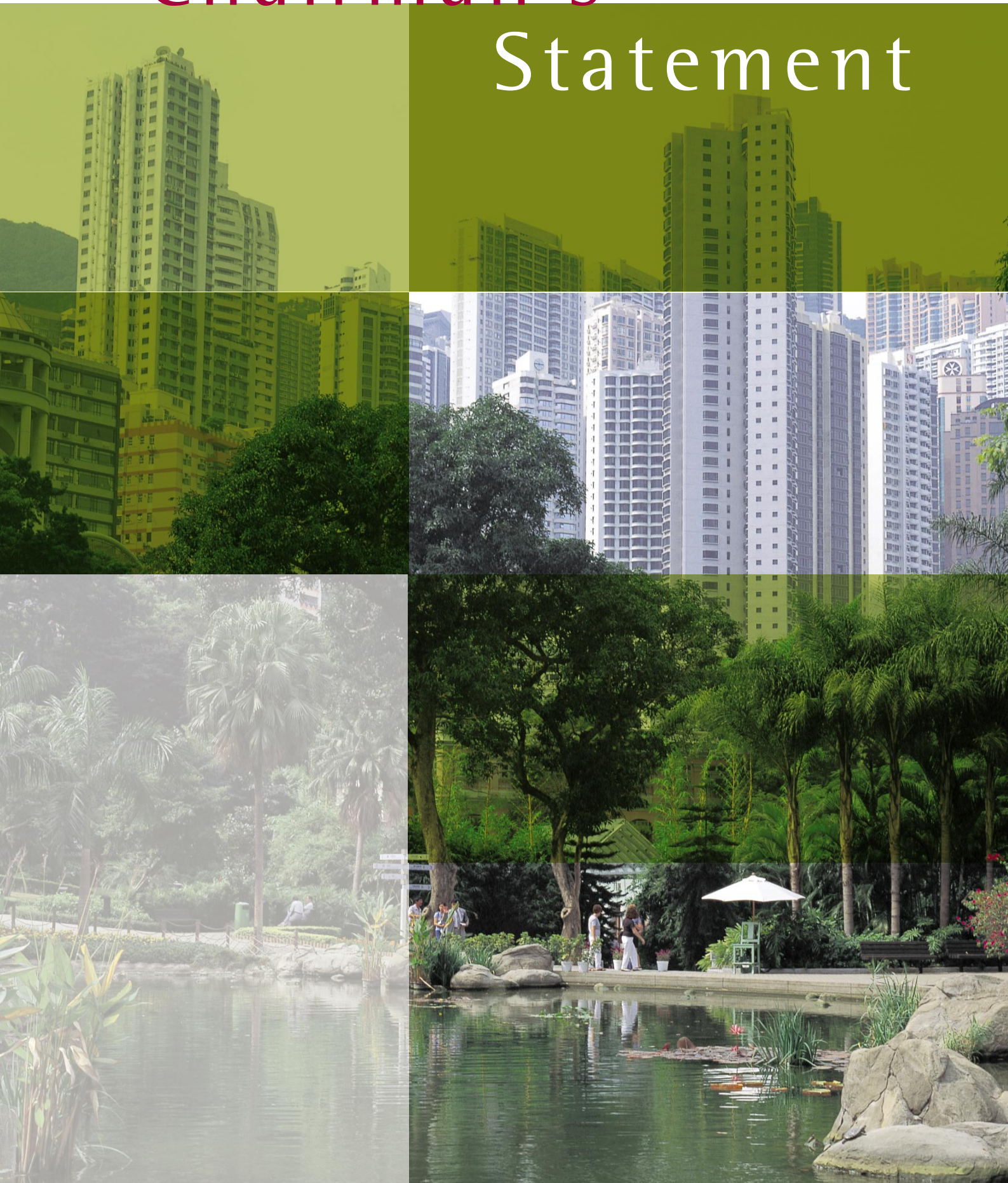


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# Financial Highlights

	1999 HK\$'000	1998 HK\$'000	1997 HK\$'000
<b>FOR THE YEAR</b>			
Net interest income	406,517	221,228	18,354
Profit/(loss) after taxation	271,232	106,398	(20,252)
Mortgage purchases	1,341,803	11,440,327	653,613
Mortgage-backed securities issued	1,635,760	–	–
Debt Securities issued	6,250,000	5,191,000	–
Mortgage insurance			
– net premiums received	6,526	–	–
<b>AT YEAR END</b>			
Mortgage portfolio, net	8,726,776	11,376,485	650,066
Total assets	13,980,627	11,592,862	983,607
Debt securities	11,441,000	5,191,000	–
Mortgage insurance			
– risk in force	530,479	–	–
<b>OTHER STATISTICS</b>			
Net interest margin	3.9%	4.9%	7.6%
Capital-to-assets ratio	10.1%	9.0%	99.6%
Cost-to-income ratio	21.9%	33.9%	210.3%
Return on total assets	2.5%	2.1%	N/A
Return on shareholder's equity	12.1%	7.9%	N/A

# Chairman's Statement







The Honourable Donald TSANG, JP  
Chairman  
Financial Secretary

The Corporation achieved a significant growth in profits and managed to broaden its business. It had introduced a series of innovative products that not only enhanced its earnings, but also benefited banks and homebuyers.

1999 was a challenging and difficult year for the banking industry in Hong Kong. The lingering effect of the regional financial turmoil continued to weigh on the economy. I am pleased to report that the Hong Kong Mortgage Corporation ("HKMC") navigated well through the adverse market conditions. The Corporation achieved a significant growth in profits and managed to broaden its business. It had introduced a series of innovative products that not only enhanced its earnings, but also benefited banks and homebuyers.

The HKMC had established a solid foundation in 1998 by introducing the benchmark Mortgage Purchase Programme and the debt issuance programmes. They provided a sturdy platform for the Corporation to diversify its product range and to achieve its core missions – promoting wider home ownership, enhancing the liquidity of banks, and advancing the development of the capital market. The Corporation has achieved tangible results in all three areas.

All of its achievements in 1999 were set against a background of an increasingly difficult operating environment for the HKMC. Subdued lending opportunities, coupled with the clearly demonstrated resilience of mortgage loans against the economic downturn, resulted in fierce competition for mortgage loans by banks. Banks' re-pricing to take

account of the excellent quality of mortgage loans compounded the pressure on mortgage rates. The competitive packages offered by banks in turn caused a sharp surge in re-financing activities. The combined effect was a three-pronged problem of banks not being keen to offload mortgages, a sharp reduction in the profit margin on mortgage loans and a high prepayment rate.

The HKMC took a proactive approach in responding to Approved Sellers' requests for flexibility and introduced a series of pragmatic measures to enhance the efficacy of its Mortgage Purchase Programme. These included lowering the net required yield in line with the prevailing market rate, removing the seasoning requirement for floating rate mortgages, and expanding eligible mortgages to include Hong Kong Interbank Offered Rate ("HIBOR") based mortgages, staff mortgage loans and those held in company names.

The Corporation attaches great importance to maintaining asset quality in expanding the scope of mortgages eligible for sale to it under the Programme. We are proud of the low delinquency ratio of our retained portfolio. The proportion of loans overdue for more than 90 days was steady at 0.16% in December 1999, significantly lower than the overall market rate of 1.13%.



“ The HKMC was able to strengthen its finances in 1999. Its profit after tax was a record HK\$271.2 million, a 154.9% increase over 1998. The HKMC issued a total of HK\$1.6 billion of MBS in the fourth quarter with two of its key business partners. ”

The financial highlights of our 1999 performance also demonstrate that we can serve the needs of both homebuyers and the banking community, while abiding by prudent commercial principles.

The HKMC was able to strengthen its finances in 1999. Its profit after tax was a record HK\$271.2 million, a 154.9% increase over 1998. It also produced a healthy return on equity of 12.1% and a return on assets of 2.5%. It did so while maintaining a capital-to-assets ratio of 10.1%, which is well above the minimum required 5%. The Corporation also issued a record HK\$6.3 billion of corporate debt under its Note Issuance Programme ("NIP") and Debt Issuance Programme ("DIP") to fund the purchase of mortgages.

I am particularly pleased with the HKMC's contribution towards home ownership. The expansion of the fixed rate programme and the launch of our Mortgage Insurance Programme ("MIP") made significant

strides towards simplifying and accelerating the home purchasing process.

These two products have enabled HKMC to give consumers additional choices when making one of the biggest decisions in their life - purchasing a flat. The MIP also makes home ownership more affordable by allowing buyers to borrow up to 85% of a property's total value. About 2,000 Hong Kong families have taken advantage of insurance provided under this programme.

Banks also benefited from the introduction of the MIP. The launch of the MIP allowed banks to originate an additional HK\$4.4 billion of mortgages

without increasing their risk profile. The Programme provided both international and local insurance companies with a new source of business and revenue. It also served to improve the liquidity of the second-hand property market as such transactions accounted for the majority of the MIP applications received in 1999.

With the launch of the Mortgage-Backed Securitisation ("MBS") Programme in October, the HKMC embarked on the second phase of its business development, namely, to promote the development of a deep and liquid MBS market in Hong Kong.

The back-to-back issuance and pass-through structure incorporated in the MBS Programme allows banks to effectively repackage their mortgage loans into a more liquid asset while retaining a majority of the cashflow from the underlying mortgages. At a stroke, participating banks are able to reduce credit risk and capital cost as well as improving the quality of their mortgage assets.

This win-win structure proved attractive to investors as well as banks. The high credit quality of Hong Kong residential mortgages, coupled with the HKMC guarantee for the timely pass-through of all principal and interest due on the bonds, serves to make the MBS a safe, liquid and attractive investment for local investors.

The HKMC issued a total of HK\$1.6 billion of MBS in the fourth quarter with two of its key business partners, namely, Dao Heng Bank and American Express Bank. It has also appointed Dao Heng Bank, Deutsche Bank, J.P. Morgan and Merrill Lynch Far East to make markets for the MBS issued under the Programme. The active involvement of these establishments in the capital market bodes well for the future growth of this asset class. The Programme

also provides valuable experience for the Corporation in preparing for the planned introduction of more sophisticated MBS products in due course.

The HKMC also took steps to diversify its funding sources in 1999 to take advantage of market opportunities. The HKMC listed its NIP on the Stock Exchange of Hong Kong in October. This has added a wider retail investor base to the Corporation's already strong institutional investor following.

The stock exchange provides a convenient platform for individuals to trade fixed-income securities. The listing of the HKMC's NIP notes provides retail investors a broader choice of high quality assets to build a balanced portfolio consisting of both equity and fixed-income products. The non-competitive bidding method introduced by the HKMC has simplified the mechanism for allocating debt securities in the primary market. This user-friendly feature proved to be effective in stimulating retail demand for the NIP notes. The HK\$100 million of the inaugural 2-year issue set aside for individual investors was oversubscribed.

The NIP listing contributed to another solid year for the HKMC as an issuer. In 1999, the Corporation issued a total of HK\$5.0 billion worth of paper under the NIP and HK\$1.3 billion worth under the DIP, making it one of the most active issuers in the Hong Kong dollar debt market.

Looking ahead to the year 2000, I am confident that the HKMC will continue to play a pioneering role in developing the residential mortgage and capital markets in Hong Kong.

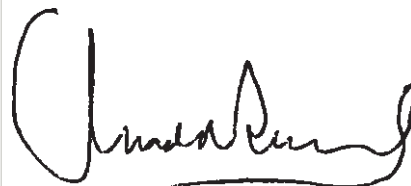
The HKMC remains firmly committed to working closely with the banks, insurance companies, regulators and investors of Hong Kong. The Corporation focuses on finding practical solutions to the challenges of the mortgage and capital markets. It makes excellent use of its intermediary

role in providing a vital link between the homebuyers, banks and the capital market.

Apart from building a critical mass for our core businesses, the Corporation will aim to make good use of its knowledge of best market practice in raising the industry standard in mortgage origination. Particular areas that will be considered in 2000 include further standardisation of the legal and origination documentation involved in mortgage lending; making all legal documentation more user-friendly; and reviewing the various operational and legal aspects of the capital markets to identify cost-saving and streamlining improvements that will benefit both issuers and investors.

I am very proud of the pioneer spirit that the management and staff of the HKMC have shown. Their creativity and hard work have enabled them to achieve ambitious goals in such a short time. I would also like to thank the Board for its guidance and valuable contributions during this very challenging year.

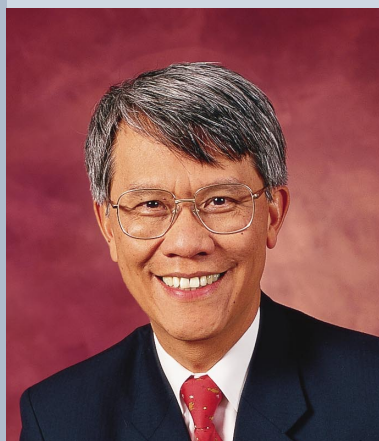
“Looking ahead to the year 2000, I am confident that the HKMC will continue to play a pioneering role in developing the residential mortgage and capital markets in Hong Kong.”



**Donald Tsang**  
Chairman



**The Honourable Donald TSANG, JP**  
**Chairman**  
*Financial Secretary*



**Mr. Joseph YAM Chi-kwong, JP**  
**Deputy Chairman**  
*Chief Executive,  
Hong Kong Monetary Authority*

# Board of Directors



**Mr. Rafael HUI Si-yan, GBS, JP**  
**Director**  
*Secretary for Financial Services*



**Mr. Dominic WONG Shing-wah, JP**  
**Director**  
*Secretary for Housing*

**Mr. Tony LATTER**  
**Executive Director**  
*Deputy Chief Executive,  
Hong Kong Monetary Authority*



**Mr. Norman CHAN Tak-lam, JP**  
**Executive Director**  
*Deputy Chief Executive,  
Hong Kong Monetary Authority*





**Dr. The Honourable David  
LI Kwok-po, LLD (Cantab), JP  
Director**

*Legislative Councillor  
Chairman and Chief Executive of  
The Bank of East Asia, Limited*



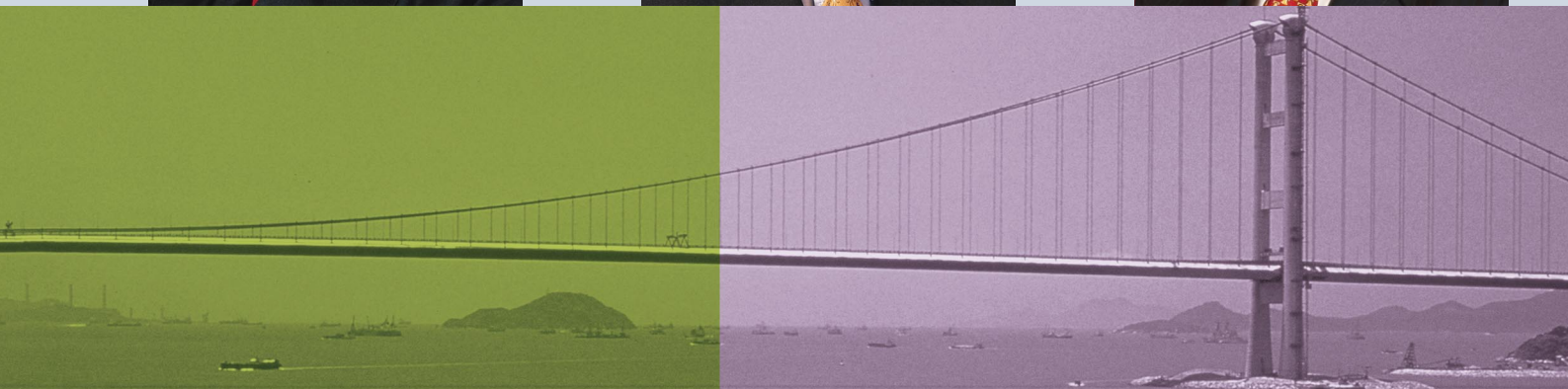
**The Honourable Ronald Joseph, ARCULLI, JP  
Director**

*Legislative Councillor  
Managing Partner of Woo, Kwan, Lee & Lo, Solicitors*



**Mr. Eddy FONG Ching, JP  
Director**

*Certified Public Accountant and a senior Partner of  
PricewaterhouseCoopers*



**The Honourable Bernard Charnwut CHAN  
Director**

*Legislative Councillor  
Deputy Managing Director,  
Asia Financial Group*



**The Honourable SIN Chung-kai  
Director**

*Legislative Councillor*



**Ms. Anita FUNG  
Director**

*Director & Head of Fixed Income Trading,  
Asia-Pacific,  
The Hongkong and Shanghai Banking  
Corporation Limited*

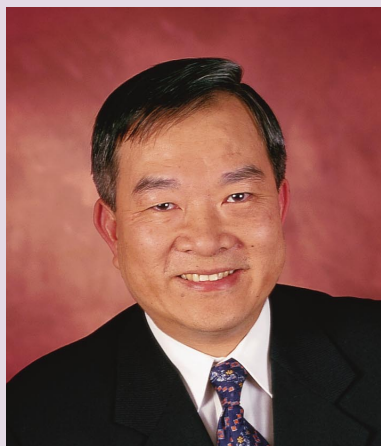
**Mr. David LAM Yim-nam  
Director**

*Deputy General Manager,  
Bank of China Hong Kong Branch*



**The Honorable CHAN Kwok-keung  
Director**

*Legislative Councillor*



**Mr. NG Kwok-wai  
Director**

*Chief Executive,  
Allied Capital Resources Limited*



# Management Team



1	2
3	5

- 1. Mr. Kenny Fok
- 2. Mr. Philip Li
- 3. Ms. Susie Cheung
- 4. Mr. Peter Pang, JP
- 5. Ms. Pamela Lamoreaux



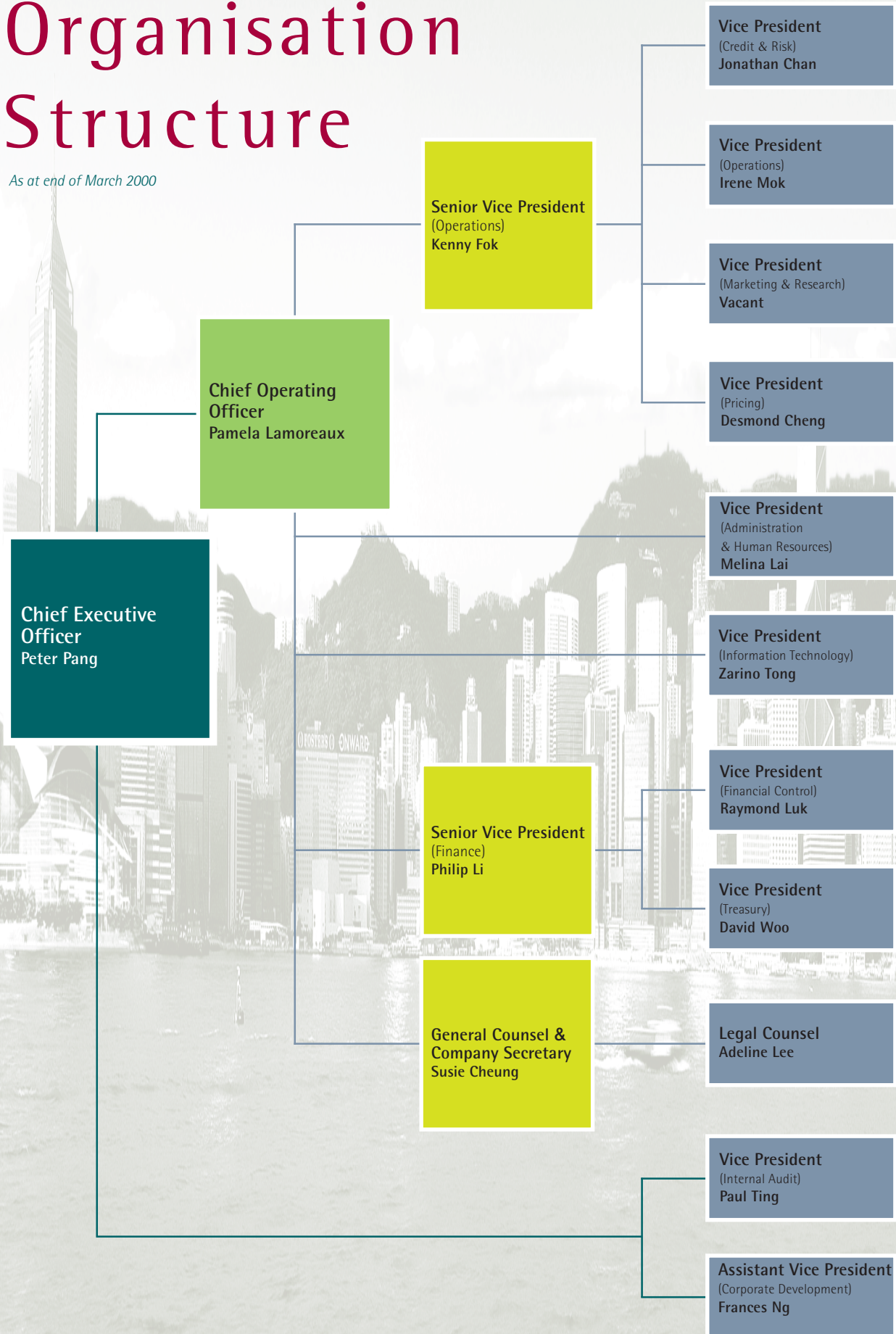
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- 1. Mr. Raymond Luk
- 2. Mr. Paul Ting
- 3. Ms. Adeline Lee
- 4. Mr. Jonathan Chan
- 5. Mr. David Woo
- 6. Ms. Melina Lai
- 7. Mr. Desmond Cheng
- 8. Ms. Frances Ng
- 9. Ms. Irene Mok
- 10. Mr. Zarino Tong



# Organisation Structure

*As at end of March 2000*





# Business Review





The HKMC responded with agility and creativity to the challenging business environment in 1999 and launched three major new initiatives during the course of the year.

#### PERFORMANCE HIGHLIGHTS

The HKMC achieved significant growth in profits and maintained its impetus in product innovation in 1999, its second full year of operation, despite a difficult operating environment. The HKMC made further progress in its three core missions:

- to enhance the stability of the banking sector through offering a reliable source of liquidity;
- to promote wider home ownership in Hong Kong; and
- to facilitate the growth and development of the mortgage-backed and debt securities markets in Hong Kong.

The financial results demonstrate the ability of the HKMC to perform these functions profitably. Most notably in 1999 the Corporation:

- earned increased profit after tax of HK\$271.2 million – 154.9% higher than the 1998 figure of HK\$106.4 million;

- provided a return on shareholder's equity of 12.1% – as against 7.9% in 1998;
- provided a return on total assets of 2.5% – as against 2.1% in 1998; and
- maintained a capital-to-assets ratio of 10.1% – significantly above the required minimum of 5%.

#### PRODUCT DIVERSIFICATION

The HKMC responded with agility and creativity to the challenging business environment in 1999 and launched three major new initiatives during the course of the year.

- In April, it established the Mortgage Insurance Programme ("MIP") which allows homebuyers to obtain mortgage loans up to 85% of the value of the property.
- In October, the HKMC set up a Guaranteed Mortgage-Backed Securitisation ("MBS") Programme and launched its inaugural MBS issue – for HK\$1 billion with Dao Heng Bank – to provide fresh impetus to the development of the secondary mortgage market in Hong Kong.
- Also in October, the Corporation listed all the debt securities under its Note Issuance Programme ("NIP") on the Stock Exchange of Hong Kong ("SEHK") in order to reach a broader investor base and to augment the Government's drive to develop the retail debt market in Hong Kong.

MORTGAGE PURCHASE ACTIVITIES

Market environment – slow growth in mortgage loans

The economic downturn triggered by the regional financial turmoil caused a significant slowdown in the lending activities of banks in 1999. This cut across the key commercial sectors including property lending (both commercial and residential), corporate lending and trade finance. The total loan portfolio of authorized institutions ("Als") fell from HK\$2,038 billion in September 1997 to HK\$1,822 billion in December 1999, a drop of 10.6%.

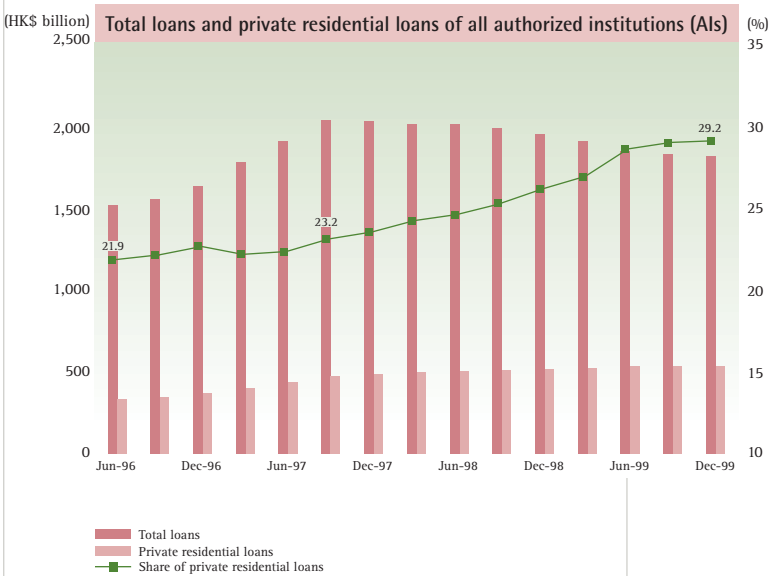
Banks tried to offset the loss of commercial lending business by directing their resources to the more resilient residential mortgage market. This produced a modest increase in outstanding principal balance of residential mortgage loans from HK\$473 billion

to HK\$532 billion during the corresponding period. However, the pace of growth in 1999 was markedly slower than in the previous years, and by the fourth quarter the outstanding balance was at a virtual standstill.



Fierce competition for residential mortgage loans

The banks' renewed focus on the residential mortgage sector was also prompted by a positive re-evaluation of the asset quality of mortgage loans. While the delinquency ratio of corporate loans recorded a significant increase to 6.32% in 1999, the delinquency ratio of mortgage loans peaked at only 1.17%, despite the economic downturn and the sharp fall in property prices. The general weakness of loan demand, coupled with an apparent willingness on the part of banks to re-price mortgage loans in recognition of their excellent asset quality, put downward pressure on the mortgage rates.





