

**Letterhead of THE REAL ESTATE DEVELOPERS ASSOCIATION OF HONG
KONG**

31 December 2001

By fax (2121 0420)

Ms Anita Sit
Clerk to Panel on Financial Affairs
Legislative Council
8 Jackson Road
Central
Hong Kong

Dear Ms Sit

Residential Mortgage Loans in Negative Equity

We refer to your letter of 8 November requesting for information on co-financing loans provided by local developers for the purchase of residential properties.

To address your questions, we have conducted a survey on all the member companies on our Executive Committee. Whilst not exhaustive, these companies collectively represent a very significant market share of the local real estate development industry. You will appreciate this is as close as we may reasonably achieve in seeking the answers to your questions.

Our survey shows that as of December 2001, the number of co-financing loans outstanding was 10,850 and the amount outstanding was HKD6,706 million.

We hope you would find the above information useful. We regret that we are unable to answer your remaining questions.

Yours sincerely

Louis Loong
Secretary General

c.c. Mr. Keith Kerr, Chairman, Executive Committee