Being the investment manager of the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund that the following constituent fund of the Scheme have invested in.

1. China Life Joyful Retirement Guaranteed Fund <sup>Note 1</sup>

##### 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 Core Accumulation Fund
2. China Life Age 65 Plus Fund

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

Note 1: Taiping Assets Management (HK) Company Limited was ceased to be the investment manager of the relevant approved pooled investment funds and the underlying unit trust approved pooled investment funds and Schroder Investment Management (Hong Kong) Limited was appointed as the investment manager of the relevant approved pooled investment funds and the underlying unit trust approved pooled investment funds with effect from 23 June 2023.

## CHINA LIFE MPF MASTER TRUST SCHEME

### SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 5 Service providers (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

1. China Life Greater China Equity Fund

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

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

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

1. China Life US Equity Fund <sup>Note 2</sup>

With effect from 1 February 2023, Franklin Templeton Investments (Asia) Limited was ceased to be the investment manager for the underlying fund of China Life US Equity Fund and China Asset Management (Hong Kong) Limited was appointed as the investment manager for China Life US Equity Fund.

Note 2: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

**CHINA LIFE MPF MASTER TRUST SCHEME**

**SCHEME REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**5 Service providers (Continued)**

**Insurer and Guarantor**

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

**Auditor**

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

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

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

### **SCHEME REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **6 Board of Directors**

##### **Directors of the Trustee**

###### China Life Trustees Limited

Jiang Tao (resigned on 5 January 2024)

Kang Le (appointed on 5 January 2024)

Tam Tsz Kin, Thomas

Lee Fong Yee, Fanny

Si Chiu Tan, Henry

Lu Haitian

Business address of the Directors of the Trustee:

Room 801, 8/F, Tower A

China Life Center, One HarbourGate

18 Hung Luen Road

Hung Hom, Kowloon

##### **Controllers of Associate**

The controllers of China Life Insurance (Overseas) Company Limited, which is one of the above parties and an associate of the Trustee, during the financial year ended 31 December 2023 are as follows:

Liu Yuejin

Wu Shaohua (resigned on 29 June 2023)

Jiang Tao

Wang Junhui

Liu Qing (resigned on 15 January 2024)

Lang Kuan (resigned on 15 January 2024)

Zhuo Yu (appointed on 15 January 2024)

Hu Jin (appointed on 15 January 2024)

Lin Zhaohui (appointed on 28 May 2024)

Xu Shiqing

Mao Yumin

Guo Yike (resigned on 11 March 2024)

Li Weibin (appointed on 11 March 2024)

**CHINA LIFE MPF MASTER TRUST SCHEME**

**SCHEME REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**6 Board of Directors (Continued)**

**Controllers of Associate (Continued)**

Address:

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1 Overview

China Life MPF Master Trust Scheme (the “Scheme”) offers exclusively to Scheme members ten constituent funds to invest their accrued benefits as at 31 December 2023 (2022: Ten). Each of the constituent funds has a separate and distinct investment objective and policy. Scheme members can allocate their accrued benefits to one or more constituent funds that best suit their investment objectives and constraints. The constituent funds are as follow:

China Life Balanced Fund (BF)  
China Life MPF Conservative Fund (MCF)  
China Life Growth Fund (GF)  
China Life Hong Kong Equity Fund (HKEF)  
China Life Joyful Retirement Guaranteed Fund (REGF) <sup>Note 1</sup>  
China Life Retire-Easy Global Equity Fund (REGEF)  
China Life Core Accumulation Fund (CAF)  
China Life Age 65 Plus Fund (APF)  
China Life Greater China Equity Fund (GCE)  
China Life US Equity Fund (USE) <sup>Note 2</sup>

#### 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 (focusing investment into the global equity markets, whilst providing a degree of asset diversification by investing the remaining assets in global bonds, cash and cash equivalents) to manage the volatility of returns in the short term.

##### 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 2023

#### 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 predominately into the global equity markets and will have the flexibility to invest in the global bonds, and cash and cash equivalents to manage the volatility of returns in the short term. The fund is designed for members who seek a significant and growing capital return together with a modest element of income growth.

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

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

The investment policy is to invest in an APIF managed by FIL Investment Management (Hong Kong) Limited, which focuses on investment (i.e. at least 70% of its net asset value) into the equity markets of Hong Kong, namely equities of companies listed in Hong Kong or companies which have their head office or exercise a predominant part of their activity in Hong Kong (including companies which are listed outside Hong Kong).

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 2023

#### 1 Overview (Continued)

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

###### China Life Joyful Retirement Guaranteed Fund<sup>Note 1</sup>

The investment objectives of REGF are to provide capital preservation in the long term and offer 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 of global equities, fixed income securities and cash/bank deposit/cash equivalent comprising the following:

- (a) Global equities and other securities.
- (b) Debt securities.
- (c) Other securities as permitted in the Regulation and other relevant laws, rules or regulations that may be enacted from time to time respectively.

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

###### China Life Core Accumulation Fund

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

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

Note 1: Taiping Assets Management (HK) Company Limited ceased to be the investment manager of the relevant approved pooled investment funds and the underlying unit trust approved pooled investment funds and Schroder Investment Management (Hong Kong) Limited was appointed as the investment manager of the relevant approved pooled investment funds and the underlying unit trust approved pooled investment funds with effect from 23 June 2023.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1 Overview (Continued)

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

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

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

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

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

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

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

###### China Life US Equity Fund<sup>Note 2</sup>

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

The fund achieves its investment objectives through investing in two or more index-tracking collective investment schemes duly approved by MPFA managed by China Asset Management (Hong Kong) Limited, which invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability or above-average growth or growth potential as compared with the overall economy. The fund maintains a minimum effective currency exposure of 30% of its net asset value in Hong Kong dollars.

Note 2: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

##### Investment analysis and commentary

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

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

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1 Overview (Continued)

##### Investment managers' market perspective

##### Invesco Hong Kong Limited

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

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

##### 2023 Market Overview

###### Equity

Throughout 2023, global equity markets demonstrated resilience against various challenges, leading to a generally positive performance across all quarters. The year began with optimism, beneficial interest rate policies in the US, and strong performances particularly in the technology sector. However, investor sentiment suffered due to the closure of two US banks and the emergency takeover of Credit Suisse by UBS, creating a volatile environment at the end of the first quarter. In the second quarter, despite initial setbacks from global economic slowdown concerns and inflation issues, markets rebounded, helped by easing inflation and strong earnings, particularly in the US after the resolution of the debt ceiling crisis. The third quarter saw a dip as markets reacted negatively to persistent inflation worries and interest rate hikes, but the final quarter saw a significant rally, driven by hopes that interest rates may have peaked and robust economic signs in the labor market, leading to optimistic year-end performances, especially in US and European equities.

###### Fixed Income

2023 saw positive returns across fixed income asset classes, especially in high yield and emerging markets. This came as central bank policy makers appeared to have reached the end of the current hiking cycle as inflation rates fell steadily back towards target and developed market economies displayed economic resilience despite higher borrowing costs, a US regional banking crisis and outbreak of war between Israel and Hamas in the middle east. The portfolio is tilted towards bond markets that exhibit attractive value, quality and carry characteristics to which we may add an Emerging Market sovereign bond allocation and a smaller corporate bond allocation that exhibits attractive quality characteristics. We believe these tilts will drive outperformance over time. We fund these positions through an underweight relative to benchmark in the core benchmark bond markets – principally the US, Germany and the UK. Over the period the fund posted a positive return and outperformed its benchmark. There were positive contributions from each of the factor exposures (Value, Quality and Carry) as well as from the small Emerging Market allocation held. In terms of market exposures, underweight positions held to the largest developed markets such as the US and Euro area detracted from performance. However, this was more than offset from positive contributions from overweight exposures to those developed markets held to capture the key factor characteristics. The largest positive contributions from developed markets being Switzerland, Norway and New Zealand. From the small allocation to emerging markets the largest positive contribution came from holding Poland and Mexico.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1 Overview (Continued)

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

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

##### 2024 Market Outlook and Strategy

###### Equity

Looking ahead to 2024, the global equity market outlook is cautiously optimistic, largely dependent on economic indicators and the Federal Reserve's actions. With expectations that the Fed may cut interest rates depending on the economic landscape, there could be a potential boost to equity markets. However, investors should remain vigilant, as ongoing geopolitical tensions, inflation concerns, and the pace of global economic recovery could significantly influence market dynamics.

At the start of 2024, our outlook for global equities remains positive. While valuation levels are neutral, indicators of investor positioning (trend and risk aversion) are positive and neutral, respectively. Our economic environment signals are in neutral territory, too.

###### Fixed Income

Over the coming 12 months, we expect the US economy to lose further momentum. Near term growth is around trend, but further ahead we expect a fading of the dynamics which drove resilience in 2023: pent up demand and savings from the pandemic have been exhausted, fiscal policy turns neutral, and labour shortages are normalising as workers return to the workforce and employees feel less inclined to hoard labour. As the impact of previous rate rises continues to feed through to consumers and businesses the risk of recession will also rise. Although inflation will continue to moderate it will remain higher than pre-pandemic levels and likely above Fed target. We think the final mile of the deflationary process will prove more onerous with a still tight labour market, and without the tailwind of base effects and easing supply shocks. Following the strong finish to the year for fixed income we expect to see some consolidation at the start of 2024. Government bond supply is set to be meaningful and central banks will likely push back on the extent of spring rate cuts currently priced into markets. We expect yield curves to steepen as slowing growth and dovish tilts from central banks keeps front ends supported, whilst heavy bond issuance and balance sheet unwinding weigh on the performance of longer date bonds. While easier central banks and lower inflation are supportive for risk, credit valuations are already tight across most sectors and given rising recession risk we don't think credit risk extension is sufficiently rewarded and maintain a conservative credit exposure. In emerging markets, we think terminal rate pricing in some countries remains too high in the context of declining inflation and we see cutting cycles extended supporting markets such as Mexico. In currency, we think the US Dollar should incrementally underperform G10 peers as growth slows and the Fed eases policy. We continue to manage the fund in accordance with our fixed income factor approach utilising a factor allocation split between Carry, Value and Quality in G10 markets to which we have added a small allocation to emerging markets to further enhance diversification and return potential.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1 Overview (Continued)

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

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

- i) China Life Retire-Easy Global Equity Fund
- ii) China Life US Equity Fund

##### 2023 Market Overview

The global equity markets well performed throughout 2023. A banking crisis in the first quarter sparked increased risk aversion, while unexpected fiscal stimuli and a resilient U.S. economy drove up interest rates in the following quarters, but the impact on equity market was insignificant. Peaked inflation and interest rates, as well as the better-than-expected GDP growth in the U.S. fueled speculations of aggressive rate cuts in a soft-landing economy that drove the treasury yields down since November. The equity market reignited its rally and closed the year near the record high.

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

Despite the consensus expectation of economic weakening in 2023, renewed investor interest in US stocks powered by the resilience of corporate earnings as well as the artificial intelligence boom led to a remarkable performance of US equity benchmarks, with S&P 500 Index recorded a total return of +26.3%, while the tech-heavy Nasdaq-100 Index gained +55.1%. The so-called "Magnificent 7" stocks of Apple, Microsoft, Alphabet, Amazon, NVIDIA, Tesla, and Meta, drove US market returns and profit growth. The seven companies, which comprised about 28% of the S&P 500 Index's total weight, were responsible for 62% of the S&P 500's return in 2023.

The Fed raised interest rates four times in the first half of 2023, totaling 100 basis points (bps), at gradually reduced magnitude and frequency. Towards the end of the year, the Fed released dovish signals with 10-year Treasury yield falling sharply in November and December after topping 5% in October, culminating in satisfactory returns in both equity and bond markets.

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

European stock markets ended the year with a double-digit return with geopolitical events having a less significant impact than expected. Earnings growth estimates and improvement in valuation multiples drove European equity markets' rebound in 2023 amid persistent challenges and a subdued economic condition. Reversal in interest rate policy was well expected to happen as inflation was falling, though data-dependent central banks appeared to be cautious.

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

Japan outperformed most major equity markets about 30% total return in 2023 and touched a 33-year high, as the flow of foreign investment into Japanese stocks reached a 10-year.

Improved governance, greater efficiencies, and more competitive corporate valuations as a result of Tokyo Stock Exchange's reforms made Japanese shares more attractive, the weak Japanese yen further elevated the Japanese stock prices. Although the loosened monetary policy was expected to change in 2024, the upward momentum of Japanese stock market looked resilient.

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

A confluence of headwinds has seen China's stock market trailing behind its global counterparts in 2023: a slower-than-anticipated economic recovery, a further weakening of the Chinese real estate sector, and sustained economic growth with extended interest rate hikes in other developed economies. Within Chinese equities, high-dividend stocks with stable earnings growth have stood out as a refuge; sectors such as electric vehicles, AI, and consumer electronics have yielded positive returns at various intervals.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1 Overview (Continued)

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

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

##### 2023 Market Overview (Continued)

##### China/HK equities: (Continued)

Global investors' lower expectations for China's endogenous growth (i.e., corporate earnings) was the key influencing factor that dominated the market. The need for longer-term solutions to address real estate and local financing vehicles related issues and insufficient fiscal support are two main factors. In addition, lower economic growth expectations also undermined overseas investors' confidence, leading to a relatively large outflows of foreign capital in 2023.

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

Outside of China, the rest of Asia were benefiting from global supply chain diversification as a result of geopolitical tensions. Money has poured into India, South Korea and Taiwan as alternatives to China, the three markets all recorded a return of more than 20% in 2023 with revival in semiconductors to drive the rally following the rise of artificial intelligence. With strong macroeconomic fundamentals, demographic strength and strategic policies, India has been considered as the prime investment destination. However, the Asian stock markets as a whole still lagged behind the global peers amid an everything rally in 2023.

##### 2024 Market Outlook and Strategy

As we look to 2024, the rate hike cycle in most developed economies appears to be winding down. The Federal Reserve is poised to initiate rate cuts in 2024, potentially boosting liquidity in emerging markets.

The uncertainties in 2024 mainly stem from political and geopolitical risks. With many countries holding leadership elections, potential conflicts caused by intensified competitions among major countries over resources and technologies in a deglobalization era could be the key risk factor affecting the equity market. Considered the potential risks and the current valuation of global equity markets, it would be wise to take a cautious and dynamic approach towards portfolio management in 2024 with more portfolio rebalancing required.

##### US equities:

Entering 2024, market focus has gradually shifted from the end of the rate hike cycle to rate cut. We expect the Fed to start slashing rates in the second half of 2024, with a total of 2 to 4 rate cuts anticipated over the course of the year.

It is expected the U.S. economy to slow down on a quarter-on-quarter basis compared to 2023, and technical recessions may occur in certain quarters. However, in our base scenario, the U.S. economy is able to withstand the impact of the current rate hike cycle, with only a shallow recession, and the probability of a deep recession is extremely low. The leverage of the financial system, residents and companies were at a relatively reasonable level. In addition, the FED now has an enhanced policy mechanism, deeper insights into the economy, closer communications with the market, and stronger willingness to maintain a stable financial system. Although the valuation of U.S. stocks is a bit high, we expect the stock market to have corrections but not a reverse of the bull market in 2024. Diversification will be a more appropriate strategy in U.S. equity investment in the coming year as compared to betting in big tech names in 2023.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1 Overview (Continued)

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

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

##### 2024 Market Outlook and Strategy (Continued)

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

Although a recession in Eurozone is well expected to happen in 2024, company earnings growth is not pessimistic. As inflation slows, the ECB is expected to lower interest rates following the path of the US FED. The reasonable valuation and earnings growth momentum makes European equities attractive to be allocated, any earnings surprises could lead the market higher given the lackluster market consensus.

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

With continued strong foreign investor interest, Japanese stock market is expected to hold on its upward momentum. We expect to keep a slightly overweighting of Japan stocks as we believe the Japan's economy to benefit from improving corporate's quality. Earnings growth and the weakened Japanese yen could further elevate the Japanese stock prices.

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

In 2024, we expect more positive changes in China's monetary, fiscal and regulatory policies to further stabilize the economic growth. We anticipate a recovery in both A-shares and Hong Kong stocks. This will be driven by improvements in global investors' sentiment towards risk factors such as economic growth expectations, Sino-US relations, geopolitical tensions, and the Fed's rate hike moves. These positive developments are expected to ease the outflows from Hong Kong stocks and A-shares.

China's real estate sector is likely to persist in its decline, albeit at a slower rate, while consumption is expected to recover incrementally. The current market sentiment, which reflects a deep-seated pessimism towards China's economic growth and financial market performance, seems to have been fully priced in. This sentiment is poised for a turnaround with the emergence of more growth indicators and the announcement of stabilization policies in the year ahead. With China's stock market valuations at historical lows after three years of decline, we hold firm confidence in the market's potential and in the prospects of our equity funds for 2024.

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

Asian equities are expected to outperform as they benefit from both collaborations with China or the US alliance. Reasonable valuation, easing policies, together with a bright economic outlook makes Asian equities attractive. Our investment in quality Asian stocks could better balance volatility of the portfolio. The potential risks in Asian markets come mainly from geopolitical tensions as well as the changes in monetary policies worldwide.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 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

#### 2023 General Markets Review

##### United States

- US equities rose over the period. The year started on an uncertain note as the prospect of persistent inflation and a looming recession weighed on sentiment.
- Shares fell in March as the collapse of Silicon Valley Bank and Signature Bank in the US, and the subsequent failure of Credit Suisse in Europe, introduced uncertainty into financial markets. Equities subsequently rallied as regulators reassured investors of the strength of the financial system and commercial banks acquired the deposits and loans of the collapsed banks.
- Meanwhile, the US debt ceiling negotiation in May kept investors cautious, though it was ultimately resolved in June, when the US Senate approved the debt ceiling bill to avoid a default on federal government debt. Surging oil prices, rising bond yields and concerns over a government shutdown triggered a sell-off towards the end of the third quarter.
- However, markets rebounded strongly in November from their previous three-month decline on expectations that central banks have reached the peak of their interest rate tightening cycles and rate cuts would occur in 2024.
- Overall, the year ended on a high note. Against this backdrop, all sectors except utilities and energy rose, with information technology, communication services and consumer discretionary delivering the highest returns. From a style perspective, growth and quality stocks outpaced value names. Large-caps and small-caps surpassed mid-cap names.

