The Hong Kong Mortgage Corporation Limited

Note Issuance Programme - Tender Results of S310 Notes

The Hong Kong Mortgage Corporation (HKMC) announced today (Tuesday) that the portion of its S310 notes set aside for Recognized Dealers has been over-subscribed.

In response to enthusiastic demand by retail investors, the HKMC has earlier decided to increase the size of the portion for allocation to retail investors from HK$100 mn to HK$250 mn. The remaining HK$250 mn of the HK$500 million 3-year Notes, which carry a coupon rate of 4.28% per annum, was tendered by competitive bidding by the Recognized Dealers today. The tendered amount of HK$250 million was 17 times over-subscribed by the Recognized Dealers.

The Notes will be allocated to retail investors at 99.73%, the average accepted price of the successful bids of the Recognized Dealers in the competitive tender today, or HK$49,865 for each Note. At this price, retail investors will enjoy an effective annualized yield of 4.42%. Successful retail applicants will receive a refund of HK$135 per HK$50,000 note.

"We are very encouraged by the strong demand for the NIP Notes by both the retail investors and the Recognized Dealers," said Mr. Peter Pang, Chief Executive Officer of the HKMC. "The results show that there continues to be strong market appetite for the HKMC's fixed rate paper. The narrow spread between the yield of our paper and that of the Exchange Fund Notes has clearly demonstrated the high credit standing of the HKMC. The HKMC will continue to offer debt securities for subscription by retail investors in its efforts to promote the development of a retail bond market in Hong Kong," he added.

The results of the tender together with the final allotment to retail investors will be published in the South China Morning Post, Hong Kong Economic Journal and Hong Kong

Economic Times on Wednesday 29 August 2001. The S310 Note will be listed and traded on the Stock Exchange under the stock code 4311 starting on Thursday 30 August 2001.

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