

本公司的董事局欣然提呈其报告及本公司(就本报告而言,连同其附属公司及附属企业,统称「**本集团**」)截至二零一七年十二月三十一日止年度经审核的综合财务报表(「**财务报表**」)。

主要业务

截至二零一七年十二月三十一日止年度内,本集团的主要业务包括:

- (一) 从有关批授人、发行人、拥有人或卖方,购买以位于香港的物业或其他抵押品作抵押的按揭或贷款组合,收购任何类别的债权证、应收款项、金融资产及据法产权;
- (二) 透过购买或其他方式,从政府部门和机构及相关组织、法定团体以及公营机构收购任何资产,并持有、出售、转让、处置及处理任何该等所收购的资产;
- (三) 向投资者发行债券;
- (四) 为参与的贷款机构所批出以住宅物业和其他资产(如适用)作抵押的按揭贷款、安老按揭贷款及补地价贷款提供按揭保险;
- (五) 受政府委托管理一个为参与的「**认可机构**」(根据《银行业条例》的定义)借予本地非上市企业包括中、小型企业(「**中小企**」)的贷款提供融资担保的计划;及
- (六) 经营一个中央小型贷款平台以支援小型贷款。

本集团其他成员截至二零一七年十二月三十一日止年度内的企业资料 and 主要业务,均载于财务报表附注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.

业务审视

1. 业务板块

为完成其使命和社会目标，本集团年内以审慎商业原则运作，主要通过经营及扩展下列项目和计划，从事按揭保险、参与借贷及购买贷款的业务活动。

按揭保险计划

推出按揭保险计划，容许自置居所人士取得较高按揭成数，从而减轻其支付首期的负担，目的是促进香港有更多自置居所。在该计划下，本集团扮演保险公司的角色，为参与的认可机构批出的按揭贷款，当中超出香港金融管理局规定的贷款上限部分，提供按揭保险保障，并收取保费。自一九九九年三月推出以来，该计划的公众认受性越来越高。二零一七年，该计划所批核的新提取按揭贷款总额为323亿港元。

安老按揭计划

推出安老按揭计划，旨在给予长者多一项财务安排选择，藉此提升其生活素质。透过安老按揭，长者可以利用自住物业作为抵押品，从参与的贷款机构换取一笔过款项及/或于一段付款期内每月连续收取款项。在该计划下，本集团担当保险公司的角色，为参与的贷款机构所批出的安老按揭贷款，提供按揭保险保障，并收取保费。

在密集及多方位的宣传推动下，本集团的安老按揭计划提取宗数于二零一七年有显著增长，较二零一六年增加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.

补价易贷款保险计划

推出补价易贷款保险计划，旨在协助资助出售房屋业主补地价，藉此促进资助房屋租售市场的发展。物业补地价后，其转让限制得以解除，业主则可以在公开市场出售或出租其单位。在该计划下，本集团担当保险公司的角色，为参与的贷款机构所批出主要用于补地价的一笔过贷款，提供按揭保险保障，并收取保费。该计划现时覆盖香港房屋委员会辖下的居者有其屋计划、私人机构参建居屋计划和租者置其屋计划及香港房屋协会辖下的住宅发售计划和夹心阶层住屋计划中的资助出售房屋。

小型贷款计划

推出小型贷款计划，旨在以可负担的息率提供贷款及给予辅助支援服务予有意创业、自雇或希望通过培训、技能提升或考取专业资格自我增值的合格人士。除非获政府继续委托及经董事局批准延续，该计划将于二零一八年六月期满，其现有总贷款金额上限为2亿港元。

中小企融资担保计划

中小企融资担保计划是一个由市场主导的贷款担保计划，通过为参与的贷款机构所批出的企业贷款提供五至七成担保，协助本地非上市企业（包括中小企）应付经营业务及购置设备和资产的融资需求。

此外，政府委托了本集团管理政府的特别优惠措施，旨在为参与的贷款机构向本地非上市企业所批出的贷款提供八成信贷担保（「八成信贷担保产品」）。以政府所提供总额高达1,000亿港元的信贷担保作后盾，本集团按审慎商业原则管理八成信贷担保产品，并负责相关营运开支。为继续协助本地企业取得融资，八成信贷担保产品的申请期限在二零一七年至一八年财政预算案中获再度延长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.