##### Europe

- 2023 was a strong year for equity markets, with most major regions, including Europe, delivering positive returns in local currency terms.
- Most commentators went into 2023 expecting a recession and all major central banks were signaling their intent to continue raising rates. Although there were market events such as the collapse of Silicon Valley Bank and Signature Bank in the US, the failure of Credit Suisse in Europe and rising geopolitical tensions, investors were encouraged by positive corporate results and markets remained buoyant, even though the anticipated recovery in China failed to come through as strongly as hoped.
- Inflationary pressures moderated in the second half of the year and the focus shifted to how long restrictive monetary policies will last. Equity markets bounced back strongly in November and the rally continued into December, as cooling inflation prompted the US Federal Reserve (Fed) to signal a more dovish stance, with three rate cuts penciled in for 2024.
- Economic data in the European Union improved over the year and 2023 earnings proved remarkably resilient. European equities ended the year with nearly all sectors in positive territory. Retail and technology outperformed, with commodities emerging as the chief laggard. As market expectations shifted to the view that interest rates have peaked, we also saw a reversion in the outperformance of value vs. growth stocks, a theme that had dominated in 2022. European equities as an asset class continued to face asset allocation headwinds, with 41 consecutive weeks of outflows.

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

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

##### **2023 General Markets Review (Continued)**

###### **Japan**

- The Japanese equity market climbed to a multi-decade high during the year. Extended buying by overseas investors drove share price gains. Market participants were encouraged by a steady stream of corporate governance related developments, spurred by reform measures from the Tokyo Stock Exchange and largely positive domestic earnings.
- The Bank of Japan's (BoJ) dovish policy stance and a weaker yen also supported the positive trend in share prices. Japan's currency came under broad-based pressure amid renewed monetary policy divergence, and the rise in long-term US yields pushed the yen to over ¥150 against the US dollar, the lowest level in a year. The BoJ added more flexibility to its yield curve control (YCC) framework, but kept the stimulative policy in place.
- Value stocks outperformed growth names over the period. At a sector level, information technology, materials and energy led the gainers, while health care was the weakest performer.

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

- Equities in the region gained over the period. Regional markets advanced strongly towards the end of the year under review amid expectations that the US Federal Reserve (Fed) may have reached the peak of its tightening cycle.
- Furthermore, a dovish stance from the US Fed in December supported investor optimism for a sooner than expected rate cut in 2024. This led to renewed appetite for risk assets across the region. Against this backdrop, equities in Singapore advanced.
- A sharp rebound in semiconductor names in South Korea also buoyed markets. Investors remained optimistic over the growth prospects stemming from artificial intelligence (AI) and the bottoming out of the chip and node downcycle. Conversely, equities in China and Hong Kong slid.
- China's ailing property market, coupled with the country's macroeconomic weakness weighed on market sentiment. At a sector level, information technology (IT) led market gains.

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

- Hong Kong equities recorded negative returns over the year. Equities came under pressure due to subdued consumer confidence, tepid demand, a weak property market and geopolitical tensions.
- Chinese equities declined as the economic recovery was not as smooth as markets had predicted, and headwinds related to demand, domestic and foreign trade, and investment issues continued to dampen sentiment. Moreover, investors were skeptical about an income recovery due to the lack of clear labor market movement, as the youth unemployment rate increased. In another development, Chinese authorities set the year's growth target at 5%, ensuring economic stability and sustainable development amid global uncertainties. In light of this, policymakers vowed to enhance economic support through the introduction of several measures.
- During the fourth quarter, the US and China leaders' summit signaled receding tensions, with potentially positive implications for global markets. Furthermore, Chinese regulators eased the crackdown on the online gaming industry with the approval of 105 domestic online games. The two-day annual Central Economic Work Conference (CEWC), where top Chinese officials discuss economic targets and policy plans for the next year, concluded with concerted efforts to spur domestic demand and the deployment of a comprehensive set of fiscal and monetary policies to promote growth.
- All sectors except energy ended the year in negative territory, with consumer staples, real estate and health care declining the most.

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

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

##### **2023 General Markets Review (Continued)**

###### **Bond**

- Global fixed income markets experienced significant volatility but posted broadly positive returns over the period. The period started on a strong note as risk sentiment improved. Credit markets appeared resilient as investors became hopeful of a slower pace of global monetary policy tightening. However, markets turned volatile in March following the collapse of Silicon Valley Bank and Signature Bank in the US, which led to fears over a broader contagion across the banking system.
- Concerns about the fast-approaching deadline for a decision on the US government's debt ceiling weighed on markets in May, but sentiment improved in June as negotiators reached an agreement to avert a default. Markets weakened in October amid the unfolding conflict and tragic events in Israel and Gaza. Against this backdrop, government bond yields surged, reaching multi-year highs, with the US 10-year yield surpassing 5% intraday in late October for the first time since 2007. The last two months of the period brought some respite to markets and global bonds rebounded sharply, recouping some of their earlier losses.
- The US Federal Reserve (Fed) increased interest rates by 0.25 percentage points in February, March, May and July, while the European Central Bank (ECB) increased rates by 0.25 percentage points in May, June, July and September. Since October, central banks across major developed markets kept rates steady. The US Fed adopted an unexpectedly dovish stance at its December meeting and forecast a 0.75 percentage point interest rate cut in 2024. Overall, sovereign bonds including US Treasuries, UK government bonds (Gilts) and German bund yields recovered. In the corporate credit space, investment grade bonds posted positive returns as credit spreads tightened globally.

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

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

##### **2024 Market Outlook**

Equity markets continued to rally, driven by optimism around the potential for interest rate cuts in 2024, following dovish signals from the US Federal Reserve (Fed). Looking ahead, we expect three main themes to be prominent in markets: falling inflation, rate cuts by the Federal Open Market Committee (FOMC) and excess consumer savings. If inflation continues to fall faster than expected toward the Fed's target of 2%, it will give the Fed an opportunity to cut interest rates and excess savings will ensure the consumer remains resilient. The speed and timing of these themes will be closely monitored by markets and have the potential to provide a positive tailwind to the US economy. We continue to focus on bottom-up stock selection, backed by detailed fundamental research on companies we believe are best able to add value to client portfolios.

The prospect of a recession loomed over the global economy for much of 2023, yet equity markets proved remarkably resilient and ended the year on a very strong note. Much of the market's focus remains on central bank monetary policy and the timing of the US Fed's pivot towards rate cuts following indications that three cuts have been penciled in for 2024. Attention will also be focused on how quickly the European Central Bank (ECB) and Bank of England follow suit as inflationary pressures continue to ease. Meanwhile, macroeconomic indicators have been soft and, when meeting with companies, we can see that slowing demand is beginning to come through. We would expect aggregate growth expectations to come down further heading into 2024 as it becomes harder for companies to hold on to price increases as inflation fades, and underlying volume weakness shows through in many sectors. At the same time, there are more challenges to navigate, with many corporates facing a refinancing wall in 2024–25. The degree of leverage facing governments, corporates and consumers is an area we are watching closely, given that the real impact of the higher interest rate environment has not yet been felt by those still benefiting from low fixed rate debt. There will be an exceptional run of elections across the world during 2024, and there is likely to be broad political desire to maintain high budget deficits and government intervention in different forms. The high number of variables has prompted US Fed officials to point to “an unusually elevated degree of uncertainty” in this year's economic outlook. Through the uncertainty, we will continue to focus on the fortunes of individual companies rather than trying to predict the macroeconomic outcome, drawing on our expertise in fundamental analysis and stock selection.

Japan's delayed reopening and the return of inbound tourists is supporting growth in consumption and services demand. At the same time, the economy is transitioning to a moderately inflationary state, as companies are finding it easier to raise prices and are increasing wages. There is growing pressure on companies to enhance their corporate value and utilize excess cash to fund investments and shareholder returns. We are also seeing progress in the rationalization of corporate structures and further reductions in cross shareholdings. While signs of further weakness in China's recovery and the risk of a US recession represent potential headwinds, this accumulation of positive factors is supportive of the mid-to-long-term outlook for the Japanese market.

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

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

##### **2024 Market Outlook (Continued)**

Rising inflation compelled the US Fed and other regional central banks to tighten their monetary policies. This brought about much-needed attention to fundamentals as costs increased and consumers remained under pressure. However, the interest rate hiking cycle is bound to slow down and pause, and the Asia Pacific region is expected to recover. The manager's investment approach focuses on determining the right time, right price and right expectation for growth. The fund is focused on fundamentally strong businesses where prudent management teams allocate capital efficiently to create long-term value. The manager invests in businesses where the growth opportunity improves the quality of human life and generates shareholder value across the breadth of the market. In the current environment of uncertainty and volatility, the balance sheet strength of the overall portfolio holds it in good stead. The IT sector remains favorable, and we see some opportunities emerging in the consumer sector, which is trading at attractive valuations.

We are seeing resilient growth with inflation coming down, as a result of which we expect moderate global growth in 2024 rather than a recessionary outcome. Despite this, we believe that some quarters of negative growth in the US are likely amid the ongoing stress on the US consumer and pandemic savings being drawn down. In Europe, the transmission of tighter policy to the economy is evident, with poor growth rates across the region. Interest rates in developed markets have plateaued and central banks are set to cut interest rates in 2024 amid disinflation trends and real yields remaining high. We project rate cuts of at least 1.25% in the US, which is currently priced in by the market, and expect more interest rate cuts than what has been priced-in in Europe. If there is a surprise downside to growth or unemployment, it would prompt central bankers to cut rates deeper and faster than expectations. Against this backdrop, we have a higher conviction in defensive assets. We believe that the current levels of yields are unsustainable compared to the long-term potential growth rate of developed countries. This is particularly relevant in the US, Germany, UK and Australia, where we maintain long duration positions as a result. We reduced some duration positions in Canada during December's rally, as Canadian government bonds looked expensive relative to US Treasuries. We currently have an underweight position in Canadian dollar duration. We also prefer high-quality credit due to downside risks to growth. Hence, we remain overweight in senior financials and underweight in most corporate sectors.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1 Overview (Continued)

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

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

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

- i) China Life Joyful Retirement Guaranteed Fund

##### 2023 Market Overview

###### Equities

Investors entered the second half of 2023 optimistic that the Federal Reserve had orchestrated a soft landing for the economy, and that the era of policy tightening rates would soon end. However, equities were weaker in August and September as the enthusiasm waned due to the prospect of a sustained period of higher rates driven by the revised hawkish Federal Reserve (Fed) "dot plot". Worries over the negative effects of interest rate rises on economic growth weighed on global equities.

In the last two months of the year, there was a shift in rate cut expectation as the inflation prints released was softer than expected. The expectation that rate cuts may be approaching has driven a positive impact on equities, resulting in a positive quarter for major equity indices. As we believed rates were reaching a plateau and expected growth to continue, the fund increased equities exposure in the quarter. US equities was the largest contributor within equities, while global markets including Europe, Asia and Japan equities also contributed.

###### Fixed Income

During the third quarter, the US economy displayed resilience, with the labour market remaining relatively robust. Both the US Fed and the European Central Bank raised rates in July by 0.25%, with the latter continuing hike in September. Although the Fed kept rates unchanged in September, the market anticipated a longer period of elevated rates. Led by the US, global government bond yields peaked in September before slightly retreating at the quarter's end. The US 10-year yield rose from 3.81% to 4.57%, and the two-year yield increased from 4.87% to 5.05%. The increase in bond yields throughout the quarter led to negative returns in bonds.

In the last quarter, however, bond yields fell sharply driven by a perceived shift in monetary policy direction given cooling inflation data. The US Federal Reserve kept rates unchanged throughout the quarter, with a much clearer shift to a more dovish tone in December accelerating the market rally. The US 10-year Treasury yield fell from 4.57% at the end of Q3 to 3.87% at the end of Q4. In the quarter, corporate credits performed well as spreads tightened, driven by hopes that a deep recession could be averted under easing financial conditions. Government bonds also contributed positively amid falling yields.

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

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

##### **2024 Market Outlook and Strategy**

###### **Equities**

Our economic forecast points to a benign growth outlook, powered by a resilient labour market in the US and a global manufacturing recovery. This positive view is evident in recent market performance, as rate expectations have become more realistic and equity prices have risen. We believe equities remain supported by US corporate earnings and global manufacturing recovery. The European equities can benefit from the rebound in European economy.

###### **Fixed Income**

Within fixed income, we maintain a cautious stance on government bonds given the risk of sticky inflation and medium-term concerns about fiscal credibility. However, given the recent US inflation data released in May has shown signs of easing, we closely monitor inflation prints and signals from Federal Reserve. On the other hand, we believe corporate credits are supported by abundant market liquidity and strong growth. They can continue to offer attractive yield for the portfolio.

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

### **INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

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

- i) China Life Greater China Equity Fund

##### **2023 General Markets Review**

2023 was a year of headwinds mostly for growth names in China, due to a combination of exogenous (e.g. global rate environment) and domestic factors (e.g. lack of consumer confidence, property downturn, regulatory uncertainties), which impacted market performance and led to a prevailing risk-off sentiment. The risk-off sentiment led to the market favouring defensive, state-owned names with generally a lack of profitability mindset.

The Taiwanese market, in contrast, was one of the best performing major markets within Asia in 2023. The technology sector led the market backed by the AI-related optimism. Mid-way through the year market sentiment was uplifted further by upbeat results and outlook from Nvidia as its incremental computing capabilities were expected to support increasing demand from AI applications. Downstream PC names contributed towards the rally later in the year on the back of expectations around upgrade demand from incremental AI functionality.

##### **2024 Market Outlook and Strategy**

China's composite PMI staged a visible and broad-based improvement in March which was a positive shift from average Jan-Feb numbers. That said, will be important to track data over the next couple of months to better understand and gauge the underlying growth trajectory of the economy. The economy's ability to produce more output is not a major challenge, rather the core challenge comes from the ability of domestic and global demand to absorb this output. We believe economic activity will witness a better near-term momentum towards the end of the first quarter as evidenced by the pick-up in export orders (indicated by March PMI), as well as the impact of domestic policy support announced and implemented in recent months.

Our portfolio positioning has been consistent, retaining an overweight in technology (particularly AI proxies) and renewable energy (through solar and EV supply chain). In Taiwan, we continue to overweight the technology sector for its secular growth opportunities. We also maintain the position we have built over the past few months in contrarian cyclicals. In Taiwan, we continue to overweight the technology sector for its secular growth opportunities.

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Overview (Continued)**

**Trustee's commentary**

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary</b>				
	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life MPF Conservative Fund <i>Launch date: 01/12/2000</i>	3.20%	1.06%	0.58%	0.56%
Benchmark / Performance target	0.76%	0.19%	0.10%	0.39%
Deviation from the benchmark / performance target	Above the performance target	Above the performance target	Above the performance target	Above the performance target
Trustee's commentary	<p>The fund's performance target: Prescribed Savings Rate</p> <p>The comparison with other MPF Conservative Fund type may not be meaningful as fees and charges of MPF Conservative Funds can either be deducted from the assets of the funds or members' accounts by way of unit deduction.</p> <p>The fund's performance was above the performance target in 1 year, 5 years, 10 years term and since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- The fund can invest in the deposit products of most popular large banks. Investment manager select those products with relative high interest rate through the deposit interest rate quotations provided by various institutions. In addition, the interest rates of different tenors provided by banks usually vary according to market conditions. Investment manager try to lock in higher interest rate for longer period through market timing selection, while ensuring that the fund complies with regulations.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

