Press Release

The Hong Kong Mortgage Corporation Limited

Note Issuance Programme

The Hong Kong Mortgage Corporation Limited (HKMC) announced today the launch of a 2-year issue of HK$ 500 million under its HK$20 billion Note Issuance Programme (NIP). The new issue will carry a coupon of 6.40% (payable semi-annually). It will be tendered on 12 April 2000. The key terms and conditions and timetable for the issue are set out in Annex 1.

The issue will be divided into two portions for allocation in the primary market. The bigger portion, with a size of HK$400 million, will be restricted for competitive bidding by the Recognized Dealers under the tendering mechanism administered by the HKMA for Exchange Fund paper and Specified Instruments (including NIP notes). A separate portion of HK$100 million will be set aside for non-competitive bidding by retail investors.

The HKMC has taken further steps to promote its NIP notes to retail investors. Other than applying through banks, brokers or the Central Clearing and Settlement System (CCASS) under the Electronic Initial Public Offer method, retail investors can submit their applications for the new issue directly using the Application Form. The HKMC has appointed Hang Seng Bank as the receiving bank for the application forms. The HKMC has also appointed HSBC as underwriter for the retail portion of the NIP notes.

The commencement date for applications for the NIP notes is 3 April 2000. Applicants are required to return the application forms to the eleven designated branches of the receiving bank (see Annex 2) by 12:00 noon on 10 April 2000 or to give electronic instructions through Hongkong Clearing by 3:45 p.m. on 10 April 2000.

Retail investors need only 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 million. The NIP notes will be allocated to them at the Average Accepted Price of the successful bids of the Recognized Dealers in the competitive tender. 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 SEHK will be settled through the CCASS.

Retail investors who are interested in subscribing for the NIP notes can obtain the prospectus, the supplemental prospectus and an application form from the offices of the HKMC and Hong Kong Securities Clearing Company, the designated branches of Hang Seng Bank (see Annex 2), and the HKMC's website at www.hkmc.com.hk. A technical brief on the NIP notes is attached at Annex 3. 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

3 April 2000

Annex 1

THE HONG KONG MORTGAGE CORPORATION LIMITED
Terms and Conditions and Timetable for the NIP Note Issue due April 2002

(A) Issuing Terms and Conditions

Stock Code :	4309
Series :	S206 HKMC NIP Notes
Issue Size :	HK$500 million (i) HK$400 million for Recognized Dealers (ii) HK$100 million for retail investors
Coupon :	6.40% p.a. payable semi-annually
Maturity :	15 April 2002
Listing :	Stock Exchange of Hong Kong

(B) Issuing Timetable

Commencement Date for retail application :	3 April 2000
Closing Date for retail application :	10 April 2000
Tender Date :	12 April 2000
Issue Date :	13 April 2000
Listing and first trading date on the Exchange :	14 April 2000

Annex 2

HKMC'S NIP NOTE ISSUE
Designated Branches of Hang Seng Bank Limited for distribution and collection of Application Forms

Hong Kong

Head Office	83 Des Voeux Road Central
Central District Branch	2 D'Aguilar Street
Causeway Bay Branch	28 Yee Wo Street
Wanchai Branch	200 Hennessy Road
United Centre Branch	Shop No. 1028, 1/F United Centre

Kowloon

Kowloon Main Branch	618 Nathan Road
Tsimshatsui Branch	18 Carnarvon Road
Yaumati Branch	363 Nathan Road
Kwun Tong Branch	70 Yue Man Square

New Territories

Chung On Street Branch	38 Chung On Street
Shatin Branch	Shop No. 18 Lucky Plaza

Annex 3

THE HONG KONG MORTGAGE CORPORATION LIMITED
HK$500 Million 6.40% Notes due 15 April 2002

Technical Brief

What are HKMC's NIP Notes?

