Press Release

The Hong Kong Mortgage Corporation Limited

Issuance of Retail Bonds: Subscription Prices

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (11 June) the subscription prices for its latest issue of retail Notes. The 1-year (HKMC101 Notes), 2-year (HKMC202 Notes), 3-year (HKMC303 Notes) and 3-year extendable for 2-year (HKMC304E Notes) issues carry coupons of 2.75% p.a., 3.75% p.a., 4.35% p.a., and 5.10% p.a., respectively, payable semi-annually.

The prices of the four HKMC 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 1-year, 2-year, 3-year and 3-year extendable for 2-year Notes will be allocated to retail investors at 100.45%, 100.85%, 101.07% and 101.23%, representing effective annualised yields of 2.31%, 3.34%, 4.01% and 4.88% respectively.

In response to the enthusiastic demand by retail investors, the HKMC has earlier decided to accept all valid applications for the retail Notes. Each successful applicant will receive a refund of HK$776.16, HK$575.86, HK$465.70 and HK$385.58 per HK$50,000 of the 1-year HKMC101 Notes, 2-year HKMC202 Notes, 3-year HKMC303 Notes and 3-year extendable for 2-year HKMC304E 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), Bank of Communications, The Bank of East Asia, 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 twelve Placing Banks through which they applied for the Notes.

The Notes will be issued on 13 June 2002 (Thursday). The twelve Placing Banks will act as Market Makers to quote two-way prices for the four HKMC Notes during business hours until maturity of the bonds.

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11 June 2002