Press Release

The Hong Kong Mortgage Corporation Limited

Subscription Prices of Retail Mortgage-Backed Securities issued under Bauhinia MBS Limited US$3 Billion Mortgage-Backed Securitisation Programme

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Wednesday) the subscription prices for Retail Notes issued under the US$3 Billion Mortgage-Backed Securitisation Programme of the Bauhinia MBS Limited. The 1-year (Class A), 3-year (Class B) and 4-year (Class C) Notes carry coupons of 1.70%, 2.65% and 3.05% respectively, payable semi-annually.

The pricing of the Retail Notes was determined in accordance with the terms of the Prospectus by reference to the specified Exchange Fund Bills and Notes at 11:30 a.m. today. The subscription prices for the 1-year, 3-year and 4-year Notes are 100.97%, 101.72% and 101.75% of the principal amount, representing effective annualised yields of 0.74%, 2.07% and 2.61% respectively.

The issue amounts for Class A, Class B and Class C Notes are HK$250 million, HK$400 million and HK$250 million respectively as specified in the Prospectus. Retail investors will be informed shortly by letter of the subscription prices of the Retail Notes, the allocation of notes and the refund details by Bank of America (Asia), Bank of China (Hong Kong), Bank of Communications, The Bank of East Asia, Chiyu Bank, Citibank, CITIC Ka Wah Bank, Dah Sing Bank, DBS Bank, Hang Seng Bank, HSBC, ICBC (Asia), International Bank of Asia, Liu Chong Hing Bank, Nanyang Commercial Bank, Shanghai Commercial Bank, Standard Chartered Bank (Hong Kong) Limited, Wing Hang Bank and Wing Lung Bank, the 19 Placing Banks through which they applied for the Retail Notes.

The Retail Notes will be issued on 5 November 2004 (Friday). The Placing Banks will act as market makers to quote firm bid prices for the Retail Notes. The Placing Banks will also, on best efforts basis, quote offer prices throughout the life of the Retail Notes.

The Hong Kong Mortgage Corporation Limited
3 November 2004