

China Life MPF Master Trust Scheme

GOVERNANCE REPORT

For The Year
Ended 31 December 2025

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SECTION ONE

TRUSTEE'S GOVERNANCE FRAMEWORK

China Life Trustees Limited ("CLT" or the "Company") has been appointed as the 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 of CLT (the "Board") has the primary responsibility to oversee the conduct of CLT and is ultimately responsible for the overall compliance of 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 the Scheme 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 five directors, three of whom are non-executive directors. Two of the non-executive directors are independent. The Board has considered and is satisfied that not less than one-third of the board composition is made up of independent non-executive directors and hence is an appropriate balance for the Board.

The directors' biographies collectively demonstrate a breadth of industry experience, institutional knowledge and members' diversified perspectives 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 own performance on an annual basis. An evaluation process has been implemented and maintained for the Board and its committees. Each individual director is also required to declare his/her interest and 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 processes.

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 comprises a majority of independent directors as members and is advised by investment specialists. The Board has designated an independent director as the chairman of the committee. The Investment Committee is responsible for assessing and reviewing the performance of the constituent funds comprised under the Scheme (“CFs” or “Funds”), monitoring the performance of the investment managers, overseeing the integration of Environmental, Social and Governance (“ESG”) factors into the investment and risk management processes of the investment managers.
- Compliance and Internal Audit Committee is established to monitor the internal controls 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 with regulations governing the operation of CLT acting as a trustee.

The Board meets semi-annually and on an ad hoc basis as required. CLT has determined and laid down 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, complaints, and 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 impacts on the business operations of CLT;
- Strategic planning of CLT and the development of major plans; and
- Latest business and financial figures.

SECTION TWO

ASSESSMENT AREAS

(I) VALUE FOR MONEY ASSESSMENT

The concept of 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 scheme members 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 looking for stable, sustainable and ongoing enhancements in its Value for Money proposition for its members. CLT conducts annual on-going assessments to review whether the Scheme could continuously deliver good Value for Money and reasonable outcome to Scheme members, including CF 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 Board meetings. Below is the summary table of the results of the recent Value for Money assessment.

Summary of Results of Recent Value for Money Assessment

Assessment criteria	Assessment results	Follow-up actions / plans
Fund performance	All the 10 CFs recorded positive 1-year return in 2025 of which 4 CFs outperformed and 6 CFs underperformed their respective benchmarks (over 1 year). See section 2.1.1.	<ol style="list-style-type: none"> 1. CLT continued on a regular basis to engage with an external consultant on monitoring and enhancing CF performance and overseeing portfolio of each CF. 2. CLT issued letters towards the respective investment managers of the underperforming CFs, requiring each of them to provide a six-month remedial action plan. CLT will closely monitor their progresses. 3. CLT proposed to change the respective investment managers of the underperforming CFs, subject to applicable regulators' approvals.
Fee level	80% of the CFs are with Fund Expense Ratios ("FER") lower than or in line with the industry medians, while 20% of the CFs are with FER higher than the industry medians for their comparable asset classes. See section 2.1.2.	The investment management fees of the underlying funds of China Life Greater China Equity Fund were reduced from 0.55% to 0.50%, effective 1 July 2025.
Services to Scheme members	As the Scheme's administration was performed by the eMPF Platform since 29 July 2024, throughout 2025, CLT continued to provide effective, integrated and coordinated communication tools for Scheme members, such as seminars, website enhancements, customer supports, etc.	CLT reviewed the quality and level of services provided to Scheme members on a regular basis.
Range of Funds	The Scheme currently offers a series of CF choices with diversified investment objectives and risk levels, including money market, mixed assets, equity and guaranteed funds.	CLT planned to further broaden product spectrum by launching new funds, such as country/regional equity funds, sector/thematic equity funds and bond funds. The timeline is subject to the regulators' approval.

2.1.1 Investment Performance

The performance of CFs is a core pillar for assessing the Scheme's value to members. Table below illustrates the Scheme's investment returns since launch and over 1-year, 5-year, 10-year periods. The table also illustrates the respective benchmark or performance target, and amount of members' assets allocated to each CF:

