Press Release

The Hong Kong Mortgage Corporation Limited

Launch of US$3 Billion Medium Term Note Programme

The Hong Kong Mortgage Corporation (HKMC) is pleased to announce today (27 June 2007) the launch of US$3 Billion Medium Term Note Programme (the "Programme"). The event was marked by a signing ceremony held today.

The Programme is a flexible, efficient and cost-effective platform for the HKMC to launch debt issues. It will help the HKMC to broaden its investor base and funding sources in the international market. This will also help to set a quasi-sovereign benchmark for Hong Kong to further promote the development of the regional bond market.

The multi-currency feature of the Programme will enable the HKMC to issue notes in major currencies including the Hong Kong dollar, US dollar, euro and yen to meet the demands of both domestic and overseas investors. The Programme also incorporates flexible product features and offering mechanisms that allow public issues as well as private placements, which will increase its appeal to investors with different investment horizons and requirements. The major features of the Programme are at the Annex.

An extensive distribution network comprising the major international and regional financial institutions has been put in place to support future issuance and provide secondary market liquidity. The Programme is arranged by HSBC and JPMorgan and supported by a Dealer Group comprising Barclays Capital, BNP Paribas, Citi, Deutsche Bank, Goldman Sachs (Asia) L.L.C., HSBC, JPMorgan, Nomura International, Standard Chartered Bank and UBS Investment Bank.

"Over the past decade, the HKMC has fulfilled its mandate to promote the development of the primary and secondary mortgage markets in Hong Kong. In doing so, it has contributed to the stability of Hong Kong's banking sector and the development of the housing and debt markets," said Mr Joseph Yam, Chief Executive of the HKMA and Deputy Chairman of the HKMC. "A comprehensive business review was conducted last year. The review re-affirmed, among other things, the strategic importance of the Corporation in the provision of contingent liquidity to the banking sector, especially in times of crisis, and identified a corresponding need to sustain its business. Therefore, the HKMC will continue to

fulfil its primary mandate through an expansion in scope. The expansion will be in two directions. First is to broaden its scope of business domestically and second is to play a role in the development of housing finance markets in the region."

Mr Peter Pang, Deputy Chief Executive of the HKMA and Executive Director of the HKMC, said, "Given the Triple-A rating for local currency by Moody's, solid financial performance and prudent risk management framework, the HKMC is well positioned to share its experience and expertise with markets in the region in the areas of mortgage purchase, mortgage insurance and securitisation. The HKMC will strive to achieve the objective of developing the debt market in Hong Kong which can further strengthen Hong Kong's role as an international financial centre and contribute to financial intermediation for the Mainland."

Mr Peter Wong, Executive Director of The Hongkong and Shanghai Banking Corporation Limited said, "HSBC is privileged to be Joint Arranger for the HKMC's Medium Term Note Programme, which represents a continuation of a trusted partnership that has seen HSBC take the leading role in the HKMC's debt issuance and securitisation transactions to date. Going forward, HSBC globally is keen to continue its trusted partnership with the HKMC in achieving our common goal of promoting the development of the regional bond market to a broader international audience."

Mr Todd Marin, Head of Investment Banking, Asia Pacific (ex-Japan) at JPMorgan said, "We're extremely honoured to be Joint Arranger for the HKMC's Medium Term Note Programme. JPMorgan is proud of offering our wholehearted support to the first – and only – Hong Kong institution rated by Moody's as Aaa (local currency). The Programme is another significant milestone for the HKMC and we believe it will go a long way to expanding and diversifying the funding base for the HKMC to support its continued growth."

The Hong Kong Mortgage Corporation Limited
27 June 2007

Annex

THE HONG KONG MORTGAGE CORPORATION LIMITED

US$3 Billion Medium Term Note Programme
Highlights of the Programme Feature

Issuer:	The Hong Kong Mortgage Corporation Limited
Programme Size:	US$3 billion
Programme Credit Ratings:	Long-term local currency and foreign currency Moody's : Aaa / Aa1 Standard & Poor's : AA / AA Short-term local currency and foreign currency Moody's : P-1 / P-1 Standard & Poor's : A-1+ / A-1+
Programme Format:	Regulation S, EMTN Programme
Market/Investors:	Asia, Europe and US off-shore institutional investors
Currencies:	Multi-currencies including HKD, USD, EUR, JPY etc.
Tenors:	Any maturity
Status of the Notes:	Unsecured, senior and unsubordinated
Distribution:	Private or public issues on a syndicated or non- syndicated basis
Listing:	The Programme is to be listed on The Hong Kong Stock Exchange.
Clearing:	CMU, Clearstream, Euroclear
Use of Proceeds:	General financing requirements
Arrangers:	HSBC JPMorgan
Dealers:	Barclays Capital Citi Goldman Sachs (Asia) L.L.C. JPMorgan Standard Chartered Bank BNP Paribas Deutsche Bank HSBC Nomura International UBS Investment Bank
Fiscal and Paying Agent:	Citi