Many banks offered mortgage loans at rates below their best lending rates for part or the whole term of the loan. In their race to attract more residential mortgage business, banks also resorted to offering potential buyers a range of incentives that included cash rebates on a percentage of the loan, free or reduced legal fees, free membership fees on credit cards and other fringe benefits.

### High prepayment and refinancing of mortgages

A direct result of the intense price competition was a sharp surge in the re-financing of mortgage loans as borrowers responded to the banks' various incentives and tried to reduce outstanding debts that were incurred in the previous higher interest rate environment.

According to the monthly survey by the Hong Kong Monetary Authority ("HKMA") on 33 authorized institutions, gross new mortgage loans originated in 1999 amounted to HK\$119.2 billion (6.1% more than in 1998), while the amount of loans outstanding only grew by HK\$ 18.9 billion, or 4.1%, to HK\$478.2 billion. The balance of HK\$100.3 billion was accounted for by repayments and refinancing activities. This pattern was also evident in the prepayment rate of the HKMC's retained mortgage portfolio, which increased sharply from 15.8% (annualised) in December 1998 to 34.8% in December 1999.

#### Gross new loans made between 1995 and 1999 (33 AIs)

Figures in HK\$ million	1995	1996	1997	1998	1999
January	4,846	9,312	20,626	8,305	8,572
February	3,843	8,999	18,799	8,178	7,192
March	5,178	11,012	16,797	12,627	9,387
April	10,573	11,181	22,713	10,275	9,147
May	12,352	13,247	26,047	9,526	13,754
June	8,787	14,627	25,529	9,384	14,088
July	7,602	17,659	32,495	9,314	12,173
August	6,588	13,397	24,917	8,427	9,708
September	8,720	11,673	25,452	6,425	8,861
October	6,430	15,499	17,865	6,416	8,124
November	7,835	16,807	15,299	10,298	7,715
December	9,356	19,544	9,760	13,239	10,504
Gross new loans made	92,110	162,957	256,299	112,414	119,225
yoy % change	7.9	76.9	57.3	-56.1	6.1
Outstanding balance					
at December	272,695	330,426	425,469	459,338	478,244
yoy % change	15.0	21.2	28.8	8.0	4.1
Net growth	35,634	57,731	95,043	33,869	18,906

### HKMC's response

In the prevailing environment, banks faced considerable difficulties in replenishing their own mortgage books and were therefore content to retain mortgages in their own portfolios.

The HKMC was proactive in adapting its business strategy to the changed market conditions. The HKMC continued its active marketing programme to build its network of Approved Seller/Servicers from 31 to 43 during the course of the year. This network now comprises the vast majority of AIs which are active mortgage originators in Hong Kong. Representing a combination of local and international institutions, together they account for over 90% of the overall mortgage market. This strong network will, once aberrant market conditions correct, provide the platform for continued growth of the Mortgage Purchase Programme.

The HKMC also engaged in an active dialogue with its Approved Seller/Servicers which resulted in a series of measures designed to increase the flexibility of the Programme. These included reducing the minimum Net

Required Yield in line with prevailing mortgage rates in the market. The HKMC also adopted a more flexible risk-based pricing approach to its purchasing process. Under this approach, the Net Required Yield is determined through negotiation between the Approved Seller and the HKMC on a case-by-case basis having regard to the risk profile of the mortgages to be sold.

“ The HKMC also engaged in an active dialogue with its Approved Seller/Servicers which resulted in a series of measures designed to increase the flexibility of the Programme. ”

In October, the HKMC relaxed the six-month seasoning requirement for floating rate mortgages. This move took into account the low delinquency experience of mortgages purchased through the Fixed Adjustable Rate Mortgage ("FARM") Programme launched in March 1998 which was not subject to a minimum seasoning requirement. The Corporation has also added additional flexibility to the FARM Programme by allowing for refixing periods of one and two years in addition to the original three-year re-fixing option.

Mindful of the need to widen the range of mortgage loans eligible for purchase in a controlled and prudent manner, the HKMC established a Pricing Department in 1999 to monitor, assess and manage the risks attendant on different types of mortgage products. This led to the introduction – subject to meeting rigorous preconditions – of new eligible categories, including Hong Kong Interbank Offered Rate ("HIBOR") based mortgage loans, mortgages held in company name and staff mortgage loans.

Through these efforts, the HKMC purchased a total amount of HK\$1.3 billion of mortgage loans in 1999 (HK\$11.4 billion in 1998). As at the end of December 1999, the HKMC's retained portfolio comprised 6,744 loans with an outstanding principal balance of HK\$8.7 billion.

## RISK MANAGEMENT

### Risk management tools and expertise

The formation of the Pricing Department has further enhanced the pricing and risk management systems that the HKMC has established since its inception in 1997. These systems provide a comprehensive set of tools for managing the risks inherent in buying and securitising mortgages in the secondary market. The key components include current loan-to-value, risk-based pricing,



Chief Operating Officer, Pamela Lamoreaux, delivering a speech on HKMC's risk management framework

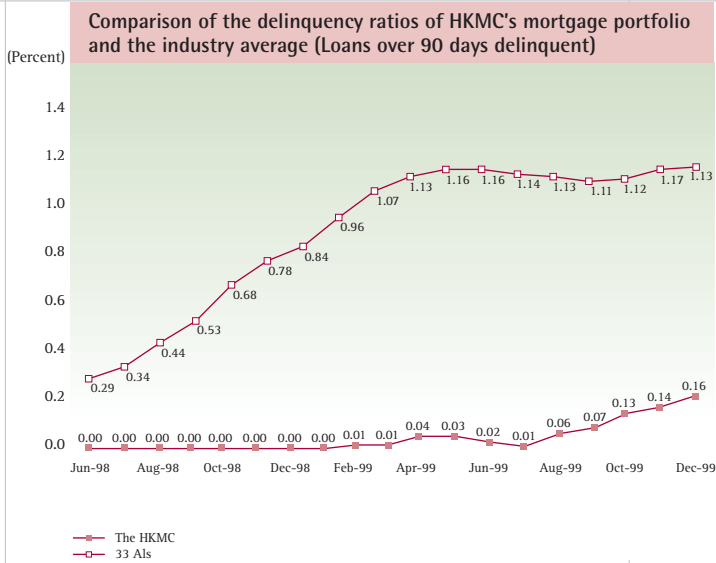
prepayment and stress test models. They provide qualitative and quantitative frameworks to enable the HKMC to monitor the asset quality of its mortgage portfolio on a continuing basis. They also serve as highly effective tools for conducting sensitivity tests for assessing the impact of micro- and macro-economic changes, new product evaluation and risk management.

### Due diligence process

The HKMC mobilises all of these systems and models as part of its internal due diligence and compliance procedures. To ensure compliance with all of its mortgage purchasing criteria, it also conducts due diligence on a sample of mortgages after each purchase. In 1999, a total of 1,665 loans, including floating and fixed rate mortgages, were reviewed. These accounted for 24.7% of the total number of outstanding loans.

### Credit-risk management – high asset quality

The effectiveness of the HKMC's prudent purchasing criteria and risk management processes is borne out by the track record of the low delinquency of mortgages in its retained portfolio. It is noteworthy that the mortgage portfolios of banks in Hong Kong in general have performed very well by international standards – despite the economic downturn. The industry average of loans overdue for more than 90 days for the 33 authorized institutions surveyed by the HKMA was 1.13% in December 1999. The HKMC's portfolio considerably outperformed this average with a ratio of 0.16%.



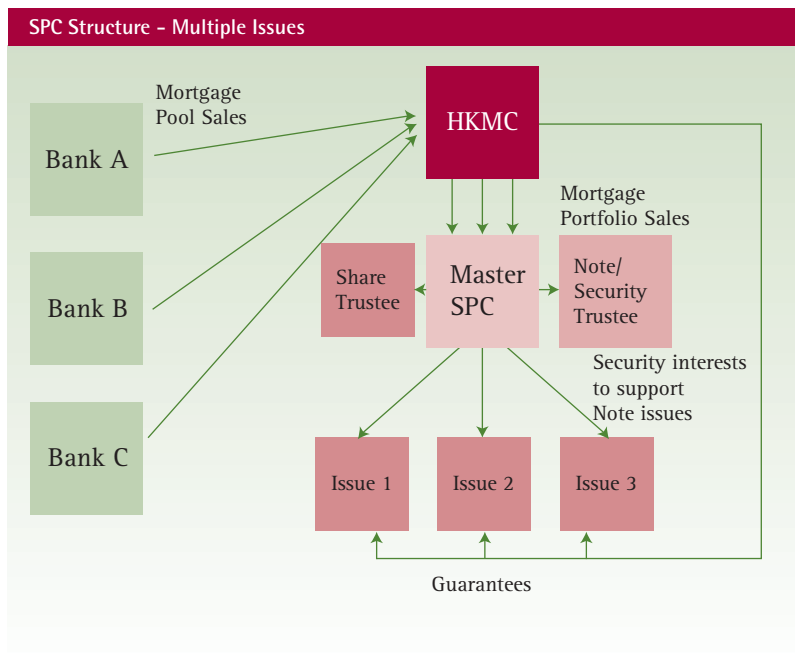
Deputy Chairman, Joseph Yam, at the MBS signing ceremony with Mr. P.S. Tam of Dao Heng Bank

MBS. An illustration of the structure is provided below.

## MORTGAGE - BACKED SECURITISATION ACTIVITIES

The HKMC successfully launched its MBS Programme in 1999 with two issues worth a combined HK\$1.6 billion with Dao Heng Bank and American Express Bank. The establishment of this Programme signalled both the start of the second phase of the HKMC's business plan and a new era of product diversification for the Hong Kong MBS market.

The Programme has created a new asset class in the local debt market and, in turn, added further depth to the financial system. The MBS issued under the Programme adopt a back-to-back and pass-through structure. This involves the HKMC acquiring mortgage loans from a bank and selling them directly to a bankruptcy-remote special purpose company ("SPC"). The SPC then issues MBS back to the bank with the HKMC's guarantee for the timely payment of principal and interest on the



The HKMC has appointed Dao Heng Bank, Deutsche Bank, J.P. Morgan and Merrill Lynch Far East as market makers for MBS issued under the Programme. This arrangement will help to promote market acceptance and liquidity over time.



### MBS documentation

In what amounts to a major breakthrough in MBS documentation – for Asia in general as well as Hong Kong – the Programme has introduced a standardised base issuance prospectus for the first time to a market previously dominated by “one-off” transactions.

The creation of master legal documentation means that all future MBS issues will require only a supplement referring to the underlying assets of each new pool of securities. Among many advantages, the creation of an issuance template removes the requirement for a new legal and tax opinion for each transaction, thereby providing significant time and cost savings. The simplicity of the new documentation also promises to bring in additional sources of capital for mortgage finance in Hong Kong by attracting investors who would not, or could not, make mortgage loans directly to homebuyers.

### Shared benefits

In both design and execution, the Programme offers advantages to all participants.

The back-to-back structure enables **banks** to retain a large portion of highly-valued cashflow from mortgages that are securitised while reducing the associated credit risks and capital costs. It also allows them to liquefy their residential mortgage loan portfolios. Banks continue to receive mortgage-related income in terms of both their servicing fee and interest on the MBS at the pass-through coupon rate (less the guarantee fee).

As the HKMC is wholly-owned by the Government (through the Exchange Fund), its guarantee significantly reduces the credit risk on all securitised mortgages. The guarantee also means that all MBS carry a 20% risk weighting for capital adequacy treatment under the Banking Ordinance compared to the 50% risk weighting for mortgage loans – making them a valuable balance sheet management tool. MBS issued under the Programme also qualify as liquefiable assets under the Banking Ordinance.

For the **investors**, the HKMC's guarantee provides protection from default and obviates the need for credit risk evaluation of each originating bank. As the Programme increases in size with further issues and a genuine secondary market develops, investors will have access to a growing pool of liquid and high-quality assets.

As well as representing a new line of business and a new source of fee income for the **HKMC**, the successful launch of the Programme has also provided the HKMC with valuable experience in preparing for the introduction of more sophisticated MBS products in future.



Mortgage Insurance Programme Signing Ceremony  
with Reinsurers

## MORTGAGE INSURANCE ACTIVITIES

The HKMC introduced a Mortgage Insurance Programme ("MIP") in March 1999. With Hong Kong banks prudentially obliged by the HKMA to limit mortgage lending to 70% of a property's value, but with strong public demand for mortgages in excess of this limit, the HKMC stepped forward with an innovative gap-bridging solution.

Under the Programme, the HKMC provides insurance cover for a fee to its 43 Approved Sellers for an amount up to 15% of the value of the property to enable homebuyers to secure mortgage loans up to an 85% loan-to-value ratio. The HKMC fully hedges the exposure of the insurance by taking out an equal amount of reinsurance with Approved Reinsurers. The five Approved Reinsurers appointed under the Programme are Asia Insurance Company, Limited, Hang Seng Insurance Company Limited, HSBC Insurance Limited, PMI Mortgage Insurance Co. and United Guaranty Mortgage Indemnity Company.

The HKMC conducted extensive pre-launch market studies to compute and evaluate the risks involved in implementing such an insurance programme. A consultative group involving nine active Approved Sellers was formed three months prior to its launch to provide feedback on the design and terms of the mortgage insurance product, the procedures for processing insurance applications and claims and related legal documents.

The Programme was well received by homebuyers. The HKMC received over 2,000 applications involving total mortgage principal of HK\$4.4 billion during the nine months between its inception and year-end. The HKMC approved a total of 1,975 applications within this period with the total risk in force of approved mortgage loans exceeding HK\$727 million. This amounted to close to 4% of total value of mortgage loans approved by banks over the same period.

## A win-win solution

The MIP has created a new dimension to mortgage financing. It has substantially enhanced HKMC's ability to fulfill its core mission of promoting home ownership in Hong Kong. The MIP is a win-win solution that benefits all the participants. The Programme:

- enfranchises a new class of **homebuyers** previously unable to afford the cost of down-payment to achieve property ownership;
- allows **banks** to satisfy their clients' needs without exposing themselves to additional property risk;
- provides a welcome new line of business to the local **insurance industry**; and
- provides a new line of profitable business for the **HKMC**.

The fact that secondary property transactions accounted for about 90% of the applications received in 1999 indicates that the Programme has also served to improve the liquidity of the secondary property market in Hong Kong.



Chief Executive Officer, Peter Pang, and Chief Operating Officer, Pamela Lamoreaux, signing with Asia Insurance Company Limited on the Mortgage Insurance Programme

## FUNDING ACTIVITIES IN 1999

With its good credit standing and dedication to developing Hong Kong's debt capital markets, the HKMC has firmly established itself as an active issuer of debt securities in Hong Kong.

“With its good credit standing, combined with its dedication to developing Hong Kong's debt capital markets, the HKMC has firmly established itself as an active issuer of debt securities in Hong Kong.”

Based on its requirement to fund the Mortgage Purchase Programme, the HKMC established its HK\$20 billion NIP in January 1998, launched its inaugural NIP issue in March 1998, and ended 1998 with six public issues totalling HK\$3 billion. Overall, it issued a total of HK\$5 billion under the NIP in 1999.

The HKMC launched its HK\$20 billion Debt Issuance Programme ("DIP") in June 1998 and it syndicated an inaugural HK\$500 million issue in the following October. The issue was increased by 40% to HK\$700 million in response to strong demand from institutional investors.

The investor-driven approach adopted by the HKMC has helped to build a strong following for the DIP. The HKMC led tailor-made private placement issues worth a total of HK\$2.7 billion, including HK\$1.3 billion in 1999. Its array of distribution mechanisms – including book-building, bid by tender, syndication, reverse enquiry as well as private placement – has enabled the HKMC to offer customised securities to meet the specific needs of institutional investors. The tenor of private placement issues, for example, ranged from 1.5 years to 10 years and the issue size from HK\$25 million to HK\$500 million.

### Listing of NIP on The Stock Exchange of Hong Kong

The HKMC further augmented the profile of its capital market activities in 1999 with the October

listing of the NIP on the Stock Exchange of Hong Kong ("SEHK"). It simultaneously listed HK\$500 million worth of new two-year notes on the

SEHK in a benchmark issue that allowed direct access of individual investors for the first time (the minimum denomination lot was HK\$50,000).

In doing so, the HKMC became the first corporation in Hong Kong to list and trade its debt securities on the SEHK since the listing of the Government's Exchange Fund Notes ("EFNs") in August 1999. A total of HK\$4 billion of securities issued under the NIP was listed on the SEHK as at year-end.

The listing of NIP notes achieved the dual objectives of broadening the HKMC's investor base outside its already highly receptive institutional investor community and raising levels of awareness and understanding among retail investors about the value and attractions of fixed income investments.

Both classes of investor responded enthusiastically. With the retail portion of the new issue set at HK\$100 million and the professional portion at HK\$400 million, the issue was seven times oversubscribed.

The HKMC continued its market-friendly approach in meeting the banks' demand for high quality debt securities for liquidity management in the fourth quarter ahead of the millennium roll-over. The Company launched two discount bills under the NIP in response to banks' demand for short-term paper eligible for the Enlarged Discount Window. The HKMA had temporarily enlarged the list of eligible repo collateral to include securities issued by government agencies with a view to pre-



Listing of Note Issuance Programme at The Stock Exchange of Hong Kong

emptying possible tightening in interbank liquidity due to Y2K related concerns. The HKMC responded accordingly with new benchmark 32-day and 91-day issues (each worth HK\$2 billion) that were oversubscribed by 3.9 times and 2.5 times, respectively.

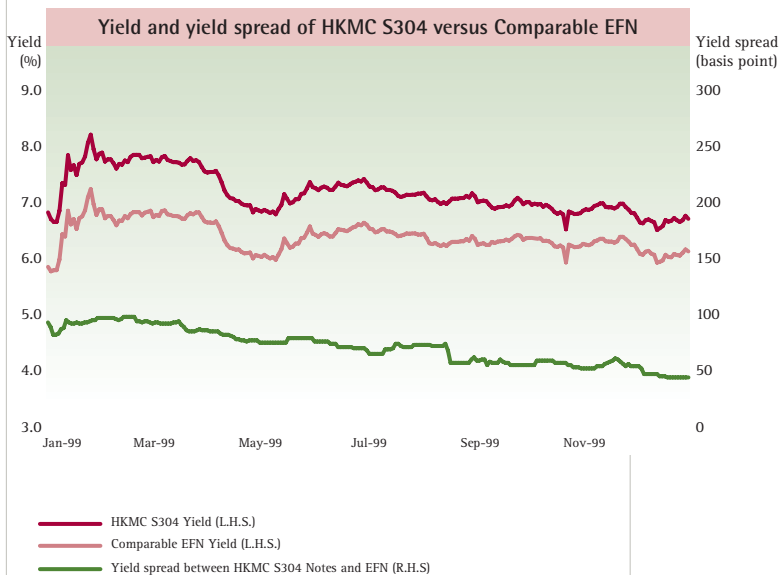
### Investor Demand

Demand for HKMC debt securities – stimulated by increased secondary market liquidity – increased markedly in 1999. Their appeal as a high-quality investment alternative to EFNs with an attractive yield pick-up has been demonstrated. Yield spreads of HKMC securities over comparable EFNs tightened steadily throughout 1999, for example, the yield spread of the benchmark 3-year NIP Notes (S304) tightened to end the year at 48 basis points compared to 97 basis points on January 1 1999.

best market practice. It has diligently established internal control systems to ensure that all aspects of its businesses comply with prudent risk management principles and with the accountability expected and demanded of it as a Government-owned institution. These include the Audit Committee, the Asset and Liability Management Committee, the Credit Committee and the Pricing Committee. Regular Board and senior management meetings are also held to address the important business, policy, operational and legal issues.

The listing of HKMC's NIP on the SEHK in 1999 also ensured its compliance with the full disclosure requirements of all exchange rules and regulations.

“The HKMC prides itself on its high level of transparency and disclosure in accordance with best market practice.”



### CORPORATE GOVERNANCE

The HKMC prides itself on its high level of transparency and disclosure in accordance with

### The Audit Committee

The primary function of the Audit Committee is to review and improve the effectiveness of the HKMC's financial reporting process and internal control systems. The Committee reports directly to the Board. It is chaired by a non-executive director (Mr. Eddy Fong) and its members include two Executive Directors (Mr. Tony Latter and Mr. Norman Chan) and two non-executive directors (Mr. David Li and Mr. Ronald Arculli). The Committee met twice in 1999 to review the HKMC's financial statements and the findings of the audits conducted by the Internal Audit Department.



### The Asset and Liability Committee

The Asset and Liability Committee ("ALCO") meets weekly to manage the market risks that may arise from changes in the structure and composition of the HKMC's assets and liabilities. The Committee is chaired by the Chief Executive Officer and other members are the Chief Operating Officer, Senior Vice President (Finance), Senior Vice President (Operations) and senior staff of the Treasury Department and Financial Control Department. The committee reviews market conditions, analyses the market risks of its assets and liabilities and decides on the funding strategy.

### The Credit Committee

The Credit Committee is responsible for developing and overseeing the implementation of the HKMC's policies for managing all aspects of the underlying credit risks of its business. Its major tasks include approving applications to become Approved Seller/ Servicers under the Mortgage Purchase Programme and Approved Reinsurers under the MIP. The Committee also sets limits for individual Approved Sellers and Approved Reinsurers and counterparty limits for treasury activities and reviews the HKMC's mortgage purchasing criteria. It is chaired by the Chief Executive Officer and its members include the Chief Operating Officer, Senior Vice President (Finance), Senior Vice President (Operations), General Counsel and senior staff of the Operations Division.



Credit Committee meeting

### The Pricing Committee

The Pricing Committee meets weekly in conjunction with the ALCO to review the current pricing for products under the Mortgage Purchase Programme, MBS Programme and MIP in the light of current market conditions and business strategies. It also reviews all proposed risk-based pricing transactions prior to submission to Executive Directors for final approval.

### STAFFING

The HKMC is committed to developing a team of professional staff with expertise in the secondary mortgage business. The



Staff attending training at Fannie Mae of U.S.A.

Company's staffing policy is based on the following principles:

- The maintenance of a lean, efficient and professional workforce. The size of the permanent establishment will be kept to the minimum necessary to support the HKMC's business plan.
- A continued reliance on automation and information technology solutions, as well as the streamlining of work processes, to maximise efficiency and minimise costs.
- The maintenance of a cost-to-income ratio at a level below the average of banks and other financial institutions.



Staff participating at  
Walk for Million

from 71 to 74 staff for 2000.

All staff members are encouraged to attend in-house and external courses that aim to enhance their management and technical capability. In 1999, staff members attended more than 40 external courses that included a leadership training series, strategic credit analysis and internet financial services.

## Y2K COMPLIANCE

The HKMC implemented a systematic and comprehensive programme to ensure all of its computer, hardware, software and embedded systems were certified by their suppliers, vendors and developers as Year 2000-compliant. This programme was completed in April 1999, supplementary testing was conducted throughout the year and the results were monitored by both the Audit Committee and the Board. The Corporation experienced no Y2K-related problems of any kind. All of its systems functioned normally and smoothly throughout the December 1999 to January 2000 period.

In response to the dynamic growth and diversification of H K M C ' s business, the Board has approved an increase in the permanent establishment

## OUTLOOK FOR 2000

The HKMC will continue its strategy of product diversification and aim to further broaden its range of products and services in 2000. Working closely with its Approved Seller/Service providers, the insurance companies, regulators and others, the Corporation plans to support the growth and development of the residential mortgage market and capital market in Hong Kong by:

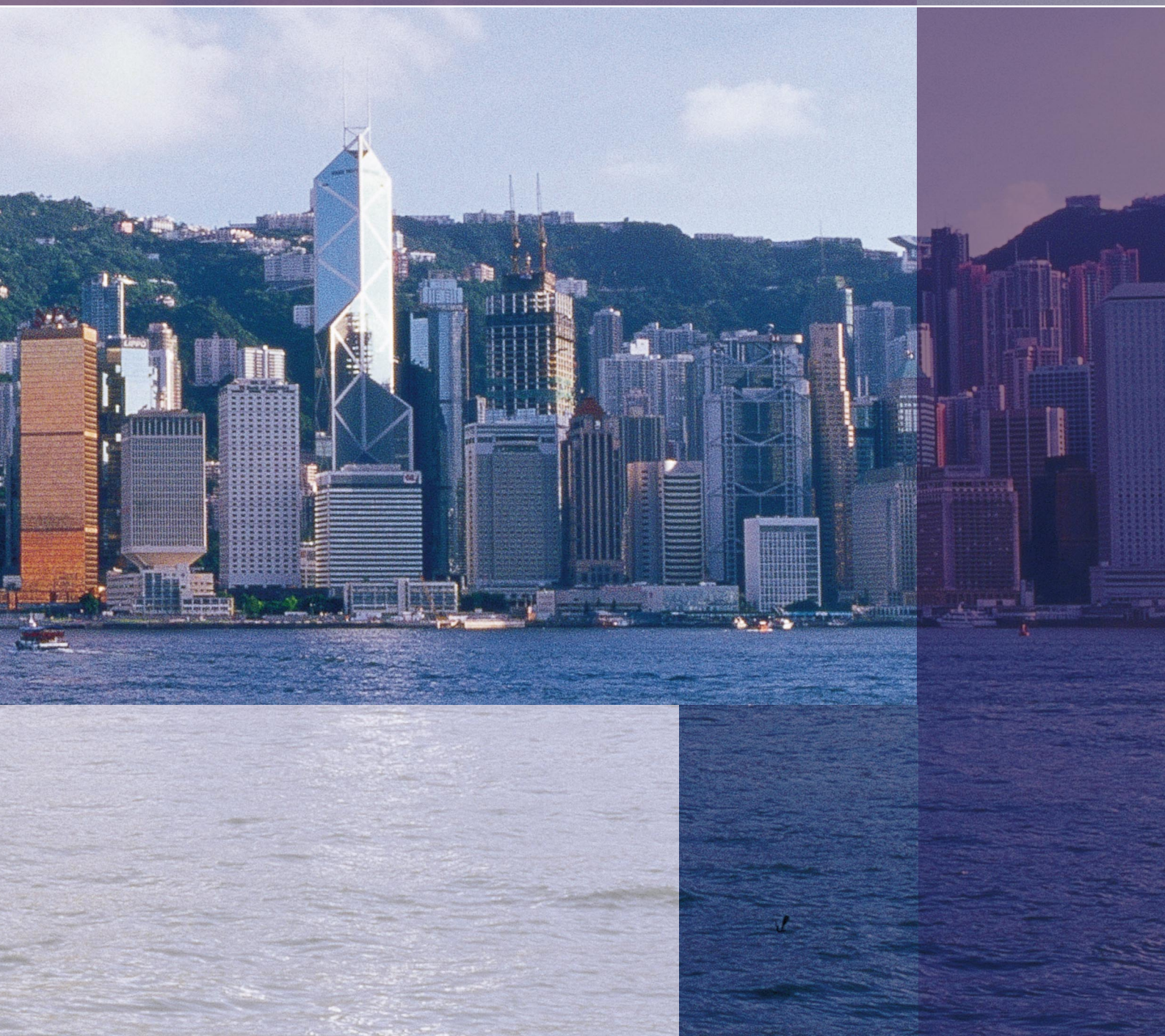
- purchasing HK\$4 billion of mortgages for its retained portfolio;
- issuing HK\$3 billion debt securities under the NIP and DIP;
- issuing HK\$2-3 billion under its back-to-back MBS Programme;
- providing mortgage insurance on mortgages with an outstanding principal balance of HK\$4.8 billion;
- standardising the legal documentation involved in mortgage origination with a view to making it more "user-friendly"; and
- reviewing the various operational and legal aspects of the capital market to identify cost-saving and process improvements that will benefit both the issuers and the investors.