Constituent Funds (CF)	Benchmark/ Performance Target (PT)	Scheme Asset (HK\$ mn)	1-Year Annualized Return (% p.a.)		5-Year Annualized Return (% p.a.)		10-Year Annualized Return (% p.a.)		Since launch Annualized Return (% p.a.)	
			CF	Benchmark / PT	CF	Benchmark / PT	CF	Benchmark / PT	CF	Benchmark / PT
MPF Risk level = Low										
China Life Joyful Retirement Guaranteed Fund	Net guaranteed rate (1.35% per annum)	1,450.2	6.18	1.35	0.04	1.35	1.31	1.35	2.34	1.35
China Life MPF Conservative Fund	Prescribed Saving Rate ^(Note 1)	614.5	2.32	0.19	1.84	0.36	1.15	0.20	0.75	0.40
MPF Risk level = Medium										
China Life Balanced Fund	PT ^(Note 2,5)	486.2	17.27	22.34	1.13	4.52	4.59	6.90	4.68	6.36
China Life Growth Fund	PT ^(Note 2,5)	846.5	20.62	27.41	2.27	6.41	5.72	8.52	5.30	7.05
China Life Age 65 Plus Fund	FTSE MPF DIS Reference Portfolios - Age 65 Plus Fund ^(Note 3)	197.8	7.10	5.49	0.59	0.02	N/A	N/A	2.45	2.22
China Life Core Accumulation Fund	FTSE MPF DIS Reference Portfolios - Core Accumulation Fund ^(Note 3)	447.9	15.80	13.56	6.47	5.37	N/A	N/A	7.06	6.68
MPF Risk level = High										
China Life Retire-Easy Global Equity Fund	FTSE MPF All-World Hedged Index TR ^(Note 4)	360.8	15.32	21.76	7.27	11.86	7.76	12.06	3.76	7.53
China Life US Equity Fund	FTSE MPF USA Hedged Index TR ^(Note 4)	263.0	14.62	17.09	N/A	N/A	N/A	N/A	5.19	10.42
China Life Greater China Equity Fund	FTSE MPF Greater China Index (Total Net) ^(Note 4)	138.8	33.54	35.83	N/A	N/A	N/A	N/A	0.14	5.92
China Life Hong Kong Equity Fund	FTSE MPF Hong Kong Index ^(Note 4)	578.0	30.39	36.90	-2.23	0.76	4.46	5.53	4.45	5.96

Source: CLT – For better understanding, the annualized return figures of CFs that outperformed the benchmark are highlighted in green, while the annualized return figures of CFs that underperformed the benchmark are highlighted in red.

Note 1: Performance target: Prescribed Saving Rate (www.mpfa.org.hk/en/info-centre/fund-information/prescribed-savings-rate)

Note 2: Please refer to compositions of Performance Targets (PT) and their respective figures provided by investment managers as below:

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 Index, 5% 1-month HIBOR
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 Index, 3% 1-month HIBOR.

Note 3: FTSE MPF DIS Reference Portfolios were published by the Hong Kong Investment Funds Association (<https://hkifa.org.hk/mpfi/>)

Note 4: The benchmark figures were provided by respective Investment Managers.

Note 5: FTSE MPF Asia Pacific ex Japan ex Hong Kong previously as one of the components of the legacy benchmark was replaced by FTSE MPF Asia Pacific ex Japan ex Hong Kong ex China Index with effect from April 2024 pursuant to the advice from the corresponding Investment Manager to align with the new MPF industry standard.

Four CFs outperformed their respective benchmarks: a) China Life Joyful Retirement Guaranteed Fund (over 1-year and since launch), b) China Life MPF Conservative Fund (over 1-year, 5-year, 10-year and since launch), c) China Life Age 65 Plus Fund (over 1-year and 5-year and since launch), and d) China Life Core Accumulation Fund (over 1-year, 5-year and since launch).

Six CFs underperformed their benchmarks over all periods (i.e. over 1-year, 5-year, 10-year and since launch). Meanwhile, four of them (China Life Balanced Fund, China Life Growth Fund, China Life Retire-Easy Global Equity Fund, and China Life Hong Kong Equity Fund) outperformed their respective peer group medians over 1-year period. On the other hand, 1-year and 3-year returns of China Life US Equity Fund and China Life Greater China Equity Fund underperformed either their respective benchmarks or peer group medians for the last 3 consecutive quarters of 2025.

According to the existing performance monitoring mechanism which (among other things) takes into account both benchmarks and peer group comparison, China Life Retire-Easy Global Equity Fund has not been on the monitoring list, and in relation to the five underperforming CFs which had or have been on the monitoring list at the material times, actions are required to be taken by CLT against such five underperforming CFs, and please refer to “2.1.10 Summary of Key Actions Taken” for more details.

