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PRACTICE QUESTIONS

Chartered Insurance Institute (CII)

NGH9CV6Q

HFT - Award in Financial Planning (Hong Kong) (Chinese)

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

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Before you begin

What this is

9 practice questions for Chartered Insurance Institute (CII) `NGH9CV6Q`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, `NGH9CV6Q`
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1 SINGLE CHOICE

A client in Hong Kong seeks advice on long-term financial planning. Under the Chartered Insurance Institute's framework for the Award in Financial Planning, what is the PRIMARY role of a financial planner?

A. To select specific stocks and managed funds for the client's portfolio

B. To provide holistic advice that considers all aspects of the client's financial circumstances and objectives

C. To sell life insurance and investment products on commission

D. To prepare the client's tax returns and lodge them with the Inland Revenue Department

ANSWER **B**

WHY The CII's Award in Financial Planning emphasises a holistic, client-centred approach. A financial planner's primary role is to provide advice that takes into account the client's full financial situation, goals, attitude to risk and life stage, rather than focusing on product sales, tax filing or stock-picking.

QUESTION 2 SINGLE CHOICE

Which of the following is the FIRST stage of the recommended financial planning process taught in the CII Award in Financial Planning?

A. Recommending suitable financial products

B. Establishing and prioritising the client's goals and objectives

C. Reviewing the financial plan on a regular basis

D. Implementing the agreed plan through product applications

ANSWER **B**

WHY The financial planning process begins with gathering information about the client and establishing their goals and objectives, before any analysis, recommendation, implementation or review takes place. Recommending products, implementing and reviewing all come after the client's goals have been clearly identified and prioritised.

QUESTION 3 SINGLE CHOICE

A Hong Kong client is investing for retirement in 25 years' time and has a low tolerance for short-term losses. Which type of investment holding period is generally most appropriate for this client's objective?

A Speculative short-term trading

B **Long-term investing to benefit from compounding and potential growth**

C Medium-term trading aiming to time the market

D Cash deposits held only until retirement

ANSWER B

WHY For a long time horizon such as 25 years to retirement, long-term investing is typically appropriate because it allows the benefits of compounding and the smoothing of short-term market volatility to work in the client's favour. Short-term speculation, market timing or holding only cash would generally not suit a long-term objective with a need for growth.

QUESTION 4 SINGLE CHOICE

When assessing a client's attitude to risk, which of the following statements is most accurate?

A Attitude to risk is determined solely by the client's age

B **Attitude to risk reflects how the client feels about taking risk and is influenced by their experience and personal circumstances**

C Attitude to risk is fixed once the client reaches adulthood and cannot change

D Attitude to risk only matters when investing in equities

ANSWER B

WHY Attitude to risk is a personal, subjective measure of how a client feels about the possibility of investment losses and is shaped by factors such as their experience, personality, family situation and prior investment outcomes. It is not fixed for life, is not determined solely by age, and is relevant to all investment decisions, not just equities.

QUESTION 5 TRUE FALSE

Reviewing and revising the financial plan on a regular basis is an essential final stage of the financial planning process, because a client's circumstances and objectives can change over time.

A True

B False

ANSWER A

WHY True. The financial planning process is not a one-off exercise; ongoing review ensures that the plan continues to reflect the client's changing circumstances, objectives, attitude to risk and prevailing economic conditions. The CII's process explicitly includes regular review as a final, ongoing stage.

QUESTION 6 SINGLE CHOICE

In Hong Kong, an insurance intermediary advising a member of the public on long-term insurance policies is primarily regulated by which body?

A The Securities and Futures Commission (SFC)

B The Insurance Authority (IA)

C The Hong Kong Monetary Authority (HKMA)

D The Mandatory Provident Fund Schemes Authority (MPFA)

ANSWER B

WHY Insurance intermediaries in Hong Kong are regulated by the Insurance Authority (IA), which took over the regulatory functions previously performed by the Office of the Commissioner of Insurance. The SFC regulates securities and investment intermediaries, the HKMA regulates banks and the MPFA oversees MPF schemes.

QUESTION 7 SINGLE CHOICE

Which of the following best describes the PRIMARY purpose of life insurance protection cover?

- **A** **To provide a lump sum or income that helps maintain the financial security of dependents if the policyholder dies or suffers a specified critical illness**
- B To grow a tax-free investment fund for retirement
- C To guarantee a fixed rate of return on premiums paid
- D To allow the policyholder to withdraw money at any time without penalty

ANSWER **A**

WHY Life insurance protection is fundamentally designed to provide financial support — typically a lump sum or regular income — to the policyholder's family or beneficiaries in the event of death, terminal illness or critical illness. Investment, savings and return features are secondary or incidental to this primary protection function.

QUESTION 8 SINGLE CHOICE

Which of the following is a key feature of the Hong Kong Mandatory Provident Fund (MPF) system?

- A Membership is voluntary for employees and self-employed persons
- **B** **Contributions made by an employer and employee are invested in funds chosen from approved MPF schemes**
- C Members can withdraw all their MPF benefits at any time once contributions begin
- D The MPF replaces all other sources of retirement income

ANSWER **B**

WHY The MPF is a compulsory, privately-managed retirement savings system in which both employer and employee make mandatory contributions, which are then invested in funds selected by the employee from among approved constituent funds. Membership is compulsory (not voluntary), withdrawals are restricted by statutory preservation rules, and MPF is intended to supplement, not replace, other retirement resources.

QUESTION 9 MULTIPLE CHOICE

Which of the following are core ethical principles that a CII-qualified financial planner is expected to follow? (Choose two.)

- **A** **Acting with integrity, objectivity and due care in dealings with clients**
- B Maximising the commission earned on every product sale
- **C** **Treating clients fairly and putting their interests first where appropriate**
- D Recommending only products offered by a single insurer

ANSWER **A · C**

WHY Acting with integrity, objectivity and due care (A) and treating clients fairly with their interests given due regard (C) are recognised CII ethical principles. Maximising commission (B) and restricting recommendations to a single provider (D) conflict with the duties of integrity, objectivity and fairness owed to clients.