Press Release

The Hong Kong Mortgage Corporation Limited

Issuance of Retail Bonds: Subscription Prices

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Wednesday) the subscription prices for its latest issue of retail Notes. The 3-year (HKMC305 Notes) and 2-year extendable for 3-year (HKMC203E Notes) carry coupons of 2.70% and 3.30% respectively, payable semi-annually. The 5-year fixed-inverse floating rate notes (HKMC503F Notes) carries a 5.50% fixed-rate coupon for the first year followed by a semi-annually determined floating rate coupon at 6.00% minus 6-month Hong Kong Interbank Offered Rate, with a minimum coupon of 0.50%.

The prices of the HKMC305 Notes and HKMC203E Notes were determined by reference to the specified Exchange Fund Notes at 11:30 a.m. today in accordance with the terms of the Prospectus. The 3-year and 2-year extendable for 3-year Notes will be allocated to retail investors at 99.72% and 98.61%, representing effective annualised yields of 2.82% and 3.64% respectively. Price for the HKMC503F is set at 100% of the principal amount of the Notes.

The HKMC has decided to accept all valid applications for the retail Notes. Each successful applicant will receive a refund of HK$1,141.71 and HK$1,697.54 per HK$50,000 of the 3-year (HKMC305 Notes) and 2-year extendable for 3-year (HKMC203E Notes) respectively. Retail investors will be informed shortly by letter of the subscription prices of the HKMC Notes and the refund details by Bank of China (Hong Kong), The Bank of East Asia, Chiyu Bank, Citibank, CITIC Ka Wah Bank, Dao Heng Bank, HSBC, Hang Seng Bank, International Bank of Asia, Nanyang Commercial Bank, Shanghai Commercial Bank, Standard Chartered Bank, Wing Lung Bank, the thirteen Placing Banks through which they applied for the Notes.

The Notes will be issued on 18 October 2002 (Friday). The thirteen Placing Banks will act as Market Makers to quote two-way prices for the three HKMC Notes during business hours until maturity of the bonds.

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16 October 2002