

\$200,000,000
Hong Kong Card Master Trust
 Floating Rate Asset Backed Certificates, Series 1994-1
Hong Kong Card Funding Corporation
 Seller
Manhattan Card Co. Limited
 Servicer

The Floating Rate Asset Backed Certificates, Series 1994-1 (the "Series 1994-1 Certificates"), offered hereby evidence undivided interests in certain assets of the Hong Kong Card Master Trust (the "Trust") formed pursuant to a Pooling and Servicing Agreement (the "Pooling Agreement") among Hong Kong Card Funding Corporation, as seller (the "Seller"), Manhattan Card Co. Limited, as servicer (the "Servicer"), and Bankers Trust Company, as trustee (the "Trustee"). The property of the Trust includes Hong Kong receivables generated from time to time in a portfolio of consumer revolving credit card accounts, collections thereon and certain other property as more fully described herein. The Seller may, from time to time, offer other series of Certificates that evidence undivided interests in the Trust which may have terms significantly different from the Series 1994-1 Certificates.

Interest will accrue on the Series 1994-1 Certificates at the rate of 0.25% per annum above LIBOR (as defined herein) (the "Certificate Rate"), provided that for the period from the Series Issuance Date to, but excluding November 15, 1994 interest will accrue at the rate of 5.3125% per annum. Interest with respect to the Series 1994-1 Certificates will be distributed on November 15, 1994, and on the 15th day of each month thereafter (or, if any such 15th day is not a business day, the next succeeding business day) (each a "Distribution Date"). Principal is scheduled to be distributed on each Distribution Date beginning with the June 1999 Distribution Date or earlier in certain circumstances described herein under "Description of the Series 1994-1 Certificates — Pay Out Events".

Full and timely payment of interest due on the Series 1994-1 Certificates on each Distribution Date and full payment of any principal of the Series 1994-1 Certificates remaining unpaid on the November 2001 Distribution Date (the "Final Maturity Date") will be unconditionally and irrevocably guaranteed pursuant to the terms of a financial guaranty insurance policy to be issued by Financial Security Assurance Inc.



Potential investors should consider, among other things, the risk factors set forth in "Special Considerations" herein. *(continued on next page)*

THE SERIES 1994-1 CERTIFICATES REPRESENT INTERESTS IN THE TRUST ONLY AND DO NOT REPRESENT INTERESTS IN OR OBLIGATIONS OF THE SELLER, THE SERVICER, THE CHASE MANHATTAN CORPORATION OR ANY AFFILIATE THEREOF. NEITHER THE SERIES 1994-1 CERTIFICATES NOR THE UNDERLYING ACCOUNTS OR RECEIVABLES OR ANY COLLECTIONS THEREON ARE INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public(1)	Underwriting Discount	Proceeds to the Seller(2)
Per Certificate	100.00%	0.30%	99.70%
Total	\$200,000,000	\$600,000	\$199,400,000

- (1) Plus accrued interest, if any, from the Series Issuance Date.
- (2) Before deducting expenses payable by the Seller, estimated to be \$879,466.

The Series 1994-1 Certificates are offered by the Underwriter when, as, and if issued to and accepted by the Underwriter and subject to its right to reject orders in whole or in part. It is expected that the Series 1994-1 Certificates will be delivered in book-entry form on or about November 2, 1994, through the facilities of The Depository Trust Company, Cedel, société anonyme and the Euroclear System.

The Series 1994-1 Certificates initially will be represented by certificates which will be registered in the name of Cede & Co., the nominee of The Depository Trust Company. The interests of holders of beneficial interests in the Series 1994-1 Certificates (the "Series 1994-1 Certificateholders") will be represented by book entries on the records of The Depository Trust Company and participating members thereof (including Cedel, société anonyme and the Euroclear System). Definitive Certificates will be available to Series 1994-1 Certificateholders only under the limited circumstances described herein under "Description of the Series 1994-1 Certificates — Definitive Certificates".

Chase Securities, Inc.

The date of this Prospectus is October 25, 1994

(continued from previous page)

There currently is no secondary market for the Series 1994-1 Certificates, and there is no assurance that one will develop or, if one does develop, that it will continue until the Series 1994-1 Certificates are paid in full.

All references to "\$" or "dollars" in this Prospectus are references to United States dollars and all references to "HK\$" are references to Hong Kong dollars. Unless otherwise indicated, the exchange rate used to translate Hong Kong dollars into United States dollars herein was the exchange rate in effect on August 31, 1994 which was U.S.\$1.00 = HK\$7.7276. These translations should not be construed as representations that the Hong Kong dollar amounts actually represent such United States dollar amounts or could be converted into United States dollars at the rate indicated or any other rate. Unless otherwise indicated, all references to "amounts" or "Amounts" are references to United States dollar amounts. Unless otherwise indicated, references to amounts of Principal Receivables in the Trust or amounts on deposit in the Collection Account, the Reserve Account or the Special Funding Account shall mean Hong Kong dollar amounts.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 1994-1 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Seller is a company incorporated in the Cayman Islands and certain of its officers and directors are not resident within the United States. All or a substantial portion of the assets of such officers and directors and the Seller, at any one time, are or may be located in jurisdictions outside the United States. Therefore, it ordinarily could be difficult for investors to effect service of process within the United States on any of these parties who reside outside the United States or to recover against them on judgments of United States courts predicated upon civil liability under the United States federal securities laws. Notwithstanding the foregoing, the Seller has irrevocably agreed that it may be served with process with respect to actions based on offers and sales of the Series 1994-1 Certificates made hereby in the United States by serving CT Corporation System, 1633 Broadway, New York, New York 10019, its United States agent appointed for that purpose. The Seller has been advised by Maples and Calder, its Cayman Islands counsel, that there is doubt as to whether the courts of the Cayman Islands would enforce (i) judgments of United States courts obtained in actions against such persons or the Seller predicated upon the civil liability provisions of the United States federal securities laws and (ii) original actions brought in the Cayman Islands against such persons or the Seller predicated solely upon United States federal securities laws. There is no treaty in effect between the United States and the Cayman Islands providing for such enforcement, and there are grounds upon which Cayman Islands courts may not enforce judgments of United States courts. Certain remedies available under the United States federal securities laws would not be allowed in Cayman Islands courts as contrary to that nation's public policy.

AVAILABLE INFORMATION

The Seller, as originator of the Trust, has filed a Registration Statement under the Securities Act of 1933, as amended (the "Act"), with the Securities and Exchange Commission (the "Commission") on behalf of the Trust with respect to the Series 1994-1 Certificates offered hereby. This Prospectus, which forms a part of the Registration Statement, omits certain information contained in such Registration Statement pursuant to the rules and regulations of the Commission. For further information, reference is made to the Registration Statement (including any amendments thereof and exhibits thereto) which are available for inspection without charge at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549; 7 World Trade Center, New York, New York 10048; and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material may be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

REPORTS TO CERTIFICATEHOLDERS

Unless and until Definitive Certificates are issued, monthly reports, which contain unaudited information concerning the Trust and are prepared by the Servicer, will be sent on behalf of the Trust to Cede & Co. ("Cede"), as nominee of The Depository Trust Company ("DTC") and registered holder of the Series 1994-1 Certificates offered hereby, pursuant to the Pooling Agreement. See "Description of the Series 1994-1 Certificates — Reports", "— Book Entry Registration" and "— Definitive Certificates". Such reports will not constitute financial statements prepared in accordance with generally accepted accounting principles. The Pooling Agreement will not require the sending of, and the Seller does not intend to send, any of its financial reports to registered holders of Certificates ("Certificateholders") or owners of beneficial interests in the Certificates ("Certificate Owners"). Copies of the monthly reports may be obtained free of charge from the Servicer upon written request to Manhattan Card Co. Limited, 256-257 Gloucester Road, Causeway Bay, Hong Kong, Attention: Company Secretary. The Servicer will file with the Commission such periodic reports with respect to the Trust as are required under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Commission thereunder.

