

本公司的董事局欣然提呈其報告及本公司(就本報告而言，連同其附屬公司及附屬企業，統稱「**本集團**」)截至二零一七年十二月三十一日止年度經審核的綜合財務報表(「**財務報表**」)。

主要業務

截至二零一七年十二月三十一日止年度內，本集團的主要業務包括：

- (一) 從有關批授人、發行人、擁有人或賣方，購買以位於香港的物業或其他抵押品作抵押的按揭或貸款組合，收購任何類別的債權證、應收款項、金融資產及據法權產；
- (二) 透過購買或其他方式，從政府部門和機構及相關組織、法定團體以及公營機構收購任何資產，並持有、出售、轉讓、處置及處理任何該等所收購的資產；
- (三) 向投資者發行債券；
- (四) 為參與的貸款機構所批出以住宅物業和其他資產(如適用)作抵押的按揭貸款、安老按揭貸款及補地價貸款提供按揭保險；
- (五) 受政府委託管理一個為參與的「**認可機構**」(根據《銀行業條例》的定義)借予本地非上市企業包括中、小型企業(「**中小企**」)的貸款提供融資擔保的計劃；及
- (六) 經營一個中央小型貸款平台以支援小型貸款。

本集團其他成員截至二零一七年十二月三十一日止年度內的企業資料和主要業務，均載於財務報表附註21。

The Directors of the Company (**Directors**) have pleasure in presenting their report together with the audited consolidated financial statements of the Company (for the purpose of this report, together with its subsidiaries and subsidiary undertakings, **Group**) for the year ended 31 December 2017 (**Financial Statements**).

Principal Activities

The principal activities of the Group in the course of the year ended 31 December 2017 were:

- (a) to purchase portfolios of mortgages or loans secured on properties or other collateral situated in Hong Kong and to acquire debentures, receivables, financial assets and choses in action of all kinds from their originators, issuers, owners or vendors;
- (b) to acquire, by purchase or otherwise, any assets from government bodies and agencies and related organisations, statutory bodies and public bodies and to hold, sell, transfer, dispose of and deal in any such assets so acquired;
- (c) to issue debt securities to investors;
- (d) to provide mortgage insurance cover in respect of mortgage loans, reverse mortgage loans and loans for premium settlement originated by participating lenders and secured on residential properties and, if applicable, other assets;
- (e) to operate a scheme for the Government providing guarantee on loans advanced by participating authorized institutions (**AIs**) (as defined in the Banking Ordinance) for local non-listed enterprises, including small and medium enterprises (**SMES**); and
- (f) to operate a centralised microfinance platform to support microfinance loans.

The corporate information and principal activities of the other members of the Group in the course of the year ended 31 December 2017 are set out in Note 21 to the Financial Statements.

業務審視

1. 業務板塊

為完成其使命和社會目標，本集團年內以審慎商業原則運作，主要通過經營及擴展下列項目和計劃，從事按揭保險、參與借貸及購買貸款的業務活動。

按揭保險計劃

推出按揭保險計劃，容許自置居所人士取得較高按揭成數，從而減輕其支付首期的負擔，目的是促進香港有更多自置居所。在該計劃下，本集團扮演保險公司的角色，為參與的認可機構批出的按揭貸款，當中超出香港金融管理局規定的貸款上限部分，提供按揭保險保障，並收取保費。自一九九九年三月推出以來，該計劃的公眾認受性越來越高。二零一七年，該計劃所批核的新提取按揭貸款總額為323億港元。

安老按揭計劃

推出安老按揭計劃，旨在給予長者多一項財務安排選擇，藉此提升其生活素質。透過安老按揭，長者可以利用自住物業作為抵押品，從參與的貸款機構換取一筆過款項及/或於一段付款期內每月連續收取款項。在該計劃下，本集團擔當保險公司的角色，為參與的貸款機構所批出的安老按揭貸款，提供按揭保險保障，並收取保費。

在密集及多方位的宣傳活動推動下，本集團的安老按揭計劃提取宗數於二零一七年有顯著增長，較二零一六年增加92%。

Business Review

1. Business Segments

In the pursuit of its missions and social objectives, during the year, the Group operated on prudent commercial principles and engaged in business activities of mortgage insurance, loan participation and loan acquisition, mainly through the operation and extension of the programmes and schemes below.

Mortgage Insurance Programme (MIP)

MIP is launched with the aim of promoting home ownership in Hong Kong by enabling high loan-to-value financing for homebuyers to reduce their down payment burden. Under the MIP, the Group acts as insurer to provide mortgage insurance cover for a premium on mortgage loans advanced by participating AIs in excess of the lending limits imposed by the Hong Kong Monetary Authority. Since the inception in March 1999, the MIP has gained increasing public receptiveness. In 2017, the total amount of mortgage loans drawn down under the MIP was HK\$32.3 billion.

Reverse Mortgage Programme (RMP)

RMP is launched with the aim of providing elderly people with an additional financial planning option to enhance their quality of life. Through reverse mortgage, elderly people could use their self-use residential properties as collateral in return for lump-sum payouts and/or a stream of monthly payouts from participating lenders over a payment term. Under the RMP, the Group acts as insurer to provide mortgage insurance cover for a premium on reverse mortgage loans advanced by participating lenders.

