

HKMC Annuity Plan Introduces Enhancement Measures and Continuous Sales Model

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

HKMC Annuity Limited (HKMCA), wholly-owned by The Hong Kong Mortgage Corporation Limited (HKMC), announces today (December 12) that it will introduce enhancement measures and year-round continuous sales model for the HKMC Annuity Plan (Plan).

The enhancement measures, which come into effect today, are applicable to both existing and new customers. Details are set out as follows:

(1) 100 per cent lump-sum death benefit payment: In the unfortunate death of the insured, the designated beneficiary can choose to immediately get back all the premium paid in a lump-sum less the cumulative guaranteed monthly annuity payments paid, without extra discount. This means that there will no longer be financial loss in the case of lump-sum death benefit payment, which should enable customers to apply for the Plan with a greater sense of security.

(2) Special withdrawal to meet medical and dental expenses: The policyowner can apply for special withdrawal for medical and dental expenses in Hong Kong. The withdrawal amount would be the lower of:

- (i) 50 per cent of the premium paid; or
- (ii) the premium paid less the cumulative guaranteed monthly annuity payments paid.

Special withdrawal is subject to a maximum amount of HK\$300,000 and can only be made once. The usage of the withdrawal is not confined to specified critical illnesses, and can be used for surgery, medical treatment or examination considered necessary by doctors. After the special withdrawal, the guaranteed monthly annuity payments will be reduced proportionally without extra discount.

(3) Relaxation of maximum premium amount per person: The maximum premium amount per person will be increased from HK\$1 million to HK\$2 million. For example, if an applicant aged 65 has paid a premium of HK\$2 million, HK\$11,600 and HK\$10,600 of guaranteed monthly annuity payment will be paid to a male and female policyowner respectively.

In addition, the Plan will from now on adopt a continuous sales model throughout the year and open for eligible persons who are Hong Kong permanent residents aged 65 or above. Interested persons can make sales appointment with the HKMCA directly through the HKMCA's Customer Service Hotline (2512 5000) or website (www.hkmca.hk) and come to the HKMCA's sales office* located on Hong Kong Island or in Kowloon to complete the application procedures. The HKMCA will have licensed sales staff to introduce the product and conduct Financial Needs Analysis with the customers during the application process.

Customers can directly submit the application to the HKMCA after consideration and will receive their first guaranteed monthly annuity payment within one month after the application.

The Executive Director and Chief Executive Officer of the HKMCA, Mr Edmond Lau, said, "We notice that there have been different opinions in the market about the product features and sales arrangement since the launch of the HKMC Annuity Plan. We believe that the enhancements introduced will offer a greater protection and flexibility to the customers, thereby enabling them to apply for the Plan with a greater sense of security. The adoption of the continuous sales model can also enable customers to experience a more convenient and efficient application process and have a clearer understanding of the product features."

The first tranche of the Plan records a total of 9 410 registrations of subscription intention, among which over 5 500 applicants have already completed the application procedures with an average premium amount of HK\$506,000. The HKMCA will follow up the uncompleted cases under the continuous sales model and continue to implement and strengthen the marketing and promotion activities.

* Hong Kong Island: 35/F, Cosco Tower (High Block), Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong
Kowloon: 22/F, 909 Cheung Sha Wan Road, Kowloon

CSD's exercise Concord XIX tests emergency response

The Correctional Services Department (CSD) carried out an exercise today (December 12) to test the emergency response of its various units in different scenarios, including mass indiscipline of persons in custody and a hostage-taking situation at Hei Ling Chau Addiction Treatment Centre.

Code-named Concord XIX, the four-hour exercise aimed to test the department's emergency command and communication capabilities, the implementation of contingency plans at different levels, departmental response and information dissemination and testing of the CSD's co-ordination efficiency with other government departments.

The exercise focused on a number of scenarios including mass indiscipline of persons in custody, hostage-taking, suspected terrorism and fire breakouts. More than 200 staff members of the CSD, the Hong Kong Police Force, the Fire Services Department and the Government Flying Service took part in the exercise.

The CSD's Assistant Commissioner (Operations), Mr Leung Kin-ip, took command of the operation from the department's Central Control Centre in Stanley.

