Press Release

The Hong Kong Mortgage Corporation Limited

Issuance of Retail Bonds: Application Results

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (30 January) that subscription of its retail Notes has exceeded the minimum issue amount of HK$150 million by 8.1 times. 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.

Application for the new HKMC Notes was closed at 12:00 noon today. The issue was well received by retail investors. Over 3,490 investors have submitted applications through eight Placing Banks including 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 and Wing Lung Bank. The total application amount reached a new record of HK$1,371 million (HKMC201 Notes: HK$561 million; HKMC302 Notes: HK$647 million; HKMC502 Notes: HK$163 million). These compare favourably with 1,660 applications and total application amount of HK$651 million in the last public offer in November 2001.

Mr. Peter Pang, Chief Executive Officer 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. The enlarged distribution network of eight Placing Banks, with 308 designated branches and their efficient telephone and Internet banking facilities, has made the subscription process more convenient for the retail investors. The HKMC intends to further extend the network of Placing Banks for future issues."

Prices for the three HKMC Notes will be fixed on 1 February 2002 (Friday) 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 eight 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
30 January 2002