Under an intensive and multi-faceted publicity campaign, the Group achieved a significant growth in the number of RMP drawdown cases in 2017, with a 92% increment recorded as compared to 2016.

補價易貸款保險計劃

推出補價易貸款保險計劃，旨在協助資助出售房屋業主補地價，藉此促進資助房屋租售市場的發展。物業補地價後，其轉讓限制得以解除，業主則可以在公開市場出售或出租其單位。在該計劃下，本集團擔當保險公司的角色，為參與的貸款機構所批出主要用於補地價的一筆過貸款，提供按揭保險保障，並收取保費。該計劃現時覆蓋香港房屋委員會轄下的居者有其屋計劃、私人機構參建居屋計劃和租者置其屋計劃及香港房屋協會轄下的住宅發售計劃和夾心階層住屋計劃中的資助出售房屋。

小型貸款計劃

推出小型貸款計劃，旨在以可負擔的息率提供貸款及給予輔助支援服務予有意創業、自僱或希望通過培訓、技能提升或考取專業資格自我增值的合資格人士。除非獲政府繼續委託及經董事局批准延續，該計劃將於二零一八年六月期滿，其現有總貸款金額上限為2億港元。

中小企融資擔保計劃

中小企融資擔保計劃是一個由市場主導的貸款擔保計劃，通過為參與的貸款機構所批出的企業貸款提供五至七成擔保，協助本地非上市企業（包括中小企）應付經營業務及購置設備和資產的融資需求。

此外，政府委託了本集團管理政府的特別優惠措施，旨在為參與的貸款機構向本地非上市企業所批出的貸款提供八成信貸擔保（「八成信貸擔保產品」）。以政府所提供總額高達1,000億港元的信貸擔保作後盾，本集團按審慎商業原則管理八成信貸擔保產品，並負責相關營運開支。為繼續協助本地企業取得融資，八成信貸擔保產品的申請期限在二零一七年至一八年財政預算案中獲再度延長至二零一八年二月底。

Premium Loan Insurance Scheme (PLIS)

PLIS is launched with the aim of facilitating owners of subsidised sale flats to settle the land premium, thus promoting the for-rent/sale market of subsidised housing. After settling the land premium, the alienation restriction is removed and the owners may sell or let their flats in the open market. Under the PLIS, the Group acts as insurer to provide mortgage insurance cover for a premium on lump-sum loans advanced by participating lenders primarily for land premium settlement. PLIS currently covers subsidised sale flats under the Home Ownership Scheme, the Private Sector Participation Scheme and the Tenants Purchase Scheme of the Hong Kong Housing Authority, as well as the Flat-for-Sale Scheme and the Sandwich Class Housing Scheme of the Hong Kong Housing Society.

Microfinance Scheme (MFS)

MFS is launched with the aim of offering loans at affordable rates and ancillary supporting services to eligible persons who wish to start their own businesses, become self-employed or achieve self-enhancement through training, upgrading of skills or obtaining professional certification. Subject to any extension as may be commissioned by the Government and approved by the Board of Directors, the MFS will expire in June 2018 and its current lending cap is HK\$200 million.

SME Financing Guarantee Scheme (SFGS)

SFGS is a market-based loan guarantee scheme providing 50% to 70% guarantee on loans advanced by participating lenders for assisting local non-listed enterprises (including SMEs) to meet their funding needs for working capital or acquisition of equipment and assets in support of their business operations.

In addition, the Government has commissioned the Group to administer the Government's special concessionary measures which aim at providing 80% guarantee for loans advanced by participating lenders for local non-listed enterprises (**80% SFGS**). Backed by the Government's total guarantee commitment of up to HK\$100 billion, the Group administers the 80% SFGS on prudent commercial principles at its own cost. To continue supporting local enterprises to obtain financing, the 80% SFGS was further extended to end-February 2018 in response to the 2017-18 Budget.

本集團自二零一七年一月起為該計劃推出了一連串完善措施，以確保該計劃的貸款再融資進行順利，加快該計劃的索償程序，並為報銷追收還款的開支費用提供靈活安排。完善措施推出後，本集團為參與的貸款機構中直接從事該計劃營運的員工安排了一系列培訓課程，讓他們熟習該等完善措施。

購買按揭貸款計劃

本集團的使命之一，是透過提供可靠的流動資金來源，加強香港銀行業的穩定性。為完成此使命，本集團一直做好準備，以便隨時於核准賣方有需要減持資產套現時，從核准賣方買入按揭貸款和其他資產。年內，市場資金充裕，銀行出售資產套現的意欲偏低。

終身年金計劃

年內，本公司就推出終身年金計劃為香港退休人士提供額外的退休規劃選擇展開可行性研究。獲委聘的獨立顧問確認終身年金計劃具商業可行性及財政持續能力。據此，本公司於二零一七年六月通過了在二零一八年中推行該計劃的方案，該計劃將有助香港長者把現金一筆過轉化為保證終身長遠獲得的穩定收入。

為推行該計劃，本公司成立了全資附屬公司香港年金有限公司，其一直在向保險業監管局申請經營該計劃的所需授權。

The Group has launched a series of refinements under the SFGS since January 2017 with a view to facilitating a smooth transition for refinancing of the SFGS facilities, expediting the claim process of the SFGS and providing flexibility for reimbursement of recovery expenses. Following the rollout of the refinements, the Group has arranged a series of training sessions for staff members of participating lenders who are directly involved in the operations of the SFGS to familiarise them with the refinements.