Constituent Fund	Annualized return (in terms of %)			
	1 Year	5 Years	10 Years	Since Launch
China Life Core Accumulation Fund <i>Launch date: 01/04/2017</i>	16.07%	6.75%	N/A	5.25%
Benchmark / Performance target	14.03% <sup>Note 1</sup>	6.49% <sup>Note 1</sup>	N/A	5.28% <sup>Note 1</sup>
Deviation from the benchmark / performance target	Above the performance target	Above the performance target	N/A	Below the performance target
Trustee's commentary	<p>The fund's performance target (recognized reference portfolio): FTSE MPF DIS Reference Portfolios - Core Accumulation Fund</p> <p>The fund's performance was above the performance target in 1 year and 5 years term while below the performance target in since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- For equity, companies are selected using a proprietary multi-factor model that is built on proven return-seeking factors Momentum, Quality and Value. Over the period, Quality performed best but all three factors had a positive impact on the overall performance.</li> <li>- For fixed income, throughout the period the portfolio was tilted towards bond markets exhibiting attractive value, quality and carry characteristics and select exposures to Emerging Market sovereign bonds. Investment manager active positioning contributed positively to performance over the period. Overweight exposures to those markets exhibiting strong value, carry and quality characteristics all delivered positive performance. This outweighed a negative contribution from underweight exposures to our funding markets of mainly the US, Germany and the UK.</li> <li>- For Core Accumulation Fund, it was delivering positive contribution in this period. In terms of security selection for both asset classes, it was having significant positive impact to the performance.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life Age 65 Plus Fund <i>Launch date: 01/04/2017</i>	8.47%	2.06%	N/A	1.57%
Benchmark / Performance target	7.22% <sup>Note 1</sup>	1.73% <sup>Note 1</sup>	N/A	1.59% <sup>Note 1</sup>
Deviation from the benchmark / performance target	Above the performance target	Above the performance target	N/A	Below the performance target
Trustee's commentary	<p>The fund's performance target (recognized reference portfolio): FTSE MPF DIS Reference Portfolios - Age 65 Plus Fund</p> <p>The fund's performance was above the performance target in 1 year and 5 years term while below the performance target in since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- For equity, companies are selected using a proprietary multi-factor model that is built on proven return-seeking factors Momentum, Quality and Value. Over the period, Quality performed best but all three factors had a positive impact on the overall performance.</li> <li>- For fixed income, throughout the period the portfolio was tilted towards bond markets exhibiting attractive value, quality and carry characteristics and select exposures to Emerging Market sovereign bonds. Investment manager active positioning contributed positively to performance over the period. Overweight exposures to those markets exhibiting strong value, carry and quality characteristics all delivered positive performance. This outweighed a negative contribution from underweight exposures to our funding markets of mainly the US, Germany and the UK.</li> <li>- For Age 65 Plus Fund, it has a mild positive contribution in 2023. However, security selection across both equities and bonds have generated significant positive effect to over performance.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life Joyful Retirement Guaranteed Fund <i>Launch date: 01/10/2007</i>	3.51%	(0.86%)	0.95%	2.04%
Benchmark / Performance target	1.35%	1.35%	1.35%	1.35%
Deviation from the benchmark / performance target	Above the performance target	Below the performance target	Below the performance target	Above the performance target
Trustee's commentary	<p>The fund's performance target: net guaranteed rate (i.e. 1.35% per annum)</p> <p>The fund's performance was above the performance target in 1 year and since launch while below the performance target in 5 years and 10 years term.</p> <p>To enhance the competitive and generate a more consistent return in the long term of the fund, with effect from 23 June 2023, Schroder Investment Management (Hong Kong) Limited has been appointed as the investment manager of the underlying funds ("new investment manager") of China Life Joyful Retirement Guaranteed Fund. According to the new investment manager, the following factors contributed to the performance of the fund for the period from 23 June 2023 to 31 December 2023:</p> <ul style="list-style-type: none"> <li>- Investors entered the second half of 2023 optimistic that the era of policy tightening rates would soon end. However, the enthusiasm waned in August due to the prospect of a sustained period of higher rates driven by the revised Federal Reserve "dot plot".</li> <li>- In the fourth quarter 2023, there was a shift in rate cut expectation as inflation prints was softer than expected. Against this backdrop, positive returns were largely recorded in the quarter. In the fourth quarter 2023, bond yields fell sharply driven by a perceived shift in monetary policy direction. Corporate credits performed well as spreads tightened, driven by hopes that a deep recession could be averted under easing financial conditions.</li> <li>- Equities also contributed in the fourth quarter 2023 with US equities being the largest contributor within equities. The expectation that rate cuts may be approaching has driven a positive impact on equities.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

Constituent Fund	Annualized return (in terms of %)			
	1 Year	5 Years	10 Years	Since Launch
China Life US Equity Fund <i>Launch date: 13/12/2021</i>	34.88%	N/A	N/A	(4.81%)
Benchmark / Performance target	25.98%	N/A	N/A	1.07%
Deviation from the benchmark / performance target	Above the performance target	N/A	N/A	Below the performance target
Trustee's commentary	<p>The fund's performance target (reference index): FTSE MPF USA Hedged Index TR</p> <p>The fund's performance was above the performance target in 1 year term while below the performance target in since launch.</p> <p>To enhance the competitive and generate a more consistent return in the long term of the fund, with effect from 1 February 2023, China Asset Management (Hong Kong) Limited has been appointed as the investment manager of the fund ("new investment manager"). According to the new investment manager, the following factors contributed to the performance of the fund for the period from 1 February 2023 to 31 December 2023:</p> <ul style="list-style-type: none"> <li>- With the belief that technology-related companies contribute the most to the economic growth of the US and thus investment in which benefits investors the most in long term with high appreciation potential in share price, the investment manager overweighed technology sector with an aim to enjoy higher growth. Big Technology companies outperformed the general US market due to the expectation on rate cuts as well as the excitement surrounding breakthroughs in artificial intelligence. The strategic allocation to overweight high-growth companies benefited investors with a better performance in 2023.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

Constituent Fund	Annualized return (in terms of %)			
	1 Year	5 Years	10 Years	Since Launch
China Life Retire-Easy Global Equity Fund <i>Launch date: 01/10/2007</i>	34.98%	6.37%	4.36%	2.39%
Benchmark / Performance target	22.07%	12.22%	8.59%	6.14%
Deviation from the benchmark / performance target	Above the performance target	Below the performance target	Below the performance target	Below the performance target
Trustee's commentary	<p>The fund's performance target (reference index): FTSE MPF All-World Hedged Index TR</p> <p>The fund's performance was above the performance target in 1 year while below the performance target in 5 years, 10 years term and since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- The fund invests in global markets with tight gaps maintained in the exposures to different countries and regions compared to the performance target index so as to reduce the tracking difference. For US equity exposure, the investment manager believes that technology-related companies contribute the most to the economic growth of the US and thus investment in which benefits investors the most in long term with high appreciation potential in share price, so the investment manager invested heavily in a Nasdaq-100 Index ETF which is a technology-heavy investment to gain the US equity exposure. Nasdaq-100 Index outperformed the general US market due to the expectation on rate cuts as well as the excitement surrounding breakthroughs in artificial intelligence. The strategic allocation to overweight high-growth companies benefited investors with a better performance in 2023.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Overview (Continued)**

**Trustee's commentary (Continued)**

	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life Greater China Equity Fund <i>Launch date: 13/12/2021</i>	(9.41%)	N/A	N/A	(18.01%)
Benchmark / Performance target	(1.86%)	N/A	N/A	(11.90%)
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 (reference index): FTSE MPF Greater China Index (Total Net)</p> <p>The fund's performance was below the performance target in 1 year term and since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- With a prevailing risk-off sentiment, the market favored defensive, state-owned names. The Taiwanese market was one of the best performing major markets within Asia, led by the technology sector.</li> <li>- The account underperformed the performance target. Stock selection in and the overweight to China detracted most. Stock selection contributed to Taiwan, along with the overweight position.</li> <li>- Looking ahead, investment manager believe that China's overall macro picture is shifting more towards growth. In Taiwan, investment manager expect strong earnings growth to continue.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Overview (Continued)**

**Trustee's commentary**

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary</b>				
	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life Hong Kong Equity Fund <i>Launch date: 23/12/2011</i>	(15.53%)	(4.44%)	(0.03%)	1.51%
Benchmark / Performance target	(11.81%)	(4.14%)	0.29%	2.80%
Deviation from the benchmark / performance target	Below the performance target	Below the performance target	Below the performance target	Below the performance target
Trustee's commentary	<p>The fund's performance target (reference target from investment manager): FTSE MPF Hong Kong Index</p> <p>The fund's performance was below the performance target in 1 year, 5 years, 10 years term and since launch.</p> <p>According to the investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- Hong Kong equities recorded negative returns over the year. Equities came under pressure due to subdued consumer confidence, tepid demand, a weak property market and geopolitical tensions. Chinese equities declined as the economic recovery was not as smooth as markets had predicted, and headwinds related to demand, domestic and foreign trade, and investment issues continued to dampen sentiment. Moreover, investors were skeptical about an income recovery due to the lack of clear labor market movement, as the youth unemployment rate increased. In another development, Chinese authorities set the year's growth target at 5%, ensuring economic stability and sustainable development amid global uncertainties. In light of this, policymakers vowed to enhance economic support through the introduction of several measures. During the fourth quarter, the US and China leaders' summit signaled receding tensions, with potentially positive implications for global markets. Furthermore, Chinese regulators eased the crackdown on the online gaming industry with the approval of 105 domestic online games. The two-day annual Central Economic Work Conference (CEWC), where top Chinese officials discuss economic targets and policy plans for the next year, concluded with concerted efforts to spur domestic demand and the deployment of a comprehensive set of fiscal and monetary policies to promote growth. All sectors except energy ended the year in negative territory, with consumer staples, real estate and health care declining the most.</li> <li>- The fund generated negative returns over the period. Security selection in the financials and consumer discretionary sectors weighed on returns, while that in the information technology sector proved rewarding.</li> </ul>			

**CHINA LIFE MPF MASTER TRUST SCHEME**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Overview (Continued)**

**Trustee's commentary**

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary</b>				
	<b>Annualized return (in terms of %)</b>			
<b>Constituent Fund</b>	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Launch</b>
China Life Growth Fund <i>Launch date: 01/12/2000</i>	4.50%	3.00%	2.69%%	4.48%
Benchmark / Performance target	9.22%	5.32%	4.78%	6.02%
Deviation from the benchmark / performance target	Below the performance target	Below the performance target	Below the performance target	Below the performance target
Trustee's commentary	<p>The fund's performance target (reference target from investment manager): 7% FTSE MPF World Government Bond Index (35% Hedged to HKD), 27% FTSE MPF Hong Kong Index + 3% FTSE MPF China A Index (35% Hedged to HKD), 18% FTSE North America Index, 18% FTSE MPF Europe Index, 12% FTSE MPF Japan Index, 12% FTSE MPF Asia Pacific ex Japan &amp; Hong Kong Index, 3% 1-month HIBOR</p> <p>The fund's performance was below the performance target in 1 year, 5 years, 10 years term and since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>- Over the year, the manager reduced the allocation to money market securities (i.e. cash) and gradually added exposure to equities. The position in North American equities was raised towards the end of the period due to resilient economic data and the US Federal Reserve's dovish stance. Overall, the fund maintains significant exposure to Hong Kong and US equities. The fund generated positive returns over the year, driven by the overweight stance in risk assets amid a rally in equity and fixed income markets. Global markets advanced as moderating inflation and expectations of less restrictive monetary policies supported investor sentiment. Strong corporate earnings and resilient economic data also buoyed overall returns. That said, turmoil in the banking sector in the US and Europe, a rating downgrade of the US government's long-term debt and the tragic events in Israel and Gaza caused market volatility. Against this backdrop, the allocation to US and European equities contributed the most to returns. While the exposure to Asia Pacific and Japanese equities added value, Hong Kong equities offset some gains amid the weakness in China's economic recovery. Strategies invested in high quality bonds added value as credit spreads broadly tightened. The cash allocation protected the portfolio, particularly during risk-off periods.</li> </ul>			

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1 Overview (Continued)

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

Constituent Fund	Annualized return (in terms of %)			
	1 Year	5 Years	10 Years	Since Launch
China Life Balanced Fund <i>Launch date: 01/12/2000</i>	4.24%	2.15%	2.10%	4.05%
Benchmark / Performance target	8.22%	4.10%	3.92%	5.59%
Deviation from the benchmark / performance target	Below the performance target	Below the performance target	Below the performance target	Below the performance target
Trustee's commentary	<p>The fund's performance target (reference target from investment manager): 25% FTSE MPF World Government Bond Index (35% Hedged to HKD), 21.6% FTSE MPF Hong Kong Index + 2.4% FTSE MPF China A Index (35% Hedged to HKD), 14% FTSE North America Index, 14% FTSE MPF Europe Index, 9% FTSE MPF Japan Index, 9% FTSE MPF Asia Pacific ex Japan &amp; Hong Kong Index, 5% 1-month HIBOR</p> <p>The fund's performance was below the performance target in 1 year, 5 years, 10 years term and since launch.</p> <p>According to investment manager, the following factors contributed to the performance of the fund during the year:</p> <ul style="list-style-type: none"> <li>Over the year, the investment manager reduced the allocation to money market securities (i.e. cash) and gradually added exposure to equities. The position in North American equities was raised towards the end of the period due to resilient economic data and the US Federal Reserve's dovish stance. Overall, the fund maintains significant exposure to Hong Kong and US equities. The fund generated positive returns over the year, driven by the overweight stance in risk assets amid a rally in equity and fixed income markets. Global markets advanced as moderating inflation and expectations of less restrictive monetary policies supported investor sentiment. Strong corporate earnings and resilient economic data also buoyed overall returns. That said, turmoil in the banking sector in the US and Europe, a rating downgrade of the US government's long-term debt and the tragic events in Israel and Gaza caused market volatility. Against this backdrop, the allocation to US and European equities contributed the most to returns. While the exposure to Asia Pacific and Japanese equities added value, Hong Kong equities offset some gains amid the weakness in China's economic recovery. Strategies invested in high quality bonds added value as credit spreads broadly tightened. The cash allocation protected the portfolio, particularly during risk-off periods.</li> </ul>			

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1 Overview (Continued)

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

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

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

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

• In December 2023, China Life Trustees Limited ( "CLT" ) issued underperformance letter toward the FIL Investment Management (Hong Kong) Limited for the funds (China Life Growth Fund, China Life Balanced Fund and China Life Hong Kong Equity Fund) that were underperformed. FIL Investment Management (Hong Kong) Limited provided CLT a six-month remedial action plan. The fund performance improved as of March 2024 following the issuance of the underperformance letter.

• In order to enhance the competitiveness and generate a more consistent return in the long term of China Life US Equity Fund ( "US Equity Fund" ), with effect from 1 February 2023, the structure of US Equity fund have been changed from a feeder fund (investing in a single approved pooled investment fund) to a portfolio management fund (investing in the index-tracking collective investment schemes approved by MPFA). China Asset Management (Hong Kong) Limited has been appointed as the Investment Manager of US Equity Fund while the aggregate fees and charges of US Equity Fund has been lowered from up to 1.19%.p.a.to up to 0.86% p.a.

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

Note 1: The figure is obtained from FTSE MPF DIS Reference Portfolios.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2 Investment valuations and movements

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

	China Life Balanced Fund HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Hong Kong Equity Fund HK\$	China Life Joyful Retirement Guaranteed Fund HK\$	China Life Retire-Easy Global Equity Fund HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$	China Life Greater China Equity Fund HK\$	China Life US Equity Fund <sup>Note 3</sup> HK\$
<b>Opening net asset value</b>	386,507,316	331,961,544	645,834,299	427,781,502	1,430,162,078	154,976,615	184,556,983	111,870,259	29,552,438	36,967,788
Proceeds on issue of units	45,479,007	277,243,198	83,810,147	214,882,716	220,211,902	65,391,209	80,455,823	40,288,911	60,784,678	123,290,826
Payments on redemption of units	(38,233,351)	(213,430,784)	(74,702,894)	(145,793,079)	(266,266,952)	(28,584,639)	(45,863,539)	(20,165,757)	(13,332,743)	(47,877,226)
Total comprehensive income for the year	16,478,292	11,637,165	29,206,247	(73,621,380)	48,291,363	57,512,144	32,612,688	10,533,056	(7,631,069)	23,103,144
<b>Change of net asset value during the year</b>	23,723,948	75,449,579	38,313,500	(4,531,743)	2,236,313	94,318,714	67,204,972	30,656,210	39,820,866	98,516,744
<b>Closing net asset value</b>	<u>410,231,264</u>	<u>407,411,123</u>	<u>684,147,799</u>	<u>423,249,759</u>	<u>1,432,398,391</u>	<u>249,295,329</u>	<u>251,761,955</u>	<u>142,526,469</u>	<u>69,373,304</u>	<u>135,484,532</u>

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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

	China Life Balanced Fund HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Hong Kong Equity Fund HK\$	China Life Joyful Retirement Guaranteed Fund HK\$	China Life Retire-Easy Global Equity Fund HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$	China Life Greater China Equity Fund HK\$	China Life US Equity Fund <sup>Note 3</sup> HK\$
<b>As at 31 December 2023</b>										
Investments	411,348,497	-	685,837,632	423,669,331	1,435,597,315	234,282,817	251,842,413	142,460,007	69,258,130	126,934,103
(% of net asset value)	100.27%	-	100.25%	100.10%	100.22%	93.98%	100.03%	99.95%	99.83%	93.69%
Other assets/(liabilities)	(1,117,233)	407,411,123	(1,689,833)	(419,572)	(3,198,924)	15,012,512	(80,458)	66,462	115,174	8,550,429
(% of net asset value)	(0.27%)	100.00%	(0.25%)	(0.10%)	(0.22%)	6.02%	(0.03%)	0.05%	0.17%	6.31%
<b>Net asset value</b>	<u>410,231,264</u>	<u>407,411,123</u>	<u>684,147,799</u>	<u>423,249,759</u>	<u>1,432,398,391</u>	<u>249,295,329</u>	<u>251,761,955</u>	<u>142,526,469</u>	<u>69,373,304</u>	<u>135,484,532</u>
<b>Net asset value per unit</b>	25.03	11.39	27.51	11.97	13.88	14.69	14.13	11.11	6.66	9.04

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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

	China Life Balanced Fund HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Guaranteed Return Fund Note 1 HK\$	China Life Hong Kong Equity Fund HK\$	China Life Joyful Retirement Guaranteed Fund HK\$	China Life Retire-Easy Global Equity Fund Note 2 HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$	China Life Greater China Equity Fund HK\$	China Life US Equity Fund HK\$
<b>As at 31 December 2022</b>											
Investments	387,579,858	-	647,143,108	N/A	425,908,369	1,435,822,990	154,164,525	184,793,259	111,636,017	29,298,698	36,912,877
(% of net asset value)	100.28%	-	100.20%	N/A	99.56%	100.40%	99.48%	100.13%	99.79%	99.14%	99.85%
Other assets/(liabilities)	(1,072,542)	331,961,544	(1,308,809)	N/A	1,873,133	(5,660,912)	812,090	(236,276)	234,242	253,740	54,911
(% of net asset value)	(0.28%)	100.00%	(0.20%)	N/A	0.44%	(0.40%)	0.52%	(0.13%)	0.21%	0.86%	0.15%
<b>Net asset value</b>	<b>386,507,316</b>	<b>331,961,544</b>	<b>645,834,299</b>	<b>N/A</b>	<b>427,781,502</b>	<b>1,430,162,078</b>	<b>154,976,615</b>	<b>184,556,983</b>	<b>111,870,259</b>	<b>29,552,438</b>	<b>36,967,788</b>
<b>Net asset value per unit</b>	<b>24.01</b>	<b>11.04</b>	<b>26.32</b>	<b>N/A</b>	<b>14.17</b>	<b>13.41</b>	<b>10.88</b>	<b>12.17</b>	<b>10.24</b>	<b>7.35</b>	<b>6.70</b>
<b>As at 31 December 2021</b>											
Investments	473,252,427	-	796,077,605	-	420,629,920	1,866,511,250	192,302,205	163,853,495	119,054,823	1,887,144	5,491,536
(% of net asset value)	100.27%	-	100.23%	-	99.39%	100.35%	100.28%	99.54%	99.55%	91.04%	70.11%
Other assets/(liabilities)	(1,264,584)	305,233,306	(1,865,922)	-	2,582,151	(6,430,898)	(538,219)	761,049	543,404	185,842	2,340,909
(% of net asset value)	(0.27%)	100.00%	(0.23%)	-	0.61%	(0.35%)	(0.28%)	0.46%	0.45%	8.96%	29.89%
<b>Net asset value</b>	<b>471,987,843</b>	<b>305,233,306</b>	<b>794,211,683</b>	<b>-</b>	<b>423,212,071</b>	<b>1,860,080,352</b>	<b>191,763,986</b>	<b>164,614,544</b>	<b>119,598,227</b>	<b>2,072,986</b>	<b>7,832,445</b>
<b>Net asset value per unit</b>	<b>29.85</b>	<b>11.00</b>	<b>33.16</b>	<b>-</b>	<b>17.39</b>	<b>14.85</b>	<b>13.87</b>	<b>14.59</b>	<b>12.08</b>	<b>10.04</b>	<b>10.01</b>

