Press Release

The Hong Kong Mortgage Corporation Limited

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

The Hong Kong Mortgage Corporation Limited (HKMC) is pleased to announce today (Monday) the launch of a new retail bond issue with four series of notes (the "Issue") under the HK$20 Billion Retail Bond Issuance Programme (the "Programme").

The coupons and subscription prices of the notes are as follows, and the terms and conditions are highlighted in Annex A.

Series	Currency	Tenor	Coupon (payable semi-annually)	Subscription Price
A	HKD	2 years	4.18%	It will be fixed by reference to the corresponding EFN on 15 March 2007
B	USD	2 years	4.80%	100%
C	USD	6 years	0% (Zero Coupon Bonds)	75.2% (repaid at 100% upon maturity; 6-year total return of around 33.0%)
D	HKD	1 year (extendable semi-annually until 21 March 2011)	5.25% times an Accrual Factor *	100%

* Accrual factor is equal to the actual number of days on which 3-month HIBOR falls within the range of 0% – 5.25% p.a. divided by the actual number of days in the relevant period.

The HKMC today signed an agreement with the three Underwriting Banks, namely, Bank of China (Hong Kong), HSBC and Standard Chartered Bank (Hong Kong) for a total underwriting amount of HK$600 million in respect of the 2-year Hong Kong dollar notes of the Issue.

Under the Programme, the HKMC has appointed 17 banks from the Dealer Group as Placing Banks to distribute the Issue to retail investors. They are Bank of China (Hong Kong), Bank of Communications Hong Kong Branch, 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 Placing Banks will also perform the role of market makers for the Issue to facilitate transactions in the secondary market. This offering mechanism through Placing Banks was first introduced by the HKMC in 2001 and has proven highly effective in marketing bonds to retail investors. So far, the HKMC has issued nine retail bond issues totalling HK$12 billion.

HKMC retail bonds provide investors with the choice of an additional investment product to achieve a balanced investment portfolio and stable interest income. For this new issue, the HKMC is issuing 2-year retail bonds denominated in both Hong Kong dollar and US dollar to provide more investment choices. Moreover, it is the first time the HKMC launches HIBOR-linked notes which are popular among the private banking and institutional markets. It is also the first time that a US dollar zero coupon bond product has been offered to the retail public in Hong Kong.

Mr Peter Pang, Executive Director of the HKMC said, “Today’s issue is the first retail bond issue after the HKMC has received a rating upgrade from Moody’s in October last year – Aaa for domestic currency debt and Aa1 for foreign currency debt. The top credit rating puts the Corporation in a very strong position to play a more active and strategic role in promoting the development of the debt and securitisation markets in Hong Kong while creating a win-win situation for the investors, the Placing Banks and the Corporation.”

Mr James H. Lau Jr., Chief Executive Officer of the HKMC, said, “The HKMC will continue with its product innovation to meet the needs of retail bond investors by providing a wider range of debt investment instruments.”

The offer period will commence at 9:00 a.m. on 6 March 2007 (Tuesday) and end at 2:00 p.m. on 13 March 2007 (Tuesday). The timetable for the issue is set out in Annex B. As applicants need to have a bank account and an investment account with any one of the Placing Banks whom they intend to instruct, they are encouraged to submit applications early and not to

wait until the closing date of the offer period. The subscription money will only be deducted from the applicant's account on the closing date.

Retail investors can obtain the Programme Prospectus and the Issue Prospectus from any of the designated branches of the 17 Placing Banks (Annex C) or the office of the HKMC. Investors may also access the website of the HKMC (www.hkmc.com.hk) for details of the Issue.

The Hong Kong Mortgage Corporation Limited
5 March 2007

Annex A

THE HONG KONG MORTGAGE CORPORATION LIMITED

HKMC208 2-year HKD 4.18% Notes due March 2009
HKMC209 2-year USD 4.80% Notes due March 2009
HKMC601 6-year USD Zero Coupon Bonds due March 2013
HKMC104E 1-year HKD HIBOR-Linked Notes due March 2008 (extendable semi-annually to March 2011)

Major Terms of the Retail Bond Issue

Issuer	The Hong Kong Mortgage Corporation Limited (HKMC) *Wholly-owned by the Hong Kong SAR Government through the Exchange Fund*
Issuer's Credit Ratings	Local currency: Aaa (Moody's); AA (S&P) Foreign currency: Aa1 (Moody's); AA (S&P) Long-term issuer ratings
Issue Number	HKMC208 ("Series A") HKMC209 ("Series B") HKMC601 ("Series C") HKMC104E ("Series D")
Minimum Issue Amount	HK$10 million for each of Series A and D; US$5 million for each of Series B and C. The HKMC reserves the right to increase the issue amount of each series of notes.
Subscription Period	9:00 a.m. on 6 March 2007 to 2:00 p.m. on 13 March 2007
Issue Date	19 March 2007
Maturity Date	Series A: 19 March 2009 Series B: 19 March 2009 Series C: 19 March 2013 Series D: 19 March 2008 (extendable semi-annually until 21 March 2011 at the option of the Issuer)
Denomination	HK$50,000 for Series A and D; US$5,000 for Series B and C