Staff preparing for Y2K testing



# Financial Review





Despite the difficult business environment in 1999, the HKMC achieved a profit after tax of HK\$271.2 million, 154.9% more than that of 1998.

## PROFIT AND LOSS

### Operating results

Despite the difficult business environment in 1999, the HKMC achieved a profit after tax of HK\$271.2 million, 154.9% more than that of 1998. Return on assets increased to 2.5% (1998: 2.1%) and return on shareholder's equity increased to 12.1% (1998: 7.9%). Due to a combination of effective control of operating expenses and business expansion, the HKMC maintained a low cost-to-income ratio of 21.9% for the full year (1998: 33.9%), and a comfortable capital-to-assets ratio of 10.1% (1998: 9.0%) as at end of the year.



### Net interest income

Net interest income for the year increased by 83.8% to HK\$406.5 million. Such increase was mainly attributable to a larger average mortgage portfolio in 1999 as compared to the previous year. A total of HK\$6,465 million of mortgages was purchased in the last quarter of 1998, bringing the outstanding principal balance of the mortgage portfolio to HK\$11,393.8 million at the beginning of 1999. This resulted in a larger average mortgage portfolio throughout 1999, notwithstanding the high prepayment rate (30.1%) of mortgages and the low level of mortgage purchases (HK\$1,341.8 million) in 1999.

### Net interest income

	1999 HK\$'000	1998 HK\$'000
Interest income	913,147	452,822
Interest expense	(506,630)	(231,594)
Net interest income	406,517	221,228
Average interest-earning assets	10,545,741	4,533,856
Net interest margin	3.9%	4.9%
Net interest spread on interest-bearing liabilities <sup>1</sup>	2.6%	2.9%

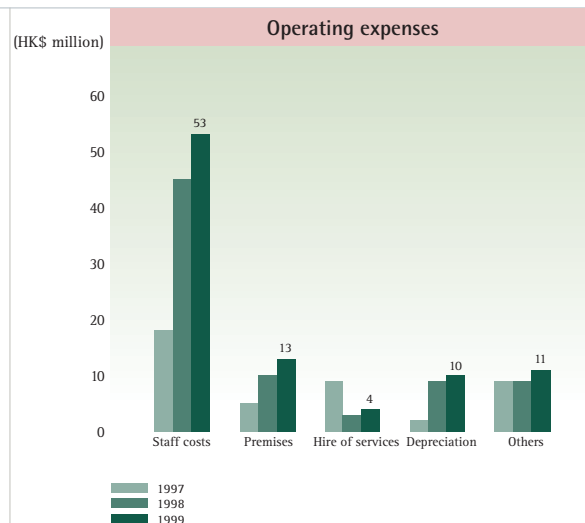
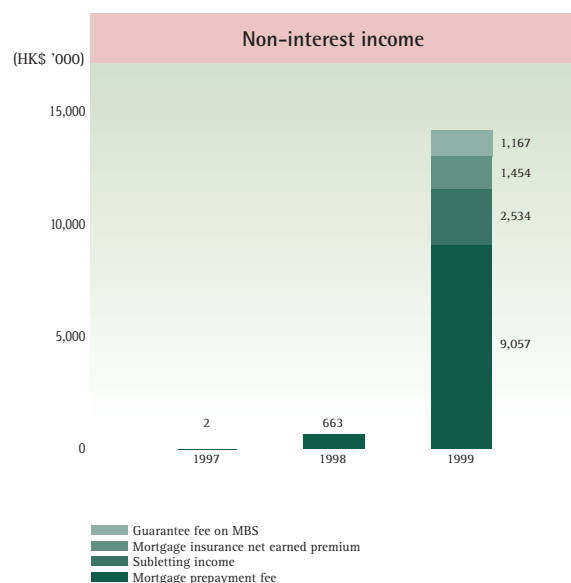
<sup>1</sup> Net interest spread on interest-bearing liabilities =  
Return on interest-earning assets – Funding cost on interest-bearing liabilities



Net interest spread on interest-bearing liabilities reduced from 2.9% to 2.6%. The reduction was mainly due to the narrowing spread between the best lending rate and Hong Kong Inter-bank Offered Rate ("HIBOR") and a high prepayment rate of the mortgages with higher net required yield during the year.

### Other income/(expenses), net

In 1999, the HKMC earned other income of HK\$14.2 million which included early prepayment fee income of HK\$9 million, sub-letting income of HK\$2.5 million, mortgage insurance premium of HK\$1.5 million and MBS guarantee fee income of HK\$1.2 million. After accounting for debt issuance and other costs of HK\$2.3 million, the net other income for 1999 was HK\$11.9 million.

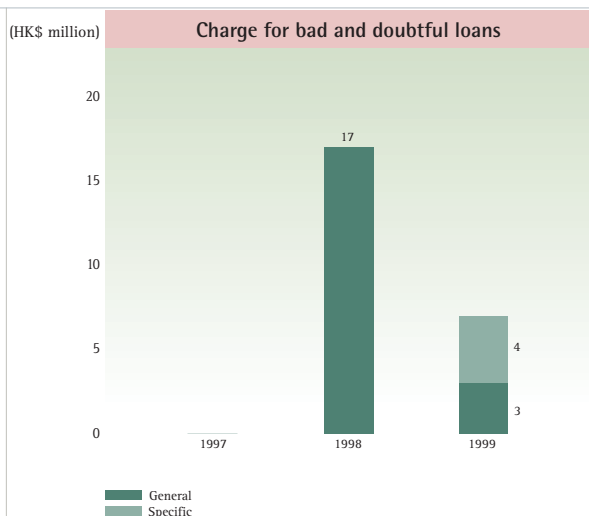


### Operating expenses

The operating expenses of the HKMC increased by HK\$16.8 million to HK\$91.5 million for 1999. This reflected the additional costs incurred in the course of expanding its business activities such as the Mortgage Insurance Programme and Guaranteed Pass-Through Mortgage-Backed Securitisation ("MBS") Programme launched in March and October respectively. Staff costs of HK\$53.1 million accounted for 58.1% of the total operating expenses (1998: HK\$43.9 million and 58.8%). The permanent establishment of the HKMC increased from 71 to 74 in the year to support the expanded business operation. Premises costs rose by HK\$3.1 million to HK\$13.5 million as a result of increasing office space in early 1999 to cope with the above expansion. Depreciation charges on fixed assets amounted to HK\$10.3 million.

### Provisions for bad and doubtful loans

The HKMC made additional general and specific provisions for bad and doubtful loans amounting



to HK\$3.2 million and HK\$4.0 million respectively in 1999. Of the HK\$3.2 million general provision for bad and doubtful loans, HK\$1.9 million related to the mortgage loans sold under the MBS Programme to the HKMC Funding Corporation (1) Limited, a special purpose company for issuing MBS. Total loan provisioning was 0.25% of the outstanding principal balance of the retained mortgage portfolio at the year-end, reflecting the prudent loan provisioning policy adopted by the HKMC.

## BALANCE SHEET

During 1999, total assets grew by 20.6% from HK\$11,592.9 million to HK\$13,980.6 million. The growth was mainly accounted for by a HK\$4,970.6 million increase in cash and short-term funds, while the net mortgage portfolio contracted by HK\$2,649.7 million.

To help meet the strong demand for debt securities eligible for the Enlarged Discount Window introduced by the Hong Kong Monetary Authority to ensure adequate inter-bank liquidity during the millennium roll-over, the HKMC issued a total of HK\$4 billion short-term bills under the NIP in December 1999. The proceeds were placed with banks as short-term deposits. Together with the proceeds from prepayments and repayments of mortgages, the balance of cash and short-term funds stood at HK\$4,996.7 million at the year-end.

“The HKMC took a proactive approach in enhancing the flexibility of its mortgage purchase programme, including an expansion of the types of mortgages eligible for sale to the Company.”

### Mortgage portfolio and provisions

	1999 HK\$'000	1998 HK\$'000
Gross mortgage portfolio	8,749,370	11,393,777
Provisions for bad & doubtful loans		
Specific	(4,042)	–
General	(18,552)	(17,292)
Net mortgage portfolio	8,726,776	11,376,485
<b>Ratios</b>		
Delinquency ratio for loans overdue more than 90 days	0.16%	–
Total provisions as a percentage of gross mortgage portfolio	0.25%	0.20%
Specific provision as a percentage of overdue loan principal	31.5%	–



The net mortgage portfolio of the HKMC was HK\$8,726.8 million, a reduction of HK\$2,649.7 million for the year. This reduction was a direct consequence of the mortgage price war and a high prepayment rate due to mortgage refinancing activities. The HKMC took a proactive approach in enhancing the flexibility of its mortgage purchase programme, including an expansion of the types of mortgage loan eligible for sale to the Company. Through these efforts, the Company managed to purchase a total of HK\$1,341.8 million of mortgages during the year despite the difficult operating environment. The mortgage portfolio consisted of 90.1% floating rate mortgages and 9.9% fixed adjustable rate mortgages by outstanding principal balance.

On 22 October 1999, the NIP and its seven outstanding issues totalling HK\$3.5 billion were listed on the Stock Exchange of Hong Kong. The eighth issue of the NIP Notes for HK\$500 million, the first for which retail investors were invited to subscribe using the non-competitive bidding method, received good response from Recognised Dealers and retail investors. An over-subscription

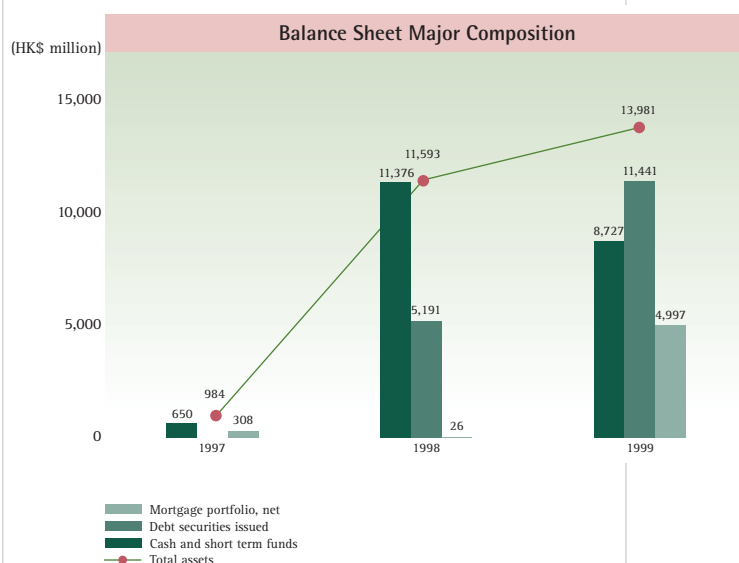
rate of 7 times was recorded. In 1999, the HKMC issued an aggregate of HK\$6,250 million fixed rate debt securities under the NIP and DIP. At 31 December 1999, the outstanding balances of the NIP and DIP notes were HK\$8,000 million and HK\$3,441 million respectively.

## LIQUIDITY MANAGEMENT

The HKMC adopts a balanced approach in its liquidity management by maintaining diversified liabilities to ensure that there is enough funds to meet all obligations in a timely and cost effective manner. The HKMC has established a cash flow management system to monitor and manage liquidity on a daily basis. Cash flow reports and projections are generated to analyse all the financial obligations over a specified future period of time. The Asset and Liability Committee ("ALCO"), chaired by the Chief Executive Officer, meets weekly to review the reports and formulate liquidity and risk management strategies in the light of changing market conditions.

The HKMC has secured diversified sources of funding to support the future growth of its business:

- HK\$3 billion authorized capital, of which HK\$2 billion has been paid up;
- HK\$ Note Issuance Programme and HK\$ Debt Issuance Programme, with a total programme size of HK\$40 billion;
- HK\$10 billion Revolving Credit Facility, provided by the Exchange Fund on an evergreen basis; and
- Money market lines, provided by local and international banks.



As at 31 December 1999, the HKMC issued a total HK\$11.4 billion of debt securities under the two HK\$ debt issuance programmes with maturity of up to 10 years. The Corporation has also arranged HK\$1.6 billion of MBS under its MBS Programme. Going forward, the HKMC's funding sources will be further strengthened by the launching of a Multi-currency Medium Term Note Programme.

### INTEREST RATE RISK MANAGEMENT

The HKMC's interest rate risk lies primarily in the mortgage asset and liability portfolios. Exposure to changes in interest rates such as Prime Rate and HIBOR is actively managed to contain the risk to a prudent level. The HKMC adopts two basic approaches in managing the interest rate risk: (a) to minimize the interest rate mismatch between the mortgages and the funding sources and (b) to assess the sensitivity of portfolio profitability and risk to changes in interest rates on an on-going basis.

The HKMC purchases two types of mortgages, namely, fixed rate mortgages and floating rate mortgages. The fixed rate mortgage offers an initial fixed rate for one to three years and the rate will be refixed at the end of the period at the then prevailing rate for another term or converted to floating rate at the mortgagor's option. To fund the fixed rate mortgage programme, the HKMC issues fixed rate notes of the same maturity as the term of the fixed rate mortgages in order to close out the risk of interest rate mismatch. To fund the purchase of floating rate mortgages which are based on Prime Rate, the HKMC issues fixed rate notes and converts the fixed rate proceeds into floating rate funds, i.e. HIBOR based, by entering

into interest rate swap transactions. The risk of interest rate mismatch is mitigated to a large extent by the matching of floating rate assets with floating rate liabilities. However, the basis risk between Prime Rate and HIBOR still exists. As in the case of authorized institutions, the HKMC cannot fully hedge the basis risk. This can be more effectively addressed if more mortgages are originated in HIBOR and when the Prime Rate/HIBOR basis swap market is well developed.

The HKMC also needs to manage the interest rate risk as measured by the duration gap arising from the temporary use of short term bank borrowing to finance the mortgage purchase before the issuance of securities. Based on analysis provided by the Treasury Department, the ALCO monitors and determines the mix of long-term and short-term funding with the aim of minimizing funding cost under a prudent duration gap between its interest-bearing assets and liabilities. In 1999, the average duration gap was kept within a very prudent range of plus and minus half a month, close to the risk free level of a zero duration gap.

“The HKMC's interest rate risk lies primarily in the mortgage asset and liability portfolios. Exposure to changes in interest rates such as Prime Rate and HIBOR is actively managed to contain the risk to a prudent level.”



# Report of the Directors

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The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 1999.

## Principal Activities

The principal activities of the Company are (i) to purchase portfolios of mortgages or other loans, pursuant to predetermined prudent and stringent purchasing criteria, secured by residential properties situated in Hong Kong from institutions authorized under the Banking Ordinance of Hong Kong ("Authorized Institutions"); (ii) to raise financing for its purchase of mortgages through the issuance of debt securities in the capital markets; (iii) to sell mortgages to special purpose corporation(s) for the purpose of issuing mortgage-backed securities to investors; and (iv) to act as an insurer authorized under the Insurance Companies Ordinance of Hong Kong in relation to mortgage insurance business.

## Results and Appropriations

The results for the year ended 31 December 1999 are set out on page 31 of this annual report.

The Directors do not recommend the payment of a final dividend, and recommend that the retained profit of HK\$357,378,000 at 31 December 1999 be carried forward.

## Fixed Assets

Details of the movement in fixed assets during the year are set out in Note 14 to the financial statements.

## Directors

The Directors of the Company during the year and up to the date of this report are as follows:

Hon Tsang Yam Kuen, Donald, *Chairman and Executive Director*  
Mr. Yam Chi Kwong, Joseph, *Deputy Chairman and Executive Director*

Mr. Chan Tak Lam, Norman, *Executive Director*  
Mr. Anthony Robert Latter, *Executive Director*  
(appointed on 22 March 1999)  
Hon Arculli, Ronald Joseph, *Director*  
Mr. Au Mo Cheung, *Director*  
(retired on 22 March 1999)  
Hon Chan Bernard Charnwut, *Director*  
(appointed on 1 January 1999)  
Hon Chan Kwok Keung, *Director*  
(appointed on 22 March 1999)  
Mr. Fong Ching, Eddy, *Director*  
Ms. Fung Yuen Mei, Anita, *Director*  
(appointed on 22 March 1999)  
Mr. Hsiao Yao Hin, Tom, *Director*  
(retired on 22 March 1999)  
Dr. Huang Chen Ya, *Director*  
(retired on 22 March 1999)  
Mr. Hui Rafael Junior, *Director*  
Mr. Lam Yim Nam, *Director*  
(appointed on 22 March 1999)  
Dr. Hon Li Kwok Po, David, *Director*  
Mr. Ng Kwok Wai, *Director*  
(appointed on 22 March 1999)  
Hon Ngan Kam Chuen, *Director*  
(retired on 22 March 1999)  
Hon Sin Chung Kai, *Director*  
(appointed on 22 March 1999)  
Mr. Wong Shing Wah, Dominic, *Director*  
Mr. Wong Tung Shun, Peter, *Director*  
(retired on 22 March 1999)  
Ms. Wu Hung Yuk, Anna, *Director*  
(resigned on 1 August 1999)

In accordance with Article 109 of the Articles of Association, all those directors who are not Executive Directors shall retire but shall be eligible for re-election at the next annual general meeting.

## Directors' Interests In Transactions and Contracts

The following Directors may be deemed to be interested in any contracts which have been entered, or may be

entered, into between the Company and them for the reasons set out below:

- (1) Dr. Hon Li Kwok Po, David is a director of The Bank of East Asia, Limited which is (a) a Selling Group Member of the HK\$20 billion Debt Issuance Programme of the Company; (b) an Approved Seller/Service of the Company in relation to the sale of mortgage loans by it to the Company; (c) an Approved Authorized Institution ("Approved AI") with which the Company has entered into a Master Mortgage Insurance Policy under the Mortgage Insurance Programme of the Company.
- (2) The Honourable Chan Bernard Charnwut is a director of (a) Asia Commercial Bank Limited which is an Approved Seller/Service of the Company in relation to the sale of mortgage loans by it to the Company; and (b) Asia Insurance Company, Limited which is an Approved Reinsurer with which the Company has entered into a Master Mortgage Reinsurance Policy as a reinsurer under the Mortgage Insurance Programme.
- (3) The Honourable Tsang Yam Kuen, Donald is the Financial Secretary of Hong Kong as Controller of the Exchange Fund. Mr. Yam Chi Kwong, Joseph is the Monetary Authority appointed by the Financial Secretary under the Exchange Fund Ordinance. The Monetary Authority acts as the arranger, agent and operator in respect of the Company's HK\$20 billion Note Issuance Programme ("NIP"). At 31 December 1999, the outstanding balance of the notes under the NIP was HK\$8 billion. In addition, the Company has a revolving credit facility of HK\$10 billion from the Exchange Fund through the Monetary Authority. At 31 December 1999, there was no outstanding balance.

Except for the above disclosure and the related party transactions as stated in Note 22 to the Financial

Statements, no contracts of significance in relation to the Company's business to which the Company was a party and in which any of the Company's Directors had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company a party to any arrangement to enable any of its Directors to acquire benefits by means of the acquisition of shares in or debt securities of the Company or of any body corporate.

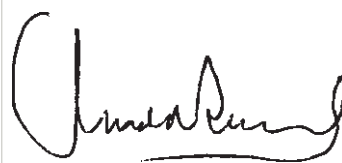
### Year 2000 Compliance

A consultant was selected to perform an independent assessment on the Company's preparations for year 2000 and the assessment was subsequently completed in May 1999. The management of the Company adopted the consultant's recommendations and took actions to improve the Company's readiness for year 2000. On the other hand, the Year 2000 Contingency Plan was prepared in June 1999 covering events due to possible failures in building utilities as well as application systems. Drills were conducted in July 1999 to test the contingency measures embedded in the plan. All application systems in the Company were tested for compliance and all non-compliant problems had since been rectified. At the date of this report, there was no outstanding issue as regards year 2000 in the Company.

### Auditors

The financial statements have been audited by Arthur Andersen & Co. A resolution for their reappointment as auditors for the ensuing year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors



**Donald Tsang**  
Chairman

Hong Kong,  
2 March 2000

To the Shareholder of  
**The Hong Kong Mortgage Corporation Limited**  
*(Incorporated in Hong Kong with limited liability)*

**Arthur Andersen & Co**  
21st Floor Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

We have audited the financial statements of The Hong Kong Mortgage Corporation Limited (the "Company") on pages 31 to 49, which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

## Respective responsibilities of directors and auditors

The Companies Ordinance requires the directors to prepare financial statements that give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

## Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

## Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 1999 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Ordinance.



*Certified Public Accountants*

Hong Kong,  
2 March 2000



# Profit and Loss Account

For the year ended 31 December 1999

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	Notes	1999 HK\$'000	1998 HK\$'000
Interest income	3	913,147	452,822
Interest expense	4	(506,630)	(231,594)
<b>Net interest income</b>		<b>406,517</b>	<b>221,228</b>
Other income/(expenses), net	5	11,852	(940)
<b>Operating income</b>		<b>418,369</b>	<b>220,288</b>
Operating expenses	6	(91,474)	(74,674)
<b>Operating profit before provisions</b>		<b>326,895</b>	<b>145,614</b>
Provisions for bad and doubtful loans	13(b)	(7,246)	(17,292)
<b>Profit before taxation</b>		<b>319,649</b>	<b>128,322</b>
Taxation	7(a)	(48,417)	(21,924)
<b>Profit after taxation</b>		<b>271,232</b>	<b>106,398</b>
Retained profit/(accumulated loss) brought forward		86,146	(20,252)
<b>Retained profit carried forward</b>		<b>357,378</b>	<b>86,146</b>

A separate statement of recognized gains and losses is not presented because there was no recognized gains or losses other than the net profit for the year.

# Balance Sheet

As at 31 December 1999

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	Notes	1999 HK\$'000	1998 HK\$'000
<b>Assets</b>			
Cash and short-term funds	9, 15	4,996,738	26,098
Interest and remittance receivables	10	185,052	135,878
Prepayments, deposits and other assets	11	8,155	4,859
Deferred expense, net	12	39,050	25,691
Mortgage portfolio, net	13(a)	8,726,776	11,376,485
Fixed assets	14	24,856	23,851
		<b>13,980,627</b>	<b>11,592,862</b>
<b>Liabilities</b>			
Bank loans	15	–	4,182,000
Interest payable	16	96,770	81,266
Accounts payable, accrued expenses and other liabilities	17	38,037	30,526
Provisions for taxation	7(b)	42,424	21,924
Unearned premiums	8	5,018	–
Debt securities	15, 18	11,441,000	5,191,000
		<b>11,623,249</b>	<b>9,506,716</b>
<b>Shareholder's equity</b>			
Share capital	20	2,000,000	2,000,000
Retained profit		357,378	86,146
		<b>2,357,378</b>	<b>2,086,146</b>
		<b>13,980,627</b>	<b>11,592,862</b>

Approved by the Board of Directors on 2 March 2000 and signed on behalf of the Board by:



**Yam Chi Kwong, Joseph**  
Deputy Chairman



**Chan Tak Lam, Norman**  
Executive Director

# Cash Flow Statement

For the year ended 31 December 1999

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	Notes	1999 HK\$'000	1998 HK\$'000
<b>Net cash inflow/(outflow) from operating activities</b>	21	<b>2,973,170</b>	<b>(10,609,705)</b>
<b>Taxation</b>			
Hong Kong profits tax paid		<b>(27,917)</b>	<b>–</b>
<b>Investing activities</b>			
Purchase of fixed assets		<b>(11,289)</b>	<b>(13,956)</b>
<b>Net cash outflow from investing activities</b>		<b>(11,289)</b>	<b>(13,956)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>2,933,964</b>	<b>(10,623,661)</b>
<b>Financing</b>			
Issue of ordinary share capital		<b>–</b>	<b>1,000,000</b>
Proceeds from issue of notes		<b>6,218,676</b>	<b>5,160,257</b>
<b>Net cash inflow from financing</b>		<b>6,218,676</b>	<b>6,160,257</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>9,152,640</b>	<b>(4,463,404)</b>
<b>Beginning cash and cash equivalents</b>		<b>(4,155,902)</b>	<b>307,502</b>
<b>Ending cash and cash equivalents</b>		<b>4,996,738</b>	<b>(4,155,902)</b>
<b>Analysis of the balance of cash and cash equivalents</b>			
Cash and short-term funds	9	<b>4,996,738</b>	<b>26,098</b>
Bank loans	15	<b>–</b>	<b>(4,182,000)</b>
		<b>4,996,738</b>	<b>(4,155,902)</b>



## 1. Basis of preparation

The financial statements of The Hong Kong Mortgage Corporation Limited (the "Company") have been prepared in accordance with the provisions of the Hong Kong Companies Ordinance and the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants.

## 2. Principal accounting policies

### a. Recognition of interest and fees

Interest income and expense are accrued on a time-apportioned basis on the principal outstanding and at the rate applicable, except in case of bad and doubtful loans (Note 2(f)). Fee income and expenses are recognized when earned or incurred.

### b. Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, the expenditure is capitalized as an additional cost of the fixed asset.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the cost of each asset over its expected useful life.