PROSPECTUS SUMMARY

The following Prospectus Summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus. Reference is made to the Index of Defined Terms for the location herein of the definitions of certain capitalized terms.

Title of Securities	\$200,000,000 Floating Rate Asset Backed Certificates, Series 1994-1.
Initial Series 1994-1	
Invested Amount	\$200,000,000.
Certificate Rate	With respect to any Interest Period, a per annum rate equal to LIBOR for such Interest Period <i>plus</i> 0.25%, <i>provided</i> that for the first Interest Period the Certificate Rate shall be 5.3125% per annum.
Distribution Date	The distribution date for the Series 1994-1 Certificates is the 15th day of each month (or, if any such 15th day is not a business day, the next succeeding business day), commencing November 15, 1994.
Principal Commencement Date	The June 1999 Distribution Date.
Expected Final Payment Date	The January 2000 Distribution Date.
Final Maturity Date	The November 2001 Distribution Date.
Issuer	Hong Kong Card Master Trust (the "Trust"). The Trust, as a master trust, is expected to issue Series from time to time, however, only the Series 1994-1 Certificates are being offered pursuant to this Prospectus. Future Series, if any, will be offered in a separate offering pursuant to a separate prospectus or other disclosure documents. The assets of the Trust (the "Trust Assets") will include a portfolio of receivables (the "Receivables") arising under the Accounts included in the Trust from time to time, funds collected or to be collected from accountholders in respect of the Receivables, certain contract rights, monies on deposit in certain accounts of the Trust, the Swap Agreement for Series 1994-1 and any Series Enhancement with respect to a particular Series or Class. The term, "Series Enhancement" means, with respect to any Series or Class of Certificates, any Credit Enhancement, guaranteed rate agreement, maturity liquidity facility, tax protection agreement or other similar arrangement for the benefit of Certificateholders of such Series or Class. See "Prospectus Summary — Insurance Policy" and "The Insurance Policy" for discussion of the Series Enhancement provided for in the Series 1994-1 Certificates. The Trust Assets are expected to change over the life of the Trust as additional receivables in revolving credit card accounts and related assets are included in the Trust and as receivables in accounts subject to the Trust are charged-off or removed. See "The Trust" and "Description of the Series 1994-1 Certificates — Addition of Trust Assets", "— Removal of Accounts" and "— New Issuances".
Manhattan Card	Manhattan Card Co. Limited ("Manhattan Card"), a company incorporated in Hong Kong and an indirect majority-owned subsidiary of The Chase Manhattan Corporation, is the owner of the Accounts from which the Receivables arise.
Seller	Hong Kong Card Funding Corporation (the "Seller"), a company incorporated under the laws of the Cayman Islands and a wholly owned special purpose subsidiary of Manhattan Card, is the seller of the Receivables and originator of the Trust.

Trustee Bankers Trust Company (the "Trustee").

Servicer Manhattan Card Co. Limited.

The Accounts The Accounts will consist of the Initial Accounts and any Additional Accounts but will not include any Removed Accounts. The Seller will convey to the Trust all Receivables existing on the Series Cut-off Date in certain consumer revolving credit card accounts (the "Initial Accounts") identified as of August 31, 1994 (the "Trust Cut-Off Date") and all Receivables arising in the Initial Accounts from time to time thereafter until the termination of the Trust. Such Receivables will be purchased by the Seller from Manhattan Card pursuant to the Receivables Purchase Agreement as described below. Pursuant to the Pooling Agreement, the Seller expects (subject to certain limitations and conditions), and in some circumstances will be obligated, to convey to the Trust all Receivables in Additional Accounts, whether such Receivables are then existing or thereafter created. The addition to the Trust of Receivables in Additional Accounts (other than Automatic Additional Accounts) will be subject to certain conditions, among others, that (a) such addition will have satisfied the Rating Agency Condition and have been approved by the Certificate Insurer and (b) the Seller shall have delivered to the Trustee and certain providers of Series Enhancement (including the Certificate Insurer) a certificate of an authorized officer to the effect that, in the reasonable belief of the Seller, such addition will not, based on the facts known to such officer at the time of such certification, cause a Pay Out Event to occur with respect to any Series. See "Description of the Series 1994-1 Certificates — Addition of Trust Assets".

Pursuant to the Pooling Agreement, the Seller will have the right (subject to certain limitations and conditions) to remove the Receivables in certain Accounts owned by it from the Trust ("Removed Accounts"). See "Description of the Series 1994-1 Certificates — Removal of Accounts".

Receivables Purchase Agreement Manhattan Card and the Seller shall enter into a receivables purchase agreement dated as of November 1, 1994 (as amended and supplemented, from time to time, the "Receivables Purchase Agreement"). Pursuant to the Receivables Purchase Agreement, Manhattan Card will, on the Series Issuance Date and from time to time thereafter, sell to the Seller all of its right, title and interest in the Receivables arising in the Accounts whether such Receivables are then existing or thereafter created, and Manhattan Card is obligated to sell to the Seller the Receivables in Additional Accounts from time to time. In addition, Manhattan Card has assigned to the Seller its rights to Recoveries allocable to the Accounts. See "Description of the Receivables Purchase Agreement".

The Seller in turn will on the Series Issuance Date, and from time to time thereafter, as described above, transfer such Receivables to the Trust pursuant to the Pooling Agreement.

The Receivables The Receivables are billed in Hong Kong dollars and consist of all amounts owed by accountholders for purchased merchandise and services, annual membership fees and cash advances ("Principal Receivables") and all related periodic finance charges, cash advance fees, late charges and any other fees and charges (excluding annual membership fees) billed on the Accounts ("Finance Charge Receivables"). The amount of Receivables will fluctuate from day to day as new Receivables are generated or added to the Trust and as existing Receivables are collected, charged-off as uncollectible or otherwise adjusted.

The aggregate amount of Receivables in the Accounts as of August 31, 1994, was approximately \$254,720,000, of which approximately \$250,078,000 were Principal Receivables and approximately \$4,642,000 were Finance Charge Receivables (which amounts include overdue Principal Receivables and overdue Finance Charge Receivables). The amount of such Finance Charge Receivables will not affect the amount of the Series 1994-1 Certificateholders' Interest represented by the Series 1994-1 Certificates or the amount of the Seller's Interest, which are determined on the basis of the amount of Principal Receivables in the Trust.

The Series 1994-1

Certificates

The Series 1994-1 Certificates will be available for purchase in minimum denominations of \$1,000 and in integral multiples thereof, and will only be available in book-entry form except in certain limited circumstances as described herein under "Description of the Series 1994-1 Certificates — Definitive Certificates". A portion of the Trust Assets will be allocated among the interests of Certificateholders (the "Certificateholders' Interest") of each outstanding Series and the interest of the Seller (the "Seller's Interest"), as described below. A portion of the Certificateholders' Interest will be allocated to the Series 1994-1 Certificateholders (the "Series 1994-1 Certificateholders' Interest"). The aggregate principal amount of the Series 1994-1 Certificateholders' Interest will, except as otherwise provided herein, remain fixed at the aggregate initial principal amount of the Series 1994-1 Certificates. The Series 1994-1 Certificateholders' Interest will include the right to receive (but only to the extent needed to make required payments under the Pooling Agreement and the Supplement and subject to any reallocation of such amounts as described herein) varying percentages of collections of Finance Charge Receivables and Principal Receivables and will be allocated a varying percentage of the Defaulted Amount with respect to each Monthly Period.

The Series 1994-1 Certificates will evidence undivided interests in the Trust Assets allocated to the Series 1994-1 Certificateholders' Interest. The Series 1994-1 Certificates represent beneficial interests in the Trust only and do not represent interests in or obligations of the Seller, the Servicer, The Chase Manhattan Corporation or any affiliate thereof. Neither the Series 1994-1 Certificates nor the Accounts, the Receivables or any collections thereon are insured or guaranteed by the United States Federal Deposit Insurance Corporation (the "FDIC") or any other U.S., Cayman Islands or Hong Kong governmental agency or instrumentality.

