THE HONG KONG MORTGAGE CORPORATION LIMITED

ISSUANCE OF RETAIL BONDS: APPLICATION RESULTS

Press Release

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (1 November 2001) that its retail Notes have been over-subscribed. The 3-year (HKMC301 Notes) and 5-year (HKMC501 Notes) issues carry coupons of 3.5% and 4.3% respectively, payable semi-annually.

Application for the HKMC Notes was closed at 12:00 noon today. The issue was well received by retail investors. Over 1,660 investors have submitted applications through Dao Heng Bank, HSBC and Hang Seng Bank, the three Placing Banks appointed by the HKMC. The total application amount reached a new record of HK$651.4 million (HKMC301 Notes: HK$538.5 million; HKMC501 Notes: HK$112.9 million). This is 5.5 times above the total minimum issue amount of $100 million set by the Corporation. These compare favourably with the 890 applications and total application amount of HK$300 million in the last public offer in August 2001.

Mr. Peter Pang, Chief Executive officer of the HKMC, said, "we are very encouraged by the strong demand for the HKMC Notes by retail investors. The new mechanism of offering HKMC Notes through placing banks has proved to be highly effective in making the subscription process more convenient for the retail investors. About 25% of the applicants made use of phone or the Internet to subscribe for the HKMC Notes. The HKMC will continue to offer debt securities for retail investors in its efforts to promote the development of the retail bond market in Hong Kong".

The HKMC will accept all valid applications from the retail investors. Prices for the two HKMC Notes will be fixed on 5 November 2001 (Monday) 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 Banks through which they applied for the Notes.

The three Placing Banks will act as Market Makers to quote firm bid prices for the two HKMC Notes during office hours. An additional 20% of the total issue amount will be held in reserve for tapping by the Placing Banks to meet prospective demand from retail investors 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
1 November 2001