Press Release

Launch of HKMC Annuity Plan

HKMC Annuity Limited (HKMCA), wholly-owned by The Hong Kong Mortgage Corporation Limited (HKMC), announced today the official launch of the life annuity scheme and named the scheme "HKMC Annuity Plan" (the Plan). Hong Kong Permanent Residents aged 65 years or above can register their intent to subscribe for the Plan within the Registration Period which will last for three weeks' time from 19 July to 8 August 2018.

The HKMCA held a launch ceremony for HKMC Annuity Plan today. The Chairman of the HKMC and Financial Secretary of the Government of the Hong Kong Special Administrative Region, Mr Paul Chan, said, "The Plan launched today will offer another option of financial arrangement for retired people. Under the Plan, retirees can turn part of their savings into life-long streams of guaranteed, stable and fixed annuity income, so that they can make early planning and better enjoy their retirement lives. Since the Annuity Plan was announced last year, the feedback from the community has been very positive. I am glad to announce that if there is an oversubscription of the Plan by the public, the HKMCA is prepared to double the first tranche quota from currently HK$10 billion to HK$20 billion."

The Plan is an insurance product. The insured can immediately receive a guaranteed stream of fixed income after paying a single premium. The annuity is payable monthly for the whole of life of the insured.

The Chairman and Executive Director of the HKMCA and the Chief Executive of the Hong Kong Monetary Authority (HKMA), Mr Norman Chan, said, "The HKMA will lend its full support and collaboration to the Plan. Apart from providing the capital required, the HKMA will invest and manage the premium received by the HKMCA, with a view to obtaining a stable long-term investment return, in order to provide a solid foundation to ensure the financial viability and sustainability of the Plan. The Plan can offer the public an attractive financial arrangement for retirement and can also foster the development of the local annuity market."

The distribution channel of the Plan covers 20 retail banks in Hong Kong (see Annex 3) with a total of around 700 designated branches. There is a two-stage distribution process:

1st stage – Registration of Subscription Intention (19 July to 8 August 2018)

Applicants can obtain the Subscription Intention Forms at any one of the Agent Banks' designated branches[1] starting from next Monday (9 July 2018), and submit the completed Subscription Intention Forms within the Registration Period (19 July to 8 August 2018). Alternatively they can register online their intent to subscribe for the Plan at the HKMCA website within the Registration Period. The applicant is not required to pay premium at this stage but will need to fill in some basic personal information, the Intended Subscription Amount and choose three Intended Agent Banks which will assist in

[1] Not only confined to the designated branches of the three Intended Agent Banks chosen by the applicant. The list of designated branches of the Agent Banks participating in the distribution of the Plan can be found at the HKMCA website

completing the application procedures in the second stage. Applicants should fill in the Intended Subscription Amount according to their needs and affordability.

A random balloting will be conducted by the HKMCA for all eligible applicants to determine their application sequence. According to this application sequence and the order of preference of the three Intended Agent Banks as indicated in the Subscription Intention Form by the applicant, the applicant will be assigned to an Agent Bank to attend a scheduled sales meeting.

The HKMCA will try its best to satisfy the demand of the applicants as much as possible under prudent risk management principles. The HKMCA will set an allotment threshold if the total subscription amount exceeds the final issue size. Applicants whose Intended Subscription Amounts are smaller than or equal to the threshold will be fully allotted. Other applicants will only be allotted up to that threshold. However this only represents the Allotted Amount to the applicant in the first stage because the final premium amount that can be accepted will depend on the results of the financial needs analysis conducted for the applicant within the second stage of the application process.

2nd Stage – Completion of the application procedures (End-September 2018 to March 2019)

Applicants will receive the notices of allotment result in succession starting from mid-September, and will be arranged to attend the sales meetings to complete the application procedures. Financial needs analysis will be

conducted during the sales meeting to confirm whether it is appropriate for the applicant to fully purchase the Allotted Amount. The applicant will pay the premium after the sales meeting, and receive the Guaranteed Monthly Annuity Payment commencing from the next month. Due to an expected large number of applicants, the sales period for the Plan this time to complete all of the distribution procedures is expected to last for half a year until March 2019.