The Seller's Interest

The Seller's Interest at any time represents the right to the Trust Assets in excess of the Certificateholders' Interest of all Series then outstanding. The principal amount of the Seller's Interest will fluctuate as the amount of the Principal Receivables held by the Trust changes from time to time. In addition, the Seller expects to cause the issuance of additional Series from time to time and any such issuance will have the effect of decreasing the Seller's Interest to the extent of the Invested Amount of such Series. See "Description of the Series 1994-1 Certificates — New Issuances". Subject to certain conditions, the Seller's Interest may be sold separately in a private transaction. See "Description of the Series 1994-1 Certificates — The Seller's Certificate".

The Pooling Agreement provides that the Seller will be required to make an Addition to the Trust in the event that the Seller's Participation Amount is less than the Required Seller's Participation Amount on the last business day of any Monthly Period. See "Description of the Series 1994-1 Certificates — Addition

of Trust Assets". The level of the Required Seller's Participation Amount, which may be reduced subject to certain conditions described under "Description of the Series 1994-1 Certificates — Removal of Accounts", is intended to enable the Seller's Interest to absorb fluctuations in the amount of Principal Receivables held by the Trust from time to time (due to, among other things, seasonal purchase and payment habits of accountholders or adjustments in the amount of Principal Receivables because of rebates, refunds, fraudulent charges or otherwise). See "Special Considerations — Payments and Maturity" and "Description of the Series 1994-1 Certificates — Defaulted Receivables; — Rebates, Adjustments and Fraudulent Charges".

Issuance of Additional Series

The Pooling Agreement authorizes the Trustee to issue two types of certificates: (a) one or more series (each, a "Series") of investor certificates (the "Certificates"), each of which may include one or more classes (each, a "Class") and (b) a certificate evidencing the Seller's Interest in the Trust, which initially is to be held by the Seller (the "Seller's Certificate"). The Pooling Agreement provides that, pursuant to any one or more supplements to the Pooling Agreement (each a "Supplement"), the Seller may cause the Trustee to issue one or more new Series and accordingly cause a reduction in the Seller's Interest represented by the Seller's Certificate. Under the Pooling Agreement, the Seller may define, with respect to any Series, the Principal Terms of such Series. See "Description of the Series 1994-1 Certificates — New Issuances". The Seller may offer any Series to the public or other investors under a prospectus or other disclosure document (a "Disclosure Document"), in transactions either registered under the Securities Act or exempt from registration thereunder, within or outside of the United States, directly or through one or more underwriters or placement agents, in fixed-price offerings or in negotiated transactions or otherwise. The Seller expects to offer, from time to time, additional Series issued by the Trust.

A new Series may only be issued upon satisfaction of certain conditions described herein under "Description of the Series 1994-1 Certificates — New Issuances" including, among others, that (a) such issuance will have satisfied the Rating Agency Condition and (b) the Seller shall have delivered to the Trustee and certain providers of Series Enhancement (including the Certificate Insurer) a certificate of an authorized officer to the effect that, in the reasonable belief of the Seller, such issuance will not, based on the facts known to such officer at the time of such certification, cause a Pay Out Event to occur with respect to any Series.

Collections

All collections of Receivables will be allocated by the Servicer between amounts collected on Principal Receivables and on Finance Charge Receivables. The Servicer will allocate between the Certificateholders' Interest of each Series and the Seller's Interest all amounts collected with respect to Finance Charge Receivables and Principal Receivables and the Defaulted Amount with respect to each day during each Monthly Period. Collections of Finance Charge Receivables and the Defaulted Amount will be allocated to each Series at all times based upon its Floating Allocation Percentage. Collections of Principal Receivables will be allocated to each Series at all times based upon its Principal Allocation Percentage.

Interest

Interest will accrue on the Series 1994-1 Invested Amount at the Certificate Rate. Except as otherwise provided herein, collections of Finance Charge Receivables and certain other amounts allocable to the Series 1994-1

Certificateholders' Interest will be used to make interest payments to the Series 1994-1 Certificateholders on each Distribution Date with respect thereto.

Principal The principal of the Series 1994-1 Certificates will be scheduled to be paid in installments commencing on the June 1999 Distribution Date (the "Principal Commencement Date"), as described below under "— Controlled Amortization Period". The payment of principal with respect to the Series 1994-1 Certificates may commence earlier than the Principal Commencement Date and the final principal payment with respect to the Series 1994-1 Certificates may be made later than the Expected Final Payment Date, if a Pay Out Event occurs with respect to the Series 1994-1 Certificates or under certain other circumstances described herein. See "Special Considerations — Payments and Maturity" for a description of factors that may affect the timing of principal payments on the Series 1994-1 Certificates.

Revolving Period The Series 1994-1 Certificates will have a revolving period (the "Revolving Period"), which will commence at the close of business on October 14, 1994 (the "Series Cut-Off Date") and continue until the earlier of (a) the commencement of the Early Amortization Period and (b) the close of business on the last business day in April 1999. During the revolving period with respect to any Series, collections of Principal Receivables and certain other amounts otherwise allocable to the Certificateholders' Interest of such Series will be treated as Shared Principal Collections and will be distributed to, or for the benefit of, the Certificateholders of other Series or the Seller. See "Special Considerations — Payments and Maturity" and "Description of the Series 1994-1 Certificates — Principal" and "— Shared Principal Collections" and see "— Pay Out Events" for a discussion of the events which might lead to the termination of the Revolving Period with respect to a Series prior to its scheduled ending date.

Controlled Amortization Period Unless an Early Amortization Period commences, the Series 1994-1 Certificates will have an amortization period (the "Controlled Amortization Period"), which will commence at the close of business on the last business day in April 1999 and continue until the earliest of (a) the commencement of the Early Amortization Period, (b) payment in full of the Series 1994-1 Invested Amount and (c) the Series 1994-1 Termination Date. During the Controlled Amortization Period, collections of Principal Receivables and certain other amounts allocable to the Series 1994-1 Certificateholders' Interest will be used on each Distribution Date to make principal distributions to the Series 1994-1 Certificateholders when due. The amount to be distributed to Series 1994-1 Certificateholders on any Distribution Date during the Controlled Amortization Period will be limited to an amount (the "Controlled Distribution Amount") equal to \$25,000,000 (the "Controlled Amortization Amount") plus any existing Deficit Controlled Amortization Amount arising from prior Distribution Dates.

Early Amortization Period During the period from the day on which a Pay Out Event has occurred to the date on which the Series 1994-1 Invested Amount has been paid in full or the Series 1994-1 Termination Date has occurred (the "Early Amortization Period"), collections of Principal Receivables and certain other amounts allocable to the Series 1994-1 Certificateholders' Interest (including Shared Principal Collections, if any, allocable to such Series) will be distributed as principal payments to the Series 1994-1 Certificateholders monthly on each Distribution Date. During the Early Amortization Period, distributions of principal to the Series 1994-1 Certificateholders will not be subject to any

Controlled Distribution Amount. See "Special Considerations — Payments and Maturity" and "Description of the Series 1994-1 Certificates — Pay Out Events" for a discussion of the events which might lead to the commencement of the Early Amortization Period.

Shared Principal Collections

To the extent that collections of Principal Receivables and certain other amounts that are allocated to the Certificateholders' Interest of any Series are not needed to make payments to the Certificateholders of such Series or required to be deposited in a Principal Funding Account for such Series, such collections will be applied to cover principal payments due to or for the benefit of Certificateholders of another Series. Any such reallocation will not result in a reduction in the Invested Amount of the Series to which such collections were initially allocated. See "Description of the Series 1994-1 Certificates — Shared Principal Collections".