Mortgage Purchase Programme (MPP)

One of the missions of the Group is to enhance the stability of the banking sector in Hong Kong by offering a reliable source of liquidity. To achieve this mission, the Group stands ready to purchase mortgage loans and other assets from approved sellers as and when they have the need to offload. With ample liquidity in the market during the year, there was low incentive for AIs to offload their assets.

Life Annuity Scheme (LAS)

The Company initiated a study in the year on the feasibility of launching a life annuity scheme to provide an additional retirement planning solution to the retirees in Hong Kong. An independent consultant was engaged which confirmed the commercial viability and financial sustainability of the LAS. On that basis, the Company approved in June 2017 the plan for implementing the LAS in mid-2018 which would help the elderly in Hong Kong turn their cash lump sum into a life-long guaranteed stream of stable income.

To implement the LAS, the Company established a wholly-owned subsidiary, HKMC Annuity Limited (**HKMCA**), which has been applying for the necessary authorisation from the Insurance Authority to operate the LAS.

2. 市場環境

二零一七年，世界主要經濟體的增長同步加快，使環球經濟狀況有所改善。在穩定增長的支持下，美國聯邦儲備局繼續逐步加息，並著手展開資產負債表正常化。歐元區的復甦動力更趨穩固，歐洲中央銀行亦在二零一七年底宣佈其計劃由二零一八年初開始縮減資產購買規模。

在亞洲，內地深化供給側結構性改革以推進經濟升級及轉型，中國經濟在二零一七年維持強勁增長勢頭，近七年來首呈加速增長。加上全球需求遞增，一併帶動亞洲的地區貿易流量。在香港，受惠於全球經濟廣泛復甦並承接內需及外需穩定，經濟錄得高於趨勢的增長。整體而言，在供應緊張及低息環境下，香港住宅物業市場在二零一七年依然是價格高企。

2. Market Environment

In 2017, global economic conditions improved with a synchronous acceleration in growth across major economies worldwide. On the back of solid growth, the US Federal Reserve continued to proceed with interest rate hike gradually and began its balance sheet normalisation. The recovery momentum in the Eurozone became more entrenched and the European Central Bank also announced its plan in late 2017 to reduce its asset purchases starting from early 2018.

In Asia, the Mainland deepened the supply-side structural reform to promote economic upgrading and transformation, and the Chinese economy maintained strong growth momentum in 2017, staging the first pick-up in growth in seven years. This, alongside the strengthening global demand, bolstered regional trade flows in Asia. In Hong Kong, the economy benefitted from a broad-based global economic upturn and recorded above-trend economic expansion in the wake of solid domestic and external demands. In general, the residential property market of Hong Kong in 2017 remained buoyant amid the tight supply situation and low interest rate environment.

3. 財務表現

股東應佔溢利為8.06億港元(二零一六年：6.04億港元)，股東資金回報率為8.6%(二零一六年：6.8%)。盈利上升主要是由於重估美元現金及債務投資，令源於外幣匯兌差額的其他收入增加。本集團的財務表現綜合如下：

		2017 二零一七年	2016 二零一六年
股東應佔溢利(百萬港元)	Profit attributable to shareholders (HK\$ million)	806	604
股東資金回報率 ¹	Return on shareholders' equity ¹	8.6%	6.8%
成本對收入比率 ²	Cost-to-income ratio ²	26.8%	30.8%
資本充足率 ³	Capital adequacy ratio ³	21.0%	21.3%

本集團二零一七年的收益表主要項目摘要如下：

- (一) 全年淨利息收入增加1,700萬港元至5.08億港元，主要由於預先籌措具成本效益的資金，惟有部份因到期及提早償還貸款使平均貸款組合減少而予以抵銷；
- (二) 按揭保險淨保費收入為1.96億港元(二零一六年：1.9億港元)；
- (三) 其他收入為4.14億港元(二零一六年：2.13億港元)，主要包括外幣匯兌收益1.71億港元(二零一六年：外幣匯兌虧損2,100萬港元)、出售投資所得收益淨額1.64億港元(二零一六年：1.6億港元)及股息收入8,300萬港元(二零一六年：8,300萬港元)；及
- (四) 經營支出上升9.7%至3.04億港元，較預算少1,900萬港元。

¹ 股東資金回報率的計算方法，為股東應佔溢利除以權益持有人應佔股本及儲備的十二個月的月底平均結餘額。

² 成本對收入比率的計算方法，為經營支出除以經營收入、申索(產生)/回撥淨額和佣金支出淨額的總和。

³ 資本充足率的計算方法，為資本基礎對信貸風險、市場風險和營運風險的加權風險總和的比率。

3. Financial Performance

Profit attributable to shareholders was HK\$806 million (2016: HK\$604 million) and the return on shareholders' equity was 8.6% (2016: 6.8%). The increase in profitability was mainly due to the increase in other income arising from exchange difference mainly as a result of the revaluation of US dollar exposures in cash and debt investments. A summary of the Group's financial performance is set out below.