2.1.2 Fees and Charges

The fees and charges are another important metrics for assessing the Scheme’s achievement level of its Value for Money proposition to Scheme members. CLT monitors the Management Fees (“MF”) and FER of the CFs against the relevant industry information annually.

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

Fees and Charges	Launch date	Net Asset Value (HK\$ mn)	Latest Management Fee (% p.a.)			Fund Category	Latest Fund Expense Ratio (% p.a.)		
			CF	Industry Median	Deviation		CF ^A	Industry median	Deviation
MPF Risk level = Low									
China Life Joyful Retirement Guaranteed Fund	1/10/2007	1,450.2	1.86*	1.86	Same as median	Guaranteed Fund	1.92319	2.05155	Below median
China Life MPF Conservative Fund	1/12/2000	614.5	0.85	0.81	Above median	Money Market Fund MPF (Conservative Fund)	0.88142	0.89573	Below median
MPF Risk level = Medium									
China Life Balanced Fund	1/12/2000	486.2	1.36	1.16	Above median	Mixed Assets Fund (61% to 80% Equity)	1.25063	1.37488	Below median
China Life Growth Fund	1/12/2000	846.5	1.41	1.29	Above median	Mixed Assets Fund (81% to 100% Equity)	1.25246	1.53620	Below median
China Life Age 65 Plus Fund	1/4/2017	197.8	0.75	0.75	Same as median	Mixed Assets Fund Default Investment Strategy (Age 65 Plus Fund)	0.81131	0.78901	Above median
China Life Core Accumulation Fund	1/4/2017	447.9	0.75	0.75	Same as median	Mixed Assets Fund Default Investment Strategy (Core Accumulation Fund)	0.81279	0.78639	Above median
MPF Risk level = High									
China Life Retire-Easy Global Equity Fund	1/10/2007	360.8	1.40	1.11	Above median	Equity Fund (Global Equity)	1.28673	1.30677	Below median
China Life US Equity Fund	13/12/2021	263.0	0.83	1.11	Below median	Equity Fund (United States Equity)	0.89341	1.06137	Below median
China Life Greater China Equity Fund	13/12/2021	138.8	1.10	1.21	Below median	Equity Fund (Greater China Equity)	1.20880	1.35270	Below median
China Life Hong Kong Equity Fund	23/12/2011	578.0	0.90	1.24	Below median	Equity Fund (Hong Kong Equity)	0.83934	1.44871	Below median

* Includes Guarantee Charge

^ For the year ended 31 December 2025

Source: CLT, MPFA Fund Platform – For better understanding, the figures of CFs with FER below industry median are highlighted in green, while the figures of CFs with FER above industry median are highlighted in red.

The Scheme’s published MF is competitive within the industry. In particular, six out of ten MFs were either at or lower than industry median. While MF of China Life Greater China Equity Fund was below the industry median, it was further reduced from 0.55% to 0.50%, effective 1 July 2025.

2.1.3 Quality Services to Scheme Members

The parameters for Value for Money extend beyond performance and fees, and include services to Scheme members. CLT provides members with a balanced and an ever improving suite of member and employer services and functions. While the administration services of the Scheme have been performed by eMPF Platform since 29 July 2024, CLT has continued to provide effective, integrated and coordinated communication tools towards the Scheme members throughout 2025, such as seminars, website enhancements, customer supports, etc. CLT reviews the quality and level of services provided to Scheme members regularly. More details can be found in Section 2.1.10.

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 services and supports. The services provided by CLT are comprehensive and integrated in remitting contributions, generating reports, enrolling and terminating members. During 2025, CLT arranged a variety of seminars and provided onsite services for the employers to address their administrative related enquiries. Key highlights of the Scheme’s employer experience include:

EMPLOYER EXPERIENCE	SERVICES PROVIDED
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
Dedicated Customer Service Team	Y

2.1.5 Member Experience

As to the popularity of e-services in the MPF industry, employees expect to manage their MPF accounts more efficiently and effectively. CLT offers varied online services and supports towards members to enhance their experiences on account opening, contributions, managing accounts, and transfer and withdrawal of MPF benefits. 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 Tax Voluntary Contributions (“TVC”) Account Opening	Y
Online Special Voluntary Contributions (“SVC”) Account Opening	Y

Online MPF Transfers from other Schemes	Y
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2.1.6 Communication and Education

CLT provides several communication tools and promotion channels towards members. Key highlights of the Scheme's Communication and Education experiences include:

COMMUNICATION AND EDUCATION	SERVICES PROVIDED
TVC Promotions	Y
Seminars	Y
Newsletters	Y
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 CF choices to the Scheme members and has been conducting feasibility studies of launching new funds. At this stage, CLT has planned to further broaden product spectrum by launching new CFs, such as country/regional equity funds, sector/thematic equity funds and bond funds. The timeline is subject to the regulators' approval.