Special Funding Account

If on any date the Seller's Participation Amount is less than or equal to the Required Seller's Participation Amount or the amount of Principal Receivables in the Trust is less than or equal to the Required Principal Balance, the Servicer shall not distribute to the Seller any Shared Principal Collections which otherwise would be distributed to the Seller, but shall deposit such funds in the Special Funding Account. Funds on deposit in the Special Funding Account will be withdrawn and paid to the Seller on any Distribution Date to the extent that, after giving effect to such payment, the Seller's Participation Amount exceeds the Required Seller's Participation Amount and the amount of Principal Receivables in the Trust exceeds the Required Principal Balance on such date; *provided, however*, that if an accumulation period, controlled amortization period or early amortization period commences with respect to any Series, any funds on deposit in the Special Funding Account will be released and treated as Shared Principal Collections to the extent needed to cover principal payments due to or for the benefit of such Series.

Insurance Policy

On the Series Issuance Date, a financial guaranty insurance policy (the "Insurance Policy") will be issued by Financial Security Assurance Inc. (the "Certificate Insurer") in favor of the Trustee for the benefit of the Series 1994-1 Certificateholders. Pursuant to the Insurance Policy, the Certificate Insurer will unconditionally and irrevocably guarantee the full and timely payment of interest due on the Series 1994-1 Certificates on each Distribution Date and full payment of any principal of the Series 1994-1 Certificates remaining unpaid on the Final Maturity Date. See "The Insurance Policy" for a description of the Insurance Policy and certain rights of the Certificate Insurer to pay the principal of Series 1994-1 Certificates prior to the Final Maturity Date.

Certificate Insurer

Financial Security Assurance Inc., a stock insurance company organized and existing under the laws of the State of New York. See "The Certificate Insurer".

Swap Agreement

On the Series Issuance Date, the Trustee will enter into an interest rate and currency swap agreement (the "Swap Agreement") with The Chase Manhattan Bank, N.A. (such bank, and any successor under the Swap Agreement being referred to as the "Swap Counterparty") pursuant to which the Trust will pay a portion of the Hong Kong dollar payments received by the Servicer with respect to the Receivables (the "Collections"), up to the amounts specified with respect to each Distribution Date in the Series 1994-1 Supplement, in Hong Kong dollars and will receive payments in U.S. dollars in amounts equal to required interest and principal payments on the Certificates and certain other amounts. In

the event of a shortfall in Collections required to be paid by the Trust, the Swap Agreement will not be terminated; however, the U.S. dollars to be received by the Trust will decrease proportionately. See "Special Considerations — Swap and Currency and Interest Rate Risk" and "Description of the Series 1994-1 Certificates — Swap Agreement" for a description of the Swap Agreement and termination events with respect thereto.

Sharing of Additional Finance Charges

The Series 1994-1 Certificates will be included in a group of Series ("Group One") expected to be issued by the Trust from time to time. Subject to certain limitations described under "Description of the Series 1994-1 Certificates — Sharing of Additional Finance Charges", Additional Finance Charges, if any, with respect to a Series included in Group One will be applied to cover any shortfalls with respect to amounts payable from collections of Finance Charge Receivables allocable to any other Series in Group One, *pro rata* based upon the Invested Amount with respect to each such other Series in Group One up to the amount of any shortfall with respect to such Series. See "Description of the Series 1994-1 Certificates — Sharing of Additional Finance Charges".

Series Cut-Off Date October 14, 1994.

Series Issuance Date ... On or about November 2, 1994.

Series Servicing Fee Percentage 2.0% per annum. See "Description of the Series 1994-1 Certificates — Servicing Compensation and Payment of Expenses".

Registration The Series 1994-1 Certificates initially will be represented by Certificates registered in the name of Cede, as nominee of DTC, and no purchaser of Series 1994-1 Certificates will be entitled to receive a definitive certificate except under certain limited circumstances. Series 1994-1 Certificateholders may elect to hold their Series 1994-1 Certificates through DTC (in the United States) or Cedel or Euroclear (outside the United States). See "Description of the Series 1994-1 Certificates — Book-Entry Registration" and "— Definitive Certificates".

Optional Repurchase ... On any day occurring on or after the day on which the Series 1994-1 Invested Amount is reduced to 5% or less of the initial Series 1994-1 Invested Amount, the Seller will have the option to repurchase the Series 1994-1 Certificateholders' Interest. The purchase price will be equal to the sum of the unpaid principal amount of the Series 1994-1 Certificates and accrued and unpaid interest on the Series 1994-1 Certificates through (a) if the day on which such repurchase occurs is a Distribution Date, the Distribution Date or (b) if the day on which such repurchase occurs is not a Distribution Date, the Distribution Date following such day. See "Description of the Series 1994-1 Certificates — Optional Termination; Final Payment of Principal".

Series Termination Date The November 2001 Distribution Date.

Servicing The Servicer will be responsible for servicing, managing and making collections on the Receivables. Subject to certain exceptions described under "Description of the Series 1994-1 Certificates — Deposits in Collection Account", the Servicer will deposit any collections on the Receivables in a Monthly Period into the Collection Account within two business days of the Date of Processing to the extent such collections are allocable to the Certificateholders' Interest of any Series and are required to be deposited into an account for the benefit of, or distributed to, the Certificateholders of any Series. On the earlier of (a) the second business day following the Date of Processing and (b) the day on which

the Servicer deposits any collections into the Collection Account, subject to certain exceptions described herein, the Servicer will pay to the Seller its allocable portion of any collections then held by the Servicer. The "Date of Processing" is the business day on which a record of any transaction is first recorded pursuant to the Servicer's data processing procedures. On the fifth business day preceding each Distribution Date (each, a "Determination Date"), the Servicer will calculate the amounts to be allocated to the Series 1994-1 Certificateholders and the Seller as described herein in respect of collections of Receivables received with respect to the preceding Monthly Period.

In certain limited circumstances, Manhattan Card may resign or be removed as Servicer, in which event either the Trustee or, so long as it meets certain eligibility standards set forth in the Pooling Agreement, a third-party servicer may be appointed as successor servicer. (Manhattan Card or any such successor servicer is referred to herein as the "Servicer".) The Chase Manhattan Bank, N.A. has agreed to serve as successor servicer (the "Back-Up Servicer") in the event that Manhattan Card is terminated as Servicer pursuant to the provisions of the Pooling Agreement. See "Description of the Series 1994-1 Certificates — Certain Matters Regarding the Servicer". Manhattan Card is permitted (subject to the consent of the Certificate Insurer) to delegate any of its duties as Servicer to any of its affiliates and to certain third-party service providers subject, in the case of a substantial delegation of its duties as Servicer to certain third-party service providers, to satisfaction of requirements set forth in the Pooling Agreement; *provided, however*, that any such delegation will not relieve the Servicer of its liability and responsibility with respect to such duties under the Pooling Agreement or any Supplement. The Servicer will receive servicing fees payable with respect to each Series offered hereby as servicing compensation from the Trust. See "Description of the Series 1994-1 Certificates — Servicing Compensation and Payment of Expenses".

**Mandatory
Reassignment and
Transfer of Certain
Receivables**

Pursuant to the Pooling Agreement, the Seller will make certain representations and warranties in the Pooling Agreement with respect to the Accounts and the Receivables transferred to the Trust. If the Seller breaches any such representation and warranty, under certain circumstances and subject to certain conditions described under "Description of the Series 1994-1 Certificates — Representations and Warranties", all Receivables with respect to the affected Account will be reassigned to the Seller. Manhattan Card will, in turn, be obligated to purchase such Receivables from the Seller pursuant to the Receivables Purchase Agreement. In addition, if the Seller breaches certain other representations and warranties described under "Description of the Series 1994-1 Certificates — Representations and Warranties", all the Receivables transferred by the Seller to the Trust may be assigned to the Seller, and further assigned by the Seller to Manhattan Card. See "Description of the Series 1994-1 Certificates — Representations and Warranties".

The Servicer will provide certain covenants in the Pooling Agreement in its capacity as a Servicer. If the Servicer breaches any such covenant with respect to any Receivable, subject to certain conditions described under "Description of the Series 1994-1 Certificates — Servicer Covenants", all Receivables with respect to the affected Account will be assigned to the Servicer. In the event of a transfer of servicing obligations to a successor servicer, such successor servicer, rather

than Manhattan Card, would be responsible for any subsequent failure to comply with the Servicer's covenants.

