

HKMC's Financial Results Highlights for 2023

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Mortgage Corporation Limited (HKMC) today (June 3) announced the highlights of its audited consolidated financial results (Note 1) for 2023 noted below.

2023 Financial Results Highlights

The audited loss after tax of the HKMC for 2023 was HK\$260 million (2022: profit after tax of HK\$2,163 million). The accounting loss was primarily attributable to (a) the increase in insurance contract liabilities for the annuity business driven by the reduced discount rates (Note 2) reflecting the relatively lower market interest rates at the end of the year as compared to that of the previous year; and (b) the negative impact of property price drop on the reverse mortgage insurance business. These were partly mitigated by the favourable return from the placements with the Exchange Fund and the increase in amortisation of unearned profits from the accumulative mortgage insurance business.

After excluding the accounting results of HKMC Annuity Limited (HKMCA), a wholly-owned subsidiary of the HKMC operating annuity business, the impact of property price changes on the reverse mortgage insurance business, and the effect of valuation and corresponding adjustments as required by HKFRS 17 at consolidation level in respect of certain loan portfolios with insurance cover provided by HKMC Insurance Limited (HKMCI), another wholly-owned subsidiary of the HKMC operating general insurance business, the HKMC's adjusted profit after tax, return on equity and cost-to-income ratio for 2023 would be HK\$724 million, 5.3 per cent and 28.1 per cent respectively (2022: HK\$445 million, 3.2 per cent and 34.5 per cent respectively).

Having included the capital injection of HK\$2.5 billion during the year, the embedded value of the annuity business as at December 31, 2023, was about HK\$13.9 billion on the basis of the Insurance Ordinance, which comprised HK\$11.4 billion of total equity and HK\$2.5 billion of present value of future profits. This indicates a sound financial position of the HKMCA to develop its business in the long term.

The Capital Adequacy Ratio (CAR) of the HKMC remained solid at 21.6 per cent as at December 31, 2023, well above the minimum ratio of 8 per cent stipulated by the Financial Secretary. The solvency ratios of the HKMCI and the HKMCA were about 13 times and 18 times respectively as at December 31, 2023, well above the respective 200 per cent and 150 per cent minimum regulatory requirements stipulated by the Insurance Authority.

Amid uncertain market conditions, the HKMC adopted prudent prefunding

strategy and proactively communicated with local and international investment communities for debt issuance to support its sizable loan purchase and fulfil its refinancing needs. With strong financing capability and liquidity position, the HKMC's core operations remain resilient and stand ready to cope with any financial turbulence ahead in performing its strategic policy roles and attaining its social objectives.

2023 Business Performance Highlights

Asset Purchase and Securitisation

- Acquired HK\$2.8 billion of loan assets (2022: HK\$4.3 billion)
- Purchased HK\$24.5 billion of loans (2022: HK\$33.4 billion) from the Special 100% Loan Guarantee under the SME Financing Guarantee Scheme (SFGS) and HK\$0.2 billion of loans from the Dedicated 100% Loan Guarantee Schemes (DLGS) which was launched on April 29, 2023
- Completed the first issuance of infrastructure loan-backed securities under its pilot scheme on infrastructure financing securitisation. The issuance consists of multiple classes of US dollar-denominated secured notes backed by the cash flows from a diversified portfolio of project and infrastructure loans across various regions and sectors, with a total size of US\$404.8 million
- Outstanding balance of loan portfolio was HK\$109.5 billion as at December 31, 2023 (December 31, 2022: HK\$102.2 billion)

Debt Issuance

- Issued corporate debts totalling HK\$98.3 billion for 2023, of which HK\$89.9 billion with tenor of one year or above (2022: totalling HK\$97.6 billion, of which HK\$71.8 billion with a tenor of one year or above), being the most active issuer in the domestic market of Hong Kong dollar corporate bonds and one of the top offshore Renminbi corporate bond issuers in 2023
- It included the second social bond issuance of close to HK\$20 billion equivalent, being the largest social bond issuance in Asia and was the first time for a Hong Kong bond issuer to launch Hong Kong dollar, Renminbi and US dollar tranches in one transaction. The issuance was well recognised by market participants and has earned the HKMC a number of outstanding awards
- Outstanding balance of debt securities issued was HK\$161.7 billion as at December 31, 2023 (December 31, 2022: HK\$131.1 billion)
- Credit ratings of AA+ from S&P Global Ratings and Aa3 from Moody's, same as those of the HKSAR Government