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 CF choices with diversified investment objectives, risk levels and portfolios, 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 CF 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 statutory duty to invest the contributions of members of the Scheme and monitor the CF performance in order to safeguard Scheme members' interests. CLT conducts fund performance monitoring of CFs on a monthly basis.

CLT oversees investment portfolios of each CF and regularly engages with investment managers to ensure performance of each CF is consistent with its respective investment objective. To better achieve this objective, CLT has appointed an external independent fund consultant to continuously monitor fund performance of the Scheme's CFs over different periods. The consultant provided CLT with monthly fund performance reports covering historical performance, risk profile, trend analysis of CFs and related advice and recommendations. Underperforming CFs in the immediately preceding 3 consecutive months and 3 consecutive quarters were highlighted in the reports. CLT would perform regular review on the monitoring mechanism from time to time or on a needed basis, particularly through the Investment Committee at its quarterly meetings.

Due Diligence on Investment Manager(s) of CF and/or Underlying Fund(s)

Constituent Fund (CF)	Investment Manager (IM) of CF	Investment Vehicle	Last Due Diligence Review On IM of CF	Last Review On Underlying Fund(s)
MPF Risk level = Low				
China Life Joyful Retirement Guaranteed Fund	N/A	China Life Retire-Easy Stable Return Unit Trust (PIF) Fund	N/A	2025
China Life MPF Conservative Fund	Taiping Assets Management (HK) Company Limited	Direct Investment	2025	2025
MPF Risk level = Medium				
China Life Balanced Fund	N/A	Fidelity Global Investment Fund – Balanced Fund	N/A	2025
China Life Growth Fund	N/A	Fidelity Global Investment Fund – Growth Fund	N/A	2025
China Life Age 65 Plus Fund	N/A	Age 65 Plus Fund of Invesco Pooled Investment Fund	N/A	2025
China Life Core Accumulation Fund	N/A	Core Accumulation Fund of Invesco Pooled Investment Fund	N/A	2025
MPF Risk level = High				
China Life Retire-Easy Global Equity Fund	China Asset Management (Hong Kong) Limited	Two or more Approved ITCISs	2025	2025
China Life US Equity Fund	China Asset Management (Hong Kong) Limited	Two or more Approved ITCISs	2025	2025
China Life Greater China Equity Fund	N/A	JPMorgan SAR Funds – JPMorgan SAR Greater China Fund	N/A	2025
China Life Hong Kong Equity Fund	N/A	Fidelity Global Investment Fund – Hong Kong Equity Fund	N/A	2025

In case one or more of the CFs' underperformance persists, CLT would closely monitor and ensure that enhancement and remedial actions are duly taken by the respective investment manager(s).

China Life Balanced Fund, China Life Growth Fund and China Life Hong Kong Equity Fund

In view of the unsatisfactory performance of China Life Balanced Fund, China Life Growth Fund and China Life Hong Kong Equity Fund respectively since 2023 and throughout 2024, throughout 2025, CLT had closely monitored the continuous performance of these three CFs, including having urged the investment manager of the underlying funds of these three CFs to enhance performance by way of remedial actions (for example, reduction of the investment management fee by way of rebate since 1 July 2024, and broadening of its investment universe by investing in ITCISs). The performance of these three CFs remained unstable during 2025 when the performance deteriorated again in June 2025 after a brief improvement during the second half of 2024. In June 2025, the management of CLT had an on-site visit to the investment manager to discuss the performance issues and urge for imminent remedial plans and actions. As the stability of performance of these three CFs is yet to be observed, CLT will continuously and closely review the performance of these three funds and take remedial measures at an appropriate time.

During the Investment Committee meeting held in August 2025, all the Investment Committee members agreed to recommend the replacement of the investment manager of China Life Growth Fund and China Life Balanced Fund, subject to applicable regulators' approvals. The proposed change of this investment manager was approved by the CLT directors in November 2025.

China Life US Equity Fund and China Life Greater China Equity Fund

Further to the fund performance reports of China Life US Equity Fund and China Life Greater China Equity Fund as of 31 December 2024 and their continuous underperformance in 2025, CLT issued underperformance letter to the respective IMs of those two CFs. The 1-year and 3-year fund returns of these two CFs underperformed either their respective benchmarks or the median of their peer group in the last 3 quarters of 2024. Both IMs had provided CLT with a six-month remedial action plan.