本集团自二零一七年一月起为该计划推出了一连串完善措施，以确保该计划的贷款再融资进行顺利，加快该计划的索偿程序，并为报销追收还款的开支费用提供灵活安排。完善措施推出后，本集团为参与的贷款机构中直接从事该计划营运的员工安排了一系列培训课程，让他们熟悉该等完善措施。

购买按揭贷款计划

本集团的使命之一，是透过提供可靠的流动资金来源，加强香港银行业的稳定性。为完成此使命，本集团一直做好准备，以便随时于核准卖方有需要减持资产套现时，从核准卖方买入按揭贷款和其他资产。年内，市场资金充裕，银行出售资产套现的意愿偏低。

终身年金计划

年内，本公司就推出终身年金计划为香港退休人士提供额外的退休规划选择展开可行性研究。获委聘的独立顾问确认终身年金计划具商业可行性及财政持续能力。据此，本公司于二零一七年六月通过了在二零一八年中推行该计划的方案，该计划将有助香港长者把现金一笔过转化为保证终身长远获得的稳定收入。

为推行该计划，本公司成立了全资附属公司香港年金有限公司，其一直在向保险业监管局申请经营该计划的所需授权。

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. 市场环境

二零一七年，世界主要经济体的增长同步加快，使环球经济状况有所改善。在稳定增长的支持下，美国联邦储备局继续逐步加息，并著手展开资产负债表正常化。欧元区的复苏动力更趋稳固，欧洲中央银行亦在二零一七年底宣布其计划由二零一八年初开始缩减资产购买规模。

在亚洲，内地深化供给侧结构性改革以推进经济升级及转型，中国经济在二零一七年维持强劲增长势头，近七年来首呈加速增长。加上全球需求递增，一并带动亚洲的地区贸易流量。在香港，受惠于全球经济广泛复苏并承接内需及外需稳定，经济录得高于趋势的增长。整体而言，在供应紧张及低息环境下，香港住宅物业市场在二零一七年依然是价格高企。

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. 财务表现

股东应占溢利为8.06亿港元(二零一六年：6.04亿港元)，股东资金回报率为8.6%(二零一六年：6.8%)。盈利上升主要是由于重估美元现金及债务投资，令源于外币汇兑差额的其他收入增加。本集团的财务表现综合如下：

		2017 二零一七年	2016 二零一六年
股东应占溢利(百万港元)	Profit attributable to shareholders (HK\$ million)	806	604
股东资金回报率 ¹	Return on shareholders' equity ¹	8.6%	6.8%
成本对收入比率 ²	Cost-to-income ratio ²	26.8%	30.8%
资本充足率 ³	Capital adequacy ratio ³	21.0%	21.3%

本集团二零一七年的收益表主要项目摘要如下：

- (一) 全年净利息收入增加1,700万港元至5.08亿港元，主要由于预先筹措具成本效益的资金，惟有部份因到期及提早偿还贷款使平均贷款组合减少而予以抵销；
- (二) 按揭保险净保费收入为1.96亿港元(二零一六年：1.9亿港元)；
- (三) 其他收入为4.14亿港元(二零一六年：2.13亿港元)，主要包括外币汇兑收益1.71亿港元(二零一六年：外币汇兑亏损2,100万港元)、出售投资所得收益净额1.64亿港元(二零一六年：1.6亿港元)及股息收入8,300万港元(二零一六年：8,300万港元)；及
- (四) 经营支出上升9.7%至3.04亿港元，较预算少1,900万港元。

¹ 股东资金回报率计算方法，为股东应占溢利除以权益持有人应占股本及储备的十二个月的月底平均结余。

² 成本对收入比率的计算方法，为经营支出除以经营收入、申索(产生)/回拨净额和佣金支出净额的总和。

³ 资本充足率的计算方法，为资本基础对信贷风险、市场风险和营运风险的加权风险总和的比率。

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. 财务状况

于二零一七年十二月三十一日，本集团的资产总值合共515亿港元。本集团财务状况的主要变动如下：

- (一) 现金及短期资金增加15亿港元至253亿港元，主要是由于贷款组合减少；
- (二) 贷款组合下降17亿港元至78亿港元；
- (三) 投资组合增加5亿港元至174亿港元，其中包括71亿港元的可供出售投资及103亿港元的持有至到期投资；
- (四) 未赎回债券总额较一年前增加6亿港元至348亿港元；
- (五) 权益持有人应占股本及储备增加10亿港元至98亿港元，主要反映年内保留溢利中8亿港元的股东应占溢利；及
- (六) 资产负债表外的主要风险，为按揭保险计划和安老按揭计划所承担的风险。本集团就按揭保险计划在转移风险给核准再保险公司后所承担的剩余风险，以及就安老按揭计划所承担的风险，分别为176亿港元（二零一六年：141亿港元）及69亿港元（二零一六年：43亿港元）。

5. 资本管理

为确保本集团扩展其业务及资产负债表时与其资本金按比例不会产生过度风险，本集团年内严密监控资本充足程度及资金运用。截至二零一七年十二月三十一日止年度，本集团符合财政司司长参照巴塞尔协定II以风险为本的资本充足框架下所发出的资本充足率指引。