- They represent unsubordinated and unsecured debt issued by the Hong Kong Mortgage Corporation ("HKMC") under its HK$20 Billion Note Issuance Programme ("NIP").
- The NIP is arranged by the Hong Kong Monetary Authority ("HKMA") and has been established since January 1998.
- In October 1999, the HKMC listed the NIP and 8 issues of total issued amount of HK$4 billion under the Programme on the Stock Exchange of Hong Kong ("SEHK").

Why issue a retail tranche for the NIP Notes?

- 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 in and trade the Notes.

What are the benefits of investing in HKMC Notes?

- HKMC Notes are a stable investment that provides steady interest income - the HKMC is wholly owned by the Exchange Fund but the HKMC Notes are unsecured and are not guaranteed by the HKSAR Government.
- HKMC Notes carry a relatively higher yield than Exchange Fund Notes ("EFN") of the same maturity.
- HKMC Notes have greater liquidity than time deposits because of the availability of a secondary market.
- Market makers facilitate liquidity of the HKMC notes in the markets.
- HKMC Notes are flexible to be invested in with a small minimum denomination ($50,000) and low transaction costs.
- Prices of NIP Notes may fall as well as rise.

What are the key terms of the upcoming Note Issue?

Stock code	4309
Series	S206
Issue Amount	HK$500 million
Retail tranche	HK$100 million
Recognized Dealers tranche	HK$400 million
Issue Date	13 April 2000
Maturity Date	15 April 2002
Coupon Rate	6.40% p.a., payable semi-annually
Annualised Yield	6.50% p.a. (at price = 100.00%)
Denomination	HK$50,000
Listing	The Stock Exchange of Hong Kong

Why has HKMC appointed an underwriter for the retail tranche?

- The HKMC has appointed Hongkong & Shanghai Bank as underwriter for the retail portion (HK$100 million) of the issue.
- With their rich underwriting experience and extensive private banking network, Hongkong and Shanghai Bank should be able to assist in promoting the NIP notes to retail investors.

What is the timetable for public subscription for the upcoming Note Issue?

Action Item	Date
Opening of retail application period	3 April 2000 (Monday)
Closing of retail application period	10 April 2000 (Monday)
Deadline for withdrawal of retail applications	11 April 2000 (Tuesday)
Tender date	12 April 2000 (Wednesday)
Listing and first trading date on SEHK	14 April 2000 (Friday)

How can retail investors apply for the upcoming Note Issue?

Retail investors may apply for the Notes by:

a) Application Form: or

b) Electronic Initial Public Offer method through brokers, banks or the Central Clearing and Settlement System ("CCASS").

The Hong Kong Securities Clearing Company Limited ("Hongkong Clearing") as a Recognized Dealer will act on behalf of retail investors to submit their applications (non-competitive tenders) to the HKMA.

Application by application form.

i) investors can obtain the Prospectus, the Supplemental Prospectus, and application form from the offices of Hongkong Clearing and the HKMC, and designated branches of Hang Seng Bank (the Receiving Bank) or can download copies from HKMC's website;

ii) completed application forms together with a cheque payable to "Hang Seng (Nominee) Limited - HKMC HK$20 Billion NIP" and crossed "Account Payee Only" for the application amount should be submitted to the designated branches of Hang Seng Bank before 12:00 noon on 10 April 2000.

Application by the Electronic IPO method.

i) retail investors may give their application instructions and make payment electronically through CCASS terminals of a stockbroker; or

ii) through a custodian bank which has an account with CCASS (see attached List I); or

iii) through CCASS directly - call the CCASS Phone System to enter your instructions on your touch-tone telephone (available to existing CCASS Investor Participants only).

iv) deadline for EIPO applications is 3:45 p.m. on 10 April 2000.

Tender results and allotments of Notes for the retail tranche will be announced on 13 April 2000 in the South China Morning Post and the Hong Kong Economic Journal.