He said the exercise enhanced the response capabilities of the department and colleagues, as well as the effectiveness of emergency support procedures. The exercise also improved inter-departmental communication and co-operation, and enhanced the CSD's ability and efficiency in handling emergency situations in future.

The CSD holds regular emergency exercises of various types in correctional institutions and at regional and departmental levels to enable staff members to familiarise themselves with handling different incidents. The objectives are to provide a safe and secure custodial environment to facilitate rehabilitation work and help maintain Hong Kong as one of the safest cities in the world.

LCQ4: Promoting use of electric private cars

Following is a question by the Hon Kenneth Leung and a reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (December 12):

Question:

Since April 1 last year, the Government has reduced the concessions on first registration tax (FRT) for electric private cars (e-PCs) from full exemption in the past to putting in place a cap at \$97,500. The measure led to a significant drop in the number of first registered e-PCs, which plunged from 4 294 in the six-month period prior to its implementation to 300 in the 17-month period after its implementation. However, the number of first registered fuel-powered private cars rose from 19 382 in the six-month period before the implementation of the measure to 21 345 in the six-month period after. On the other hand, among the public chargers for electric vehicles across the territory, about 40 per cent are standard chargers that have relatively lower charging speed. As at August this year, less than 2 per cent of private cars are e-PCs. In respect of promoting the popularisation of e-PCs, will the Government inform this Council:

(1) whether it will reinstate the full exemption of FRT for e-PCs; if so, of the details; if not, the reasons for that;

(2) given that the Government introduced, at the end of February this year, a "One-for-One Replacement" Scheme under which a vehicle owner who scraps an old private car and buys a new e-PC may enjoy a greater amount of FRT

concession, of the respective numbers of applications received, approved and rejected by the Government so far, and the reasons for some applications being rejected; as there have been criticisms that the eligibility criteria of the Scheme are stringent, whether the Government will review the effectiveness of the Scheme and relax the eligibility criteria; if so, of the details; if not, the reasons for that; and

(3) whether it has plans to upgrade, in the coming two years, the public chargers to medium or quick chargers across the board; if so, of the estimated expenditure, work timetable and detailed plans; if not, the reasons for that?

Reply:

President,

My responses to the questions raised by Hon Kenneth Leung are as follows:

(1) The Government's standing policy is to encourage the public to use public transport as far as possible. For members of the public who need to acquire private cars (PCs), we encourage them to choose electric private cars (e-PCs).

When drawing up the first registration tax (FRT) concessions for e-PCs, the Government considered that while refraining from promoting the overall growth of PCs causing traffic congestion and aggravating roadside air pollution, vehicle buyers could be aptly encouraged to go for electric vehicles (EVs) when purchasing PCs. Taking account of these two factors, the technological development and market situation of EVs, as well as road traffic conditions and views of stakeholders, we decided to continue with the FRT concessions of up to \$97,500 for e-PCs from February 28, 2018 to March 31, 2021. For the same period, a new "One-for-One Replacement" Scheme (the Scheme) has also been introduced to allow eligible existing vehicle owners who buy a new e-PC and scrap their own eligible old PC to enjoy a higher FRT concession of up to \$250,000.

With ongoing technology development in e-PCs, a number of vehicle manufacturers have already marketed relatively more affordable e-PC models which are priced between \$240,000 and \$400,000 (FRT excluded), with their laboratory-tested driving range reaching 280 kilometers (km) to 400 km and fairly meeting most Hong Kong drivers' general needs of daily mileage of only a few tens of km. Out of the 15 e-PC models type-approved by the Transport Department (TD) in the local market, most of them (eight models) are eligible for full FRT exemption under the Scheme. The Scheme would be able to motivate more vehicle manufacturers to introduce different types of e-PCs, particularly the relatively more affordable models, in the local market to popularise the use of e-PCs.

The Government will, as scheduled, review the existing FRT arrangements for EVs before their expiry on March 31, 2021, and has no plan to revise the established arrangements at this stage.

