Investors are advised that this press release, its attachments and ancillary data are posted on this web site for your reference only. Investors must always refer to the printed versions of the Prospectus and relevant Supplemental Prospectus for any issue of NIP Notes. The printed Prospectus and Supplemental Prospectus for Series S204 can be obtained from the HKMC, Hong Kong Securities Clearing Company (operator of CCASS) and the banks as listed in Annex 1.

Press Release

The Hong Kong Mortgage Corporation Limited

Listing of HKMC's Note Issuance Programme on the Stock Exchange

The Hong Kong Mortgage Corporation Limited (HKMC) signed the Programme, Agency and Operations Agreement in respect of its HK$20 billion Note Issuance Programme (NIP) with the Hong Kong Monetary Authority (HKMA) and Bermuda Trust (Far East) Ltd. today. The signing marked the completion of the legal documentation for the listing of HKMC's NIP on the Stock Exchange of Hong Kong (SEHK). The NIP and its seven outstanding issues (with an aggregate issue amount of HK$3.5 bn) will be listed and traded on the SEHK on 22 October 1999. Trading a new issue of HK$500 mn to be tendered on 27 October, on the Exchange will commence on 29 October 1999.

The HKMC is the first corporation in Hong Kong to list and trade its debt securities on the SEHK by public tender since the listing of the Government's Exchange Fund Notes (EFN) on 16 August 1999. The listing will further enhance the HKMC's fund-raising capabilities by extending its investor base, which already covers financial institutions and institutional investors, to include retail investors. The Stock Exchange will provide an efficient and convenient platform for retail investors to invest and trade the NIP notes. Ready access to the HKMC's high-quality fixed-income securities will help them to diversify and balance their investment portfolios.

The HKMC also issued today the tender notice for a 2-year NIP issue of HK$500 mn. The key terms and conditions and timetable for the issue are as follows :

Issue Size	HKD 500 million a) Retail portion: Up to HKD 100 million b) Professional portion: At least HKD 400 million
Coupon	6.65% p.a. payable semi-annually
Maturity	29 October 2001
Open subscription date	19 October 1999
Close subscription date	25 October 1999
Tender date	27 October 1999
Issue date	28 October 1999
First trade date on SEHK	29 October 1999

The issue will be divided into two portions for allocation in the primary market. The bigger portion, with a minimum size of HK$400 mn, will be restricted for competitive bidding by the Recognised Dealers under the existing tendering mechanism administered by the HKMA for Exchange Fund paper and Specified Instruments (including NIP notes). A separate portion of up to HK$100 mn will be set aside for allocation to retail investors. Retail investors need only to specify the amount they apply for in their application. The application amount for each retail investor is subject to a minimum denomination of HK$50,000 and a maximum limit of HK$10 mn. The NIP notes will be allocated to them at the Average Accepted Price of the successful bids of the Recognised Dealers. Surplus amount in the portion reserved for retailed investors due to under-subscription will be re-allocated to the Recognised Dealers. If there is an over-subscription, allocation will be done through a combination of pro-rata allocation and balloting.

The trading of NIP notes is in scripless form. Transactions traded on the Exchange will be settled through the Central Clearing and Settlement System (CCASS). CCASS is also the channel through which retail investors subscribe for new issues of NIP notes, either directly if they are Investor Participants of the system or through brokers and banks which are CCASS Participants.

Retail investors who are interested in subscribing for the NIP notes to be tendered on 27 October 1999 can obtain the prospectus and the supplemental prospectus from the offices of the HKMC and Hong Kong Securities Clearing Company, the designated branches of HSBC, Hang Seng Bank, Dao Heng Bank (see Annex 1), and the HKMC's website at www.hkmc.com.hk. Details of the application procedures and the allocation arrangements are set out in the brief at the Annex 2. Investors are also welcome to make enquiries through the HKMC Telephone Hotline at 2536 0104 or through the HKMC's email address at "bonds@hkmc.com.hk".

