Media Release
For Immediate Release

HKU Survey Finds: MPF Reserves Can Only Support For 6.8 Years 40% of Hong Kong People Have No Other Investment Plans For Retirement Planning, and Will Run Out of Money by Age 67

(Hong Kong, December 10, 2015) According to the latest survey released by the Public Opinion Programme of The University of Hong Kong ("HKU") commissioned by **Convoy Financial Holdings Limited ("Convoy" or "the Group", stock code: 1019**), nearly 90% (89.4%) of respondents think that their MPF funds are insufficient for their retirement and that it can only support them for an average of 6.8 years. However, around 40% (41.9%) of Hong Kong people have no other investment tools besides MPF to increase their retirement reserve. Based on the typical retirement age of 60 for most Hong Kong people, employees are expected to use up all their money by the age of 67 if they solely rely on their MPF reserves. Around 30% (32.6%) of the respondents see investing in equities as an investment tool after retirement, while some look to their children or even gambling as income sources after retirement. This has reflected the unhealthy attitude towards wealth management for retirement among the Hong Kong people.

Mark Mak, Group Chief Executive Officer, said, "It is worrying that over 40% of respondents rely solely on their MPF for retirement reserves. Many people think that depositing their money in the bank can generate the funds needed for a carefree retirement lifestyle. In fact, savings are not enough to support retirement when inflation is factored in, which leads to constantly increasing daily expenses. Besides carefully managing their MPF investments, employees should also choose appropriate investment products to support their future retirement needs based on their risk appetite."

Convoy Financial commissioned the Public Opinion Programme of HKU to conduct the MPF survey, which collected the opinions of employed Hong Kong residents from different age groups. From November 5 to 25, 2015, 806 phone interviews were conducted with Hong Kong residents aged between 25 and 50 to gain an understanding of the MPF habits and wealth management intentions for retirement of different age groups.

The survey, which asked respondents whether they thought their MPF was enough to support their retirement life, revealed that approximately 90% (89.4%) believed that their MPF reserves cannot meet their needs and think it can only support for 6.8 years. Among the respondents who stated the exact period, around 90% (92.5%) of them felt that their MPF reserves will last less than

10 years; while around 50% (52.9%) thought that their MPF reserves will last less than five years. As the typical retirement age of most Hong Kong people is 60 years old, their MPF reserves will be depleted by the time they reach age 67. Therefore, based on the current average lifespan of Hong Kong people – which is between 81.2 years old and 86.7 years old – they require an extra 15 - 20 years to accumulate savings in addition to their MPF reserves in order to possess enough money for retirement.

The survey also showed that other than MPF, over 40% (41.9%) of respondents did not use any other investment tools for retirement planning. Conversely, 57.7% of respondents used other investment tools for retirement planning, of which most invested in equities (32.6%), followed by insurance/ insurance saving plans (19.2%), funds (18.0%), and property (8.2%).

Mark Mak, Group Chief Executive Officer, said, "Even though most respondents were aware that their MPF cannot cover their expenses after retirement, most did not know how to make up for the shortfall. In fact, there are retirement investment products in the market available, such as annuities can be utilized for retirement planning purposes. Employees can prepare in advance while they are still capable of working and receive regular monthly payments after they retire, enabling them to maintain their lifestyle until they pass away."

According to the survey, over half of the respondents (54.7%) expect medical expenses to account for the largest portion of their expenses after retirement, followed by daily living expenses (51.0%). Compared to last year's results in which medical expenses and daily living expenses accounted for 46.1% and 61.1% respectively, this year's respondents were more concerned about medical security. **Mark Mak** added that if employees are worried about paying expensive medical bills after retirement, they should purchase critical illness / medical insurance when they are still young to enhance their medical coverage. This offers the advantages of lower premium payments and more comprehensive coverage, providing the insured with all-round protection after they have retired. In addition, certain products can provide coverage till 100 years old if purchase it before a specific age.

