Press Release

The Hong Kong Mortgage Corporation Limited

Retail Bonds Application Results

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (18 February) that subscription of its retail bonds has exceeded the minimum issue amount of HK$150 million by 7 times. The 3-year (HKMC308 Notes), 3-year extendable for 2-year (HKMC309E Notes) and 7-year (HKMC702 Notes) carry coupons of 2.25%, 3.10% and 4.00% 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$1,204 million.

3-year HKMC308 Notes	HK$431 million
3-year extendable for 2-year HKMC309E Notes	HK$134 million
7-year HKMC702 Notes	HK$639 million
Total	HK$1,204 million

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

Mr Peter Pang, Chief Executive Officer of the HKMC said, “we are very pleased to see the strong demand by retail investors. Including this Issue, the HKMC has raised over HK$8.6 billion through retail bonds since we introduced the mechanism to offer bonds through placing banks in October 2001.”

Prices for the HKMC Notes will be fixed on 20 February 2004 (Friday) 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 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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18 February 2004