Press Release

The Hong Kong Mortgage Corporation Limited

Retail Bonds Application Results

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (2 December) that subscription of its retail bonds has exceeded the minimum issue amount of HK$200 million by 5.7 times. The 2-year (HKMC204 Notes), 3-year (HKMC306 Notes), 3-year extendable for 2-year (HKMC307E Notes) and 7-year (HKMC701 Notes) carry coupons of 1.75%, 2.50%, 3.25% and 4.25% respectively, payable semi-annually.

Application for the new HKMC Notes was closed at 2:00 p.m. today. The issue was well received by retail investors with total application amount exceeding HK$1,338 million.

2-year HKMC204 Notes	HK$279 million
3-year HKMC306 Notes	HK$304 million
3-year extendable for 2-year HKMC307E Notes	HK$114 million
7-year HKMC701 Notes	HK$641 million
Total	HK$1,338 million

The HKMC will accept all valid applications. Investors submitted applications through twelve Placing Banks including Bank of China (Hong Kong), Bank of Communications, The Bank of East Asia, Chiyu Bank, DBS Bank, Hongkong and Shanghai Banking Corporation, Hang Seng Bank, ICBC (Asia), International Bank of Asia, Nanyang Commercial Bank, Shanghai Commercial Bank and Wing Lung Bank.

Mr Peter Pang, Chief Executive Officer of the HKMC said, “we are very pleased to see the strong demand for the HKMC Notes by retail investors. Including this Issue, the HKMC has raised over HK$7.4 billion through retail bonds since we introduced the mechanism to offer bonds through placing banks in October 2001. As the pioneer, we are also very pleased to see the deepening of the retail bond market in the past two years. We are confident that this encouraging trend of product diversification with issuers offering a wide range of products to suit different investment needs of retail investors will continue.”

Prices for the HKMC Notes will be fixed on 4 December 2003 (Thursday) by reference to the relevant Exchange Fund Notes as specified in the Prospectus. Retail investors will be informed shortly by letter of the prices of the HKMC Notes and the settlement details by the Placing Bank through which they applied for the Notes.

The twelve Placing Banks will act as Market Makers to quote firm bid prices for the four HKMC Notes during office hours until the maturity of the bonds. An additional 30% of the total issue amount will be held in reserve to support the market making activities of the Placing Banks in the secondary market. The Placing Banks will quote firm offer prices until the reserve amount is exhausted, and will continue to do so on a best efforts basis afterwards.

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2 December 2003