Press Release

The Hong Kong Mortgage Corporation Limited

Enhancements of the Mortgage Insurance Programme

The Hong Kong Mortgage Corporation Limited (HKMC) is pleased to announce today (Wednesday) the introduction of a new mortgage product with a 75% loan-to-value ratio (LTV) and enhancements of Risk-based Pricing Scheme (RBPS) and Loyalty Discount Scheme (LDS) under the Mortgage Insurance Programme (MIP).

Over the years, the Corporation has adopted a proactive and prudent approach to expand the eligibility criteria and product range of the MIP to meet the requirements of banks and homebuyers alike. The 75% LTV product is expected to attract borrowers who would wish to borrow marginally higher than 70% LTV. Its attractiveness lies in the lower premium levels compared to the higher LTV products. The revised insurance premium rate levels are set out in Annex A.

On the other hand, the RBPS and LDS schemes launched in May 2006 have received very good responses from the banks and the homebuyers. With the continued enhancement of the in-house Credit Scoring Model, it is now possible to attain an expansion in the scope of the schemes. For the RBPS, the maximum premium discount for a loan with LTV up to 85% will be increased from 20% to 25% of the gross premium. The arrangement will also be extended to 90% LTV product with a maximum discount of 15%. With regard to the LDS, for repeated MIP users with previous MIP loan(s) maintained for an aggregate of over 3 years with punctual repayment record, the maximum premium discount will be enhanced from 15% to 20%. Details of the enhancements are set out in Annex B.

Mr James H. Lau, Jr., Chief Executive Officer of the HKMC, said “the introduction of these new initiatives will help to make the range of products under the

MIP more complete. It will also help to attain a better differentiation in the credit quality of the borrowers to the benefit of the market as a whole."

The HKMC has briefed the MIP participating banks of the details of these new initiatives. Both the 75% LTV product and the enhanced premium discount arrangement will apply to MIP applications drawdown on or after 29 August 2007. Interested homebuyers can call up the HKMC hotline at 2536-0136 or contact any participating bank listed in Annex C for further information.

The Hong Kong Mortgage Corporation Limited
22 August 2007

Annex A

Mortgage Insurance Programme

Premium Rate Sheet

Mortgage Insurance Premium					
Mortgage Type	**Loan-to- value Ratio (LTV)**	**Loan Tenor (Years)**	**Single Premium Payment** (% of the Original Principal Balance)	**Annual Premium Payment**	
				First Year (% of the Original Principal Balance)	**Renewal** (% of the Original Principal Balance)
FLOATING RATE	**Above 70% and up to 75%**	10	0.55	N/A	N/A
		15	0.60		
		20	0.65		
		25	0.70		
		30	0.75		
		35	0.80		
		40	0.85		
	Above 75% and up to 80%	10	1.00	0.50	0.24
		15	1.15	0.60	0.24
		20	1.40	0.70	0.24
		25	1.50	0.75	0.24
		30	1.65	0.85	0.24
		35	1.75	0.95	0.24
		40	1.85	1.05	0.24
	Above 80% and up to 85%	10	1.55	0.70	0.45
		15	1.80	0.80	0.45
		20	2.15	0.90	0.45
		25	2.30	1.00	0.45
		30	2.40	1.10	0.45
		35	2.50	1.20	0.45
		40	2.60	1.30	0.45
	Above 85% and up to 90%	10	2.15	0.90	0.63
		15	2.50	1.09	0.63
		20	2.98	1.28	0.63
		25	3.35	1.46	0.63
		30	3.55	1.65	0.63
		35	3.75	1.85	0.63
		40	3.95	2.05	0.63
	Above 90% and up to 95%	10	2.48	1.04	0.73
		15	2.88	1.26	0.73
		20	3.38	1.48	0.73
		25	3.78	1.68	0.73
		30	3.98	1.90	0.73
		35	4.28	2.10	0.73
		40	4.58	2.30	0.73