Key items in the Group's income statements for 2017 are highlighted as follows:

- (a) net interest income for the year increased by HK\$17 million to HK\$508 million, mainly due to cost-effective pre-funding, partially set off by the reduction of average loan portfolio as a result of loan repayment and prepayment;
- (b) net mortgage insurance premiums earned were HK\$196 million (2016: HK\$190 million);
- (c) other income was HK\$414 million (2016: HK\$213 million), mainly including exchange gain of HK\$171 million (2016: an exchange loss of HK\$21 million), net gains on disposal of investments of HK\$164 million (2016: HK\$160 million), and dividend income of HK\$83 million (2016: HK\$83 million); and
- (d) operating expenses rose by 9.7% to HK\$304 million which was HK\$19 million less than that budgeted.

¹ Return on shareholders' equity is calculated by dividing profit attributable to shareholders with the average of twelve month-end balances of capital and reserves attributable to equity holders.

² Cost-to-income ratio is calculated by dividing operating expenses with the sum of operating income, net claims (incurred)/written back and net commission expenses.

³ Capital adequacy ratio is calculated as the ratio of the capital base to the sum of the risk-weighted amount for credit risk, market risk and operational risk exposures.

4. 財務狀況

於二零一七年十二月三十一日，本集團的資產總值合共515億港元。本集團財務狀況的主要變動如下：

- (一) 現金及短期資金增加15億港元至253億港元，主要是由於貸款組合減少；
- (二) 貸款組合下降17億港元至78億港元；
- (三) 投資組合增加5億港元至174億港元，其中包括71億港元的可供出售投資及103億港元的持有至到期投資；
- (四) 未贖回債券總額較一年前增加6億港元至348億港元；
- (五) 權益持有人應佔股本及儲備增加10億港元至98億港元，主要反映年內保留溢利中8億港元的股東應佔溢利；及
- (六) 資產負債表外的主要風險，為按揭保險計劃和安老按揭計劃所承擔的風險。本集團就按揭保險計劃在轉移風險給核准再保險公司後所承擔的剩餘風險，以及就安老按揭計劃所承擔的風險，分別為176億港元(二零一六年：141億港元)及69億港元(二零一六年：43億港元)。

5. 資本管理

為確保本集團擴展其業務及資產負債表時與其資本金按比例不會產生過度風險，本集團年內嚴密監控資本充足程度及資金運用。截至二零一七年十二月三十一日止年度，本集團符合財政司司長參照巴塞爾協定II以風險為本的資本充足框架下所發出的資本充足率指引。

於二零一七年十二月三十一日，本集團的資本充足率為21.0%，遠高於資本充足率指引所要求的8%最低資本充足率。

4. Financial Position

As at 31 December 2017, total assets of the Group amounted to HK\$51.5 billion. Key changes in the Group's financial position are as follows:

- (a) cash and short-term funds increased by HK\$1.5 billion to HK\$25.3 billion, mainly due to rundown in loan portfolio;
- (b) loan portfolio recorded a rundown of HK\$1.7 billion to HK\$7.8 billion;
- (c) investment portfolio increased by HK\$0.5 billion to HK\$17.4 billion which included available-for-sale investments of HK\$7.1 billion and held-to-maturity investments of HK\$10.3 billion;
- (d) outstanding balance of debt securities issued increased by HK\$0.6 billion to HK\$34.8 billion from a year earlier;
- (e) capital and reserves attributable to equity holders increased by HK\$1.0 billion to HK\$9.8 billion, mainly reflecting the profit attributable to shareholders of HK\$0.8 billion in retained earnings for the year; and
- (f) major off-balance sheet exposures were risk-in-force of the MIP and the RMP. The exposures borne by the Group for the MIP after ceding to the approved reinsurers and for the RMP were HK\$17.6 billion (2016: HK\$14.1 billion) and HK\$6.9 billion (2016: HK\$4.3 billion) respectively.

5. Capital Management

In order to ensure that the Group would not incur excess risk when expanding its business and balance sheet in proportion to its capital base, capital adequacy and use of capital were monitored closely by the Group during the year. During the year ended 31 December 2017, the Group was in compliance with the Guidelines on Capital Adequacy Ratio (**CAR**) issued by the Financial Secretary with reference to Basel II risk-based capital adequacy framework.

As at 31 December 2017, the CAR of the Group stood at 21.0%, well above the minimum ratio of 8% stipulated in the Guidelines on CAR.

