Press Release

The Hong Kong Mortgage Corporation Limited

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

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Tuesday) that subscription of its retail bonds under the HK$20 billion Retail Bond Issuance Programme has exceeded the minimum issue amount of HK$100 million and US$10 million for the two series of Hong Kong dollar notes and US dollar notes respectively. The Hong Kong dollar 1-year notes (HKMC102), Hong Kong dollar 3-year notes (HKMC311) and US dollar 1-year notes (HKMC103) carry coupons of 3.00%, 3.50% and 3.10% respectively. The US dollar 1-year extendable notes (extendable for 1 year and further extendable for 1 year) (HKMC312E) carry coupon of 3.10% for the first year, 3.50% for the second year and 4.00% for the third year. Interest for all four series is payable semi-annually.

Application for the HKMC notes was closed at 2:00 p.m. today. Investors submitted applications through 17 Placing Banks including 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 issue obtained a satisfactory subscription result with a total application amount of HK$625 million equivalent. The HKMC will accept all valid applications.

HKD 1-year notes (HKMC102)	HK$177.7 million
HKD 3-year notes (HKMC311)	HK$306.0 million
USD 1-year notes (HKMC103)	US$10.7 million
USD 1-year extendable notes (extendable for 1 year and further extendable for 1 year) (HKMC312E)	US$7.5 million

Mr James H. Lau Jr, Chief Executive Officer of the HKMC said, “We are pleased with the subscription result of this retail bond issue. The retail bond market will continue to be one of our major funding sources and we will

look for opportunities to issue retail bonds that meet the needs of the retail investors."

Prices for the two series of Hong Kong dollar notes will be fixed on 28 July 2005 (Thursday) by reference to the relevant Exchange Fund Bill or Exchange Fund Note as specified in the Issue Prospectus. Each of the two US dollar notes was offered at a price of 100% of the principal amount. Retail investors will be informed shortly by letter of the prices of the two Hong Kong dollar 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 notes. The Placing Banks will also, on best effort basis, quote offer prices throughout the life of the notes.

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