Press Release

The Hong Kong Mortgage Corporation Limited

Application Results of Retail Mortgage-Backed Securities issued under Bauhinia MBS Limited US$3 Billion Mortgage-Backed Securitisatoin Programme

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Friday) that subscription of the Retail Notes under the US$3 billion Mortgage-Backed Securitisation Programme of the Bauhinia MBS Limited has exceeded the target issue amount of HK$900 million. 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.

Application for the new Retail Notes was closed at 2:00 p.m. today. Investors submitted applications through 19 Placing Banks - Bank of America (Asia), Bank of China (Hong Kong), Citibank, CITIC Ka Wah Bank, Bank of Communications, The Bank of East Asia, Chiyu 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 issue was well received by retail investors with total application amount of HK$1,090 million. The amount of notes to be issued to investors will be allocated in accordance with the procedure outlined in the Prospectus.

	Application Amount	Issue Amount
Class A 1-year Retail Notes	HK$282 million	HK$250 million
Class B 3-year Retail Notes	HK$541 million	HK$400 million
Class C 4-year Retail Notes	HK$267 million	HK$250 million
Total	HK$1,090 million	HK$900 million

Mr James H Lau Jr, Chief Executive Officer of the HKMC said, “It is encouraging to see the good demand by retail investors for the first-ever Retail Notes under the US$3 Billion Mortgage-Backed Securitisation Programme. We are pleased that this will not only provide us an efficient platform to diversify the Corporation’s funding sources, but also further promote the MBS market in Hong Kong.”

Prices for the Retail Notes will be fixed on 3 November 2004 (Wednesday) by reference to the relevant Exchange Fund Bills and Notes as specified in the Prospectus. Retail investors will be informed shortly by letter of the prices of the Retail Notes and the settlement details by the Placing Bank through which they applied for the Retail Notes.

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
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