Over 10% of respondents adjusted their MPF portfolios after the market slump – average loss on their portfolios was 13.8% after the adjustment

Since faltering in April this year, the Hong Kong stock market has been plagued by volatility. The Hang Seng Index plummeted by over 5,400 points from July to September, seriously affecting MPF performances in the third quarter. Therefore, the survey also investigated the respondents' attitudes towards MPF management during the market slump. It was revealed that over 10% of respondents (12.4%) had adjusted their MPF portfolios in the third quarter, of which nearly 40% (37%) indicated that their portfolio had lost 13.8% on average; around 40% (39%) replied that they were "not aware about it / believed the results is yet to be reflected". On the other hand, 23.0% of respondents stated that their portfolios recorded gains after the adjustment, gaining 11.1% on average. Most respondents (88.7%) believed that MPF participants should review and adjust their MPF portfolios according to market fluctuations, and only around 8.8% believed that adjustments were unnecessary.

Among respondents who indicated that they adjusted their MPF portfolios, equities were their favored type of assets. Nearly half of them (47.0%) transferred their MPF portfolio to equity funds, followed by bonds and conservative funds, accounting for 19% respectively. Mixed assets funds ranked fourth at 18.0%, while money market funds were less popular as only 5.0% of respondents transferred their portfolios to such products.

In terms of market preference, Asia (excluding Hong Kong and Japan) and Hong Kong were the most popular with 35.0% of respondents selected Asia (excluding Hong Kong and Japan) while 33.0% chose Hong Kong. There were also quite a number of investors who felt optimistic about the European market (20.0%). However, the North American and Japanese markets were less preferred as they were only selected by 10.0% and 2.0% of respondents respectively.

Kenrick Chung, Director of MPF Business Development of Convoy Financial Services Limited said, "Employees prefer Asian and local markets, as well as equities when deciding on their MPF portfolios. However, the funds within these three categories have been affected by market volatility. Some of the funds even plunged by 23.05% in the third quarter, which nullified such strategies such as 'buying at the bottom price' and 'portfolio adjustment', resulting in an average loss of 13.8%. This was in line with the 17.02% drop of the Convoy MPF Equity Index in the third quarter, and was worse than the 11.49% decline of the Convoy MPF Composite Index."

Kenrick Chung continued, "With the market stabilizing in the fourth quarter, those who have been monitoring the post-adjustment performance of their portfolios can consider whether their recent changes are suitable for long-term investment or speculation. For those who haven't been monitoring the post-adjustment performance of their portfolios, they need to be aware of the consequences of portfolio adjustment. These MPF participants are easily affected by market sentiment; when the markets become volatile, they tend to switch their portfolio without much thought, but ignore it completely afterwards. As the year draws to a close, I urge all employees to review the performance of their MPF portfolios and make long-term plans for their retirement funds."

Other Findings:

- Investor satisfaction regarding MPF performance has remained similar compared to last year, with an overall average of 4.7 points, which was still below the median of 5 points. 36.8% of respondents expressed that their satisfaction level for their current MPF portfolio was average; 32% of respondents said that their MPF performance was mediocre to poor (0-4 points).
- When respondents intend to adjust their MPF portfolio, most sought recommendations from professionals, including MPF intermediaries/ financial planners (29.7%), friends (22.6%), personal experience (19%), and family members (8.4%).
- Nearly 20% (19%) of respondents believed that their MPF reserves can only last for 10 years; 16.1% of respondents thought that their MPF reserves can last for five years only; 5% believed their MPF reserves can support them for 11-20 years; while 21.2% of respondents had no idea how long their MPF reserves would last.

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Photo captions:

Photo 1: Convoy announces the results of the survey conducted on MPF and retirement planning. (From the left) The photos shows Mark Mak, Group CEO and Kenrick Chung, Director of MPF Business Development.

Photo 2: Daric Wu, Associate Director of Convoy Financial Services Limited, suggested 3 tips for the working population in planning for their long term retirement so as to ensure a financially secured and fruitful retired life.

About Convoy Financial Holdings Limited

Established in 1993, Convoy Financial Holdings Limited ("Convoy" or "the Group"; Hong Kong Stock Code: 1019), has major members including Convoy Financial Services Limited, Convoy Asset Management Limited, Convoy Collateral Limited, Convoy International Property Consulting Company Limited, Convoy Securities Limited and Convoy Capital Limited. Since establishment, the group strives to provide corporate institutional as well as individual clients integrated financial services with its prudent management and professional service standard. Services include financial planning, life and general insurance, MPF, asset management, loans services, risk management, capital investment immigration consultancy and mortgage referral, etc.

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