

The Hong Kong Mortgage Corporation Limited

Bauhinia MBS Limited

HK\$2,000,000,000 Mortgage-Backed Securities
issued under US\$3 Billion Mortgage-Backed Securitisation Programme

Summary of Terms and Conditions

Issuer	: Bauhinia MBS Limited
Issue Series	: Series 2004-2
Issue Type	: Guaranteed Mortgage-backed Fixed and Floating Rate Notes
Collaterals	: 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\$2,000,000,000 in total divided into: <u>Professional Notes:</u> Class A-1 Notes HK\$450,000,000 Class A-2 Notes HK\$650,000,000 <u>Retail Notes:</u> Class A Notes HK\$250,000,000 Class B Notes HK\$400,000,000 Class C Notes HK\$250,000,000
Issue price / Annualised yield	: <u>Professional Notes:</u> Class A-1 Notes Par (100.00%) Class A-2 Notes Par (100.00%) <u>Retail Notes:</u> Class A Notes EFB Y495 yield fixing + 0.08% Class B Notes EFN 5712 yield fixing + 0.15% Class C Notes EFN 5809 yield fixing + 0.30%

Interest Rate	: <u>Professional Notes:</u> Class A-1 Notes 3.60% p.a., payable quarterly Class A-2 Notes 1-month HIBOR + 0.18% p.a., payable monthly
	<u>Retail Notes:</u> Class A Notes 1.70% p.a., payable semi-annually Class B Notes 2.65% p.a., payable semi-annually Class C Notes 3.05% p.a., payable semi-annually
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, Class A-2, Class A, Class B and Class C Notes will be guaranteed by the Guarantor (HKMC) for the payment of MBS interest and principal when contractually due.
Notes Ranking	: Class A-1, Class A-2, Class A, Class B and Class C Notes rank pari passu for payments of interest and principal.
Principal Repayment	: Principal will be repaid to the holders of Class A, Class B, Class C Notes on the first, third and fourth anniversary of the Issue Date respectively. Principal will be repaid to the holders of Class A-1 Notes from the fifth to sixth anniversary of the Issue Date semi-annually. Any excess principal repayment from the mortgage loans will be used to repay the holders of Class A-2 Notes.
Issue Date	: 5 November 2004

Legal Maturity	: <u>Professional Notes:</u> Class A-1 Notes 6 years Class A-2 Notes 10 years. Class A-2 notes will mature on the 10 th anniversary of the Issue Date unless previously redeemed in full.
	<u>Retail Notes:</u> Class A Notes 1 year Class B Notes 3 years Class C Notes 4 years
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 7 th anniversary of the Issue Date.
Estimated Weighted Average Maturity	: 5.25 years for Class A-1 Notes 4.8 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 Clean-Up Call.
Arranger	: HSBC
Lead Manager and Sole Bookrunner for Professional Notes	: HSBC
Co-lead Managers for the Class A-2 Notes	: Bank of China (Hong Kong) Limited Citicorp International Limited International Bank of Asia Limited Mitsubishi Securities (HK), Limited Nanyang Commercial Bank, Limited
Market Maker for Professional Notes	: HSBC
Joint Underwriters for Retail Notes	: HSBC and Standard Chartered Bank (Hong Kong) Limited

Placing Banks for Retail Notes	: Bank of America (Asia) Bank of China (Hong Kong) Bank of Communications Bank of East Asia Chiyu Bank Citibank CITIC Ka Wah 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 (Hong Kong) Limited Wing Hang Bank Wing Lung Bank
Notes & Security Trustees	: DB Trustees (Hong Kong) Limited
Principal Paying Agent	: Deutsche Bank AG, Hong Kong Branch
Clearing / Settlement	: Central Moneymarkets Unit (CMU)

