Press Release

The Hong Kong Mortgage Corporation Limited

Subscription prices for retail bonds issued under the HK$20 Billion Retail Bond Issuance Programme

Under the HK$20 Billion Retail Bond Issuance Programme, the Hong Kong Mortgage Corporation Limited (HKMC) issued two series of HK dollar notes and two series of US dollar notes and the subscription for these notes successfully closed on 26 July 2005 (Tuesday).

The HKMC announced today (Thursday) the subscription prices for the two series of Hong Kong dollar notes. The Hong Kong dollar 1-year notes (HKMC102) and Hong Kong dollar 3-year notes (HKMC311) carry coupons of 3.00% p.a. and 3.50% p.a. respectively. Interests on the notes are payable semi-annually.

Pricing of the two series of Hong Kong dollar notes was determined in accordance with the terms of the Issue Prospectus by reference to the specified Exchange Fund Note at 11:30 a.m. today. The subscription prices of the Hong Kong dollar 1-year and 3-year notes were fixed at 99.67% and 99.52% of the principal amount, representing effective annualised yields of 3.37% and 3.70%, respectively.

The US dollar 1-year notes (HKMC103) carry a coupon of 3.10% p.a. and the US dollar 1-year extendable notes (extendable for 1 year and further extendable for 1 year at the discretion of the HKMC) (HKMC312E) carry a coupon of 3.10% p.a. for the first year, 3.50% p.a. for the second year and 4.00% p.a. for the third year. The two series of US dollar notes were both offered at a price of 100% of the principal amount.

The HKMC has decided to accept all valid applications for the retail notes. Retail investors will be informed shortly of the subscription prices of the two series of Hong Kong dollar notes and the refund details by letter from the HSBC, Bank of China (Hong Kong), Bank of America (Asia), Bank of Communications, The Bank of East Asia, Chiyu Bank, CITIC Ka Wah Bank, Dah Sing Bank, DBS Bank, Fubon Bank (Hong Kong), Hang Seng Bank, Liu Chong Hing Bank, Nanyang Commercial Bank, Shanghai Commercial Bank, Standard Chartered Bank (Hong Kong), Wing Hang Bank

and Wing Lung Bank – the 17 Placing Banks through which they applied for the notes.

All four series of notes will be issued on 1 August 2005 (Monday). The Placing Banks will act as market makers to quote firm bid prices for the notes. The Placing Banks will also, on best effort basis, quote offer prices throughout the life of the notes.

The Hong Kong Mortgage Corporation Limited
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