(2) To be eligible for the Scheme, the old PC must have been first registered in Hong Kong for at least six years, the vehicle owner must have been the registered owner of the old PC for three years or more without interruption, and the old PC must have been licensed for at least 20 months within the 24 months immediately before its de-registration. The objective of such measures is to prevent people from gathering a large number of old PCs from overseas or second-hand markets to participate in the Scheme for profit making. Data shows that, by the time the Scheme ends on March 31, 2021, the total number of PCs meeting the two criteria of old PC having been first registered for six years or more and its owner having owned the PC for three years or more without interruption will be around 470 000, accounting for about three-fourth of the total number of PCs, which is not a small number. At this stage, the Government has no plan to revise the application criteria for the Scheme.

Till the end of this November, the TD received a total of 274 applications under the Scheme, of which 268 were approved and three were rejected. The remaining three are still under process. For the three rejected applications, one is rejected because the old PC has been first registered in Hong Kong for less than six years, and the other two fail to meet the criterion that the old PC must have been licensed for at least 20 months.

(3) Regarding the charging arrangements for e-PCs, it is the Government's policy direction that e-PC owners shall perform daily charging of their e-PCs by using charging facilities at their home, workplaces or other suitable places. The public charging network in Hong Kong mainly serve as supplementary charging facilities, enabling e-PC owners to top up their e-PC batteries to complete their journeys when necessary. They do not serve as daily charging facilities or their alternatives.

In a relatively small place like Hong Kong, the daily mileage of PCs in general is only a few tens of km. By charging with medium chargers for less than an hour, EVs may run for at least another 30 km, implying that the supplementary charging facility is sufficient to top up their batteries at times of occasional needs. The installation cost of quick chargers is expensive and their electricity demand is very high. The power supply systems in some buildings may not be able to cope with such electricity demand. Hence, medium chargers would serve as the backbone of public charging facilities.

The Government has been progressively upgrading the standard chargers installed at those government car parks that are open to the public and managed by the TD or Government Property Agency (GPA) to medium chargers over the past few years. Except for the 61 chargers located at TD car parks that are planned for demolition and some chargers which are capable of charging at both standard and medium speeds, all other public standard chargers installed at TD or GPA car parks have been upgraded to medium chargers. The two power companies will continue to upgrade their existing public standard chargers to medium chargers and install multi-standard quick chargers. EV suppliers have also been proactive in setting up more EV charging facilities for their EV models at public venues.

With the increase in the number of e-PCs, the Government is reviewing relevant policies and measures relating to the ancillary facilities for charging e-PCs, including proactively considering the provision of more chargers in government car parks.

Thank you, President.

LCQ19: Positioning of various subsidised home ownership schemes

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (December 12):

Question:

There are views that the housing courts of the Home Ownership Scheme (HOS) and the Green Form Subsidised Home Ownership Scheme (GSH) put up for sale in recent years look very much the same as public rental housing (PRH) estates in terms of building designs and ancillary facilities, as well as the layouts and installations of and materials used in the units, etc. In this connection, will the Government inform this Council:

(1) of the housing development stage at which the authorities usually decide whether the units of an individual public housing development project should be used for rental purpose or put up for sale under a subsidised sale flat (SSF) scheme, and the relevant considerations;

(2) whether the authorities have set standards, in terms of building designs and ancillary facilities, as well as the layouts and installations of and materials used in the units, etc., for (a) PRH estates, (b) HOS courts and (c) GSH courts;

(i) if so, of the details; whether the following situation arose in the past five years: a housing development project had progressed, when the authorities made the decision mentioned in (1), to a rather late stage rendering it necessary to deviate from those standards; if there was such situation, whether the authorities will in future make the relevant decision at an earlier stage as far as possible;

(ii) if not, the reasons for that; and

(3) whether the authorities will (i) more clearly define the market positioning of various SSF schemes, including the target buyers, eligibility criteria and prices, and (ii) ensure that the building designs and ancillary

facilities of the housing courts, as well as the layouts and installations of and materials used in the units, etc., can reflect their respective market positioning; if so, of the details; if not, the reasons for that?

