



**The Government of the Hong Kong Special Administrative
Region of the People's Republic of China**

Infrastructure Bond Programme

**HK\$20,000,000,000 Retail Infrastructure Bonds due 2027
(subject to adjustment to a maximum issue amount of HK\$25,000,000,000)**

**Subscription Period – 9:00 a.m. on Tuesday, 26 November 2024 to
2:00 p.m. on Friday, 6 December 2024**

ISSUER'S REPRESENTATIVE

Monetary Authority

JOINT LEAD MANAGERS

Bank of China (Hong Kong) Limited

**The Hongkong and Shanghai Banking
Corporation Limited**

PLACING BANKS

Bank of China (Hong Kong) Limited	Bank of Communications (Hong Kong) Limited	The Bank of East Asia, Limited	China CITIC Bank International Limited	China Construction Bank (Asia) Corporation Limited
Chiyu Banking Corporation Limited	Chong Hing Bank Limited	Citibank (Hong Kong) Limited	CMB Wing Lung Bank Limited	Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited	Fubon Bank (Hong Kong) Limited	Hang Seng Bank Limited	The Hongkong and Shanghai Banking Corporation Limited	Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited	OCBC Bank (Hong Kong) Limited	Public Bank (Hong Kong) Limited	Shanghai Commercial Bank Limited	Standard Chartered Bank (Hong Kong) Limited

Issue Circular dated 26 November 2024

KEY FACTS

This table only provides a quick summary of the retail infrastructure bonds. It does not contain all the information that may be important to you as an investor. **You should read the entire programme circular and all of this issue circular carefully before making any investment decision concerning the retail infrastructure bonds.**

QUICK FACTS ABOUT THE RETAIL INFRASTRUCTURE BONDS

Issuer	The Government of the Hong Kong Special Administrative Region of the People's Republic of China (HKSAR Government)
Subscription period*	9:00 a.m. on Tuesday, 26 November 2024 to 2:00 p.m. on Friday, 6 December 2024 HKSAR Government may decide to close the offer early, or allow more time, without prior notice. HKSAR Government reserves the right to cancel the offer at any time on or before the scheduled issue date.
Issue date*	17 December 2024
Application price	100%
Subscription price	The subscription price of the retail infrastructure bonds is equal to the application price.
Principal application amounts	The minimum principal amount of retail infrastructure bonds you can apply for is HK\$10,000. You must apply for a principal amount of retail infrastructure bonds which is an integral multiple of HK\$10,000.
Minimum denomination	HK\$10,000
Maximum principal allocation amount	HK\$1,000,000 per investor
Interest rate (coupon)	The interest rate for each interest payment date will be determined and announced on the relevant interest determination date as the higher of: (i) the floating rate, being the arithmetic average of the year-on-year rates of change in the Composite Consumer Price Index compiled and published by the Census and Statistics Department of HKSAR Government based on the results of the most recent Household Expenditure Survey at the relevant interest determination date (currently being the 2019/20-based Composite Consumer Price Index) for the 6 most recent preceding months, rounded to the nearest two decimal places; and (ii) the fixed rate of 3.50%, per annum, payable every 6 months in arrear.
Maturity date*	17 December 2027
Application channels	Applications can be made through placing banks, Hong Kong Securities Clearing Company Limited (HKSCC)** or securities brokers.
Handling fee***	0.15% of the application moneys of the retail infrastructure bonds you apply for.
Brokerage fee***	For applications made directly through HKSCC, this is the fee that you pay HKSCC for handling your application, calculated as 0.15% of the application moneys of the retail infrastructure bonds you apply for. For applications made through a securities broker, the level of brokerage fee that you pay is determined by your securities broker (and may be higher than or lower than 0.15% of the application moneys of the retail infrastructure bonds you apply for). Please consult your securities broker on how this fee is charged.

* Note that certain circumstances (for example, a "black" rainstorm warning, a tropical cyclone warning signal number 8 or above or an "extreme conditions" announcement in force in Hong Kong) may result in the issue date falling on a later date. HKSAR Government may also change the subscription period and/or the issue date and/or subsequent key dates (including the listing date, interest payment dates, interest determination dates and maturity date). In such case, HKSAR Government will make an announcement on the change of date(s) on www.hkma.gov.hk and on www.hkgb.gov.hk.

** For applications made through HKSCC, the applicant must have an investor account with HKSCC.

*** Depending on how you apply for retail infrastructure bonds, either a handling fee or a brokerage fee may apply, but never both. Any handling fee is charged by a placing bank and any brokerage fee is charged by HKSCC or a securities broker.

KEY BENEFITS OF INVESTING IN RETAIL INFRASTRUCTURE BONDS	KEY RISKS OF INVESTING IN RETAIL INFRASTRUCTURE BONDS
<ul style="list-style-type: none"> • <u>Strong credit</u>: HKSAR Government has a strong “investment grade” credit rating. 	<ul style="list-style-type: none"> • <u>Interest rate risk</u>: The retail infrastructure bonds carry a floating rate of interest that is calculated other than by reference to prevailing Hong Kong dollar interest rates. The market value of your retail infrastructure bonds may decrease if the prevailing Hong Kong dollar interest rates increase during the term of the retail infrastructure bonds.
<ul style="list-style-type: none"> • <u>Regular returns</u>: The retail infrastructure bonds offer half-yearly interest payments that are linked to inflation, subject to a pre-specified minimum rate, for the entire term of your investment. 	<ul style="list-style-type: none"> • <u>Index risk</u>: The retail infrastructure bonds carry a rate of interest that includes a component linked to the Composite Consumer Price Index. The market value of your retail infrastructure bonds may be affected by movements in the index.
<ul style="list-style-type: none"> • <u>Interest rate</u>: The retail infrastructure bonds may offer higher interest rates than Hong Kong dollar time deposits of similar maturities. 	<ul style="list-style-type: none"> • <u>Liquidity risk</u>: There may not be an active secondary market for your retail infrastructure bonds and it may not be possible to sell your retail infrastructure bonds prior to maturity or the sale price may be lower than the amount you invested.
	<ul style="list-style-type: none"> • <u>Credit risk</u>: The retail infrastructure bonds are not secured. When you buy retail infrastructure bonds you will be relying on the creditworthiness of HKSAR Government. Adverse changes in the wider economic conditions in Hong Kong and the world and/or the creditworthiness of HKSAR Government may reduce the market value of your retail infrastructure bonds and may affect HKSAR Government’s ability to make payments of principal of and interest on your retail infrastructure bonds. In the worst case scenario, you could lose all of your investment.
	<ul style="list-style-type: none"> • <u>Intermediary risk</u>: You can only hold retail infrastructure bonds indirectly through certain institutions, whom you will have to rely on to perform a number of functions, including passing on payments of principal of and interest on your retail infrastructure bonds to you and proving your interest in your retail infrastructure bonds.

KEY BENEFITS OF INVESTING IN RETAIL INFRASTRUCTURE BONDS	KEY RISKS OF INVESTING IN RETAIL INFRASTRUCTURE BONDS
	<ul style="list-style-type: none"> <li data-bbox="810 215 1390 925"> <p><u>Infrastructure investment risk</u>: The retail infrastructure bonds may not necessarily be a suitable investment if you seek exposure to specific types of infrastructure projects. While the proceeds of the retail infrastructure bonds will be used to fund one or more of the “Eligible Projects” as defined in the Infrastructure Bond Framework, payments under the retail infrastructure bonds are not linked to the performance of the relevant Eligible Project(s). The retail infrastructure bonds are not secured by income from the Eligible Project(s) and you do not have any rights to the Eligible Project(s). HKSAR Government has the sole and absolute discretion to determine the allocation of the proceeds of retail infrastructure bonds to the Eligible Project(s), which may be changed and/or updated from time to time.</p>

HKSAR Government has set up the Infrastructure Bond Programme (the **IBP**) to enable better management of the cashflow needs of major infrastructure projects and facilitate their early completion for the good of the economy and people's livelihood.