The annual rates are as follows:

Leasehold improvements	over the unexpired period of the lease
Furniture and fixtures	over the unexpired period of the lease
Computer and related software	33 $\frac{1}{3}$ %
Office equipment	33 $\frac{1}{3}$ %
Motor vehicle	25%

### c. Foreign currencies

The books and records are maintained in Hong Kong dollars. Transactions in other currencies during the year are translated into Hong Kong dollars at exchange rates prevailing in effect at the time of the transactions. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into Hong Kong dollars at rates of exchange in effect at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

**d. Deferred taxation**

Deferred taxation is provided under the liability method at the current tax rate in respect of significant timing differences between profit as computed for taxation purposes and profit as stated in the financial statements, except where it is considered that no liability will arise in the foreseeable future.

Deferred tax assets are not recognized unless the related benefits are expected to crystallize in the foreseeable future.

**e. Operating leases**

Leases where substantially all the rewards and risks of ownership remain with the leasing company are accounted for as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the relevant leases.

**f. Bad and doubtful loans**

Provisions for bad and doubtful loans are charged to the profit and loss account on a monthly basis in accordance with the guidelines approved by the Board of Directors. Specific provision for bad and doubtful loans generally applies to a mortgage loan that is overdue for more than 90 days and the current market value of the underlying property is less than the outstanding principal balance ("OPB") of a mortgage loan. When there is no longer any realistic prospect of recovery of the OPB of the mortgage loan, it will be written off at the discretion of the Credit Committee.

The accrual of interest on mortgage loans is discontinued when they become overdue for 90 days or more. Any previously accrued and uncollected interests on the loans are reversed against current period's interest income. Interest income on the overdue loans is only recognized when cash payment is received.

**g. Notes issued under the Note Issuance Programme ("NIP") & Debt Issuance Programme ("DIP")**

The notes issued under the NIP and DIP are stated at par value under Debt Securities in the balance sheet. Interest on the notes is accrued on a daily basis and charged to the profit and loss account. Discount on the notes is regarded as deferred expense whereas premium is accounted for as deferred income. Discount and premium are amortized over the entire life of the notes on an effective interest rate method and are accounted for as adjustment to the interest expense of the notes. The Arranger and Custodian Fee paid under the NIP and DIP is amortized to the profit and loss account over the life of the notes issued.

On redemption/repurchase of the notes, the resulting gains or losses, being the difference between the redemption/repurchase amount and the carrying amount, are recognized in the profit and loss account in the period in which the redemption/repurchase takes place.

**h. Interest rate swap ("IRS") contracts for hedging purposes**

The IRS contracts are solely entered into as a hedge against interest rate risk on the notes issued under the NIP and DIP.

The net interest payable or receivable arising from the IRS contracts is recorded on an accrual basis and charged against the interest expense of the notes for the period.

Gains and losses on early termination of the IRS contracts are immediately recognized in the profit and loss account when the underlying debt is early redeemed.

Gains and losses on early termination of the IRS contracts originally accounted for as a hedge to a debt are amortized over the remaining original life of the IRS contracts when the underlying debt is not early redeemed.

**i. Mortgage guarantee business**

The mortgage guarantee business of the Company is accounted for on the annual accounting basis. Under the annual accounting approach, the Company makes provisions based on credible estimates of future income and outgoings to determine the underwriting result for the current year. The underwriting result includes any adjustments arising from the correction of the previous estimates.

Gross premiums represent direct business written through the Authorized Institutions during the year. The gross premiums include a major portion of reinsurance premiums paid to Mortgage Reinsurers and the net premiums retained by the Company. The net premiums are recognized as income on a time-apportioned basis when the Mortgage Reinsurers have issued the back-to-back insurance coverage.

Unearned premiums represent that portion of net premiums written which are estimated to relate to risk subsequent to the balance sheet date. They are computed on the gross premiums written from direct underwriting less reinsurance premiums on a time-apportioned basis.

Provisions are made for outstanding claims, claims incurred but not reported and unexpired risk at the end of each year.

**j. Guaranteed Mortgage-Backed Pass-Through Securities ("MBS")**

Upon completion of the sale of a mortgage pool to an independent Special Purpose Corporation ("SPC") under the MBS programme, the Company derecognizes the applicable mortgage pool from its balance sheet; recognizes all assets obtained and liabilities incurred in consideration as proceeds of the sale, including cash and contingent liability in respect of guarantee on timely payment of principal and interest on the MBS; and recognizes in the profit and loss account any gain or loss on the sale.

As a separate arrangement, the Company guarantees the collectibility of the mortgage pool and recognizes a monthly guarantee fee income from the SPC in the profit and loss account on a time-apportioned basis. Since the Company assumes all credit risks arising from the mortgage loans under the MBS programme, it adheres to the loan provisioning guidelines in Note 2(f) approved by the Board of Directors for making necessary provisions in the profit and loss account.



### 3. Interest income

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	1999 HK\$'000	1998 HK\$'000
Mortgage portfolio	894,243	427,214
Cash and short-term funds	18,904	25,608
	913,147	452,822

### 4. Interest expense

	1999 HK\$'000	1998 HK\$'000
Bank loans	72,778	109,804
Debt securities	433,852	121,790
	506,630	231,594

### 5. Other income/(expenses), net

	1999 HK\$'000	1998 HK\$'000
Early prepayment fees and late charges	9,057	663
Sub-letting income of office premises (Note 22)	2,534	–
Net mortgage insurance premiums earned (Note 8)	1,454	–
Guarantee fee income on MBS	1,167	–
Issuance costs of debt securities	(1,441)	(1,624)
Others	(919)	21
	11,852	(940)

## 6. Operating expenses

	1999 HK\$'000	1998 HK\$'000
Staff costs		
Salaries and benefits	53,101	43,938
Premises		
Rental	10,356	8,685
Others	3,106	1,705
Directors' emolument	–	–
Depreciation	10,284	8,452
Consultancy fee	3,660	3,518
Auditors' remuneration	250	50
Other operating expenses	10,717	8,326
	91,474	74,674

## 7. Taxation

(a) Taxation in the profit and loss account represents:

	1999 HK\$'000	1998 HK\$'000
Hong Kong profits tax	49,012	18,313
Deferred taxation	(595)	3,611
	48,417	21,924

Hong Kong profits tax has been provided at the rate of 16% (1998: 16%) on the estimated assessable profit for the year. Deferred taxation has been provided on the timing difference arising from tax allowance in excess of depreciation. There is no significant unprovided deferred taxation.

(b) Taxation in the balance sheet represents:

	1999 HK\$'000	1998 HK\$'000
Hong Kong profits tax	39,408	18,313
Deferred taxation	3,016	3,611
	42,424	21,924

## 8. Revenue account for mortgage guarantee business

P.39

	1999 HK\$'000	1998 HK\$'000
Gross premiums written	51,218	–
Reinsurance premiums	(44,692)	–
Net premiums written	6,526	–
Increase in unearned premiums	(5,018)	–
Net premiums earned	1,508	–
Provisions for outstanding claims (Note 19)	(54)	–
Net mortgage insurance premiums earned (Note 5)	1,454	–
Management expenses	(4,002)	–
Underwriting loss	(2,548)	–

The management expenses formed part of the operating expenses in Note 6.

## 9. Cash and short-term funds

	1999 HK\$'000	1998 HK\$'000
Cash at banks	2,062	224
Time deposits with banks (Note 15)	4,994,676	25,874
	4,996,738	26,098

## 10. Interest and remittance receivables

	1999 HK\$'000	1998 HK\$'000
Interest receivable from mortgage portfolio	29,368	42,758
Interest receivable from interest rate swap contracts	48,190	34,330
Interest receivable from time deposits with banks	13,680	39
Loan instalments, in transit, from the Servicers	93,814	58,751
	185,052	135,878

P.40 | 11. Prepayments, deposits, and other assets

	1999 HK\$'000	1998 HK\$'000
Office rental deposit	2,239	2,239
Corporate club debentures	670	670
Others	5,246	1,950
	8,155	4,859

## 12. Deferred expense, net

	1999 HK\$'000	1998 HK\$'000
Deferred expenses/(income) arising on issuance of debt securities		
At 1 January	25,691	–
Additions for the year		
– deferred expenses	33,442	30,743
– deferred income	(2,118)	–
Less: amortization	(17,965)	(5,052)
At 31 December	39,050	25,691

## 13. Mortgage portfolio, net

## (a) Mortgage portfolio less provisions

	1999 HK\$'000	1998 HK\$'000
Outstanding principal balance of mortgage portfolio (Note 15)	8,749,370	11,393,777
Provisions for bad and doubtful loans		
– specific	(4,042)	–
– general	(18,552)	(17,292)
	8,726,776	11,376,485

At 31 December 1999, the mortgage portfolio had a weighted average remaining term of 15 years on a contractual basis, without taking into account any prepayment of the mortgage loans. Final maturity of the mortgage portfolio is in the year 2028.



## (b) Provisions for bad and doubtful loans

P.41

	Specific HK\$'000	General HK\$'000	Total HK\$'000	Suspended interest HK\$'000
At 1 January 1999	–	17,292	17,292	–
Charge to profit & loss account	4,042	3,204	7,246	–
Interest suspended during the year	–	–	–	1,156
Suspended interest recovered	–	–	–	(495)
At 31 December 1999	4,042	20,496	24,538	661

	Specific HK\$'000	General HK\$'000	Total HK\$'000	Suspended interest HK\$'000
At 1 January 1998	–	–	–	–
Charge to profit & loss account	–	17,292	17,292	–
Interest suspended during the year	–	–	–	–
Suspended interest recovered	–	–	–	–
At 31 December 1998	–	17,292	17,292	–

During the year, additional loan provisions on the retained mortgage portfolio amounted to HK\$5,302,000. They were included in the balance sheet under the heading of "Mortgage portfolio, net" at 31 December 1999. As regards the loan provisioning on the mortgage loans under the MBS programme, a sum of HK\$1,944,000 was grouped under "Other provisions" (Note 17).

## (c) The total mortgage loans on which interest has been placed in suspense or has ceased to accrue are as follows:

	1999 HK\$'000	1998 HK\$'000
Gross mortgage loans	12,826	–
Specific provisions	(4,042)	–
	8,784	–

Specific provisions were made after taking into account the current market value of the collateral of the delinquent loans.

## 14. Fixed assets

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Computer & related software HK\$'000	Office equipment HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
<b>Cost</b>						
As at 1 January 1999	6,338	1,209	25,303	1,276	539	34,665
Additions	3,724	306	6,926	333	–	11,289
As at 31 December 1999	10,062	1,515	32,229	1,609	539	45,954
<b>Accumulated depreciation</b>						
As at 1 January 1999	3,192	604	6,184	632	202	10,814
Charge for the year	991	140	8,507	511	135	10,284
As at 31 December 1999	4,183	744	14,691	1,143	337	21,098
<b>Net book value</b>						
Ending balance as at 31 December 1999	5,879	771	17,538	466	202	24,856
Ending balance as at 31 December 1998	3,146	605	19,119	644	337	23,851

## 15. Maturity profile

1999							
	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	After 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
<b>Assets</b>							
– Cash and short-term funds	2,062	4,994,676	–	–	–	–	4,996,738
– Mortgage portfolio	2,713	92,499	290,617	1,804,680	6,558,536	325	8,749,370
	4,775	5,087,175	290,617	1,804,680	6,558,536	325	13,746,108
<b>Liabilities</b>							
– Bank loans	–	–	–	–	–	–	–
– Debt securities	–	4,000,000	2,445,000	4,796,000	200,000	–	11,441,000
	–	4,000,000	2,445,000	4,796,000	200,000	–	11,441,000
1998							
	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	After 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
<b>Assets</b>							
– Cash and short-term funds	224	25,874	–	–	–	–	26,098
– Mortgage portfolio	1,554	101,801	321,922	2,067,753	8,900,705	42	11,393,777
	1,778	127,675	321,922	2,067,753	8,900,705	42	11,419,875
<b>Liabilities</b>							
– Bank loans	–	4,182,000	–	–	–	–	4,182,000
– Debt securities	–	–	–	5,191,000	–	–	5,191,000
	–	4,182,000	–	5,191,000	–	–	9,373,000

**16. Interest payable**

	1999 HK\$'000	1998 HK\$'000
Bank loans	–	16,219
Debt securities	96,770	65,047
	96,770	81,266

**17. Accounts payable, accrued expenses and other liabilities**

	1999 HK\$'000	1998 HK\$'000
Accounts payable and accrued expenses	33,044	28,334
Other provisions (Note 13(b))	4,993	2,192
	38,037	30,526

**18. Debt securities**

	1999 HK\$'000	1998 HK\$'000
Fixed-rate notes and bills issued under the		
– Note Issuance Programme	8,000,000	3,000,000
– Debt Issuance Programme	3,441,000	2,191,000
	11,441,000	5,191,000

**19. Provisions for outstanding claims for mortgage guarantee business**

Provisions for outstanding claims are recorded net of recoveries from the mortgage reinsurers. At 31 December 1999, there was no claim noted and no provision made in respect of "claims incurred but not reported". The provision for outstanding claims was made against the presumed double default risk of the mortgage reinsurers.



## 20. Share capital

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	1999 & 1998 HK\$'000
Authorized	
3 billion ordinary shares of HK\$1 each	3,000,000
Issued and fully paid	
2 billion ordinary shares of HK\$1 each	2,000,000

## 21. Notes to the cash flow statement

Reconciliation of profit before taxation to net cash inflow/(outflow) from operating activities:

	1999 HK\$'000	1998 HK\$'000
Profit before taxation	319,649	128,322
Purchase of mortgage loans	(1,341,803)	(11,440,327)
Proceeds from mortgage principal repayment	3,986,210	696,616
Depreciation	10,284	8,452
Amortization of deferred expenses	17,965	5,052
Provisions for bad and doubtful loans	5,302	17,292
Increase in interest and remittance receivables	(49,174)	(130,843)
Increase in prepayments, deposits and other assets	(3,296)	(2,202)
Increase in interest payable	15,504	81,266
Increase in accounts payable, accrued expenses and other liabilities	7,511	26,667
Increase in unearned premiums	5,018	–
Net cash inflow/(outflow) from operating activities	2,973,170	(10,609,705)

## 22. Related party transactions

The Honourable Sin Chung Kai and Ms. Fung Yuen Mei, Anita are the Assistant IT Project Manager and the Director, Head of Asian Fixed Income Trading, Asia Pacific respectively of The Hongkong and Shanghai Banking Corporation Limited which is (a) one of the Primary Dealers of the HK\$20 billion Debt Issuance Programme of the Company; (b) the Approved Seller/Service of the Company in relation to the sale of mortgage loans by it to the Company; and (c) an Approved AI with which the Company has entered into a Master Mortgage Insurance Policy under the Mortgage Insurance Programme.

Mr. Lam Yim Nam is a general manager of Bank of China, Hong Kong Branch, which is (a) an Approved Seller/Service of the Company in relation to the sale of mortgage loans by it to the Company; and (b) an Approved AI with which the Company has entered into a Master Mortgage Insurance Policy under the Mortgage Insurance Programme.

Mr. Chan Tak Lam, Norman and Mr. Anthony Robert Latter are the respective Deputy Chief Executives of the Hong Kong Monetary Authority. The Company is a member under the CMU Membership Agreement with the Monetary Authority through his Central Moneymarkets Unit ("CMU") in respect of the Company's HK dollar debt issuance and securities investments.

On 12 February 1999, the Company entered into a sub-tenancy agreement with Exchange Fund Investment Limited ("EFIL") in which EFIL occupies part of the Company's office premises at a fair market price. EFIL is wholly owned by the Exchange Fund. The sub-letting income was approximately HK\$2.5 million for the year ended 31 December 1999. Mr. Chan Tak Lam, Norman and Mr. Fong Ching, Eddy are the respective directors of EFIL.

## 23. Commitments

	1999 HK\$'000	1998 HK\$'000
<b>(a) Capital</b>		
Authorized and contracted for	342	415
Authorized but not contracted for	14,363	18,819
	<b>14,705</b>	19,234

**(b) Operating Lease**

Operating lease commitments at 31 December 1999 amounted to HK\$52,108,000 (1998: HK\$62,464,000) of which HK\$10,422,000 (1998: HK\$10,356,000) is payable in the next twelve months. Such operating lease commitments at 31 December 1999 payable over the next twelve months, analyzed according to the period in which the lease expires, are as follows:

	1999 HK\$'000	1998 HK\$'000
Land and buildings		
expiring in the first year	–	327
expiring in the second to fifth years	10,422	–
expiring after the fifth year	–	10,029
	10,422	10,356

**24. Forward commitment facility**

Under this facility, the Company has committed to purchase eligible floating rate mortgages from the Approved Seller/Service providers for an agreed amount within a specified period of up to twelve months. The Company has adopted a flexible pricing approach through which the Net Required Yield of the mortgages to be offered for sale will be subject to negotiation with the Approved Seller/Service providers on a case-by-case basis. At 31 December 1999, the outstanding commitment amount to purchase floating rate mortgages was HK\$3,886 million (1998: HK\$8,526 million).

**25. Fixed adjustable rate mortgage ("FARM") programme**

The Company has committed to purchase a certain amount of eligible FARM from the Approved Seller/Service providers on a first come, first served loan-by-loan basis. The gross mortgage rates are fixed for a period of one, two or three years. At 31 December 1999, the outstanding commitment amount to purchase FARM was HK\$3,453 million. (1998: HK\$3,112 million).

**26. Mortgage insurance programme ("MIP")**

The Company offers mortgage insurance which provides cover to the Approved Seller/Service providers for credit loss of up to 15% of the property value of a mortgage loan when the loan amount has exceeded 70% of the property value at origination.

Under the MIP, the Company reinsures the risk exposure with the approved Mortgage Reinsurers on a back-to-back basis. At 31 December 1999, the risk in force (being the portion of the outstanding principal balance of the mortgages in respect of which the Company may be subject to risk for credit loss) was HK\$530 million (1998: Nil).

## 27. Off-balance-sheet exposures

### (a) Contingent liabilities

	1999 HK\$'000	1998 HK\$'000
Guarantees under MBS programme	1,601,096	–

### (b) Financial contracts

Interest rate swap contracts are entered into solely for hedging the fixed-rate notes issued under the NIP and DIP.

- (i) The outstanding contracted notional amount of the interest rate swap contracts at 31 December 1999 is as follows:

	1999 HK\$'000	1998 HK\$'000
Interest rate swap contracts	6,691,000	4,141,000

- (ii) The replacement costs and credit risk-weighted amounts of the interest rate swap contracts are as follows. These amounts do not take into account the effects of bilateral netting arrangements with the counterparties.

	1999		1998	
	Replacement cost HK\$'000	Credit risk- weighted amount HK\$'000	Replacement cost HK\$'000	Credit risk- weighted amount HK\$'000
Interest rate swap contracts	89,722	23,230	161,075	20,705

The replacement costs represent the cost of replacing all interest rate swap contracts that have a positive value when marked to market. The credit risk-weighted amounts refer to the amounts as computed in accordance with the Capital-to-Assets ratio guidelines (Note 28). The Company has not experienced any non-performance by its counterparties.



**28. Capital-to-Assets ratio**

To ensure that the Company is managed in a prudent manner, the Financial Secretary of the Government of the Hong Kong Special Administrative Region issued guidelines in 1997 in respect of the minimum Capital-to-Assets ratio ("CAR") to be maintained by the Company. The minimum CAR stipulated in the guidelines is 5%.

	1999	1998
Capital-to-Assets ratio	10.1%	9.0%

The Capital-to-Assets ratio is calculated as a ratio, expressed as a percentage, of its total capital base to the sum of its total on-balance-sheet assets and total off-balance-sheet exposures.

**29. Comparative Figures**

Certain comparative figures for 1998 have been reclassified to conform to the current year's presentation.

**30. Best Practice on Financial Disclosure by Authorized Institutions**

The Company has voluntarily adopted the "Guideline on Financial Disclosure by Locally Incorporated Authorized Institutions" issued by the Hong Kong Monetary Authority in January 2000.

**31. Approval of financial statements**

The financial statements were approved by the Board of Directors on 2 March 2000.

# Calendar of Events

5 March 1999

Issued notes of HK\$500 million under the Note Issuance Programme

26 March 1999



Mortgage Insurance Programme Signing Ceremony with Mortgage Reinsurers (Hang Seng Insurance Company Limited, PMI Mortgage Insurance Co.)

26 March 1999

HSBC 滙豐



恒生保險  
Hang Seng Insurance



亞洲保險  
ASIA INSURANCE  
A Member of Asia Financial Group



MORTGAGE INSURANCE CO.®

UG United Guaranty

31 March 1999



Mortgage Insurance Programme Inaugural Signing Ceremony with 26 Seller/Serviceers

29 April 1999



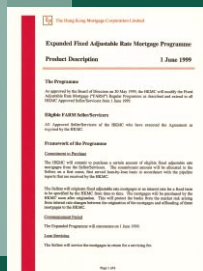
Mortgage Insurance Programme Signing Ceremony with 8 Seller/Serviceers

28 May 1999



Revised Forward Commitment Facility

1 June 1999



Expanded Fixed Adjustable Rate Mortgage Programme

1 June 1999



Mortgage Insurance Programme Signing Ceremony with Asia Insurance Company, Limited

21 July 1999

Approval granted by the Board of Directors to launch the Guaranteed Mortgage-Backed Pass-Through Securitisation Programme under a pilot scheme

21 July 1999

Announced half-year results with an unaudited operating profit after tax of HK\$153.3 million for the six months ended 30 June 1999

22 October 1999



Launched the Guaranteed Mortgage-Backed Pass-Through Securitisation Programme

28 October 1999



Issued notes of HK\$500 million with an inaugural retail portion of HK\$100 million under the Note Issuance Programme

16 December 1999



Issued the inaugural discount bills of HK\$2 billion under the Note Issuance Programme

22 October 1999



Arranged an Inaugural HK\$1.006 million Mortgage-Backed Pass-Through Securities issue and Signing Ceremony with Dao Heng Bank

20 December 1999



Arranged a HK\$630 million Guaranteed Mortgage-Backed Pass-Through Securities issue and Signing Ceremony with American Express Bank

22 October 1999



Listed the Note Issuance Programme and the outstanding notes issued under the programme by way of offer for Subscription on the Stock Exchange of Hong Kong

23 December 1999

Issued the second discount bill of HK\$2 billion under the Note Issuance Programme

## Annex A

### List of Approved Seller/Serviceers

As at end March 2000

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1 ABN AMRO Bank N.V.

2 AIG Finance (Hong Kong) Limited

3 American Express Bank Ltd.

4 Asia Commercial Bank Limited

5 Bank of America (Asia) Limited

6 Bank of China

7 Bank of Communications

8 The Bank of East Asia, Limited

9 The Chase Manhattan Bank

10 Chekiang First Bank Limited

11 The China and South Sea Bank Limited

12 The China State Bank Limited

13 Chiyu Banking Corporation Limited

14 Citibank, N.A.

15 CITIC Ka Wah Bank Limited

16 Dah Sing Bank, Limited

17 Dao Heng Bank Limited

18 First Pacific Bank Limited

19 GE Capital (Hong Kong) Limited

20 Generale Belgian Bank

21 Hang Seng Bank Limited

22 Hang Seng Credit Limited

23 Hang Seng Finance Limited

24 The Hongkong Chinese Bank, Limited

25 The Hongkong and Shanghai Banking Corporation Limited

26 Hua Chiao Commercial Bank Limited

27 International Bank of Asia Limited

28 Kincheng Banking Corporation

29 The Kwangtung Provincial Bank

30 Kwong On Bank, Limited

31 Liu Chong Hing Bank Limited

32 Nanyang Commercial Bank, Limited

33 The National Commercial Bank, Limited

34 ORIX Asia Limited

35 Overseas Trust Bank, Limited

36 Shanghai Commercial Bank Limited

37 Sin Hua Bank Limited

38 Standard Chartered Bank

39 Union Bank of Hong Kong Limited

40 United Chinese Bank Limited

41 Wing Hang Bank, Limited

42 Wing Lung Bank, Limited

43 The Yien Yieh Commercial Bank Limited



# List of Mortgage Reinsurers, DIP Primary Dealers, Selling Group Members and NIP Market Makers

## Reinsurers

---

Hang Seng Insurance Company Limited

---

Asia Insurance Company, Limited

---

United Guaranty Mortgage Indemnity Company

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PMI Mortgage Insurance Co.

---

HSBC Insurance Limited

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## DIP Primary Dealers

---

Dao Heng Bank Limited

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The Hongkong and Shanghai Banking  
Corporation Limited

---

Merrill Lynch Far East Limited

---

Tokyo-Mitsubishi International (HK) Limited

---

UBS AG

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## DIP Selling Group Members

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The Bank of East Asia, Limited

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Chase Manhattan Asia Limited

---

Citicorp International Limited

---

Commonwealth Bank of Australia

---

Deutsche Securities Limited

---

Goldman Sachs (Asia) L.L.C.

---

Hang Seng Bank Limited

---

Jardine Fleming Bank Limited

---

J.P. Morgan Securities Asia Private Limited

---

Société Générale Asia Limited

---

Standard Chartered Bank

---

## NIP Market Makers

---

ABN AMRO Bank N.V.