Coupon	Series A: 4.18% p.a., payable semi-annually Series B: 4.80% p.a., payable semi-annually Series C: 0% (Zero Coupon Bonds) Series D: 5.25% p.a. times an Accrual Factor, payable semi-annually For Series A, B and D Notes, interest is payable on the 19th day of March and September between the Issue Date and the Maturity Date of the relevant notes. For Series C Notes, no interest will be paid.
Accrual Factor (for Series D only)	Accrual Factor equals to N/M N = Total number of calendar days in the relevant observation period on which the 3-month HIBOR (shown on Reuters Screen Page 9898 at or around 11:30 a.m.) stays within the Range M = Total number of calendar days in the relevant observation period Interest will accrue on a daily basis when 3-month HIBOR is within the pre-determined Range. If 3-month HIBOR is outside the Range on a given day, you will not receive interest for that particular day. In the worst case, if 3-month HIBOR is outside the Range throughout all observation periods, you will not receive any interest and will only be paid 100% of the principal amount at maturity.
Range (for Series D only)	0% to 5.25% p.a. (highest and lowest rates inclusive)
Annualised Yield	Series A: 4.22% p.a. (at price = 100%) Series B: 4.86% p.a. (at price = 100%) Series C: 4.86% p.a. (at price = 75.2%), or a 6-year total return of around 33.0%# Series D: not applicable (# (100%-75.2%) / 75.2% = 33.0%)
Application Price	Series A: 102% of the principal amount of the notes Series B: 100% of the principal amount of the notes Series C: 75.2% of the principal amount of the notes Series D: 100% of the principal amount of the notes

Subscription Price	Series A: The Subscription Price will be the actual purchase price of the notes determined at or around 11:30 a.m. on 15 March 2007. The annualised yield of the Series A notes will be fixed so as to equal to a spread of 0.10% over the annualised yield of Exchange Fund Note series EFN 02Y0902. Series B: 100% of the principal amount of the notes Series C: 75.2% of the principal amount of the notes (repaid at 100% upon maturity) Series D: 100% of the principal amount of the notes
Handling Fee	Investors will pay a handling fee of 0.15% on the Subscription Price of the notes allotted to them.
Market Making	For Series A, B and C: The Placing Banks will quote bid prices for the notes during business hours until the maturity dates of the notes. To facilitate the Placing Banks to quote their offer prices, the HKMC reserves an additional issue amount of 30% on the issued amount for further issuance at any time during the life of the notes. For Series D: The Placing Banks will quote bid prices for the notes once a week (expected to be every Friday) starting 19 April 2007. The HKMC will also, on a once-weekly (expected to be every Friday) basis, quote a price to the Placing Banks at which the HKMC is willing to buy back the notes. The HKMC will not issue additional amount of the Series D notes after the Issue Date.

Annex B

THE HONG KONG MORTGAGE CORPORATION LIMITED

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Issuance Timetable

Commencement Date for Application	:	6 March 2007 (Tuesday), 9:00 a.m.
Closing Date for Application	:	13 March 2007 (Tuesday), 2:00 p.m.
Price-fixing Date for Series A Notes	:	15 March 2007 (Thursday) at or around 11:30 a.m.
Issue Date	:	19 March 2007 (Monday)

Annex C

THE HONG KONG MORTGAGE CORPORATION LIMITED

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Designated Branches of the Placing Banks for Handling the Applications for HKMC's Retail Notes

The list of designated branches of Placing Banks can be obtained through their enquiry hotlines.

Enquiry Hotlines	
Bank of China (Hong Kong) Limited	3669-3668
Bank of Communications Co., Ltd. Hong Kong Branch	2269-9699
The Bank of East Asia, Limited	2211-1311
China Construction Bank (Asia) Corporation Limited	2805-2383
Chiyu Bank Corporation Limited	2232-3633
Chong Hing Bank Limited	2161-6888
CITIC Ka Wah Bank Limited	2287-6788
Dah Sing Bank, Limited	2828-8001
DBS Bank (Hong Kong) Limited	2290-8888
Hang Seng Bank Limited	2998-9898
The Hongkong and Shanghai Banking Corporation Limited	2269-2121
Industrial and Commercial Bank of China (Asia) Limited	2189-5588
Nanyang Commercial Bank, Limited	2622-2633
Shanghai Commercial Bank Limited	2818-0282
Standard Chartered Bank (Hong Kong) Limited	2886-8868
Wing Hang Bank, Limited	3199-9182
Wing Lung Bank Limited	2526-5555