This is the issue circular for this series of retail infrastructure bonds described in this document (unless the context requires otherwise, the **retail infrastructure bonds**) to be issued under the IBP. This issue circular contains the final terms and conditions of this series of retail infrastructure bonds and must be read in conjunction with HKSAR Government's programme circular dated 30 September 2024 (as amended or supplemented from time to time) relating to retail infrastructure bond issuances under the IBP (the **programme circular**). You should read both this issue circular and the programme circular for information on HKSAR Government, the IBP and this series of retail infrastructure bonds before deciding whether to apply for any retail infrastructure bonds. If a statement or term in this issue circular is inconsistent with a statement or term in the programme circular, then the statement or term contained in this issue circular should be treated as correct, but only in relation to this series of retail infrastructure bonds.

No action has been or will be taken in any jurisdiction by HKSAR Government that would permit the offering of the retail infrastructure bonds, or possession or distribution of this issue circular or the programme circular (in proof or final form), any application form or any other offering or publicity material relating to the retail infrastructure bonds, in any country or jurisdiction other than Hong Kong.

In this issue circular, words and expressions have the meanings given in the programme circular unless this issue circular specifies a different meaning. In that case, in relation to this series of retail infrastructure bonds only, the meaning contained in this issue circular should be treated as correct and that meaning should be applied in reading the programme circular (including the section entitled "Terms and conditions of the retail bonds"). Please also refer to the section entitled "Defined terms used in this issue circular" for meanings of certain terms used in this issue circular.

ATTENTION

HKSAR Government has only published an electronic version of this issue circular and the programme circular. HKSAR Government will not provide printed copies of this issue circular or the programme circular to any person in relation to the offering of this series of retail infrastructure bonds. During the subscription period for this series of retail infrastructure bonds and while this series of retail infrastructure bonds is still outstanding, you can view this issue circular and the programme circular by visiting the HKSAR Government Bonds website at www.hkgeb.gov.hk.

YOU SHOULD NOTE THE FOLLOWING IMPORTANT INFORMATION

If you are in any doubt about the contents of this issue circular or the programme circular, you should obtain independent professional advice.

This series of retail infrastructure bonds is issued under the IBP. You should read the programme circular as well as this issue circular in order to understand the offer of the retail infrastructure bonds, and ensure you fully understand the risks associated with any investment in the retail infrastructure bonds, before deciding whether to apply for any retail infrastructure bonds.

None of HKSAR Government, the Monetary Authority, the joint lead managers, the placing banks, HKSCC and the securities brokers will give you investment advice. You must decide for yourself whether any retail infrastructure bonds meet your investment needs, taking professional advice if appropriate.

Any application for HKSAR Government's retail infrastructure bonds will be made solely on the basis of the information contained in this issue circular and the programme circular. No person has been authorised to give any information or to make any representation not contained in or not consistent with this issue circular and the programme circular or any other information supplied by HKSAR Government in connection with the retail infrastructure bonds. If someone has given you any such information or made any such representation, you must disregard it and must not rely on it as having been authorised by HKSAR Government.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited (the **Hong Kong Stock Exchange**), the joint lead managers, the placing banks, HKSCC and the securities brokers take no responsibility for the contents of this document, make no representation as to its accuracy, completeness or sufficiency and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This issue circular relates only to this series of retail infrastructure bonds described herein. It does not relate to any other retail or institutional bonds issued by HKSAR Government under the IBP or other retail or institutional bonds issued by HKSAR Government under any other bond or note issuance programme or otherwise.

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HKSAR GOVERNMENT IS OFFERING RETAIL INFRASTRUCTURE BONDS

This series of retail infrastructure bonds is offered on the terms set out in the table below and as described in this issue circular.

Issue Number	03GB2712R
Stock Code	4286
	HK\$ Retail Infrastructure Bonds due 2027
Subscription period[#]	9:00 a.m. on Tuesday, 26 November 2024 to 2:00 p.m. on Friday, 6 December 2024 HKSAR Government may decide to close the offer early, or allow more time, without prior notice. HKSAR Government reserves the right to cancel the offer at any time on or before the scheduled issue date.
Currency	Hong Kong dollars
Interest rate (coupon)	The interest rate for each interest payment date will be determined and announced on the relevant interest determination date as the higher of: (i) the floating rate, being the arithmetic average of the year-on-year rates of change in the Composite Consumer Price Index compiled and published by the Census and Statistics Department of HKSAR Government based on the results of the most recent Household Expenditure Survey at the relevant interest determination date (currently being the 2019/20-based Composite Consumer Price Index) for the 6 most recent preceding months, rounded to the nearest two decimal places; and (ii) the fixed rate of 3.50%, per annum, payable every 6 months in arrear. This is the percentage rate of the principal amount per annum to be applied to calculate the interest that HKSAR Government pays on the retail infrastructure bonds.
Issue date[#]	17 December 2024 If the issue date ceases to be a business day in Hong Kong, for example, if there is a "black" rainstorm warning, a tropical cyclone warning signal number 8 or above or an "extreme conditions" announcement in force in Hong Kong, then the issue date will be the next day which is a business day in Hong Kong not affected by the cessation.
Application price	100% The application moneys, being the application price multiplied by the principal amount of the retail infrastructure bonds you apply for, are the amount which you must pay at the time of your application.

Issue Number	03GB2712R
Stock Code	4286
	HK\$ Retail Infrastructure Bonds due 2027
Subscription price	The subscription price is equal to the application price.
Application channels	Applications can be made through placing banks, HKSCC or securities brokers.
Eligibility criteria	You can only apply for retail infrastructure bonds if you hold a valid Hong Kong identity card.
Handling fee[^]	<p>0.15% of the application moneys of the retail infrastructure bonds you apply for.</p> <p>This is the fee that you pay your placing bank for handling your application, calculated as a percentage of the application moneys of the retail infrastructure bonds you apply for. It is in addition to the application moneys. Your placing bank may choose to waive or reduce the amount of the handling fee it charges. <u>This fee applies only to applications made through a placing bank.</u></p>
Brokerage fee[^]	<p>For applications made directly through HKSCC, this is the fee that you pay HKSCC for handling your application, calculated as 0.15% of the application moneys of the retail infrastructure bonds you apply for.</p> <p>For applications made through a securities broker*, the level of brokerage fee that you pay is determined by your securities broker (and may be higher than or lower than 0.15% of the application moneys of the retail infrastructure bonds you apply for). Please consult your securities broker on how this fee is charged.</p>
Principal application amounts	<p>The minimum principal amount of retail infrastructure bonds you can apply for is HK\$10,000. You must apply for a principal amount of retail infrastructure bonds which is an integral multiple of HK\$10,000.</p> <p>Applications for a principal amount of retail infrastructure bonds which is less than HK\$10,000 or for a principal amount of retail infrastructure bonds which is not an integral multiple of HK\$10,000 will be rejected.</p>
Minimum denomination	HK\$10,000
Maximum principal allocation amount	<p>HK\$1,000,000 per investor</p> <p>This is the maximum principal allocation amount per investor for this series of retail infrastructure bonds set by HKSAR Government to prevent an over-concentration of holdings in retail infrastructure bonds by a single investor. See further the paragraph entitled “What other matters should I be aware of in applying for retail infrastructure bonds?” below.</p>

Issue Number	03GB2712R	
Stock Code	4286	
	HK\$ Retail Infrastructure Bonds due 2027	
Total issue amount	The total issue amount is expected to be up to HK\$20,000,000,000, which is subject to adjustment by HKSAR Government to a maximum issue amount of HK\$25,000,000,000. HKSAR Government will decide the total principal amount of the retail infrastructure bonds to be issued in light of market conditions.	
Minimum issue amount	No specified minimum issue amount.	
Maximum issue amount	HK\$25,000,000,000	
	This is the maximum principal amount of this series of retail infrastructure bonds that HKSAR Government may issue.	
Maturity date[#]	17 December 2027	
	HKSAR Government will repay 100% of the principal amount of your retail infrastructure bonds on the maturity date.**	
Interest payment dates and relevant interest determination dates[#]	Interest payment date**	Relevant interest determination date**
	<i>First:</i> 17 June 2025 <i>Second:</i> 17 December 2025 <i>Third:</i> 17 June 2026 <i>Fourth:</i> 17 December 2026 <i>Fifth:</i> 17 June 2027 <i>Maturity date:</i> 17 December 2027	3 June 2025 3 December 2025 3 June 2026 3 December 2026 2 June 2027 3 December 2027
Listing	Application has been made to the Hong Kong Stock Exchange for permission to deal in, and for listing of, the retail infrastructure bonds. The retail infrastructure bonds are expected to be admitted to listing on 18 December 2024. Listed retail infrastructure bonds will be traded in units of HK\$100 each in principal amount and each trading lot of the retail infrastructure bonds has 100 units (in other words, one trading lot is equivalent to HK\$10,000 in principal amount of retail infrastructure bonds).	
Use of proceeds	Proceeds received from the issue of the retail infrastructure bonds will be used to fund one or more of the “Eligible Projects” as defined in the Infrastructure Bond Framework. The “Eligible Categories” of projects include: <ul style="list-style-type: none"> ➤ Port and Airport Development; ➤ Buildings; ➤ Drainage; ➤ Civil Engineering; ➤ Highways; ➤ New Towns and Urban Area Development; ➤ Infrastructure Projects under Capital Subvention Mode; ➤ Waterworks; and ➤ Housing. 	

