



中國人壽信託有限公司
CHINA LIFE TRUSTEES LIMITED

China Life MPF Master Trust Scheme
Governance Report

China Life MPF Master Trust Scheme

GOVERNANCE REPORT

For The Year
Ended 31 December 2024

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SECTION ONE

TRUSTEE'S GOVERNANCE FRAMEWORK

China Life Trustees Limited ("CLT") is appointed as a trustee of China Life MPF Master Trust Scheme (the "Scheme"). CLT signed the Mandatory Provident Fund Schemes Authority (the "MPFA")'s Governance Charter for MPF Trustees in May 2018 and committed to uphold and abide by the following core values at all times –

- Value-for-money MPF schemes and services;
- Act in the best interest of members;
- Lift governance standards;
- Understand and respond to members' needs;
- Engage members through transparency and communications; and
- Serve with honesty and integrity.

The board of directors (the "Board") of CLT has the primary responsibility to oversee the conduct of CLT and is ultimately responsible for the overall compliance of the CLT. The Board is responsible for the risk management and internal controls of CLT and for reviewing their effectiveness, and for regularly monitoring compliance with regulations governing the operation of CLT. CLT, being a trust company and a MPF approved trustee, is required, inter alia, to safeguard MPF members' interests.

The Board supervises the management of the Company which, in turn, is responsible for the day-to-day operational activities. The Board should probe the decision-making process of the management to ensure that it has considered all of the material facts and outcomes of its decisions.

1.1 Board Composition

The Board currently consists of six directors, three of whom are non-executive directors. Two of the non-executive directors are independent. The Board has considered and is satisfied that one-third of the board composition is made up of non-executive independent directors is an appropriate balance for the Board.

The directors' biographies, collectively demonstrate a breadth of industry experience, institutional knowledge and members' perspective which enable them to provide oversight and proper governance of CLT. The Board is committed to maintaining an appropriate balance of skills, experience, independence and knowledge amongst its members.

1.2 Fit and Proper and Suitably Qualified

The Board reviews its performance on an annual basis. An evaluation process has been implemented for the Board and its committees. Each individual director is also required to declare their interest and their professional conduct to ensure that all board members are fit and proper and suitably qualified to perform their duties. The Board is satisfied with the current evaluation and declaration process.

1.3 Committees of the Board

The Board has established an Investment Committee and a Compliance and Internal Audit Committee. The directors have delegated certain functions to these committees.

- Investment Committee mainly comprises of independent directors and investment specialist. The Board has designated an independent director as the chairman of the committee. The Investment Committee is responsible for assessing and reviewing the funds' performance, monitoring the performance of the investment managers, overseeing the integration of ESG factors into the investment and risk management processes of the investment managers.
- Compliance and Internal Audit Committee is established to monitor the internal control and compliance with regulations governing the operation of CLT acting as a trustee. The Board has designated a non-executive director with relevant experience in compliance and regulatory matters as the chairman of the committee.

1.4 Reporting Mechanism

The Board is provided with timely and accurate information so that the Board is able to take responsibility for monitoring compliance of an approved trustee's operation.

The Board meets semi-annually and on an ad hoc basis as required. CLT determines appropriate reporting protocols to communicate to the Board from time to time. The report to the Board covers but not limited to:

- Non-compliance events, complaint, conflict of interest events;
- Key issues arising from compliance/ risk assessment reviews and findings concerning compliance issues;
- Material legislative, regulatory or policy changes and their potential impact on the business operations of CLT;
- Strategic planning of CLT and the development of major plan;
- Latest business and financial figures.

ASSESSMENT AREAS

(I) VALUE FOR MONEY ASSESSMENT

The concept Value for Money is simple but in practice, particularly for retirement savings schemes, it could be complex and far-ranging. A good Value for Money MPF Scheme should provide investment returns within a fee structure that assist most individuals to meet their retirement savings goals and that the entirety of the scheme offerings should be well balanced in its services to members and employers, in a robust, secure and proven governance framework.

CLT is committed to look for constant, ongoing improvement in its Value for Money proposition for its members. CLT conducts an annual on-going assessment to review whether the Scheme could continuously deliver good value for money and reasonable outcome to scheme members, including fund performance, level of fees and charges, quality of service, suitability and range of MPF products. CLT will report and discuss any identified issues in the CLT's Board meetings. Below is the summary table of the results of Value for Money assessment.