In case the processing capacity of the applicant's three Intended Agent Banks is fully-utilised, the applicant may be assigned to other Agent Banks with capacity or to the Application Servicing Centre set up by the HKMCA to complete the application procedures.

Detailed information of the Plan will be uploaded to the HKMCA website (www.hkmca.hk) next Monday (9 July 2018). The public can also obtain an illustration summary of the annuity benefits for reference through the HKMC Annuity Plan Online Calculator from next Monday onwards. For public enquiries, please call 2512 5000.

HKMC Annuity Limited

5 July 2018



Photo Caption:

The Chairman and Executive Director of the HKMC and Financial Secretary of the Government of the Hong Kong Special Administrative Region, Mr Paul Chan (middle), The Chairman and Executive Director of the HKMCA and the Chief Executive of the Hong Kong Monetary Authority, Mr Norman Chan (left), and promotional ambassador for life annuities, Mr Leon Lai (right), co-officiate at the launch ceremony of the HKMC Annuity Plan.



Photo Caption:

The HKMCA has officially launched HKMC Annuity Plan. Hong Kong Permanent Residents aged 65 years or above can register their intent to subscribe for the Plan within the Registration Period (19 July to 8 August 2018). The distribution channel of the Plan covers 20 retail banks in Hong Kong with a total of around 700 designated branches.

