Press Release

The Hong Kong Mortgage Corporation Limited

Reduction in Mortgage Rate for Newly Originated Fixed Rate Mortgages

The Hong Kong Mortgage Corporation (HKMC) announced today (22 October, Thursday) that the mortgage rate applicable to newly originated Fixed Rate Mortgages will be reduced from 10.5% to 10.25% with effect from 23 October, 1998 (Friday).

"The reduction in the mortgage rate on newly originated fixed rate mortgages mainly reflects a lowering of HKMC's funding cost along with an easing of the Hong Kong dollar interest rates," said Mr. Peter S. T. Pang, Chief Executive Officer of the HKMC.

The mortgage rate on fixed rate mortgages is determined by the HKMC from time to time. Once committed, the interest rate will be fixed for the first three years such that the home buyers will not be affected by the movements in interest rate.

Altogether eight banks participate in the regular programme for fixed rate mortgages. The HKMC has pre-committed to purchase from the participating banks a total of HK$3.5 billion of fixed rate mortgages during the six-month period from mid-September 1998 to mid-March 1999.

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22 October 1998