The Hong Kong Mortgage Corporation Limited

15 October 1999

Annex 1

Designated Branches of
HSBC, Dao Heng Bank and Hang Seng Bank for
Prospectus Distribution

HSBC:

- Head Office
- Harbour City Branch
- Hopewell Centre Branch
- Harcourt Road Branch
- Telford Branch
- Tin On Building Branch
- Wo Che Branch

Dao Heng Bank:

- Main Branch
- Gloucester Road Branch
- Yaumati Branch
- Mongkok Branch
- New Town Plaza Branch

Hang Seng Bank:

- Main Branch
- Queens Road Central Branch
- Causeway Bay Branch
- Tsim Sha Tsui Branch
- Mongkok Branch

Annex 2

THE HONG KONG MORTGAGE CORPORATION LIMITED
Listing of HKMC's Note Issuance Programme on the Stock Exchange

Brief

What are NIP Notes?

- They are senior and unsecured debts issued by the HKMC under its Notes Issuance Programme (NIP).
- The NIP, arranged by the Hong Kong monetary Authority (HKMA), was originally established in January 1998.
- To date, the HKMC has drawn down 7 NIP issues totalled HK$3.5 billion.
- The HKMC plans to list the NIP and the NIP Notes on the Stock Exchange of Hong Kong (SEHK) in October 1999.

Why list the Notes on the Stock Exchange?

- To improve the HKMC's fund-raising capabilities by broadening its investor base to include retail investors.
- To make use of the efficient and convenient platform provided by the SEHK for retail investors to invest and trade the Notes.

What are the benefits of investing in HKMC Notes?

- A low risk investment (the HKMC is wholly owned by the Exchange Fund) that provides steady interest income, but HKMC Notes are unsecured notes and are not guaranteed by the SAR Government.
- A relatively higher yield than Exchange Fund Notes (EFN) of the same maturity.
- Greater liquidity than for time deposits because of the availability of a secondary market.
- A small minimum denomination (HK$50,000).
- A low transaction cost.
- **Prices of NIP Notes may fall as well as rise.**

What are the key terms of the upcoming Note issue?

Series	S204
Issue Amount • Retail portion • Professional portion	HKD 500 million • Up to HKD 100 million • At least HKD 400 million
Issue Date	28 October 1999
Maturity Date	29 October 2001
Coupon Rate	6.65% p.a. payable semi-annually
Annualised Yield	6.76% p.a. (at price = 100.00%)
Denomination	HKD 50,000

What is the subscription timetable for this issue?

Date	**Action Item**
19 October (Tuesday)	Opening of Subscription
25 October (Monday)	Closing of Subscription
26 October (Tuesday)	Deadline for withdrawal
27 October (Wednesday)	Tender Day
29 October (Friday)	Listing and first trade date on SEHK

How can investors apply for new issues of NIP Notes?

- Subscription is through tender operated by the HKMA.
- The Central Clearing and Settlement System (CCASS) will act on behalf of retail investors to submit tenders through the Hong Kong Securities Clearing Corporation.
- Application through electronic means e.g. phone-in or wire.
- Retail investors can use the following channels to apply for new NIP Notes:
  i. through a stockbroker;
  ii. through a bank which has an account with CCASS (see attached List I); or
  iii. through CCASS directly (available to CCASS Investor Participants only).

Important points when submitting tender

- Retail investors only need to submit the tender amount.
- Application amount must be HK$50,000 or multiples of HK$50,000.
- NO need to calculate or submit bidding price.
- A maximum amount of HK$10 million for each retail investor.
- Retail investors must submit tendered amount in full on 25 October 1999.

What price will retail investors pay for HKMC NIP Notes?

- Retail investors, if successful, will get the Notes at the Average Accepted Price (AAP) of the successful bids of the Recognised Dealers.
- The AAP is the weighted average of the successful bids made by banks in the professional portion. For example:
    - Professional portion with the following tender results:
        - Highest accepted price 99.90
        - Average accepted price 99.80
        - Lowest accepted price 99.75
    - Retail portion:
        - Investors get Notes at **99.80**

What happens if the Notes issue is oversubscribed?

- Retail investors will get full allotment if the total amount of retail application is less than or equal to the retail portion.
- If the retail portion is oversubscribed, CCASS will use a pro-rata rounded down method for allotment of the Notes, and will then conduct a ballot, if necessary:
- NO need to calculate or submit bidding price.

For example: If the allotment ratio = 50%

Tender Amount (HKD)	Allotted Amount (HKD)
50,000	A ballot chance for 50,000
100,000	50,000
150,000	50,000 (rounded down from 75,000) plus a ballot chance for 50,000

How can investors trade NIP Notes in the secondary markets?

