Press Release

The Hong Kong Mortgage Corporation Limited

Subscription Price for Retail Bonds 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 two series of US dollar notes and the subscription for these notes closed on 13 March 2007 (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 and US dollar 2-year notes carry coupons of 4.18% p.a. and 4.80% p.a. respectively. The HKMC also launched the first-ever US dollar 6-year zero coupon bonds and Hong Kong dollar HIBOR-linked notes. Interest for the two series of 2-year notes and HIBOR-linked notes is payable semi-annually.

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 price of the Hong Kong dollar 2-year notes was fixed at 100.30% of the principal amount, representing an effective annualised yield of 4.06%.

The US dollar 2-year notes, US dollar 6-year zero coupon bonds and Hong Kong dollar HIBOR-linked notes were offered at a price of 100%, 75.2% and 100% 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 Bank of China (Hong Kong), Bank of Communications Hong Kong Branch, The Bank of East Asia, China Construction Bank (Asia), Chiyu Bank, Chong Hing Bank, CITIC Ka Wah Bank, Dah Sing Bank, DBS Bank (Hong Kong), Hang Seng Bank, HSBC, ICBC (Asia), 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 four series of notes will be issued on 19 March 2007 (Monday). The Placing Banks will perform the role of market makers for the Issue to facilitate transactions in the secondary market.

The Hong Kong Mortgage Corporation Limited
15 March 2007