Press Release

The Hong Kong Mortgage Corporation Limited

Bauhinia MBS Limited
HK$1,000,000,000 Mortgage Backed Securities Issue
under US$3 Billion Mortgage-Backed Securitisation Programme

The Hong Kong Mortgage Corporation Limited (HKMC) is pleased to announce the successful launch of a new series of Mortgage-Backed Securities (MBS) issued under its Mortgage-Backed Securitisation Programme (the Programme). The event was marked by a signing ceremony held today (Tuesday).

This HK$1 billion MBS issue targeting institutional investors was well received by a wide spectrum of investors, including insurance companies, pension funds, investment funds and banks. As a regular issuer in the local securitisation market, the HKMC has originated a total of HK$11.2 billion in MBS (including today's new issue) since 1999. The Corporation helped to deepen the local securitisation market through innovative MBS structures, promoting reform of debt issuance regulations and procedures and standardisation of mortgage documentation. There has been a steady growth in the local securitisation market as evidenced by the asset-backed securitisation issues from the Hong Kong SAR Government and the private sector.

Today's MBS issue is collateralised by a pool of mortgage loans purchased by the HKMC from the Hong Kong Housing Authority over the past few years. It is divided into two classes of notes in an amount of HK$400 million for Class A-1 notes and HK$600 million for Class A-2 notes. The Class A-1 notes carry a fixed rate coupon of 4.73% and have a bullet maturity of 3 years. It caters specifically for investors who wish to avoid prepayment risk on the notes and prefer a stable return on

their investment. In contrast, the Class A-2 notes carry a floating rate coupon of 1-month HIBOR+0.18% and have a fast pay feature to absorb all excess repayment and prepayment of the whole underlying mortgage pool during the first three years. The Class A-2 notes cater for investors who can accept a higher prepayment exposure in return for a higher investment yield.

Both classes of the MBS issue carry the HKMC's guarantee on the timely repayment of principal and interest. They will therefore qualify for 20% capital risk weighting under the Hong Kong Banking Ordinance. The MBS issue will be cleared through the Central Moneymarkets Unit operated by the Hong Kong Monetary Authority. The structure and key terms of the issue together with the characteristics of the underlying mortgage pool are summarised in the Annexes.

Mr Peter Pang, Executive Director of the HKMC, said, "The HKMC is committed to developing a deep and liquid MBS market in Hong Kong. Its efforts have helped to catalyse the development of the local securitisation market, creating a win-win scenario for both issuers and investors."

Mr James H Lau Jr, Chief Executive Officer of the HKMC, said, "We will continue to find market windows to originate and structure MBS issues to meet the needs of investors, including the retail investors as well."

Ms Rose Lee, Managing Director, Head of Corporate and Institutional Banking, Hong Kong, of HSBC, said, "Having been involved in all of the HKMC previous public securitisation transactions, HSBC is honoured to play another leading role in this transaction. This demonstrates the close partnership between the HKMC and HSBC and is in line with our common goal of promoting the development of the Hong Kong capital markets."

There are six banks joining the Management Group of the Issue, namely, Sole Arranger and Lead Manager: HSBC; Co-lead Managers: Bank of China (Hong Kong) Limited, Bank of Communications Co., Ltd. Hong Kong Branch and DZ BANK, Hong Kong Branch; Co-managers: ABN AMRO and National Australia Bank, Hong Kong Branch.

The Hong Kong Mortgage Corporation Limited
15 November 2005

Annex A

The Hong Kong Mortgage Corporation Limited

Bauhinia MBS Limited
HK$1,000,000,000 Mortgage-Backed Securities Issue
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Summary of Terms and Conditions

Issuer	:	Bauhinia MBS Limited
Issue Series	:	Series 2005-1
Issue Type	:	Guaranteed Mortgage-backed Fixed and Floating Rate Notes
Collateral	:	Mortgage loans secured by the first legal charge over certain residential properties purchased by the Hong Kong Mortgage Corporation from the Hong Kong Housing Authority (the "Mortgages")
Seller and Master Servicer of Mortgages	:	The Hong Kong Mortgage Corporation Limited ("HKMC")
Issue Size	:	HK$1,000,000,000 in total divided into: Class A-1 Notes HK$400,000,000 Class A-2 Notes HK$600,000,000
Issue price	:	Par (100.00%).
Interest Rate	:	Class A-1 Notes 4.73% p.a., payable quarterly Class A-2 Notes 1-month HIBOR + 0.18% p.a., payable monthly
Notes Rating	:	Moody's: Aa3 Standard & Poor's: AA-
Guarantor	:	The Hong Kong Mortgage Corporation Limited
Guarantor's Local Currency Ratings	:	Moody's: Aa3 Standard & Poor's: AA-

Guarantee	:	Class A-1 and Class A-2 Notes will be guaranteed by the Guarantor (HKMC) for the payment of MBS interest and principal when contractually due.
Notes Ranking	:	The Class A-1 Notes and Class A-2 Notes rank pari passu for payments of interest and principal.
Principal	:	Principal will be repaid to the holders of Class A-1 Notes on 6 December 2008. Any excess principal repayment from the mortgage loans will be used to repay the holders of Class A-2 Notes.
Issue Date	:	17 November 2005
Legal Maturity	:	Class A-1 Notes 6 December 2008 Class A-2 Notes 6 April 2014, unless previously redeemed in full
Issuer's Clean-Up Call	:	The Issuer may fully redeem the outstanding Class A-2 Notes on any monthly MBS Payment Date on the earlier occurrence of either the following events: (i) when the outstanding mortgage pool balance is 10% or less than the initial mortgage pool amount or (ii) the 7th anniversary of the Issue Date
Tenor	:	3 years for Class A-1 Notes Estimated weighted average life of 5 years for Class A-2 Notes, taking due consideration of scheduled monthly mortgage repayments, unscheduled full and/or partial mortgage prepayments, and the Issuer's 10% Clean-Up Call.
Arranger, Lead Manager and Bookrunner	:	HSBC
Co-Lead Managers for Class A-1 Notes		Bank of China (Hong Kong) Limited Bank of Communications Co., Ltd. Hong Kong Branch DZ BANK, Hong Kong Branch