---

BA Asia Limited

---

Bank of China

---

The Bank of East Asia, Limited

---

Banque Nationale de Paris

---

Chase Manhattan Asia Limited

---

Citicorp International Limited

---

Commonwealth Bank of Australia

---

Credit Agricole Indosuez

---

Credit Lyonnais

---

Dah Sing Bank Limited

---

Dao Heng Bank, Limited

---

Hang Seng Bank Limited

---

The Hongkong and Shanghai Banking  
Corporation Limited

---

Jardine Fleming Bank Limited

---

The Kwangtung Provincial Bank

---

Nanyang Commercial Bank, Limited

---

National Westminster Bank plc

---

Paribas

---

Schroders Asia Limited

---

Société Générale Asia Limited

---

Standard Chartered Bank

---

Tokyo-Mitsubishi International (HK) Limited

---

UBS AG, Hong Kong

---

Wing Lung Bank Limited

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## Annex C

### Key Statistics of the HKMC's 1999 Mortgage Portfolio

P.54

Retained portfolio	Jan	Feb	Mar	Apr
<i>Aggregate</i>				
Number of Approved Seller/Serviceers	31	32	38	39
Number of active Sellers	22	22	22	22
Number of loans	8,311	8,218	8,354	8,250
Outstanding principal balance (HK\$ million)	11,308	11,107	11,353	11,158
Delinquency (%)				
– 31 – 60 days	0.21	0.18	0.32	0.23
– 61 – 90 days	0.02	0.04	0.05	0.07
– > 90 days	0.00	0.01	0.01	0.04
Prepayment (%)				
– Partial	0.37	0.33	0.36	0.32
– Full	1.35	1.20	1.25	1.11
<i>Weighted Average</i>				
LTV ratio at origination (%)	62.0	62.0	62.0	62.2
Estimated current LTV ratio (%)	69.2	69.4	68.7	67.7
DTI at origination (%)	38.1	38.1	38.1	38.1
Remaining contractual term to maturity (months)	190	190	190	187
Seasoning (months)	27	28	28	29
Contractual life (months)	217	218	219	216
<i>Geographical distribution</i>				
Outstanding principal balance (HK\$ million)				
– Hong Kong	3,265	3,218	3,292	3,223
– Kowloon	2,282	2,242	2,293	2,253
– New Territories	5,760	5,648	5,768	5,682
Number of Loans				
– Hong Kong	2,047	2,027	2,062	2,033
– Kowloon	1,734	1,715	1,740	1,717
– New Territories	4,530	4,476	4,552	4,500
<i>Estate-type property concentration</i>				
Outstanding principal balance (HK\$ million)				
– Estate-type properties	8,211	8,051	8,259	8,119
– Non-estate-type properties	3,097	3,057	3,094	3,039
Number of Loans				
– Estate-type properties	5,583	5,509	5,608	5,537
– Non-estate-type properties	2,728	2,709	2,746	2,713
<b>Mortgage Insurance Programme</b>				<b>Apr</b>
Number of Participating Banks				10
Applications received				
– Number of applications				223
– Total amount of mortgage loans (HK\$ million)				479
– Total risk in force (HK\$ million)				88
– Average size of mortgage loan (HK\$ million)				2.1
– LTV ratio at origination				
– – 80% or below (%)				3
– – above 80% and up to 85% (%)				97
Applications approved				
– Number of approved applications				152
– Total amount of mortgage loans (HK\$ million)				331
– Total risk in force (HK\$ million)				58
Types of property transaction				
– Primary (%)				10
– Secondary (%)				90
Choice of premium payment method				
– Single payment (%)				88
– Annual payment (%)				12

May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
39	40	40	41	41	42	42	43
22	22	22	24	24	24	24	24
8,049	7,783	7,444	7,270	7,250	7,073	6,891	6,744
10,796	10,351	9,820	9,551	9,507	9,227	8,945	8,749
0.30	0.26	0.32	0.37	0.26	0.36	0.35	0.41
0.06	0.04	0.14	0.07	0.10	0.06	0.05	0.06
0.03	0.02	0.01	0.06	0.07	0.13	0.14	0.16
0.39	0.33	0.26	0.25	0.26	0.30	0.24	0.18
2.55	3.50	4.18	3.53	2.83	2.17	2.55	3.32
62.2	62.2	62.2	62.3	62.4	62.4	62.4	62.4
67.5	67.4	67.5	68.2	69.3	70.7	72.3	72.4
38.1	38.1	38.1	38.0	38.0	38.0	38.0	38.0
186	185	182	184	184	183	183	179
30	31	32	32	33	34	35	36
216	216	214	217	216	217	217	215
3,108	2,975	2,821	2,773	2,741	2,650	2,583	2,532
2,187	2,092	1,992	1,918	1,915	1,877	1,813	1,779
5,501	5,284	5,007	4,860	4,851	4,701	4,549	4,438
1,979	1,912	1,829	1,797	1,781	1,735	1,699	1,659
1,677	1,618	1,554	1,510	1,510	1,483	1,442	1,417
4,393	4,253	4,061	3,963	3,959	3,855	3,750	3,668
7,839	7,501	7,109	6,870	6,834	6,606	6,392	6,233
2,956	2,850	2,711	2,681	2,673	2,621	2,553	2,516
5,383	5,189	4,949	4,802	4,779	4,641	4,505	4,396
2,666	2,594	2,495	2,468	2,471	2,432	2,386	2,348
May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
18	23	24	24	27	27	30	30
521	789	1,054	1,263	1,477	1,665	1,882	2,150
1,097	1,658	2,200	2,653	3,091	3,455	3,896	4,439
201	305	400	481	559	622	697	790
2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0
6	12	20	20	21	21	22	23
94	88	80	80	79	79	78	77
433	718	963	1,169	1,368	1,545	1,739	1,975
905	1,509	2,021	2,457	2,867	3,213	3,600	4,093
165	276	366	445	517	578	644	727
7	8	8	10	11	12	12	11
93	92	92	90	89	88	88	89
85	85	86	86	86	86	85	86
15	15	14	14	14	14	15	14

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# 財務摘要

	一九九九年 千港元	一九九八年 千港元	一九九七年 千港元
<strong>本年度</strong>			
淨利息收入	406,517	221,228	18,354
除稅後溢利／(虧損)	271,232	106,398	(20,252)
購買按揭貸款	1,341,803	11,440,327	653,613
已發行按揭證券	1,635,760	—	—
已發行債務證券	6,250,000	5,191,000	—
按揭保險			
— 已收取淨保費	6,526	—	—
<strong>於年終</strong>			
扣除準備金後的按揭貸款組合	8,726,776	11,376,485	650,066
總資產	13,980,627	11,592,862	983,607
債務證券	11,441,000	5,191,000	—
按揭保險			
— 承擔風險	530,479	—	—
<strong>其他數據</strong>			
淨息差	3.9%	4.9%	7.6%
資本對資產比率	10.1%	9.0%	99.6%
成本對收入比率	21.9%	33.9%	210.3%
總資產回報率	2.5%	2.1%	不適用
股東資金回報率	12.1%	7.9%	不適用

# 主 席

# 報 告







曾蔭權先生，太平紳士  
主席  
財政司司長

香港按揭證券公司取得可觀的溢利增長，並且擴闊了業務基礎。按揭證券公司推出的一系列簇新產品，既增強了本身之盈利能力，亦惠澤銀行及置業人士。

一九九九年於香港銀行業是充滿挑戰和困難的一年。雖然亞洲金融風暴的餘波仍然影響經濟發展，香港按揭證券公司(按揭證券公司)仍能安然渡過市場逆境，取得可觀的溢利增長，並且擴闊了業務基礎。按揭證券公司推出的一系列簇新產品，既增強了本身之盈利能力，亦惠澤銀行及置業人士。

按揭證券公司於一九九八年推出的購買按揭計劃及債務工具發行計劃，為業務奠定穩健的基礎。公司以該兩項計劃作平台，不斷發展多元化產品，以達致三個核心目標——推動置業機會，為銀行提供可靠的流動資金來源及促進資本市場發展。這三方面的成績有目共睹。

按揭證券公司在一九九九年日益困難的經營環境下，仍能創造佳績，實屬難能可貴。由於經濟滑坡，一般借貸業務放緩，而按揭貸款抗壞能力強，銀行爭取按揭貸款異常激烈。銀行方面為奪得優質的按揭貸款而願意調整

訂價，加重了按揭利率下調的壓力。銀行爭相推出優惠的按揭計劃，導致轉按的數量急劇上升。結果產生三方面的問題：銀行不熱衷出售按揭資產，按揭貸款的邊際利潤降低，以及貸款提前還款率高企。

按揭證券公司積極回應核准賣方要求，以較靈活的購買按揭計劃，推出一系列務實措施，以加強購買按揭計劃之效率。這包括參考市場按揭利率而調低要求淨額收益率；取消購買浮息按揭準則中已供款期數之規定；以及增加合資格售予按揭證券公司的按揭種類；接納以香港銀行同業拆息的按揭貸款、員工按揭貸款，及以公司名義持有的按揭貸款。

按揭證券公司在擴闊計劃所規定之合資格按揭種類的同時，亦重視維持資產質素。對於保留按揭組合之拖欠率處於低水平，我們深以為傲，於一九九九年十二月，按揭貸款組合逾90日未償還貸款之拖欠比率為0.16%，大大低於整體市場之1.13%。

“按揭證券公司於一九九九年進一步加強其財務狀況，取得記錄性的2.712億港元除稅後溢利，比一九九八年增加154.9%。按揭證券公司在第四季，發行總值16億港元按揭證券予其中兩大主要業務伙伴。”

按揭證券公司之一九九九年財務摘要，反映我們在遵守謹慎的商業原則之餘，同時亦能兼顧置業者及銀行界的需要。

按揭證券公司在一九九九年進一步加強財務狀況，取得記錄性的2.712億港元除稅後溢利，比一九九八年增加154.9%。同時，股東資金回報率達到良好的12.1%，資產回報率為2.5%。此外資本對資產比率維持於10.1%，遠超出最低規定之5%。與此同時，按揭證券公司經債券發行計劃（債券計劃）及債務工具發行計劃（債務工具計劃），共發行了63億港元公司債券，用以購買按揭。

對按揭證券公司在促進置業方面的貢獻，本人特別感到欣慰。透過擴展定息貸款計劃，以及推出按揭保險計劃，在簡化及加速置業過程方面邁進一大步。

按揭證券公司這兩項產品，使消費者在決定置業這人生大事上，能有額外的選擇。按揭保險計劃大大減低首期開支，令置業更為容易。置業者最高可獲按揭成數達到樓值之85%，大約2,000個家庭經此計劃下之保險受惠。達成置業的願望。

按揭保險計劃同時令銀行界得益。藉此計劃，銀行在無須增加風險的情況下，可批核額外44億港元的按揭貸款。按揭保險計劃對於國際及本地保險公司，是一項新業務及新收入來源。此外，從二手樓宇之按揭交易佔去一九九九年按揭保險計劃申請中的大部份來看，該計劃亦可協助改善地產二手市場之流通性。

按揭證券公司自十月推出按揭證券計劃，業務發展進入第二階段，即致力推動一個深厚而流通的本地按揭證券市場的發展。

按揭證券計劃之背對背與通遞結構容許銀行有效地整合按揭貸款，使其變為流動性更大之資產，同時保留按揭貸款之大部分現金。一言以蔽之，參與計劃之銀行既能減低信貸風險及資金成本，同時亦改善了按揭資產的質素。

這項互惠的安排自然吸引銀行及投資者。香港之住宅按揭信貸質素一向良好，加上按揭證券公司擔保依時如數支付通遞證券之到期本金和利息，對本地投資者而言，無疑是一項既安全、靈活而又吸引的投資工具。

按揭證券公司在第四季，發行總值16億港元按揭證券予其中兩大主要業務伙伴，即道亨銀行及美國運通銀行。並同時委任道亨銀行、德意志銀行、JP摩根、美林集團（亞太區）為根據按揭證券計劃下發行之證券開價。這些



機構的積極參與將有助推廣按揭證券的發展。同時，按揭證券公司亦從計劃中吸取寶貴經驗，以備日後推出結構更複雜的證券產品。

按揭證券公司在一九九九年把握市場機會進一步擴展公司的資金來源。隨著債券計劃十月在香港聯合交易所上市，按揭證券公司在原有龐大的機構投資者網絡上，注入更廣的一般投資者基礎。

證券交易所提供一個方便的市場讓投資者買賣債券。按揭證券公司之債券計劃上市後，一般投資者在建立一個股票與債券並重的平衡投資組合時，有更多高質素的資產可供選擇。按揭證券公司採納非競價式的投標方法，簡化了債券產品在第一市場上的分配機制。此與人方便的特點在刺激一般投資者需求方面已證明起到作用。其中總值1億港元首次予個人投資認購的二年期債券，便獲得超額認購。

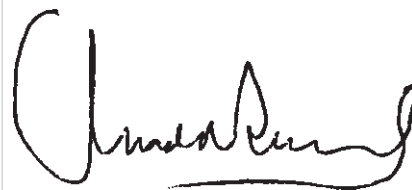
債券計劃的上市，使按揭證券公司作為發行人，成功地渡過另一個豐收年。按揭證券公司於一九九九年經債券計劃發行了總值50億港元的債券，經債務工具計劃發行了總值13億港元的債券。按揭證券公司已成為港元債務工具市場上之活躍發行人。

展望二零零零年，本人有信心按揭證券公司能繼續推動香港住宅按揭及資本市場的發展。

按揭證券公司繼續與香港的銀行、保險公司、監管人及投資者緊密合作，全力尋求實際方法，迎接在按揭及資本市場上的挑戰；並且善用中介人的特點，扮演置業者、銀行及資本市場之間的主要聯繫角色。

按揭證券公司除了努力建立核心業務外，亦致力利用其對最佳市場運作的認識，提高業內批核按揭的水準。二零零零年的其中一項工作重點是推動標準化及簡單化批核按揭借貸之法律及審批文件；改善法律文件予使用者的方便程度；並且檢視資本市場之營運及法律程序，為發行人及投資者確定經濟而簡便的形式。

本人對按揭證券公司管理層及職員的開創精神深以為傲。他們以無比的創造力及勤奮精神，在短時間內達成眾多目標。本人更感謝董事局的領導及寶貴貢獻，帶領大家渡過充滿挑戰性的一年。

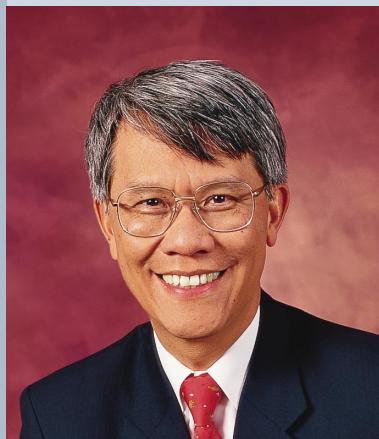


主席  
曾蔭權

“展望二零零零年，  
本人有信心按揭證券公司能繼續推動  
香港住宅按揭及資本市場的發展。”



曾蔭權先生，太平紳士  
主席  
財政司司長



任志剛先生，太平紳士  
副主席  
香港金融管理局總裁

# 董事局成員



許仕仁先生，GBS，太平紳士  
董事  
財經事務局局长



黃星華先生，太平紳士  
董事  
房屋局局长

黎定得先生  
執行董事  
香港金融管理局副總裁



陳德霖先生，太平紳士  
執行董事  
香港金融管理局副總裁





李國寶博士，太平紳士  
董事  
立法會議員  
東亞銀行主席兼行政總裁



夏佳理先生，太平紳士  
董事  
立法會議員  
胡關李羅律師行合夥人



方正先生，太平紳士  
董事  
會計師及羅兵咸永道會計師事務所  
資深合夥人



陳智思先生  
董事  
立法會議員  
亞洲金融集團常務董事兼副總經理



單仲偕先生  
董事  
立法會議員



馮婉眉女士  
董事  
香港上海滙豐銀行有限公司  
亞太區債券部主管

林炎南先生  
董事  
中國銀行香港分行副總經理



陳國強先生  
董事  
立法會議員



吳國威先生  
董事  
新聯財務有限公司行政總裁



# 管 理 層



1	2
3	5

1. 霍子俊先生
2. 李永權先生
3. 張秀芬女士
4. 彭醒棠先生，太平紳士
5. 駱沛琳女士



1	2	3	4		
5	6	7	8	9	10

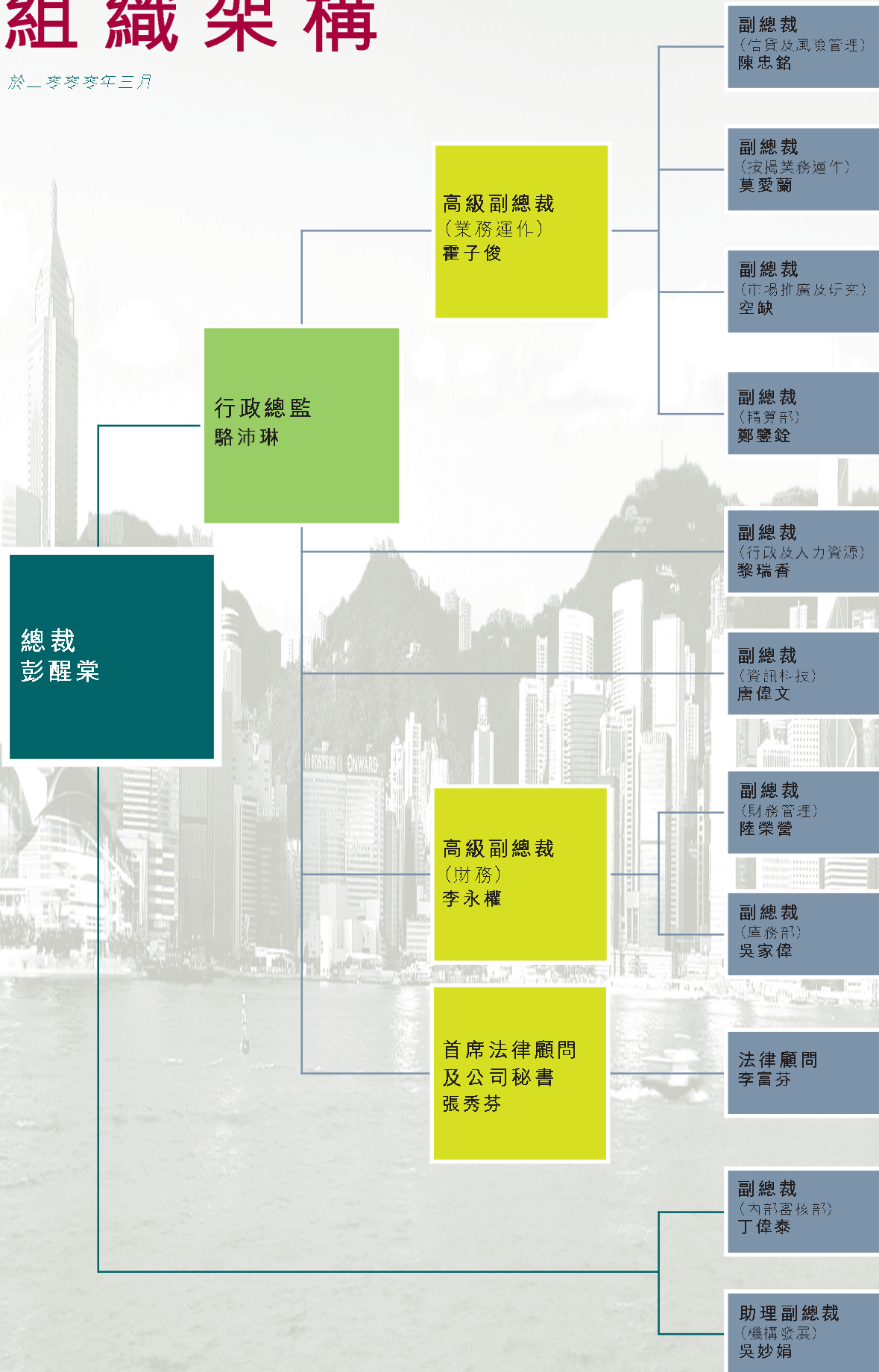
1. 陸榮譽先生
2. 何偉泰先生
3. 李富芬女士
4. 陳忠鎰先生
5. 吳家偉先生
6. 黎瑞香女士
7. 鄭鑾鈴先生
8. 吳妙娟女士
9. 吳愛蘭女士
10. 唐偉文先生



# 組織架構

於一九九九年三月

P.65





# 業務

# 回顧





## 按揭證券公司在一九九九年充滿挑戰性的經營環境下，仍能靈活經營、勇於開創，推出三項新計劃。

- 股東資金回報率為12.1%；（一九九八年為7.9%）；
- 總資產回報率為2.5%（一九九八年為2.1%）；
- 資本對資產比率維持於10.1%；高於最低規定之5%。

### 產品多元化

按揭證券公司在一九九九年充滿挑戰的經營環境下，勇於開創，推出三項新計劃：

- 於四月成立按揭保險計劃，置業者最高可獲按揭成數達樓價之85%；
- 於十月成立有擔保按揭證券化（按揭證券化）計劃，並首次發行10億港元按揭證券，售予道亨銀行，成為發展香港第二按揭市場之新動力；
- 同樣於十月，按揭證券公司將債券發行計劃（債券計劃）及根據該計劃下發行之債務證券在香港聯合交易所（聯交所）上市，不但擴闊了投資者基礎，並實現了政府發展香港零售債務市場的目的。

### 業績概覽

一九九九年是按揭證券公司第二個完整的營運年。雖然面對困難的經營環境，按揭證券公司仍能取得可觀的盈利增長，並致力革新產品。按揭證券公司在三大核心目標方面，都有實質的進展，包括：

- 提供可靠的流動資金，增強銀行業之穩定性；
- 普及香港的置業機會；
- 促進香港按揭證券及債務證券市場之成長與發展。

按揭證券公司的業績顯示在推動以上目標的同時，公司亦能創造可觀的盈利，一九九九年之佳績計有：

- 取得2.712億港元之除稅後溢利，比一九九八年之1.064億港元增加了154.9%；

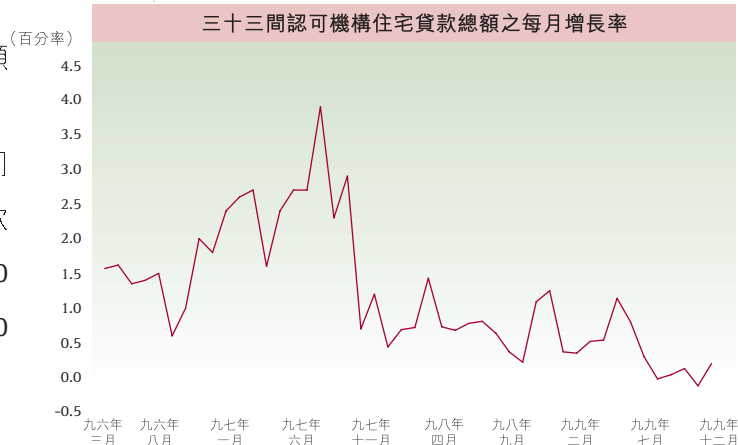
## 購買按揭業務

### 市場環境 — 按揭貸款增長放緩

亞洲地區之金融風暴導致經濟逆轉，銀行於一九九九年的借貸活動明顯放緩，影響觸及主要的商業借貸，包括物業貸款（商業及住宅）、公司貸款、貿易融資。認可機構之貸款組合總額由一九九七年九月之20,380億港元減至一九九九年十二月之18,220億港元，跌幅為10.6%。

為彌補商業貸款業務之損失，銀行轉向抗壞能力強的住宅按揭市場。與去年同時期比較，住宅按揭貸款之未償還本金餘額由4,730億港元微升至5,320億港元，一九九九

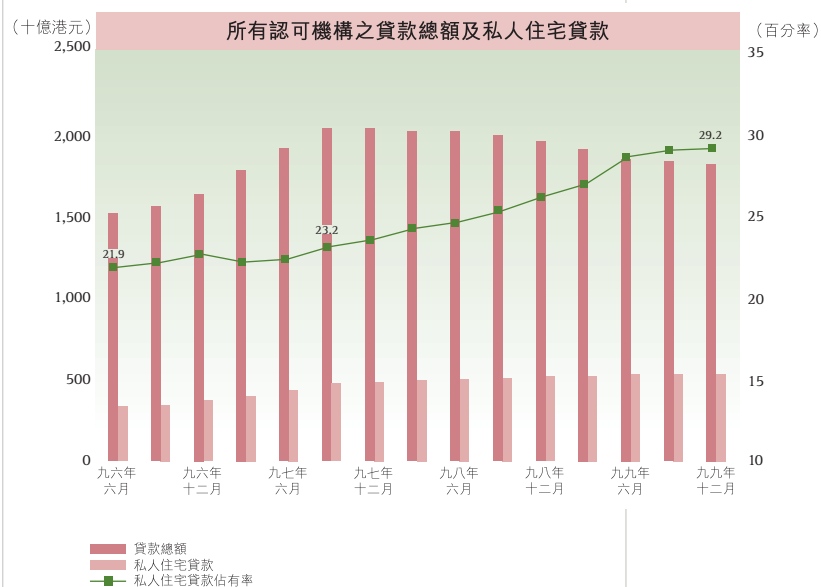
年之增長步伐明顯較往年放緩；進入第四季，未償還本金餘額更停滯不前。



### 住宅按揭貸款爭奪戰

銀行由於看好按揭貸款之資產質素，所以特別重視住宅按揭業務的增長。一九九九年，

公司貸款之拖欠率劇增至6.32%；但另一方面，雖然經濟逆轉，物業價格急跌，但按揭貸款之拖欠率最高卻只錄得1.17%。由於貸款的需求疲弱，銀行又看重按揭貸款之良好資產質素，於是爭相修訂按揭價格，導致按揭利率承受下調的壓力。





許多銀行提供貸款全期或部分期內按揭利率低於優惠利率；為著爭奪住宅按揭業務，銀行更紛紛向顧客提供多重優惠，包括相等於貸款額若干百分率之現金回贈、減免律師費、免信用卡入會費等。

### 提前還款及轉按數量高企

按揭利率戰進入白熱化，導致按揭貸款轉按的數量急升；轉按後，借款人既可得到各項優惠，供款又可少於在高利率時期借下之按揭貸款。

根據金融管理局（「金管局」）每月向33間認可機構之調查結果顯示，至一九九九年底之全年新造按揭總額為1,192億港元（比一九九八年增加6.1%），而未償還貸款總額只增加189億港元，增幅為4.1%，至4,782億港元，其中1,003億港元之差額來自提前還款及轉按。同樣的趨勢亦可見於按揭證券公司之保留按揭組合，提前還款率由一九九八年十二月之

15.8%（按年度計算）跳升至一九九九年十二月之34.8%。

### 按揭證券公司之措施

在上述的環境下，銀行不容易扭轉按揭不足的局面，故而儘量保留按揭於業務組合內。

按揭證券公司積極回應市場環境的轉變而調整業務策略，繼續其活躍的市場推廣計劃，於年內擴展核准賣方／供款管理機構的網絡，由31間增加到43間，幾乎涵蓋了全港活躍提供按揭的認可機構，包括本地和國際機構在內，在按揭市場上之佔有率超過90%。擁有如此龐大的網絡，當市況回復正常時，購買按揭計劃可期取得穩定增長。

“按揭證券公司並與核准賣方／供款管理機構密切溝通，隨即設計一系列加強購買按揭計劃靈活性的措施。”

按揭證券公司並與核准賣方／供款管理機構密切溝通，設計一系列加強購買按揭計劃靈活性的措施，包括追隨市場利率而調低要求淨額收益率之下限。按揭證券公司在購買過程上採用彈性的按風險定價法，依此安排，參考每宗購買組合內之按揭風險，並與核准賣方／管理供款機構議定出售按揭之要求淨額收益率。