- # HKSAR Government may change the subscription period and/or the issue date and/or subsequent key dates (including the listing date, interest payment dates, interest determination dates and maturity date). In such case, HKSAR Government will make an announcement on the change of date(s) on www.hkma.gov.hk and on www.hkgb.gov.hk.
- ▲ Upon application, the handling fee (if any) or, as the case may be, the brokerage fee (if any) equal to a percentage of the application moneys will be payable.
- * **A securities broker** is a CCASS clearing participant or CCASS custodian participant. This may be a securities broker, a custodian bank or any other institution admitted to CCASS as a clearing participant or custodian participant. All CCASS clearing participants and CCASS custodian participants are referred to in this issue circular as **securities brokers**. **CCASS** means the Central Clearing and Settlement System operated by HKSCC.
- ** Unless specified otherwise, if the due date for any action on the part of HKSAR Government in relation to a retail infrastructure bond, including making a payment, is not a business day in Hong Kong, then HKSAR Government will perform such action on the next day which is a business day in Hong Kong unless that day falls in the next calendar month, in which case HKSAR Government will perform such action on the day immediately preceding the due date which is a business day in Hong Kong. If the due date for any such action ceases to be a business day in Hong Kong, for example, if there is a “black” rainstorm warning, a tropical cyclone warning signal number 8 or above or an “extreme conditions” announcement in force in Hong Kong, then HKSAR Government will perform the action on the next day which is a business day in Hong Kong not affected by the cessation. Where a payment date is so changed, interest shall continue to accrue to the new payment date and any additional interest or, where the new payment date is a date falling before the original due date, any reduction in interest, shall be taken into account for the purposes of calculating any amounts of interest payable in respect of the applicable interest period.

IMPORTANT INVESTMENT CONSIDERATIONS

An investment in retail infrastructure bonds is not equivalent to a time deposit and involves investment risks.

Your investment in retail infrastructure bonds is subject to interest rate risk. The market value of your retail infrastructure bonds may decrease if the prevailing Hong Kong dollar interest rates increase during the term of the retail infrastructure bonds.

Your investment in retail infrastructure bonds is also subject to index risk. The retail infrastructure bonds have an interest rate that includes a component linked to the Composite Consumer Price Index. The market value of your retail infrastructure bonds may be affected by movements in that index.

Your investment in retail infrastructure bonds may also be subject to liquidity risk. While HKSAR Government has appointed some of the placing banks as market makers to quote prices for the retail infrastructure bonds on a best-efforts basis, there may not be an active secondary market. If you try to sell your retail infrastructure bonds prior to maturity, you may not be able to find a buyer for your retail infrastructure bonds or the sale price of your retail infrastructure bonds may be lower than the amount you invested. Although retail infrastructure bonds are listed and can be traded on the Hong Kong Stock Exchange, you should be aware that this does not guarantee an active secondary trading market for the retail infrastructure bonds or that you will have access to a firm bid or offer price for your retail infrastructure bonds, nor does it guarantee the availability of pricing information in relation to your retail infrastructure bonds. If this information is not available, your ability to make an informed decision about whether to sell your retail infrastructure bonds may be affected.

In terms of infrastructure investment risk, the retail infrastructure bonds may not necessarily be a suitable investment if you seek exposure to specific types of infrastructure projects. While the proceeds of the retail infrastructure bonds will be used to fund one or more of the “Eligible Projects” as defined in the Infrastructure Bond Framework, payments under the retail infrastructure bonds are not linked to the performance of the relevant Eligible Project(s). The retail infrastructure bonds are not secured by income from the Eligible Project(s) and you do not have any rights to the Eligible Project(s). HKSAR Government has the sole and absolute discretion to determine the allocation of the proceeds of retail infrastructure bonds to the Eligible Project(s), which may be changed and/or updated from time to time.

Like investments in any other fixed income instruments, your investment in retail infrastructure bonds is also subject to credit risk of default on any repayment of principal or any payment of interest. This credit risk can be assessed by referring, among other things, to the credit rating of the issuer of the fixed income instruments or to the credit rating of such instruments themselves if available, but you should not rely solely on such ratings. The retail infrastructure bonds do not have a specific credit rating, however, HKSAR Government has been assigned specific credit ratings by a number of credit rating agencies as set out in the programme circular, which should be read together with the information presented in the section entitled “The Hong Kong Special Administrative Region” in the programme circular. Such credit ratings may change from time to time, including during the subscription period for this series of retail infrastructure bonds and at any time on or before the issue date. You should refer to the latest credit rating information published on the HKSAR Government Bonds website at www.hkgb.gov.hk.

The retail infrastructure bonds are not secured. When you buy retail infrastructure bonds, you will be relying on the creditworthiness of HKSAR Government. Changes in the creditworthiness of HKSAR Government and in market conditions such as the economic and political environment in Hong Kong and other parts of the world may reduce the market value of your retail infrastructure

bonds and may affect HKSAR Government's ability to make payments of principal of and interest on your retail infrastructure bonds. In the worst case scenario, you could lose all of your investment.

Prices of retail infrastructure bonds are also influenced by a combination of factors such as time to maturity, overall market conditions and supply and demand of similar instruments. In general, risk increases with the length of maturity of bonds as the prices of longer-term retail infrastructure bonds tend to be more sensitive to interest rate movements than those of shorter-term retail infrastructure bonds.

Your retail infrastructure bonds may not have the same terms and conditions as other bonds or notes issued by HKSAR Government or other issuers. In particular, the retail infrastructure bonds do not restrict HKSAR Government's power to grant security for any of its indebtedness and do not include any rights of holders of retail infrastructure bonds to require payments of principal on any date earlier than the maturity date, even in circumstances where HKSAR Government is in breach of its obligations under the retail infrastructure bonds. Your attention is drawn to the terms and conditions of the retail infrastructure bonds on pages 9 to 11 of the programme circular. These terms and conditions are varied and/or supplemented for the retail infrastructure bonds by this issue circular.

Retail infrastructure bonds are issued in the form of computerised book entries in securities accounts maintained with the Monetary Authority by recognized dealers. They do not exist in physical form and HKSAR Government will not issue certificates for any retail infrastructure bonds. Title to retail infrastructure bonds is held by the recognized dealers. You cannot hold retail infrastructure bonds directly, but must instead hold an interest in retail infrastructure bonds indirectly through a recognized dealer or through a securities broker holding an interest in retail infrastructure bonds through a recognized dealer on your behalf. You will have to depend on your recognized dealer (and if applicable, your securities broker) to make and receive payments on your retail infrastructure bonds, give and receive notices in relation to them, prove your interest in retail infrastructure bonds and make claims for any sums which are due under the retail infrastructure bonds which have not been paid. HKSAR Government does not endorse or guarantee the solvency of any recognized dealer or securities broker.

EXPECTED TIMETABLE FOR APPLYING FOR RETAIL INFRASTRUCTURE BONDS

HKSAR Government may change any date set out below (including the commencement date, closing date, allocation date, issue date or listing date) by making an announcement on www.hkma.gov.hk and on www.hkgb.gov.hk.

