**Press Release**

**The Hong Kong Mortgage Corporation Limited**

## Promotion of fixed rate mortgages

The Board of Directors of the Hong Kong Mortgage Corporation Limited (HKMC) agreed at its meeting today that the HKMC will proceed full steam ahead to develop the necessary infrastructure to promote fixed rate mortgages in Hong Kong as an additional choice for consumers.

One of the objectives of the HKMC is to promote the development and liquidity of the residential mortgage market in Hong Kong. In pursuit of this objective, the HKMC has, among other things, been studying means to promote the fixed rate mortgage market, which will offer additional choices of mortgage products for home buyers and insulate them from fluctuations in interest rates. The Corporation is now formulating specific proposals to develop this market and will consult the other key players whose participation would be needed to develop fixed rate mortgage products, such as commercial banks and investors of fixed rate paper.

"Market reception to fixed rate mortgages will ultimately depend on market conditions, including notably the interest rate environment, which will affect borrowers' preference for fixed rate mortgages and the availability of fixed rate funds. Nevertheless, it is important that the HKMC develops the necessary market infrastructure such that the market can take off when the conditions are right," said Mr. Peter Pang, Chief Executive Officer of the HKMC. "With the full support of the Board, we will proceed to consult the banks and institutional investors, including the Housing Authority, once we have formulated the detailed proposals," he added.

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