Press Release

The Hong Kong Mortgage Corporation Limited

Bauhinia MBS Limited

HK$2,000,000,000 Series 2002-1 Mortgage Backed Securities due April 2023

issued under US$ 3 Billion Mortgage-Backed Securitisation Programme

The Hong Kong Mortgage Corporation ("HKMC") is pleased to announce today (11 March) the successful closing of the debut MBS issue launched under the US$3 Billion multi-currency Mortgage-Backed Securitisation Programme of Bauhinia MBS Limited (the "Programme"). Bauhinia MBS Limited is a bankruptcy-remote special purpose company formed by the HKMC to act as the vehicle for issuance of MBS under the Programme. The event was marked by a signing ceremony held today.

This HK$2 billion Issue (series 2002-1) was well received by the market with a wide range of institutional investors, including insurance companies, pension/investment fund managers, private and commercial banks. It is the largest-ever Hong Kong dollar denominated residential MBS transaction in Hong Kong, and is the first public MBS offering investors the choice between a Prime-based and a HIBOR-based coupon. This issue is lead-managed by Merrill Lynch International, in collaboration with five Co-Lead Managers including Bank of China (Hong Kong), Bank of East Asia, Deutsche Bank, HSBC and JPMorgan and two Co-Managers including International Bank of Asia and Wing Lung Bank.

The Issue is collateralized by a pool of HKMC's high-quality residential mortgages. It is divided into two classes of HIBOR-based and Prime Rate-based of HK$1.2 billion and HK$800 million respectively. Both MBS classes carry the HKMC's guarantee on principal and interest payments. Both classes will be qualified for 20% capital risk weighting and liquefiable assets under the Hong Kong Banking Ordinance. The MBS issue will be cleared through the Central Moneymarkets Unit operated by the HKMA. Merrill Lynch International, Bank of East Asia, Deutsche Bank, HSBC and JPMorgan will act as market makers to quote two-way prices to enhance liquidity of the MBS in the secondary market. A summary of the structure and key terms of the Issue, and characteristics of the underlying mortgage pool are provided in the Annexes.

Mr. Tony Latter, Executive Director of the HKMC, said, "I am proud of the pioneering role which the HKMC has been taking in the development of our MBS market. This provides opportunities for banks, wishing to better manage or to offload their mortgage portfolios. It creates a new avenue of investment for fund managers and other investors. It indirectly benefits home-buyers, by prospectively facilitating the supply of mortgage finance. And it contributes generally to the development of the debt market in Hong Kong."

Mr. K.L. Wong, Vice Chairman, Corporate Finance, Asia Pacific Region, Merrill Lynch (Asia Pacific) Limited, said, "the enthusiastic response to this oversubscribed offering has once again demonstrated the strong business model of the Hong Kong Mortgage Corporation, the success of which will have important implications for other Asian countries."

The Hong Kong Mortgage Corporation Limited
11 March 2002

ANNEX A

The Hong Kong Mortgage Corporation Limited

Bauhinia MBS Limited
HK$2,000,000,000 Series 2002-1 Mortgage Backed Securities due April 2023 issued under US$3 Billion Mortgage-Backed Securitisation Programme

Summary of Terms and Conditions

Issuer	:	Bauhinia MBS Limited
Issue Series	:	Series 2002-1
Issue Type	:	Guaranteed Mortgage-backed Floating-Rate Notes
Collaterals	:	Mortgage loans secured by the first legal charge over residential properties in Hong Kong, originated by Authorized Institutions in Hong Kong (the "Mortgages")
Seller and Master Servicer of Mortgages	:	The Hong Kong Mortgage Corporation Limited ("HKMC")
Issue Size	:	HK$2,000,000,000 in total dividing into: Class A-1 Notes HK$800,000,000 Class A-2 Notes HK$1,200,000,000
Issue price	:	Par (100.00%).
Interest Rate	:	Class A-1 Notes Hong Kong Prime Rate – 2.75% p.a. Class A-2 Notes 1-month HIBOR + 0.25% p.a.
Guarantor	:	The Hong Kong Mortgage Corporation Limited
Guarantor's Local Currency Ratings	:	Moody's: Aa3 Standard & Poor's: AA-
Guarantee	:	Both Class A-1 and Class A-2 Notes will be guaranteed by the Guarantor (HKMC) for the payment of MBS interest and principal when contractually due.

Notes Ranking	:	The Class A-1 Notes and Class A-2 Notes rank pari passu for payments of monthly interest and principal.
Issue Date	:	13 March 2002
Legal Maturity	:	21 years. Both Class A-1 and Class A-2 Notes will mature on the MBS Payment Date falling in April 2023 unless previously redeemed in full.
Issuer's 10% Clean-Up Call	:	The Issuer may fully redeem the outstanding Class A-1 Notes and Class A-2 Notes on any monthly MBS Payment Date on which the outstanding mortgage pool balance is 10% or less than the initial mortgage pool amount.
Expected Weighted Average Maturity	:	2.3 years. Taking into consideration of scheduled monthly mortgage repayments, unscheduled full and/or partial mortgage prepayments, and the Issuer's 10% Clean-Up Call.
Expected Actual Final Maturity	:	5.8 years, January 2008. Taking into consideration of scheduled and unscheduled monthly mortgage repayments, and the Issuer's 10% Clean-Up Call.
Lead Manager	:	Merrill Lynch International
Co-lead Managers	:	Bank of China (Hong Kong) Bank of East Asia Deutsche Bank HSBC JPMorgan
Co-Managers	:	International Bank of Asia Wing Lung Bank
Market Makers	:	Merrill Lynch International Bank of East Asia Deutsche Bank HSBC JPMorgan