6. 本集團面對的主要風險及不明朗因素

本集團所面對的風險，為透過購買按揭貸款、按揭保險、商業貸款擔保、零售貸款融資與資本投資所得的貸款和投資組合產生的信貸風險。本集團亦於安老按揭及相關業務中面對利率、樓價及長壽風險。本集團因促進業務營運亦面對市場風險，主要是利率風險及資產負債期滿錯配風險。

截至二零一七年十二月三十一日止年度內，所面對的風險與財務風險管理載列於財務報表附註3。

7. 本集團的環境政策與表現

年內，本集團繼續支持及實施種種環保措施，務求締造一個更環保的辦公室，並且在減少廢棄與珍惜能源方面加強員工意識。

8. 本集團對其業務有重要影響的相關法律與法規的合規情況

《保險業條例》

年內，本集團為從事其保險按揭與貸款擔保業務所需，一直保持《保險業條例》（前稱《保險公司條例》，並自二零一七年六月二十六日起更名為《保險業條例》）下可經營四項一般保險業務類別的獲授權保險人身份。

《放債人條例》

年內，本集團按其營運所需，一直保持《放債人條例》相關條文的豁免。

6. Principal Risks and Uncertainties facing the Group

The Group is exposed to the credit risk of its loan and investment portfolios through mortgage purchase, mortgage insurance, commercial loan guarantee, funding of retail loans and capital investment. The Group is also exposed to interest rate, property price and longevity risks under the reverse mortgage and related business. The Group assumes market risk, mainly the interest rate risk and the asset-liability maturity mismatch risk, for facilitating the business operation.

The risk exposures and the financial risk management during the year ended 31 December 2017 are set out in Note 3 to the Financial Statements.

7. The Group's Environmental Policies and Performance

During the year, the Group continued to support and implement various green measures to create a more environmentally friendly office and to raise employees' awareness of methods of waste reduction and energy conservation.

8. The Group's Compliance with Relevant Laws and Regulations that have a Significant Impact on the Group

Insurance Ordinance

During the year, the Group maintained the status of authorized insurer to operate four classes of general insurance business under the Insurance Ordinance (formerly known as the Insurance Companies Ordinance and renamed as Insurance Ordinance with effect from 26 June 2017) as required for carrying on its mortgage insurance and loan guarantee businesses.

Money Lenders Ordinance

During the year, the Group maintained exemptions from the relevant provisions of the Money Lenders Ordinance as required for the Group's operations.

9. 二零一七年終結後發生的、對本集團有影響的重要事件詳情

八成信貸擔保產品

財政司司長於二零一八至一九年度財政預算案中，公佈延續八成信貸擔保產品的申請期至二零一九年二月底。儘管延續八成信貸擔保產品及發展任何新業務計劃或會增加本集團的相關營運成本，本集團將繼續全力支持政府，管理營運八成信貸擔保產品。

企業重組

本公司於二零一七年六月通過了在二零一八年中推行終身年金計劃的方案。為遵守相關授權規定，本公司展開企業重組，並成立了香港按證保險有限公司（「**按證保險公司**」）及香港年金有限公司兩間附屬公司，以申請所需授權及分別經營本公司的一般保險業務及營運終身年金計劃。

於二零一八年二月十二日，本公司將2,999,999,900港元注入按證保險公司作為其30億港元的已發行及繳足股本，當中並無配發及發行新股。於二零一八年二月十四日，按證保險公司獲保險業監管局正式授權，可以經營將由本公司轉讓出來的一般保險業務。完成轉讓後，本公司將向保險業監管局申請撤銷其於或自香港經營一般保險業務的授權。

9. Particulars of Important Events affecting the Group that have occurred since end 2017

80% SFGS

The Financial Secretary announced in the 2018-19 Budget that the application period of the 80% SFGS would be extended to end-February 2019. Notwithstanding the extension of the 80% SFGS and the likely development of any new business initiative may increase the related operating costs of the Group, the Group will continue to render full support to the Government in administering the 80% SFGS.

Corporate Restructuring

The Company approved in June 2017 the plan for implementing the LAS in mid-2018. To comply with the relevant authorisation requirements, the Company has kick-started a corporate re-organisation and established two subsidiaries, HKMC Insurance Limited (**HKMCI**) and the HKMCA to apply for the necessary authorisation and respectively to take up the Company's general insurance business and to operate the LAS.

On 12 February 2018, the Company injected HK\$2,999,999,900 to make up issued and paid-up capital of HK\$3 billion of the HKMCI without allotting and issuing new shares. On 14 February 2018, the HKMCI was granted formal authorisation from the Insurance Authority to carry on general insurance business which will be transferred from the Company. After completion of the transfer, the Company will apply to the Insurance Authority for withdrawal of its authorisation to carry on general insurance business in or from Hong Kong.