9:00 a.m. on 26 November 2024 (Tuesday) Commencement date of subscription period (commencement date)	Applications for retail infrastructure bonds may be made from this date onwards. See further the section entitled “How to apply for retail infrastructure bonds” below.
2:00 p.m. on 6 December 2024 (Friday) Closing date of subscription period (closing date)	<p>If you are instructing a placing bank to apply for the retail infrastructure bonds on your behalf:</p> <p>All applications in person or by internet, telephone or mobile banking must have been submitted by 2:00 p.m. on the closing date. No applications shall be accepted by any placing bank after this time.</p> <p>The application moneys will be collected by debit from 00:00 a.m. on the closing date onwards from your specified bank account with the placing bank to which you gave your application instructions.</p> <p>If you are instructing HKSCC to apply for the retail infrastructure bonds on your behalf (either directly or through a securities broker):</p> <p>All instructions to apply for retail infrastructure bonds, whether given directly by you as a holder of an investor account with HKSCC or indirectly through your securities broker, must be received by HKSCC by 2:00 p.m. on the closing date. No instructions for applications for retail infrastructure bonds will be accepted after this time. Please note that your securities broker may under the terms and conditions of your securities account or, as the case may be, custody account stipulate its own deadline (which may be earlier than the closing date) for the submission of instructions to it. You should check with your securities broker as to its deadline for the submission of application instructions.</p> <p>The application moneys will be collected by debit on the closing date from your designated bank account or, as the case may be, the designated bank account of your securities broker.</p>
13 December 2024 (Friday) (allocation date)	The allocation date is relevant to HKSAR Government’s internal procedures. This is only relevant to you because a change to the allocation date may result in a change to the issue date, as described below.
17 December 2024 (Tuesday) (issue date)	<p>On or before the issue date, HKSAR Government will announce on www.hkma.gov.hk and on www.hkgb.gov.hk:</p> <ul style="list-style-type: none">• the issue amount;• the principal amount of valid applications received; and• the final allocation results.

If you have instructed a placing bank to apply for the retail infrastructure bonds on your behalf:

Your placing bank has agreed that, commencing on and from the issue date, it will notify you by mail (or by any alternative methods agreed with them) of your allocation of retail infrastructure bonds (if any), the applicable subscription moneys and the amount of any refund of your application moneys. The placing banks have agreed to complete all notifications within five business days of the issue date.

Retail infrastructure bonds allocated to you will be issued against payment in full of your subscription moneys for those retail infrastructure bonds by your placing bank. Your placing bank has agreed that retail infrastructure bonds allocated to you will be credited within the same day to your securities or investment account maintained with the relevant placing bank.

All refunds of application moneys and/or any handling fee will be made as described in the paragraph entitled “What happens if I am owed a refund for any application moneys and/or handling fee or brokerage fee?” in the section entitled “How to apply for retail infrastructure bonds” below.

If you have directly or indirectly instructed HKSCC to apply for the retail infrastructure bonds on your behalf:

HKSCC has agreed to notify you or, as the case may be, your securities broker of your allocation of retail infrastructure bonds (if any), the applicable subscription moneys and the amount of any refund of your application moneys. HKSCC has agreed to complete all notifications on or before the issue date. If you apply through a securities broker, you will have to rely on your securities broker to pass this information on to you in a timely manner.

Retail infrastructure bonds allocated to you will be issued against payment in full of your subscription moneys for those retail infrastructure bonds by HKSCC. HKSCC has agreed that retail infrastructure bonds allocated to you will be credited within the same day to your investor account with HKSCC or, as the case may be, your securities broker’s account with HKSCC.

All refunds of application moneys and/or any brokerage fee will be made as described in the paragraph entitled “What happens if I am owed a refund for any application moneys and/or handling fee or brokerage fee?” in the section entitled “How to apply for retail infrastructure bonds” below.

18 December 2024
(Wednesday)
(listing date)

Listing of the retail infrastructure bonds on the Hong Kong Stock Exchange will become effective and dealings in the retail infrastructure bonds on the Hong Kong Stock Exchange will commence.

business day means a day (other than Saturdays, Sundays and general holidays) on which both the CMU (as defined in this issue circular) is operating and banks in Hong Kong are open for business. For the avoidance of doubt, if the CMU is not operating or banks in Hong Kong are not open for business for all or any part of the normal business hours during such day, such day shall not be a business day.

designated bank accounts means the bank accounts designated by CCASS investor participants, CCASS clearing participants or CCASS custodian participants, and approved by HKSCC for money settlement purposes in CCASS.

References to times are to Hong Kong time.

The commencement date and any dates thereafter will only be adjusted or extended in the following circumstances:

- (1) if HKSAR Government changes the subscription period and/or the issue date and/or subsequent key dates by making an announcement on www.hkma.gov.hk and on www.hkgb.gov.hk, the relevant dates shall be adjusted as set out in such announcement.

For the avoidance of doubt, unless HKSAR Government makes an announcement as set out above or the closing date is adjusted as described below, the subscription period will not be automatically extended if any day within the subscription period ceases to be a business day (for example, because of the issue of a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or an “extreme conditions” announcement);

- (2) if any day (other than a Saturday, Sunday or general holiday in Hong Kong) between the closing date and the issue date (exclusive of both dates) falls on a day which is not a business day for any reason, the allocation date and/or the issue date shall be postponed to such dates that the adjusted allocation date and the adjusted issue date are expected to be the fifth business day and the seventh business day respectively following the closing date;
- (3) if the closing date:
 - (a) falls on a day which is not a business day for any reason (other than in the circumstances as set out in paragraph (b) or (c) below), the closing date will be the next business day (which shall become the adjusted closing date), and the adjusted allocation date and the adjusted issue date are expected to be the fifth business day and the seventh business day respectively following the adjusted closing date;
 - (b) falls on a day which is not a business day because banks are not open for business in Hong Kong for part of the day at any time between 9:00 a.m. and 2:00 p.m. (for example, because of the issue of a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or an “extreme conditions” announcement with effect at any time between 9:00 a.m. and 2:00 p.m.), then the closing date will be the next business day (which shall become the adjusted closing date), and the adjusted allocation date and the adjusted issue date are expected to be the fifth business day and the seventh business day respectively following the adjusted closing date; or
 - (c) falls on a day which is not a business day because banks are not open for business in Hong Kong for part of the day at any time after 2:00 p.m. and at or before 5:00 p.m. (for example, because of the issue of a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or an “extreme conditions” announcement with effect at any time after 2:00 p.m. and at or before 5:00 p.m.), then that day shall remain the closing date (and that day shall be deemed to remain a business day) but the allocation date and issue date are expected to be the sixth business day and the eighth business day respectively following the closing date;

- (4) if the allocation date:
- (a) falls on a day which is not a business day for any reason (other than in the circumstances as set out in paragraph (b) below), the allocation date will be the next business day which shall become the adjusted allocation date, and the adjusted issue date is expected to be the seventh business day following the closing date; or
 - (b) falls on a day which is not a business day because banks are not open for business in Hong Kong for part of the day commencing after 12:00 (noon) (for example, because of the issue of a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or an "extreme conditions" announcement with effect from a time later than 12:00 (noon)), then that day shall remain the allocation date (and that day shall be deemed to remain a business day) but the issue date is expected to be the eighth business day following the closing date;
- (5) if the issue date falls on a day which is not a business day for any reason, the issue date will be the next business day which shall become the adjusted issue date, and the listing date will be the next day following the adjusted issue date on which the Hong Kong Stock Exchange is open for the business of dealing in securities; and
- (6) if the listing date falls on a day which is not a business day for any reason, the listing date will not be postponed (and that day shall remain as the listing date).

Notwithstanding the above, having regard to prevailing circumstances and other relevant considerations, HKSAR Government may make further changes to any relevant date(s) by making an announcement on the change of date(s) on www.hkma.gov.hk and on www.hkgeb.gov.hk.

HOW TO APPLY FOR RETAIL INFRASTRUCTURE BONDS

WHERE CAN I GET A COPY OF THE PROGRAMME CIRCULAR AND THIS ISSUE CIRCULAR?

During the subscription period for this series of retail infrastructure bonds and while this series of retail infrastructure bonds is still outstanding, you can visit the HKSAR Government Bonds website at www.hkgb.gov.hk to view the programme circular and this issue circular.

HKSAR Government has only published an electronic version of this issue circular and the programme circular. HKSAR Government will not provide printed copies of this issue circular or the programme circular to any person in relation to the offering of this series of retail infrastructure bonds.

AM I ELIGIBLE TO APPLY FOR THIS SERIES OF RETAIL INFRASTRUCTURE BONDS?