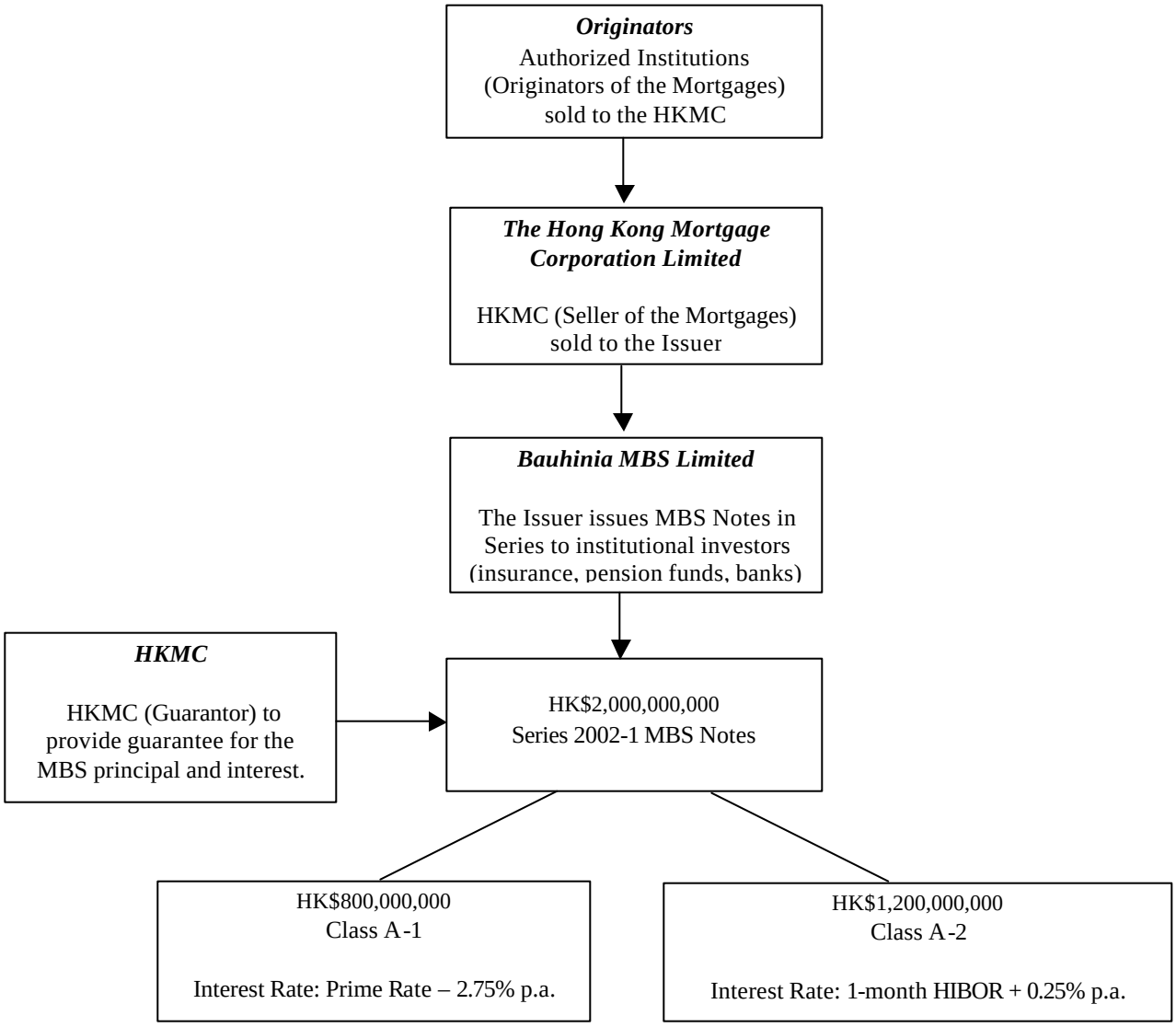
Notes & Security Trustees	:	DB Trustees (Hong Kong) Limited
Paying Agent	:	Deutsche Bank AG, Hong Kong Branch
Clearing / Settlement	:	Central Moneymarkets Unit (CMU)

ANNEX B

The Hong Kong Mortgage Corporation Limited

Bauhinia MBS Limited
HK$2,000,000,000 Series 2002-1 Mortgage Backed Securities due April 2023 issued under US$3 Billion Mortgage-Backed Securitisation Programme

Structure



ANNEX C

The Hong Kong Mortgage Corporation Limited

Bauhinia MBS Limited
HK$2,000,000,000 Series 2002-1 Mortgage Backed Securities due April 2023 issued under US$3 Billion Mortgage-Backed Securitisation Programme

Major Characteristics of the Underlying Mortgage Pool

	Provisional Pool Information
Number of Mortgages	1,802
Aggregate Outstanding Principal Balance	HK$2,000,048,502
Average Outstanding Principal Balance	HK$1,109,905
Maximum Outstanding Principal Balance	HK$4,548,911
Minimum Outstanding Principal Balance	HK$230,613
Maximum remaining term to maturity (in months)	238
Minimum remaining term to maturity (in months)	14
Weighted average original term to maturity (in months)	204
Weighted average remaining term to maturity (in months)	144
Weighted average original loan to value ratio	61.78%
Percentage of Mortgages that bear interest based on Prime	100.00%
Weight average current margin for Mortgages that bear interest based on Prime	Prime Rate -1.66%