Press Release

The Hong Kong Mortgage Corporation Limited

Retail Bonds Application Results

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (7 June) that subscription of its retail Notes has exceeded the minimum issue amount of HK$240 million by 8.6 times. 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%, 3.75%, 4.35% and 5.10% respectively, payable semi-annually.

Application for the new HKMC Notes was closed at 12:00 noon today. The issue was well received by retail investors. Over 6,560 investors have submitted applications through twelve placing banks including 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 and Wing Lung Bank. The total application amount exceeds HK$2,315 million:

1-year HKMC101 Notes:	HK$775 million
2-year HKMC202 Notes:	HK$735 million
3-year HKMC303 Notes:	HK$389 million
3-year extendable for 2-year HKMC304E Notes:	HK$416 million
Total	HK$2,315 million

These compare favourably with 3,490 applications and total application amount of HK$1,371 million in the HKMC's last public offer in January 2002.

Mr. Peter Pang, Chief Executive Office of the HKMC said, "we are very pleased to see the strong demand for the HKMC Notes by the retail investors. The HKMC will accept all valid applications. Other than the attractive yields of the Notes, the efficient distribution network and the wide choice of products are key factors that account for the encouraging results. The enlarged distribution network of twelve placing banks, with 601 designated branches and their efficient telephone and Internet banking facilities, has made the subscription process more convenient for the retail investors. The 1-year Notes provide a new choice for investors who prefer products at the short end of the yield curve. We are also pleased to see the strong demand for the 3-year extendable Notes by investors who are prepared to invest in structured products for a possible yield enhancement".

Prices for the four HKMC Notes will be fixed on 11 June 2002 (Tuesday) 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.

The twelve Placing Banks will act as Market Makers to quote firm bid prices for the four 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.

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7 June 2002