10. 本集團業務相當可能有的未來發展的揭示

本集團將繼續探索優化現行計劃與項目的機會及任何新業務計劃，務求滿足香港社會的需求，完成其核心使命與社會目標。此外，本集團將繼續維持其審慎的預先籌措資金策略，隨時準備為有需要的本地銀行業界提供流動資金。

鑑於退休規劃意識日增，普遍預期在二零一八年相關方面有不少機會進行優化，以更加切合公眾的需要。

終身年金計劃

自二零一七年第二季公佈終身年金計劃後，公眾對該計劃的反應極為良好。故此，本集團需要制定穩健靈活的銷售及分配策略，以有效回應該計劃初始數年的預期龐大需求。此外，由於該計劃是市場上較新的產品，且目標客戶均為長者，所以本集團必須在其業務計劃及策略中採取積極措施，並確保其教育及宣傳活動能讓長者了解產品特點及風險，並確保分銷安排能保障易受影響的客戶不會面臨不當銷售及交叉銷售風險。本集團將檢討該計劃時的營運經驗，為該計劃的進一步發展釐定合適策略。

基建融資及證券化

本集團委聘了隸屬世界銀行集團的國際金融公司，就本集團參與基建融資及證券化的業務可行性提供專家意見。國際金融公司確認該新方案具業務可行性，並會令本集團進一步實現其任務。本集團將於二零一八年做好資源裝備，制定實施方案供董事局進一步審批。

10. Indication of Likely Future Developments in the Group's Business

The Group will continue to explore enhancement opportunities for current programmes and schemes and the feasibility of any new business initiatives to cater for the needs of the Hong Kong community with a view to attaining its core missions and social objectives. In addition, the Group will continue to maintain its prudent pre-funding strategy to stand ready to provide liquidity to the local banking sector when needed.

In view of the heightened awareness of retirement planning, it is generally expected that there will be opportunities for enhancement in respective areas in 2018 to better cater for the needs of the public.

LAS

Since the announcement of the LAS in the second quarter of 2017, public responses to the LAS have been overwhelmingly positive. The Group therefore needs to develop a robust and flexible sale and allotment strategy so that it could effectively respond to the expected strong demand for the LAS in the initial years. Also, since the LAS is a relatively new product in the market and the target customers are all elderly individuals, it is of paramount importance for the Group to take active measures in its business plan and strategy to ensure that its education and publicity campaign would enable them to understand the features and risks of the product and that the distribution arrangements could protect such vulnerable customers from mis-selling and cross-selling risks. The Group will review the operational experience in the inception of the LAS and determine an appropriate strategy for the further development of the LAS.

Infrastructure Financing and Securitisation (IFS)

The Group engaged International Finance Corporation (IFC) under the World Bank Group for their expert advice on the business viability for the Group to participate in infrastructure financing and securitisation. The IFC confirmed the business feasibility of the new initiative which would further the achievement of the Group's mandates. The Group will gear up its resources and develop an implementation plan for further approval of the Board in 2018.

11. 本集團與其僱員及對本集團有重要影響且本集團賴以成功的交易對手的重要關係

僱員

年內，本集團一直為僱員提供具競爭力的薪酬福利、事業前景、發展機會以及健康安全的工作環境。儘管本集團的營運範圍擴大且所提供的產品漸趨繁複，但透過系統自動化和流程改革，本集團堅守着精簡、有效率的人力運用。

本集團重視員工職訓，為不斷提升員工的專業知識與技能而投放了大量資源。所有新入職員工均獲提供導引課程，協助其掌握本集團的組織架構、使命、功能與政策等基礎知識。

截至二零一七年十二月三十一日，本集團的固定僱員編制為261人(二零一六年：202人)，員工流失率為8.85%(二零一六年：4.96%)。

交易對手

截至二零一七年十二月三十一日，就其貸款與保險組合，本集團在購買按揭貸款計劃下，共有34間核准賣方與32間核准管理供款機構；在按揭保險計劃下，共有7間核准再保險公司；在小型貸款計劃下，共有5間非政府機構。此外，按揭保險計劃下共有23間參與的貸款機構，而安老按揭計劃則有8間，補價易貸款保險計劃有8間，小型貸款計劃有5間，中小企融資擔保計劃有30間。

11. The Group's Key Relationships with Its Employees and Counterparties that have a Significant Impact on the Group and on which the Group's Success Depends

Employees

During the year, the Group continued to provide employees with competitive remuneration packages and fringe benefits, a promising career path and development opportunities, and a healthy and safe working environment. Through system automation and process re-engineering, the Group maintained a lean and efficient workforce, despite an increase in the scope of operations and the complexity of the products it offered.

The Group recognised the importance of ongoing staff training and had devoted considerable resources to the continuing enhancement of its employees' professional knowledge and skills. All new employees were provided with an induction session to provide them with a foundation of knowledge about the Group's organisational structure, missions, functions and policies.

As at 31 December 2017, the permanent staff establishment of the Group was 261 (2016: 202) and the staff turnover rate was 8.85% (2016: 4.96%).

Counterparties

With respect to its loan and insurance portfolios, as at 31 December 2017, the Group maintained a panel of 34 approved sellers and 32 approved servicers under the MPP, 7 approved reinsurers under the MIP as well as 5 non-governmental organisations under the MFS. In addition, there were 23 participating lenders under the MIP, 8 under the RMP, 8 under the PLIS, 5 for the MFS and 30 for the SFGS.