U.S. Taxation In the opinion of Special U.S. Tax Counsel for the Seller and the Trust, the Series 1994-1 Certificates offered hereby are properly characterized as debt for U.S. federal income tax purposes. Each Series 1994-1 Certificateholder, by acceptance of a Series 1994-1 Certificate, will agree to treat the Series 1994-1 Certificates as debt of the Seller for U.S. federal, state and local income and franchise tax purposes. See "Tax Matters — United States Federal Income Tax Considerations" for additional information concerning the application of U.S. federal income tax laws.

Hong Kong Taxation ... In the opinion of Special Hong Kong Tax Adviser for the Seller and the Trust, payment of interest on and principal of the Series 1994-1 Certificates will not be subject to taxation in Hong Kong and no withholding will be required on such payments to any Series 1994-1 Certificateholder. See "Tax Matters — Hong Kong Tax Considerations" for additional information concerning the application of Hong Kong tax laws including Hong Kong taxation of certain Trust amounts which are not the subject of off-setting deductions.

Cayman Islands Taxation In the opinion of Special Cayman Islands Tax Counsel for the Seller and the Trust, payment of interest on and principal of the Series 1994-1 Certificates will not be subject to taxation in the Cayman Islands and no withholding will be required in the Cayman Islands on such payments to any Series 1994-1 Certificateholder. See "Tax Matters — Cayman Islands Tax Consequences" for additional information concerning taxation in the Cayman Islands.

ERISA Eligibility The Series 1994-1 Certificates may not be purchased by any Benefit Plan (as defined herein), including any individual retirement account. By purchasing, holding or acquiring any interest in a Series 1994-1 Certificate, the Series 1994-1 Certificateholder, or the beneficial owner thereof, shall be deemed to have represented and warranted that it is not a Benefit Plan and is not purchasing the Series 1994-1 Certificate, or the interest therein, on behalf of a Benefit Plan. See "ERISA Considerations".

Ratings It is a condition to the issuance of the Series 1994-1 Certificates that they be rated in the highest rating category by Moody's and Standard & Poor's. The rating of the Series 1994-1 Certificates will be based, among other things, on the issuance of the Insurance Policy by the Certificate Insurer. There is no assurance that the rating initially assigned to the Series 1994-1 Certificates will not subsequently be lowered or withdrawn by such rating agencies. See "Special Considerations — Limited Nature of Rating".

THE ACCOUNTS

General

The Receivables arise in certain Eligible Accounts (the "Trust Portfolio") selected on a random basis by Manhattan Card from the Eligible Accounts in the Manhattan Card Portfolio.

The Seller will transfer to the Trust all Receivables existing in each Account on the date of transfer to the Trust and all Receivables generated in such Accounts after such date. All monthly calculations with respect to such Accounts are computed based on activity occurring during a calendar month (each a "Monthly Period"). Pursuant to the Receivables Purchase Agreement, Manhattan Card has the right, and in certain cases the obligation (subject to certain limitations and conditions described below), to designate from time to time additional qualifying VISA or MasterCard consumer revolving credit card accounts owned by Manhattan Card to be included as Accounts and to convey to the Seller and, in turn, the Trust all Receivables in such Additional Accounts, whether such Receivables are then existing or thereafter created. These Accounts must be Eligible Accounts as of the date Manhattan Card designates such accounts as Additional Accounts. In addition, as of the Trust Cut-Off Date (or as of the addition date) and on the date any new Receivables are created, Manhattan Card will represent to the Seller and the Seller will represent and warrant to the Trust that each of the Receivables in any Account or Additional Account owned by Manhattan Card which is conveyed to the Trust on such day meets the eligibility requirements specified in the Pooling Agreement. See "Description of the Series 1994-1 Certificates — Representations and Warranties". However, there can be no assurance that all the Accounts will continue to meet the applicable eligibility requirements throughout the life of the Trust.

Subject to the limitations and restrictions described herein under "Description of the Series 1994-1 Certificates — Removal of Accounts", the Seller may also designate certain Accounts, the Receivables of which will be removed from the Trust. In such case, the Receivables in the Removed Accounts will be assigned to the Seller and in turn assigned to Manhattan Card. Such removal could occur for a number of reasons including, among others, a determination by the Seller that the Trust contains more Receivables than the Seller is obligated to retain in the Trust under the Pooling Agreement and any applicable Supplements and a determination by the Seller that it does not desire to obtain additional financing through the Trust at such time. Throughout the term of the Trust, the Trust Portfolio will consist of the Initial Accounts and any Additional Accounts, less any Removed Accounts.

Additional Accounts may not necessarily be accounts of the same type previously included in the Trust. Therefore there can be no assurance that such Additional Accounts will be of the same credit quality as the Initial Accounts or the Additional Accounts, the Receivables of which have been conveyed previously to the Trust. Moreover, Additional Accounts may contain Receivables which consist of fees, charges and amounts which are different from the fees, charges and amounts described below. Such Additional Accounts may also be subject to different credit limits, balances and ages. Consequently, there can be no assurance that the Accounts will continue to have the characteristics described herein as Additional Accounts are added. In addition, the inclusion in the Trust of Additional Accounts with lower periodic finance charges may have the effect of reducing the Portfolio Yield.

Billing and Payments

For purposes of administrative convenience, the VISA and MasterCard credit card accounts of Manhattan Card are generally grouped into a maximum of 28 billing cycles ending on various days throughout each month (each, a "Billing Cycle"). Each Billing Cycle has its own monthly billing date, at which time the activity in the related accounts during the month ending on such billing date is processed and billed to account holders. The Accounts include VISA and MasterCard credit card accounts in Billing Cycles ending at the close of business on various days throughout each month.

Monthly billing statements are sent by Manhattan Card to accountholders with either a debit or credit balance of at least HK\$10 at the end of the Billing Cycle or when there were any payments reducing the

balance or when a finance charge has been imposed. Generally, each month, account holders must make at least a minimum payment equal to 4% of the statement balance plus any past due or over limit amount.

The monthly periodic finance charges assessed on cash advances are calculated by multiplying the daily accrued cash advance balance by the applicable monthly periodic rate. Monthly periodic finance charges are calculated on cash advances from the date of the cash advance transaction. The monthly periodic finance charges assessed on purchases are calculated by multiplying the daily accrued purchase balance by the applicable monthly periodic rate. Monthly periodic finance charges are calculated on purchases (including annual fees) from the date of the purchase (or, with respect to annual fees, the date on which such fee is incurred). Monthly periodic finance charges are not assessed in most circumstances on purchases if the new balance shown in the related billing statement is paid by the next statement closing date, or if the previous balance is zero. The next statement closing date is on average 30 days after the billing date. The current fixed monthly percentage rates for purchases and cash advances are 2% for VISA and 2.5% for MasterCard.

Manhattan Card generally assesses an annual membership fee of HK\$216 for Classic VISA and MasterCard accounts and HK\$480 for Gold VISA and Gold MasterCard accounts which, in most cases, is non-refundable. Manhattan Card may waive the annual membership fee, or a portion thereof, in connection with certain solicitations or in certain other cases. Some of the accounts may be subject to certain additional fees, including: (i) a late fee, generally in an amount equal to 5% of the minimum payment, subject to a minimum of HK\$5 and maximum of HK\$50, with respect to any monthly payment if the required minimum monthly payment is not received by the payment due date shown on the monthly billing statement; (ii) a cash advance fee of 3% of the amount of the advance subject to a minimum fee of HK\$30 per transaction; and (iii) a returned check charge, generally in the amount of HK\$25. Subject to the requirements of applicable laws, Manhattan Card may change certain of these fees and rates at any time by written notice to cardholders. Any change which would result in an increase in the rate of finance charges, or other fees, or impose a fee not set forth in the cardholder agreement, generally becomes effective upon obtaining the cardholder's consent or deemed consent.

