



Mrs Ayesha Macpherson Lau
Chairman

Chairman's Statement

"We should never forget that the people always come first. Everything we do should be for the people, and we should rely on the people in everything we do. We should ensure that all our people will benefit from our joint cause of promoting reform and development."¹ MPFA's commitment to putting scheme members' interest first resonates deeply with this people-centric governance philosophy as proclaimed by President Xi Jinping. With this commitment, we keep pursuing various reforms of the mandatory provident fund (MPF) System to make it a better retirement savings avenue for the working population in Hong Kong and meet their aspirations for a more secure retirement.

New MPF Digital Era

The most significant reform in the history of the MPF System took shape with the launch of the eMPF Platform (eMPF) in June 2024, marking the dawn of the new MPF digital era.

Before then, MPF schemes had been operating under a decentralized landscape administered by 12 MPF trustees on different scheme administration platforms, involving over 11 million MPF accounts. Scheme members with multiple accounts under different schemes had to manage their MPF with different trustees separately. A significant portion of the administration processes was manual and paper-based.

Following the successful onboarding of the first MPF scheme to eMPF in June 2024, the remaining trustees began switching to eMPF one by one. When onboarding of all MPF trustees to eMPF completes by end 2025 as planned, there will be one common and integrated electronic platform to handle MPF scheme administration work for all MPF schemes.

With eMPF, scheme members can have one-stop access to all their MPF accounts, no matter with which trustees the accounts are maintained, and are able to check account and fund information anytime, anywhere. Employers can perform MPF administration online with improved accuracy, reducing administrative errors, avoiding inadvertent default contributions, alleviating their operational burden and ultimately benefiting scheme members.

With further input on various fronts, including third-party professional advice from an expert group, testing of eMPF user interface by a professional service company, and continuous feedback from a standing user group consisting of users already onboard eMPF, it is expected that user experience and smooth operation will be further enhanced.

Another key benefit to be brought about by eMPF is fee reduction. With administration procedures of all MPF schemes centralized and digitalized through eMPF, reduction of scheme administration cost ensues. The MPF legislation requires that after an MPF scheme gets onboard eMPF, the administration fee charged by the trustee on scheme members must not exceed the eMPF fee payable by the trustee to the system operator, such that the cost savings for scheme administration can be passed on to scheme members in full, and the fund expense ratio of MPF funds must fully reflect the cost savings to ensure that there is corresponding reduction in the overall fee level. Scheme members benefit from these fee control measures progressively as their MPF schemes eventually get onboard eMPF.



Chairman engages with catering employees, ethnic minorities and frontline workers to listen to their views on MPF

¹ Speech by President Xi Jinping at a reception to celebrate the 75th anniversary of the founding of the People's Republic of China held in Beijing on 30 September 2024.

Greater Autonomy for Scheme Members

Apart from regulatory controls, market competition is another driver for fee reduction. Greater autonomy in MPF management will encourage scheme members to proactively manage their MPF and foster market competition, thereby creating room for fee reduction.

The Employee Choice Arrangement, commonly known as “semi-portability”, introduced in 2012 allows employees to transfer the entire amount of the employee mandatory contributions in their contribution accounts from the MPF schemes offered by their employers to a scheme of their choice once a year. This gives them the opportunity to select an MPF scheme that better suits their investment needs.

With the abolition of the MPF offsetting arrangement taking effect on 1 May 2025 (Transition Date), the MPF benefits derived from employer mandatory contributions can no longer be used to offset the portion of severance payment and long service payment for the employment period on or after the Transition Date. This not only lets employees benefit more directly from mandatory contributions made by employers, but also opens up an opportunity to leverage the operational experience of semi-portability to implement full portability, covering also employer mandatory contributions. eMPF can provide the foundation for building new functions to facilitate transfer and tracking of MPF benefits, thus making it possible to achieve full portability and realizing the long-term goal of the MPF System.

With the public consultation on proposals of MPF full portability ended in April 2025, I look forward to the completion of the subsequent legislative process and smooth implementation of this important reform, enabling the working population to manage their MPF with greater flexibility.

Refined Investment Regulation

Another area of reform relates to the investment of MPF funds. We have put continuous efforts into expanding the MPF investment universe and refining the regulation of MPF investment with a view to enhancing diversification of risks and providing better return potential for scheme members.

Over the years, the scope of permissible asset classes has been broadened, including the inclusion of listed real estate investment trusts (REITs), gold exchange traded funds, and more approved stock exchanges for MPF investment purposes. Legislation has been amended to facilitate MPF investment in debt securities issued or unconditionally guaranteed by the Central People's Government, the People's Bank of China and Mainland policy banks.

Further development in this area is seen in 2024–25. In view of the role of listed REITs in diversifying investments and providing stable income, MPFA has completed a review and made plans to allow MPF investments in REITs listed on the Shenzhen Stock Exchange and Shanghai Stock Exchange, while lifting the investment limits for REITs that are listed on approved exchanges in five markets, namely Singapore, Japan, Canada, France and the Netherlands. These measures will be implemented expeditiously once the detailed arrangements and schedule for the inclusion of REITs in “Shanghai/Shenzhen-Hong Kong Stock Connect” are confirmed. MPFA also completed a review on allowing MPF funds to invest in private equities funds listed in Hong Kong, subject to individual approval by MPFA and investment limit, to capture the potential benefits for enhancing diversification and risk-adjusted returns.

Other refinements to investment regulation made during the year included fine-tuning the minimum credit rating requirements for debt securities with an aim to widen the range of potential quality debt securities for investment by MPF funds. These measures enable MPF trustees and the fund industry to strive for better investment returns and diversification of risks and, in turn, provide better and more diversified investment options to the working population.

On provincial level, MPFA signed a Memorandum of Understanding with the Administration of Social Insurance Fund of Guangdong in July 2024 to implement a simpler and speedier “notification and declaration” arrangement to facilitate the application for exemption from participation in the Mainland’s Basic Pension Insurance under the “Interim Measures for Participation in Social Insurance by Hong Kong, Macao and Taiwan Residents” for MPF scheme members working in the Guangdong Province. This helps serve the needs of scheme members working in the Greater Bay Area.



Chairman meets with MOHRSS representatives to exchange views on retirement protection for the working population

Acknowledgements

In the past year, great strides have been made in taking forward important reforms of the MPF System, in particular the launch of eMPF. I must thank my fellow Board Members for providing their insights and wise counsel, Members of the MPF Schemes Advisory Committee and the MPF Industry Schemes Committee for their valuable advice and support.

My thanks also go to the Government for its good guidance and unwavering support, especially its policy support and financial commitment to the eMPF project.

The MPF industry has continued to work closely with MPFA in preparing for transition to eMPF. I would like to express my heartfelt appreciation for their relentless efforts and significant contributions.

Various stakeholders, including labour unions, business chambers and employer bodies, have provided invaluable input to facilitate our work in better meeting the needs of scheme members. I am most grateful to them for their contributions.

Last but not least, I would like to thank colleagues of MPFA who, under the capable leadership of the Managing Director Mr Cheng Yan-chee, have been implementing changes to achieve better outcomes and better serve the public, at the same time prudently exercising financial discipline to achieve more with less resources.

Ayesha Macpherson Lau
Chairman