1. What is MPF?

   The Mandatory Provident Fund ("MPF") System was launched by the government of the Hong Kong Special Administrative Region ("HKSAR") in December 2000. Regulated and monitored by the Mandatory Provident Fund Schemes Authority ("MPFA"), the system aims to provide retirement support for the Hong Kong workforce.

2. Who should enroll MPF?

   Except exempted individuals, all employees and self-employed persons aged 18 to aged below 65, and are normally residing and working in Hong Kong, are required to participate in an MPF scheme, including:

   - Employees who have worked for 60 days or more (including full-time or part-time)
   - Self-employed persons who earn an income from the production or trade of goods or services not in the capacity of an employee. Sole proprietors and partners in a partnership are regarded as self-employed persons.
   - Casual employees aged 18 to 64 who employed in the catering or construction industries on a day-to-day basis or for a fixed period of less than 60 days.

3. Enrolment and mandatory contributions

   According to the Mandatory Provident Fund Schemes Ordinance, employers are responsible to enroll employees in an MPF scheme. Both employees and employers are required to make contributions based on monthly relevant income.

4. Withdrawal of benefits

   When you reach the retirement age of 65, you can withdraw your MPF accrued benefits or retain it in your account for continuous investment according to your personal circumstances. You may also elect to withdraw your MPF accrued benefits earlier under the following circumstances:

   - early retirement at the age 60; or
   - permanent departure from Hong Kong; or
   - total incapacity; or
   - terminal illness; or
   - death; or
   - small balance account of less than HK$5,000 in only one MPF scheme , no contributions made in the past 12 months, and declared not to become employed or self-employed.

5. When and How should I Adjust My MPF Fund Choices?

   Review Your MPF Fund Choices Regularly
   Your MPF investment can span several decades, during which you may go through different life stages, such as changing employers, purchasing property, getting married,

raising a family and finally retiring. You should review your MPF investment regularly to ensure that it is in line with your investment objectives, preferred asset allocation and risk tolerance level. If there is any mismatch, you should then adjust your fund choices.

6. How Often Should I Review My MPF Fund Choices?

   If you enter into a new life stage, such as purchasing property, getting married or having children, you should consider reviewing your existing fund choices because your risk tolerance level may change with the changes in your personal circumstances. In general, it is good to review your fund choices once every six months or once a year, and consider making adjustments if necessary. For example, as you get closer to retirement, you might consider switching to a more conservative portfolio.

7. What is the Default Investment Strategy (DIS) ?

   The Mandatory Provident Fund Schemes (Amendment) Ordinance 2016 ("Amendment Ordinance") mandates each Mandatory Provident Fund ("MPF") scheme to provide Default Investment Strategy ("DIS"), with effect from 1 April 2017. DIS is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make an investment choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not make an investment choice, their future contributions and accrued benefits transferred from another MPF scheme (collectively the "Future Investments") will be invested in accordance with the DIS. The DIS is designed to be substantially similar in all MPF schemes.

8. What are the main features of DIS?

   The key features of the DIS are included:

   - Each MPF scheme provides two constituent funds that meet the requirements of the Ordinance for the purpose of the members who opt to invest in the DIS:
     The DIS consists of two constituent funds under each scheme, namely, the Core Accumulated Fund ("CAF") and the Age 65 Plus Fund ("A65F"). The CAF is a mixed assets constituent fund with higher risk, while the A65F is a mixed assets constituent fund with lower risk. For the investment objectives and strategies of these two constituent funds, please refer to the offering document of the relevant MPF schemes.
   - De-risking mechanism:
     This mechanism aims at adjusting the proportion of members investing in higher and lower risk assets in accordance with the age of individual members. The DIS will automatically reduce the risk of investing in higher-risk assets as members' age and invest in lower-risk assets accordingly to manage investment risk.
   - Fee control mechanism:

The total amount of the fees (including the out-of-pocket expenses) of the CAF, A65F or DIS which paid by the members of the DIS shall not exceed the percentage prescribed in the legislation.

9. What is Tax Deductible Voluntary Contribution ("TVC")?

   TVC is a form of MPF contributions which can help you save money while enjoying tax deduction. The contributions you make to this TVC account (up to an annual limit of HKD60,000) will be counted as a deductible item when you report your taxable income.

   Scheme members can enjoy the flexibility to make TVC to their TVC accounts at any time and in varying amounts. They can also increase or reduce the amount of contributions, or cease to make contributions, or resume the making of contributions at any time, having regard to their personal circumstances.

   TVC is designed to fortify your retirement reserves, so it is subject to the preservation requirement applicable to mandatory contributions and can only be withdrawn upon scheme member's reaching age 65 or on other statutory grounds under the MPF legislation.

10. What are the objectives of Employee Choice Arrangement (ECA)? What are the benefits to employees?

    ECA gives greater autonomy of choice to employees, allowing them to choose their own MPF trustee(s) and scheme(s), thus encouraging them to manage their MPF investments more actively and thereby further enhance market competition.

11. What are the rights of employees after implementation of ECA?

    - ECA allows employees to transfer from their MPF contribution account the MPF (i.e. the accumulated contributions and investment returns) derived from their mandatory contributions to a scheme of their choice (New Scheme). Such transfers can be carried out on a lump-sum basis once every year. (# Every year means the period from 1 January to 31 December in any given year.)

    - In addition, if employees have transferred the MPF derived from mandatory contributions relating to their former employment or self-employment to their contribution account under current employment, they can transfer those benefits on a lump-sum basis to a New Scheme at any time.

    - If employees are satisfied with the scheme chosen by their employers (Original Scheme), they do not have to make any transfer.
    - Important note: Employees cannot transfer the MPF derived from the employer mandatory contributions. Such benefits must be retained in the Original Scheme until cessation of employment of the employees.

12. Important notes for transfer of accrued benefits

- Before choosing a new MPF trustee and scheme to transfer accrued benefits, employees should not make the decision based solely on the customer offer. Employees should consider various factors, such as fund choices, fees, service standard, fund performance and personal factors, etc.
- The transfer transaction commences from unit redemption by the original MPF trustee and is completed after unit subscription by the new trustee. There will be a window period during which the accrued benefits will not be invested in any funds. During this period, market fluctuations may affect the fund prices, and so the value of the accrued benefits may be affected.

Investment involves risks and past performance is not indicative of future performance. Investment return may rise or fall. You are advised to read the relevant Principal Brochure for further details and risk factors prior to making any investment decision.