Payments on Manhattan Card's accounts are generally applied in the following order: (i) interest billed and not paid on cash advances; (ii) interest billed and not paid on purchases; (iii) service charges on cash advances billed and not paid; (iv) service charges on purchases billed and not paid; (v) past due and overlimit fees on purchases; (vi) insurance fees billed and not paid; (vii) membership fees billed and not paid; (viii) cash advance statement balance; (ix) purchases statement balance; (x) cash advance balance for current month; and (xi) purchase balance for current month.

Fraud

Manhattan Card has taken several measures to combat the fraudulent use of credit cards. Manhattan Card participates with VISA and MasterCard to combat credit card fraud and regularly liaises with law enforcement authorities. Manhattan Card is also insured by VISA and MasterCard for certain losses due to fraud. Premiums paid to VISA and MasterCard are calculated as a percentage of actual historical fraud losses.

All of the credit cards issued by Manhattan Card are specially coded to make it difficult to create a counterfeit card without having possession of the original card. Credit line usage on newly issued Classic VISA and MasterCard cards is restricted until a card member acknowledges receipt by telephone and quotes an identification code. The full credit line on the card is only activated following this verification process. In the event of losses due to fraud, the Servicer may adjust downward the amount of any Principal Receivable. See "Description of the Series 1994-1 Certificates — Rebates, Adjustments and Fraudulent Charges".

Collections

An account is initially considered delinquent if the minimum monthly payment indicated on the account holder's statement is not received on or before the payment due date (within 30 days after the billing date relating to such minimum payment). Contact is made with each card member whose account is overdue for payment. Depending on the risk classification of the account, the account holder is contacted either as soon as the account is one day delinquent, following seven days delinquency, or following 15 days delinquency. The

content of collection letters is modified depending on the stage of delinquency of the account and the risk classification of the account.

Collection representatives have access to detailed information which supports their telephone contact efforts. Calls by collection representatives are made either once or twice during a billing cycle depending on the risk classification and length of delinquency of the account. Manhattan Card uses a computerized system for collection which automatically sorts accounts with the objective of identifying the highest risk accounts for contact first. A computerized dialing system automatically calls the relevant account holders in order of priority and, when contact is made, refers the call to an available collection representative. The computer then displays the customer's account details and credit information on the collection representative's screen. The installation of the computerized dialing system was completed in July 1993. Card members with overdue accounts are regularly pursued at each stage of delinquency through automated reminders and collection calls. Further credit is automatically denied for any accounts which are 15 or more days delinquent. Accounts which are 60 days delinquent are automatically closed.

The current policy of Manhattan Card is to charge off, as a loan loss, the principal portion of the receivables balance for both purchases and cash advances on the 180th day of delinquency (210 days after the statement date). Charge-offs may occur earlier in some circumstances, as in the case of bankrupt or deceased account holders. Most charged off accounts are placed with, and in some cases may be transferred to one of the five collection agencies appointed by Manhattan Card.

There can be no assurance that annual percentage rates, fees and other charges will remain at current levels in the future. See "Special Considerations — The Ability of Manhattan Card to Change Terms of the Accounts" and "— Competition in the Credit Card Industry".

MATURITY CONSIDERATIONS

The Pooling Agreement and the Series 1994-1 Supplement provide that monthly principal payments will be made to the Series 1994-1 Certificateholders commencing on the Principal Commencement Date or earlier in the event of a Pay Out Event which results in the commencement of an Early Amortization Period.

On each Distribution Date with respect to the Controlled Amortization Period, commencing with the June 1999 Distribution Date, Available Principal Collections in an amount up to the Controlled Distribution Amount with respect to such Distribution Date will be distributed to the Series 1994-1 Certificateholders (as described under "Description of the Series 1994-1 Certificates — Application of Collections — Payments of Principal"), until the Series 1994-1 Invested Amount is paid in full. Although it is anticipated, based upon historical Manhattan Card payment rates as set forth below, that Available Principal Collections with respect to each Monthly Period during the Controlled Amortization Period will be sufficient to fund the payment of the Controlled Amortization Amount to the Series 1994-1 Certificateholders on the related Distribution Date, no assurance can be given in that regard.

The Seller cannot predict, and no assurance can be given, as to the accountholder monthly payment rates that will actually occur in any future period or as to whether the terms of any subsequently issued Series might have an impact on the amount or timing of any payments to Series 1994-1 Certificateholders. In particular, the occurrence of an early amortization event with respect to an Excluded Series could impact the amount and timing of principal payments to the Series 1994-1 Certificateholders if such event occurred during the Controlled Amortization Period or, if applicable, the Early Amortization Period. See "Special Considerations — Payments and Maturity" and "Description of the Series 1994-1 Certificates — Shared Principal Collections".

Should a Pay Out Event occur with respect to the Series 1994-1 Certificates and the Early Amortization Period commence or should the Series 1994-1 Invested Amount not be paid in full on the January 2000 Distribution Date, the Series 1994-1 Certificateholders will be entitled to receive Available Principal Collections on each Distribution Date with respect to such Early Amortization Period or following the January 2000 Distribution Date, as the case may be, until the Series 1994-1 Invested Amount is paid in full or

until the Series Termination Date occurs. See "Description of the Series 1994-1 Certificates — Pay Out Events" and "— Representations and Warranties".

The following table sets forth the highest and lowest accountholder monthly payment rates for the Manhattan Card Portfolio during any month in the period shown and the average accountholder monthly payment rates for all months during the periods shown, in each case calculated as a percentage of total opening monthly account balances during the applicable months. Payments shown in the table are comprised of amounts which would be deemed payments of Principal Receivables and Finance Charge Receivables with respect to the Accounts.

**ACCOUNTHOLDER MONTHLY PAYMENT RATES
MANHATTAN CARD PORTFOLIO**

	Eight Months Ended August 31, 1994	Year Ended December 31,		
		1993	1992	1991
Lowest	18.78%	19.51%	20.53%	21.58%
Highest	23.39%	23.78%	23.15%	27.56%
Monthly Average	20.54%	21.23%	22.37%	24.56%

The amount of outstanding Receivables and the rates of payments, delinquencies, charge-offs and new borrowings on the Accounts depend upon a variety of factors, including seasonal variations, the availability of other sources of credit, legal factors, general economic conditions and consumer spending and borrowing patterns. There can be no assurance that collections of Principal Receivables with respect to the Accounts, and thus the rate at which Series 1994-1 Certificateholders could expect to receive payments of principal on their Series 1994-1 Certificates during the Controlled Amortization Period or Early Amortization Period, will be similar to the historical experience set forth above. In addition, the Trust, as a master trust, may issue additional Series from time to time, and there can be no assurance that the terms of any such Series might not have an impact on the timing or amount of payment received by a Series 1994-1 Certificateholder. Further, if a Pay Out Event occurs with respect to the Series 1994-1 Certificates, the average life and maturity of the Series 1994-1 Certificates could be significantly reduced. As a result, there can be no assurance that the actual number of months elapsed from the date of issuance of the Series 1994-1 Certificates to the final Distribution Date with respect to the Series 1994-1 Certificates will equal the expected number of months. See "Special Considerations — Payments and Maturity".

MANHATTAN CARD PORTFOLIO

General

Set forth below is certain information with respect to the Manhattan Card Portfolio. See "Manhattan Card's Credit Card Business". There can be no assurance that the yield, loss and delinquency experience with respect to the Receivables will be comparable to that set forth below with respect to the entire Manhattan Card Portfolio. The exchange rate used to translate Hong Kong dollars into United States dollars in each of the tables set forth below with respect to the Manhattan Card Portfolio was the exchange rate in effect during each period shown in each such table.

Revenue Experience

Gross revenues from monthly periodic charges and fees billed to accountholders on accounts contained in the Manhattan Card Portfolio for the eight months ended August 31, 1994 and each of the three years ended December 31, 1993, 1992, and 1991 are set forth in the following table. Revenue from the Receivables will depend on the types of fees and charges assessed on the Accounts, and could be adversely affected by future changes made by Manhattan Card in such fees and charges or by other factors. See "Special Considerations — Certain Legal Aspects" and "— The Ability of Manhattan Card to Change Terms of the Accounts" and "The Accounts — Billing and Payments".

