

# HKMC's financial results highlights for first half of 2024

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

The Hong Kong Mortgage Corporation Limited (HKMC) today (October 7) announced the highlights of its unaudited consolidated financial results for the first six months of 2024 (1H 2024) noted below.

## 2024 half-year unaudited financial results highlights

The unaudited profit after tax of the HKMC for 1H 2024 was HK\$9 million (1H 2023: HK\$1,175 million (Note)). The decline in profitability was primarily due to the unfavourable impact of property price drop in 1H 2024 on the reverse mortgage business as compared to the favourable impact of property price rebound in 1H 2023.

After excluding the accounting results of the 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 Hong Kong Financial Reporting Standard 17 "Insurance Contracts" (HKFRS 17) at consolidation level in respect of the loan portfolios with insurance cover provided by the HKMC Insurance Limited (HKMCI), another wholly-owned subsidiary of the HKMC operating general insurance business, the adjusted profit after tax, annualised return on equity and cost-to-income ratio for 1H 2024 would be HK\$468 million, 6.2 per cent and 22.4 per cent respectively (1H 2023: HK\$365 million, 5.2 per cent and 26.6 per cent respectively).

Despite the reported accounting loss of the HKMCA, the embedded value of the annuity business as at June 30, 2024, was about HK\$14.0 billion on the basis of the Insurance Ordinance, which comprised HK\$11.3 billion of total equity and HK\$2.7 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 of the HKMC remained solid at 20.7 per cent as at June 30, 2024, well above the minimum ratio of eight per cent stipulated by the Financial Secretary. The solvency ratios of the HKMCI and the HKMCA were about 22 times and 16 times respectively as at June 30, 2024, 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.

## 2024 half-year business performance highlights

### Asset purchase

- Acquired HK\$2.1 billion of loan assets (1H 2023: HK\$1.2 billion)
- Purchased HK\$4.6 billion of loans (1H 2023: HK\$15.6 billion) from the Special 100% Loan Guarantee under the SME Financing Guarantee Scheme (SFGS), and HK\$32.0 million of loans (1H 2023: HK\$15.8 million) from the Dedicated 100% Loan Guarantee Schemes (DLGS)
- Outstanding balance of loan portfolio was HK\$107.1 billion as at June 30, 2024 (December 31, 2023: HK\$109.5 billion)

### Debt issuance

- Issued corporate debts totalling HK\$57.1 billion for 1H 2024, of which HK\$48.4 billion with tenor of one year or above (1H 2023: totalling HK\$65.6 billion, of which HK\$58.6 billion with a tenor of one year or above), being the most active issuer in the domestic market of Hong Kong dollar (HKD) corporate bonds
- Successfully completed the issuance of triple-tranche HKD benchmark bonds of HK\$12 billion comprising HK\$8 billion 2-year, HK\$3 billion 5-year and HK\$1 billion 10-year bonds, being the largest-ever HKD senior unsecured public bond transaction and the largest 10-year HKD public bond issuance in the institutional market
- Outstanding balance of debt securities issued was HK\$144.6 billion as at June 30, 2024 (December 31, 2023: HK\$161.7 billion)
- Credit ratings of AA+ from S&P Global Ratings and Aa3 from Moody's, same as those of the Hong Kong Special Administrative Region Government

### Mortgage Insurance Programme (MIP)

- New MIP loans drawn down amounted to HK\$28.3 billion (1H 2023: HK\$51.4

billion)

- 52 per cent of loans drawn down (in terms of loan amount) were secured on properties in the secondary market

#### SFGS

- In respect of the 80% Guarantee Product, as at the end of June 2024, more than 26 400 applications were approved with a total loan amount of approximately HK\$114.4 billion since its launch in May 2012
- In respect of the 90% Guarantee Product, as at the end of June 2024, more than 12 600 applications were approved with a total loan amount of approximately HK\$23.4 billion since its launch in December 2019
- In respect of the Special 100% Loan Guarantee, as at the end of June 2024, more than 66 900 applications were approved with a total loan amount of approximately HK\$143.2 billion since its launch in April 2020, of which HK\$143.1 billion of loan assets were purchased by the HKMC
- As at the end of June 2024, the 80% and 90% Guarantee Products and the Special 100% Loan Guarantee had benefitted more than 63 000 local small and medium-sized enterprises and approximately 792 000 related employees since their inception. The application period for the 80% and 90% Guarantee Products has been extended for two years until end-March 2026 while the application period for the Special 100% Loan Guarantee expired at end-March 2024

#### DLGS

- 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 June 2024, 220 applications were approved with a total loan amount of approximately HK\$218.2 million
- Promoting the use of battery electric taxis (e-Taxis) is one of the Government's measures to develop green transport, and the DLGS for e-Taxis was launched on September 4, 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 June 2024, 16 applications were approved with a total loan amount of approximately HK\$5.3 million

#### Reverse Mortgage Programme

- 546 applications were approved (1H 2023: 277 applications), with an average property value of HK\$4.9 million and an average monthly payout of HK\$12,600

#### Annuity business

- Taking a total of 2 295 policies (1H 2023: 814 policies), with total premiums of HK\$1.1 billion (1H 2023: HK\$0.7 billion)

Further details of the HKMC's unaudited consolidated financial results and financial review for 1H 2024 are set out in the Annex.

Note: After adoption of HKFRS 17 with effect from January 1, 2023, accounting adjustments are required to be made at consolidation level in respect of the loan portfolios with insurance cover provided by the HKMCI. The Group has finalised the accounting adjustments when the 2023 audited financial statements were prepared. Accordingly, the comparative figures reported in this press release have been restated with the same accounting treatment applied consistently.