于二零一七年十二月三十一日，本集团的资本充足率为21.0%，远高于资本充足率指引所要求的8%最低资本充足率。

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. 本集团面对的主要风险及不明朗因素

本集团所面对的风险，为透过购买按揭贷款、按揭保险、商业贷款担保、零售贷款融资与资本投资所得的贷款和投资组合产生的信贷风险。本集团亦于安老按揭及相关业务中面对利率、楼价及长寿风险。本集团因促进业务营运亦面对市场风险，主要是利率风险及资产负债期错配风险。

截至二零一七年十二月三十一日止年度内，所面对的风险与财务风险管理载列于财务报表附注3。

7. 本集团的环境政策与表现

年内，本集团继续支持及实施种种环保措施，务求缔造一个更环保的办公室，并且在减少废弃与珍惜能源方面加强员工意识。

8. 本集团对其业务有重要影响的相关法律与法规的合规情况

《保险业条例》

年内，本集团为从事其保险按揭与贷款担保业务所需，一直保持《保险业条例》（前称《保险公司条例》，并自二零一七年六月二十六日起更名为《保险业条例》）下可经营四项一般保险业务类别的获授权保险人身份。

《放债人条例》

年内，本集团按其营运所需，一直保持《放债人条例》相关条文的豁免。

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. 二零一七年终结后发生的、对本集团有影响的重要事件详情

八成信贷担保产品

财政司司长于二零一八至一九年度财政预算案中，公布延续八成信贷担保产品的申请期至二零一九年二月底。尽管延续八成信贷担保产品及发展任何新业务计划或会增加本集团的相关营运成本，本集团将继续全力支持政府，管理营运八成信贷担保产品。

企业重组

本公司于二零一七年六月通过了在二零一八年中推行终身年金计划的方案。为遵守相关授权规定，本公司展开企业重组，并成立了香港按证保险有限公司（「**按证保险公司**」）及香港年金有限公司两间附属公司，以申请所需授权及分别经营本公司的一般保险业务及营运终身年金计划。

于二零一八年二月十二日，本公司将2,999,999,900港元注入按证保险公司作为其30亿港元的已发行及缴足股本，当中并无配发及发行新股。于二零一八年二月十四日，按证保险公司获保险业监管局正式授权，可以经营将由本公司转让出来的一般保险业务。完成转让后，本公司将向保险业监管局申请撤销其于或自香港经营一般保险业务的授权。

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 reorganisation 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. 本集团业务相当可能有的未来发展的揭示

本集团将继续探索优化现行计划与项目的机会及任何新业务计划，务求满足香港社会的需求，完成其核心使命与社会目标。此外，本集团将继续维持其审慎的预先筹措资金策略，随时准备为有需要的本地银行业界提供流动资金。

鉴于退休规划意识日增，普遍预期在二零一八年相关方面有不少机会进行优化，以更加切合公众的需要。

终身年金计划

自二零一七年第二季公布终身年金计划后，公众对该计划的反应极为良好。故此，本集团需要制定稳健灵活的销售及分配策略，以有效回应该计划初始数年的预期庞大需求。此外，由于该计划是市场上较新的产品，且目标客户均为长者，所以本集团必须在其业务计划及策略中采取积极措施，并确保其教育及宣传活动能让长者了解产品特点及风险，并确保分销安排能保障易受影响的客户不会面临不当销售及交叉销售风险。本集团将检讨该计划时的营运经验，为该计划的进一步发展厘定合适策略。

基建融资及证券化

本集团委聘了隶属世界银行集团的国际金融公司，就本集团参与基建融资及证券化的业务可行性提供专家意见。国际金融公司确认该新方案具业务可行性，并会令本集团进一步实现其任务。本集团将于二零一八年做好资源装备，制定实施方案供董事局进一步审批。

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. 本集团与其雇员及对本集团有重要影响且本集团赖以成功的交易对手的重要关系

雇员

年内，本集团一直为雇员提供具竞争力的薪酬福利、事业前景、发展机会以及健康安全的工作环境。尽管本集团的营运范围扩大且所提供的产品渐趋繁复，但透过系统自动化和流程改革，本集团坚守着精简、有效率的人力运用。

本集团重视员工职训，为不断提升员工的专业知识与技能而投放了大量资源。所有新入职员工均获提供导引课程，协助其掌握本集团的组织架构、使命、功能与政策等基础知识。

截至二零一七年十二月三十一日，本集团的固定雇员编制为261人(二零一六年：202人)，员工流失率为8.85%(二零一六年：4.96%)。

交易对手

截至二零一七年十二月三十一日，就其贷款与保险组合，本集团在购买按揭贷款计划下，共有34间核准卖方与32间核准管理供款机构；在按揭保险计划下，共有7间核准再保险公司；在小型贷款计划下，共有5间非政府机构。此外，按揭保险计划下共有23间参与的贷款机构，而安老按揭计划则有8间，补价易贷款保险计划有8间，小型贷款计划有5间，中小企融资担保计划有30间。