- Through the same trading procedures that apply to equities.
- Each issue of Notes will be assigned a SEHK code.
- Minimum board lot of HK$50,000.
- Notes will be quoted on a price basis -- percentage of face value.
- Minimum bid and ask spread: 0.05%.
- Settlement: Trade date + 2 days

What will be the elements affecting the market price of NIP Notes and where can investors learn about the current yield level?

- After the tender date, the price of the Note will fluctuate with the changes in interest rates. Generally, the price will rise when there is a fall in interest rates, and vice versa.
- Retail investors can find out the current price and yield for each individual Notes through the SEHK's Teletext machine.
- The following table shows the price vs yield for the upcoming NIP Note on Issue Date:

Issue Price	Annualized Yield at Issue
101.00	6.20%
100.80	6.32%
100.60	6.43%
100.40	6.54%
100.20	6.65%
100.00	6.76%
99.80	6.87%
99.60	6.99%
99.40	7.10%
99.20	7.21%
99.00	7.32%

What are the transaction costs for trading NIP Notes?

- Commission: minimum commission of 0.10% or HK$50.
- Stamp Duty: not payable.
- Transaction levy: 0.011% (only applies to secondary trading).

How can investors get more information about the HKMC NIP Notes?

- Prospectus for the NIP are available for collection at the following places:
  - Hong Kong Mortgage Corporation
  - Hong Kong Securities Clearing Company - CCASS
  - Stockbrokers and banks who are CCASS members
  - Designated branches of HSBC, Dao Heng Bank and Hang Seng Bank
- For further information:
  - Web: www.hkmc.com.hk
  - Email: bonds@hkmc.com.hk
  - Telephone: (852) 2536 0104

THE HONG KONG MORTGAGE CORPORATION LIMITED

List of banks with an account with CCASS

ABN AMRO BANK N.V.
AMERICAN EXPRESS BANK LTD
ASIA COMMERCIAL BANK LTD
BANGKOK BANK PUBLIC CO LTD
BANK AUSTRIA AG
BANK OF AMERICA (ASIA) LTD
BANK OF CHINA
BANK OF COMMUNICATIONS TRUSTEE LTD
BANQUE NATIONALE DE PARIS
BANQUE WORMS
BUTTERFIELD TRUST (HONG KONG) LTD
CHEKIANG FIRST BANK LTD
CHIYU BANKING CORPORATION LTD
CITIBANK N.A.
CREDIT AGRICOLE INDOSUEZ
CREDIT COMMERCIAL DE FRANCE
D.A.H. PRIVATE BANK LTD
DAH SING BANK LTD
DAO HENG BANK LTD
DEUTSCHE BANK AG
FIRST PACIFIC BANK LTD
GENERALE BELGIAN BANK
HANG SENG BANK LTD
HSBC INVESTMENT BANK ASIA LTD
HUA CHIAO COMMERCIAL BANK LTD
ING BANK N.V.
KBC BANK N.V.
KINCHENG BANKING CORPORATION
KWANGTUNG PROVINCIAL BANK
KWONG ON BANK LTD
LIU CHONG HING BANK LTD
LLOYDS TSB BANK PLC
NANYANG COMMERCIAL BANK LTD
OVERSEA-CHINESE BANKING CORPORATION LTD
OVERSEAS TRUST BANK LTD
OVERSEAS UNION BANK LTD
PARIBAS
PO SANG BANK LTD
REPUBLIC NATIONAL BANK OF NEW YORK
SCHRODERS ASIA LTD
SHANGHAI COMMERCIAL BANK LTD
SIN HUA BANK LTD
STANDARD CHARTERED BANK
THE BANK OF BERMUDA LTD
THE BANK OF EAST ASIA LTD
THE BANK OF NOVA SCOTIA
THE BANK OF TOKYO-MITSUBISHI LTD
THE CHASE MANHATTAN BANK
THE CHINA AND SOUTH SEA BANK LTD
THE CHINA STATE BANK LTD
THE DEVELOPMENT BANK OF SINGAPORE LTD
THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND
THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD
THE HONGKONG CHINESE BANK LTD
THE NATIONAL COMMERCIAL BANK LTD
UNION BANK OF HONG KONG LTD
UNITED CHINESE BANK LTD
UNITED OVERSEAS BANK LTD
WING HANG BANK LTD
WING LUNG BANK LTD
YIEN YIEH COMMERCIAL BANK LTD