Press Release

The Hong Kong Mortgage Corporation Limited

Mortgage Insurance Programme

The Hong Kong Mortgage Corporation Limited (HKMC) signed the Master Mortgage Insurance Policy with 26 Approved Sellers (see Annex A) today (31 March 1999). The signing of the Master Mortgage Insurance Policy marks the commencement of the Mortgage Insurance Programme which was approved by the HKMC's Board of Directors on 24 February 1999.

Under the Programme, the HKMC will provide insurance to the Approved Sellers for an amount up to 15% of the value of the property to enable home buyers to secure mortgage loans up to 85% LTV ratio. The HKMC will fully hedge the exposure of the insurance by taking out reinsurance of an equal amount with an Approved Reinsurer.

The 26 Approved Sellers signing today are the first batch of Approved Sellers that will join the Mortgage Insurance Programme. Other Approved Sellers of the Corporation are expected to sign the Master Mortgage Insurance Policy in the near future. After signing the Master Mortgage Insurance Policy, the Approved Sellers can start offering mortgages up to 85% LTV ratio.

To prepare for the launch of the Programme, the HKMC has conducted a series of briefing and training sessions in mid-March for the Approved Sellers to help them familiarize with the insurance application and claim settlement procedures.

"Today marks a major milestone in the development of the mortgage market in Hong Kong. The Mortgage Insurance Programme provides an effective market solution to reduce the downpayment of homebuyers without exposing the banks to additional risk. The Programme is a win-win solution that will benefit the home buyers, banks, the insurance industry and the HKMC. I would like to thank the Approved Sellers for their support of the Programme and my colleagues for their hard work in the past few months to meet the very tight schedule of launching the Programme within the first quarter of 1999," said Mr. Peter Pang, Chief Executive Officer of the HKMC.

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31 March 1999

Annex A

1. ABN AMRO Bank
2. American Express Bank
3. Asia Commercial Bank
4. Bank of China
5. Bank of East Asia
6. Chekiang First Bank
7. Chiyu Banking Corporation
8. Citibank
9. Citic Ka Wah Bank
10. Dah Sing Bank
11. Dao Heng Bank
12. First Pacific Bank
13. Generale Belgian Bank
14. Hang Seng Bank
15. Hongkong and Shanghai Banking Corp.
16. Kwong On Bank
17. Liu Chong Hing Bank
18. Nanyang Commercial Bank
19. ORIX Asia Limited
20. Overseas Trust Bank
21. Shanghai Commercial Bank
22. Standard Chartered Bank
23. United Chinese Bank
24. Wing Hang Bank
25. Wing Lung Bank
26. Yien Yieh Commercial Bank