Reply:

President,

My consolidated reply to the various parts of the question raised by the Hon Tony Tse is set out below:

Long Term Housing Strategy

As pointed out in the Long Term Housing Strategy (LTHS) published by the Government in 2014, subsidised sale flats (SSFs) is the first step for home ownership for the low to middle-income families; and are also an essential element of the housing ladder. The Government will identify suitable sites for developing SSFs, and study how to further expand the forms of subsidised home ownership and, where appropriate, introduce supplementary schemes of SSFs. As mentioned in LTHS (note 1), given the nature of SSFs as a buffer between public rental housing (PRH) and private housing, the Hong Kong Housing Authority (HA) needs to maintain the inter-changeability of PRH and SSFs and adjust their supply in a timely manner to better respond to changes in market situations and the housing needs of the community at large.

According to LTHS, the Government updates the long term housing demand projection annually and presents a rolling ten-year housing supply target. According to the projection in December 2017, the total housing supply target for the ten-year period from 2018/19 to 2027/28 is 460 000 units. With a public/private split of 60:40, the supply targets for public and private housing are 280 000 units and 180 000 units respectively. Within the public housing supply target of 280 000 units, the split between PRH and SSFs is 200 000 units and 80 000 units. We are now updating the housing demand projection for the next ten-year period (from 2019/20 to 2028/29) and will announce the new housing supply target soon.

Currently, public housing includes PRH, Green Form Subsidised Home Ownership Scheme (GSH) and other SSF schemes (including the Home Ownership Scheme (HOS)). Based on the concept of "inter-changeability", the Government strives to maintain the flexibility among different types of public housing to cater for the community's demands for PRH, GSH and other SSFs. According to the forecast as at September 2018, the total SSF production of HA and the Hong Kong Housing Society (HKHS) in the five-year period from 2018/19 to 2022/23 is estimated to be about 26 300 units.

Planning, construction and design of public housing

Regardless of PRH and HOS, the design principles of HA emphasise on simplicity, environmental-friendliness and meeting the basic needs of the

residents. HA has also been adopting Modular Flat Design (MFD) in construction. In line with the design principle of "Functional and Cost Effective", layout, size and dimension of the modular flats address residents' need of flexibility when using their living space. There is no partitioning in a modular flat, hence allowing the residents to design their internal partitioning and furniture layout in accordance with their families' need. The design also adopts standardised dimensions, spatial configuration and components. The design of kitchens and shower areas has been standardised and is used as volumetric precast components. This will improve the practicality of the precast components as well as the efficiency and productivity of housing production.

Since GSH is converted from PRH, hence it has no difference with PRH in terms of design and construction. PRH and HOS are basically the same apart from some minor details. For example, metal gates are provided in PRH units while gas water heaters are provided in SSFs.

In planning public housing projects, HA makes reference to the "Hong Kong Planning Standards and Guidelines", consults relevant departments and organisations and considers views of District Councils and local communities in determining the ancillary facilities for public housing developments. Other factors such as individual site constraints, feasibility and suitability regarding the provision of the required facilities, etc. will also be considered in formulating appropriate ancillary facilities. Provision of ancillary facilities for PRH/GSH and other SSFs are basically the same apart from the parking ratios and types of parking facilities. If conversion of the housing type is required during the development process, HA will adjust and modify the provisions as far as practical without affecting the completion date of the project. In the process, relevant government departments and other stakeholders will be consulted.

In the past five years, HA has converted two PRH projects under construction into GSH projects, including King Tai Court in San Po Kong and Lai Chi Kok Road – Tonkin Street Phase 1 (Lai Tsui Court). As mentioned above, the design and construction principles of GSH flats follow that of PRH units.

All along, HA has been improving and optimising the planning and design of public housing developments in different aspects. We will continue to collect tenants' feedback through Residents Surveys and take on board views from the stakeholders in the construction industry in relation to design and construction of public housing in order to pursue continuous review and improvement of public housing design including architectural design, flat layout, finishing materials and ancillary facilities of public housing.

Positioning of different types of SSFs

As to the positioning of different types of SSFs, in terms of HOS, the Government announced in 2011 the resumption of HOS and SSFs in response to the home ownership aspirations of low to middle-income families. HA and HKHS

will take into account the progress of their new HOS or SSF projects in selecting the projects to be launched for sale each year and the number of flats involved. The pricing and sales arrangements of each project are based on the prevailing pricing mechanism and application eligibility.