Summary of Value for Money Assessment

Assessment criteria	Assessment results	Follow-up actions / plans
Fund performance	All the 10 constituent funds recorded positive 1-year return in 2024.	<ol style="list-style-type: none"> 1. CLT increased the frequency of the regular investment committee meeting from semi-annually to quarterly basis. Selected investment managers were invited to provide fund performance review in the investment committee meeting. 2. CLT issued letters toward the respective investment managers that are underperforming and required those managers to provide a six-month remedial action plan. CLT will closely monitor their progress.
Fee level	70% of the constituent funds are with FER better than or in line with the industry median for its available asset classes.	<ol style="list-style-type: none"> 1. The management fees of 5 out of 10 constituent funds have been reduced with effect from 29 October 2024 as a result of the use of eMPF Platform 2. The investment management fees of the underlying funds of China Life Balanced Fund, China Life Growth Fund and China Life Hong Kong Equity Fund have been reduced with effect from 1 July 2024.
Services to scheme members	The Scheme was onboarded to the eMPF Platform on 29 July 2024. The scheme administration of the Scheme is performed by the eMPF Platform since then. CLT has provided effective, integrated and coordinated communication tools toward scheme members during onboarding journey, such as seminars, website enhancement, and customer supports etc.	CLT reviews the quality and level of services provided to scheme members regularly.

Range of funds	<p>The Scheme presently consists of a series of constituent fund choices with diversified investment objectives, risk levels and portfolio are offered, covering money market fund, mixed assets funds, equity funds and guaranteed fund.</p> <p>CLT plans to further broader product spectrum by launching new funds, i.e. country/regional equity funds, sector/thematic equity funds and bond funds. The timeline is subject to the regulators' approval.</p>
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2.1.1 Investment Performance

The performance of constituent funds ("CFs") is a core pillar for assessing the Scheme value to members. The table below illustrates the Scheme investment returns over 1-year, 5-year, 10-year periods and since launch. The table also illustrates the amount of members' assets to each investment option and the benchmark (and/or fund performance target of the fund category).

Investment Performance Table	Name of benchmark / performance target	Scheme Asset (HK\$ million)	1-Year Annualized Return (% p.a.)		5-Year Annualized Return (% p.a.)		10-Year Annualized Return (% p.a.)		Since launch Annualized Return (% p.a.)	
			Fund	Benchmark / Fund's Performance Target	Fund	Benchmark / Fund's Performance Target	Fund	Benchmark / Fund's Performance Target	Fund	Benchmark / Fund's Performance Target
China Life Joyful Retirement Guaranteed Fund	Net guaranteed rate (1.35% per annum)	1,427.1	3.57	1.35	-0.76	1.35	1.01	1.35	2.13	1.35
China Life Growth Fund	Reference target from investment manager (Note 1)	722.7	10.28	12.33	1.27	4.05	3.55	5.70	4.71	6.27
China Life Hong Kong Equity Fund	FTSE MPF Hong Kong Index (Note 2)	485.6	18.04	19.72	-4.14	-3.26	1.29	1.62	2.69	4.01
China Life Balanced Fund	Reference target from investment manager (Note 1)	427.9	7.46	9.45	0.51	2.85	2.70	4.56	4.19	5.74
China Life MPF Conservative Fund	Prescribed Saving Rate (Note 3)	486.2	3.43	0.77	1.51	0.32	0.91	0.18	0.68	0.41
China Life Core Accumulation Fund	FTSE MPF DIS Reference Portfolios - Core Accumulation Fund (Note 4)	336.4	11.05	9.54	5.86	5.09	-	-	5.98	5.82
China Life Retire-Easy Global Equity Fund	FTSE MPF All-World Hedged Index TR (Note 2)	321.2	15.79	18.08	6.15	10.72	5.74	9.79	3.12	6.82
China Life Age 65 Plus Fund	FTSE MPF DIS Reference Portfolios - Age 65 Plus Fund (Note 4)	170.5	3.85	3.30	1.08	0.53	-	-	1.86	1.81
China Life US Equity Fund	FTSE MPF USA Hedged Index TR (Note 2)	229.0	18.47	23.77	-	-	-	-	2.27	8.32
China Life Greater China Equity Fund	FTSE MPF Greater China Index (Total Net) (Note 2)	92.6	13.11	20.46	-	-	-	-	-8.87	-2.38

Note 1: Please refer to components of reference targets and benchmark figures provided by investment managers as below.

Source: CLT

Fund	Target Components
China Life Growth Fund	7% FTSE MPF World Government Bond Index (35% Hedged to HKD), 24% FTSE MPF Hong Kong Index + 6% 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 ex Hong Kong ex China A Index, 3% 1-month HIBOR.
China Life Balanced Fund	25% FTSE MPF World Government Bond Index (35% Hedged to HKD), 19.2% FTSE MPF Hong Kong Index + 4.8% 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 ex Hong Kong ex China A Index, 5% 1-month HIBOR.

Note 2: The benchmark figures are obtained from Investment Managers.