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

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

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

Note 3: China Life US Equity Fund was changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 3 Investment performance

	China Life Balanced Fund HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Guaranteed Return Fund <sup>Note 1</sup> HK\$	China Life Hong Kong Equity Fund HK\$	China Life Joyful Retirement Guaranteed Fund HK\$	China Life Retire-Easy Global Equity Fund HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$	China Life Greater China Equity Fund HK\$	China Life US Equity Fund <sup>Note 3</sup> HK\$
<b>2023</b>											
Guaranteed return	-	-	-	N/A	-	31,333,229	-	-	-	-	-
Net (losses)/income excluding capital appreciation/ (depreciation) and guaranteed return	(2,254,240)	11,637,165	(3,771,885)	N/A	36,805	(16,228,312)	(44,489)	(1,384,695)	(809,816)	(2,073)	(248,207)
Capital appreciation /(depreciation)	18,732,532	-	32,978,132	N/A	(73,658,185)	33,186,446	57,556,633	33,997,383	11,342,872	(7,628,996)	23,351,351
Net (loss)/income for the year	16,478,292	11,637,165	29,206,247	N/A	(73,621,380)	48,291,363	57,512,144	32,612,688	10,533,056	(7,631,069)	23,103,144
Total net asset value	410,231,264	407,411,123	684,147,799	N/A	423,249,759	1,432,398,391	249,295,329	251,761,955	142,526,469	69,373,304	135,484,532
Net asset value per unit	25.03	11.39	27.51	N/A	11.97	13.88	14.69	14.13	11.11	6.66	9.04

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 3 Investment performance (Continued)

	China Life Balanced Fund HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund HK\$	China Life Guaranteed Return Fund <sup>Note 1</sup> HK\$	China Life Hong Kong Equity Fund HK\$	China Life Joyful Retirement Guaranteed Fund HK\$	China Life Retire-Easy Global Equity Fund <sup>Note 2</sup> HK\$	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$	China Life Greater China Equity Fund HK\$	China Life US Equity Fund HK\$
<b>2022</b>											
Guaranteed return	-	-	-	N/A	-	60,329,047	-	-	-	-	-
Net (losses)/income excluding capital appreciation and guaranteed return	(2,242,346)	1,090,882	(3,724,730)	N/A	28,955	(20,482,527)	(891,320)	(1,099,051)	(724,467)	(10,609)	(7,944)
Capital appreciation	(90,705,808)	-	(161,339,412)	N/A	(80,322,640)	(224,197,696)	(40,567,766)	(29,094,496)	(18,153,363)	(4,259,720)	(8,018,017)
Net income/(loss) for the year	(92,948,154)	1,090,882	(165,064,142)	N/A	(80,293,685)	(184,351,176)	(41,459,086)	(30,193,547)	(18,877,830)	(4,270,329)	(8,025,961)
Total net asset value	386,507,316	331,961,544	645,834,299	N/A	427,781,502	1,430,162,078	154,976,615	184,556,983	111,870,259	29,552,438	36,967,788
Net asset value per unit	24.01	11.04	26.32	N/A	14.17	13.41	10.88	12.17	10.24	7.35	6.70
<b>2021</b>											
Guaranteed return	-	-	-	-	-	5,161,523	-	-	-	-	-
Net (losses)/income excluding capital (depreciation) and guaranteed return	(2,573,576)	2,836	(4,284,261)	-	92,941	(23,948,523)	(2,678,998)	(819,316)	(695,862)	(188)	(564)
Capital appreciation	3,019,518	-	13,617,274	-	(70,954,766)	(30,305,393)	3,238,037	12,526,608	1,454,069	9,657	3,309
Net income for the year	445,942	2,836	9,333,013	-	(70,861,825)	(49,092,393)	559,039	11,707,292	758,207	9,469	2,745
Total net asset value	471,987,843	305,233,306	794,211,683	-	423,212,071	1,860,080,352	191,763,986	164,614,544	119,598,227	2,072,986	7,832,445
Net asset value per unit	29.85	11.00	33.16	-	17.39	14.85	13.87	14.59	12.08	10.04	10.01

- Note 1: China Life Guaranteed Return Fund (the "Terminated Fund") had no investments and operations since 1 December 2020. MPFA had approved the termination of the Terminated Fund to take effect on 8 March 2021.
- Note 2: China Life Retire-Easy Global Equity Fund was changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.
- Note 3: China Life US Equity Fund was changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 3 Investment performance (Continued)

##### Performance record (Note 1)

Name of constituent fund	Highest issue price									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
China Life Balanced Fund	26.18	30.03	31.92	29.82	26.23	26.55	24.91	21.32	22.69	21.33
China Life MPF Conservative Fund	11.39	11.04	11.00	11.00	10.93	10.80	10.76	10.76	10.76	10.75
China Life Growth Fund	29.08	33.49	35.78	32.70	28.50	29.24	27.04	22.13	24.21	22.25
China Life Guaranteed Return Fund Note 4	N/A	N/A	N/A	15.37	15.14	15.19	15.28	15.20	15.12	14.37
China Life Hong Kong Equity Fund	16.45	18.27	24.86	20.63	17.77	19.01	17.18	13.26	15.16	12.93
China Life Joyful Retirement Guaranteed Fund *	13.99	14.93	15.54	15.23	14.93	14.49	14.21	13.80	13.39	13.00
China Life Retire-Easy Capital Stable Fund Note 3	N/A	N/A	N/A	N/A	12.79	13.15	12.76	11.99	12.06	11.80
China Life Retire-Easy Balanced Fund Note 3	N/A	N/A	N/A	N/A	12.76	13.62	12.84	10.80	11.63	11.02
China Life Retire-Easy Global Equity Fund Note 5	14.71	14.09	15.35	13.81	12.64	13.34	12.39	9.78	10.99	10.22
China Life Core Accumulation Fund	14.16	14.62	14.63	13.28	11.83	11.32	10.87	N/A	N/A	N/A
China Life Age 65 Plus Fund	11.15	12.08	12.25	12.00	10.97	10.31	10.24	N/A	N/A	N/A
China Life Greater China Equity Fund	8.29	10.04	10.04	N/A						
China Life US Equity Fund Note 6	9.06	10.01	10.04	N/A						

Name of constituent fund	Lowest redemption price									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
China Life Balanced Fund	22.83	21.71	29.16	20.98	22.26	22.16	20.32	18.17	19.21	19.37
China Life MPF Conservative Fund	11.04	11.00	11.00	10.93	10.80	10.76	10.76	10.76	10.75	10.75
China Life Growth Fund	24.92	23.36	32.12	21.23	23.36	23.28	21.10	18.21	19.67	19.80
China Life Guaranteed Return Fund Note 4	N/A	N/A	N/A	14.45	14.52	14.48	14.47	14.25	13.95	13.40
China Life Hong Kong Equity Fund	11.48	10.32	16.88	13.76	14.57	14.38	12.08	9.84	11.04	11.00
China Life Joyful Retirement Guaranteed Fund *	12.97	12.29	14.76	14.94	14.49	14.21	13.80	13.39	13.00	12.63
China Life Retire-Easy Capital Stable Fund Note 3	N/A	N/A	N/A	N/A	11.93	11.84	11.35	10.87	11.12	11.20
China Life Retire-Easy Balanced Fund Note 3	N/A	N/A	N/A	N/A	11.38	11.29	10.40	9.27	9.78	10.02
China Life Retire-Easy Global Equity Fund Note 5	10.88	10.41	13.41	8.81	10.61	10.53	9.49	8.01	8.72	9.00
China Life Core Accumulation Fund	12.23	11.49	13.23	9.60	10.11	9.93	9.99	N/A	N/A	N/A
China Life Age 65 Plus Fund	10.27	9.94	11.72	10.42	10.04	9.94	9.92	N/A	N/A	N/A
China Life Greater China Equity Fund	6.34	5.65	9.95	N/A						
China Life US Equity Fund Note 6	6.57	6.51	10.00	N/A						

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 3 Investment performance (Continued)

##### Performance record (Continued)

Name of constituent fund	Net annualised investment return (Note 2)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	%	%	%	%	%	%	%	%	%	%
China Life Balanced Fund	4.25	(19.56)	0.10	13.73	16.53	(9.82)	22.79	0.89	(2.23)	1.33
China Life MPF Conservative Fund	3.17	0.36	0.00	0.64	1.20	0.37	0.00	0.00	0.09	0.00
China Life Growth Fund	4.52	(20.63)	1.41	14.78	20.06	(12.37)	28.34	0.62	(2.01)	1.42
China Life Guaranteed Return Fund Note 4	N/A	N/A	N/A	1.30	3.57	(1.35)	0.20	0.00	3.87	3.57
China Life Hong Kong Equity Fund	(15.53)	(18.52)	(15.71)	18.16	16.17	(12.51)	42.22	1.43	(4.26)	3.58
China Life Joyful Retirement Guaranteed Fund *	3.50	(9.70)	(2.50)	2.01	3.04	1.97	2.97	3.06	3.00	3.01
China Life Retire-Easy Capital Stable Fund Note 3	N/A	N/A	N/A	N/A	9.41	(6.42)	12.60	0.71	(2.42)	2.03
China Life Retire-Easy Balanced Fund Note 3	N/A	N/A	N/A	N/A	11.57	(10.58)	23.65	1.86	(3.77)	1.73
China Life Retire-Easy Global Equity Fund Note 5	35.02	(21.56)	0.43	9.43	17.07	(13.06)	30.66	2.26	(4.53)	1.46
China Life Core Accumulation Fund	16.11	(16.59)	9.86	12.54	15.80	(6.17)	6.48	N/A	N/A	N/A
China Life Age 65 Plus Fund	8.50	(15.23)	0.67	9.69	8.96	(1.76)	1.66	N/A	N/A	N/A
China Life Greater China Equity Fund	(9.39)	(26.79)	0.02	N/A	N/A	N/A	N/A	N/A	N/A	N/A
China Life US Equity Fund Note 6	34.93	(33.07)	0.01	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 3 Investment performance (Continued)

##### Performance record (Continued)

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

	FER 2023 %	Transaction costs 2023 HK\$
China Life Balanced Fund	1.42955%	-
China Life MPF Conservative Fund	0.89732%	-
China Life Growth Fund	1.43096%	-
China Life Hong Kong Equity Fund	0.87229%	-
China Life Joyful Retirement Guaranteed Fund	2.06212%	-
China Life Retire-Easy Global Equity Fund	1.30679%	1,512
China Life Core Accumulation Fund	0.82531%	-
China Life Age 65 Plus Fund	0.82588%	-
China Life Greater China Equity Fund	1.27402%	-
China Life US Equity Fund <sup>Note 6</sup>	0.93555%	642

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

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

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

Note 6: China Life US Equity Fund was changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 4 Investment portfolio as at 31 December 2023

	Holding units	2023		% of net asset value
		Cost HK\$	Fair value HK\$	
1) China Life Balanced Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Balanced Fund Class A	1,743,445.35	355,603,969	411,348,497	100.27%
2) China Life Growth Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Growth Fund Class A	2,692,621.54	566,707,363	685,837,632	100.25%
3) China Life Hong Kong Equity Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Hong Kong Equity Fund	1,917,750.00	558,431,596	423,669,331	100.10%
4) China Life Joyful Retirement Guaranteed Fund <u>Approved pooled investment fund</u> China Life Retire-Easy Guarantee (PIF) Fund	83,170,960.50	1,476,101,894	1,435,597,315	100.22%
5) China Life Retire-Easy Global Equity Fund <u>Approved index-tracking collective investment schemes</u> Hong Kong Dollars				
ChinaAMC Asia High Dividend ETF (03145)	2,600,000	23,000,562	26,234,000	10.52%
ChinaAMC CSI 300 Index ETF (03188)	30,000	1,363,272	1,162,800	0.47%
ChinaAMC Hang Seng TECH Index ETF (03088)	600,000	3,037,672	2,851,200	1.14%
ChinaAMC HSI ESG ETF (03403)	20,000	799,200	768,400	0.31%
ChinaAMC MSCI Europe Quality Hedged to USD ETF (03165)	2,580,000	37,245,511	43,215,000	17.34%
ChinaAMC MSCI Japan Hedged to USD ETF (03160)	900,000	12,253,303	15,615,000	6.26%
ChinaAMC NASDAQ 100 ETF (03086)	2,680,000	62,913,178	92,031,200	36.92%
		140,612,698	181,877,600	72.96%
United States Dollars				
ISHARES-C S&P 500	3,000	10,695,101	11,192,447	4.40%
SPDR DJIA Trust Hedge Fund	14,000	37,915,689	41,212,770	16.53%
		48,610,790	52,405,217	21.02%
Total investments		189,223,488	234,282,817	93.98%

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 4 Investment portfolio as at 31 December 2023 (Continued)

		2023			
	Holding units	Cost HK\$	Fair value HK\$	% of net asset value	
6)	China Life Core Accumulation Fund <u>Approved pooled investment fund</u> Invesco Core Accumulation Fund	16,972,342.92	226,388,999	251,842,413	100.03%
7)	China Life Age 65 Plus Fund <u>Approved pooled investment fund</u> Invesco Age 65 Plus Fund	12,097,692.53	141,085,578	142,460,007	99.95%
8)	China Life Greater China Equity Fund <u>Approved pooled investment fund</u> JPMorgan SAR Greater China Fund	432,674.02	79,215,028	69,258,130	99.83%
9)	China Life US Equity Fund <sup>Note 1</sup> <u>Approved index-tracking collective investment schemes</u> Hong Kong Dollars ChinaAMC NASDAQ 100 ETF (03086)	1,350,000	36,211,933	46,359,000	34.22%
	United States Dollars				
	BNY Mellon US Mid Cap Core E Hedge Fund	2,000	1,412,858	1,416,879	1.05%
	BNY Mellon US Small Cap Core Hedge Fund	1,000	726,140	730,320	0.54%
	ISHARES-C S&P 500	12,500	41,222,001	46,635,196	34.42%
	SPDR DJIA Trust Hedge Fund	10,800	29,392,280	31,792,708	23.46%
			72,753,279	80,575,103	59.47%
	Total investments		108,965,212	126,934,103	93.69%

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

Note 1: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 5 Investment portfolio movement report for the year ended 31 December 2023

	At 1 January 2023	Holdings		At 31 December 2023
		Additions	Disposals	
1) China Life Balanced Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Balanced Fund Class A	1,721,735.41	120,175.54	(98,465.60)	1,743,445.35
2) China Life Growth Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Growth Fund Class A	2,669,622.16	209,759.61	(186,760.23)	2,692,621.54
3) China Life Hong Kong Equity Fund <u>Approved pooled investment fund</u> Fidelity Global Investment Fund - Hong Kong Equity Fund	1,626,473.57	653,614.37	(362,337.94)	1,917,750.00
4) China Life Joyful Retirement Guaranteed Fund <u>Approved pooled investment fund</u> China Life Retire-Easy Guarantee (PIF) Fund	87,069,706.20	9,131,716.00	(13,030,461.70)	83,170,960.50
5) China Life Retire-Easy Global Equity Fund <u>Approved index-tracking collective investment schemes</u> Hong Kong Dollars				
ChinaAMC Asia High Dividend ETF (03145)	2,450,000	250,000	(100,000)	2,600,000
ChinaAMC CSI 300 Index ETF (03188)	20,000	18,000	(8,000)	30,000
ChinaAMC Hang Seng TECH Index ETF (03088)	445,000	1,200,000	(1,045,000)	600,000
ChinaAMC HSI ESG ETF (03403)	-	20,000	-	20,000
ChinaAMC MSCI Europe Quality Hedged to USD ETF (03165)	1,830,000	750,000	-	2,580,000
ChinaAMC MSCI Japan Hedged to USD ETF (03160)	800,000	300,000	(200,000)	900,000
ChinaAMC NASDAQ 100 ETF (03086)	4,100,000	380,000	(1,800,000)	2,680,000
United States Dollars				
ISHARES-C S&P 500	-	3,000	-	3,000
SPDR DJIA Trust Hedge Fund	-	14,000	-	14,000
6) China Life Core Accumulation Fund <u>Approved pooled investment fund</u> Invesco Core Accumulation Fund	14,552,598.27	4,366,955.85	(1,947,211.20)	16,972,342.92

## CHINA LIFE MPF MASTER TRUST SCHEME

### INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### 5 Investment portfolio movement report for the year ended 31 December 2023 (Continued)

	At 1 January 2023	Holdings		At 31 December 2023
		Additions	Disposals	
7) China Life Age 65 Plus Fund <u>Approved pooled investment fund</u> Invesco Age 65 Plus Fund	10,349,989.03	2,613,361.95	(865,658.45)	12,097,692.53
8) China Life Greater China Equity Fund <u>Approved pooled investment fund</u> JPMorgan SAR Greater China Fund	165,838.56	314,927.08	(48,091.62)	432,674.02
9) China Life US Equity Fund <sup>Note 1</sup> <u>Approved pooled investment fund</u> Franklin MPF US Opportunities Fund	1,174,821.03	148,174.18	(1,322,995.21)	-
<u>Approved index-tracking collective investment schemes</u>				
Hong Kong Dollars				
ChinaAMC NASDAQ 100 ETF (03086)	-	1,820,000	(470,000)	1,350,000
United States Dollars				
BNY Mellon US Mid Cap Core E Hedge Fund	-	2,000	-	2,000
BNY Mellon US Small Cap Core Hedge Fund	-	1,000	-	1,000
ISHARES-C S&P 500	-	16,750	(4,250)	12,500
SPDR DJIA Trust Hedge Fund	-	10,800	-	10,800

Note 1: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

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

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

### **Opinion**

#### *What we have audited*

The financial statements of China Life MPF Master Trust Scheme (the “Scheme”) and each of its constituent funds, China Life Balanced Fund, China Life MPF Conservative Fund, China Life Growth Fund, China Life Hong Kong Equity Fund, China Life Joyful Retirement Guaranteed Fund, China Life Retire-Easy Global Equity Fund, China Life Core Accumulation Fund, China Life Age 65 Plus Fund, China Life Greater China Equity Fund, China Life US Equity Fund, which are set out on pages 52 to 100, 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 2023;
- 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, comprising material accounting policy information and other explanatory information.