The Notes are scripless and retail investors' interests in the Notes are recorded electronically in CCASS - therefore, retail investors must credit their Notes to their own CCASS Investor Accounts or their broker/bank's CCASS Participant Accounts. If Noteholders do not make prompt arrangements to have the Notes credited to an account at CCASS, Hongkong Clearing may sell the Notes and remit the proceeds to the Noteholders.

What price will retail investors pay for the HKMC NIP Notes?

Application Price: 100.00% of the principal amount of Notes applied for. The principal amount of Notes applied for must be a minimum of HK$50,000 or a whole multiple of HK$50,000. The maximum principal amount of Notes for a single application is HK$10 million.

Subscription Price: Average accepted price (AAP) of the successful bids made by the Recognized Dealers.

For example, Recognized Dealers bids accepted as follows:

	% of Principal Amount
HK$ 100 million	99.90
HK$ 150 million	99.85
HK$ 150 million	99.75
Average accepted price HK$ 400 million at	99.83
Retail tranche: Investors get Notes at $50,000 x 99.83% = $49,915	99.83

Difference in Application Price and Subscription Price:

i) refund respective monies if the Application Price (@100.00%) is larger than the Subscription Price (or AAP), or

ii) additional payment is required from successful applicants if Subscription Price (or AAP) is larger than the Application Price (@100.00%)

Hongkong Clearing may sell the Notes to recover the shortfall in application money if the additional payment is not made promptly.

What happens if the Notes are oversubscribed?

Retail investors will get full allotment if the total principal amount of the Notes under the retail applications is less than or equal to the principal amount of Notes allocated for the retail tranche.

If the retail tranche is oversubscribed, the Notes will be allotted by a pro-rata rounded down method, and if necessary, then followed by a ballot:

For example: If the allotment ratio = 50%

Principal Amount of Notes Applied for (HK$)	Principal Amount of Notes Allotted (HK$)
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 another 50,000

How can retail investors trade the NIP Notes in the secondary markets?

Exchange trade

- The new issue of Notes will be traded on SEHK under stock code 4309.
- The Notes will be traded in units of HK$100 in principal amount and each trading board lot of the Notes is 500 units (i.e. HK$50,000 in principal amount)
- Notes will be quoted on a price basis -- a percentage of principal amount.
- Minimum bid and ask spread: 0.05%.
- Settlement: Trade date + 2 business days (T+2)

Over-the-counter trade

- An investor should identify a market maker or go through an intermediary to trade the notes.

What will be the factors affecting the market price of NIP Notes and where can investors obtain information about the current yield level?

After the tender date, the price of the Notes 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 Notes through the SEHK's Teletext machine or banks/securities houses.

The following table shows the price vs yield for the upcoming Note Issue:

Issue Price	Annualised Yield at Issue
101.00	5.95%
100.80	6.06%
100.60	6.17%
100.40	6.28%
100.20	6.39%
100.00	6.50%
99.80	6.61%
99.60	6.72%
99.40	6.84%
99.20	6.95%
99.00	7.06%

What are the costs for initial subscription of NIP Notes?

- Brokerage Commission: 0.10% of the principal amount of the Notes applied for.
- Stamp Duty: not payable.
- Transaction Levy: not payable.

What are the transaction costs for secondary trading of NIP Notes on the SEHK?

- Brokerage Commission: the higher of $50 or 0.10% of the transaction amount of the Notes traded.
- Stamp Duty: not payable.
- Transaction Levy: 0.011% of the transaction amount of the Notes traded.

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

The Prospectus for the NIP and the Supplemental Prospectus for the Notes are available for collection at the following places:

i) The Hong Kong Mortgage Corporation Limited
ii) Hong Kong Securities Clearing Company Limited
iii) Hang Seng Bank - designated branches of the Receiving Bank

For further information:

HKMC Telephone hotline:	(852) 2536 0104
HKMC Website:	www.hkmc.com.hk
HKMC Email:	bonds@hkmc.com.hk

List I

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.
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