Mortgage Insurance Programme (MIP)

- New MIP loans drawn down amounted to HK\$83.1 billion (2022: HK\$107.2 billion)
- 71 per cent of loans drawn down (in terms of loan amount) were secured

on properties in the secondary market, demonstrating the importance of the MIP to homebuyers in the secondary market

SME Financing Guarantee Scheme

- In respect of the 80% Guarantee Product, as at the end of 2023, more than 25 400 applications were approved with a total loan amount of HK\$111.1 billion since its launch in May 2012
- In respect of the 90% Guarantee Product, as at the end of 2023, more than 10 800 applications were approved with a total loan amount of HK\$20.3 billion since its launch in December 2019
- In respect of the Special 100% Loan Guarantee, as at the end of 2023, more than 65 600 applications were approved with a total loan amount of HK\$139.1 billion since its launch in April 2020, of which HK\$138.5 billion of loan assets were purchased by the HKMC
- As at the end of 2023, the 80% and 90% Guarantee Products and the Special 100% Loan Guarantee had benefitted more than 60 600 local small and medium-sized enterprises and approximately 772 000 related employees since their inception

Dedicated 100% Loan Guarantee Schemes

- The DLGS for Travel Sector and the DLGS for Cross-boundary Passenger Transport Trade were launched on April 29, 2023. As at the end of 2023, 204 applications for a total loan amount of approximately HK\$0.2 billion were approved
- Promoting the use of e-Taxis is one of the Government's measures to develop green transport, the DLGS for Battery Electric Taxis was launched on 4 September 2023 to provide loans for eligible taxi owners to purchase e-Taxis to replace their liquefied petroleum gas, petrol or hybrid taxis. As at the end of 2023, two applications were approved for a total loan amount of approximately HK\$0.7 million

Reverse Mortgage Programme (RMP)

- 797 applications were approved (2022: 938 applications), with an average property value of HK\$5.4 million and an average monthly payout of HK\$14,900

Annuity Business

- Taking a total of 2 205 policies (2022: 3 254 policies), with total premiums of HK\$1.6 billion (2022: HK\$2.5 billion)

100% Personal Loan Guarantee Scheme (PLGS)

- With the local economic recovery and decreased unemployment rate, the application period of the PLGS expired at the end of April 2023
- Around 67,000 applications were approved with a total loan amount of approximately HK\$4.7 billion since its launch in April 2021

Further details of the HKMC's consolidated financial results and financial review for 2023 are set out at Annex.

Note 1: From 1 January 2023, the HKMC has adopted Hong Kong Financial Reporting Standard 17 "Insurance Contracts" (HKFRS 17). As required by the accounting standard, the HKMC applied the requirements retrospectively with comparative figures previously published under Hong Kong Financial Reporting Standard 4 "Insurance Contracts" (HKFRS 4) restated from January 1, 2022, the transition date. Further information on the impact of this change is set out in the Financial Review section of this announcement.

Note 2: Discount rates for calculating insurance contract liabilities are derived from the risk-free yield curve and a premium adjusting for the liquidity characteristics of insurance contracts. As at December 31, 2023, the risk-free yield curve was generally lower than that as at December 31, 2022, due to a decline in the yield curve in the fourth quarter of 2023 on expectation of aggressive US interest rate cuts in 2024.

[Statistics on vessels, port cargo and containers for the first quarter of 2024](#)

The Census and Statistics Department (C&SD) today (June 3) released the statistics on vessels, port cargo and containers for the first quarter of 2024.

In the first quarter of 2024, total port cargo throughput increased by 3.8% to 42.8 million tonnes over a year earlier. Within this total, inward port cargo and outward port cargo increased by 4.9% and 2.0% to 27.5 million tonnes and 15.3 million tonnes respectively.

