

Press Release

Life Annuity Scheme

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Wednesday) that the independent consultant has completed verifying and validating the Life Annuity Scheme (the Scheme).

The HKMC announced in April the tentative key design features of the Scheme and appointed an independent consultant to verify and validate the Scheme. The external independent consultant appointed by the HKMC completed the work in May. The consultant has reviewed the actuarial analysis conducted by the HKMC for designing the Scheme, including the methodology, models and the various assumptions, and considers that the analysis is overall in order. Based on the conclusion of the consultant, the HKMC confirms that the internal rate of return for annuitants under the Scheme can be set at the higher end of the previously indicated range, i.e. 4%. For example, at the entry age of 65 and for HK\$1 million of premium, male and female annuitants will receive fixed monthly payout of around HK\$5,800 and HK\$5,300 respectively.

The Chairman of the HKMC and Financial Secretary of the Government of the Hong Kong Special Administrative Region, Mr Paul Chan, said, “The announcement of the key design features of the Scheme in April has attracted widespread public attention and discussion, including suggestions for enhancing the Scheme. Subject to prudent risk management principles, we

will consider such suggestions, including suitably increasing the HK\$10 billion subscription quota of the Scheme.”

Chief Executive Officer of the HKMC, Mr Raymond Li, said, “The HKMC Board has requested us to strive to launch the Scheme by mid-2018. We will endeavour to complete the preparatory tasks within the tight implementation schedule. The top-priority task is to seek the authorisation by the insurance industry regulatory authority for operating the Scheme. Meanwhile, the HKMC is formulating the operational details of the Scheme, including the distribution channels and allocation methods, and will continue to consult stakeholders on the relevant arrangements.”

The Hong Kong Mortgage Corporation Limited

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