Press Release

The Hong Kong Mortgage Corporation Limited

Expansion of Mortgage Insurance Programme (MIP)

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Friday) an expansion of its Mortgage Insurance Programme (MIP) to increase the loan size ceiling for mortgages covered under the Programme from HK$5 million to HK$8 million. The expansion, which will take effect on 5 November 2001 (Monday), covers initially mortgage loans for completed properties with loan-to-value (LTV) ratio of up to 85%.

The MIP was launched by the HKMC in March 1999 with the aim of promoting home ownership in Hong Kong. The Programme currently covers mortgage loans for both completed properties and properties under construction (equitable mortgages), both up to a maximum loan size of HK$5 million. On 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. Further extension of the HK$8 million loan size ceiling to mortgages with LTV ratio of up to 90% and equitable mortgages will be considered later in the light of feedback from banks and the performance of the loans under the expanded programme.

Homebuyers interested in the expanded MIP may contact any of the 31 banks listed in Annex B or visit the HKMC' s website at www.hkmc.com.hk.

The Hong Kong Mortgage Corporation Limited
2 November 2001

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 • Valuation Report	 85% (may go slightly over 85% if the premium is financed by the mortgage loan) Written valuation report prepared by Insured's internal/external qualified valuers, or Insured's internal valuer plus verbal valuation by an external qualified valuer including, where applicable, 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 property.

Debt-to-Income ratio calculation • Maximum debt-to-income ratio at origination	50%
Employment Type	Non-regular salaried/self-employed persons are not eligible except for professionals such as doctors, accountants, lawyers or other professional categories acceptable to the HKMC.
Type of Property	Properties under construction are not eligible for coverage (i.e. equitable mortgage loan not allowed)
Credit	Internal credit check must be conducted and CIS or other external credit checks must also be conducted if the Insured are subscribers of CIS or other external credit agencies.
Maximum original term to maturity	25 years
Minimum original term to maturity	10 years
Maximum sum of "remaining term to maturity" and "age of property" at origination and throughout the term of the mortgage	40 years
Owner Occupancy	At least one of the income-generating mortgagors/borrowers must occupy the Property as his/her primary residence. The occupying borrower/mortgagor's income must be more than or at least equal to the monthly mortgage instalment payment.

Annex B

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. First Pacific Bank Limited
17. Fortis Bank Asia HK
18. GE Capital (Hong Kong) Limited
19. Hang Seng Bank Limited
20. The Hongkong Chinese Bank, Limited
21. The Hongkong and Shanghai Banking Corporation Limited
22. Inchroy Credit Corporation Limited
23. Industrial and Commercial Bank of China (Asia) Limited
24. International Bank of Asia Limited
25. Liu Chong Hing Bank Limited
26. Nanyang Commercial Bank Limited
27. Orix Asia Limited
28. Overseas Trust Bank Limited
29. Shanghai Commercial Bank Limited
30. Wing Hang Bank Limited
31. Wing Lung Bank Limited