Remarks by Mr. Peter Pang at the
Signing Ceremony of the HKMC HK$1.5 Billion FRN Issue due 2007

6 December 2002

Good morning ladies and gentlemen,

I am very pleased to welcome you to this signing ceremony to mark the successful completion of this HK$1.5 Billion Floating Rate Note issue to be drawn under the HKMC's HK$20 Billion Debt Issuance Programme. This is no doubt an important issue as syndicated deals are rare in the private placement dominated HK$ debt market. I am sure it will help in setting a useful pricing benchmark for similar issues in the future.

One of the missions of the HKMC is to promote the development of the debt and MBS markets in Hong Kong. The Debt Issuance Programme, with its many flexible features, is the main funding vehicle that enables us to achieve this important objective. Since Programme inception in June 1998, a total of 70 series of notes have been drawn under the Programme. With the launch of this HK$1.5 billion issue, the total amount issued under the Programme since its establishment has exceeded the HK$20 billion, and the total outstanding amount now stands at over HK$17.3 billion. Together with the retail bonds issued under our innovative offering mechanism, the HKMC has a total of 77 debt issues outstanding involving an aggregate amount of over HK$28 billion. The

active issuance activities have enabled the HKMC to stay at the top of the league table for HK$ debt issuers for the past three years.

We expect the momentum will pick up further in 2003 to support the HKMC's expanding Mortgage Purchase Programme. The annual mortgage purchase amount doubled in 2000 to HK$13.2 billion, increased further to HK$13.5 billion in 2001 and reached a new record of HK$14.4 billion in 2002. With the increased appetite of both private and public sector mortgage lenders to offload mortgages, we have set a higher target of HK$15 billion for 2003. This will necessitate an expansion of the size of the Debt Issuance Programme. We will be putting proposals to our Board of Directors in December.

The successful completion of this syndication deal has given us added confidence to achieve the funding targets that we have set ourselves for 2003. This will be backed by the strong credit standing of the Corporation. Standard and Poor's and Moody's have just completed their annual surveillance exercise and have reaffirmed the HKMC's credit ratings which are equivalent to those of the Hong Kong Government. Both agencies have noted the Government's continuing strong support of the HKMC which is based on the important strategic role performed by the Corporation in Hong Kong's banking, housing and debt markets. They have also given due recognition of HKMC's creditworthiness on its own merits in the light of the Corporation's robust capital base, good asset quality, prudent operating principles and sustainable profits.

It is of equal importance that we can continue to count on the support of our partners in the capital market, in particular those amongst us today, to continue to invest in and help us to distribute our debt securities.

Now let me turn to the real business of this occasion and say how very pleased we are to have secured the support of ABN AMRO Bank, Citicorp/Salomon Smith Barney and Tokyo-Mitsubishi International to arrange this important transaction for the HKMC. I would also like to extend my thanks to Bank of China (Hong Kong), Bank of Communications, Commonwealth Bank of Australia, Dah Sing Bank, Nanyang Commercial Bank, Bank of East Asia and International Bank of Asia for their support of this issue.

Thank you.