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内，本公司透过其60亿美元中期债券发行计划，发行了面值总额284亿港元的债券，实收款项约284亿港元。本年度发行债券所得款项均用作本集团的一般营运资金。债券发行与赎回活动的概要载于财务报表附注27。

股息

考虑到业务发展的资金需求，董事局建议二零一七年不宣派股息(二零一六年：无)。

董事

年内或由年终至本报告的报告日期且在即将举行的本公司股东周年大会前的董事名单如下：

陈茂波先生 大紫荆勋贤 GBS MH JP
主席兼执行董事(于二零一七年一月二十三日获委任)

陈德霖先生 GBS JP
副主席兼执行董事

余伟文先生 JP
执行董事

李令翔先生 JP
执行董事兼总裁

林健锋先生 GBS JP
董事

张国钧先生 JP
董事

郭荣铿先生
董事

黄玉山教授 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

陈家强教授 GBS JP
董事

吴亮星先生 SBS JP
董事

施文信先生 SBS JP
董事

王桂埙先生 BBS JP
董事

冯婉眉女士 BBS JP
董事

张亮先生
董事

郭珮芳女士
董事

龚杨恩慈女士
董事(于二零一七年四月十日获委任)

蓝玉权先生
董事

LEE Huat-oon 先生
董事

曾俊华先生 大紫荆勋贤
主席兼执行董事(于二零一七年一月二十三日
辞任)

张炳良教授 GBS JP
董事(于二零一七年七月十日辞任)

冯钰龙先生
董事(于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).

根据本公司的公司章程细则第109条，所有非执行董事应于即将举行的股东周年大会上退任，惟可参选连任。

除上述董事外，年内或由年终至本报告日期间，本集团其他成员的董事局成员为：陈德霖先生、余伟文先生、李令翔先生、张亮先生、黄舜芬女士（又名赵黄舜芬女士）、刘应彬先生、鲍克运先生、廖志强先生、郑鉴铨先生、张少慧女士、周启和先生（已辞任）、沈施加美女士（亦为卢绮霞女士的候补董事）、卢绮霞女士（亦为周启和先生及沈施加美女士的候补董事）、Intertrust Directors (Cayman) Limited 及金柏利秘书服务有限公司。

获准许的弥偿条文

惠及董事的获准许的弥偿条文（根据《公司条例》定义）在截至二零一七年十二月三十一日止年度内有效，且截至本报告的日期亦仍然有效。

董事于交易、安排或合约中的重大利害关系

截至二零一七年十二月三十一日止年度内，不存在亦不曾订立本集团任何成员作为一方、对本公司业务属重要的、且年内曾为董事的人士或其有关连实体（根据《公司条例》定义）在当中有直接或间接重大利害关系的任何交易、安排和合约。

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《保险业条例》的规定额外作出的披露

本公司的控权人(根据《保险业条例》定义)于二零一七年一月一日至二零一七年一月十五日曾俊华先生,于二零一七年一月十六日至二零一七年十二月三十一日则为陈茂波先生(基于其各自在相关时期按《外汇基金条例》,透过所控制的外汇基金投资于本公司而作为本公司的主要股东),于年内为李令翔先生(基于其为本公司的总裁)。截至年终以及年内任何时候,不存在有本公司或其任何附属公司作为一方、对本公司业务属重大的且与曾俊华先生、陈茂波先生或李令翔先生在当中有直接或间接重大利害关系的合约。

年内,本公司经营的保险业务并无涉及任何人根据香港任何条例的规定须投保的责任或风险,本公司以风险分摊方式经营按揭保险业务。除部分按揭没有再保险安排承保外,本公司一般将其按揭保险业务多达五成的风险分给了其核准再保险公司,而剩余风险则由本公司承担。本公司与下列核准再保险公司已订立再保险安排:安持按揭保险亚洲有限公司(前称美国国际集团联合保险(亚洲)有限公司)、亚洲保险有限公司、中银集团保险有限公司、中国交银保险有限公司、中国太平保险(香港)有限公司、昆士兰保险(香港)有限公司及昆士兰按揭保险(亚洲)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.

核数师

财务报表已由罗兵咸永道会计师事务所审核。罗兵咸永道会计师事务所将于本公司即将举行的股东周年大会上退任，并在符合资格的情况下将参选连任。

承董事局命

陈茂波

主席兼执行董事

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