#### 一九九五年至一九九九年期間新造按揭總額(三十三間認可機構)

數字以百萬港元為單位	九九年	九九年	九九年	九九年	九九年
月	九九年	九九年	九九年	九九年	九九年
一月	4,846	9,312	20,626	8,305	8,572
二月	3,843	8,999	18,799	8,178	7,192
三月	5,178	11,012	16,797	12,627	9,387
四月	10,573	11,181	22,713	10,275	9,147
五月	12,352	13,247	26,047	9,526	13,754
六月	8,787	14,627	25,529	9,384	14,088
七月	7,602	17,659	32,495	9,314	12,173
八月	6,588	13,397	24,917	8,427	9,708
九月	8,720	11,673	25,452	6,425	8,861
十月	6,430	15,499	17,865	6,416	8,124
十一月	7,835	16,807	15,299	10,298	7,715
十二月	9,356	19,544	9,760	13,239	10,504
新造按揭總額	92,110	162,957	256,299	112,414	119,225
百分率之逐年比較	7.9	76.9	57.3	-56.1	6.1
於十二月之未償還貸款總額	272,695	330,426	425,469	459,338	478,244
百分率之逐年比較	15.0	21.2	28.8	8.0	4.1
淨增長	35,634	57,731	95,043	33,869	18,906

按揭證券公司於十月取消購買浮息按揭規定6個月已供款期數之要求。其參考依據是，一九九八年三月推出的固定息率按揭(定息按揭)計劃，雖然不設最少已供款期的規定，但經此計畫購入的按揭貸款，拖欠還款率偏低。按揭證券公司亦為定息按揭計劃設立更彈性的重訂年期選擇，在原有的三年期外，再加入一年期及二年期。

對於擴闊合資格按揭貸款之種類，按揭證券公司於一九九九年成立了定價部，以嚴謹的機制去監管、評估及管理不同按揭產品的風險。在符合先決條件下，亦相繼接納新的合資格按揭類別，包括以香港銀行同業拆息的按揭貸款、以公司名義持有的按揭貸款，以及員工按揭貸款。

經過一番努力，按揭證券公司於一九九九年購入總數13億港元的按揭貸款(一九九八年為114億港元)。於一九九九年十二月底，按揭證券公司之保留按揭貸款組合中，貸款宗數為6,744項，未償還本金結餘為87億港元。

## 風險管理

### 風險管理工具及鑑定

新成立的定價部，加強了自按揭證券公司於一九九七年成立以來的定價和風險管理系統。這些系統提供一個全面的機制，以管理公司在第二市場上買入及證券化按揭之有關風險。



其中測試項目包括現時貸款對物業價值、按風險定價、提前還款及壓力測試模型。按揭證券公司憑著這些工具，從質與量

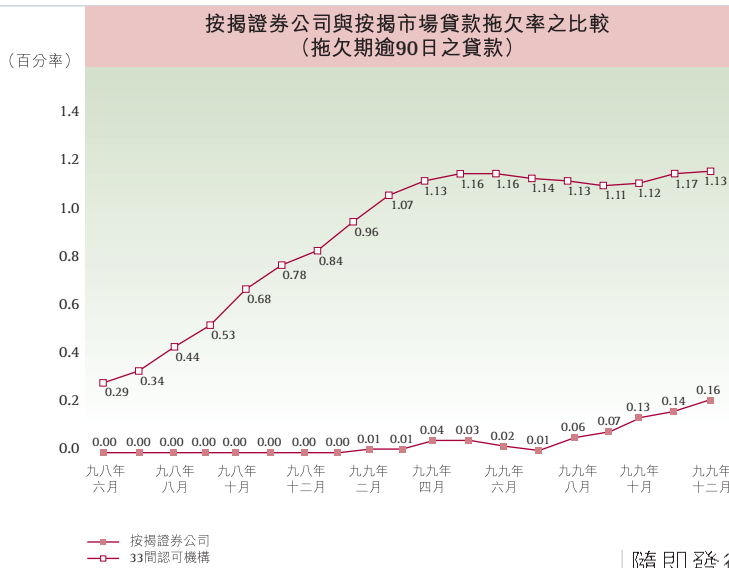
兩方面不斷監管按揭貸款組合的資產質素。同時，這些工具亦能有效進行敏感度測試，分析微觀和宏觀經濟轉變帶來之影響、新產品評估、風險管理等因素。

### 抽樣核證

按揭證券公司動用所有系統及模型測試，作為內部抽樣核證及檢驗符合準則程度。每購入一項按揭組合，便會作抽樣核證，以保證符合一切按揭購買準則。一九九九年包括浮息按揭及定息按揭共1,665的貸款經過審查，佔未償還貸款總額之24.7%。

### 信貸風險管理—高資產質素

按揭證券公司之謹慎購買準則及風險管理程序，一向效能良好，從保留按揭組合內拖欠率偏低可見一斑。值得一提是香港銀行的按揭組合，雖然面對經濟逆轉，以國際標準量度，依然表現優異。金融管理局向33間認可機構之調查結果顯示，於一九九九年十二月銀行業內拖欠期逾90日之貸款平均佔1.13%；按揭證券公司之按揭組合較銀行業之表現更佳，拖欠期逾90日之貸款率僅為0.16%。



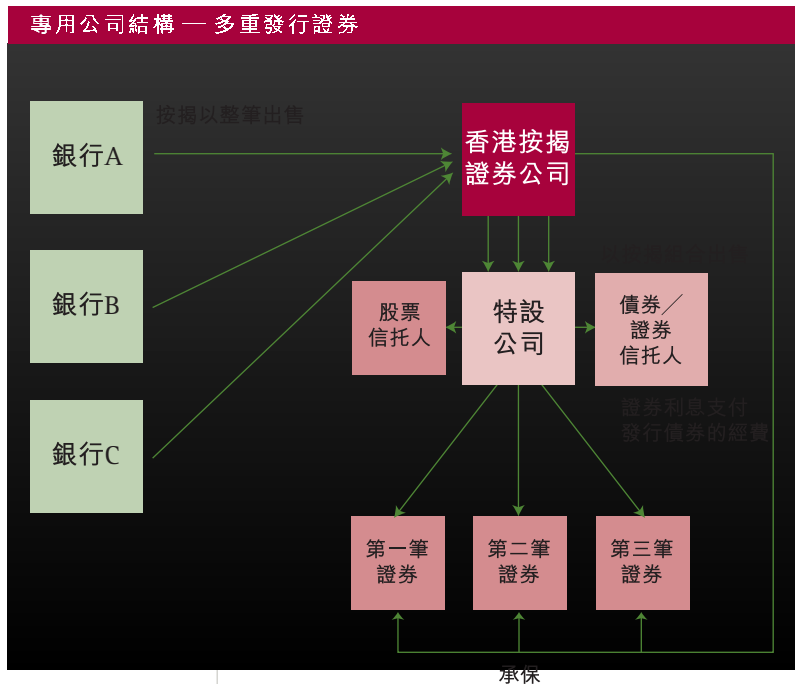
副主席任志剛先生與道亨銀行  
譚炳勝先生出席按揭證券計劃  
的簽約儀式

隨即發行按揭證券予銀行，由按揭證券公司擔保按時支付本金和利息。

## 按揭證券業務

按揭證券公司於一九九九年成功推出按揭證券計劃，並發行兩筆總值16億港元按揭證券予道亨銀行及美國運通銀行。這個計劃標誌著按揭證券公司已進入業務計劃之第二階段，並開展香港按揭證券市場產品多元化之新紀元。

按揭證券計劃在本地債務市場上開拓了新的資產類別，並加強了金融系統的深度。經此計劃發行之按揭證券採用背對背與通遞結構，按揭證券公司向一間銀行買入按揭貸款後，直接轉售予一間不受破產影響的特設公司，特設公司



按揭證券公司委任道亨銀行、德意志銀行、JP摩根、美林集團(亞太區)，為經按揭證券計劃發行的證券開價。此安排有助日後推廣證券之市場接受程度及流通性。

### 按揭證券文件安排

對亞洲整體及香港而言，按揭證券在文件安排上帶來了突破，按揭證券計劃推出基礎發行章程，有別於以往市場上常見之「一次性」交易安排。

法律總文件一經制定，日後每次發行新一筆按揭證券，只需發出有關該批證券資產之補充章程。此安排有下列優點：可免除每次交易印刷全新的法律和稅務意見書，省時省錢。精簡文件新編，會吸引一批從前不為或不能貸款予置業者的投資者參與，香港的按揭融資因而注入了新資金來源。

### 共同利益

從設計及執行方面而言，在新的按揭證券市場上，按揭證券計劃為參與各方都帶來得益。

銀行能透過按揭證券化之背對背結構，保留大部分的按揭收益，既能減低有關的信貸風險及資金成本，又能靈活地安排其物業按揭貸款組合。此外，銀行不斷獲得按揭之應附收入，包括服務費及以通遞利息計算之按揭證券利息（需扣除擔保費）。

按揭證券公司由政府（透過外匯基金）全資擁有，所附擔保減低按揭證券之信貸風險。此種有擔保按揭證券，按銀行業條例之資本充足比率風險權數為20%，而一般按揭貸款的風險權數則為50%。按揭證券無疑是一項寶貴的資產負債管理工具。此外，經按揭證券計劃發行之按揭證券屬於銀行業條例下的流動資產，有助加強銀行的流動資金比率。

對投資者而言，香港按揭證券公司的擔保，不但提供違約保障，更可免除對批款機構的風險評估。待按揭證券發行增多及第二市場的交易增加，投資者便有流動性大及質素高的資產可供選擇。

藉此計劃，按揭證券公司發展了新業務和擴大了擔保費收入。計劃的成功推行亦有助按揭證券公司將寶貴經驗，運用到日後推出結構更複雜的證券產品。



與再保險公司就「按揭保險計劃」舉行簽約儀式



## 按揭保險業務

按揭證券公司於一九九九年三月推出按揭保險計劃，當時香港的銀行謹慎遵守金融管理局頒下之規定，按揭借款最高只能到樓價之70%；但置業人士卻要求銀行提供較高之按揭成數。按揭證券公司發揮中介人的作用推出一項各方受惠的解決方案。

在按揭保險計劃下，按揭證券公司向43間核准賣方提供保險，收取保費，保額最高達樓價的15%。置業者因而獲得最高達到樓價85%之按揭成數。按揭證券公司繼而對沖全部保險風險，撥出相等款額予核准再保險公司購買再保險。現時已委任5間核准再保險公司計有：亞洲保險有限公司、恒生保險有限公司、匯豐銀行保險有限公司、PMI Mortgage Insurance Co.、聯合按揭保證公司。

按揭證券公司於推出按揭保險計劃前，曾進行廣泛市場研究，以準確計算及評估計劃進行時之應付風險。計劃推出前三個月，由九位活躍的核准賣方組成的顧問團，就按揭保險之設計及條款、保險申請過程、索償及有關法律文件各方面提出意見。

此計劃推出後，大受置業者歡迎。從成立至年底之9個月內，按揭證券公司共接獲2,000個申請，涉及按揭本金總額44億港元。在此期間，按揭證券公司批核了1,975宗申請，投保總承擔風險金額超過7.27億港元。核准申請按揭貸款總額接近同一時期內銀行批出按揭貸款總額之4%。

## 互惠方案

按揭保險計劃成為按揭融資的新工具，加強了按揭證券公司促進置業的核心目標。按揭保險計劃是一個使各方得益之方案。這計劃：



總裁彭醒棠及  
行政總監駱沛琳與  
亞洲保險有限公司  
簽定「按揭保險計劃」

- 幫助以往未能支付首期**購買樓宇人士**機會，達成置業的願望；
- 容許**銀行**滿足客戶提高按揭成數的要求，又不用增加額外信貸風險；
- 為本地**保險業**提供一項新業務；
- 替**按揭證券公司**開創一門有利可圖的業務。

數據顯示於一九九九年接獲之申請中，二手樓宇交易佔90%，顯示此計劃有助改善香港二手物業市場之流通性。

## 一九九九年之集資活動

按揭證券公司憑著良好的信貸基礎，加上不遺餘力推動香港債務資本市場發展的決心，在香港已成為活躍的債務證券發行機構。

“按揭證券公司憑著良好的信貸基礎，加上不遺餘力推動香港債務資本市場發展的決心，在香港已成為了活躍的債務證券發行機構。”

按揭證券公司為購買按揭計劃融資，於一九九八年一月推出200億港元之債券計劃；並於一九九八年三月發行首批債券，截至一九九八年底向公眾共發行六筆債券，總值30億港元；一九九九全年，按揭證券公司經債券計劃發行總值50億港元債券。

按揭證券公司於一九九八年六月推出200億港元之債務工具發行計劃，同年十月發行首批債券，融資5億港元；由於機構投資者對債券渴求，發行金額增加40%至7億港元。

按揭證券公司一向以投資者取向為主導，因此債務工具計劃獲得良好反應。按揭證券公司發行的私人配售債券，總額達27億港元，這包括於一九九九年發行的13億港元。按揭證券公司運用各種發行機制，包括累計投額、競價投標，銀團包銷、反詢銷售，及私人配售，發行切合機構投資者需要的證券。舉例，透過私人配售發行的債券，年期由1.5年至10年，發行總額由2,500萬港元至5億港元不等。

### 債券計劃在香港聯合交易所上市

一九九九年按揭證券公司進一步擴大其資本市場活動範圍，於十月把債券計劃在香港聯

合交易所(聯交所)上市，同時上市的還有總值5億港元新發的兩年期債券，這筆債券首次容許個人投資者直接參與認購(債券面額最少為50,000港元)。



將債券發行計劃所發行的債券在香港聯合交易所上市

按揭證券公司是繼政府於一九九九年八月把外匯基金票據上市後，首間香港公司將債券在聯交所上市及交易。截至年底，經債券計劃發行總值40億港元的證券已在聯交所上市。

債券計劃在聯交所上市達到兩大目的。首先是按揭證券公司在原來良好的機構投資者基礎上，擴闊投資者網絡。其次是促進一般投資者注意及瞭解債務投資的價值及吸引力，從而推動零售債券市場的發展。

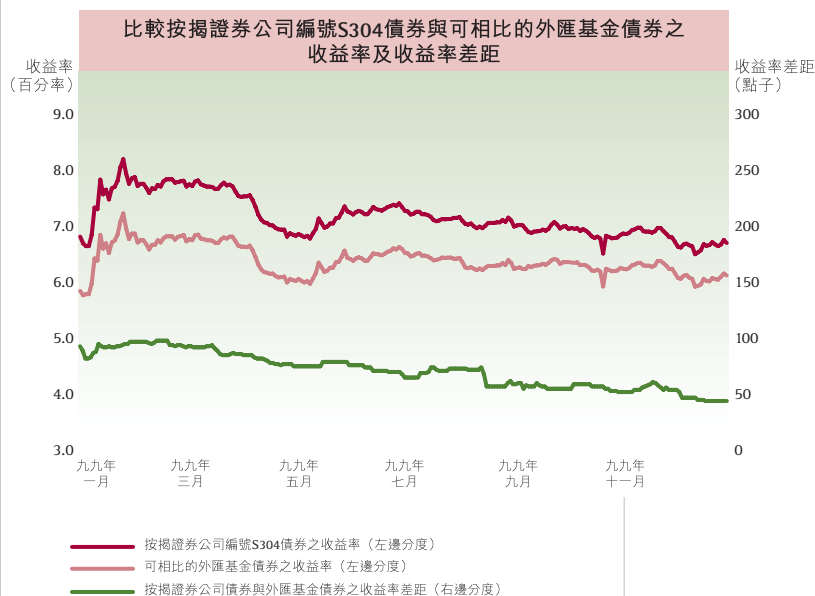
機構投資者與一般投資者對上市計劃都反應熱列，發行債券之零售部分總值1億港元，機構部分總值4億港元，結果共獲得7倍的超額認購。

於千禧年過渡期前之第四季內，銀行為管理流動資金，對高質素的債務證券需求甚殷。按揭證券公司採取一貫服務市場的宗旨，經債券計劃發行兩筆貼現票據，以切合銀行渴求符合擴大貼現窗設施之短期票據。當時金管局臨時擴大合資格回購抵押品之名單，連政府機關發行的證券也包括在內，以防止可能由於公元二千年電腦數位問題，導致銀行

流動資金出現緊絀情況。按揭證券公司因此發行兩項新基準的32天及91天票據（各值20億港元），結果分別獲得3.9及2.5倍之超額認購。

### 投資者之需求

由於受到第二市場流通量上升之刺激，一九九九年按揭證券公司發行之債務證券需求量大增。這些債務證券是外匯基金票據以外另一高質素的投資工具。按揭證券公司之債務證券與同年期的外匯基金票據，兩者之間的收益率差於一九九九年內逐步縮窄，例如，經債券計劃發行之三年期債券（編號S304）收益率差由一九九九年一月一日之97點子收窄至年終之48點子。



### 公司管理

按揭證券公司一向能依據最佳市場運作準則，維持高透明度及高披露水平；有效設立內部

監控系統，確保按揭證券公司的業務在各方面均採納並遵守審慎的風險管理原則，以及履行作為一間政府全資擁有機構之應盡義務。這套系統包括審計委員會、資產負債管理委員會、信貸風險管理委員會，以及定價部。董事局與高級管理層並定期舉行會議，討論重要的業務、政策、業務運作及法律等事宜。

按揭證券公司於一九九九年將債券計劃在聯交所上市，經確定完全符合債券交易規則訂立的消息披露條件。

### 審計委員會

審計委員會的主要職責，是審核及改善按揭證券公司編製財務報告的程

序及內部監控系統的效益。審計委員會直接向董事局匯報。該委員會由一名非執行董事擔任主席（方正先生），成員包括兩名執行董事（黎定得先生及陳德霖先生）及兩名非執行董事（李國寶先生及夏佳理先生）。該委員會於一九九九年內舉行兩次會議，審閱按揭證券公司之財務報表，以及內部審核部完成之審核結果。

“按揭證券公司一向能依據最佳市場運作準則，維持高透明度及高披露水平。”

### 資產負債管理委員會

資產負債管理委員會(「資產負債委員會」)每星期開會一次，負責管理因公司資產與負債的結構及組成項目改變而可能引起之市場風險。該委員會由總裁擔任主席，其他成員包括行政總監、高級副總裁(財務)、高級副總裁(業務運作)，以及庫務部與財務管理部之高級職員。該委員會定期評估市況、分析公司的資產與負債所承受的市場風險，以及釐定融資策略。

### 信貸風險管理委員會

信貸風險管理委員會負責制定及監督按揭證券公司管理有關借貸人的信貸風險政策，該委員會的主要任務包括審批成為購買按揭計劃的核准賣方／供款管理機構，以及成為按揭保險計劃的核准再保險公司的申請。該委員會為每位核准賣方、核准再保險公司設定限額，以及為財資活動的交易對手設定交易限額；並定期檢討按揭證券公司之購買按揭準則。信貸風險管理委員會由總裁擔任主席，



信貸風險管理委員會會議

其他成員包括行政總監、高級副總裁(財務)、高級副總裁(業務運作)、首席法律顧問，以及業務運作處之高級職員。

### 定價委員會

定價委員會聯同資產負債委員會每星期開會一次，負責參考目前市場條件及業務策略，檢討購買按揭計劃、按揭證券計劃、按揭保險計劃底下產品之現時定價。該委員會並就所有已提案的按揭風險定價交易，在提呈執行董事作最後核准以前，先作檢討。

### 員工

按揭證券公司致力延攬具備第二按揭市場專業知識的人才，組成優秀隊伍。按揭證券公司按以下



往美國 Fannie Mae 接受  
培訓計劃之員工

原則發展其人力資源：

- 維持精簡、高效率及專業的工作隊伍。固定編制的人數維持在足夠推行公司的業務計劃之最低水平。
- 持續利用自動化、資訊科技方法、簡化工作程序，以儘量提高效率及控制成本。
- 維持成本對收入比率低於銀行及其他金融機構之平均比率。





員工參與公益金百萬行

鑑於按揭證券公司業務發展迅速及趨向多元化，董事局通過二零零零年度的固定編制人數由71名增至74名。

全體員工獲鼓勵參加內部或外間課程，以增強管理及技術能力。員工於一九九九年內共出席了超過40個外間課程，計有領袖訓練系列、策略性信貸風險分析、內部財務服務等。

### 應付公元二千年電腦數位問題

按揭證券公司採納有系統而全面的計劃，確保電腦、電腦硬件及軟件、內置系統均獲供應商、賣方、開發商核實能過渡公元二千年電腦問題。計劃於一九九九年四月完成後，年內還不斷進行額外測試，並由信貸風險管理委員會及董事局監管結果。於一九九九年十二月至二零零零年一月期間，按揭證券公司之所有系統操作正常，並無遇上任何二千年電腦數位或相關問題。



員工為公元二千年電腦數位問題進行測試

### 展望二零零零年

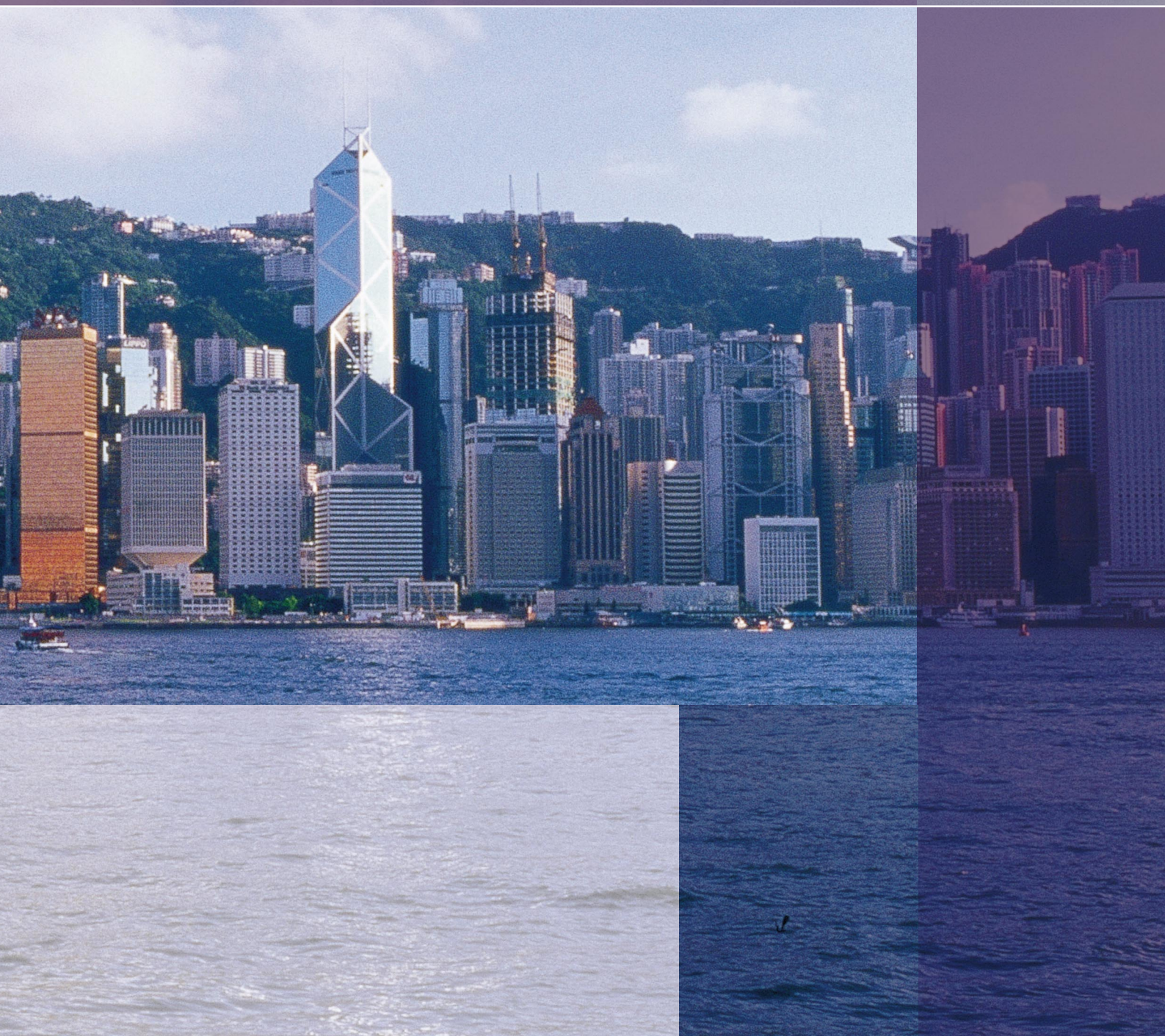
按揭證券公司將繼續採用產品多元化的策略，於二零零零年致力進一步擴充產品及服務。按揭證券公司會繼續與核准賣方／供款管理機構、保險公司、監管人及其他人仕緊密合作，推動香港住宅按揭市場及資本市場之成長與發展。公司的主要業務計劃包括：

- 為保留按揭組合購入40億港元的按揭；
- 經債券計劃及債務工具計劃發行30億港元的債務證券；
- 經背對背按揭證券計劃發行20至30億港元的證券；
- 為未償還本金結餘總額48億港元之按揭提供按揭保險；
- 將批核按揭之法律文件標準化；
- 修訂資本市場上之有關業務運作及法律程序，尋求省減成本與改善手續之方案，以方便發行人及投資者。



# 財務

# 回顧



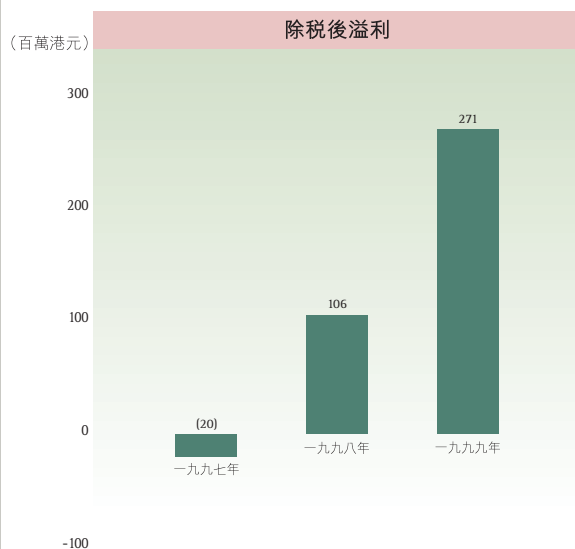


儘管一九九九年業務經營環境困難，按揭證券公司仍能取得2.712億港元的除稅後溢利，較一九九八年增加154.9%。

## 損益賬

### 經營業績

儘管一九九九年業務經營環境困難，按揭證券公司仍能取得2.712億港元的除稅後溢利，較一九九八年增加154.9%。資產回報率達2.5%（一九九八年：2.1%）。股東資金回報率增至12.1%（一九九八年：7.9%）。由於按揭證券公司能有效地控制經營成本及成功地擴展業務，所以全年成本對收入比率能維持於21.9%的低水平（一九九八年：33.9%），截至年底資本對資產比率為寬裕的10.1%（一九九八年：9.0%）。