As regards GSH, HA endorsed the regularisation of GSH in January 2018 with a view to helping more relatively better-off Green Formers (mainly PRH households and PRH applicants who have passed the detailed eligibility vetting) move up the housing ladder. HA will implement GSH at a modest pace to reduce risk of unsold flats and minimise impact on the waiting time for PRH applicants. As to the number of PRH projects to be converted for GSH development each year, HA will make reference to the site selection criteria as previously adopted for the pilot project (note 2) in assessing PRH projects in the pipeline to select sites for GSH projects, as well as to decide the projects to be launched for sale each year and the relevant pricing and sales arrangements.

The Chief Executive announced the revised HOS pricing mechanism in June this year (note 3). The pricing of GSH flats will be based on the new HOS pricing mechanism, i.e. the discount for such flats will be fixed at 10 per cent more than that determined for the preceding HOS sale exercise to ensure that the prices of GSH flats are more affordable to eligible Green Formers.

Note 1: See paragraphs 3.3 and 5.4 of LTHS.

Note 2: HA has endorsed making reference to the following principles adopted for the GSH pilot project in selecting sites for GSH:

- (i) while a site may include certain public facilities, it should not contain public facilities that will incur very high management and/or maintenances fees;
- (ii) the conversion of a PRH site to GSH development should not result in substantive changes to the original planning;
- (iii) the site should preferably be a standalone one, or can be easily carved out from a PRH development; and
- (iv) any PRH development that will be completed shortly is not suitable.

Note 3: Two major changes have been introduced to the affordability test in the original HOS pricing mechanism:

- (i) using the median monthly household income of non-owner occupier households (instead of the income limit for White Form applicants) for assessing affordability; and
 - (ii) ensuring at least 75 per cent (instead of at least 50 per cent) of flats for sale are affordable.
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Hong Kong team excels at International Junior Science Olympiad (with photo)

A team of six secondary school students representing Hong Kong has achieved excellent results in the International Junior Science Olympiad (IJSO) 2018, winning a total of six silver medals.

The IJSO is a science competition for secondary school students aged 15 or below. The competition covers three disciplines, namely physics, chemistry and biology up to senior secondary level. It comprises written assessments and science experiments on unfamiliar problems that require analytical and problem-solving skills. This year, the IJSO was held from December 3 to 10 in Botswana, with participation of around 250 students from over 45 countries or regions.

The Hong Kong team has six members, comprising Chris Zhou, Li Hoi-wang and Li Yung-chi from Diocesan Boys' School; Leung Chun-fung from GT (Ellen Yeung) College; Yau Chi-kin from SKH Lam Woo Memorial Secondary School; and Justin Cheung from St Paul's College. They each won a silver medal and achieved excellent results in the individual competition.

The Secretary for Education, Mr Kevin Yeung, congratulated the Hong Kong team today (December 12) on their outstanding performance. "The impressive results of the Hong Kong team this year have demonstrated the concerted efforts and achievements of different stakeholders in promoting science, technology, engineering and mathematics (STEM) education. We will continue to collaborate with post-secondary institutions and other related organisations in conducting more large-scale and high-quality student activities to unleash students' potential in science and technology and nurture talents in innovative technology for the future," Mr Yeung said.

"The Hong Kong Special Administrative Region Government has been actively supporting the development of gifted education in Hong Kong and attaching great importance to nurturing talents. The Finance Committee of the Legislative Council has earlier approved an injection of \$800 million into the Gifted Education Fund to support the service enhancement of the Hong Kong Academy for Gifted Education (HKAGE) and the implementation of the recommendations of the Advisory Committee on Gifted Education, which include enabling various gifted education service providers to offer quality advanced learning programmes for gifted students and to promote the development of gifted education in Hong Kong," he added.

The members of the Hong Kong team, which was fully funded by the Education Bureau to join the competition, last year distinguished themselves in the International Junior Science Olympiad – Hong Kong Screening. They subsequently completed the enrichment programme provided by the HKAGE. The best-performing students in the programme were then selected as contestants to represent Hong Kong in the IJSO this year.

