

Press Release

Tender results of the first Government bond issue under the Institutional Bond Issuance Programme

The Hong Kong Monetary Authority (HKMA), as representative of the Hong Kong Special Administrative Region Government (HKSAR Government), announces that the tender for the inaugural issue of Government Bonds under the Institutional Bond Issuance Programme, one of the two limbs of the Government Bond Programme, was held today (Wednesday).

A total of HK\$3,500 million two-year Government Bonds were offered today under the Institutional Bond Issuance Programme. The issue was well-received by institutional investors, with the ratio of bonds applied for to bonds issued (i.e. the bid-to-cover ratio) reaching 6.45. The average price accepted was 100.65, implying an annualised yield of 0.59%.

The Financial Secretary, Mr John C Tsang, said “The positive response to the tender for Government Bonds under the Institutional Bond Issuance Programme reflects strong demand from institutional investors for public debt instruments. As we have always emphasised, the aim of the Government Bond Programme is to promote the further and sustainable development of the local debt market, making our debt market an effective channel of financial intermediation. This would help further enhance financial stability and strengthen Hong Kong’s position as an international financial centre. By

ensuring an on-going supply of Government Bonds denominated in Hong Kong dollars under the Institutional Bond Issuance Programme, more institutional investors would be interested and able to participate in the local debt market, increasing the depth and breadth of our market.”

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Hong Kong Monetary Authority

2 September 2009

**INSTITUTIONAL BOND ISSUANCE PROGRAMME
GOVERNMENT BOND TENDER RESULTS**

Tender results of 2-year Government Bonds under the Institutional Bond Issuance Programme:-

Tender Date	: 2 September 2009
Issue Number	: 02GB1109
Stock Code	: 4201 (HKGB 0.92 1109)
Issue and Settlement Date	: 3 September 2009
Tenor	: 2-year
Maturity Date	: 5 September 2011
Coupon Rate	: 0.92%
Amount Applied	: HK\$22,584 million
Amount Allotted	: HK\$3,500 million
Bid-to-Cover Ratio*	: 6.45
Average Price Accepted (Yield)	: 100.65 (0.59%)
Lowest Price Accepted (Yield)	: 100.60 (0.62%)
Pro-rata Ratio	: About 95%
Average Tender Price (Yield)	: 100.37 (0.73%)

* Calculated as the amount of bonds applied over the amount of bonds issued.

Hong Kong Monetary Authority
2 September 2009