Press Release

The Hong Kong Mortgage Corporation Limited

Capital Injection

The Hong Kong Mortgage Corporation (HKMC) announced today that the shareholders of the Company had agreed to increase the authorised share capital of the HKMC from HK$1 bn to HK$3 bn. Of the HK$2 bn additional capital, HK$1 bn will be paid-up immediately and the remaining HK$1 bn will be callable.

Given the increase in paid up capital to HK$2 bn and a minimum capital to asset ratio of 5%, the HKMC can purchase or commit to purchase up to HK$40 bn of mortgages. "This will provide considerable headroom for the HKMC to expand its business, particularly in respect of the commitment to purchase mortgages under the Forward Commitment Facility and the Fixed Rate Mortgage Programme," said Mr. Peter Pang, Chief Executive Officer of HKMC.

Twenty Approved Sellers have indicated that they intend to sign the Forward Commitment Facility Agreement with the HKMC to sell up to HK$13.8 bn of mortgages in the next twelve months. The HKMC is also in the process of signing agreements with eight Approved Sellers to acquire another HK$3.5 bn of mortgages under the Fixed Rate Mortgage Programme in the next six months.

Hong Kong Mortgage Corporation

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