Press Release

The Hong Kong Mortgage Corporation Limited

Retail Bonds Application Results

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Friday) that subscription of its retail bonds has exceeded the minimum issue amount of HK$150 million by 10.6 times. 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%.

Application for the new HKMC Notes was closed at 2:00 p.m. today. The issue was well received by retail investors with total application amount exceeding HK$1,741 million.

3-year HKMC305 Notes	HK$811 million
2-year extendable for 3-year HKMC203E Notes	HK$541 million
5-year fixed-inverse floating rate HKMC503F Notes	HK$389 million
Total	HK$1,741 million

The HKMC will accept all valid applications. Investors submitted applications through thirteen placing banks including 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 and Wing Lung Bank.

Mr. Peter Pang, Chief Executive Officer of the HKMC said, “we are very pleased to see the continuous demand for the HKMC Notes by retail investors. Including this issue, the HKMC has raised over HK$5.4 billion through retail bonds so far in 2002. As the pioneer, we are also pleased to see the deepening of the retail bond market. Companies and financial institutions, including the HKMC, have raised over HK$20 billion through retail bonds and certificates of deposit in 2002. There has also been an encouraging trend of product diversification with issuers offering a wide range of products to retail investors.”

Prices for the HKMC305 Notes and HKMC203E will be fixed on 16 October 2002 (Wednesday) by reference to the relevant Exchange Fund Notes as specified in the Prospectus. Retail investors will be informed shortly by letter of the prices of the HKMC Notes and the settlement details by the Placing Bank through which they applied for the Notes. Price for the HKMC503F is set at 100% of the principal amount of the Notes.

The thirteen Placing Banks will act as Market Makers to quote firm bid prices for the three HKMC Notes during office hours until the maturity of the bonds. An additional 30% of the total issue amount will be held in reserve to support the market making activities of the Placing Banks in the secondary market. The Placing Banks will quote firm offer prices until the reserve amount is exhausted, and will continue to do so on a best efforts basis afterwards.

The Hong Kong Mortgage Corporation Limited
11 October 2002