---

## Red flags hoisted at some beaches

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (October 7) that due to big waves, red flags have been hoisted at Stanley Main Beach, Shek O Beach and Big Wave Bay Beach in Southern District, Hong Kong Island, and Silverstrand Beach in Sai Kung District. Beachgoers are advised not to swim at these beaches.

---



# CHP reminds public on precautions against heat stroke during very hot weather

The Centre for Health Protection (CHP) of the Department of Health (DH) today (October 7) reminded members of the public, particularly those undertaking outdoor activities, to take heed of necessary measures against heat stroke and sunburn in very hot weather.

"The public should carry and drink plenty of water to prevent dehydration while engaging in outdoor activities," a spokesman for the CHP said.

"Those engaged in strenuous outdoor activities should avoid beverages containing caffeine, such as coffee and tea, as well as alcohol, as they speed up water loss through the urinary system," the spokesman explained.

"Infants and children, the elderly, pregnant women, those with chronic illnesses such as heart disease or high blood pressure, outdoor/manual workers, and individuals who are overweight are more vulnerable to heat stroke. They should pay special attention," the spokesman added.

The public should adopt the following precautions:

- Wear loose and light-coloured clothing to reduce heat absorption and facilitate sweat evaporation and heat dissipation;
- Avoid vigorous exercise and prolonged activities like hiking or trekking as heat, sweating and exhaustion can place additional demands on the physique;
- Perform outdoor activities in the morning or the late afternoon, if possible;
- For indoor activities, open all windows, use a fan or use air-conditioning to maintain good ventilation;
- Do not stay inside a parked vehicle; and
- Reschedule work to cooler times of the day if feasible. If working in a hot environment is inevitable, introduce shade in the workplace where practicable. Start work slowly and pick up the pace gradually. Move to a cool area for rest at regular intervals to allow the body to recuperate.

â€‹The public should also note the latest and the forecast Ultraviolet (UV) Index released by the Hong Kong Observatory (HKO). When the UV Index is high (6 or above):

- Minimise direct exposure of the skin and the eyes to sunlight;
- Wear long-sleeved and loose-fitting clothes;

- Wear a wide-brimmed hat or use an umbrella;
- Seek a shaded area or put on UV-blocking sunglasses;
- Apply a broad-spectrum sunscreen lotion with a minimum sun protection factor (SPF) of 15, preferably higher. Reapply every two hours if you stay out in the sun, and after swimming, sweating or towelling off; and
- While using DEET-containing insect repellents for personal protection against mosquito-borne diseases, apply sunscreen first, then insect repellent.

â€œIf symptoms develop, such as dizziness, headache, nausea, shortness of breath or confusion, rest and seek help immediately, and seek medical advice as soon as possible.

â€œThe public may obtain more information from the DH's Health Education Infoline (2833 0111), [heat stroke](#) page and [UV radiation](#) page; the HKO's Dial-a-Weather (1878 200), latest [weather report and forecast](#), [UV Index](#) and weather information for [hiking and mountaineering](#); and [press releases](#) of the Labour Department on precautions against heat stroke for outdoor workers and their employers when the Very Hot Weather Warning is in force.

---

## Very Hot Weather Warning issued

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

The Hong Kong Observatory has issued the Very Hot Weather Warning.

To prevent heat stroke, avoid prolonged activities outdoors.

If engaged in outdoor work or activities, wear a wide-brimmed hat and light-coloured, loose-fitting clothes. Stay in shaded areas as much as possible.

Drink plenty of water, and avoid beverages containing caffeine or alcohol.

If you feel sick, consult a doctor right away.

---

# “Dim Sum without Distance”: a cultural journey unveiled at Nuit Blanche in Toronto (with photos)

Internationally renowned digital media artist Dr Hung Keung from Hong Kong joined Nuit Blanche, the largest overnight contemporary art festival in Toronto, Canada, and presented a cross-cultural collaboration project with Canadian dance artist Lauren Runions. The art project gave visitors a taste of the new realm of digital media art creation through traditional Chinese landscape painting theory, new media and the culinary art of dim sum on October 5 and 6 (Toronto time).

The project, entitled, "Dim Sum without Distance", reimagines the traditional Chinese painting theory of the "Three Distances," which explores depth through perspectives of looking up, down and across. The installation was inspired by these viewpoints and the culinary art of dim sum, a term that may also be interpreted as "to touch the heart", and aligned with the theme of this year's Nuit Blanche, which is "Bridging Distance".

The art piece was showcased at Love Park along Toronto's waterfront, creating a unique cultural dialogue that transcends geographical boundaries. The video content follows Runions's journey through Hong Kong, where dim sum-making becomes a form of performance art. Through a captivating multimedia experience, Dr Hung and Runions explore the intricate relationship between food, culture and art, encouraging audiences to reflect on the shared experiences that unite diverse communities.

As audiences moved through the park, the work invited them to experience different perspectives and explore the profound connection between the traditional and contemporary.

Dr Hung is a digital media artist and professor at the Education University of Hong Kong. He blends Chinese philosophy with digital media in an innovative artistic practice, which explores interactive performance and experimental art. This innovative installation is one of the highlights of Nuit Blanche this year, captivating art lovers and curious minds alike with its rich storytelling and immersive visuals.

Nuit Blanche is Toronto's annual all-night celebration of contemporary art, produced by the City of Toronto in collaboration with Toronto's arts community. The "Dim Sum without Distance" project was sponsored by the Hong Kong Economic and Trade Office (Toronto) and the Hong Kong Tourism Board with the support of Hong Kong Arts Centre.