You can only apply for this series of retail infrastructure bonds if you hold a valid Hong Kong identity card. This is referred to in this issue circular as the **eligibility criteria**. An application using a joint account can only be made if either you or one of your joint account holder(s) hold(s) a valid Hong Kong identity card. HKSAR Government has the right to redeem any retail infrastructure bonds allocated to an applicant who did not satisfy the eligibility criteria at the time of application for the retail infrastructure bonds. Such bonds will be redeemed at an amount equal to their principal amount multiplied by the subscription price, on the date specified in the notice without any payment of accrued and unpaid interest.

See further the paragraph entitled “What confirmations do I have to make?” below in relation to other restrictions and the paragraph entitled “Can I make multiple applications for retail infrastructure bonds?” below for more information about making an application using a joint account.

HOW CAN I APPLY FOR THIS SERIES OF RETAIL INFRASTRUCTURE BONDS?

The subscription period for this series of retail infrastructure bonds is from 9:00 a.m. on Tuesday, 26 November 2024 to 2:00 p.m. on Friday, 6 December 2024.

See further the paragraph entitled “How will I know if my application is successful?” below in relation to possible changes to the subscription period.

You can apply for this series of retail infrastructure bonds through any of the following three application channels:

➤ through any of the placing banks listed on page 28 of this issue circular;

➤ through HKSCC as the operator of CCASS (you will need to have an investor account with HKSCC to do this); or

➤ directly or indirectly through a CCASS clearing participant or CCASS custodian participant who is willing and able to make an application for you through HKSCC. This may be a securities broker, a custodian bank or any other institution admitted to CCASS as a clearing participant or custodian participant. All CCASS clearing participants and CCASS custodian participants are referred to in this issue circular as **securities brokers**.

Applications for retail infrastructure bonds must be submitted before 2:00 p.m. on Friday, 6 December 2024.

If you are applying (whether directly or indirectly) through a securities broker, your securities broker may stipulate its own deadline (which may be earlier than the closing date) for the submission of application instructions to it. Please consult your securities broker if in doubt.

CAN I APPLY TO HKSAR GOVERNMENT DIRECTLY FOR RETAIL INFRASTRUCTURE BONDS?

No. The retail infrastructure bonds are issued in the form of computerised book entries in securities accounts maintained by recognized dealers with the Central Moneymarkets Unit (CMU) operated by the Monetary Authority. These securities accounts are referred to in this issue circular as **CMU accounts**. Individual investors cannot open a personal account with the CMU. You can therefore only apply for retail infrastructure bonds through a placing bank, through HKSCC directly or (whether directly or indirectly) through a securities broker who is willing and able to apply for retail infrastructure bonds for you through HKSCC.

WHAT OTHER MATTERS SHOULD I BE AWARE OF IN APPLYING FOR RETAIL INFRASTRUCTURE BONDS?

You may only subscribe for retail infrastructure bonds in a principal amount which is an integral multiple of HK\$10,000. Applications for a principal amount which is less than HK\$10,000 or for a principal amount of retail infrastructure bonds which is not an integral multiple of HK\$10,000 will be rejected.

HKSAR Government has set a maximum principal allocation amount of HK\$1,000,000 per investor for this series of retail infrastructure bonds to prevent an over-concentration of holdings in retail infrastructure bonds by a single investor. Please note that the principal amount of retail infrastructure bonds allocated to you may be less than such maximum principal allocation amount (for example, if this series of retail infrastructure bonds is over-subscribed). Any application for a

principal amount of this series of retail infrastructure bonds which is greater than such maximum principal allocation amount will be treated as an application for the maximum principal allocation amount and any application moneys paid in excess of the application moneys for such maximum principal allocation amount or any lesser amount allocated to you (and, for applications made through a placing bank, any handling fee or, for applications made directly through HKSCC, any brokerage fee) will be refunded without interest. For applications made (whether directly or indirectly) through a securities broker, applicants should consult their securities broker for the details of how it will refund to them any application moneys and whether or not, and if so how, it will refund to them any brokerage or other fees. See further the paragraph entitled "What happens if I am owed a refund for any application moneys and/or handling fee or brokerage fee?" below in relation to refund arrangements.

Any application for retail infrastructure bonds by you to HKSAR Government through a placing bank or HKSCC (whether for an investor who has an investor account with HKSCC or for an investor applying, whether directly or indirectly, through a securities broker) will constitute an offer by you to subscribe for retail infrastructure bonds.

DOES IT MATTER WHICH APPLICATION CHANNEL I USE?

Different fees may apply depending on how you apply for retail infrastructure bonds. Fees which may apply are described in the paragraphs entitled "How can I apply for retail infrastructure bonds through a placing bank?", "How can I apply for retail infrastructure bonds directly through HKSCC?" and "How can I apply for retail infrastructure bonds through a securities broker?" below.

How you apply for retail infrastructure bonds also affects how you hold the retail infrastructure bonds if your application is successful. While you may change the way in which you hold the retail infrastructure bonds from time to time, fees may apply when you do so.

How you hold the retail infrastructure bonds affects whom you have to rely on to make and receive payments and give and receive notices in relation to the retail infrastructure bonds, how you trade in the retail infrastructure bonds, how you prove your interest in the retail infrastructure bonds and how you make claims for any payments which are due on the retail infrastructure bonds but have not been paid by HKSAR Government.

See the sections entitled "Holding retail infrastructure bonds" and "Dealing in retail infrastructure bonds and listing of retail infrastructure bonds" below for more information. If you are unsure about the most suitable method for you to apply for retail infrastructure bonds, you should seek professional advice.

HOW CAN I APPLY FOR RETAIL INFRASTRUCTURE BONDS THROUGH A PLACING BANK?

The placing banks for this series of retail infrastructure bonds are specified on page 28 of this issue circular.

If you wish to apply for retail infrastructure bonds through a placing bank, you must have a bank account and a securities or investment account with that placing bank. Please note that if you need to open a bank account and/or a securities or investment account with a placing bank in order to apply for retail infrastructure bonds, your placing bank may require you to undergo an assessment to satisfy the placing bank's regulatory and internal requirements. Each placing bank may apply different terms and conditions to your securities or investment account with it and charge different handling and other fees.

You can apply for retail infrastructure bonds through a placing bank at designated branches, or through the placing bank's internet, telephone or mobile banking service as specified on pages 28 to 29 of this issue circular. You should contact the relevant placing bank to find out the locations of the designated branches and the availability of internet, telephone and/or mobile banking services.

When you apply for retail infrastructure bonds through a placing bank, you must pay the application moneys for those retail infrastructure bonds plus a handling fee, if any. A handling fee may be charged by the placing banks at their sole discretion. The maximum amount of the handling fee which may be charged by a placing bank is 0.15% of the application moneys of the retail infrastructure bonds you apply for. A placing bank may charge additional fees for any other services it performs for you in connection with the retail infrastructure bonds. For example, a placing bank may charge fees for custody of the retail infrastructure bonds and/or for transferring retail infrastructure bonds.

You must ensure that your application complies with the requirements specified by your placing bank.

HOW CAN I APPLY FOR RETAIL INFRASTRUCTURE BONDS DIRECTLY THROUGH HKSCC?

If you wish to apply for retail infrastructure bonds directly through HKSCC, you must have an investor account with HKSCC. If you need to open one for this purpose, HKSCC may require you to undergo an assessment to satisfy its regulatory and internal requirements.

When you apply for retail infrastructure bonds through HKSCC, you must pay the application moneys for the retail infrastructure bonds you are applying for plus a brokerage fee, if any. The brokerage fee which may be charged when you apply for retail infrastructure bonds directly through HKSCC is 0.15% of the application moneys of the retail infrastructure bonds you apply for. HKSCC may charge additional fees for any other services it performs for you in connection with the retail infrastructure bonds. For example, HKSCC may charge fees for custody of the retail infrastructure bonds and/or for transferring retail infrastructure bonds.

HOW CAN I APPLY FOR RETAIL INFRASTRUCTURE BONDS THROUGH A SECURITIES BROKER?

You may apply for retail infrastructure bonds (whether directly or indirectly) through a securities broker who is willing and able to apply for retail infrastructure bonds on your behalf through HKSCC. To do this, the securities broker must have been admitted to participate in CCASS as a clearing participant or a custodian participant.

