Press Release

The Hong Kong Mortgage Corporation Limited

Mortgage Insurance Programme and Mortgage Purchase Programme

The Hong Kong Mortgage Corporation (HKMC) announced the following today (20 May 1999):

Mortgage Insurance Programme

The Mortgage Insurance Programme, which was launched on 31 March, has been well received by Approved Sellers and homebuyers. So far, 37 Approved Sellers have signed the Master Mortgage Insurance Policy. The response of the homebuyers is also encouraging. As of 19 May 1999, 427 applications have been received from 17 Approved Sellers, involving a total mortgage amount of HK$ 895 mn and a total insured amount of HK$165 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.

Mortgage Purchase Programme

The Board of Directors has approved the following improvements to the Mortgage Purchase Programme to provide greater flexibility, taking into account the recent developments in the residential mortgage market:

Floating rate mortgages

To be in line with the prevailing mortgage rate in the market, the mortgage rate paid by the borrower (Gross Mortgage Rate) and the yield paid by the bank to the HKMC Net Required Yield) for eligible mortgages will be reduced from Prime plus 50 bps and Prime to Prime and Prime minus 50 bps respectively.

Fixed rate mortgages

To provide additional choices to homebuyers, the HKMC will offer additional fixed terms of 1 year and 2 years, in addition to the 3-year term currently available under the Programme starting from 1 June 1999. The product will be opened to all Approved Sellers.

New products

To provide more flexibility to Approved Sellers, the Corporation will include HIBOR-based mortgages and, subject to the consent of the Housing Society, mortgages covered by the Home Starter Loan Scheme as eligible mortgages under the Mortgage Purchase Programme.

The Hong Kong Mortgage Corporation Limited

20 May 1999

Annex A

Mortgage Insurance Programme

(As of 19 May 1999)

1. Number of Participating Banks	37
2. Applications Received	
• Number	427
• Total amount of mortgage loans	HK$895 mn
• Average size of mortgage loan	HK$2.1 mn
• Total insured amount	HK$165 mn
• LTV ratio	
o 80% or below	18%
o above 80% and up to 85%	82%
3. Applications Approved in Principle by the HKMC	
• Number	330
• Total amount of mortgage loans	HK$694 mn
• Total insured amount	HK$126 mn
4. Types of Property	
• Primary	8%
• Secondary	92%
5. Choice of Premium Payment Method	
• Single Payment	85%
Financed	*72%*
Non-financed	*28%*
• Annual Payment	15%