#### *Our opinion*

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

### **Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) and with reference to Practice Note 860.1 (Revised), “The Audit of Retirement Schemes” issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

#### *Independence*

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

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

### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's and its constituent funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's and its constituent funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme and its constituent funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Matters under the General Regulation**

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



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 27 June 2024

**CHINA LIFE MPF MASTER TRUST SCHEME**

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS - THE SCHEME  
AS AT 31 DECEMBER 2023**

	Note	2023 HK\$	2022 HK\$
<b>Assets</b>			
Cash and cash equivalents		26,424,646	21,991,780
Amounts receivable on sale of investments		1,814,129	20,495
Contributions receivable			
From employers		17,432,882	15,867,901
From members		12,305,934	10,788,860
Investments	9	4,205,879,925	3,740,170,822
<b>Total assets</b>		<u>4,263,857,516</u>	<u>3,788,839,858</u>
<b>Liabilities</b>			
Benefits payable		12,746,143	9,330,150
Accounts payable on funds switching		2,326,501	1,401,090
Forfeitures payable		39,103	39,103
Accruals and other payables		10,393,986	8,326,741
<b>Total liabilities</b>		<u>25,505,733</u>	<u>19,097,084</u>
<b>Net assets available for benefits attributable to members</b>		<u>4,238,351,783</u>	<u>3,769,742,774</u>

On behalf of China Life Trustees Limited

康乐

Director



Director

The notes on pages 69 to 100 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 2023

	Note	2023 HK\$	2022 HK\$
<b>Income</b>			
Net change in unrealised gain/(loss) on investments		116,788,421	(684,722,075)
Net realised gain on investments		31,333,229	60,329,047
Bank interest income		160,591	5,500
		<u>148,282,241</u>	<u>(624,387,528)</u>
<b>Expenses</b>			
Bank charges		-	-
		<u>-</u>	<u>-</u>
<b>Net gain/(loss) for the year</b>		<u>148,282,241</u>	<u>(624,387,528)</u>
<b>Contributions received and receivable</b>			
	6		
From employers			
- Mandatory		125,959,458	123,555,116
- Additional voluntary		79,282,584	78,579,983
From members			
- Mandatory		131,251,813	129,790,918
- Additional voluntary		2,947,097	3,210,509
- Additional voluntary (Smart Easy Personal Contributions)		5,496,690	123,924,439
- Additional voluntary (Tax Deductible Voluntary Contributions)		17,569,100	137,255,585
		<u>362,506,742</u>	<u>596,316,550</u>
<b>Transfers in</b>			
Group transfers in from other schemes		42,521,120	21,838,522
Individual transfers in from other schemes		363,217,325	233,049,023
		<u>405,738,445</u>	<u>254,887,545</u>

The notes on pages 69 to 100 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 2023**

	Note	2023 HK\$	2022 HK\$
<b>Benefits paid and payable</b>	7		
Retirement/early retirement		129,506,540	275,790,863
Death		1,915,452	3,472,763
Permanent departure		27,581,820	12,907,738
Total incapacity		592,238	707,005
Terminal Illness		685,553	173,173
Refund of additional voluntary contributions		86,265,452	345,421,399
Long service payment refund		15,353,776	11,791,101
		<u>261,900,831</u>	<u>650,264,042</u>
		-----	-----
<b>Transfers out</b>			
Group transfers out to other schemes		11,460,200	20,014,231
Individual transfers out to other schemes		166,850,198	149,642,679
		<u>178,310,398</u>	<u>169,656,910</u>
		-----	-----
<b>Forfeitures</b>		<u>7,707,190</u>	<u>9,604,271</u>
		-----	-----
<b>Change in net assets available for benefits attributable to members for the year</b>		468,609,009	(602,708,656)
<b>Net assets available for benefits attributable to members at the beginning of the year</b>			
- members' accounts		<u>3,769,742,774</u>	<u>4,372,451,430</u>
		-----	-----
<b>Net assets available for benefits attributable to members at the end of the year</b>			
- members' accounts		<u>4,238,351,783</u>	<u>3,769,742,774</u>
		-----	-----

The notes on pages 69 to 100 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 2023**

	2023 HK\$	2022 HK\$
<b>Cash flows from operating activities</b>		
Net gain/(loss) for the year	148,282,241	(624,387,528)
Adjustment for bank interest income	(160,591)	(5,500)
	<hr/>	<hr/>
Net (increase)/decrease in investments	148,121,650	(624,393,028)
Net (increase)/decrease in amounts receivable on sale of investments and other receivables	(465,709,103)	600,436,621
Net increase/(decrease) in accruals and other payables	(1,793,634)	537,810
Net increase/(decrease) in accounts payable on funds switching	2,067,245	(4,661,338)
	925,411	(4,969,366)
	<hr/>	<hr/>
Bank interest received	(316,388,431)	(33,049,301)
	160,591	5,500
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	(316,227,840)	(33,043,801)
	-----	-----
<b>Cash flows from financing activities</b>		
Contributions and transfers in received	765,163,132	855,263,351
Benefits and transfers out paid	(436,795,236)	(822,194,996)
Forfeitures paid	(7,707,190)	(9,604,271)
	<hr/>	<hr/>
<b>Net cash generated from financing activities</b>	320,660,706	23,464,084
	-----	-----
<b>Net increase in cash and cash equivalents</b>	4,432,866	(9,579,717)
Cash and cash equivalents at the beginning of the year	21,991,780	31,571,497
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	26,424,646	21,991,780
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash and cash equivalents	26,424,646	21,991,780
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 69 to 100 are an integral part of these financial statements.

## CHINA LIFE MPF MASTER TRUST SCHEME

### STATEMENT OF NET ASSETS - CONSTITUENT FUNDS AS AT 31 DECEMBER 2023

	Note	China Life Balanced Fund		China Life MPF Conservative Fund		China Life Growth Fund	
		2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
<b>Assets</b>							
Cash and cash equivalents		535	507	59,698,378	71,876,485	551	514
Bank deposits with original maturity over three months		-	-	343,309,204	257,724,106	-	-
Other receivables		-	-	-	-	-	-
Fund transfer in receivable		63,471	25,422	-	-	811,830	4,356
Amounts receivable on sale of investments		429,096	-	-	-	122,836	-
Interest receivable		-	-	4,080,233	2,152,427	-	-
Dividend receivable		-	-	-	-	-	-
Amounts receivable on funds switching		130,063	92,643	4,525,176	2,248,059	163,403	640,960
Derivative financial instruments		-	-	-	-	-	-
Investments	9	411,348,497	387,579,858	-	-	685,837,632	647,143,108
<b>Total assets</b>		<b>411,971,662</b>	<b>387,698,430</b>	<b>411,612,991</b>	<b>334,001,077</b>	<b>686,936,252</b>	<b>647,788,938</b>
<b>Liabilities</b>							
Amounts payable on funds switching		285,312	208,186	3,275,668	383,084	958,737	328,967
Amounts payable on purchase of investments		429,096	-	-	-	122,836	-
Derivative financial instruments		-	-	-	-	-	-
Accruals and other payables		1,025,990	982,928	926,200	1,656,449	1,706,880	1,625,672
<b>Total liabilities</b>		<b>1,740,398</b>	<b>1,191,114</b>	<b>4,201,868</b>	<b>2,039,533</b>	<b>2,788,453</b>	<b>1,954,639</b>
<b>Net assets attributable to members</b>		<b>410,231,264</b>	<b>386,507,316</b>	<b>407,411,123</b>	<b>331,961,544</b>	<b>684,147,799</b>	<b>645,834,299</b>
<b>Units in issue</b>		<b>16,388,309.03</b>	<b>16,094,929.93</b>	<b>35,763,382.70</b>	<b>30,076,399.22</b>	<b>24,872,133.97</b>	<b>24,536,055.56</b>
<b>Net asset value per unit</b>		<b>25.03</b>	<b>24.01</b>	<b>11.39</b>	<b>11.04</b>	<b>27.51</b>	<b>26.32</b>

On behalf of China Life Trustees Limited

康乐

Director



Director

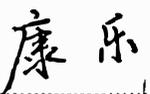
The notes on pages 69 to 100 are an integral part of these financial statements.

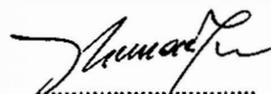
CHINA LIFE MPF MASTER TRUST SCHEME

STATEMENT OF NET ASSETS - CONSTITUENT FUNDS (CONTINUED)  
AS AT 31 DECEMBER 2023

	Note	China Life Hong Kong Equity Fund		China Life Joyful Retirement Guaranteed Fund		China Life Retire-Easy Global Equity Fund <sup>Note 1</sup>	
		2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
<b>Assets</b>							
Cash and cash equivalents		287	204	267	266	14,195,900	1,360,486
Bank deposits with original maturity over three months		-	-	-	-	-	-
Other receivables		-	-	-	-	115,456	78,891
Fund transfer in receivable		1,939,095	1,795,954	185,506	-	-	-
Amounts receivable on sale of investments		-	1,458	958,460	-	-	-
Interest receivable		-	-	-	-	-	-
Dividend receivable		-	-	-	-	63,772	-
Amounts receivable on funds switching		1,380,398	2,565,410	1,487,589	993,272	1,623,389	17,692
Derivative financial instruments	11	-	-	-	-	-	15,583
Investments	9	423,669,331	425,908,369	1,435,597,315	1,435,822,990	234,282,817	154,164,525
<b>Total assets</b>		<u>426,989,111</u>	<u>430,271,395</u>	<u>1,438,229,137</u>	<u>1,436,816,528</u>	<u>250,281,334</u>	<u>155,637,177</u>
<b>Liabilities</b>							
Amounts payable on funds switching		3,227,444	2,018,333	1,079,150	2,004,212	407,019	269,323
Amounts payable on purchase of investments		-	1,458	958,460	-	-	-
Derivative financial instruments	11	-	-	-	-	22,069	-
Accruals and other payables		511,908	470,102	3,793,136	4,650,238	556,917	391,239
<b>Total liabilities</b>		<u>3,739,352</u>	<u>2,489,893</u>	<u>5,830,746</u>	<u>6,654,450</u>	<u>986,005</u>	<u>660,562</u>
<b>Net assets attributable to members</b>		<u>423,249,759</u>	<u>427,781,502</u>	<u>1,432,398,391</u>	<u>1,430,162,078</u>	<u>249,295,329</u>	<u>154,976,615</u>
<b>Units in issue</b>		<u>35,350,832.67</u>	<u>30,179,251.78</u>	<u>103,200,282.39</u>	<u>106,656,547.83</u>	<u>16,975,155.82</u>	<u>14,243,843.60</u>
<b>Net asset value per unit</b>		<u>11.97</u>	<u>14.17</u>	<u>13.88</u>	<u>13.41</u>	<u>14.69</u>	<u>10.88</u>

On behalf of China Life Trustees Limited

  
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Director

  
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Director

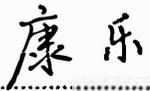
Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022.  
The notes on pages 69 to 100 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 2023**

	Note	China Life Core Accumulation Fund		China Life Age 65 Plus Fund		China Life Greater China Equity Fund	
		2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
<b>Assets</b>							
Cash and cash equivalents		-	-	-	-	-	-
Bank deposits with original maturity over three months		-	-	-	-	-	-
Other receivables		-	-	-	-	59,397	32,356
Fund transfer in receivable		410,447	575,018	46,704	131,650	26,434	1,667
Amounts receivable on sale of investments		62,831	-	240,907	10,553	-	-
Interest receivable		-	-	-	-	-	-
Dividend receivable		-	-	-	-	-	-
Amounts receivable on funds switching		408,713	112,327	332,970	429,729	221,376	264,659
Derivative financial instruments		-	-	-	-	-	-
Investments	9	251,842,413	184,793,259	142,460,007	111,636,017	69,258,130	29,298,698
<b>Total assets</b>		<u>252,724,404</u>	<u>185,480,604</u>	<u>143,080,588</u>	<u>112,207,949</u>	<u>69,565,337</u>	<u>29,597,380</u>
<b>Liabilities</b>							
Amounts payable on funds switching		505,939	618,528	85,678	137,642	79,515	3,045
Amounts payable on purchase of investments		62,831	-	240,907	10,553	-	-
Derivative financial instruments		-	-	-	-	-	-
Accruals and other payables		393,679	305,093	227,534	189,495	112,518	41,897
<b>Total liabilities</b>		<u>962,449</u>	<u>923,621</u>	<u>554,119</u>	<u>337,690</u>	<u>192,033</u>	<u>44,942</u>
<b>Net assets attributable to members</b>		<u>251,761,955</u>	<u>184,556,983</u>	<u>142,526,469</u>	<u>111,870,259</u>	<u>69,373,304</u>	<u>29,552,438</u>
<b>Units in issue</b>		<u>17,820,871.45</u>	<u>15,163,396.54</u>	<u>12,827,696.90</u>	<u>10,921,558.89</u>	<u>10,420,522.20</u>	<u>4,021,446.08</u>
<b>Net asset value per unit</b>		<u>14.13</u>	<u>12.17</u>	<u>11.11</u>	<u>10.24</u>	<u>6.66</u>	<u>7.35</u>

On behalf of China Life Trustees Limited

  
.....  
Director

  
.....  
Director

The notes on pages 69 to 100 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 2023

	Note	China Life US Equity Fund	Note 2	Total	
		2023	2022	2023	2022
		HK\$	HK\$	HK\$	HK\$
<b>Assets</b>					
Cash and cash equivalents		6,750,313	-	80,646,231	73,238,462
Bank deposits with original maturity over three months		-	-	343,309,204	257,724,106
Other receivables		1,196	56,105	176,049	167,352
Fund transfer in receivable		-	46,386	3,483,487	2,580,453
Amounts receivable on sale of investments		-	8,484	1,814,130	20,495
Interest receivable		-	-	4,080,233	2,152,427
Dividend receivable		54,984	-	118,756	-
Amounts receivable on funds switching		3,053,942	55,385	13,327,019	7,420,136
Derivative financial instruments	11	13,825	-	13,825	15,583
Investments	9	126,934,103	36,912,877	3,781,230,245	3,413,259,701
<b>Total assets</b>		<b>136,808,363</b>	<b>37,079,237</b>	<b>4,228,199,179</b>	<b>3,756,578,715</b>
<b>Liabilities</b>					
Amounts payable on funds switching		1,095,993	47,663	11,000,455	6,018,983
Amounts payable on purchase of investments		-	8,484	1,814,130	20,495
Derivative financial instruments	11	-	-	22,069	-
Accruals and other payables		227,838	55,302	9,482,600	10,368,415
<b>Total liabilities</b>		<b>1,323,831</b>	<b>111,449</b>	<b>22,319,254</b>	<b>16,407,893</b>
<b>Net assets attributable to members</b>		<b>135,484,532</b>	<b>36,967,788</b>	<b>4,205,879,925</b>	<b>3,740,170,822</b>
<b>Units in issue</b>		<b>14,989,007.30</b>	<b>5,515,988.08</b>		
<b>Net asset value per unit</b>		<b>9.04</b>	<b>6.70</b>		

On behalf of China Life Trustees Limited

  
.....  
Director

  
.....  
Director

Note 2: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPPA with effect from 1 February 2023.

