Press Release

The Hong Kong Mortgage Corporation Limited

Issuance of Retail Bonds: Subscription Prices

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (1 February) the subscription prices for its three issues of retail Notes. The 2-year (HKMC201 Notes), 3-year (HKMC302 Notes) and 5-year (HKMC502 Notes) issues carry coupons of 3.00%, 4.00% and 4.75% respectively, payable semi-annually.

The prices of the three HKMC Notes were determined by reference to the specified Exchange Fund Notes at 11:30 a.m. today as specified in the Prospectus. The 2-year, 3-year and 5-year Notes will be allocated to retail investors at 99.29%, 99.24% and 98.20%, representing effective annualized yields of 3.40%, 4.32% and 5.23% 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$1,357.03, HK$1,382.07 and HK$1,902.85 per HK$50,000 of the 2-year HKMC201 Notes, 3-year HKMC302 Notes and 5-year HKMC502 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 Hong Kong Branch, CITIC Ka Wah Bank, Dao Heng Bank, HSBC, Hang Seng Bank, Standard Chartered Bank, Wing Lung Bank, the eight Placing Banks through which they applied for the Notes.

The Notes will be issued on 5 February 2002 (Tuesday). The eight 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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1 February 2002