Note 3: The fund's performance target: Prescribed Saving Rate (www.mpf.org.hk/en/info-centre/fund-information/prescribed-savings-rate)

Note 4: FTSE MPF DIS Reference Portfolios were published by the Hong Kong Investment Funds Association (<https://hkifa.org.hk/mpf/>)

Comparing the overall performance with industry benchmark and/or fund performance target, four CFs of the Scheme outperformed their respective benchmarks: China Life Joyful Retirement Guaranteed Fund (in 1-year and since launch), China Life MPF Conservative Fund (in 1-year, 5-year, 10-year and since launch), China Life Core Accumulation Fund (in 1-year, 5-year and since launch), and China Life Age 65 Plus Fund (in 1-year and 5-year and since launch).

There are six CFs which underperformed against their benchmarks over all periods (in 1-year, 5-year, 10-year and since launch). Indeed, as to compare with the peer group, 4 out of these 6 CFs (i.e. China Life Growth Fund, China Life Hong Kong Equity Fund, China Life Balanced Fund and China Life Retire-Easy Global Equity Fund) outperformed their respective peer group median in 1-year return.

For the remaining 2 out of these 6 CFs (i.e. China Life US Equity Fund and China Life Greater China Equity Fund), they underperformed in past 3 consecutive quarters as compared with either their respective benchmarks or the median of their peer group for 1-year and 3-year fund return. For the actions taken by CLT, please refer to “2.1.10 Summary of Key Actions Taken”.

2.1.2 Fees and Charges

The fees and charges are an important metric for assessing if the Scheme is offering value of money for scheme members. CLT monitors the Management Fees (“MF”) and Fund Expense Ratios (“FER”) of the CFs against the relevant industry information annually.

The table below discloses MF and FER of the Scheme. The stated FER of the Scheme is the actual expenses members were charged as a percentage of fund assets while MF includes fees charged by the trustee, custodian, administrator/ eMPF Platform Company Limited (“eMPF Ltd”), investment managers of the Scheme and its underlying funds.

Fees and Charges	Launch date	Net asset value (HK\$ million)	Latest Management Fee (% p.a.)			Fund Category	Latest Fund Expense Ratio (% p.a.)		
			Fund	Industry Median	Deviation		Fund^	Industry median	Deviation
China Life Joyful Retirement Guaranteed Fund	1/10/2007	1,427.1	1.86*	1.86	Same as median	Guaranteed Fund	2.06	2.06	Same as median
China Life Growth Fund	1/12/2000	722.7	1.41	1.45	Below median	Mixed Assets Fund - 81% to 100% Equity	1.43	1.52	Below median
China Life Hong Kong Equity Fund	23/12/2011	485.6	0.95	1.18	Below median	Equity Fund - Hong Kong Equity Fund	0.87	1.30	Below median
China Life Balanced Fund	1/12/2000	427.9	1.41	1.35	Above median	Mixed Assets Fund - 61% to 80% Equity	1.43	1.42	Above median
China Life MPF Conservative Fund	1/12/2000	486.2	0.85	0.85	Same as median	Money Market Fund - MPF Conservative Fund	0.90	0.91	Below median
China Life Core Accumulation Fund	1/4/2017	336.4	0.75	0.75	Same as median	Mixed Assets Fund - Default Investment Strategy - Core Accumulation Fund	0.83	0.79	Above median



China Life Retire-Easy Global Equity Fund	1/10/2007	321.2	1.40	1.21	Above median	Equity Fund - Global Equity Fund	1.31	1.35	Below median
China Life Age 65 Plus Fund	1/4/2017	170.5	0.75	0.75	Same as median	Mixed Assets Fund - Default Investment Strategy - Age 65 Plus Fund	0.83	0.79	Above median
China Life US Equity Fund	13/12/2021	229.0	0.83	1.12	Below median	Equity Fund - United States Equity Fund	0.94	1.17	Below median
China Life Greater China Equity Fund	13/12/2021	92.6	1.15	1.18	Below median	Equity Fund - Greater China Equity Fund	1.27	1.30	Below median

* Include Guarantee Charge

Source: MPFA Fund Platform

^ For the year ended 31 December 2023 (2024 figures are not yet available as of the date of preparation of this report (8 May 2025))

The Scheme published MF which were proven to be competitive within the industry, 8 out of 10 being better than or in line with the industry median for most of its available asset classes. As a result of the use of eMPF Platform for scheme administration services, effective from 29 October 2024, the MF for five CFs have been respectively reduced: MF for China Life Balanced Fund and China Life Growth Fund have been reduced from 1.50% per annum to 1.41% per annum, MF for China Life Joyful Retirement Guaranteed Fund has been reduced from 2.00% per annum to 1.86% per annum (include guarantee charge), MF for China Life Greater China Equity Fund has been reduced from 1.18% per annum to 1.15% per annum and MF for China Life US Equity Fund has been reduced from up to 0.86% per annum to up to 0.83% per annum.

