Press Release

The Hong Kong Mortgage Corporation Limited

Inaugural Issue of the Hong Kong Mortgage Corporation Notes Well Received

There was very good market response to the tender today (11 March, Wednesday) for the inaugural 3-year Notes issued by the Hong Kong Mortgage Corporation (HKMC) under the Note Issuance Programme arranged by the Hong Kong Monetary Authority (HKMA).

The 3-year Notes, which carry a coupon rate of 8% per annum, were 5.44 times over-subscribed. The average accepted tender price was 99.33, providing an annualised yield of 8.43%, or about 52 basis points above that for the 3-year Exchange Fund Notes issued by the HKMA.

"The tender results for the Note are very encouraging. There is certainly a strong market appetite for fixed rate paper issued by the HKMC," said Mr. Peter Pang, Chief Executive Officer of the HKMC. "The narrow spread between the yield of our paper and that of the Exchange Fund Notes clearly demonstrates the high credit standing of the HKMC," he added.

The HK$500 million issue is the first tranche of the HK$20 billion HKMC Note Issuance Programme for which the HKMA acts as the arranger, custodian, agent and operator. The Programme is an important vehicle for the HKMC to raise funds to support its mortgage purchase programme. It will also provide a useful benchmark for other debt securities the HKMC will issue in future.

The HKMC Notes, which are denominated in HK$50,000, will be cleared through the Central Moneymarkets Unit (CMU) and will qualify as eligible securities for repo under the Liquidity Adjustment Facility operated by the HKMA. The HKMC Notes will also be covered by the existing market-making arrangements for the Exchange Fund Bills and Notes.

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11 March 1998