Press Release

The Hong Kong Mortgage Corporation Limited

Signing of Mortgage Reinsurance Agreement

The Hong Kong Mortgage Corporation Limited (HKMC) signed the Master Mortgage Reinsurance Policy with American International Assurance Company Limited (an affiliate of United Guaranty Mortgage Indemnity Company) today (24 June 1999). Together with PMI Mortgage Insurance Co., Hang Seng Insurance Company Limited and Asia Insurance Company Limited, the HKMC has appointed four Approved Reinsurers to provide reinsurance for the Mortgage Insurance Programme. Under the Programme, the HKMC provides mortgage insurance to the Approved Sellers for an amount up to 15% of the value of the property to enable homebuyers to secure mortgage loans of up to 85% LTV ratio. The HKMC hedges the exposure of the mortgage insurance by taking out reinsurance with the Approved Reinsurers.

The Mortgage Insurance Programme continues to be well received by the homebuyers. As of 23 June, 740 applications have been received from 22 Approved Sellers, involving a total mortgage amount of HK$1,567 mn and a total insured amount of HK$293 mn. Secondary property accounts for over 90% of the applications received so far, which indicates that the Programme has served to improve the liquidity of the secondary property market. Some statistics on the mortgage insurance applications received by the HKMC since the inception of the Programme are at Annex A.

Hong Kong Mortgage Corporation Limited

24 June 1999

Annex A

Mortgage Insurance Programme

(As of 23 June 1999)

1. Number of Participating Banks	37
2. Applications Received	
• Number	740
• Total amount of mortgage loans	HK$1,567 mn
• Average size of mortgage loan	HK$2.1 mn
• Total insured amount	HK$293 mn
• LTV ratio	
o 80% or below	19%
o above 80% and up to 85%	81%
3. Applications Approved in Principle by the HKMC	
• Number	665
• Total amount of mortgage loans	HK$1,406 mn
• Total insured amount	HK$261 mn
4. Types of Property	
• Primary	8%
• Secondary	92%
5. Choice of Premium Payment Method	
• Single Payment	85%
Financed	*73%*
Non-financed	*27%*
• Annual Payment	15%