



(Translation)

By mail and by fax (3168 2576)

15 June 2015

Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Room 25
8/F, Hing Wan Commercial Building
25-27 Parkes Street
Jordan, Kowloon

Dear Prof Hon LEE,

Question Relating to the Examination of Estimates of Expenditure 2015-16

Thank you for your question in the context of the Estimates of Expenditure 2015-16 (Question No. R103) relating to the Premium Loan Insurance Scheme (the Scheme) of the Hong Kong Mortgage Corporation (HKMC). Please find below our reply.

Following the announcement by the Financial Secretary in his 2015-16 Budget and the subsequent approval by the Board of HKMC, the Scheme is scheduled for launch in the second half of this year. The Scheme targets at owners of subsidised housing properties who are aged 50 or above. Eligible borrowers may obtain loans against their properties as security primarily to settle their premium payment to the Hong Kong Housing Authority (HA), the Hong Kong Housing Society (HS) and the Government to remove alienation restrictions so that they can have more flexibility in using the subsidised housing properties with paid premium, such as selling or renting them out freely in the market. As long as the borrower does not sell the property and remains as the owner, he is not required to repay the loan during his lifetime. The loan amount will depend on a number of factors, including the market value of the property, age and number of borrowers and the loan plans. The Scheme will initially cover at least the Home Ownership Scheme of the HA and the Flat-For-Sale Scheme of the HS and is planned to progressively extend to cover all subsidised housing schemes of the HA, HS and the Government which involve the payment of a premium to remove alienation restrictions, such as the Sandwich Class Housing Scheme. At present, there are about 250,000 properties under the Home Ownership Scheme with unpaid premium. It is difficult to predict the number of owners who would participate in, or the response to, the Scheme after it is launched. It is believed that the Scheme could enhance the circulation of subsidised housing properties in the market, thus helping to increase the supply of these

properties for rent. The HKMC will suitably deploy manpower and relevant resources having regard to the implementation of the Scheme.

Yours sincerely,

(Darryl Chan)
for Chief Executive
Hong Kong Monetary Authority

c.c. Clerk to the Finance Committee of the Legislative Council (Attn: Mr Daniel Sin)
Financial Services and the Treasury Bureau