債券

截至二零一七年十二月三十一日止年度內，本公司透過其60億美元中期債券發行計劃，發行了面值總額284億港元的債券，實收款項約284億港元。本年度發行債券所得款項均用作本集團的一般營運資金。債券發行與贖回活動的概要載於財務報表附註27。

股息

考慮到業務發展的資金需求，董事局建議二零一七年不宣派股息（二零一六年：無）。

董事

年內或由年終至本報告的日期間且在即將舉行的本公司股東週年大會前的董事名單如下：

陳茂波先生 大紫荊勳賢 GBS MH JP
主席兼執行董事（於二零一七年一月二十三日獲委任）

陳德霖先生 GBS JP
副主席兼執行董事

余偉文先生 JP
執行董事

李令翔先生 JP
執行董事兼總裁

林健鋒先生 GBS JP
董事

張國鈞先生 JP
董事

郭榮鏗先生
董事

黃玉山教授 BBS JP
董事

Debt Securities

The Company issued notes with a total nominal value of HK\$28.4 billion under its US\$6 Billion Medium Term Note Programme for a consideration of around HK\$28.4 billion during the year ended 31 December 2017. The proceeds of the notes issued during the year were used for the purpose of providing general working capital for the Group. A summary of the debt securities issuance and redemption activities of the Group is set out in Note 27 to the Financial Statements.

Dividend

Having considered the capital requirements for the business development, Directors recommended that no dividend be declared for 2017 (2016: Nil).

Directors

Persons who served as Directors during the year or during the period beginning with the end of the year and ending on the date of this report, but preceding the forthcoming annual general meeting of the Company, are as follows:

The Hon. Paul CHAN Mo-po, GBM, GBS, MH, JP
Chairman and Executive Director (appointed on 23 January 2017)

Mr Norman CHAN Tak-lam, GBS, JP
Deputy Chairman and Executive Director

Mr Eddie YUE Wai-man, JP
Executive Director

Mr Raymond LI Ling-cheung, JP
Executive Director and Chief Executive Officer

The Hon. Jeffrey LAM Kin-fung, GBS, JP
Director

The Hon. Horace CHEUNG Kwok-kwan, JP
Director

The Hon. Dennis KWOK Wing-hang
Director

Professor WONG Yuk-shan, BBS, JP
Director

陳家強教授 GBS JP
董事

吳亮星先生 SBS JP
董事

施文信先生 SBS JP
董事

王桂壠先生 BBS JP
董事

馮婉眉女士 BBS JP
董事

張亮先生
董事

郭珮芳女士
董事

龔楊恩慈女士
董事（於二零一七年四月十日獲委任）

藍玉權先生
董事

LEE Huat-oon 先生
董事

曾俊華先生 大紫荊勳賢
主席兼執行董事（於二零一七年一月二十三日
辭任）

張炳良教授 GBS JP
董事（於二零一七年七月十日辭任）

馮鈺龍先生
董事（於二零一七年四月十日退任）。

Professor CHAN Ka-keung Ceajer, GBS, JP
Director

Mr NG Leung-sing, SBS, JP
Director

Mr Thomas Brian STEVENSON, SBS, JP
Director

Mr Albert WONG Kwai Huen, BBS, JP
Director

Ms Anita FUNG Yuen-mei, BBS, JP
Director

Mr Leong CHEUNG
Director

Ms Miranda KWOK Pui-fong
Director

Mrs Ann KUNG YEUNG Yun-chi
Director (appointed on 10 April 2017)

Mr Lawrence LAM Yuk-kun
Director

Mr LEE Huat-oon
Director

The Hon. John TSANG Chun-wah, GBM
Chairman and Executive Director (resigned on 23 January 2017)

Professor Anthony CHEUNG Bing-leung, GBS, JP
Director (resigned on 10 July 2017)

Mr Ryan FUNG Yuk-lung
Director (retired on 10 April 2017).

根據本公司的公司章程細則第109條，所有非執行董事應於即將舉行的股東週年大會上退任，惟可參選連任。

除上述董事外，年內或由年終至本報告的日期間，本集團其他成員的董事局成員為：陳德霖先生、余偉文先生、李令翔先生、張亮先生、黃舜芬女士（又名趙黃舜芬女士）、劉應彬先生、鮑克運先生、廖志強先生、鄭鑒銓先生、張少慧女士、周啟和先生（已辭任）、沈施加美女士（亦為盧綺霞女士的候補董事）、盧綺霞女士（亦為周啟和先生及沈施加美女士的候補董事）、Intertrust Directors (Cayman) Limited及金栢利秘書服務有限公司。

獲准許的彌償條文

惠及董事的獲准許的彌償條文（根據《公司條例》定義）在截至二零一七年十二月三十一日止年度內有效，且截至本報告的日期亦仍然有效。

董事於交易、安排或合約中的重大利害關係

截至二零一七年十二月三十一日止年度內，不存在亦不曾訂立本集團任何成員作為一方、對本公司業務屬重要的、且年內曾為董事的人士或其有關連實體（根據《公司條例》定義）在當中有直接或間接重大利害關係的任何交易、安排和合約。

In accordance with Article 109 of the Company's Articles of Association, all those Directors who are not Executive Directors shall retire but shall be eligible for re-election at the forthcoming annual general meeting.