During the Investment Committee meeting held in August 2025, all the Investment Committee members agreed to recommend the replacement of the investment manager of China Life US Equity Fund, subject to applicable regulators' approvals. The proposed change of this investment manager was approved by the CLT directors in November 2025.

Regarding the enhancement for performance improvement of China Life Greater China Equity Fund, JPMorgan Asset Management (Asia Pacific) Limited ("JPM"), the IM of this CF had strengthened its research resources of China stock market and introduced a more localized team of research analysts with perceived better insights on market share, policy sensitivity, and market dynamics, following the issuance of underperforming letters by CLT. Moreover, JPM reduced the investment management fee by way of rebate, effective 1 July 2025. The CF performance had improved in May 2025 and China Life Greater China Equity Fund was removed from the monitoring list in August 2025.

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 Scheme members, CLT continues to engage an external consultant on monitoring CF performance and overseeing portfolios of each CF on a regular basis. According to the existing performance monitoring mechanism, actions are required to be taken by CLT against the five underperforming CFs which had or have been on the monitoring list at the material times. The following table summarized the actions and/ or plans during 2025:

Name of Constituent Fund (CF)	Investment Manager of CF or Underlying Fund of CF	Actions Taken (2025)
China Life Balanced Fund	FIL Investment Management (Hong Kong) Limited	CLT is in the progress of changing the investment managers of CF/underlying funds of CF, subject to applicable regulators' approvals
China Life Growth Fund		
China Life US Equity Fund	China Asset Management (Hong Kong) Limited	
China Life Greater China Equity Fund	JPMorgan Asset Management (Asia Pacific) Limited	In response to CLT's urge in May 2025 for the investment manager to take imminent remedial actions to achieve improved performance, the investment manager had strengthened its research resources of China stock market and introduced a more localized team of research analysts with perceived better insights on market share, policy sensitivity, and market dynamics, also coupled with reduction of the investment management fee by way of rebate, effective 1 July 2025. The CF performance had improved and the CF was removed from the monitoring list in August 2025
China Life Hong Kong Equity Fund	FIL Investment Management (Hong Kong) Limited	CLT urged the investment manager to improve performance and will continue to closely monitor performance and take necessary actions at an appropriate time

Fees and Charges

- CLT conducted annual review of the CFs' FER and fee levels with reference to those of peers. CLT continues to monitor fees and charges applied by the respective CFs.
- The investment management fee by way of rebate for the underlying funds of China Life Greater China Equity Fund was reduced, effective 1 July 2025, in order to improve the members' savings and investment outcome.

Quality Services to Scheme Members

CLT regularly reviews the type of services offered to Scheme members. Following the annual review on quality of services, various enhancements had been launched during 2025 to provide for more effective engagements and communications with Scheme members and are summarised as follows:

- **eMPF Seminars For Employers**
CLT collaborated with eMPF Platform to deliver four seminars for employers. These sessions aimed to familiarize employers with the eMPF platform, providing guidance on registration, the offsetting arrangement, and the process for bulk contribution uploads.
- **New Webpage-Offsetting Abolition**
In April 2025, CLT launched a dedicated section on its website to support the Government's implementation of the abolition of the MPF offsetting arrangement. The website provides comprehensive details on the new arrangement and government subsidy schemes, aiming to help members better understand the arrangement and its implementation.
- **Arrangements During Severe Weather And Extreme Conditions**

In response to the increasing frequency of extreme weather events in Hong Kong, in May 2025, CLT implemented robust service arrangements to maintain essential operations, such as fund valuation and the processing of investment instructions submitted via electronic means. These arrangements aimed to ensure service continuity and protect members' rights by disseminating timely notices via CLT's official website to enhance awareness.

- **Prize Quiz Game on Promotion on eMPF Platform Registration**

In May 2025, CLT launched a 30th Anniversary Prize Quiz to promote registration on the eMPF platform. By integrating MPF knowledge into the game, CLT incentivized participation with attractive gifts, successfully boosting member engagement and driving eMPF platform adoption.

- **Customer Conference 2025**

On 30 December 2025, CLT held the "Customer Conference 2025" which brought together stakeholders, including employers, members, regulators, and partners to share valuable insights on market trends and pension developments.