The notes on pages 69 to 100 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 2023

	Note	<u>China Life MPF</u>				<u>China Life Hong Kong</u>		<u>China Life Joyful Retirement</u>			
		<u>China Life Balanced Fund</u>		<u>Conservative Fund</u>		<u>Equity Fund</u>		<u>Guaranteed Fund</u>			
		2023	2022	2023	2022	2023	2022	2023	2022		
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
<b>Income</b>											
Bank interest income		28	1	14,922,433	4,757,803	37	1	84	1	1	-
Dividend income		-	-	-	-	-	-	-	-	-	-
Guaranteed return	8	-	-	-	-	-	-	-	-	31,333,229	60,329,047
Net realised gains/(losses) on sale of investments		2,838,028	4,578,643	-	-	7,578,688	10,655,331	(18,439,974)	(21,637,770)	(45,382,382)	(109,960,473)
Net change in unrealised gains/(losses) on investments		15,894,504	(95,284,451)	-	-	25,399,444	(171,994,743)	(55,218,211)	(58,684,870)	78,568,828	(114,237,223)
Other income		1,745,421	1,788,733	-	-	2,921,519	2,977,334	1,995,143	1,824,659	-	-
Exchange gains		-	-	-	-	-	-	-	-	-	-
		<u>20,477,981</u>	<u>(88,917,074)</u>	<u>14,922,433</u>	<u>4,757,803</u>	<u>35,899,688</u>	<u>(158,362,077)</u>	<u>(71,662,958)</u>	<u>(78,497,980)</u>	<u>64,519,676</u>	<u>(163,868,649)</u>
<b>Expenses</b>											
Transaction costs		-	-	-	-	-	-	-	-	-	-
Auditor's remuneration		55,899	53,241	57,687	50,873	94,308	90,293	70,271	59,070	165,343	206,555
Administration fee	4(a)	2,014,223	2,033,224	1,097,616	1,236,967	3,372,779	3,381,256	883,021	808,282	7,856,783	9,109,452
Custodian fee		402,845	406,645	365,872	412,322	674,556	676,251	441,511	404,141	1,428,506	1,656,264
MPF indemnity insurance		85,701	76,717	73,358	65,878	142,995	127,938	89,334	80,785	311,853	277,812
Trustee fee	4(a)	1,409,956	1,423,257	1,280,551	1,443,128	2,360,945	2,366,879	441,511	404,141	4,999,771	5,796,924
Investment management fee	4(b)	-	-	365,872	412,322	-	-	-	-	1,371,659	3,312,528
Other expenses		31,065	37,996	44,312	45,431	47,858	59,448	32,774	39,286	94,398	122,992
Withholding tax		-	-	-	-	-	-	-	-	-	-
		<u>3,999,689</u>	<u>4,031,080</u>	<u>3,285,268</u>	<u>3,666,921</u>	<u>6,693,441</u>	<u>6,702,065</u>	<u>1,958,422</u>	<u>1,795,705</u>	<u>16,228,313</u>	<u>20,482,527</u>
<b>Total comprehensive income/(loss) for the year</b>		<u>16,478,292</u>	<u>(92,948,154)</u>	<u>11,637,165</u>	<u>1,090,882</u>	<u>29,206,247</u>	<u>(165,064,142)</u>	<u>(73,621,380)</u>	<u>(80,293,685)</u>	<u>48,291,363</u>	<u>(184,351,176)</u>

The notes on pages 69 to 100 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 2023

	Note	<u>China Life Retire-Easy</u>		<u>China Life Core Accumulation</u>		<u>China Life Age 65 Plus Fund</u>		<u>China Life Greater China Equity</u>	
		<u>Global Equity Fund</u> <sup>Note 1</sup>		<u>Fund</u>		<u>Fund</u>		<u>Fund</u>	
		2023	2022	2023	2022	2023	2022	2023	2022
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Income</b>									
Bank interest income		27,635	-	11	-	-	-	8	-
Dividend income		2,073,799	979,000	-	-	-	-	-	-
Guaranteed return		-	-	-	-	-	-	-	-
Net realised gains/(losses) on sale of investments		13,221,709	3,280,610	839,417	580,167	(411,598)	(733,671)	(661,570)	(1,260,615)
Net change in unrealised gains/(losses) on investments		44,334,924	(43,848,376)	33,157,966	(29,674,663)	11,754,470	(17,419,692)	(6,967,426)	(2,999,105)
Other income		397,259	83,070	-	-	-	-	366,234	119,379
Exchange (losses)/gains		(603,359)	222,563	-	-	-	-	-	-
		<u>59,451,967</u>	<u>(39,283,133)</u>	<u>33,997,394</u>	<u>(29,094,496)</u>	<u>11,342,872</u>	<u>(18,153,363)</u>	<u>(7,262,754)</u>	<u>(4,140,341)</u>
<b>Expenses</b>									
Transaction costs		1,512	11,914	-	-	-	-	-	-
Auditor's remuneration		28,521	22,720	35,975	31,565	18,977	17,528	11,413	4,020
Administration fee	4(a)	794,518	763,118	610,185	478,153	356,398	317,312	226,718	74,749
Custodian fee		297,944	248,862	217,923	170,769	127,285	113,326	56,680	18,687
MPF indemnity insurance		36,717	31,945	42,368	38,216	25,449	22,729	6,581	5,728
Trustee fee	4(a)	695,203	580,679	457,340	358,355	267,150	237,763	56,680	18,687
Investment management fee	4(b)	-	497,482	-	-	-	-	-	-
Other expenses		20,640	19,233	20,915	21,993	14,557	15,809	10,243	8,117
Withholding tax		64,768	-	-	-	-	-	-	-
		<u>1,939,823</u>	<u>2,175,953</u>	<u>1,384,706</u>	<u>1,099,051</u>	<u>809,816</u>	<u>724,467</u>	<u>368,315</u>	<u>129,988</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><u>57,512,144</u></u>	<u><u>(41,459,086)</u></u>	<u><u>32,612,688</u></u>	<u><u>(30,193,547)</u></u>	<u><u>10,533,056</u></u>	<u><u>(18,877,830)</u></u>	<u><u>(7,631,069)</u></u>	<u><u>(4,270,329)</u></u>

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

The notes on pages 69 to 100 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 2023

	Note	China Life US Equity Fund <sup>Note 2</sup>		Total	
		2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
<b>Income</b>					
Bank interest income		16,124	-	14,966,361	4,757,806
Dividend income		787,011	-	2,860,810	979,000
Guaranteed return	8	-	-	31,333,229	60,329,047
Net realised gains/(losses) on sale of investments		112,133	(2,746,049)	(40,305,549)	(117,243,827)
Net change in unrealised gains/(losses) on investments		23,239,218	(5,271,968)	170,163,717	(539,415,091)
Other income		25,129	155,545	7,450,705	6,948,720
Exchange (losses)/gains		(242,357)	-	(845,716)	222,563
		<u>23,937,258</u>	<u>(7,862,472)</u>	<u>185,623,557</u>	<u>(583,421,782)</u>
<b>Expenses</b>					
Transaction costs		642	-	2,154	11,914
Auditor's remuneration		16,337	5,768	554,731	541,633
Administration fee	4(a)	329,757	93,839	17,541,998	18,296,352
Custodian fee		82,439	23,459	4,095,561	4,130,726
MPF indemnity insurance		9,592	7,973	823,948	735,721
Trustee fee	4(a)	169,337	23,459	12,138,444	12,653,272
Investment management fee	4(b)	-	-	1,737,531	4,222,332
Other expenses		13,483	8,991	330,245	379,296
Withholding tax		212,527	-	277,295	-
		<u>834,114</u>	<u>163,489</u>	<u>37,501,907</u>	<u>40,971,246</u>
<b>Total comprehensive income/(loss) for the year</b>		<u>23,103,144</u>	<u>(8,025,961)</u>	<u>148,121,650</u>	<u>(624,393,028)</u>

Note 2: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

The notes on pages 69 to 100 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 2023

	China Life MPF				China Life Hong Kong				China Life Joyful Retirement	
	China Life Balanced Fund		Conservative Fund		China Life Growth Fund		Equity Fund		Guaranteed Fund	
	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
<b>Balance at the beginning of the year</b>	386,507,316	471,987,843	331,961,544	305,233,306	645,834,299	794,211,683	427,781,502	423,212,071	1,430,162,078	1,860,080,352
Units issued	45,479,007	49,445,392	277,243,198	324,769,867	83,810,147	96,215,863	214,882,716	226,217,865	220,211,902	345,325,394
Units redeemed	(38,233,351)	(41,977,765)	(213,430,784)	(299,132,511)	(74,702,894)	(79,529,105)	(145,793,079)	(141,354,749)	(266,266,952)	(590,892,492)
	7,245,656	7,467,627	63,812,414	25,637,356	9,107,253	16,686,758	69,089,637	84,863,116	(46,055,050)	(245,567,098)
<b>Total comprehensive income/(loss) for the year</b>	16,478,292	(92,948,154)	11,637,165	1,090,882	29,206,247	(165,064,142)	(73,621,380)	(80,293,685)	48,291,363	(184,351,176)
<b>Balance at the end of the year</b>	410,231,264	386,507,316	407,411,123	331,961,544	684,147,799	645,834,299	423,249,759	427,781,502	1,432,398,391	1,430,162,078
<b>Units outstanding at the beginning of the year</b>	16,094,929.93	15,809,482.94	30,076,399.22	27,746,901.98	24,536,055.56	23,948,925.78	30,179,251.78	24,334,621.26	106,656,547.83	125,265,574.09
Units issued	1,844,879.48	1,938,003.08	24,749,748.90	29,518,642.32	3,095,262.86	3,445,738.59	15,839,319.21	15,557,176.17	16,291,356.56	24,861,117.95
Units redeemed	(1,551,500.38)	(1,652,556.09)	(19,062,765.42)	(27,189,145.08)	(2,759,184.45)	(2,858,608.81)	(10,667,738.32)	(9,712,545.65)	(19,747,622.00)	(43,470,144.21)
<b>Units outstanding at the end of the year</b>	16,388,309.03	16,094,929.93	35,763,382.70	30,076,399.22	24,872,133.97	24,536,055.56	35,350,832.67	30,179,251.78	103,200,282.39	106,656,547.83

The notes on pages 69 to 100 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 2023

	<u>China Life Retire-Easy</u>		<u>China Life Core Accumulation</u>		<u>China Life Age 65 Plus Fund</u>		<u>China Life Greater China Equity</u>	
	<u>Global Equity Fund</u> <sup>Note 1</sup>		<u>Fund</u>		<u>Fund</u>		<u>Fund</u>	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Balance at the beginning of the year</b>	154,976,615	191,763,986	184,556,983	164,614,544	111,870,259	119,598,227	29,552,438	2,072,986
Units issued	65,391,209	28,566,834	80,455,823	88,449,347	40,288,911	42,800,935	60,784,678	41,083,715
Units redeemed	(28,584,639)	(23,895,119)	(45,863,539)	(38,313,361)	(20,165,757)	(31,651,073)	(13,332,743)	(9,333,934)
	36,806,570	4,671,715	34,592,284	50,135,986	20,123,154	11,149,862	47,451,935	31,749,781
<b>Total comprehensive income/(loss) for the year</b>	57,512,144	(41,459,086)	32,612,688	(30,193,547)	10,533,056	(18,877,830)	(7,631,069)	(4,270,329)
<b>Balance at the end of the year</b>	249,295,329	154,976,615	251,761,955	184,556,983	142,526,469	111,870,259	69,373,304	29,552,438
<b>Units outstanding at the beginning of the year</b>	14,243,843.60	13,823,282.92	15,163,396.54	11,280,959.91	10,921,558.89	9,903,244.03	4,021,446.08	206,403.77
Units issued	4,895,692.23	2,389,904.96	6,153,604.75	6,819,709.70	3,803,842.48	3,902,713.98	8,231,816.06	5,031,480.34
Units redeemed	(2,164,380.01)	(1,969,344.28)	(3,496,129.84)	(2,937,273.07)	(1,897,704.47)	(2,884,399.12)	(1,832,739.94)	(1,216,438.03)
<b>Units outstanding at the end of the year</b>	16,975,155.82	14,243,843.60	17,820,871.45	15,163,396.54	12,827,696.90	10,921,558.89	10,420,522.20	4,021,446.08

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

The notes on pages 69 to 100 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 2023

	<u>China Life US Equity Fund</u> <sup>Note 2</sup>		<u>Total</u>	
	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
<b>Balance at the beginning of the year</b>	36,967,788	7,832,445	3,740,170,822	4,340,607,443
Units issued	123,290,826	68,026,420	1,211,838,417	1,310,901,632
Units redeemed	(47,877,226)	(30,865,116)	(894,250,964)	(1,286,945,225)
	75,413,600	37,161,304	317,587,453	23,956,407
<b>Total comprehensive income/(loss) for the year</b>	23,103,144	(8,025,961)	148,121,650	(624,393,028)
<b>Balance at the end of the year</b>	135,484,532	36,967,788	4,205,879,925	3,740,170,822
<b>Units outstanding at the beginning of the year</b>	5,515,988.08	782,551.40		
Units issued	15,496,991.43	8,685,185.04		
Units redeemed	(6,023,972.21)	(3,951,748.36)		
<b>Units outstanding at the end of the year</b>	14,989,007.30	5,515,988.08		

Note 2: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

The notes on pages 69 to 100 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 2023

	China Life Balanced Fund		China Life MPF Conservative Fund		China Life Growth Fund		China Life Hong Kong Equity Fund		China Life Joyful Retirement Guaranteed Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Cash flows from operating activities</b>										
Total comprehensive income/(loss) for the year	16,478,292	(92,948,154)	11,637,165	1,090,882	29,206,247	(165,064,142)	(73,621,380)	(80,293,685)	48,291,363	(184,351,176)
Adjustment for:										
Bank interest income	(28)	(1)	(14,922,433)	(4,757,803)	(37)	(1)	(84)	(1)	(1)	-
Dividend income	-	-	-	-	-	-	-	-	-	-
Net (increase)/decrease in investments	(23,768,639)	85,672,569	-	-	(38,694,524)	148,934,497	2,239,038	(5,278,449)	225,675	430,688,260
Net decrease/(increase) in derivative financial instruments - assets	-	-	-	-	-	-	-	-	-	-
Net increase in interest receivable	-	-	(1,927,806)	(2,039,369)	-	-	-	-	-	-
Net (increase)/decrease in bank deposits with original maturity over three months	-	-	(85,585,098)	7,693,034	-	-	-	-	-	-
Net (increase)/decrease in amounts receivable on sale of investments	(429,096)	12,344	-	-	(122,836)	-	1,458	21,019	(958,460)	-
Net (increase)/decrease in other receivables	-	-	-	-	-	-	-	-	-	-
Net increase/(decrease) in accruals and other payables	43,062	(256,831)	(730,249)	1,418,992	81,208	(453,805)	41,806	(45,204)	(857,102)	(1,384,361)
Net increase/(decrease) in amounts payable on purchase of investments	429,096	(12,344)	-	-	122,836	-	(1,458)	(21,019)	958,460	-
Net increase in derivative financial instruments - liabilities	-	-	-	-	-	-	-	-	-	-
Cash (used in)/generated from operations	(7,247,313)	(7,532,417)	(91,528,421)	3,405,736	(9,407,106)	(16,583,451)	(71,340,620)	(85,617,339)	47,659,935	244,952,723
Bank interest income received	28	1	14,922,433	4,757,803	37	1	84	1	1	-
Dividend income received	-	-	-	-	-	-	-	-	-	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(7,247,285)</b>	<b>(7,532,416)</b>	<b>(76,605,988)</b>	<b>8,163,539</b>	<b>(9,407,069)</b>	<b>(16,583,450)</b>	<b>(71,340,536)</b>	<b>(85,617,338)</b>	<b>47,659,936</b>	<b>244,952,723</b>
<b>Cash flows from financing activities</b>										
Receipts on subscription*	45,403,538	49,483,782	274,966,081	324,356,776	83,480,230	96,284,586	215,924,587	226,238,006	219,532,079	345,014,910
Payments on redemption*	(38,156,225)	(41,951,366)	(210,538,200)	(299,910,247)	(74,073,124)	(79,701,134)	(144,583,968)	(140,620,667)	(267,192,014)	(589,967,633)
<b>Net cash generated from/(used in) financing activities</b>	<b>7,247,313</b>	<b>7,532,416</b>	<b>64,427,881</b>	<b>24,446,529</b>	<b>9,407,106</b>	<b>16,583,452</b>	<b>71,340,619</b>	<b>85,617,339</b>	<b>(47,659,935)</b>	<b>(244,952,723)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>28</b>	<b>-</b>	<b>(12,178,107)</b>	<b>32,610,068</b>	<b>37</b>	<b>2</b>	<b>83</b>	<b>1</b>	<b>1</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year	507	507	71,876,485	39,266,417	514	512	204	203	266	266
<b>Cash and cash equivalents at the end of the year</b>	<b>535</b>	<b>507</b>	<b>59,698,378</b>	<b>71,876,485</b>	<b>551</b>	<b>514</b>	<b>287</b>	<b>204</b>	<b>267</b>	<b>266</b>
<b>Analysis of balances of cash and cash equivalents</b>										
Cash and cash equivalents	535	507	59,698,378	71,876,485	551	514	287	204	267	266

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

The notes on pages 69 to 100 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 2023

	China Life Retire-Easy Global Equity Fund <sup>Note 1</sup>		China Life Core Accumulation Fund		China Life Age 65 Plus Fund		China Life Greater China Equity Fund	
	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$	2023 HK\$	2022 HK\$
<b>Cash flows from operating activities</b>								
Total comprehensive income/(loss) for the year	57,512,144	(41,459,086)	32,612,688	(30,193,547)	10,533,056	(18,877,830)	(7,631,069)	(4,270,329)
Adjustment for:								
Bank interest income	(27,635)	-	(11)	-	-	-	(8)	-
Dividend income	(2,073,799)	(979,000)	-	-	-	-	-	-
Net (increase)/decrease in investments	(80,118,292)	38,137,680	(67,049,154)	(20,939,764)	(30,823,990)	7,418,806	(39,959,432)	(27,411,554)
Net decrease/(increase) in derivative financial instruments - assets	15,583	(15,583)	-	-	-	-	-	-
Net increase in interest receivable	-	-	-	-	-	-	-	-
Net (increase)/decrease in bank deposits with original maturity over three months	-	-	-	-	-	-	-	-
Net decrease/(increase) in amounts receivable on sale of investments	-	164,097	(62,831)	107,089	(230,354)	241,744	-	-
Net (increase)/decrease in other receivables	(36,565)	(78,891)	-	496	-	496	(27,041)	(32,057)
Net increase/(decrease) in accruals and other payables	165,678	(308,061)	88,586	45,091	38,039	(11,379)	70,621	41,410
Net (decrease)/increase in amounts payable on purchase of investments	-	(164,097)	62,831	(107,089)	230,354	(241,744)	-	-
Net increase in derivative financial instruments - liabilities	22,069	-	-	-	-	-	-	-
Cash (used in)/generated from operations	(24,540,817)	(4,702,941)	(34,347,891)	(51,087,724)	(20,252,895)	(11,469,907)	(47,546,929)	(31,672,530)
Bank interest income received	27,635	-	11	-	-	-	8	-
Dividend income received	2,010,027	979,000	-	-	-	-	-	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(22,503,155)</b>	<b>(3,723,941)</b>	<b>(34,347,880)</b>	<b>(51,087,724)</b>	<b>(20,252,895)</b>	<b>(11,469,907)</b>	<b>(47,546,921)</b>	<b>(31,672,530)</b>
<b>Cash flows from financing activities</b>								
Receipts on subscription*	63,785,512	28,837,640	80,324,008	89,785,738	40,470,616	43,194,928	60,803,194	41,015,658
Payments on redemption*	(28,446,943)	(23,753,306)	(45,976,128)	(38,698,014)	(20,217,721)	(31,725,021)	(13,256,273)	(9,343,128)
<b>Net cash generated from/(used in) financing activities</b>	<b>35,338,569</b>	<b>5,084,334</b>	<b>34,347,880</b>	<b>51,087,724</b>	<b>20,252,895</b>	<b>11,469,907</b>	<b>47,546,921</b>	<b>31,672,530</b>
<b>Net increase in cash and cash equivalents</b>	<b>12,835,414</b>	<b>1,360,393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year	1,360,486	93	-	-	-	-	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>14,195,900</b>	<b>1,360,486</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Analysis of balances of cash and cash equivalents</b>								
Cash and cash equivalents	14,195,900	1,360,486	-	-	-	-	-	-