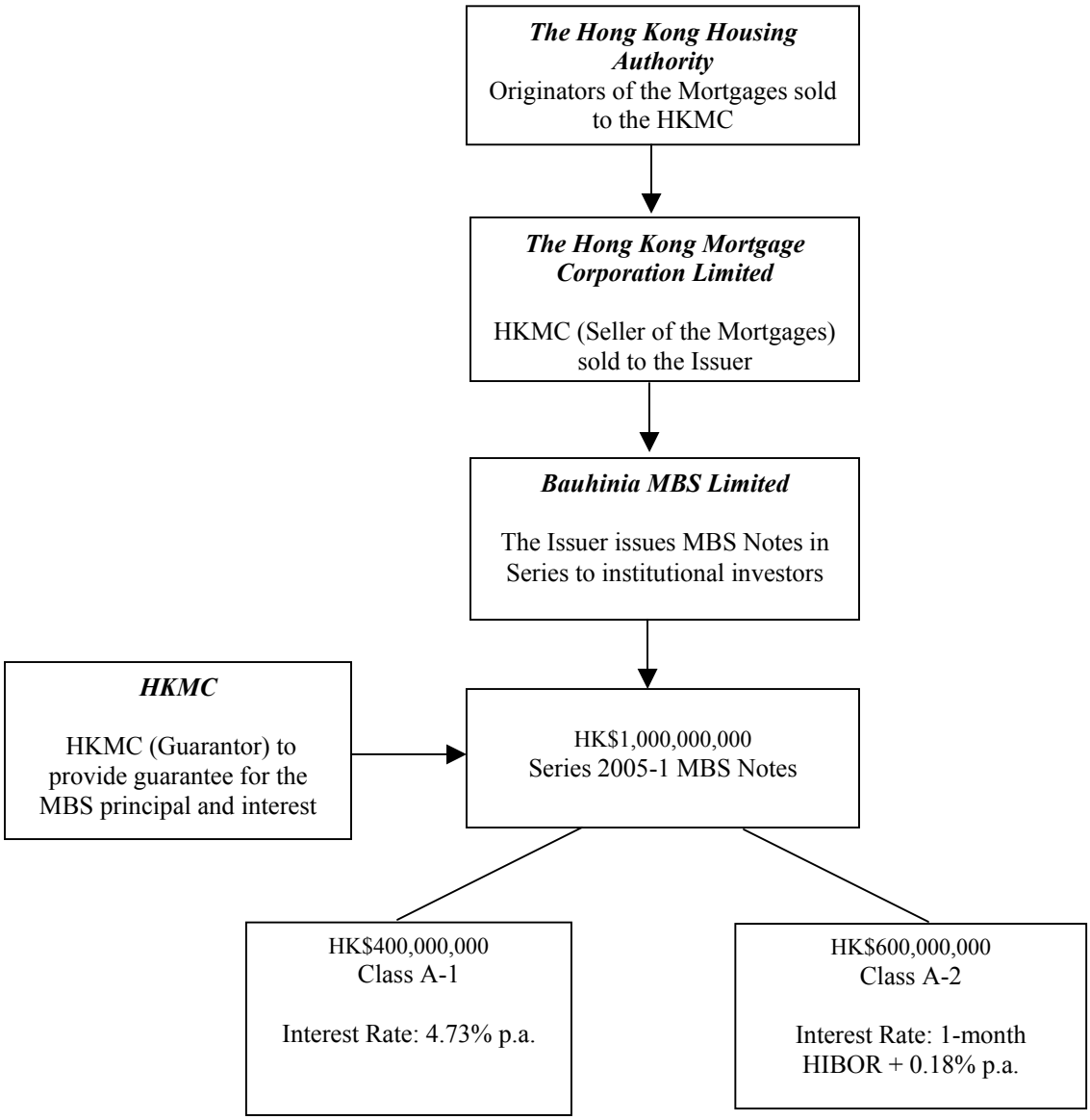
Co-Lead Managers for Class A-2 Notes	:	Bank of China (Hong Kong) Limited Bank of Communications Co., Ltd. Hong Kong Branch DZ BANK, Hong Kong Branch
Co-Manager for Class A-2 Notes	:	ABN AMRO National Australia Bank, Hong Kong Branch
Market Maker	:	HSBC
Notes & Security Trustees	:	DB Trustees (Hong Kong) Limited
Paying Agent	:	Deutsche Bank AG, Hong Kong Branch
Clearing / Settlement	:	Central Moneymarkets Unit (CMU)

Annex B

The Hong Kong Mortgage Corporation Limited

Bauhinia MBS Limited
HK$1,000,000,000 Mortgage Backed Securities
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Structure



Annex C

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Bauhinia MBS Limited
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Major Characteristics of the Underlying Mortgage Pool

	Provisional Pool Information
Number of Mortgages	2,316
Aggregate Outstanding Principal Balance	HK$ 1,000,119,768
Average Outstanding Principal Balance	HK$ 431,831
Maximum Outstanding Principal Balance	HK$ 538,634
Minimum Outstanding Principal Balance	HK$ 39,720
Maximum remaining term to maturity (in months)	100
Minimum remaining term to maturity (in months)	77
Weighted average original term to maturity (in months)	158
Weighted average remaining term to maturity (in months)	92