2.1.11 Conclusion

Overall, CLT is satisfied that Scheme members have consistently received Value for Money for the year ended 31 December 2025. The Scheme is operated under a robust, secure and proven governance framework, thereby achieving well-balanced assessment results across various assessment criteria. 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

ESG factors could be a source of financial risk with financial impact on the value of the MPF schemes. CLT is committed to working with the investment managers ("IMs") of the CFs 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 are 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 investment and risk management processes and decisions.

2.2.3 Implementation of ESG Integration Strategy

CLT expects the IMs of CFs 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. In particular, CLT would only engage with IMs who are signatories (or who are looking to become the signatories) to the United Nations Principles for Responsible Investment ("UNPRI"). Such signatories commit to integrate ESG issues into investment analysis and decision-making processes. CLT regularly monitors the IMs' approaches to ESG and alignment with the Scheme's ESG integration policy.

For the CFs which are investing in a single approved pooled investment fund ("APIF"), CLT incorporates ESG elements in its APIF selection and on-going monitoring and review processes to ensure that 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 each CF investing passively in index-tracking collective investment schemes ("ITCISs") where the IM of the ITCISs cannot use ESG factors in the stock selection process without changing the index construction of the ITCISs, CLT considers how the IM of the ITCISs positively engages with index constituent companies as to whether there is any scope to improve the way ESG factors are taken into account when running a company.

2.2.4 Monitoring of ESG Integration Progress by CLT's Board

The Board regularly monitors the ESG integration implemented by the IMs of the CFs and their underlying funds. Directors will be informed of ESG integration and development updates formally at Board meetings and/or through the 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 CFs and/ or their underlying funds from time to time to ensure that they align with the Scheme's ESG integration policy. Please refer the IM's ESG policies set out below or at the respective websites of the IMs or their corporate groups.

IMs of the CFs 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 also implemented group "Green Finance and ESG Risk Management" policy. In the years of 2024 and 2025, the self-established green finance and ESG indicator system was further implemented.

IMs of the underlying funds of the CFs:

- 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/sustainability/sustainable-investing/>

IMs of the CFs and/ or their underlying funds each have a unique approach to their ESG strategy due to their respective approaches to investing, their philosophies, risk profiles and investment objectives. However, currently, most of the IMs of the CFs and/ or their underlying funds are signatories to the UNPRI, evidencing 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 have 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's review. Below is an extract of the MSCI ESG Score report of the Scheme as of 31 December 2025. All CFs (except China Life MPF Conservative Fund ^(Note 2)) exhibited consistent ESG Rating. All of them ranked mid-to-high end of the average category.

Data as at 2025/12/31					
Constituent Fund	Underlying Investment	IMs/ Underlying Manager	MSCI ESG Rating	MSCI ESG Score	Leader / Laggard
China Life Balanced Fund	APIF	Fidelity	A	6.74	Average
China Life Growth Fund	APIF	Fidelity	A	6.82	Average
China Life Joyful Retirement Guaranteed Fund	APIF <i>(note 1)</i>	Schorders	A	6.5	Average
China Life Retire-Easy Global Equity Fund	ITCIS basket	ChinaAMC	A	6.83	Average
China Life Hong Kong Equity Fund	APIF	Fidelity	A	6.88	Average
China Life Greater China Equity Fund	APIF	JPMorgan	A	6.35	Average
China Life US Equity Fund	ITCIS basket	ChinaAMC	A	6.26	Average
China Life Core Accumulation Fund	APIF	Invesco	A	6.53	Average
China Life Age 65 Plus Fund	APIF	Invesco	A	6.16	Average
China Life MPF Conservative Fund	Direct Investment <i>(note 2)</i>	Taiping	n/a	n/a	n/a

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 2025/9/30				
IMs/ Underlying Manager	MSCI ESG Rating	MSCI ESG Score	Leader / Laggard	
Fidelity	A	6.69	Average	
Fidelity	A	6.75	Average	
Schorders	A	6.49	Average	
ChinaAMC	A	6.81	Average	
Fidelity	A	6.56	Average	
JPMorgan	A	5.99	Average	
ChinaAMC	A	6.22	Average	
Invesco	A	6.42	Average	
Invesco	A	6.16	Average	
Taiping	n/a	n/a	n/a	

Source: MSCI, *ESG RatingsMethodology*.

Notes

- Rating reflects the underlying Mandate of the Insurance Policy
- Taiping does not apply ESG research on Money Market strategy, which is for deposit placement only.

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 shall be responsive to queries from CLT. The IMs of the CFs are also invited to report on their ESG related information if necessary in the Investment Committee meetings.

2.2.9 Summary of Key Actions Taken

- CLT regularly engages with IMs 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 5 June 2026.