### 淨利息收入

本年度淨利息收入增加83.8%，至4.065億港元，主要是因為於一九九九年內按揭貸款組合的平均值比去年大。一九九八年第四季共購入64.65億港元的按揭貸款，導致一九九九年初未償還本金結餘額達到113.938億港元。儘管一九九九年內按揭貸款的提前還款率高企（30.1%），以及購入的按揭貸款額減少（13.418億港元），一九九九年全年之平均按揭貸款組合仍屬較大。

### 淨利息收入

	一九九九年 千港元	一九九八年 千港元
利息收入	913,147	452,822
利息支出	(506,630)	(231,594)
淨利息收入	406,517	221,228
平均計息資產	10,545,741	4,533,856
淨息差	3.9%	4.9%
計息負債淨息差 <sup>1</sup>	2.6%	2.9%

<sup>1</sup> 計息負債淨息差 = 計息資產回報率 - 計息負債資金成本

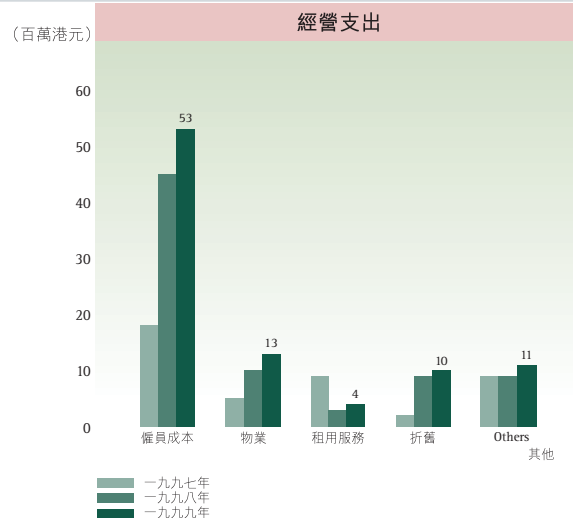
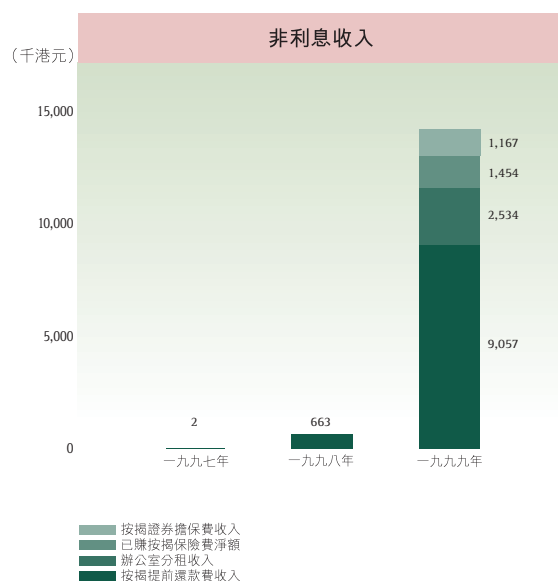
計息負債淨息差由2.9%降至2.6%。淨息差降低的主要原因為最優惠利率與香港銀行同業拆息之間的差距縮窄，並且年內淨額收益率高的按揭貸款提前還款率偏高。

### 其他收入／(支出)淨額

一九九九年內按揭證券公司賺取的其他收入總值1,420萬港元，其中包括提前還款費收入900萬港元，辦公室分租收入250萬港元，按揭保險保費150萬港元，以及按揭證券擔保費收入120萬港元。經減去發行債券及其他支出之230萬港元後，一九九九年其他收入淨額為1,190萬港元。

### 經營支出

一九九九年按揭證券公司的經營支出增加1,680萬港元，至9,150萬港元。這反映業務擴展期間，包括於三月推出的按揭保險計劃，以及十月推出的有擔保按揭通遞證券化計劃，所

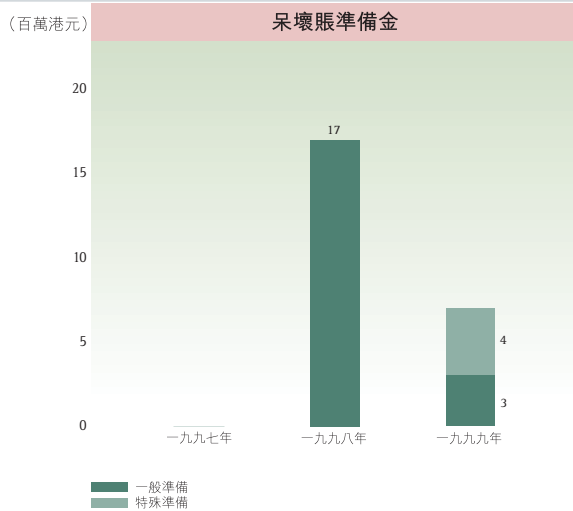


需支付的額外成本。僱員成本總值5,310萬港元，佔總經營支出的58.1%(一九九八年：4,390萬港元，佔58.8%)。為了應付業務經營的擴展，本年度的固定編制人數由71名增至74名。此外，辦公室空間亦相應於一九九九年初擴充，辦公室支出增加310萬港元，至1,350萬港元。固定資產折舊支出為1,030萬港元。

### 呆壞賬準備金

按揭證券公司於一九九九年額外撥備作呆壞賬準備金，分別是320萬港元的一般準備及400萬港元的特殊準備。在320萬港元的呆壞賬一般準備中，包括根據按揭證券計劃，售予香港按揭證券融資(第一)有限公司(一間





發行按揭證券的專用公司)的按揭貸款所作之190萬港元的一般準備。截至年底，呆壞賬準備金佔保留按揭貸款組合之未償還本金結餘的0.25%，反映按揭證券公司謹慎的呆壞賬撥備政策。

## 資產負債表

於一九九九年內，總資產由115.929億港元升至139.806億港元，增幅20.6%。此增長主要因為庫存現金及短期資金增加了49.706億港元，同時除準備金後之按揭貸款組合卻減少了26.497億港元。

為了確保銀行體系在千禧年過渡期間維持合理的資金流動量，香港金融管理局推出擴大貼現窗設施，按揭證券公司為應付市場對合規定債務證券的龐大需求，遂根據債券計劃發行了40億港元短期票據，所得款項存放在銀行作短期存款。連同提前歸還的按揭貸款及到期還款之所得款項，庫存現金及短期資金的年終結餘是49.967億港元。

“按揭證券公司積極加強按揭購買計劃之靈活性，包括增加合資格售予本公司的按揭產品種類。”

### 按揭貸款組合及準備金

	一九九九年 千港元	一九九八年 千港元
按揭貸款組合	8,749,370	11,393,777
呆壞賬準備		
特殊	(4,042)	—
一般	(18,552)	(17,292)
除準備金後之按揭貸款組合	8,726,776	11,376,485
<b>比率</b>		
逾期超過九0日的貸款之拖欠率	0.16%	—
準備金總額佔按揭貸款組合之比率	0.25%	0.20%
特殊準備金佔逾期貸款本金之比率	31.5%	—

按揭證券公司的除準備金後之按揭貸款組合總值**87.268**億港元，比去年減少**26.497**億港元。除準備金後之按揭貸款組合下降是按揭減息戰及按揭貸款轉按帶升提早還款率之直接後果。為此，按揭證券公司積極加強按揭購買計劃之靈活性，包括增加合資格售予本公司的按揭產品種類。經過一番努力，儘管經營困難，本年內仍能購入總數**13.418**億港元的按揭。按揭貸款組合，包括**90.1%**的未償還浮息按揭及**9.9%**的未償還定息按揭金額。

於一九九九年十月二十二日，「債券計劃」以及**7**筆總值**35**億港元的已發行債券在香港聯合交易所上市。至於第**8**筆的**5**億港元債券，則首次邀請一般投資者以非競價投標方式認購，並獲得認可交易商及一般投資者的良好反應，超額認購達**7**倍。一九九九年按揭證券公司根據「債券計劃」及「債務工具計劃」，共發行**62.5**億港元的定息債務證券。截至一九九九年十二月三十一日，經「債券計劃」

發行的債券總額為**80**億港元，而經「債務工具計劃」發行的債券總額為**34.41**億港元。

## 流動資金管理

按揭證券公司以平衡取向管理流動資金，運用分散負債之方法，確保在成本效益高的情況下有充足的資金去按時履行所有債務責任。按揭證券公司已設立了現金流量管理系統，監察及管理每日的流動資金，並編製現金流量報告及預測，以便分析未來在某特定時期內到期之所有財務責任。由總裁擔任主席的資產負債管理委員會（「資產負債委員會」）每週舉行會議，因應市況制定流動資金及風險管理策略，並審閱報告。

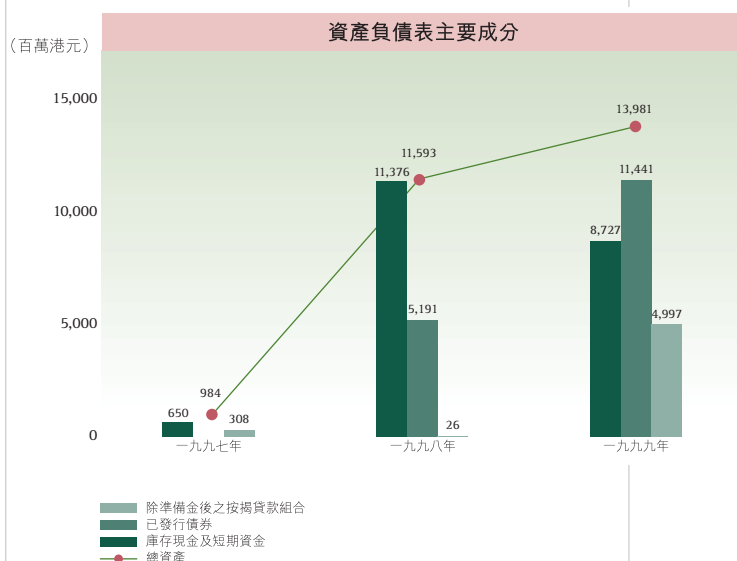
按揭證券公司已成功建立不同的融資渠道，以促進日後之業務發展：

a) 法定股本**30**億港元，其中**20**億港元為已繳足股本；

b) 總值**400**億港元的「港元債券發行計劃」及「港元債務工具發行計劃」；

c) 由外匯基金提供的**100**億港元常設循環信貸融資；及

d) 由本地及國際銀行提供的貨幣市場信貸。



截至一九九九年十二月三十一日止，按揭證券公司透過兩項港元發債計劃，發行了總值114億港元債務證券，年期最長達10年。按揭證券公司並經「按揭證券計劃」發行了16億港元按揭證券。展望未來，按揭證券公司將推出多種貨幣中期債券計劃，以進一步增強資金來源。

### 利率風險管理

按揭證券公司面對的利率風險，主要來自按揭貸款資產及負債組合。因此需要積極管理最優惠利率與香港銀行同業拆息等息率變動所帶來的風險，控制風險於低水平。按揭證券公司採用兩種基本方法管理利率風險：(a) 將按揭貸款與資金來源之間的利率錯配幅度減至最低；及(b) 持續評估投資組合在利率波動下，其盈利及風險兩方面之敏感度。

按揭證券公司購入按揭貸款，分別為定息按揭貸款及浮息按揭貸款。定息按揭貸款提供一至三年不等之兩類固定息率。屆滿後，借款人可選擇以當時適用的息率重新定立另一個年期的固定息率，或將貸款轉為浮息按揭貸款。為消除利率錯配風險，籌集定息按揭計劃所需資金，按揭證券公司發行與定息按揭年期相等的定息債券，並透過利率掉期交易，將發行額由固定利率轉為按香港銀行同

業拆息計算的浮息款項，用以購買按優惠利率為計算基礎的浮息按揭。浮息資產與浮息負債的利率錯配風險得以減低。然而，最優惠利率與香港銀行同業拆息之間的基礎息差風險仍然存在，按揭證券公司目前難以把它全部剔除，這跟認可機構面對的情況無異。倘若更多按揭以香港銀行同業拆息貸出，及最優惠利率與香港銀行同業拆息之掉期市場發展成熟後，這風險當能更有效地處理。

此外，按揭證券公司在發行債券前，有需要暫時動用短期銀行貸款購買按揭，故此亦面對期限差距所帶來之利率風險。資產負債管理委員會根據司庫部提供的分析資料，負責監察及釐定長期與短期資金之組合，縮窄計息資產與負債之期限差距，盡量把資金成本減至最低。一九九九年之平均期限差距已縮窄到半個月之範圍內，接近零差距的無風險水平，成績非常理想。

“按揭證券公司面對的利率風險，主要來自按揭貸款資產及負債組合。因此需要積極管理最優惠利率與香港銀行同業拆息等息率變動所帶來的風險，控制風險於低水平。”

董事局欣然提呈董事局報告書及截至一九九九年十二月三十一日止年度已審核財務報表。

## 主要業務

按揭證券公司的主要業務為：(i) 按公司既定的一套審慎購買準則，向根據香港《銀行業條例》註冊的認可機構（「認可機構」）購買以香港的住宅為抵押的按揭或其他貸款組合；(ii) 在資本市場發行債券，為公司的購買按揭貸款業務籌措資金；(iii) 把按揭售予專用公司，以便發行按揭證券予投資者；及(iv) 根據香港《保險公司條例》，作為經營按揭保險的獲授權保險人。

## 業績及分配

截至一九九九年十二月三十一日止年度的業績載於本年報第87頁。董事局建議不派末期股息，並建議將一九九九年十二月三十一日的保留溢利357,378,000港元予以結轉。

## 固定資產

本年度的固定資產變動詳情載於財務報表附註14。

## 董事局

本年度及截至本報告書提呈日期，按揭證券公司董事的成員名單如下：

主席兼執行董事 曾蔭權先生  
副主席兼執行董事 任志剛先生

執行董事 陳德霖先生

執行董事 黎定得先生

（由一九九九年三月二十二日起委任）

董事 夏佳理先生

董事 區慕彰先生

（由一九九九年三月二十二日起辭任）

董事 陳智思先生

（由一九九九年一月一日起委任）

董事 陳國強先生

（由一九九九年三月二十二日起委任）

董事 方正先生

董事 馮婉眉女士

（由一九九九年三月二十二日起委任）

董事 蕭耀興先生

（由一九九九年三月二十二日起辭任）

董事 黃震遐醫生

（由一九九九年三月二十二日起辭任）

董事 許仕仁先生

董事 林炎南先生

（由一九九九年三月二十二日起委任）

董事 李國寶博士

董事 吳國威先生

（由一九九九年三月二十二日起委任）

董事 顏錦全先生

（由一九九九年三月二十二日起辭任）

董事 單仲偕先生

（由一九九九年三月二十二日起委任）

董事 黃星華先生

董事 王冬勝先生

（由一九九九年三月二十二日起辭任）

董事 胡紅玉女士

（由一九九九年八月一日起辭任）

按照公司組織章程細則第109條，全體董事（執行董事除外）應於屆滿時退任，但可再獲委任。

## 董事於交易及合約中的權益

下列董事因下述原因可能被視為於按揭證券公



司與他們所訂立的任何合約中擁有權益：

- (1) 李國寶博士為東亞銀行董事，該銀行為(a)按揭證券公司200億港元債務工具發行計劃之銷售團成員，(b)按揭證券公司核准賣方／管理供款機構，獲准向按揭證券公司出售按揭貸款，(c)根據按揭證券公司的按揭保險計劃與按揭證券公司簽訂按揭保險總保單的核准認可機構(核准機構)。
- (2) 陳智思先生為(a)亞洲商業銀行董事。該銀行為按揭證券公司核准賣方／管理供款機構，獲准向按揭證券公司出售按揭貸款證券；(b)亞洲保險有限公司董事。該公司為獲授權保險人。根據按揭保險計劃，該公司已簽訂按揭再保險總保單，成為再保險公司。
- (3) 曾蔭權先生為香港財政司司長，也是外匯基金的監管人。任志剛先生由財政司司長根據《外匯基金條例》委任為金融管理專員。按揭證券公司的200億港元債券發行計劃，由金融管理專員擔任安排人、代理人兼管理人。截至一九九九年十二月三十一日為止，經債券發行計劃發行的債券總額達80億港元。此外，按揭證券公司透過金融管理局向外匯基金取得100億港元之循環信貸。於一九九九年十二月三十一日，並無尚未償還餘額。

除上述交易及財務報表附註22所列具與有關連人士訂立之交易外，於年終或本年度內按揭證券公司並無直接或間接與公司之任何董事訂立

與按揭證券公司業務有關的任何重要合約。

於本年度期間按揭證券公司亦無作出任何安排，使按揭證券公司之任何董事能透過收購按揭證券公司或任何其他法人團體的股份或債券而獲取利益。

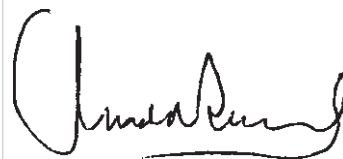
### 應付公元二千年電腦數位問題

按揭證券公司聘請顧問，為應付公元二千年電腦數位問題的準備進行獨立評估，並於一九九九年五月完成。管理層採納顧問的建議，致力改善公司應付公元二千年電腦數位問題的能力，且於一九九九年六月推出公元二千年應變計劃，研究建築設施或應用系統上的可能失靈。於一九九九年七月進行了應變計劃演習。按揭證券公司全部應用系統都經過測試，確保潛在毛病都得到訂正。截至本報告書提呈日期，按揭證券公司並無發現尚未解決公元二千年電腦問題的情況。

### 核數師

財務報表已由安達信公司審核。董事局將於來臨的股東周年大會提呈議案，續聘該公司為下年度的核數師。

承董事局命



主席

曾蔭權

香港

二零零零年三月二日



安達信公司  
香港  
皇后大道中15號  
置地廣場  
公爵大廈21樓

致香港按揭證券有限公司股東  
(於香港註冊成立之有限公司)

本核數師(以下簡稱「我們」)已完成審核香港按揭證券有限公司(「貴公司」)刊於第87頁至第105頁按照香港公認會計原則編製之財務報表。

## 董事及核數師之責任

公司條例規定董事須編製真實與公平之財務報表。在編製該等財務報表時，董事必須貫徹採用合適之會計政策。

我們之責任是根據我們審核工作之結果，對該等財務報表作出獨立意見，並向股東報告。

## 意見之基礎

我們是按照香港會計師公會頒佈之核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評估董事於編製該等財務報表時所作之重大估計及判斷，所釐定之會計政策是否適合貴公司之具體情況，及是否貫徹運用並足夠地披露該等會計政策。

我們在策劃和進行審核工作時，均已取得一切我們認為必需之資料及解釋為目標，使我們能獲得充分之憑證，就該等財務報表是否存有重要錯誤陳述，作出合理之確定。在作出意見時，我們亦已衡量該等財務報表所載資料在整體上是否足夠。我們相信，我們之審核工作已為下列意見建立合理之基礎。

## 意見

我們認為上述之財務報表均真實與公平地反映貴公司於一九九九年十二月三十一日之財政狀況及截至該日止年度之溢利和現金流量，並已按照公司條例適當編製。

A handwritten signature in black ink, reading "Arthur Andersen &amp; Co." in a cursive script.

香港執業會計師

香港  
二零零零年三月二日

# 損 益 表

截至一九九九年十二月三十一日止年度

P.87

	附註	一九九九年 千港元	一九九八年 千港元
利息收入	3	913,147	452,822
利息支出	4	(506,630)	(231,594)
淨利息收入		406,517	221,228
其他收入／(支出)淨額	5	11,852	(940)
經營收入		418,369	220,288
經營支出	6	(91,474)	(74,674)
除準備金前之經營溢利		326,895	145,614
呆壞賬準備	13(b)	(7,246)	(17,292)
除稅前溢利		319,649	128,322
稅項	7(a)	(48,417)	(21,924)
除稅後溢利		271,232	106,398
承前保留溢利／(累積虧損)		86,146	(20,252)
保留溢利結轉		357,378	86,146

本年度除了淨溢利外，並沒有任何已確認收益或虧損，所以省去已確認收益及虧損賬項編排。

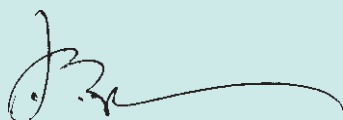
# 資產負債表

於一九九九年十二月三十一日

P.88

	附註	一九九九年 千港元	一九九八年 千港元
<strong>資產</strong>			
庫存現金及短期資金	9,15	4,996,738	26,098
應收利息及匯兌款項	10	185,052	135,878
預付款項、按金及其他資產	11	8,155	4,859
遞延支出淨額	12	39,050	25,691
除準備金後之按揭貸款組合	13(a)	8,726,776	11,376,485
固定資產	14	24,856	23,851
		13,980,627	11,592,862
<strong>負債</strong>			
銀行貸款	15	—	4,182,000
應付利息	16	96,770	81,266
應付賬項、應付支出及其他負債	17	38,037	30,526
稅項準備	7(b)	42,424	21,924
未滿期保險費	8	5,018	—
債務證券	15,18	11,441,000	5,191,000
		11,623,249	9,506,716
<strong>股東資金</strong>			
股本	20	2,000,000	2,000,000
保留溢利		357,378	86,146
		2,357,378	2,086,146
		13,980,627	11,592,862

經董事局於二零零零三月二日批准並由以下董事代表董事局簽署：



任志剛  
副主席



陳德霖  
執行董事



# 現金流量表

截至一九九九年十二月三十一日止年度

P.89

	附註	一九九九年 千港元	一九九八年 千港元
經營業務現金流入／(流出) 淨額	21	2,973,170	(10,609,705)
稅項			
支付香港利得稅		(27,917)	—
投資活動			
購買固定資產		(11,289)	(13,956)
投資活動現金流出淨額		(11,289)	(13,956)
融資前現金流入／(流出) 淨額		2,933,964	(10,623,661)
融資			
發行普通股股本		—	1,000,000
發行債券所得款項		6,218,676	5,160,257
融資現金流入淨額		6,218,676	6,160,257
現金及等同現金項目增額／(減額)		9,152,640	(4,463,404)
年初之現金及等同現金項目		(4,155,902)	307,502
年終之現金及等同現金項目		4,996,738	(4,155,902)
現金及等同現金項目之分析			
現金及短期資金	9	4,996,738	26,098
銀行貸款	15	—	(4,182,000)
		4,996,738	(4,155,902)

## 1. 編製賬目基準

按揭證券公司（「本公司」）的財務報表乃根據《公司條例》及香港會計師公會發出的《會計實務準則及會計指引》而編製。

## 2. 主要會計政策

### a. 利息及收費確認準則

利息收入及支出均根據本金結餘及適用利率以時間攤分基準計算，惟呆壞賬貸款除外（附註2(f)）。收費收入及支出則只在已賺取後或發生後才確認。

### b. 固定資產及折舊

固定資產按成本值減累積折舊入賬。一項資產的成本包括其購入價錢、資產運行及存放在所在場地之任何直接應附成本。維持固定資產運行所需之應付支出，例如修理、保養及檢修費用，按支出期間於損益表內扣除。任何固定資產運行所需支出如清楚顯示將增加未來經濟收益，將入賬作為固定資產的附加成本。

各資產按其可使用年限及年率以直線法撇銷其成本值計算折舊入賬。

所使用之年率如下：

租賃物業裝修	以租約尚未屆滿之期間
傢俬及裝置	以租約尚未屆滿之期間
電腦及有關軟件	33 $\frac{1}{3}$ %
辦公室設備	33 $\frac{1}{3}$ %
汽車	25%

### c. 外幣

賬冊及記錄均以港元為貨幣單位。本年度所推行之外幣交易乃根據交易時之匯率折算為港元。於結算日以其他貨幣為貨幣單位之貨幣資產與負債按結算日生效之匯率折算為港元。外幣匯兌差額計入損益表內。

**d. 遞延稅項**

因會計及稅務對收支處理引起之時差，而在可見未來可能引致所有之重大遞延稅項責任，已按負債法撥備遞延稅項。

除非遞延稅項資產之有關收益預計於可見未來會兌現，否則將不予入賬。

**e. 營業租賃**

凡資產擁有權之一切回報及風險大部份仍歸出租公司承擔之租約，均列作營業租賃處理。營業租賃之租金付款按有關租賃期限以直線法於損益表內扣除。

**f. 呆壞賬貸款**

呆壞賬貸款根據董事局批准之指引按月於損益表內扣除。特殊呆壞賬準備一般適用於已逾期超過90日之貸款，以及物業市值低於按揭貸款之未償還本金餘額之按揭貸款。若按揭貸款之尚欠餘額已無可能收回，則將由信貸委員會酌情撇銷。

如按揭貸款已逾期超過90日或以上，將停止計算按揭貸款之應附利息，任何以往應附及未收之利息收入將撥回並與本期間之利息收入對銷。逾期貸款之利息收入僅在收到現金付款時才入賬確認。

**g. 經港元債券發行計劃（債券計劃）及港元債務工具發行計劃（債務工具計劃）發行之債券**

經債券計劃及債務工具計劃發行之債券，均於資產負債表內作為債務證券以票面面值列賬。債券應計之利息按日於損益表內扣除。債券之折扣列為遞延支出，而溢價則列為遞延收入。折扣及溢價以實際利率法按債券年期予以攤銷，並作為債券利息支出之調整列賬。根據債券計劃及債務工具計劃支付之安排機構及保管費用按債券的年期於損益表內攤銷。

