Press Release

The Hong Kong Mortgage Corporation Limited

Application Results of the Retail Bond Issue under the HK$20 Billion Retail Bond Issuance Programme

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Tuesday) that subscription of its retail bonds under the HK$20 billion Retail Bond Issuance Programme has exceeded the minimum issue amount of HK$50 million each for the two series of Hong Kong dollar notes and US$5 million for the US dollar 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 is payable semi-annually. The HKMC also launched the first-ever Hong Kong dollar 10-year Zero Coupon Bonds.

Application for the HKMC notes was closed at 2:00 p.m. today. The issue was well received by the retail investors and the total principal amount under application is HK$1,287 million equivalent:

HKD 2-year notes (HKMC206)	HK$658 million
USD 2-year notes (HKMC207)	US$55 million
HKD 10-year Zero Coupon Bonds (HKMC1001)	HK$205 million

The HKMC will accept all valid applications. Investors submitted applications through 17 Placing Banks including 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.

Mr James H. Lau Jr, Chief Executive Officer of the HKMC said, "We are pleased to see the strong demand for this retail bond issue. It is encouraging that retail investors are receptive to our new product Zero Coupon Bonds with longer investment horizon for long-term savings and portfolio diversification. The HKMC will continue to devote resources to promote the local debt market."

Prices for the series of Hong Kong dollar 2-year notes will be fixed on 14 September 2006 (Thursday) by reference to the relevant Exchange Fund Note as specified in the Issue Prospectus. 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. Retail investors will be informed shortly of the prices of the Hong Kong dollar 2-year notes and the settlement details by letters from the Placing Bank through which they applied for the notes.

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
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