On a seasonally adjusted quarter-to-quarter comparison, total port cargo throughput increased by 10.4% in the first quarter of 2024. Within this total, inward port cargo and outward port cargo increased by 10.5% and 10.4% respectively compared with the preceding quarter. The seasonally adjusted series enables more meaningful shorter-term comparison to be made for discerning possible variations in trends.

Port cargo

In the first quarter of 2024, within port cargo, seaborne cargo decreased by 1.4% to 26.9 million tonnes over a year earlier, while river cargo increased by 14.2% to 15.9 million tonnes over a year earlier.

Comparing the first quarter of 2024 with a year earlier, double-digit increases were recorded in the tonnage of inward port cargo loaded in Singapore (+30.2%), Taiwan (+28.1%) and the mainland of China (+14.4%). On the other hand, double-digit decreases were recorded in the tonnage of inward port cargo loaded in the United States of America (-24.4%), Malaysia (-17.0%), Japan (-13.5%) and Indonesia (-12.5%). For outward port cargo, double-digit increases were recorded in the tonnage of outward port cargo discharged in Australia (+31.2%) and Malaysia (+16.0%). On the other hand, double-digit decreases were recorded in the tonnage of outward port cargo discharged in Korea (-15.9%), the United States of America (-14.8%) and Japan (-12.6%).

Comparing the first quarter of 2024 with a year earlier, double-digit increases were recorded in the tonnage of inward port cargo of "stone, sand and gravel" (+30.3%) and "petroleum, petroleum products and related materials" (+15.8%). As for outward port cargo, triple-digit or double-digit changes were recorded in the tonnage of "stone, sand and gravel" (+107.2%), "artificial resins and plastic materials" (-10.5%), "pulp and waste paper" (-11.3%) and "live animals chiefly for food and edible animal products" (-19.8%).

Containers

In the first quarter of 2024, the port of Hong Kong handled 3.32 million TEUs of containers, representing a decrease of 3.2% over a year earlier. Within this total, laden and empty containers decreased by 2.1% and 7.3% to 2.67 million TEUs and 0.66 million TEUs respectively. Among laden containers, inward and outward containers decreased by 1.9% and 2.4% to 1.43 million TEUs and 1.24 million TEUs respectively.

On a seasonally adjusted quarter-to-quarter comparison, laden container throughput increased by 6.6% in the first quarter of 2024. Within this total, inward and outward laden containers increased by 9.0% and 3.9% respectively.

In the first quarter of 2024, seaborne and river laden containers decreased by 2.5% and 1.3% to 1.88 million TEUs and 0.78 million TEUs respectively over a year earlier.

Vessel arrivals

Comparing the first quarter of 2024 with a year earlier, the number of ocean vessel arrivals increased by 0.6% to 4 555, with the total capacity also increasing by 3.9% to 73.6 million net tons. Meanwhile, the number of river vessel arrivals increased by 35.6% to 19 935, with the total capacity also increasing by 8.6% to 18.8 million net tons.

Further information

Port cargo and laden container statistics are compiled from a sample of consignments listed in the cargo manifests supplied by shipping companies and agents to the C&SD. Vessel statistics are compiled by the Marine Department primarily from general declarations submitted by ship masters and authorised shipping agents. Pleasure vessels and fishing vessels plying exclusively within the river trade limits are excluded.

Table 1 presents the detailed port cargo statistics.

Table 2 and Table 3 respectively present the inward and outward port cargo statistics by main countries/territories of loading and discharge.

Table 4 and Table 5 respectively present the inward and outward port cargo statistics by principal commodities.

Table 6 presents the detailed container statistics.

Table 7 presents the statistics on vessel arrivals in Hong Kong.

More detailed statistics on port cargo, containers and vessels are published in the report "Hong Kong Shipping Statistics, First Quarter 2024". Users can browse and download this publication at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1020008&scode=230).

For enquiries about port cargo and container statistics, please contact the Electronic Trading Services and Cargo Statistics Section of the C&SD (Tel: 2582 2126 or email: shipping@censtatd.gov.hk). For enquiries about vessel statistics, readers may contact the Statistics Section under the Planning, Development and Port Security Branch of the Marine Department (Tel: 2852 3662 or email: st-sec@mardep.gov.hk).