To apply through a securities broker you must (whether directly or indirectly) have a securities or custody account with that securities broker. Please note that if you need to open a securities or custody account with a securities broker in order to apply for retail infrastructure bonds, your securities broker may require you to undergo an assessment to satisfy the securities broker's regulatory and internal requirements. Different securities brokers may apply different terms and conditions to your securities or custody account and charge different brokerage and other fees.

When you apply for retail infrastructure bonds through a securities broker, you must pay the application moneys for the retail infrastructure bonds you are applying for plus a brokerage fee, if any. The level of the brokerage fee, if any, that you must pay is determined by your securities broker (and may be higher than or lower than 0.15% of the application moneys of the retail infrastructure bonds you apply for). HKSCC and/or your securities broker may charge additional fees for any other services they perform for you in connection with the retail infrastructure bonds. For example, HKSCC and/or your securities broker

may charge fees for custody of the retail infrastructure bonds and/or for transferring retail infrastructure bonds.

DO I NEED AN APPLICATION FORM?

You will not be issued an official application form for retail infrastructure bonds. However, in order to standardise and streamline the application process, HKSAR Government has prepared a standard application template for use by the placing banks and securities brokers in executing your instructions. You will be required to make a series of confirmations and acknowledgements.

WHAT CONFIRMATIONS DO I HAVE TO MAKE?

When you apply for this series of retail infrastructure bonds, you are deemed to confirm for the benefit of HKSAR Government and your placing bank (if you apply through a placing bank), HKSCC (if you apply through HKSCC directly) or HKSCC and your securities broker (if you apply, whether directly or indirectly, through a securities broker) that:

- (1) you agree to accept the retail infrastructure bonds applied for on the basis of the programme circular and this issue circular, or any lesser amount allocated to you;
- (2) you understand that no certificates of title will be available for your retail infrastructure bonds or any other retail infrastructure bonds, that the retail infrastructure bonds are in book-entry form only, that legal title to the retail infrastructure bonds is held at all times and under all circumstances by the recognized dealer to whose CMU account the retail infrastructure bonds are credited and that you acquire no direct rights against HKSAR Government in respect of your retail infrastructure bonds;
- (3) you agree that if you are not allocated any retail infrastructure bonds or if the retail infrastructure bonds you have applied for are not issued to you in full for any reason, the whole or an appropriate portion of the application moneys will be refunded to you without interest and at your own risk and that all interest which may have accrued between the date of your application and the date of such refund will be retained for the benefit of the holder(s) of the account(s) to which such amounts have been credited (being such of HKSAR Government, your placing bank, HKSCC and/or your securities broker, as may be applicable). If you apply through a securities broker, you should consult your

securities broker for the details of how it will refund to you any application moneys and whether or not, and if so how, it will refund to you any brokerage or other fees. Please see further the paragraph entitled “What happens if I am owed a refund for any application moneys and/or handling fee or brokerage fee?” below;

(4) you understand that the retail infrastructure bonds will be held through the CMU, a debt securities custodian, clearing and settlement system operated by the Monetary Authority, which means that:

(a) if you hold your retail infrastructure bonds through a recognized dealer (whether a placing bank, HKSCC or an additional recognized dealer), you will have to rely on your recognized dealer:

(i) to credit the account you hold with your recognized dealer with interest and principal payments credited to its settlement account;

(ii) to distribute notices to you which your recognized dealer receives from HKSAR Government; and

(iii) to prove your holding in your retail infrastructure bonds; and

(b) if you hold your retail infrastructure bonds (whether directly or indirectly) through a securities broker:

(i) you will have to rely on HKSCC to credit the designated bank account of your securities broker with interest and principal payments credited to HKSCC’s settlement account, and you will also have to rely on HKSCC to distribute to your securities broker notices which HKSCC receives from HKSAR Government and to prove your securities broker’s holding in retail infrastructure bonds; and

(ii) you will have to rely on your securities broker to credit the account you hold (whether directly or indirectly) with it with interest and principal payments credited by HKSCC to its

designated bank account, and you will also have to rely on your securities broker to distribute notices to you which it receives from HKSCC and to prove your holding in your retail infrastructure bonds.

In this paragraph (4), **settlement account** means, in relation to a recognized dealer which is a licensed bank, the account maintained by that recognized dealer with the Monetary Authority through which its own clearing balance is settled or, in relation to a recognized dealer which is not a licensed bank, the account maintained by its designated correspondent bank with the Monetary Authority for the purpose of settling, inter alia, interbank payments;

(5) you have accessed an electronic copy of this issue circular and the programme circular, have read and understood this issue circular and the programme circular and have relied on no other information or material in applying for the retail infrastructure bonds;

(6) you understand and agree that HKSAR Government accepts no responsibility for the provision of brokerage, custody, banking (including internet, telephone and mobile banking) or any other services by any recognized dealer (whether a placing bank, HKSCC or an additional recognized dealer) or securities broker or other intermediary, or for any consequences of, or any losses arising from the use of, any bank account, securities or investment account, custody account or brokerage, custody, banking or any other services of any recognized dealer (whether a placing bank, HKSCC or an additional recognized dealer) or securities broker or other intermediary;

(7) you have not made more than one application for this series of retail infrastructure bonds in accordance with the paragraph entitled “Can I make multiple applications for retail infrastructure bonds?” below;

(8) you hold a valid Hong Kong identity card or, if you are making an application using a joint account, either you or one of your joint account holder(s) hold(s) a valid Hong Kong identity card;

- (9) you are not located within the United States or Canada and are not a U.S. Person within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (which includes any person resident in the United States and any partnership or corporation organised or incorporated under the laws of the United States) or a resident of Canada; and you are not acting as an agent of a U.S. Person or a resident of Canada; and
- (10) you agree to the personal information collection statement at the end of this issue circular.

By applying for retail infrastructure bonds, you make these confirmations to HKSAR Government and your placing bank (if you are applying through a placing bank), HKSCC (if you are applying through HKSCC directly) or HKSCC and your securities broker (if you are applying through a securities broker). You understand that HKSAR Government would not otherwise issue you the retail infrastructure bonds for which you are applying. Your placing bank, your securities broker and/or HKSCC may well require you to make these and other confirmations at the time you make your application.

HOW WILL I KNOW IF MY APPLICATION IS SUCCESSFUL?

The total principal amount of this series of retail infrastructure bonds issued and any other relevant information will be notified by HKSAR Government to the placing banks and HKSCC on or before the issue date.

Retail infrastructure bonds will be issued on the issue date.

If you apply for retail infrastructure bonds through a placing bank, your placing bank agrees to notify you within five business days of the issue date of whether your application is successful or unsuccessful and, if your application is successful, of your allocation of retail infrastructure bonds.

If you apply for retail infrastructure bonds through HKSCC directly, HKSCC agrees to notify you on or before the issue date of whether your application is successful or unsuccessful and, if your application is successful, of your allocation of retail infrastructure bonds.

If you apply for retail infrastructure bonds through a securities broker, HKSCC agrees to notify your securities broker on or before the issue date of whether your application is successful or unsuccessful and, if your application is successful, of your allocation of retail

infrastructure bonds. You will have to rely on your securities broker to pass this notification on to you in a timely manner.

On the issue date, retail infrastructure bonds will be issued in the form of computerised book entries in the respective CMU accounts of HKSCC and the placing banks who have made successful applications for retail infrastructure bonds and all subscription moneys paid by successful applicants for purchase of the retail infrastructure bonds allotted to them will be released to HKSAR Government by HKSCC and the placing banks.

If for any reason the issue date ceases to be a business day (for example, if there is a “black” rainstorm warning, a tropical cyclone warning signal number 8 or above or an “extreme conditions” announcement in force in Hong Kong), then the retail infrastructure bonds will be issued on the next business day which is not affected by the cessation.

HKSAR Government reserves the right to cancel all or a portion of the offering of this series of retail infrastructure bonds at any time on or before the issue date and to extend or shorten the subscription period for this series of retail infrastructure bonds without prior notice. HKSAR Government may also change the commencement date or any dates thereafter by making an announcement on www.hkma.gov.hk and on www.hksc.com.hk. See further the section entitled “Expected timetable for applying for retail infrastructure bonds” above.

