Press Release

The Hong Kong Mortgage Corporation Limited

Subscription Prices for Retail Bond Issue
under the HK$20 Billion Retail Bond Issuance Programme

Under the HK$20 Billion Retail Bond Issuance Programme, the Hong Kong Mortgage Corporation Limited (HKMC) issued two series of Hong Kong dollar notes and one series of US dollar notes and the subscription for these notes closed on 12 September 2006 (Tuesday).

The HKMC announced today (Thursday) the subscription price for the series of Hong Kong dollar 2-year notes. The Hong Kong dollar 2-year notes (HKMC206) and US dollar 2-year notes (HKMC207) carry coupons of 4.38% p.a. and 4.88% p.a. respectively. Interest for the two series of notes is payable semi-annually. The HKMC also launched the first-ever Hong Kong dollar 10-year Zero Coupon Bonds.

Pricing of the Hong Kong dollar 2-year notes was determined in accordance with the terms of the Issue Prospectus by reference to the specified Exchange Fund Note at 11:30 a.m. today. The subscription prices of the Hong Kong dollar 2-year notes was fixed at 100.97% of the principal amount, representing an effective annualised yield of 3.91%.

The US dollar 2-year notes and Hong Kong dollar 10-year Zero Coupon Bonds were offered at a price of 100% and 65% of the principal amount respectively.

The HKMC has decided to accept all valid applications for the retail notes. Retail investors will be informed shortly of the subscription price of the series of Hong Kong dollar 2-year notes and the refund details by letter from the Bank of America (Asia), Bank of China (Hong Kong), Bank of Communications, The Bank of East Asia, Chiyu Bank, CITIC Ka Wah Bank, Dah Sing Bank, DBS Bank (Hong Kong), Hang Seng Bank, The Hongkong and Shanghai Banking Corporation Limited, Industrial and Commercial Bank of China (Asia), Liu Chong Hing Bank, Nanyang Commercial Bank, Shanghai Commercial Bank, Standard Chartered Bank (Hong Kong), Wing Hang Bank and Wing Lung Bank – the 17 Placing Banks through which they applied for the notes.

All three series of notes will be issued on 18 September 2006 (Monday). The Placing Banks will act as market makers to quote firm bid prices for the notes. The Placing Banks will also, on best effort basis, quote offer prices throughout the life of the notes.

The Hong Kong Mortgage Corporation Limited
14 September 2006