Press Release

The Hong Kong Mortgage Corporation Limited

Application For S310 Notes By Retail Investors

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (24 August 2001) that the portion of its S310 notes set aside for retail investors has been over-subscribed. In response, the HKMC has decided to increase the allocation of the retail tranche of the issue from HK$100 million up to HK$250 million.

The HK$500 million 3-year issue carries a coupon of 4.28% payable semi-annually. In keeping with the aim of the HKMC to diversify the investor base of its debt securities and to promote the development of the retail debt market, a portion of the issue has been reserved for non-competitive bidding by retail investors.

Application for the retail portion of the issue was closed this afternoon. The issue was well received by retail investors. Over 890 investors have submitted applications using the White Form and the Electronic Initial Public Offering (EIPO) process, involving a total application amount of about HK$300 million (over-subscribed by about two times). These compare favorably with the 144 applications and HK$116.25 million in the last public offer in December 2000.

"We are very encouraged by the positive response of retail investors. The results show that, under the current favourable market conditions and with better knowledge of the benefits of investing in fixed income products, investors are becoming more interested in high quality debt securities as an integral component of a balanced portfolio," said Mr. Peter Pang, Chief Executive Officer 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 notes will be tendered on Tuesday 28 August 2001. They will be allocated to retail investors at the Average Accepted Price of the successful bids of the Recognized Dealers in the competitive tender. The results of the tender together with the allotment 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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24 August 2001