If HKSAR Government so cancels the offering of this series of retail infrastructure bonds, in part or in whole:

- HKSAR Government will give prompt public notice of the cancellation on or before the issue date;
- this series of retail infrastructure bonds, or the relevant portion of it, will not be issued; and
- all applicants for this series of retail infrastructure bonds will be refunded all, or the relevant portion, of their application moneys (and, for applications made through a placing bank, any handling fee or, for applications made directly through HKSCC, any brokerage fee) without interest. For applications made through a securities broker, applicants should consult their securities broker for the details of how it will refund to them any application moneys and whether or not, and if so how, it will refund to them any brokerage or other fees. See further the paragraph entitled “What

happens if I am owed a refund for any application moneys and/or handling fee or brokerage fee?” below.

CAN I MAKE MULTIPLE APPLICATIONS FOR RETAIL INFRASTRUCTURE BONDS?

You may not make more than one application for this series of retail infrastructure bonds. For this purpose, each application for this series of retail infrastructure bonds will be identified by a Hong Kong identity card number and will be treated as an application by the person with that Hong Kong identity card number, irrespective of whether the application is made using an account in the sole name of that person or by that person using a joint account with one or more other persons.

Any applications identified by the same Hong Kong identity card number will be treated as multiple applications, which will be rejected.

- If your application is made using an account in your sole name, the application will be identified by your Hong Kong identity card number.
- If your application is made using a joint account in the joint name of you and one or more joint account holders, the application will be identified either by your Hong Kong identity card number or by that of one of your joint account holders. Please confirm with the placing bank, HKSCC and/or the securities broker (as may be applicable) through which your application is made which joint account holder’s Hong Kong identity card number will be used for this purpose.

WHAT ARE “APPLICATION MONEYS”? HOW ARE “SUBSCRIPTION MONEYS” DIFFERENT?

Application moneys are the amount which you must pay for the principal amount of retail infrastructure bonds you are applying for at the time of your application. They are equal to the application price for the retail infrastructure bonds (as stated in this issue circular) multiplied by the principal application amount. The application moneys will be held from the time you make your application pending release to HKSAR Government of the subscription moneys and/or payment of any refund. See further the paragraph entitled “What happens if I am owed a refund for any application moneys and/or handling fee or brokerage fee?” below in relation to refund arrangements.

The **subscription moneys** are the amount which you actually pay for the principal amount of retail infrastructure bonds allocated to you at the time of issue of this series of retail infrastructure bonds. The subscription moneys are paid to HKSAR Government out of your application moneys.

The subscription moneys are equal to the principal amount of retail infrastructure bonds allocated to you multiplied by the subscription price for those retail infrastructure bonds. The subscription price of this series of retail infrastructure bonds is equal to the application price.

Neither the application moneys nor the subscription moneys include any handling, brokerage or other fees.

WHAT ARE THE ARRANGEMENTS WITH THE PLACING BANKS AND MARKET MAKERS FOR SELLING THE RETAIL INFRASTRUCTURE BONDS?

The legal framework under which HKSAR Government arranges for the offering, issue and placing of retail infrastructure bonds is contained in the **programme agreement** which was entered into in September 2024 by HKSAR Government with the initial placing banks, market makers and nominees, as amended or supplemented from time to time. Scheduled to the programme agreement are the terms of the placing bank agreement, the market maker agreement and the nominee agreement which will be entered into by HKSAR Government and the relevant placing banks, market makers and nominees in relation to each series of retail infrastructure bonds. The programme agreement and (in relation to each series) the placing bank agreement, the market maker agreement and the nominee agreement record the detailed arrangements between HKSAR Government and the placing banks, market makers and nominees involved in the offering and market making of the retail infrastructure bonds in respect of such offering and market making. As an investor in retail infrastructure bonds, you do not have any rights under these agreements.

The placing banks and market makers appointed for this series of retail infrastructure bonds are specified in this issue circular. Each placing bank will receive a placing fee from HKSAR Government of 0.15% of the principal amount of retail infrastructure bonds issued to such placing bank to be paid within 30 days of the issue date. They may also receive a handling fee from successful applicants in respect of retail infrastructure bonds allocated to them. If you are not allocated the full amount of retail infrastructure bonds you have applied for, or are allocated no retail infrastructure bonds at all, any

handling fee you have paid for the retail infrastructure bonds which you are not allocated will be refunded in full without interest. Please see further the paragraph entitled “What happens if I am owed a refund for any application moneys and/or handling fee or brokerage fee?” below for more information about refund arrangements.

There are no soft commission or rebate arrangements between HKSAR Government and any of the placing banks.

WHAT ARRANGEMENTS ARE IN PLACE WITH HKSCC AND SECURITIES BROKERS?

The programme agreement does not govern HKSAR Government’s arrangements with HKSCC. These are governed under a separate agreement entered into in September 2024 between HKSAR Government and HKSCC in connection with the retail infrastructure bond issuances under the IBP (as amended or supplemented from time to time), as well as by the rules and regulations of the CMU and HKSCC. As an investor in retail infrastructure bonds, you do not have any rights under the agreement mentioned above.

HKSAR Government has not entered into any direct arrangements or agreements with securities brokers. The interests of any securities brokers in retail infrastructure bonds will be held through HKSCC.

HKSCC, for itself and on behalf of the securities brokers, will receive from HKSAR Government a placing fee of 0.15% of the principal amount of retail infrastructure bonds issued to HKSCC. Each of HKSCC and the securities brokers may also receive a brokerage fee charged directly to successful applicants for retail infrastructure bonds. If you are not allocated the full amount of retail infrastructure bonds you have applied for, or are allocated no retail infrastructure bonds at all, any brokerage fee you have paid to HKSCC for the retail infrastructure bonds which you are not allocated will be refunded in full without interest. If you apply (whether directly or indirectly) through a securities broker, you should consult your securities broker for the details of whether or not, and if so how, it will refund to you any brokerage fee you have paid to it. Please see further the paragraph entitled “What happens if I am owed a refund for any application moneys and/or handling fee or brokerage fee?” below for more information about refund arrangements.

There are no soft commission or rebate arrangements between HKSAR Government and HKSCC or any of the securities brokers.

IS THE OFFER UNDERWRITTEN?

The offering of the retail infrastructure bonds is not underwritten.

WHAT HAPPENS IF THIS SERIES OF RETAIL INFRASTRUCTURE BONDS IS OVER-SUBSCRIBED?

The total issue amount for this series of retail infrastructure bonds is expected to be up to HK\$20,000,000,000, which is subject to adjustment by HKSAR Government as set out below. HKSAR Government has specified the following maximum issue amount for this series:

- HK\$25,000,000,000

HKSAR Government may determine or adjust the total issue amount in light of market conditions so long as the total issue amount does not exceed the maximum issue amount set out above. The maximum issue amount will not be adjusted.

If this series of retail infrastructure bonds is over-subscribed (that is, if the total principal amount of valid applications for retail infrastructure bonds of this series exceeds the final issue amount for this series), the allocation of retail infrastructure bonds of this series will depend on the number of valid applications received in respect of this series.

- If the number of valid applications received is equal to or smaller than the number of retail infrastructure bonds to be issued for this series (i.e. the quotient arrived at by dividing the final issue amount by HK \$10,000), HKSAR Government intends first to satisfy investors applying for a smaller number of retail infrastructure bonds as much as possible and then to distribute any remaining retail infrastructure bonds by ballot, at HKSAR Government’s sole discretion.
- If the retail infrastructure bonds are so over-subscribed that HKSAR Government cannot even allocate one HK\$10,000 retail infrastructure bond to each applicant who has made a valid application, HKSAR Government will allocate the retail infrastructure bonds by ballot. Those valid

applications which are successful in the ballot will each be allocated a retail infrastructure bond in a principal amount of HK\$10,000.

If you are not allocated the full amount of retail infrastructure bonds you have applied for, or are allocated no retail infrastructure bonds at all, the application moneys (and, if you apply through a placing bank, any handling fee or, if you apply directly through HKSCC, any brokerage fee) you have paid for the retail infrastructure bonds which you are not allocated will be refunded in full without interest. If you apply (whether directly or indirectly) through a securities broker, you should consult your securities broker for the details of how it will refund to you any application moneys and whether or not, and if so how, it will refund to you any brokerage or other fees. See further the paragraph entitled “What happens if I am owed a refund for any application moneys and/or handling fee or brokerage fee?” below.

WHAT HAPPENS IF I AM OWED A REFUND FOR ANY APPLICATION MONEYS AND/OR HANDLING FEE OR BROKERAGE FEE?