Shipping Legislation (Electronic Certificates and Electronic Documents) (Amendment) Bill 2024 to be introduced into LegCo for First Reading and Second Reading

The following is issued on behalf of the Legislative Council Secretariat:

The Legislative Council (LegCo) will hold a meeting on Wednesday (June

5) at 11 am in the Chamber of the LegCo Complex. During the meeting, Shipping Legislation (Electronic Certificates and Electronic Documents)(Amendment) Bill 2024 will be introduced into the Council for the First Reading and the Second Reading. The Second Reading debate on the Bill will be adjourned.

On Members' motions, Mr Steven Ho will move a motion on empowering the development of agriculture and fisheries industries with new quality productive forces. The motion is set out in Appendix 1. Mr Yiu Pak-leung, Mr Lee Chun-keung and Ms Chan Yuet-ming will move separate amendments to Mr Ho's motion.

Dr Dennis Lam will move a motion on actively building Hong Kong into Asia's health and medical innovation hub. The motion is set out in Appendix 2. Mr Chan Pui-leung and Professor Chan Wing-kwong will move separate amendments to Dr Lam's motion.

Mr Chan Kin-por will move a proposed resolution under section 34(4) of the Interpretation and General Clauses Ordinance to extend the period for amending subsidiary legislations. The proposed resolution is set out in Appendix 3.

Members will also ask the Government 22 questions on various policy areas, six of which require oral replies.

The agenda of the above meeting can be obtained via the LegCo Website (www.legco.gov.hk). Members of the public can watch or listen to the meeting via the "Webcast" system on the LegCo Website. To observe the proceedings of the meeting at the LegCo Complex, members of the public may call 3919 3399 during office hours to reserve seats.

Inspection of aquatic products imported from Japan

In response to the Japanese Government's plan to discharge nuclear-contaminated water at the Fukushima Nuclear Power Station, the Director of Food and Environmental Hygiene issued a Food Safety Order which prohibits all aquatic products, sea salt and seaweeds originating from the 10 metropolis/prefectures, namely Tokyo, Fukushima, Ibaraki, Miyagi, Chiba, Gunma, Tochigi, Niigata, Nagano and Saitama, from being imported into and supplied in Hong Kong.

For other Japanese aquatic products, sea salt and seaweeds that are not prohibited from being imported into Hong Kong, the Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department will conduct comprehensive radiological tests to verify that the radiation levels of these products do not exceed the guideline levels before they are allowed to be

supplied in the market.

As the discharge of nuclear-contaminated water is unprecedented and will continue for 30 years or more, the Government will closely monitor and step up the testing arrangements. Should anomalies be detected, the Government does not preclude further tightening the scope of the import ban.

From noon on May 31 to noon today (June 3), the CFS conducted tests on the radiological levels of 300 food samples imported from Japan, which were of the "aquatic and related products, seaweeds and sea salt" category, in the past three days (including last Saturday and Sunday). No sample was found to have exceeded the safety limit. Details can be found on the CFS's thematic website titled "Control Measures on Foods Imported from Japan" (www.cfs.gov.hk/english/programme/programme_rafs/programme_rafs_fc_01_30_Nuclear_Event_and_Food_Safety.html).

In parallel, the Agriculture, Fisheries and Conservation Department (AFCD) has also tested 150 samples of local catch for radiological levels. All the samples passed the tests. Details can be found on the AFCD's website (www.afcd.gov.hk/english/fisheries/Radiological_testing/Radiological_Test.html).

The Hong Kong Observatory (HKO) has also enhanced the environmental monitoring of the local waters. No anomaly has been detected so far. For details, please refer to the HKO's website (www.hko.gov.hk/en/radiation/monitoring/seawater.html).

From August 24 to noon today, the CFS and the AFCD have conducted tests on the radiological levels of 56 105 samples of food imported from Japan (including 36 296 samples of aquatic and related products, seaweeds and sea salt) and 14 088 samples of local catch respectively. All the samples passed the tests.

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Monday, June 3, 2024 is 106.2 (same as last Saturday's index).

The effective exchange rate index for the Hong Kong dollar on Saturday, June 1, 2024 was 106.2 (same as last Friday's index).