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

Note 1: China Life Retire-Easy Global Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 26 September 2022. The notes on pages 69 to 100 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 2023

	China Life US Equity Fund <sup>Note 2</sup>		Total	
	2023	2022	2023	2022
	HK\$	HK\$	HK\$	HK\$
<b>Cash flows from operating activities</b>				
Total comprehensive income/(loss) for the year	23,103,144	(8,025,961)	148,,121,650	(624,393,028)
Adjustment for:				
Bank interest income	(16,124)	-	(14,966,361)	(4,757,806)
Dividend income	(787,011)	-	(2,860,810)	(979,000)
Net (increase)/decrease in investments	(90,021,226)	(31,421,341)	(367,970,544)	625,800,704
Net increase in derivative financial instruments - assets	(13,825)	-	1,758	(15,583)
Net increase in interest receivable	-	-	(1,927,806)	(2,039,369)
Net (increase)/decrease in bank deposits with original maturity over three months	-	-	(85,585,098)	7,693,034
Net decrease/(increase) in amounts receivable on sale of investments	8,484	(8,484)	(1,793,635)	537,809
Net decrease/(increase) in other receivables	54,909	(55,106)	(8,697)	(165,062)
Net increase/(decrease) in accruals and other payables	172,536	53,738	(885,815)	(900,410)
Net (decrease)/increase in amounts payable on purchase of investments	(8,484)	8,484	1,793,635	(537,809)
Net increase in derivative financial instruments - liabilities	-	-	22,069	-
Cash (used in)/generated from operations	(67,507,597)	(39,448,670)	(326,059,654)	243,480
Bank interest income received	16,124	-	14,966,361	4,757,806
Dividend income received	732,027	-	2,742,054	979,000
<b>Net cash (used in)/generated from operating activities</b>	<b>(66,759,446)</b>	<b>(39,448,670)</b>	<b>(308,351,239)</b>	<b>5,980,286</b>
<b>Cash flows from financing activities</b>				
Receipts on subscription <sup>#</sup>	120,338,655	70,436,768	1,205,028,500	1,314,648,792
Payments on redemption <sup>#</sup>	(46,828,896)	(30,988,098)	(889,269,492)	(1,286,658,614)
<b>Net cash generated from financing activities</b>	<b>73,509,759</b>	<b>39,448,670</b>	<b>315,759,008</b>	<b>27,990,178</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,750,313</b>	<b>-</b>	<b>7,407,769</b>	<b>33,970,464</b>
Cash and cash equivalents at the beginning of the year	-	-	73,238,462	39,267,998
<b>Cash and cash equivalents at the end of the year</b>	<b>6,750,313</b>	<b>-</b>	<b>80,646,231</b>	<b>73,238,462</b>
<b>Analysis of balances of cash and cash equivalents</b>				
Cash and cash equivalents	6,750,313	-	80,646,231	73,238,462

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

Note 2: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPPFA with effect from 1 February 2023.

The notes on pages 69 to 100 are an integral part of these financial statements.

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

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

#### **1 The Scheme**

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

The Scheme comprises ten constituent funds as at 31 December 2023 (2022: Ten). Each of the constituent funds is approved by the MPFA and authorised by the SFC, and has its own investment policy and predetermined fees and charges. Contributions and benefits are dealt with at the scheme level whereas investments in approved pooled investment funds are dealt with at the constituent funds level. The constituent funds are as follows:

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

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

China Life US Equity Fund was changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

Taiping Assets Management (HK) Company Limited ceased to be the investment manager for the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund and Schroder Investment Management (Hong Kong) Limited was appointed as the investment manager for the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund of China Life Joyful Retirement Guaranteed Fund with effect from 23 June 2023.

The financial information of the Scheme comprises (i) the statement of net assets available for benefits as at 31 December 2023, and the statement of changes in net assets available for benefits and statement of cash flows for the year ended 31 December 2023 of the Scheme on a standalone basis; and (ii) the statement of net assets as at 31 December 2023, 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 2023 for each of the Scheme’s constituent funds.

#### **2 Summary of material accounting policies**

The material 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.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

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

##### (a) Basis of preparation

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

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 2023

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 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 2023 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 2023, 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 material 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 realised gain on investments” for the Scheme and in the statement of comprehensive income within “net change in unrealised gains/(losses) on investments” and “net realised gains/(losses) on sale of investments” for the constituent funds in the year in which they arise.

###### Fair value estimation

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

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

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

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

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

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

Expenses are accounted for on an accruals basis.

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

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

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### **2 Summary of material 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 investments” and “net realised gains/(losses) on sale of investments” for the constituent funds.

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

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

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

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

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

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

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

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

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

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Contributions are accounted for on an accruals basis.

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

Benefits are accounted for on an accruals basis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management

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

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

###### China Life Balanced Fund

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

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

###### China Life MPF Conservative Fund

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

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

###### China Life Growth Fund

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

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

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

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

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

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

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

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

- a) Fixed income securities\* (50% to 100%)
- b) Global equities and other securities (0% to 30%)
- c) Cash/bank deposit/cash equivalent (0% to 50%)

\* Include but not limited to bonds, debt securities or approved index-tracking collective investment schemes defined in Section 1 of Schedule 1 of the Regulation duly approved by the Authority substantially investing in fixed income securities are also categorized as "Fixed Income Securities"

## 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 Joyful Retirement Guaranteed Fund(Continued)

The targeted geographic distribution of the assets is:

- a) Hong Kong/China (0% to 90%)
- b) Europe (0% to 90%)
- c) America (0% to 90%)
- d) Asia Pacific (0% to 90%)
- e) Others (equities\*) (0% to 10%)
- f) Others (debt securities\*) (0% to 40%)

\*Investments as permitted under Schedule 1 to the Regulation

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

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

###### China Life Core Accumulation Fund

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

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

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

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

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

###### China Life US Equity Fund<sup>Note 1</sup>

The constituent fund invests in two or more index-tracking collective investment schemes duly approved by MPFA managed by China Asset Management (Hong Kong) Limited, which invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability or above-average growth or growth potential as compared with the overall economy.

Note 1: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

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

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

	2023 HK\$	2022 HK\$
China Life Balanced Fund	20,567,425	19,378,993
China Life Growth Fund	34,291,882	32,357,155
China Life Hong Kong Equity Fund	21,183,467	21,295,418
China Life Joyful Retirement Guaranteed Fund	71,779,866	71,791,150
China Life Core Accumulation Fund	12,592,121	9,239,663
China Life Age 65 Plus Fund	7,123,000	5,581,801
China Life Greater China Equity Fund	3,462,907	1,464,935
China Life US Equity Fund <sup>Note 2</sup>	N/A	1,845,644

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

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

	2023		2022	
	Change in index +/-	Impact HK\$ +/-	Change in index +/-	Impact HK\$ +/-
Approved index-tracking collective investment schemes	5%	6,290,046	5%	4,802,049

##### China Life US Equity Fund <sup>Note 2:</sup>

	2023		2022	
	Change in index +/-	Impact HK\$ +/-	Change in index +/-	Impact HK\$ +/-
Approved index-tracking collective investment schemes	5%	514,841	N/A	N/A

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

##### (b) Market price risk (Continued)

China Asset Management (Hong Kong) Limited, the investment manager of China Life Retire-Easy Global Equity Fund and China Life US Equity Fund, has used its view of what would be a “reasonable possible shift” in the market prices, having regard to the historical volatility of the market prices, to estimate the change for use in the sensitivity analysis above.

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

Note 2: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

##### (c) Interest rate risk

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

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

The Scheme and its constituent funds had interest bearing cash and cash equivalents of HK\$26,315,662 (2022: HK\$21,882,796) and HK\$70,280,090 (2022: HK\$63,394,855) and bank deposits with original maturity of more than three months of HK\$Nil (2022: HK\$Nil) and HK\$343,309,204 (2022: HK\$257,724,106) respectively at 31 December 2023 and are therefore exposed to interest rate risk on these bank deposits.

At 31 December 2023, should the relevant market interest rates have risen/lowered by 25 basis points (2022: 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\$65,789 (2022: HK\$54,707) and HK\$1,033,973 (2022: HK\$802,797) respectively, arising mainly from the increase/decrease in bank interest income.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

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

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

	Up to 1 year HK\$	1-5 years HK\$	Over 5 years HK\$	Non-interest bearing HK\$	Total HK\$
<b>At 31 December 2023</b>					
<u>Assets</u>					
Amounts receivable on funds switching	-	-	-	4,525,176	4,525,176
Interest receivable	-	-	-	4,080,233	4,080,233
Bank deposits with original maturity over three months	343,309,204	-	-	-	343,309,204
Cash and cash equivalents	49,332,237	-	-	10,366,141	59,698,378
	<u>392,641,441</u>	<u>-</u>	<u>-</u>	<u>18,971,550</u>	<u>411,612,991</u>
<u>Liabilities</u>					
Accruals and other payables	-	-	-	926,200	926,200
Amounts payable on funds switching	-	-	-	3,275,668	3,275,668
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,201,868</u>	<u>4,201,868</u>
Interest sensitivity gap	<u>392,641,441</u>	<u>-</u>	<u>-</u>		
<b>At 31 December 2022</b>					
<u>Assets</u>					
Amounts receivable on funds switching	-	-	-	2,248,059	2,248,059
Interest receivable	-	-	-	2,152,427	2,152,427
Bank deposits with original maturity over three months	257,724,106	-	-	-	257,724,106
Cash and cash equivalents	62,032,878	-	-	9,843,607	71,876,485
	<u>319,756,984</u>	<u>-</u>	<u>-</u>	<u>14,244,093</u>	<u>334,001,077</u>
<u>Liabilities</u>					
Accruals and other payables	-	-	-	1,656,449	1,656,449
Amounts payable on funds switching	-	-	-	383,084	383,084
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,039,533</u>	<u>2,039,533</u>
Interest sensitivity gap	<u>319,756,984</u>	<u>-</u>	<u>-</u>		

At 31 December 2023 and 2022, China Life MPF Conservative Fund did not hold any debt securities.

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

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

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

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

	HK\$	Credit rating	Source
<b>At 31 December 2023</b>			
Bank of China (Hong Kong) Limited	26,315,321	Aa3	Moody's
Citibank, N.A.	109,325	A+	S&P
<b>At 31 December 2022</b>			
Bank of China (Hong Kong) Limited	21,881,955	Aa3	Moody's
Citibank, N.A.	109,825	A+	S&P

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

	Bank	2023		2022		Source
		Bank balances HK\$	Credit rating	Bank balances HK\$	Credit rating	
China Life Balanced Fund	Bank of China (Hong Kong) Limited	535	Aa3	507	Aa3	Moody's
China Life MPF Conservative Fund	Bank of China (Hong Kong) Limited	10,366,141	Aa3	9,843,607	Aa3	Moody's
	Bank of Communications	18,478,130	A-	23,612,545	A-	S&P
	Bank of East Asia	-	A-	7,569,236	A-	S&P
	BNP Paribas	29,993,547	Aa3	-	Aa3	Moody's
	China Bohai Bank Co Ltd	-	Baa3	11,116,498	Baa3	Moody's
	China CITIC Bank International Limited	31,997,364	A3	21,502,002	A3	Moody's
	China Construction Bank (Asia) Corporation Limited	34,446,714	A	27,839,253	A	S&P
	China Guangfa Bank Co Ltd	32,520,311	Baa3	22,544,816	Baa3	Moody's
	China Merchants Bank	31,222,946	BBB+	26,293,289	BBB+	S&P

**CHINA LIFE MPF MASTER TRUST SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS**

**3 Financial risk management (Continued)**

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

	Bank	2023		2022		Source
		Bank balances HK\$	Credit rating	Bank balances HK\$	Credit rating	
China Life MPF Conservative Fund (Continued)	Chong Hing Bank	30,413,278	Baa1	26,173,191	Baa1	Moody's
	CMB Wing Lung Bank Ltd.	27,267,942	A2	25,050,441	A2	Moody's
	DBS Bank	25,182,288	Aa3	25,701,796	Aa3	Moody's
	Fubon Bank	-	BBB+	10,428,087	BBB+	S&P
	Hang Seng Bank	32,831,948	AA-	16,847,323	AA-	S&P
	Industrial and Commercial Bank of China (Asia) Limited	27,640,697	A1	24,662,659	A1	Moody's
	Industrial Bank Co., Ltd.	29,599,882	Baa2	24,692,173	Baa2	Moody's
	Shanghai Pudong Development Bank Co., Ltd.	33,991,007	Baa2	25,723,675	Baa2	Moody's
	Standard Chartered Bank	7,055,387	A+	-	A+	S&P
China Life Growth Fund	Bank of China (Hong Kong) Limited	551	Aa3	514	Aa3	Moody's
China Life Hong Kong Equity Fund	Bank of China (Hong Kong) Limited	287	Aa3	204	Aa3	Moody's
China Life Joyful Retirement Guaranteed Fund	Bank of China (Hong Kong) Limited	267	Aa3	266	Aa3	Moody's
China Life Retire-Easy Global Equity Fund <sup>5</sup>	Bank of China (Hong Kong) Limited	14,195,900	Aa3	1,360,486	Aa3	Moody's
China Life US Equity Fund <sup>6</sup>	Bank of China (Hong Kong) Limited	6,750,313	Aa3	-	Aa3	Moody's

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

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

	Custodian	2023		2022		Source
		Investments HK\$	Credit rating	Investments HK\$	Credit rating	
China Life Balanced Fund	HSBC <sup>1#</sup>	411,348,497	A-1+	387,579,858	A-1+	S&P
China Life Growth Fund	HSBC <sup>1#</sup>	685,837,632	A-1+	647,143,108	A-1+	S&P
China Life Hong Kong Equity Fund	HSBC <sup>1#</sup>	423,669,331	A-1+	425,908,369	A-1+	S&P
China Life Joyful Retirement Guaranteed Fund	Bank of China (Hong Kong) Limited	1,435,597,315	Aa3	1,435,822,990	Aa3	Moody's
China Life Retire-Easy Global Equity Fund <sup>5</sup>	Bank of China (Hong Kong) Limited	234,282,817	Aa3	154,180,108	Aa3	Moody's
China Life Core Accumulation Fund	BCT <sup>2#</sup>	251,842,413	Unrated	184,793,259	Unrated	N/A
China Life Age 65 Plus Fund	BCT <sup>2#</sup>	142,460,007	Unrated	111,636,017	Unrated	N/A
China Life Greater China Equity Fund	JPMorgan <sup>3#</sup>	69,258,130	A-1	29,298,698	A-1	S&P
China Life US Equity Fund <sup>6</sup>	Citibank <sup>4#</sup>	N/A	N/A	36,912,877	A+	S&P
	Bank of China (Hong Kong) Limited	126,934,103	Aa3	N/A	Aa3	Moody's

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

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

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

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

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

<sup>6</sup> China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

# represents custodian of underlying approved pooled investment funds

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

The Scheme and its constituent funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2023 and 2022, all contribution receivable, amounts receivable on sale of investments, amounts receivable on funds switching, interest receivable, dividend 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 2023, the constituent funds held fixed deposits of HK\$392,641,441 (2022: HK\$319,756,984) and approved pooled investment funds of HK\$3,420,013,325 (2022: HK\$3,259,095,176) 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>		Sub-total HK\$	<u>1-3 months</u>			<u>More than 3 months</u>	Total HK\$
	Amounts payable on funds switching HK\$	Amounts payable on purchase of investments HK\$		Accruals and other payables HK\$	Derivative financial instruments HK\$	Sub-total HK\$	Accruals and other payables HK\$	
<b>At 31 December 2023</b>								
China Life Balanced Fund	285,312	429,096	714,408	952,835	-	952,835	73,155	1,740,398
China Life MPF Conservative Fund	3,275,668	-	3,275,668	853,649	-	853,649	72,551	4,201,868
China Life Growth Fund	958,737	122,836	1,081,573	1,583,992	-	1,583,992	122,888	2,788,453
China Life Hong Kong Equity Fund	3,227,444	-	3,227,444	430,029	-	430,029	81,879	3,739,352
China Life Joyful Retirement Guaranteed Fund	1,079,150	958,460	2,037,610	3,539,530	-	3,539,530	253,606	5,830,746
China Life Retire-Easy Global Equity Fund	407,019	-	407,019	519,550	22,069	541,619	37,367	986,005
China Life Core Accumulation Fund	505,939	62,831	568,770	351,719	-	351,719	41,960	962,449
China Life Age 65 Plus Fund	85,678	240,907	326,585	203,629	-	203,629	23,905	554,119
China Life Greater China Equity Fund	79,515	-	79,515	101,173	-	101,173	11,345	192,033
China Life US Equity Fund <sup>Note 2</sup>	1,095,993	-	1,095,993	210,999	-	210,999	16,839	1,323,831

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

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

Note 2: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

## 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 2023 and 2022, all of the constituent funds' assets and liabilities (except China Life Retire-Easy Global Equity Fund and China Life US Equity Fund) are denominated in Hong Kong dollars. Thus, the constituent funds were not directly exposed to currency risk.