For China Life Retire-Easy Global Equity Fund, despite its MF is higher than the industry median, its FER decreased by 15% (from 1.55% in 2022 to 1.31% in 2023) due to rebate and fund restructuring that effective from 26 September 2022.

2.1.3 Quality Services to Scheme Members

The parameters for Value for Money extend beyond performance and fees, it also includes services to scheme members. CLT provides members with a balanced and an ever improving suite of member and employer services and functions. Starting from 29 July 2024, CLT has onboarded to the eMPF Platform and the scheme administration services of the Scheme are performed by eMPF Platform. CLT has provided effective, integrated and coordinated communication tools toward our scheme members during onboarding journey, such as seminars, website enhancement, and customer supports etc. CLT reviews the quality and level of services provided to scheme members regularly.

2.1.4 Employer Experience

While employers have discretion in choosing the MPF Scheme for their employees, it is important to keep a positive experience of employer by offering comprehensive scheme service and supports. The services provided by CLT are comprehensive and integrated in remitting contributions, generating reports, enrolling and terminating members. During the onboarding journey to the eMPF Platform in Q2 – Q4 2024, CLT has arranged multiple seminars and outreach onsite services for the employers to address their administrative related enquiries. In order to facilitate the transition to eMPF Platform, CLT has assigned a designated customer service team, to proactively contact employers on eMPF-related matters. Key highlights of the Scheme's employer experience include:

EMPLOYER EXPERIENCE	SERVICES PROVIDED
Multiple Pre Contribution Reminder Methods (till July 2024)	Y
Multiple Contribution Payment Methods	Y



Multiple Contribution Data Submission Methods	Y
Payroll Software provision to Employers	Y
Provision of online information and functionality for Employers	Y
E-enrollment for employees	Y
Workshop on e-service/ Outreach service	Y
Contribution reminders and alerts (till July 2024)	Y
Regular Employer Communications and Reporting (till July 2024)	Y
Dedicated Customer Service Team	Y

2.1.5 Member Experience

As the popularity of e-services among the MPF industry, employees expect to manage their MPF accounts more efficiently and effectively. CLT offers varied online services and supports toward members to enhance their experiences on account opening, contributions, managing accounts, and transfer and withdrawal of MPF benefits. During the onboarding journey to the eMPF Platform in Q2 – Q4 2024, CLT has arranged multiple seminars for the members to address their administrative related enquiries. Key highlights of the Scheme's member experience include:

MEMBER EXPERIENCE	SERVICES PROVIDED
Online Investment Rebalancing	Y
Member Hotline Services	Y
Online Personal Account Opening	Y
Online TVC Account Opening	Y
Online SVC Account Opening	Y
Online MPF Transfers from other Schemes	Y
Member App	Y

2.1.6 Communication and Education

CLT provides several communication tools and promotion channels toward members. In order to cooperate with the onboarding onto the eMPF platform in July 2024, CLT has strengthened communication and education towards our scheme members in relation to the eMPF onboarding as following:

- (i) eMPF Communication Pack to employers and members
Communication pack including "Notice to Participating Employers and Scheme Members of the Scheme" was issued by CLT to participating employers and members on 22 May 2024. The notice was also published on the same day in the News Center section of our website. The onboarding date for the Scheme, as well as important information about onboarding including the early cut-off date for eMPF onboarding arrangement, arrangement after post-onboarding (e.g. eMPF registration, contribution arrangement, instruction submission channel), were provided in the notice.
- (ii) Pop-up messages regarding onboarding to the eMPF Platform via e-channel
To ensure a smooth transition for employers and members to the eMPF platform, multiple pop-up messages about the Scheme's onboarding arrangement have been released on our website and mobile apps before onboarding, reminding employers and members of the relevant details and key dates.
- (iii) A dedicated section "eMPF Corner" in our website



CLT has created an eMPF Corner in our website. The eMPF corner includes key information for employers to understand eMPF platform and the onboarding journey. CLT has continuously updated the eMPF corner (e.g. uploading seminar videos) in order to allow employers and members to access the latest information of eMPF anytime and anywhere.

(iv) eMPF seminars for employers and members

Since June 2024, CLT has collaborated with eMPF Platform to host 9 eMPF seminars for employers and members to understand about eMPF Platform, such as onboarding arrangement, cut-off date and support offered by eMPF and CLT during the transition journey.

(v) Outreach services for employers

Since late May 2024, CLT has collaborated with eMPF Platform outreach team to arrange outreach services for the employers who request face-to-face assistance on the registration and contributions and managing their MPF accounts via eMPF Platform.