Mortgage Insurance Premium

Mortgage Type	Loan-to- value Ratio (LTV)	Loan Tenor (Years)	Single Premium Payment (% of the Original Principal Balance)	Annual Premium Payment	
				First Year (% of the Original Principal Balance)	Renewal (% of the Original Principal Balance)
FIXED ADJUSTABLE RATE for FARM*	**Above 70% and up to 75%**	10	0.53	N/A	N/A
		15	0.58		
		20	0.63		
		25	0.68		
		30	0.73		
		35	0.77		
		40	0.82		
	Above 75% and up to 80%	10	0.95	0.45	0.24
		15	1.10	0.55	0.24
		20	1.35	0.65	0.24
		25	1.45	0.70	0.24
		30	1.55	0.80	0.24
		35	1.65	0.85	0.24
		40	1.75	0.95	0.24
	Above 80% and up to 85%	10	1.40	0.65	0.40
		15	1.70	0.75	0.40
		20	1.95	0.85	0.40
		25	2.05	0.95	0.40
		30	2.20	1.05	0.40
		35	2.30	1.15	0.40
		40	2.40	1.25	0.40
	Above 85% and up to 90%	10	2.01	0.85	0.59
		15	2.34	1.03	0.59
		20	2.84	1.20	0.59
		25	3.18	1.31	0.59
		30	3.38	1.50	0.59
		35	3.58	1.70	0.59
		40	3.78	1.90	0.59
	Above 90% and up to 95%	10	2.32	0.98	0.68
		15	2.70	1.19	0.68
		20	3.27	1.38	0.68
		25	3.66	1.51	0.68
		30	3.89	1.73	0.68
		35	4.19	1.93	0.68
		40	4.44	2.15	0.68

* i.e. Fixed Adjustable Rate Mortgages – Product under the FARM Programme announced by the HKMC

Annex B

Mortgage Insurance Programme

Risk-based Pricing Scheme & Loyalty Discount Scheme

Loan-to-value Ratio (LTV)	**Maximum premium discount**		**Total maximum premium discount[3]**
	Risk-based Pricing Scheme[1]	**Loyalty Discount Scheme[2]**	
Above 70% and up to 85%	25%	20%	45%
Above 85% and up to 90%	15%	20%	35%
Above 90% and up to 95%	n/a	20%	20%

Notes:

1. Risk-based Pricing Scheme offers premium discount to eligible MIP applicants based on the HKMC's in-house Credit Scoring Model and the actual discount percentage is determined on a case-by-case basis.

2. Loyalty Discount Scheme offers premium discount to repeated MIP users. Subject to a set of eligibility criteria such as the fulfilment of owner occupancy requirement and good repayment record of the previous MIP loan(s), eligible applicants could enjoy:

   (a) 20% discount on the gross premium (with the cover period of the related loan(s) for an aggregate of over 3 years);

   (b) 15% discount on the gross premium (with the cover period of the related loan(s) for an aggregate of 3 years or less).

3. The HKMC reserves the right to withhold or vary at any time any aspects of the discount schemes at its sole discretion.

Annex C

Mortgage Insurance Programme

List of Participating Banks

1. ABN AMRO Bank N.V.
2. AIG Finance (Hong Kong) Limited
3. American Express Bank Limited
4. Bank of China (Hong Kong) Limited
5. Bank of Communications Co., Ltd.
6. The Bank of East Asia, Limited
7. China Construction Bank (Asia) Corporation Limited
8. Chiyu Banking Corporation Limited
9. Chong Hing Bank Limited
10. Citibank (Hong Kong) Limited
11. CITIC Ka Wah Bank Limited
12. Dah Sing Bank, Limited
13. DBS Bank (Hong Kong) Limited
14. Fubon Bank (Hong Kong) Limited
15. GE Capital (Hong Kong) Limited
16. Hang Seng Bank Limited
17. The Hongkong and Shanghai Banking Corporation Ltd.
18. Inchroy Credit Corporation Ltd
19. Industrial and Commercial Bank of China (Asia) Ltd
20. MEVAS Bank Limited
21. Nanyang Commercial Bank Limited
22. Orix Asia Limited
23. Public Bank (Hong Kong) Limited
24. Shanghai Commercial Bank Limited
25. Wing Hang Bank Limited
26. Wing Lung Bank Limited