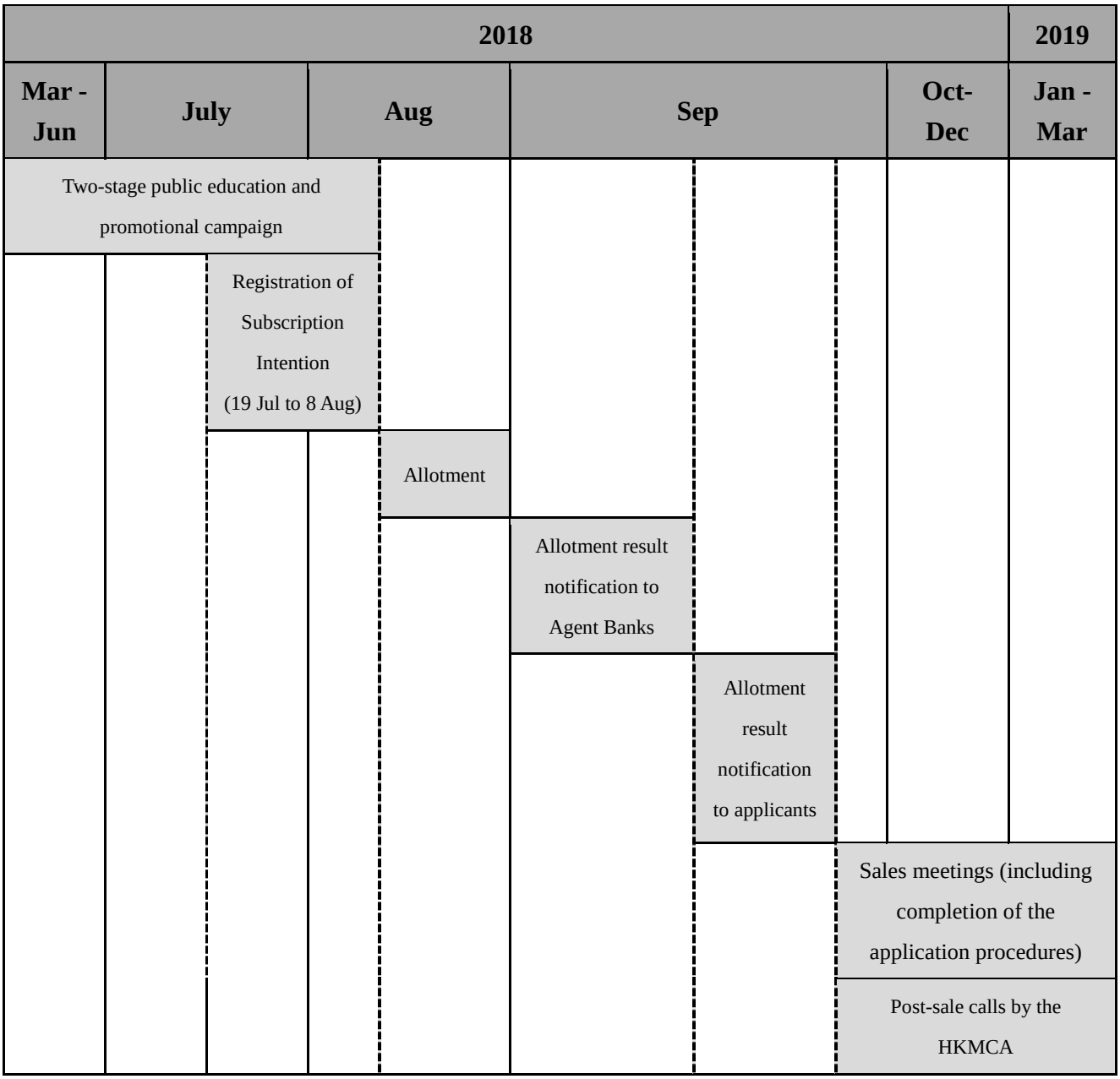
Annex 1

Product Feature Overview

Eligibility Criteria	1) Holding a valid Hong Kong Permanent Identity Card; and 2) Being 65 years old or above
Policy Currency	Hong Kong Dollars
Benefit Term / Income Period	Whole of Life
Premium Term	Single Premium
Minimum Premium	HK$50,000
Maximum Premium	HK$1,000,000 (lifetime aggregate amount per insured for annuity products underwritten by the HKMCA)
Guaranteed Period	• The period commencing from the premium start date of the policy during which guaranteed monthly annuity payments will be paid subject to the policy terms until the cumulative guaranteed monthly annuity payments paid reaches 105% of the premium paid • In the unfortunate event that the insured passes away within the Guaranteed Period, designated beneficiary(ies) can (1) continue to receive the remaining unpaid guaranteed monthly annuity payments until the cumulative guaranteed monthly annuity payments received reaches 105% of the premium paid; or (2) receive a lump sum equivalent to the guaranteed cash value of the policy at that time (may result in a financial loss) • There is no death benefit after the Guaranteed Period
Surrender Value	• The policy can be surrendered within the Guaranteed Period up to the surrender value equivalent to the guaranteed cash value of the policy as at the time of the surrender (may result in a financial loss) • There is no surrender value after the Guaranteed Period (The Plan is a long-term insurance plan. Early surrender may incur a loss. The insured should reserve sufficient funds)

Annex 2

Subscription and Distribution Timeline



Annex 3

List of Agent Banks (in alphabetic order)

Bank of China (Hong Kong) Limited	Hang Seng Bank, Limited
Bank of Communications (Hong Kong) Limited	Industrial and Commercial Bank of China (Asia) Limited
China CITIC Bank International Limited	Nanyang Commercial Bank, Limited
China Construction Bank (Asia) Corporation Limited	OCBC Wing Hang Bank Limited
Chiyu Banking Corporation Limited	Public Bank (Hong Kong) Limited
Chong Hing Bank Limited	Shanghai Commercial Bank Limited
Citibank (Hong Kong) Limited	Standard Chartered Bank (Hong Kong) Limited
Dah Sing Bank, Limited	The Bank of East Asia, Limited
DBS Bank (Hong Kong) Limited	The Hongkong and Shanghai Banking Corporation Limited
Fubon Bank (Hong Kong) Limited	Wing Lung Bank Limited

Applicants can obtain and submit the Subscription Intention Forms at any one of the above Agent Banks' designated branches.

All of the Agent Banks above will process the applications for non-bank customers, some of which will set up a bank account for the applicants first in order to complete the application procedures. Please allow for sufficient time to complete the whole process.

The list of designated branches of the Agent Banks participating in the distribution of the Plan can be found at the HKMCA website www.hkmca.hk.