(vi) Host a “Customer Conference 2024”

To enhance employers’ understanding on eMPF Platform, CLT has invited employers to join the “Customer Conference 2024” held on 28 November 2024. CLT invited representatives from the eMPF Platform in the conference to demonstrate the functions of eMPF Platform and share the latest updates. Employers had the opportunity to have an active dialogue with CLT and eMPF Platform representatives during the conference.

Key highlights of the Scheme’s Communication and Education experiences include:

COMMUNICATION AND EDUCATION	SERVICES PROVIDED
TVC Promotions	Y
Member Alerts	Y
Newsletters	Y
On Social Media	Y
Dedicated Complaints Hotline	Y
Employer Conference	Y

2.1.7 Range of MPF Funds and Suitability

CLT plays an active role in reviewing the range and suitability of its MPF funds. CLT aims to provide a greater varieties of fund choices to our scheme members and speed up the feasibility studies of launching new funds after the onboarding to eMPF Platform.

Apart from providing diversified fund choices, CLT is also dedicated to optimize the existing CFs under the Scheme to improve its investment structure with better investment returns to scheme members.

The Scheme presently consists of a series of constituent fund choices with diversified investment objectives, risk levels and portfolio are offered, covering money market fund, mixed assets funds, equity funds and guaranteed fund. The investment portfolio is suitable for nearly all age range and risk profiles and, with the diversified options, the series of constituent fund choices are likely to provide the retirement savings goals of all members.

RANGE OF MPF FUNDS AND SUITABILITY	
Number of Fund Choices	10
Choice of Mixed Asset Funds	Y



Choice of HK & China Equity Funds	Y
Global Equity Fund	Y
US Equity Fund	Y
Guaranteed Fund	Y
Money Market Fund	Y
Default Investment Strategy	Y
Use of Multiple External Investment Managers	Y

2.1.8 Investment Manager Selection, Ongoing Review and Monitoring

Being an MPF Trustee, CLT has a statutory duty to invest the contributions of scheme members of the Scheme and monitor the fund performance in order to safeguard scheme member's interest. CLT conducts fund performance monitoring of CFs on monthly basis.

CLT regularly engages with investment managers on fund performance and oversee portfolio of each CF. CLT monitors the investment managers to ensure performance of each CF is consistent with its investment objective. CLT has appointed an external independent fund consultant, to on-going monitor fund performance of our CFs over different time horizons. The consultant provides monthly fund performance reports for CLT's review. The report includes past performance, risk profile, trend analysis of CFs and whether there are any underperforming funds in past 3 consecutive months and 3 consecutive quarters. The monitoring mechanism is reviewed by CLT on a pre-determined period or whenever necessary.

Starting from Q4 2024, CLT increases the frequency of the regular investment committee meeting from semi-annually to quarterly basis. A more frequent dialogue among the investment committee members on the fund performance will drive a more prompt decision on the actions to be taken if there're any underperformance issue noted. Moreover, in order to further strengthen the monitoring on the performance of investment managers and their managed funds, CLT established investment management department in December 2024.

Assessment on Performance of Investment Manager(s)

Name of constituent fund	Investment manager of constituent fund	Investment vehicle	Year of last due diligence review on investment manager of constituent fund	Year of last review on choice of underlying fund(s)
China Life Joyful Retirement Guaranteed Fund	N/A	China Life Retire-Easy Stable Return Unit Trust (PIF) Fund	N/A	2024
China Life Growth Fund	N/A	Fidelity Global Investment Fund – Growth Fund	N/A	2024
China Life Hong Kong Equity Fund	N/A	Fidelity Global Investment Fund - Hong Kong Equity Fund	N/A	2024
China Life Balanced Fund	N/A	Fidelity Global Investment Fund – Balanced Fund	N/A	2024
China Life MPF Conservative Fund	Taiping Assets Management(HK) Company Limited	Direct Investment	2024	2024
China Life Core Accumulation Fund	N/A	Core Accumulation Fund of Invesco Pooled Investment Fund	N/A	2024

China Life Retire-Easy Global Equity Fund	China Asset Management (Hong Kong) Limited	Two or more Approved ITCISs	2024	2024
China Life Age 65 Plus Fund	N/A	Age 65 Plus Fund of Invesco Pooled Investment Fund	N/A	2024
China Life US Equity Fund	China Asset Management (Hong Kong) Limited	Two or more Approved ITCISs	2024	2024
China Life Greater China Equity Fund	N/A	JPMorgan SAR Funds – JPMorgan SAR Greater China Fund	N/A	2024

While there are any CF underperforming continuously, CLT will monitor and assure enhancement will be in place and remedial action will be taken by the respective investment manager. Based on the fund performance reports as of 31 December 2024, CLT issued an underperformance letter toward China Asset Management (Hong Kong) Limited and JPMorgan Asset Management (Asia Pacific) Limited since the respective CFs (i.e. China Life US Equity Fund and China Life Greater China Equity Fund) were underperformed in past 3 consecutive quarters as compared with either their respective benchmarks or the median of their peer group for 1-year and 3-year fund return. Both IMs provided CLT a six-month remedial action plan. As of March 2025, it's observed that the fund performance of China Life US Equity Fund has been improving following the issuance of the underperformance letter.