**REVENUE EXPERIENCE
MANHATTAN CARD PORTFOLIO**

(Dollars in Thousands)

	Eight Months Ended August 31, 1994	Year Ended December 31,		
		1993	1992	1991
Average Receivables Outstanding(1)	\$281,063	\$226,829	\$184,951	\$133,129
Finance Charges and Fee Income(2)	\$ 47,253	\$ 57,717	\$ 47,438	\$ 33,545
Average Revenue Yield(3) (4)	25.25%	25.44%	25.65%	25.20%

- (1) Average Receivables Outstanding is the average of the daily receivable balance on each day during the periods indicated.
- (2) Finance Charges and Fee Income does not include annual membership fee and interchange commission received (such are not to be included as Finance Charges).
- (3) Average Revenue Yield is the result of dividing Finance Charges and Fee Income by Average Receivables Outstanding during the periods indicated.
- (4) The percentage for the Year to Date figure for 1994 is an annualized figure.

Loss and Delinquency Experience

The following tables set forth the delinquency and loss experience with respect to payments by accountholders on the Manhattan Card Portfolio for each of the periods shown. There can be no assurance, however, that the loss and delinquency experience for the Receivables will be similar to the historical experience for the Manhattan Card Portfolio set forth below.

**DELINQUENCY EXPERIENCE
MANHATTAN CARD PORTFOLIO**

(Dollars in Thousands)

Number of Days Delinquent(1)	As of August 31, 1994		As of December 31,					
	Delinquent Amount	Percentage(2)	1993		1992		1991	
			Delinquent Amount	Percentage(2)	Delinquent Amount	Percentage(2)	Delinquent Amount	Percentage(2)
31-60 days	\$3,075	1.00%	\$2,751	1.04%	\$3,244	1.56%	\$2,599	1.60%
61-90 days	1,547	0.50%	1,150	0.43%	1,265	0.61%	1,225	0.75%
91 days or more	2,179	0.70%	1,899	0.72%	2,408	1.16%	2,665	1.64%
Total	\$6,801	2.20%	\$5,800	2.19%	\$6,917	3.33%	\$6,489	3.99%

- (1) Delinquent is defined as not having made a required payment 30 days after statement date or one day after the payment due date.
- (2) The percentages are the result of dividing the Delinquent Amount by the Receivables outstanding at the dates indicated. The Receivables outstanding as of August 31, 1994 and as of December 31, 1993, 1992 and 1991, were \$308,502, \$265,000, \$207,543 and \$162,558, respectively.

**LOSS EXPERIENCE
MANHATTAN CARD PORTFOLIO**

(Dollars in Thousands)

	Eight Months Ended August 31, 1994	Year Ended December 31,		
		1993	1992	1991
Average Receivables Outstanding(1)	\$281,063	\$226,829	\$184,951	\$133,129
Gross Charge-offs:(2) (3)				
Amount	\$ 2,840	\$ 3,828	\$ 6,045	\$ 4,532
Recoveries	\$ 1,455	\$ 2,138	\$ 1,817	\$ 953
Net Charge-offs as a Percentage of Average Receivables Outstanding(4) (5)	0.74%	0.75%	2.29%	2.69%

- (1) Average Receivables Outstanding is the average of the daily receivable balance on each day during the periods indicated.
- (2) Gross charge-offs are calculated before recoveries and do not include the amount of any reductions in Average Receivables Outstanding due to fraud, returned goods or customer disputes.
- (3) The gross charge-off amounts shown for the calendar years of 1991 and 1992 include charge-offs of finance charges. The gross charge-off amounts shown for calendar year 1993 and the Year to Date figure for 1994 include only the principal portion of charged-off receivables.
- (4) Gross charge-offs less the total amount of recoveries on previously charged-off accounts expressed as a percentage of Average Receivables Outstanding.
- (5) The percentage for the Year to Date figure for 1994 is an annualized figure.

Industry experience in the United States has shown that losses for a group of newly established accounts are low initially due to the lack of time for the accounts to be charged off. For a period thereafter, losses increase relatively rapidly as weaker accountholders are charged off. Losses then tend to increase at a lower rate and finally to peak and moderate as the group of accounts becomes seasoned. Receivables from the most seasoned group of accounts in the Manhattan Card Portfolio have generally followed this pattern. Account groups established subsequent to that group have tracked closely to the loss experience of the most seasoned group of accounts. Losses are also affected by other factors, including industry conditions and general economic and social conditions.

The growth of the Manhattan Card Portfolio from approximately \$162,600,000 as of December 31, 1991, to over \$308,500,000 as of August 31, 1994 has had the effect of lowering the charge-off and delinquency rates for the entire portfolio from what they otherwise would have been. However, as the proportion of new accounts to seasoned accounts in the Manhattan Card Portfolio becomes smaller, this effect should be lessened. As the Manhattan Card Portfolio seasons and new account origination slows, it is expected that the charge-off rate will increase over time.

COMPOSITION OF THE ACCOUNTS

The Receivables in the Accounts as of August 31, 1994, included approximately \$4,642,000 of Finance Charge Receivables and approximately \$250,078,000 of Principal Receivables (which amounts include overdue Finance Charge Receivables and overdue Principal Receivables). As of August 31, 1994, there were 281,352 Accounts. The Accounts had an average total Principal Receivable balance of \$943 and an average credit limit of \$1,997. The average total Principal Receivable balance in the Accounts as a percentage of the average credit limit with respect to the Accounts was approximately 47%.

The Accounts have been selected on a random basis from the accounts in the Manhattan Card Portfolio which met the requirements for Eligible Accounts as of the Cut-Off Date.

The following tables summarize the Accounts by various criteria as of August 31, 1994. References to "Receivables Outstanding" in the following tables include both Finance Charge Receivables and Principal Receivables.

COMPOSITION OF THE ACCOUNTS BY ACCOUNT BALANCE

(Dollars in Thousands)

<u>Account Balance</u>	<u>As of August 31, 1994</u>			
	<u>Number of Accounts</u>	<u>Percentage of Total Number of Accounts</u>	<u>Receivables Outstanding</u>	<u>Percentage of Total Receivables Outstanding</u>
Credit Balance(1)	6,739	2.40%	\$ (360)	(0.14)%
No Balance(2)	8,980	3.19	0	0.00
\$0.01 to \$499.99	95,032	33.78	15,375	6.04
\$500.00 to \$999.99	61,231	21.76	46,754	18.36
\$1,000.00 to \$1,499.99	59,484	21.14	72,944	28.64
\$1,500.00 to \$2,999.99	40,856	14.52	80,372	31.55
\$3,000.00 to \$4,499.99	6,112	2.17	21,527	8.45
\$4,500.00 to \$5,999.99	1,720	0.61	8,828	3.46
\$6,000.00 to \$7,499.99	740	0.26	4,842	1.90
\$7,500.00 to \$8,999.99	239	0.09	1,960	0.77
\$9,000.00 to \$10,499.99	127	0.05	1,228	0.48
\$10,500.00 and above	92	0.03	1,250	0.49
Total	<u>281,352</u>	<u>100.00%</u>	<u>\$254,720</u>	<u>100.00%</u>

- (1) Credit balances are a result of accountholder payments and credit adjustments applied in excess of a consumer revolving credit card account's unpaid balance. Consumer revolving credit card accounts with a credit balance are included, as Receivables may be generated with respect thereto in the future.
- (2) Consumer revolving credit card accounts with no balance are included, as Receivables may be generated with respect thereto in the future.

