Press Release

The Hong Kong Mortgage Corporation Limited

Expansion of Mortgage Insurance Programme (MIP)

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Tuesday) an expansion in the Mortgage Insurance Programme (MIP). The loan size ceiling for mortgage loans on properties under construction (equitable mortgage loans) covered under the Programme will be increased from HK$5 million to HK$8 million with a loan-to-value (LTV) ratio up to 85%.

The MIP was launched in March 1999 with the aim of promoting home ownership in Hong Kong. The Programme currently covers equitable mortgage loans up to a LTV ratio of 90% for a maximum loan size of HK$5 million. At the request of banks and with the support of the Approved Reinsurers, the HKMC has decided to raise the maximum loan size to HK$8 million.

Eligibility criteria for mortgage loans in the HK$5 million to HK$8 million bracket are set out in the technical note at Annex A. The HKMC will accept applications for the new product with effect from 19 November 2002. Interested homebuyers may contact one of the banks listed in Annex B or visit the HKMC's website at www.hkmc.com.hk.

The Hong Kong Mortgage Corporation Limited
19 November 2002

Annex A

Technical Note

Mortgage Insurance Programme

Eligibility Criteria for Loans Exceeding HK$5 Million and up to HK$8 Million

Description: Eligibility Criteria for Floating Rate Mortgages with loan-to-value (LTV) ratio greater than 70% on private residential properties that exceeds HK$5 million and up to HK$8 million	
Pursuant to Chapter 3 of the Mortgage Insurance Operational Manual, Insurance Eligibility Criteria for the Mortgage Insurance Programme comprise the following: (1) Mortgage Conditions; and (2) Underwriting Criteria The Underwriting Criteria are summarized below:-	
Product type	Floating Rate Mortgages
Maximum loan size at origination	Floating Rate: HK$8,000,000 (Loans with payment holiday are not eligible)
Determination of Loan-to-value ratio	
• Maximum loan-to-value ratio (LTV) at origination	85% (may go slightly over 85% if the premium is financed by the mortgage loan)
• Valuation Report	Written valuation report prepared by Originating Bank's internal/external qualified valuers, or Originating Bank's internal valuer plus verbal valuation by an external qualified valuer including justifications on the appraisal value. The purchase price must exclude the value of any incentives offered by the relevant vendor or any other third party to the Obligor in the purchase of the underlying property.

Debt-to-Income (DTI) ratio calculation • Maximum debt-to-income ratio at origination	50% (Guarantor's income is excluded from the DTI calculation)
Maximum original term to maturity	25 years
Minimum original term to maturity	10 years
Maximum sum of "original/remaining term to maturity" and "age of property" at origination and throughout the term of the mortgage	40 years
Employment Type	Non-regular salaried employee and self-employed persons are not eligible except for professionals such as medical practitioners, barristers, solicitors, certified accountants qualified to practice in Hong Kong or other professional categories acceptable to the HKMC.
Credit	Internal credit check must be conducted and Credit Information Services Limited (CIS) or other external credit checks must also be conducted if the Insured is a subscriber of CIS or other external credit agencies.
Type of Property	a) the property development project must be covered by the Consent Scheme; b) the property development project is scheduled for completion within 12 months from the Drawdown Date, i.e. The Building Completion Date shall be within 12 months from the Drawdown Date.
Owner Occupancy	At least one mortgagor/borrower must have monthly income of not less than the monthly mortgage instalment and other monthly debt obligations, and occupy the Property as his/her primary residence after the completion of the Formal Sale and Purchase Agreement.

Annex B

List of Participating Banks

1. ABN AMRO Bank N.V.
2. AIG Finance (Hong Kong) Limited
3. American Express Bank Limited
4. Asia Commercial Bank Limited
5. Bank of America (Asia) Limited
6. Bank of China (Hong Kong) Limited
7. Bank of Communications
8. The Bank of East Asia Limited
9. Chekiang First Bank Limited
10. Chiyu Banking Corporation Limited
11. Citibank, N.A.
12. CITIC Ka Wah Bank Limited
13. Dah Sing Bank Limited
14. Dao Heng Bank Limited
15. DBS Kwong On Bank, Limited
16. Fortis Bank Asia HK
17. GE Capital (Hong Kong) Limited
18. Hang Seng Bank Limited
19. The Hongkong Chinese Bank, Limited
20. The Hongkong and Shanghai Banking Corporation Limited
21. Inchroy Credit Corporation Limited
22. Industrial and Commercial Bank of China (Asia) Limited
23. International Bank of Asia Limited
24. Liu Chong Hing Bank Limited
25. Nanyang Commercial Bank Limited
26. Orix Asia Limited
27. Overseas Trust Bank Limited
28. Shanghai Commercial Bank Limited
29. Wing Hang Bank Limited
30. Wing Lung Bank Limited