In respect of the performance of China Life Balanced Fund, China Life Growth Fund and China Life Hong Kong Equity Fund as mentioned in the governance report for the year ended 31 December 2023, FIL Investment Management (Hong Kong) Limited, the investment manager of the underlying funds of these CFs, has taken actions to remediate the underperformance. As of December 2024, it's observed that the 1-year, 3-year, 5-year and 10-year cumulative returns of China Life Hong Kong Equity Fund outperformed the median of peer group; while the 1-year cumulative returns of China Life Growth Fund and China Life Balanced Fund hit the median of their peer group.

2.1.9 Conflict of Interest Monitoring

CLT maintains conflict of interest policies and procedures for identifying, assessing and managing actual and potential conflicts. All the investment managers of the Scheme and its underlying funds appointed are independent of CLT. The fees and charges (include the fees paid to CLT) borne by the Scheme are clearly disclosed in the scheme brochure. Each individual director of CLT is required to declare annually that he/she is free of any conflict of interest that would interfere with the proper performance of the responsibilities of a director.

2.1.10 Summary of Key Actions Taken

In order to improve value for MPF scheme members, the following key actions were taken by CLT during the financial year from 1 January 2024 to 31 December 2024.

Investment Performance

- CLT continues to engage an external consultant on monitoring fund performance and overseeing portfolio of each CF on regular basis. In December 2024, CLT further established investment management department to oversee on the performance of investment managers and their managed funds.
- Below is the summary table of the follow-up actions / plans to improve value for scheme members.

Follow-up Actions / Plans to Improve Value for Scheme Members

Name of constituent fund	IM of CF or (if no IM at CF) IM of the underlying fund of CF	Follow-up actions / plans
China Life Greater China Equity Fund	JPMorgan Asset Management (Asia Pacific) Limited	CLT issued an underperformance letter toward the respective investment manager of CF or the underlying fund of CF. The investment managers provided CLT a six-month remedial action plan and CLT will closely monitor the progress.
China Life US Equity Fund	China Asset Management (Hong Kong) Limited	

Fees and Charges

- CLT conducted annual review of the CFs' FER and fee levels are in line with peers. CLT continues to monitor fees and charges applied by the respective CFs.
- The management fees at CF level in respect of China Life Balanced Fund, China Life Growth Fund, China Life Joyful Retirement Guaranteed Fund, China Life Greater China Equity Fund and China Life US Equity Fund have been reduced with effect from 29 October 2024 as a result of the use of eMPF Platform for scheme administration services.
- The investment management fee (taking into accounts of rebate) for the underlying funds of China Life Growth Fund, China Life Balanced Fund and China Life Hong Kong Equity Fund were reduced with effective from 1 July 2024 in order to improve the members saving and investment outcome.

Quality Services to Scheme Members

CLT regularly reviews the type of services offered to scheme members. Over the year, various enhancement had been launched to improve engagement with scheme members after reviewing quality of services annually.

- CLT held an eMPF Experience Day with eMPF Ltd on 8 May 2024. Through one-on-one eMPF Platform demonstration, CLT aims to enhance employer's understanding on handling MPF administration instructions via eMPF Platform.
- Communication pack including "Notice to Participating Employers and Scheme Members of the Scheme" was issued by CLT to participating employers and members on 22 May 2024. The notice was also published on the same day in the News Center section of our website.
- CLT has created an eMPF Corner in our website. The eMPF corner includes key information for employers to understand eMPF platform and the onboarding journey. CLT has continuously updated the eMPF corner (e.g. uploading seminar videos) in order to allow employers and members to access the latest information of eMPF anytime and anywhere.
- Since June 2024, CLT has collaborated with eMPF Platform to host 9 eMPF seminars for employers and members to understand about eMPF Platform, such as onboarding arrangement, cut-off date and support offered by eMPF and CLT during the transition journey.
- CLT had issued a letter to the eMPF Platform Company Limited and request the eMPF Platform Company Limited to formulate action plans to address the issues encountered in November 2024.
- CLT has invited employers to join the "Customer Conference 2024" held on 28 November 2024. CLT invited representatives from the eMPF Platform in the conference to demonstrate the functions of eMPF Platform and share the latest updates. Employers had the opportunity to have an active dialogue with CLT and eMPF Platform representatives during the conference

2.1.11 Conclusion

On an overall basis, CLT is satisfied that scheme members have been consistently receiving Value for Money for the year ended 31 December 2024. The China Life MPF Master Trust Scheme is clearly well balanced across various assessment criteria in a robust, secure and proven governance framework. The scheme provides performance and features that should assist most members to meet their retirement savings goals.