COMPOSITION OF THE ACCOUNTS BY CREDIT LIMIT

(Dollars in Thousands)

<u>Credit Limit</u>	As of August 31, 1994			
	<u>Number of Accounts</u>	<u>Percentage of Total Number of Accounts</u>	<u>Receivables Outstanding</u>	<u>Percentage of Total Receivables Outstanding</u>
\$0.01 to \$499.99	39	0.01%	\$ 8	0.00%
\$500.00 to \$999.99	30,188	10.73	18,327	7.19
\$1,000.00 to \$1,499.99	93,944	33.39	69,305	27.21
\$1,500.00 to \$2,999.99	119,883	42.61	106,449	41.79
\$3,000.00 to \$4,499.99	21,182	7.53	29,678	11.65
\$4,500.00 to \$5,999.99	8,334	3.03	13,599	5.34
\$6,000.00 to \$7,499.99	3,863	1.38	7,886	3.10
\$7,500.00 to \$8,999.99	1,277	0.45	2,817	1.11
\$9,000.00 to \$10,499.99	1,750	0.62	4,550	1.79
\$10,500.00 and above	692	0.25	2,101	0.82
Total	<u>281,352</u>	<u>100.00%</u>	<u>\$254,720</u>	<u>100.00%</u>

COMPOSITION OF THE ACCOUNTS BY PAYMENT STATUS

(Dollars in Thousands)

<u>Payment Status</u>	As of August 31, 1994			
	<u>Number of Accounts</u>	<u>Percentage of Total Number of Accounts</u>	<u>Receivables Outstanding</u>	<u>Percentage of Total Receivables Outstanding</u>
Current(1)	280,051	99.54%	\$253,182	99.40%
31 to 60 Days Delinquent(2)	1,301	0.46	1,538	0.60
61 to 90 Days Delinquent(2)	—	—	—	—
91 Days Delinquent or more(2)	—	—	—	—
Total	<u>281,352</u>	<u>100.00%</u>	<u>\$254,720</u>	<u>100.00%</u>

(1) Includes consumer revolving credit card accounts that are delinquent up to 30 days.

(2) Delinquent is defined as not having made a required payment 30 days after the statement date or one day after the payment due date.

COMPOSITION OF THE ACCOUNTS BY ACCOUNT AGE

(Dollars in Thousands)

Age	As of August 31, 1994			
	Number of Accounts	Percentage of Total Number of Accounts	Receivables Outstanding	Percentage of Total Receivables Outstanding
0 to 6 months	31,411	11.16%	\$ 24,660	9.68%
Over 6 to 12 months	28,658	10.18	30,180	11.85
Over 12 to 24 months	58,017	20.62	52,180	20.49
Over 24 to 36 months	46,103	16.39	37,566	14.75
Over 36 to 48 months	57,439	20.42	56,705	22.26
Over 48 months	59,724	21.23	53,429	20.97
Total	<u>281,352</u>	<u>100.00%</u>	<u>\$254,720</u>	<u>100.00%</u>

THE SELLER

The Seller, Hong Kong Card Funding Corporation, was incorporated under the laws of the Cayman Islands on March 21, 1994 and is a wholly owned special purpose subsidiary of Manhattan Card. The Seller was organized for the limited purpose of engaging in the type of transaction described herein and any activities incidental to and necessary or convenient for the accomplishment of such purposes. The Seller does not and is not expected to have any material capital assets other than its interest in the Trust. The Seller has its registered office located c/o Maples and Calder, P.O. Box 309, Grand Cayman, Cayman Islands, British West Indies (telephone 809-949-8066).

MANHATTAN CARD

Relationship Between Manhattan Card and Chase

Manhattan Card is a subsidiary of The Chase Manhattan Overseas Banking Corporation ("CMOBC") which is a subsidiary of The Chase Manhattan Bank, N.A., which, in turn, is a subsidiary of The Chase Manhattan Corporation. The Chase Manhattan Corporation, together with its subsidiaries and affiliates, is a global financial institution with extensive experience in the credit card business. Manhattan Card's association with The Chase Manhattan Corporation and Manhattan Card's services and license agreements with Chase provide Manhattan Card with use of the Chase name, and access to expertise in the areas of systems, technology, marketing, credit risk management and administration.

Manhattan Card's relationship with Chase is subject to a License Agreement and a Services Agreement, the terms of which are summarized below. Additionally, pursuant to a Deed of Undertaking dated June 9, 1993, Chase has agreed with Manhattan Card that it will not compete in the credit card business in Hong Kong and China for a period of five years commencing June 4, 1993.

Name License Agreement

The License Agreement (the "License Agreement"), dated June 4, 1993, between Chase and Manhattan Card, authorizes Manhattan Card to use the Chase name and logo for Manhattan Card's four credit cards. The consideration for this license is the promise of Manhattan Card to pay a nominal consideration of HK\$2. The initial term of the License Agreement is three years and the agreement will continue thereafter (without further consideration due to Chase) subject to termination by notice. The License Agreement is terminable by not less than one year's notice, given by either party, to expire on or after the third anniversary of the date of such Agreement provided that no such notice shall be given by Chase as long as Manhattan Card is a subsidiary of Chase.

Services Agreement

The Services Agreement (the "Services Agreement"), dated June 4, 1993, between Chase and Manhattan Card, governs the provision of support services provided to Manhattan Card by Chase and services provided by Manhattan Card to Chase. Both Chase and Manhattan Card charge one another for the services they provide on a cost-plus basis. Costs are allocated based on the share of services provided plus a 5% mark-up. The charges are subject to independent review by a public accounting firm in the event of disagreement between Manhattan Card and Chase. The initial term of the Services Agreement is three years. The Services Agreement is terminable by not less than one year's notice, given by either party, to expire on or after the third anniversary of the date of such Agreement and otherwise upon an event giving rise to a breach or which is treated as entitling a party to terminate such agreement.

The services provided by Chase to Manhattan Card include the following:

(i) *Computer Systems and Data Processing Services*. These services include electronic data processing, systems maintenance, repair, and, in certain cases, system and hardware upgrades as required by Manhattan Card. Manhattan Card's application software system, CARDPAC, is run on Chase's computer system in Hong Kong.

(ii) *Bank Operational Services*. The nine branches of Chase in Hong Kong provide the following services to Manhattan Card: accepting card payments, effecting transfers of funds, processing of cash advances, dealing with reports of card thefts or losses, attending to card members' inquiries and complaints, and distribution and display of promotional materials for card products in connection with the promotional programs of Manhattan Card. Card members may use Chase's ATM machines in Hong Kong to make card payments, effect fund transfers and obtain cash advances.

(iii) *Office Administration Services*. Manhattan Card may use certain of Chase's central administration services and facilities in Hong Kong such as meeting rooms and library, property management and security arrangements, procurement of office equipment and supplies, inventory control, internal and external mail collection, and delivery and distribution services.

(iv) *Management Consultancy Services*. The services to be provided by Chase cover three main areas: management consultancy services which relate to the provision of general advice for the rationalization and organization of Manhattan Card's management and business operations; product and production risk management services which relate to the provision of advice on the operating procedures and structure of Manhattan Card; and management information services which relate to the provision of electronic data processing and information services for the preparation of management reports.

(v) *Human Resources Support Services*. These services include administrative support relating to staff recruitment, establishment and maintenance of employee pension schemes and other benefit programs, payroll services, and staff training and development programs.

(vi) *Credit Risk Management Services*. Chase provides advisory services in relation to credit policies and credit risk management. For this purpose Chase will provide recommendations for development of credit policy for new card products and recommendations for development of credit risk management strategy for acquisition of new customers and retention of existing customers. Chase will also conduct an annual card portfolio quality and credit policy review to identify areas for improvement.

The services provided by Manhattan Card to Chase include the following:

Customer Service Center and other Operational Support Services. The customer service center operated by Manhattan Card has historically provided certain services for Chase in Hong Kong which are independent of the credit card business. Manhattan Card continues to perform these services on Chase's behalf on a cost-plus basis. These services primarily relate to telephone answering services and other customer support services such as attending to general customer inquiries, effecting account transfers, handling reports of ATM card thefts or losses and dealing with requests for redemption of promotional items sponsored by Chase in Hong Kong.