Other than the Directors named above, persons who served on the boards of the other members of the Group during the year or during the period beginning with the end of the year and ending on the date of this report are Mr Norman CHAN Tak-lam, Mr Eddie YUE Wai-man, Mr Raymond LI Ling-cheung, Mr Leong CHEUNG, Ms Estella WONG Sheun-fun (alias Mrs Estella CHIU Sheun-fun), Mr LAU Ying-pan, Mr POU Hak-wan, Mr LIU Chi-keung, Mr Desmond CHENG Kam-chuen, Ms CHEUNG, Felician Siu Wai, Mr CHOW Kai Wo (resigned), Mrs SENG SZE Ka Mee Natalia (and also served as Alternate Director to Ms LO Yee Har Susan), Ms LO Yee Har Susan (and also served as Alternate Director to Mr CHOW Kai Wo and Mrs SENG SZE Ka Mee Natalia), Intertrust Directors (Cayman) Limited and Company Kit Secretarial Services Limited.

Permitted Indemnity

A permitted indemnity provision (as defined in the Companies Ordinance) for the benefit of the Directors was in force during the year ended 31 December 2017 and is in force as at the date of this report.

Directors' Material Interests in Transactions, Arrangements or Contracts

At no time during the year ended 31 December 2017, there subsisted or entered into any transaction, arrangement or contract of significance in relation to the Company's business, to which any member of the Group was a party, and in which any person who was a Director at any time in the year or a connected entity (as defined in the Companies Ordinance) of any such person had, directly or indirectly, a material interest.

遵照《保險業條例》的規定額外作出的披露

本公司的控權人(根據《保險業條例》定義)於二零一七年一月一日至二零一七年一月十五日為曾俊華先生，於二零一七年一月十六日至二零一七年十二月三十一日則為陳茂波先生(基於其各自在相關時期按《外匯基金條例》，透過所控制的外匯基金投資於本公司而作為本公司的主要股東)，於年內為李令翔先生(基於其為本公司的總裁)。截至年終以及年內任何時候，不存在有本公司或其任何附屬公司作為一方、對本公司業務屬重大的且與曾俊華先生、陳茂波先生或李令翔先生在當中有直接或間接重大利害關係的合約。

年內，本公司經營的保險業務並無涉及任何人根據香港任何條例的規定須投保的責任或風險，本公司以風險分攤方式經營按揭保險業務。除部分按揭沒有再保險安排承保外，本公司一般將其按揭保險業務多達五成的風險分給了其核准再保險公司，而剩餘風險則由本公司承擔。本公司與下列核准再保險公司已訂立再保險安排：安持按揭保險亞洲有限公司(前稱美國國際集團聯合保險(亞洲)有限公司)、亞洲保險有限公司、中銀集團保險有限公司、中國交銀保險有限公司、中國太平保險(香港)有限公司、昆士蘭保險(香港)有限公司及昆士蘭按揭保險(亞洲)有限公司。

Additional Disclosures in Compliance with the Provisions of the Insurance Ordinance

The Controllers (as defined in the Insurance Ordinance) of the Company were The Hon. John Tsang between 1 January 2017 and 15 January 2017 and The Hon. Paul Chan between 16 January 2017 to 31 December 2017 (each by virtue of being the principal shareholder of the Company through the investments made in the Company by the Exchange Fund of which each of them was the controller under the Exchange Fund Ordinance at the relevant times), and Mr Raymond Li for the year (by virtue of his being the Chief Executive Officer of the Company). At the end of the year or at any time thereof, there existed or subsisted no contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, and in which The Hon. John Tsang, The Hon. Paul Chan or Mr Raymond Li had, directly or indirectly, a material interest.

During the year, the Company did not carry on any insurance business relating to liabilities or risks in respect of which persons were required by any Ordinance to be insured, and operated its mortgage insurance business on a risk-sharing basis. Except for those mortgage insurance covers in respect of which no reinsurance arrangements had been made, the Company generally ceded up to 50% of the risk exposure under its mortgage insurance business to its approved reinsurers, with the remaining risk exposure being retained by the Company. There were in existence reinsurance arrangements between the Company and the following approved reinsurers: Arch MI Asia Limited (formerly known as AIG United Guaranty Insurance (Asia) Limited), Asia Insurance Company, Limited, Bank of China Group Insurance Company Limited, China BOCOM Insurance Company Limited, China Taiping Insurance (HK) Company Limited, QBE General Insurance (Hong Kong) Limited, and QBE Mortgage Insurance (Asia) Limited.

核數師

財務報表已由羅兵咸永道會計師事務所審核。羅兵咸永道會計師事務所將於本公司即將舉行的股東週年大會上退任，並在符合資格的情況下將參選連任。

承董事局命

陳茂波

主席兼執行董事

香港

二零一八年四月十三日

Auditor

The Financial Statements have been audited by PricewaterhouseCoopers who will retire, and, being eligible, will offer themselves for reappointment, at the forthcoming annual general meeting of the Company.

On behalf of the Board of Directors

Chan Mo-po, Paul

Chairman and Executive Director

Hong Kong

13 April 2018