Press Release

The Hong Kong Mortgage Corporation Limited

Application Results of the Inaugural Retail Bond Issue under the HK$20 Billion Retail Bond Issuance Programme

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (3 June) that subscription of its retail bonds under the HK$20 billion Retail Bond Issuance Programme has exceeded the minimum issue amount of HK$150 million by 10 times. The 2-year (HKMC205), 3-year (HKMC310) and 4-year (HKMC401) Notes carry coupons of 2.50%, 3.15% and 3.55% 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 of HK$1,700 million.

2-year HKMC205 Notes	HK$547 million
3-year HKMC310 Notes	HK$503 million
4-year HKMC401 Notes	HK$650 million
Total	HK$1,700 million

The HKMC will accept all valid applications. Investors submitted applications through 19 Placing Banks including 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, Wing Hang Bank and Wing Lung Bank.

Mr Peter Pang, Chief Executive Officer of the HKMC said, “we are delighted to see the strong demand by retail investors for the inaugural issue under the HK$20 billion Retail Bond Issuance Programme. Including this Issue, the HKMC has raised HK$10.4 billion through retail bonds since we introduced the mechanism to offer bonds through placing banks in October 2001. We are confident that the new Programme will provide a flexible and cost-effective platform for the HKMC to launch more retail bond products in the future.”

Prices for the HKMC Notes will be fixed on 7 June 2004 (Monday) by reference to the relevant Exchange Fund Notes as specified in the Issue 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 Placing Banks will act as Market Makers to quote firm bid prices for the three 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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3 June 2004