(II) SUSTAINABLE INVESTING STRATEGY AND IMPLEMENTATION PROGRESS FOR THE SCHEME

Environmental, social and governance (“ESG”) factors could be a source of financial risk with financial impact on the value of the MPF schemes. CLT is committed to work with the investment managers (“IMs”) of the constituent funds and/or their underlying funds in the integration of ESG factors into the investment and risk management processes in accordance with the MPFA’s “Principles for Adopting Sustainable Investing in the Investment and Risk Management Processes of MPF Funds” (the “Principles”) issued in November 2021.

2.2.1 The Impact of ESG Factors to the Value of MPF Investment Portfolio

CLT considers that ESG factors, including climate change, can have a financially material impact over the investment risk and return outcomes of the Scheme, particularly given their long term nature. It is in members’ best interests that ESG factors are taken into account in the investment and risk management processes.

2.2.2 ESG Integration Strategy for the Scheme

CLT has developed an ESG integration strategy at the scheme level in accordance with the Principles. Consistent with the Principles, as the investment management functions is carried out by IMs, CLT set the expectation to IMs that they should take account of financially material ESG considerations when making investment decisions and provide relevant information to CLT to allow CLT understand the respective ESG policies, their processes for identifying, assessing and managing ESG factors, and how these processes are integrated into the IMs’ overall risk management.

2.2.3 Implementation of ESG Integration Strategy

CLT expects the IMs of constituent funds and their underlying funds to take into account of financially material ESG considerations when making investment decisions. CLT has incorporated ESG integration into its IM selection, appointment and monitoring processes. CLT would engage with IMs who are signatories (or who is looking to have the signatory) to the United Nations Principles for Responsible Investment (“UNPRI”) going forward. Such signatories commit to integrate ESG issues into investment analysis and decision-making processes. CLT regularly monitors the IMs’ approach to ESG and alignment with the Scheme’s ESG integration policy.

For the constituent funds which are investing in a single approved pooled investment fund (“APIF”), CLT incorporates in its APIF selection and on-going monitoring and review process to ensure the ESG integration strategies of IMs align with the integration strategy for the Scheme adopted by CLT. CLT expects IMs of the APIFs to take into account of financially material ESG considerations when making investment decisions.

For the constituent fund investing passively in index-tracking collective investment funds (“ITCISs”) where the IM of the ITCISs cannot use ESG factors in the stock selection process without changing the index construction of the funds, CLT considers how the IM of the ITCISs positively engages with index constituent companies whether there is scope to improve the way ESG factors are taken into account when running a company.

2.2.4 Monitoring of ESG Integration Progress by the CLT’s Board

The board of directors of CLT monitors the ESG integration implemented by the IMs of the constituent funds and their underlying funds regularly. Directors will be informed of ESG integration and development updates formally at Board Meeting and/or through Investment Committee meetings. ESG integration forms a standing agenda item for discussion at every Investment Committee meeting.

2.2.5 Incorporation of ESG Factors into Relevant Investment Strategies

CLT requests information on the ESG policies adopted by IMs of the constituent funds and/ or their underlying funds from time to time to ensure they align with our scheme ESG integration policy. Please refer the IM's ESG policies set out below or at IMs or their group website.

IMs of the constituent funds and/or their underlying funds:

- China Asset Management (Hong Kong) Limited
<https://www.chinaamc.com.hk/sustainable-investing/>
- Taiping Assets Management (HK) Company Limited
Taiping Assets Management (HK) Company Limited ("Tai Ping"), which is a SFC licensed corporation, commenced to perform the carbon emission risk assessment of existing positions since the end of November 2022. In March 2023, Tai Ping has also implemented group "Green Finance and ESG Risk Management" policy. In the year of 2024, the self-established green finance and ESG indicator system has been further implemented.

IMs of the underlying funds of the constituent funds:

- FIL Investment Management (Hong Kong) Limited
<https://www.fidelity.com.hk/en/sustainable-investing/reports-and-policies>
- Invesco Hong Kong Limited
<https://www.invesco.com/corporate/en/our-capabilities/investment-stewardship.html>
- JPMorgan Asset Management (Asia Pacific) Limited
<https://am.jpmorgan.com/us/en/asset-management/institutional/investment-strategies/sustainable-investing/>
- Schroder Investment Management (Hong Kong) Limited
<https://www.schroders.com/en/global/individual/about-us/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/industry-involvement/>

Each IM of the constituent funds and/ or their underlying funds has a unique approach to their ESG strategy due to their respective approaches to investing, their philosophy, risk profile and investment objectives. However, currently, most of the IMs of the constituent funds and/ or their underlying funds are signatories to the UNPRI which shows evidence of IMs' commitment to comply with the global ESG investment standards.