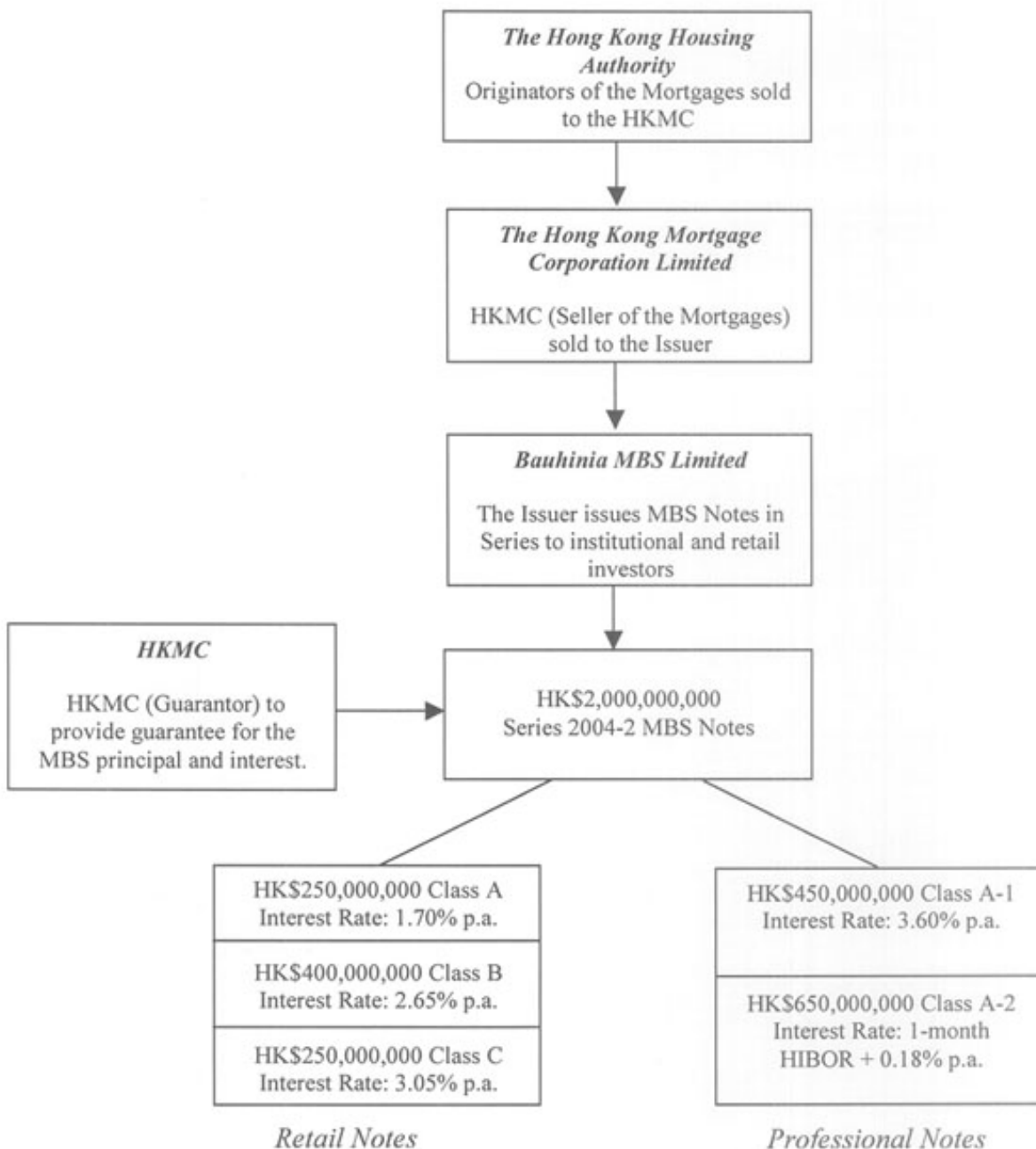
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Issue Structure



The Hong Kong Mortgage Corporation Limited**Bauhinia MBS Limited****HK\$2,000,000,000 Mortgage-Backed Securities****issued under US\$3 Billion Mortgage-Backed Securitisation Programme****Major Characteristics of the Underlying Mortgage Pool**

	Provisional Pool Information
Number of Mortgages	4,373
Aggregate Outstanding Principal Balance	HK\$ 2,099,354,719
Average Outstanding Principal Balance	HK\$ 480,072
Maximum Outstanding Principal Balance	HK\$ 585,474
Minimum Outstanding Principal Balance	HK\$ 116,099
Maximum remaining term to maturity (in months)	102
Minimum remaining term to maturity (in months)	90
Weighted average original term to maturity (in months)	157
Weighted average remaining term to maturity (in months)	96

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Retail Notes Issuing Timetable

Commencement Date for application	: 20 October 2004 (Wednesday), 9:00 a.m.
Closing Date for application	: 29 October 2004 (Friday), 2:00 p.m.
Price-fixing Date	: 3 November 2004 (Wednesday) at or around 11:30 a.m.
Issue Date	: 5 November 2004 (Friday)

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**Designated Branches of the Placing Banks for
Handling the Applications for HKMC's Retail Mortgage-Backed Securities**

Enquiry Hotlines

The list of designated branches of Placing Banks can be obtained through their enquiry hotlines.

Enquiry Hotlines

Bank of America (Asia)	2805-2383
Bank of China (Hong Kong)	2291-8000
Bank of Communications	2269-9699
Bank of East Asia	2211-1311
Chiyu Bank	2232-3625
Citibank	2860-0222
CITIC Ka Wah Bank	2287-6767
Dah Sing Bank	2828-8000
DBS Bank	2290-8888
Hang Seng Bank	2998-9898
HSBC	2269-2121
ICBC (Asia)	2887-0349
International Bank of Asia	2566-8181
Liu Chong Hing Bank	2161-6888
Nanyang Commercial Bank	2622-2633
Shanghai Commercial Bank	2818-0282
Standard Chartered Bank (Hong Kong)	2886-8868
Wing Hang Bank	3199-9182
Wing Lung Bank	2526-5555