凡贖回／購回債券時所得之收益或虧損，即所贖回／購回債券之金額與票面面值之間之差額，均於贖回／購回發生之期間於損益表確認。

#### h. 為對沖而訂立之利率掉期（利率掉期）合約

利率掉期合約僅用於對沖根據債券計劃及債務工具計劃發行之債券所出現之利率風險。

從利率掉期合約產生之應付或應收利息淨額以應計基準記錄，並與期間內之債券利息支出抵銷。

若債券提早贖回而引致利率掉期合約提早終止，其所得之收益或虧損應即時於損益表內確認。

未因債券提早贖回而提早終止其作為與債券對沖之利率掉期合約，其所得之收益或虧損則將在利率掉期合約原本餘下之期限內攤銷。

#### i. 按揭擔保業務

本公司的按揭擔保業務根據年度會計基準入賬，按年度會計的方法，本公司按未來收入及支出的預測作出撥備，再決定本年度的擔保業績。擔保業績包括更正過去的估計並作出適當調整。

毛保費指本年度認可機構參與之直接承保業務之保費。毛保費包括大部份付予按揭再保險公司的再保險保費，以及本公司保留的保險費淨額。按揭再保險公司為按揭貸款提供背對背式再保險，而保險費淨額會以時間攤分基準確認為收入。

未滿期保費為資產負債表結算日後估計風險擔保所需的保險費淨額，計算方法是按時間攤分基準計算的直接承保業務保費減去再保險保費。

本公司會撥備處理未決申索、合資格但未提出申索，以及年終未屆滿風險。

#### j. 有擔保按揭通遞證券化（按揭證券化）

根據按揭證券化計劃，本公司將一批按揭貸款售予一間獨立特設公司（「特設公司」）後，便將該批按揭貸款於資產負債表內撇銷；將銷售所得的資產和應附負債，包括現金及擔保按時支付本金和利息的或然負債，確認作為銷售的所得款項；並將任何銷售所得收益及虧損確認於損益表。

另一方面，本公司保證全數收回按揭貸款的能力，而從特設公司收取每月擔保費，收入以時間攤分基準計算確認於損益表。由於本公司承擔一切按揭證券計劃涉及的按揭貸款所引起的信貸風險，故必須遵守（附註2(f)）中董事局批准之貸款撥備指引，於損益表內列賬撥備。



## 3. 利息收入

	一九九九年 千港元	一九九八年 千港元
按揭貸款組合	894,243	427,214
庫存現金及短期資金	18,904	25,608
	913,147	452,822

## 4. 利息支出

	一九九九年 千港元	一九九八年 千港元
銀行貸款	72,778	109,804
債務證券	433,852	121,790
	506,630	231,594

## 5. 其他收入／（支出）淨額

	一九九九年 千港元	一九九八年 千港元
提早還款費用及過期罰款	9,057	663
辦公室分租收入（附註22）	2,534	—
已滿期按揭保險費淨額	1,454	—
按揭證券擔保費用收入	1,167	—
發行債券支出	(1,441)	(1,624)
其他	(919)	21
	11,852	(940)

## 6. 經營支出

	一九九九年 千港元	一九九八年 千港元
僱員成本		
薪金及福利	53,101	43,938
辦公室		
租金	10,356	8,685
其他	3,106	1,705
董事酬金	—	—
折舊	10,284	8,452
顧問費	3,660	3,518
核數師酬金	250	50
其他經營支出	10,717	8,326
	91,474	74,674

## 7. 稅項

(a) 損益表內的稅項包括：

	一九九九年 千港元	一九九八年 千港元
香港利得稅	49,012	18,313
遞延稅項	(595)	3,611
	48,417	21,924

香港利得稅準備就本年度產生之估計應課稅溢利按16%（一九九八年：16%）之稅率計算。遞延稅項已就免稅額超過折舊產生之時間差別計算準備。目前並無任何明顯遞延稅項未作撥備。

(b) 資產負債表內的稅項代表：

	一九九九年 千港元	一九九八年 千港元
香港利得稅	39,408	18,313
遞延稅項	3,016	3,611
	42,424	21,924

## 8. 按揭擔保業務之收入賬

	一九九九年 千港元	一九九八年 千港元
毛保費	51,218	—
再保險保費	(44,692)	—
保險費淨額	6,526	—
未滿期保費之增額	(5,018)	—
已滿期保費淨額	1,508	—
未決申索之準備(附註19)	(54)	—
已滿期按揭保費淨額(附註5)	1,454	—
管理開支	(4,002)	—
承保之虧損	(2,548)	—

管理開支已紀錄在附註(6)經營支出之內。

## 9. 庫存現金及短期資金

	一九九九年 千港元	一九九八年 千港元
銀行現金結餘	2,062	224
銀行定期存款(附註15)	4,994,676	25,874
	4,996,738	26,098

## 10. 應收利息及匯兌款項

	一九九九年 千港元	一九九八年 千港元
按揭貸款組合應收之利息	29,368	42,758
利率掉期合約應收之利息	48,190	34,330
銀行定期存款應收之利息	13,680	39
管理供款機構待收分期供款	93,814	58,751
	185,052	135,878

## 11. 預付款項、按金及其他資產

	一九九九年 千港元	一九九八年 千港元
辦公室租金按金	2,239	2,239
公司會籍債券	670	670
其他	5,246	1,950
	8,155	4,859

## 12. 遞延支出淨額

	一九九九年 千港元	一九九八年 千港元
發行債務證券之遞延支出／（收入）		
於一月一日	25,691	—
本年度新增		
— 遞延支出	33,442	30,743
— 遞延收入	(2,118)	—
減：攤銷	(17,965)	(5,052)
於十二月三十一日	39,050	25,691

## 13. 除準備金後之按揭貸款組合

## (a) 按揭貸款組合減呆壞賬準備

	一九九九年 千港元	一九九八年 千港元
按揭貸款組合尚未償還之本金結餘（附註15）	8,749,370	11,393,777
減：呆壞賬準備		
— 特殊	(4,042)	—
— 一般	(18,552)	(17,292)
	8,726,776	11,376,485

於一九九九年十二月三十一日，以貸款合約為基準計算，按揭貸款組合之加權平均年期為15年，惟並未有考慮到按揭貸款之任何提早還款之情況。按揭貸款組合最遲於二零二八年到期。

## (b) 呆壞賬準備

	特殊 千港元	一般 千港元	總值 千港元	懸欠利息 千港元
於一九九九年一月一日	—	17,292	17,292	—
由損益表扣除	4,042	3,204	7,246	—
年內懸欠利息	—	—	—	1,156
收回懸欠利息	—	—	—	(495)
於一九九九年十二月三十一日	4,042	20,496	24,538	661
於一九九八年一月一日	—	—	—	—
由損益表扣除	—	17,292	17,292	—
年內懸欠利息	—	—	—	—
收回懸欠利息	—	—	—	—
於一九九八年十二月三十一日	—	17,292	17,292	—

本年度內的按揭貸款組合包括增加貸款準備總值5,302,000港元，已記錄在資產負債表「除準備金後之按揭貸款組合」欄內。而經按揭證券計劃發行的按揭貸款之貸款準備，總值1,944,000港元，則記錄在「其他準備」欄內（附註17）。

## (c) 其利息已作懸欠處理或已停止累計其利息的按揭貸款總額如下：

	一九九九年 千港元	一九九八年 千港元
按揭貸款總額	12,826	—
特殊準備	(4,042)	—
	8,784	—

對拖欠貸款，已考慮其附屬抵押物業的目前市值而作特殊撥備。



## 14. 固定資產

	租賃 物業裝修 千港元	傢俬 及裝置 千港元	電腦及 有關軟件 千港元	辦公室 設備 千港元	汽車 千港元	總值 千港元
<b>成本值</b>						
於一九九九年 一月一日	6,338	1,209	25,303	1,276	539	34,665
添置	3,724	306	6,926	333	—	11,289
於一九九九年 十二月三十一日	10,062	1,515	32,229	1,609	539	45,954
<b>累積折舊</b>						
於一九九九年 一月一日	3,192	604	6,184	632	202	10,814
本年度折舊	991	140	8,507	511	135	10,284
於一九九九年 十二月三十一日	4,183	744	14,691	1,143	337	21,098
<b>賬面淨值</b>						
於一九九九年 十二月三十一日 結餘	5,879	771	17,538	466	202	24,856
於一九九八年 十二月三十一日 結餘	3,146	605	19,119	644	337	23,851

## 15. 期限分析

## 一九九九年

	即時還款 千港元	三個月 或以下 千港元	三個月 以上 至一年 千港元	一年 以上 至五年 千港元	五年 以上 千港元	無註明 日期 千港元	總值 千港元
<b>資產</b>							
— 庫存現金及 短期資金	2,062	4,994,676	—	—	—	—	4,996,738
— 按揭貸款組合	2,713	92,499	290,617	1,804,680	6,558,536	325	8,749,370
	4,775	5,087,175	290,617	1,804,680	6,558,536	325	13,746,108
<b>負債</b>							
— 銀行貸款	—	—	—	—	—	—	—
— 債務證券	—	4,000,000	2,445,000	4,796,000	200,000	—	11,441,000
	—	4,000,000	2,445,000	4,796,000	200,000	—	11,441,000

## 一九九八年

	即時還款 千港元	三個月 或以下 千港元	三個月 以上 至一年 千港元	一年 以上 至五年 千港元	五年 以上 千港元	無註明 日期 千港元	總值 千港元
<b>資產</b>							
— 庫存現金及 短期資金	224	25,874	—	—	—	—	26,098
— 按揭貸款組合	1,554	101,801	321,922	2,067,753	8,900,705	42	11,393,777
	1,778	127,675	321,922	2,067,753	8,900,705	42	11,419,875
<b>負債</b>							
— 銀行貸款	—	4,182,000	—	—	—	—	4,182,000
— 債務證券	—	—	—	5,191,000	—	—	5,191,000
	—	4,182,000	—	5,191,000	—	—	9,373,000

## 16. 應付利息

	一九九九年 千港元	一九九八年 千港元
銀行貸款	—	16,219
債務證券	96,770	65,047
	96,770	81,266

## 17. 應付賬項、應付支出及其他負債

	一九九九年 千港元	一九九八年 千港元
應付賬項及應付支出	33,044	28,334
其他準備（附註13(b)）	4,993	2,192
	38,037	30,526

## 18. 債務證券

	一九九九年 千港元	一九九八年 千港元
根據以下計劃發行之定息債券及票據		
— 港元債券發行計劃	8,000,000	3,000,000
— 港元債務工具發行計劃	3,441,000	2,191,000
	11,441,000	5,191,000

## 19. 按揭擔保業務之未決申索準備

待付賠償之準備已扣除按揭再保險公司已付賠償，於一九九九年十二月三十一日，並沒有任何未決申索或「合資格但未提出申索」之支付而需要動用準備。未決申索之準備乃依據按揭再保險公司同時違約風險而釐定。

## 20. 股本

P.101

一九九九年及一九九八年  
千港元

法定	
每股面值 1 港元之 30 億股普通股	3,000,000
已發行及繳足	
每股面值 1 港元之 20 億股普通股	2,000,000

## 21. 現金流量表附註

除稅前溢利與經營業務現金流入／（流出）淨額對賬表：

	一九九九年 千港元	一九九八年 千港元
除稅前溢利	319,649	128,322
購買按揭貸款組合	(1,341,803)	(11,440,327)
按揭貸款本金還款所得款項	3,986,210	696,616
折舊	10,284	8,452
遞延支出攤分	17,965	5,052
呆壞賬準備	5,302	17,292
應收利息及匯兌款項之增額	(49,174)	(130,843)
預付款項、按金及其他資產之增額	(3,296)	(2,202)
應付利息之增額	15,504	81,266
應付款項、應計支出及其他負債之增額	7,511	26,667
未滿期保費之增額	5,018	—
經營業務現金流入／（流出）淨額	2,973,170	(10,609,705)

## 22. 與有關人士訂立之交易

單仲偕先生及馮婉眉女士分別為香港上海匯豐銀行有限公司科技資訊工程助理經理及亞太區債券部主管。該銀行為(a)本公司200億港元債券發行計劃之主要證券商；(b)向本公司出售按揭貸款之本公司核准賣方／管理供款機構；(c)根據按揭保險計劃與本公司簽訂按揭保險總保單的核准機構。

林炎南先生為中國銀行（香港）分行總經理，該銀行為(a)向本公司售賣按揭貸款之本公司核准賣方／管理供款機構；(b)根據按揭保險計劃與本公司簽訂按揭保險總保單的核准機構。

陳德霖先生及黎定得先生均為香港金融管理局副總裁，本公司就有關港元債務工具發行及證券投資，與香港金融管理局轄下債務工具中央結算系統（「中央結算系統」）訂立中央結算系統成員協議，並成為會員。

於一九九九年二月十二日本公司與外匯基金投資有限公司（「外匯基金公司」）簽訂分租協議，外匯基金公司以合理市值租用本公司部份辦公室。外匯基金公司由外匯基金全資擁有。截至一九九九年十二月三十一日止，本年度辦公室分租收入約值250萬港元。陳德霖先生及方正先生均為外匯基金公司的董事。

## 23. 承擔

	一九九九年 千港元	一九九八年 千港元
<b>(a) 資本承擔</b>		
已授權及已訂約	342	415
已授權但未訂約	14,363	18,819
	<b>14,705</b>	<b>19,234</b>



## (b) 租賃承擔

於一九九九年十二月三十一日之租賃承擔為52,108,000港元（一九九八年：62,464,000港元），其中10,422,000港元（一九九八年：10,356,000港元）須於未來十二個月內支付。於一九九九年十二月三十一日，該等租約於未來十二個月應付之款項，按租約屆滿期分析如下：

	一九九九年 千港元	一九九八年 千港元
土地及樓宇		
於第一年屆滿	—	327
於第二至第五年屆滿	10,422	—
於第五年後屆滿	—	10,029
	10,422	10,356

## 24. 遠期承諾安排

根據此安排，本公司已承諾於最高為十二個月之期限內，按照規定之價格，向核准賣方／管理供款機構購買合資格浮息按揭貸款。本公司採用彈性的定價方法，在每項購買按揭事項與核准賣方／管理供款機構議定按揭貸款之要求淨額收益率。於一九九九年十二月三十一日，未動用以購買浮息按揭貸款之承諾為數3,886,000,000港元（一九九八年：8,526,000,000港元）。

## 25. 定息按揭計劃

本公司承諾向核准賣方／管理供款機構，以先到先得形式購入合資格定息按揭貸款，計有一年期、二年期或三年期定息按揭。於一九九九年十二月三十一日，未動用以購買定息按揭貸款之承諾為數3,453,000,000港元（一九九八年：3,112,000,000港元）。

## 26. 按揭保險計劃

本公司為核准賣方／管理供款機構提供按揭保險，承擔貸款額超逾訂立按揭貸款時物業價值的70%之信貸虧損風險，保險額最高達物業價值之15%。

根據按揭保險計劃，本公司將擔保的風險向核准按揭再保險公司以背對背基準購買再保險。於一九九九年十二月三十一日風險投保總額（相等於本公司就按揭貸款未償還本金餘額可能承擔之信貸虧損風險部份）為數530,000,000港元（一九九八年：無）。

## 27. 資產負債表外列賬

## (a) 或然負債

	一九九九年 千港元	一九九八年 千港元
按揭證券計劃下所作擔保	1,601,096	—

## (b) 財務合約

利率掉期合約僅適用於因發行債券及債務工具所衍生的對沖交易。

(i) 於一九九九年十二月三十一日，尚未到期的利率掉期合約之名義款項如下：

	一九九九年 千港元	一九九八年 千港元
利率掉期合約	6,691,000	4,141,000

(ii) 利率掉期合約之重置成本及信貸風險加權金額如下。此等金額並無作任何雙邊淨額結算之安排。

	一九九九年		一九九八年	
	重置成本 千港元	信貸風險 加權金額 千港元	重置成本 千港元	信貸風險 加權金額 千港元
利率掉期合約	89,722	23,230	161,075	20,705

利率掉期合約之重置成本指按市價重估後具正數之利率掉期合約價值。信貸風險加權金額指根據資本對資產比率指引（附註28）計算之款項。本公司從未經歷對方違約之事件。

## 28. 資本對資產比率

為確保本公司之審慎管理，香港特別行政區財政司司長就本公司需要維持之資本對資產比率於一九九七年發出指引。指引內規定最低資本對資產比率為5%。

	一九九九年	一九九八年
資本對資產比率	10.1%	9.0%

資本對資產比率以比率計算，用百分率表示資本總額對資產負債表內總資產與資產負債表外列賬之和。

## 29. 比較數字

若干一九九八年比較數字已重新分類，以便符合本年度之賬項編排。

## 30. 認可機構披露財務資料之最佳執行指引

本公司主動採納香港金融管理局於二零零零年一月發出之《本地註冊認可機構披露財務資料指引》。

## 31. 通過財務報表

董事局於二零零零三月二日通過本財務報表。

# 大事紀要

一九九九年三月五日

透過債券發行計劃，發行為數 5 億港元的債券

一九九九年三月二十六日



與按揭三保險公司（恒生保險及 PMI 按揭保險）舉行按揭保險計劃的簽約儀式

一九九九年三月二十六日

HSBC 滙豐

恒生保險  
Hang Seng Insurance

亞洲保險  
ASIA INSURANCE  
A Member of Asia Financial Group

pmi  
MORTGAGE INSURANCE CO., LTD.

UG United  
Guaranty

一九九九年三月三十一日



與二一六家賣方／供款管理機構舉行首屆按揭保險計劃的簽約儀式

一九九九年四月二十九日



與八家管理／賣方供款機構舉行按揭保險計劃成立簽約儀式

一九九九年五月二十八日



修訂還期承諾  
安排

一九九九年六月一日



擴大可調整定  
息按揭計劃

一九九九年六月一日



與亞洲保險公司舉行按揭保險計劃簽約儀式

一九九九年七月二十一日

董事局批准推出有擔保按揭通證券化試驗計劃

一九九九年七月二十一日

公佈截至一九九九年六月三十一日止中期業績，六經審核溢利前溢利為 1,533 億港元

一九九九年十月二十二日



推出有擔保按揭通證券化計劃

一九九九年十月二十八日



透過債券發行計劃，發行為數 5 億港元債券，其中 1 億元首次予一級投資者認購

一九九九年十二月十六日



透過債券發行計劃，發行首批為數 20 億港元的貼現票據

一九九九年十月二十二日



就首批為數 100.6 萬港元的有擔保按揭通證券與道亨銀行舉行發行簽約儀式

一九九九年十二月二十日



就為數 6.3 億港元有擔保按揭通證券與美國通匯銀行舉行發行簽約儀式

一九九九年十月二十二日



將債券發行計劃及已發行的供認購債券在香港聯合交易所：市

一九九九年十二月二十三日

透過債券發行計劃，發行第二批為數 20 億港元的貼現票據



## 附 註 甲

### 核 准 賣 方／ 管 理 供 款 機 構

(於二零零零年三月)

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1 荷蘭銀行

2 美國國際信貸(香港)有限公司

3 美國運通銀行

4 亞洲商業銀行

5 美國亞洲銀行

6 中國銀行

7 交通銀行

8 東亞銀行

9 美國大通銀行

10 浙江第一銀行

11 中南銀行

12 國華商業銀行

13 集友銀行

14 萬國寶通銀行

15 中信嘉華銀行

16 大新銀行

17 道亨銀行

18 第一太平銀行

19 美國通用金融(香港)有限公司

20 華比銀行

21 恒生銀行

22 恒生存款有限公司

23 恒生財務有限公司

24 香港華人銀行

25 香港上海滙豐銀行有限公司

26 華僑商業銀行

27 港基國際銀行

28 金城銀行

29 廣東省銀行

30 廣安銀行

31 廖創興銀行

32 南洋商業銀行

33 浙江興業銀行

34 歐力士(亞洲)有限公司

35 海外信托銀行

36 上海商業銀行

37 新華銀行

38 渣打銀行

39 香港友聯銀行

40 中國聯合銀行

41 永亨銀行

42 永隆銀行

43 鹽業銀行

## 按揭保險計劃之核准再保險公司、債務工具計劃之 主要交易商及銷售團成員，債券計劃之市場莊家名單

### 再保險公司

亞洲保險有限公司

恒生保險有限公司

滙豐保險有限公司

PMI Mortgage Insurance Co.

United Guaranty Mortgage Indemnity Company

### 債務工具發行計劃主要交易商

道亨銀行

香港上海滙豐銀行有限公司

Merrill Lynch Far East Limited

東京三菱國際(香港)有限公司

瑞士銀行

### 債務工具計劃銷售團成員

東亞銀行

美國大通亞洲有限公司

萬國寶通國際有限公司

澳洲聯邦銀行香港分行

德意志資本市場有限公司

高盛(亞洲)有限責任公司

恒生銀行

怡富銀行

J.P. Morgan Securities Asia Private Limited

法國興業亞洲有限公司

渣打銀行

### 債券計劃市場莊家

荷蘭銀行

美銀亞洲有限公司

中國銀行

東亞銀行有限公司

法國國家巴黎銀行

美國大通亞洲有限公司

萬國寶通國際有限公司

澳洲聯邦銀行

東方滙理銀行

里昂信貸銀行

大新銀行有限公司

道亨銀行有限公司

恒生銀行有限公司

香港上海滙豐銀行有限公司

怡富銀行有限公司

廣東省銀行

南洋商業銀行

國民西敏寺銀行

百利達

寶源亞洲有限公司

法國興業亞洲有限公司

渣打銀行

東京三菱國際(香港)有限公司

瑞士銀行

永隆銀行

## 附註丙

### 按揭證券公司1999年按揭組合主要統計數據

保留組合	1月	2月	3月	4月
<b>累計</b>				
核准賣方／管理供款機構數目	31	32	38	39
活躍賣方數目	22	22	22	22
貸款宗數	8,311	8,218	8,354	8,250
未償還本金餘額(百萬港元)	11,308	11,107	11,353	11,158
拖欠供款(%)				
— 31—60日	0.21	0.18	0.32	0.23
— 61—90日	0.02	0.04	0.05	0.07
— 90日以上	0.00	0.01	0.01	0.04
提前還款(%)				
— 部分	0.37	0.33	0.36	0.32
— 全數	1.35	1.20	1.25	1.11
<b>加權平均數</b>				
批出貸款時的貸款額與物業價值比率(%)	62.0	62.0	62.0	62.2
估計現有貸款額與物業價值比率(%)	69.2	69.4	68.7	67.7
批出貸款時的債務對收入比率(%)	38.1	38.1	38.1	38.1
合約剩餘年期(月)	190	190	190	187
已供款期數(月)	27	28	28	29
合約年期(月)	217	218	219	216
<b>區域分佈</b>				
未償還本金餘額(百萬港元)				
— 香港	3,265	3,218	3,292	3,223
— 九龍	2,282	2,242	2,293	2,253
— 新界	5,760	5,648	5,768	5,682
貸款宗數				
— 香港	2,047	2,027	2,062	2,033
— 九龍	1,734	1,715	1,740	1,717
— 新界	4,530	4,476	4,552	4,500
<b>物業分佈情況</b>				
未償還本金餘額(百萬港元)				
— 屋邨型物業	8,211	8,051	8,259	8,119
— 非屋邨型物業	3,097	3,057	3,094	3,039
貸款宗數				
— 屋邨型物業	5,583	5,509	5,608	5,537
— 非屋邨型物業	2,728	2,709	2,746	2,713
<b>按揭保險計劃</b>				<b>4月</b>
參加銀行數目				10
已收取申請				
— 申請宗數				223
— 按揭貸款總額(百萬港元)				479
— 總承擔風險金額(百萬港元)				88
— 按揭貸款平均金額(百萬港元)				2.1
批出貸款時的貸款額與物業價值比率(%)				
— 80%或以下(%)				3
— 80%以上至85%(%)				97
核准申請				
— 核准申請宗數				152
— 按揭貸款總額(百萬港元)				331
— 總承擔風險金額(百萬港元)				58
物業交易類型				
— 一手(%)				10
— 二手(%)				90
選擇支付保費辦法				
— 次過付款(%)				88
— 按年付款(%)				12

5月	6月	7月	8月	9月	10月	11月	12月
39	40	40	41	41	42	42	43
22	22	22	24	24	24	24	24
8,049	7,783	7,444	7,270	7,250	7,073	6,891	6,744
10,796	10,351	9,820	9,551	9,507	9,227	8,945	8,749
0.30	0.26	0.32	0.37	0.26	0.36	0.35	0.41
0.06	0.04	0.14	0.07	0.10	0.06	0.05	0.06
0.03	0.02	0.01	0.06	0.07	0.13	0.14	0.16
0.39	0.33	0.26	0.25	0.26	0.30	0.24	0.18
2.55	3.50	4.18	3.53	2.83	2.17	2.55	3.32
62.2	62.2	62.2	62.3	62.4	62.4	62.4	62.4
67.5	67.4	67.5	68.2	69.3	70.7	72.3	72.4
38.1	38.1	38.1	38.0	38.0	38.0	38.0	38.0
186	185	182	184	184	183	183	179
30	31	32	32	33	34	35	36
216	216	214	217	216	217	217	215
3,108	2,975	2,821	2,773	2,741	2,650	2,583	2,532
2,187	2,092	1,992	1,918	1,915	1,877	1,813	1,779
5,501	5,284	5,007	4,860	4,851	4,701	4,549	4,438
1,979	1,912	1,829	1,797	1,781	1,735	1,699	1,659
1,677	1,618	1,554	1,510	1,510	1,483	1,442	1,417
4,393	4,253	4,061	3,963	3,959	3,855	3,750	3,668
7,839	7,501	7,109	6,870	6,834	6,606	6,392	6,233
2,956	2,850	2,711	2,681	2,673	2,621	2,553	2,516
5,383	5,189	4,949	4,802	4,779	4,641	4,505	4,396
2,666	2,594	2,495	2,468	2,471	2,432	2,386	2,348
5月	6月	7月	8月	9月	10月	11月	12月
18	23	24	24	27	27	30	30
521	789	1,054	1,263	1,477	1,665	1,882	2,150
1,097	1,658	2,200	2,653	3,091	3,455	3,896	4,439
201	305	400	481	559	622	697	790
2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0
6	12	20	20	21	21	22	23
94	88	80	80	79	79	78	77
433	718	963	1,169	1,368	1,545	1,739	1,975
905	1,509	2,021	2,457	2,867	3,213	3,600	4,093
165	276	366	445	517	578	644	727
7	8	8	10	11	12	12	11
93	92	92	90	89	88	88	89
85	85	86	86	86	86	85	86
15	15	14	14	14	14	15	14

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