2.2.6 Incorporation and Establishment of ESG Risk Identification, Assessment and Management in the Investment Managers' Investment Process

When meeting with the IMs, CLT ascertains from them how relevant and material ESG factors are taken into account in their investment and risk management processes. IMs demonstrated to CLT a structured integration of ESG factors and data into the investment decision making process with examples.

CLT appointed an external consultant to produce a MSCI ESG Score report for all CFs on a quarterly basis for CLT review. Below is the extraction of the MSCI ESG Score report of the Scheme as of 31 December 2024. All CFs (except China Life MPF Conservative Fund ^(Note 1)) and Default Investment Strategy (DIS) (including China Life Core Accumulation Fund and China Life Age 65 Plus Fund) ^(Note 2) exhibited consistent ESG Rating. All of them ranked mid-to-high end of the average category.

Data as at 31/12/2024					
Constituent Fund	Underlying Investment	Underlying Manager	MSCI ESG Rating	MSCI ESG Score	Leader / Laggard
China Life Balanced Fund	APIF	Fidelity	A	6.63	Average
China Life Growth Fund	APIF	Fidelity	A	6.66	Average
China Life Joyful Retirement Guaranteed Fund	APIF	Schorders	A	6.5	Average
China Life Retire-Easy Global Equity Fund	ITCIS basket	ChinaAMC	BBB	5.52	Average
China Life Hong Kong Equity Fund	APIF	Fidelity	A	6.29	Average
China Life Greater China Equity Fund	APIF	JPMorgan	A	6.02	Average
China Life US Equity Fund	ITCIS basket	ChinaAMC	BBB	5.37	Average
China Life MPF Conservative Fund	Direct Investment <i>(note 1)</i>	Taiping	n/a	n/a	n/a

Constituent Fund	Underlying Investment	Underlying Manager	Portfolio	Benchmark	Better / Worse
China Life Core Accumulation Fund	APIF <i>(note 2)</i>	Invesco	2.16	2.16	Neutral
China Life Age 65 Plus Fund	APIF <i>(note 2)</i>	Invesco	1.92	1.93	Better

MSCI ESG Rating - Conversion Table

Letter Rating	Leader/Laggard	Final Industry-Adjusted Company Score
AAA	Leader	8.571 - 10.0
AA	Leader	7.143 - 9.571
A	Average	5.714 - 7.143
BBB	Average	4.286 - 5.714
BB	Average	2.857 - 4.286
B	Laggard	1.429 - 2.857
CCC	Laggard	0.0 - 1.429

Data as at 30/9/2024			
Underlying Manager	MSCI ESG Rating	MSCI ESG Score	Leader / Laggard
Fidelity	A	6.49	Average
Fidelity	A	6.51	Average
Schorders	A	6.48	Average
ChinaAMC	BBB	5.53	Average
Fidelity	A	6.08	Average
JPMorgan	BBB	5.68	Average
ChinaAMC	BBB	5.41	Average
Taiping	n/a	n/a	n/a

Underlying Manager	Portfolio	Benchmark	Better / Worse
Invesco	2.14	2.17	Better
Invesco	1.90	1.95	Better

Source: MSCI, *ESG Ratings Methodology*.

Notes

1. Taiping does not apply ESG research on Money Market strategy, which is for deposit placement only.
2. Invesco only provides internal proprietary rating, which includes Portfolio and Benchmark. The lower the score, the less ESG risk.

2.2.7 Investment Managers' Policies on Engagement Activities

CLT expects IMs to use their influence as institutional investors to pursue CLT's rights and duties as a shareholder including voting, along with, where relevant and appropriate, engaging with underlying investee companies to promote good corporate governance, accountability and positive change.

2.2.8 Investment Managers' Reporting on ESG Integration

CLT requires that the IMs report to CLT on ESG and stewardship matters on a regular basis and be responsive to queries from CLT. The IMs of the constituent funds are also invited to report on their ESG related information if necessary in the Investment Committee meeting.

2.2.9 Summary of Key Actions Taken

- CLT regularly engages with investment managers on the updates on ESG integration.
- A MSCI ESG Score Report for all CFs is produced on a quarterly basis to evaluate ESG integration of IMs if they have taken account of financially material ESG considerations when making investment decisions.

BOARD ENDORSEMENT

The China Life MPF Master Trust Scheme Governance Report has been endorsed by the Board of China Life Trustees Limited on 29 May 2025.