As at 31 December 2023, China Life Retire-Easy Global Equity Fund and China Life US Equity Fund have assets and liabilities denominated in currencies other than the Hong Kong dollar, the Fund's functional and presentation currency, and United States dollar. Since the Hong Kong dollar is currently pegged to the United States dollar within a narrow range, the currency risk is considered minimal (2022: Nil).

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

As at 31 December 2023, China Life Retire-Easy Stable Return Unit Trust (PIF) Fund had net monetary exposure of HK\$1,413,027,907 (2022: HK\$1,143,014,639) which are denominated in United States dollar, British Pound, EURO and Renminbi and therefore, the constituent fund was indirectly exposed to currency risk. Since the Hong Kong dollar is currently pegged to the United States dollar within a narrow range, the currency risk is considered minimal. However, the constituent funds are exposed to currency risk on British Pound, EURO and Renminbi, as the value of assets and liabilities denominated in British Pound, EURO and Renminbi will fluctuate due to changes in foreign exchange rates.

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

##### China Life Joyful Retirement Guaranteed Fund

	2023		2022	
	Change in foreign exchange rates +/-	Impact HK\$ +/-	Change in foreign exchange rates +/-	Impact HK\$ +/-
British Pound	5.00%	420,532	N/A	N/A
EURO	5.00%	2,174	N/A	N/A
Renminbi	5.00%	331	5.00%	1,848,682

The Managers have used its view of what would be a reasonable possible shift in the foreign exchange rates, having regard to the historical volatility of the foreign exchange rates, to estimate the change for use in the sensitivity analysis above. The investment managers may enter into currency forward contracts from time to time to reduce currency exposure. Refer to Note 11 for details of outstanding currency forward contracts as at 31 December 2023 (2022: US\$5,904,832).

## 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 2023 and 2022, 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/(liabilities) measured at fair value at the year end date.

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>At 31 December 2023</b>				
<b>China Life Balanced Fund</b>				
Approved pooled investment fund	411,348,497	-	-	411,348,497
<b>China Life Growth Fund</b>				
Approved pooled investment fund	685,837,632	-	-	685,837,632
<b>China Life Hong Kong Equity Fund</b>				
Approved pooled investment fund	423,669,331	-	-	423,669,331
<b>China Life Joyful Retirement Guaranteed Fund</b>				
Approved pooled investment fund	-	1,435,597,315	-	1,435,597,315
<b>China Life Retire-Easy Global Equity Fund</b>				
Approved index-tracking collective investment schemes	234,282,817	-	-	234,282,817
Derivative financial instruments	-	(22,069)	-	(22,069)
	<u>234,282,817</u>	<u>(22,069)</u>	<u>-</u>	<u>234,260,748</u>
<b>China Life Core Accumulation Fund</b>				
Approved pooled investment fund	251,842,413	-	-	251,842,413
<b>China Life Age 65 Plus Fund</b>				
Approved pooled investment fund	142,460,008	-	-	142,460,008
<b>China Life Greater China Equity Fund</b>				
Approved pooled investment fund	69,258,131	-	-	69,258,131
<b>China Life US Equity Fund</b> <sup>Note 2</sup>				
Approved index-tracking collective investment schemes	126,934,103	-	-	126,934,103
Derivative financial instruments	-	13,825	-	13,825
	<u>126,934,103</u>	<u>13,825</u>	<u>-</u>	<u>126,947,928</u>

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Financial risk management (Continued)

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

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

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 2023 and 2022, the constituent funds did not hold any investments classified in level 3.

For the year ended 31 December 2023 and 2022, there were no transfers between levels of investments held by the constituent funds.

As at 31 December 2023 and 2022, 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

#### 3 Financial risk management (Continued)

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

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

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

Note 2: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

#### 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, Schroder Investment Management (Hong Kong) Limited, Invesco Hong Kong Limited, FIL Investment Management (Hong Kong) Limited, China Asset Management (Hong Kong) Limited, JPMorgan Asset Management (Asia Pacific) Limited, Franklin Templeton Investments (Asia) Limited and their associates or delegates during the year. Associates or delegates of the Investment Manager or Trustee are those as defined in the Ordinance established by the MPFA.

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

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

China Life Trustees Limited, the Trustee, and China Life Insurance (Overseas) Company Limited, the Administrator, are entitled to receive a fee calculated based on the net asset value of the respective constituent funds at the following annual rates for the year ended 31 December 2023 and 2022:

	China Life Balanced Fund	China Life MPF Conservative Fund	China Life Growth Fund	China Life Hong Kong Equity Fund	China Life Joyful Retirement Guaranteed Fund	China Life Retire-Easy Global Equity Fund <sup>1</sup>	China Life Core Accumulation Fund	China Life Age 65 Plus Equity Fund	China Life Greater China Equity Fund	China Life US Equity Fund <sup>2</sup>
Trustee fee	0.35%	0.35%	0.35%	0.10%	0.35%	0.35%	0.21%	0.21%	0.10%	0.10%
Trustee fee (On or after 1 February 2023)	0.35%	0.35%	0.35%	0.10%	0.35%	0.35%	0.21%	0.21%	0.10%	0.21%
Administration fee (On or after 13 December 2021)	0.50%	0.30%	0.50%	0.20%	0.55%	0.48%	0.28%	0.28%	0.40%	0.40%
Administration fee (On or after 26 September 2022)	0.50%	0.30%	0.50%	0.20%	0.55%	0.40%	0.28%	0.28%	0.40%	0.40%

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

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

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

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 Hong Kong Equity Fund HK\$	China Life Joyful Retirement Guaranteed Fund HK\$	China Life Retire- Easy Global Equity Fund <sup>1</sup> HK\$	China Life Core Accumula- tion Fund HK\$	China Life Age 65 Plus Fund HK\$	China Life Greater China Equity Fund HK\$	China Life US Equity Fund <sup>2</sup> HK\$
At 31 December 2023										
Trustee fee	351,045	351,502	583,576	107,507	1,238,835	202,047	125,122	72,447	16,862	62,408
Administration fee	501,492	301,288	833,680	215,015	1,946,741	230,911	166,967	96,660	67,449	118,873
At 31 December 2022										
Trustee fee	329,465	653,268	544,592	95,410	1,251,895	138,059	95,121	58,590	6,276	8,318
Administration fee	470,664	559,944	777,988	190,821	1,967,263	157,782	126,923	78,171	25,104	33,271

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

Note 2: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

##### (b) Investment management fees

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

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

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

###### 1. China Life Joyful Retirement Guaranteed Fund

With effect from 23 June 2023, Taiping Assets Management (HK) Company Limited ceased to be the investment manager for the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund and Schroder Investment Management (Hong Kong) Limited was appointed as the investment manager for the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund of China Life Joyful Retirement Guaranteed Fund.

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

Being the investment manager of the relevant approved pooled investment fund and the underlying unit trust approved pooled investment fund that the following constituent fund of the Scheme have invested in.

###### 1. China Life Joyful Retirement Guaranteed Fund <sup>Note 2</sup>

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

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

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

###### 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 Core Accumulation Fund
2. China Life Age 65 Plus Fund

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

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

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

1. China Life Retire-Easy Global Equity Fund <sup>Note 3</sup>
2. China Life US Equity Fund <sup>Note 4</sup>

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

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

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

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

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

1. China Life Greater China Equity Fund

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

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

1. China Life US Equity Fund <sup>Note 4</sup>

With effect from 1 February 2023, Franklin Templeton Investments (Asia) Limited was ceased to be the investment manager for the underlying fund of China Life US Equity Fund and China Asset Management (Hong Kong) Limited was appointed as the investment manager for China Life US Equity Fund.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

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

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

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

	China Life Balanced Fund <sup>1</sup>	China Life MPF Conservative Fund	China Life Growth Fund <sup>1</sup>	China Life Hong Kong Equity Fund <sup>1</sup>	China Life Joyful Retirement Guaranteed Fund <sup>1&amp;2</sup>	China Life Retire- Easy Global Equity Fund <sup>1&amp;3</sup>	China Life Core Accumul ation Fund <sup>1</sup>	China Life Age 65 Plus Fund <sup>1</sup>	China Life Greater China Equity Fund <sup>1</sup>	China Life US Equity Fund <sup>1&amp;4</sup>
Investment management fee (On or after 13 December 2021)	0.45%	0.10%	0.45%	0.45%	0.20%	0.40%	0.08%	0.08%	0.58%	Upto 0.59%
Investment management fee (On or after 26 September 2022)	0.45%	0.10%	0.45%	0.45%	0.20%	N/A	0.08%	0.08%	0.58%	Upto 0.59%
Investment management fee (On or after 1 February 2023)	0.45%	0.10%	0.45%	0.45%	0.20%	N/A	0.08%	0.08%	0.58%	N/A
Investment management fee (On or after 23 June 2023)	0.45%	0.10%	0.45%	0.45%	N/A	N/A	0.08%	0.08%	0.58%	N/A

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

	China Life Balanced Fund <sup>1</sup> HK\$	China Life MPF Conservative Fund HK\$	China Life Growth Fund <sup>1</sup> HK\$	China Life Hong Kong Equity Fund <sup>1</sup> HK\$	China Life Joyful Retirement Guaranteed Fund <sup>1&amp;2</sup> HK\$	China Life Retire- Easy Global Equity Fund <sup>1&amp;3</sup> HK\$	China Life Core Accumul ation Fund <sup>1</sup> HK\$	China Life Age 65 Plus Fund <sup>1</sup> HK\$	China Life Greater China Equity Fund <sup>1</sup> HK\$	China Life US Equity Fund <sup>1&amp;4</sup> HK\$
At 31 December 2023										
Investment management fee	N/A	100,429	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
At 31 December 2022										
Investment management fee	N/A	186,648	N/A	N/A	715,368	N/A	N/A	N/A	N/A	N/A

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

Note 2: The investment management fee of 0.2% per annum is charged at the underlying unit trust approved pooled investment funds of China Life Joyful Retirement Guaranteed Fund with effect from 23 June 2023.

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

Note 4: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

CHINA LIFE MPF MASTER TRUST SCHEME

NOTES TO THE FINANCIAL STATEMENTS

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

For the year ended 31 December 2023

	China Life Core Accumulation Fund HK\$	China Life Age 65 Plus Fund HK\$
<b>Payments for services</b>		
- Administration fee	610,185	356,398
- Custodian fee	217,923	127,285
- Trustee fee	457,340	267,150
- Investment management fee	-	-
<b>Total payments services</b>	<u>1,285,448</u>	<u>750,833</u>
<b>Out-of-pocket expenses</b>		
- Auditor’s remuneration	35,975	18,977
- MPF indemnity insurance	42,368	25,449
- Other expenses	20,915	14,557
<b>Total out-of-pocket expenses</b>	<u>99,258</u>	<u>58,983</u>
<b>Other payments</b>		
- Organisational costs	-	-
<b>Total other payments</b>	<u>-</u>	<u>-</u>
<b>Total payments</b>	<u>1,384,706</u>	<u>809,816</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>0.04510%</u>	<u>0.04599%</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 2022**

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

**6 Contributions**

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

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

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

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

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

#### **7 Benefits**

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

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

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

#### **8 Guaranteed return**

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

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

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

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

## CHINA LIFE MPF MASTER TRUST SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### 9 Investments

	2023 HK\$	2022 HK\$
<b><u>The Scheme</u></b>		
Investments in constituent funds		
China Life Balanced Fund	410,231,264	386,507,316
China Life MPF Conservative Fund	407,411,123	331,961,544
China Life Growth Fund	684,147,799	645,834,299
China Life Hong Kong Equity Fund	423,249,759	427,781,502
China Life Joyful Retirement Guaranteed Fund	1,432,398,391	1,430,162,078
China Life Retire-Easy Global Equity Fund <sup>Note 1</sup>	249,295,329	154,976,615
China Life Core Accumulation Fund	251,761,955	184,556,983
China Life Age 65 Plus Fund	142,526,469	111,870,259
China Life Greater China Equity Fund	69,373,304	29,552,438
China Life US Equity Fund <sup>Note 2</sup>	135,484,532	36,967,788
	<hr/>	<hr/>
Investments at fair value	4,205,879,925	3,740,170,822
	<hr/> <hr/>	<hr/> <hr/>
Investments at cost	3,667,400,989	3,318,480,307
	<hr/> <hr/>	<hr/> <hr/>

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

Note 2: China Life US Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

**CHINA LIFE MPF MASTER TRUST SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS**

**9 Investments (Continued)**

	2023 HK\$	2022 HK\$
<b><u>Constituent funds</u></b>		
<b>China Life Balanced Fund</b>		
<u>Approved pooled investment fund</u>		
Fidelity Global Investment Fund - Balanced Fund Class A	411,348,497	387,579,858
<b>China Life Growth Fund</b>		
<u>Approved pooled investment fund</u>		
Fidelity Global Investment Fund - Growth Fund Class A	685,837,632	647,143,108
<b>China Life Hong Kong Equity Fund</b>		
<u>Approved pooled investment fund</u>		
Fidelity Global Investment Fund - Hong Kong Equity Fund	423,669,331	425,908,369
<b>China Life Joyful Retirement Guaranteed Fund</b>		
<u>Approved pooled investment fund</u>		
China Life Retire-Easy Guarantee (PIF) Fund	1,435,597,315	1,435,822,990
<b>China Life Retire-Easy Global Equity Fund <sup>Note 1</sup></b>		
<u>Approved index-tracking collective investment schemes</u>		
Listed securities	234,282,817	154,164,525
<b>China Life Core Accumulation Fund</b>		
<u>Approved pooled investment fund</u>		
Invesco Core Accumulation Fund	251,842,413	184,793,259
<b>China Life Age 65 Plus Fund</b>		
<u>Approved pooled investment fund</u>		
Invesco Age 65 Plus Fund	142,460,007	111,636,017
<b>China Life Greater China Equity Fund</b>		
<u>Approved pooled investment fund</u>		
JPMorgan SAR Greater China Fund	69,258,130	29,298,698
<b>China Life US Equity Fund <sup>Note 2</sup></b>		
<u>Approved pooled investment fund</u>		
Franklin MPF US Opportunities Fund	-	36,912,877
<u>Approved index-tracking collective investment schemes</u>		
Listed securities	126,934,103	-
Investments at fair value	<u>3,781,230,245</u>	<u>3,413,259,701</u>
Investments at cost	<u>3,701,723,127</u>	<u>3,503,916,307</u>

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

Note 2: China Life US Equity Fund has changed from a feeder fund investing in a single underlying approved pooled investment fund to a portfolio management fund investing in index-tracking collective investment schemes approved by MPFA with effect from 1 February 2023.

## 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 2023 and 2022.

#### 11 Derivative financial instruments

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

###### At 31 December 2023

Contract to deliver	In exchange for	Settlement date	Unrealised loss HK\$
Open forward contracts: US\$8,982,766	HK\$70,000,000	28 March 2024	(22,069)
		Total unrealised loss	<u>(22,069)</u>

###### At 31 December 2022

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

##### China Life US Equity Fund

###### At 31 December 2023

Contract to deliver	In exchange for	Settlement date	Unrealised gain HK\$
Open forward contracts: US\$6,152,821	HK\$48,000,000	5 March 2024	13,825
		Total unrealised gain	<u>13,825</u>

#### 12 Accrued benefits of the Scheme

The total accrued benefits vested in the members' accounts amounted to HK\$4,140,037,153 as at 31 December 2023 (2022: HK\$3,699,366,612).

#### 13 Taxation

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

#### 14 Soft commission arrangements

During the year ended 31 December 2023 and 2022, the investment managers and their associates did not enter into any soft commission arrangements with brokers in relation to dealings in the assets of the Scheme and its constituent funds.

#### 15 Security lending arrangements

During the year ended 31 December 2023 and 2022, the Scheme and its constituent funds did not enter into any security lending arrangements.

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

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

#### **16 Negotiability of assets**

There were no statutory or contractual requirements restricting the negotiability of the assets of the Scheme and its constituent funds as at 31 December 2023 and 2022.

#### **17 Commitments**

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

#### **18 Contingent liabilities**

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

#### **19 Marketing expenses**

There have been no advertising expenses, promotional expenses or commissions or brokerage fees paid or payable to the MPF intermediaries deducted from the Scheme or its constituent funds during the year ended 31 December 2023 and 2022.

#### **20 Subsequent event**

China Life MPF Master Trust Scheme is scheduled be onboarded to the eMPF Platform on 29 July 2024 (“Onboarding Date”). Upon China Life MPF Master Trust Scheme got onboard to the eMPF Platform, the administration of China Life MPF Master Trust Scheme will be performed by the eMPF Platform.

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

The financial statements were approved by the Trustee on 27 June 2024.

**CHINA LIFE MPF MASTER TRUST SCHEME**  
**INDEPENDENT AUDITOR'S ASSURANCE REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2023**

## **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 2023 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised) “The Audit of Retirement Schemes” (“PN 860.1 (Revised)”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and have issued an unqualified auditor’s report thereon dated 27 June 2024.

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

### **Trustee’s Responsibility**

The General Regulation requires the Trustee to ensure that:

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

### **Our Independence and Quality Management**

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

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

### **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 PN860.1 (Revised) issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance on whether the Scheme has complied with the above requirements.

We have planned and performed such procedures as we considered necessary with reference to the procedures recommended in 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 2023 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and
  - (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 2023, 30 June 2023 and 31 March 2023; 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 2023, 30 June 2023 and 31 March 2023; 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 2023.
- (b) as at 31 December 2023, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

**INDEPENDENT AUDITOR'S ASSURANCE REPORT  
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 2023 as the Trustee has completed the relevant transitional provisions and the default investment arrangement of the Scheme prior to 1 April 2017 was not guaranteed funds. Accordingly, there is no reporting on these sections.

**Intended Users and Purpose**

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



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 27 June 2024