Press Release

The Hong Kong Mortgage Corporation Limited

Fixed Adjustment Rate Mortgage Programme

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (21 October) the launch of a special scheme under the Corporation's Fixed Adjustable Rate Mortgage (FARM) Programme, promoting mortgage loans with fixed-rate periods from one to ten years. There are 10 banks which will be participating in this special scheme, namely Bank of China (Hong Kong), Bank of East Asia, CCB(Asia), DBS (Hong Kong), Dah Sing Bank, Hang Seng Bank, HSBC, ICBC(Asia), Standard Chartered Bank (Hong Kong) and Wing Hang Bank.

The HKMC pioneered the FARM Programme in March 1998 to promote fixed-rate mortgage loans as an alternative choice of mortgage financing, offering homebuyers protection against adverse movement in interest rates. Under the special scheme, borrowers in respect of owner-occupied properties can apply for mortgage loans for fixed-rate periods of 1, 2, 3, 5, 7 and 10 years with the following mortgage rates:

FARM Period	**Mortgage Rate (% per annum)**	**Mortgage Rate after FARM Period**
1-year	1.25%	The then prevailing HKMC FARM Rate or HKMC Prime Rate minus 3% per annum
2-year	1.75%	
3-year	2.35%	
5-year	3.18%	
7-year	3.58%	
10-year	3.78%	

With fixed rate mortgages, the mortgage borrowers can lock in a predetermined mortgage interest rate and be insulated from any volatility in interest rates during the chosen fixed-rate period. At the end of the fixed-rate period, borrowers will have a choice of either re-fixing the mortgage rate for another term at the then prevailing fixed rates offered by the HKMC, or converting the mortgage loan to a pre-committed floating rate of HKMC Prime Rate minus 3% per annum. The key product features are summarised in Annex A.

Mr. Peter Pang, Executive Director of the HKMC and Deputy Chief Executive of the Hong Kong Monetary Authority, said, "Fixed rate mortgage products will bring about significant benefits to the homebuyers in Hong Kong as it provides certainty in terms of monthly mortgage repayment amount and protects them from possible hikes in interest rate during the fixed-rate period. The fixed rate mortgages offer a good alternative for homebuyers to consider when taking out a mortgage loan."

The application period is from 27 October to 31 December 2009. Loan drawdown has to be completed by 28 February 2010. Interested homebuyers can contact the participating banks listed above.

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Annex A

Key Features of the special scheme under Fixed Adjustable Rate Mortgage Programme

a) Interest Rate

FARM Period	Mortgage Rate (% per annum)	Mortgage Rate after FARM Period
1-year	1.25%	The then prevailing HKMC FARM Rate or HKMC Prime Rate minus 3% per annum
2-year	1.75%	
3-year	2.35%	
5-year	3.18%	
7-year	3.58%	
10-year	3.78%	

b) Prepayment Fee

FARM Period	Prepayment Fee		
	1st Year	2nd Year	3rd Year
1-year	1%	-	-
2-year	2%	1%	-
3-year	2%	1%	1%
5-year	3%	2%	1%
7-year			
10-year			

c) Application Period and Last Drawdown Date

Applications of this special scheme under the Fixed Adjustable Rate Mortgage Programme will be accepted from 27 October 2009 to 31 December 2009 and the loans have to be drawn down on or before 28 February 2010.