Some or all of the application moneys and handling fee or brokerage fee, if any, you have paid will be refunded if:

- your application is wholly or partly unsuccessful;
- this series of retail infrastructure bonds is over-subscribed and as a result you are not allocated all of the bonds you have applied for;
- your application is for a principal amount of retail infrastructure bonds which exceeds the maximum principal allocation amount of HK\$1,000,000 per investor imposed by HKSAR Government for this series of retail infrastructure bonds in order to prevent an over-concentration of holdings in retail infrastructure bonds by a single investor; and/or
- at any time on or before the issue date, HKSAR Government cancels all or a portion of the offering of this series of retail infrastructure bonds.

If you apply for retail infrastructure bonds through a placing bank, your placing bank agrees to transfer the corresponding amount of any such

refund to your designated bank account with that placing bank within five business days of the issue date.

If you apply for retail infrastructure bonds through HKSCC directly, HKSCC agrees to refund to you the corresponding amount of any such refund on or before the issue date.

If you apply for retail infrastructure bonds (whether directly or indirectly) through a securities broker, HKSCC agrees to refund to your securities broker the corresponding amount of any such refund on or before the issue date. You will have to rely on your securities broker to pass on such refund to you in a timely manner. You should consult your securities broker for the details of how it will refund to you any application moneys and whether or not, and if so how, it will refund to you any brokerage or other fees in any of the circumstances listed above.

HOLDING RETAIL INFRASTRUCTURE BONDS

HOW DO I HOLD MY RETAIL INFRASTRUCTURE BONDS?

Retail infrastructure bonds are issued in the form of computerised book entries in CMU accounts of recognized dealers. This means that the retail infrastructure bonds are registered securities. HKSAR Government will not issue certificates for any retail infrastructure bonds.

Individual investors cannot open a personal account with the CMU. You can therefore only hold retail infrastructure bonds through a recognized dealer or through a securities broker holding through HKSCC as a recognized dealer.

Because legal title to retail infrastructure bonds is held by the recognized dealer who is the holder of the CMU account to which the retail infrastructure bonds are credited, you cannot hold retail infrastructure bonds directly. References in this issue circular or the programme circular to you “holding” retail infrastructure bonds mean your holding of an indirect interest in retail infrastructure bonds, the legal title to which is held by a recognized dealer.

Securities or investment accounts and other services provided to you by your recognized dealer or securities broker are provided on its terms and conditions. HKSAR Government is not responsible for the way your recognized dealer or securities broker handles your account or the nature or quality of the services it provides.

Discuss this with your recognized dealer or securities broker and shop around if you wish: placing banks and securities brokers charge varying fees for their services and have different arrangements for processing applications. Ensure you are familiar with the terms and conditions which your recognized dealer or securities broker will apply to your account. Ask your recognized dealer or securities broker to explain if you are not familiar with these arrangements.

Your total return on an investment in retail infrastructure bonds will be affected by charges levied by your recognized dealer and/or securities broker.

WHO ARE THE RECOGNIZED DEALERS?

A **recognized dealer** is an institution which is appointed by the Monetary Authority as a recognized dealer to hold and deal in government bonds through the CMU. Recognized dealers are

HKSCC and the placing banks, as well as any other institutions appointed by the Monetary Authority as recognized dealers (**additional recognized dealers**). Additional recognized dealers can hold and deal in retail infrastructure bonds, but cannot apply for them. This means that you cannot apply for retail infrastructure bonds through an additional recognized dealer, but after you have been allocated your retail infrastructure bonds you may transfer your holding in the retail infrastructure bonds to your investment or securities account with an additional recognized dealer.

- If you hold retail infrastructure bonds through a placing bank, then your recognized dealer is that placing bank.
- If you hold retail infrastructure bonds through an additional recognized dealer, then your recognized dealer is that additional recognized dealer.
- If you hold retail infrastructure bonds through an investor account with HKSCC, then your recognized dealer is HKSCC.
- If you hold retail infrastructure bonds (whether directly or indirectly) through a securities broker, then your recognized dealer is HKSCC.

HKSCC accepts no responsibility for the services provided by any securities brokers or for any losses arising from the application by any person for retail infrastructure bonds (whether directly or indirectly) through the securities brokers. HKSCC provides CCASS services to participants of CCASS subject to its rules and procedures. In rendering its services to the CCASS participants, HKSCC will not recognise any right or interest which any person may have or claim to have in relation to any eligible securities deposited into CCASS (including the retail infrastructure bonds) by your securities brokers.

A list of the recognized dealers appointed by the Monetary Authority is available from the HKSAR Government Bonds website at www.hkgb.gov.hk.

WHAT MUST I RELY ON MY RECOGNIZED DEALER AND/OR SECURITIES BROKER TO DO FOR ME?

For all purposes in respect of your retail infrastructure bonds, HKSAR Government will treat your recognized dealer as the holder of your retail infrastructure bonds.

If you hold retail infrastructure bonds through:

- (i) a recognized dealer which is a placing bank;
- (ii) an additional recognized dealer; or
- (iii) an investor account with HKSCC (which will be your recognized dealer),

your recognized dealer will hold your retail infrastructure bonds for you (and any other investors who hold retail infrastructure bonds through that recognized dealer) in a CMU account. HKSAR Government will pay interest on and principal amounts of your retail infrastructure bonds to your recognized dealer and you will have to rely on your recognized dealer to ensure that payments on your retail infrastructure bonds are credited to your account with your recognized dealer in a timely manner and, if necessary, prove your interest in the retail infrastructure bonds and make claims for any sums due under the retail infrastructure bonds which HKSAR Government has not paid. Any notices HKSAR Government gives to holders of retail infrastructure bonds after your retail infrastructure bonds are issued will be given to your recognized dealer and you will have to rely on your recognized dealer to ensure that HKSAR Government's notices reach you in a timely manner. Similarly, you will have to rely on your recognized dealer to forward any notices from you to HKSAR Government in a timely manner.

If you hold retail infrastructure bonds (whether directly or indirectly) through a securities broker, your securities broker will arrange to hold your retail infrastructure bonds for you (together with any retail infrastructure bonds it holds on behalf of any other investors) in its CCASS account maintained with HKSCC, which will arrange to hold your retail infrastructure bonds (together with any retail infrastructure bonds it holds on behalf of any other investors) in HKSCC's CMU account. HKSAR Government will pay interest on and principal amounts of your retail infrastructure bonds to HKSCC for payment to your securities broker and you will have to rely on both HKSCC and your securities broker to ensure that payments on your retail infrastructure bonds are credited to

your account with your securities broker in a timely fashion and, if necessary, prove your interest in the retail infrastructure bonds and make claims for any sums due under the retail infrastructure bonds which HKSAR Government has not paid. Any notices HKSAR Government gives after your retail infrastructure bonds are issued will be given to HKSCC for forwarding to your securities broker and you will have to rely on both HKSCC and your securities broker to ensure that HKSAR Government's notices reach you in a timely manner. Similarly, you will have to rely on both HKSCC and your securities broker to forward any notices from you to HKSAR Government in a timely manner.

HKSAR Government does not accept any responsibility for any account or service provided to you (whether directly or indirectly) by any recognized dealer or securities broker.

HOW DO I PROVE MY HOLDING OF RETAIL INFRASTRUCTURE BONDS?

Legal title to retail infrastructure bonds is held by the recognized dealer to whose CMU account the retail infrastructure bonds are credited.

If you hold retail infrastructure bonds through a recognized dealer which is a placing bank, you must rely on the records and account statements provided by your placing bank to prove your interest in the retail infrastructure bonds.

If you hold retail infrastructure bonds through an additional recognized dealer, you must rely on the records and account statements provided to you by your additional recognized dealer to prove your interest in the retail infrastructure bonds.

If you hold retail infrastructure bonds through an investor account held by you with HKSCC, you must rely on the records and account statements provided to you by HKSCC through CCASS to prove your interest in the retail infrastructure bonds.

If you hold retail infrastructure bonds (whether directly or indirectly) through a securities broker, you must rely on both the records and account statements provided to you by your securities broker (whether directly or indirectly) and the records and account statements provided to your securities broker by HKSCC through CCASS to prove your interest in the retail infrastructure bonds.

In all cases, your recognized dealer must rely on the computerised records of the CMU to prove its holdings of the retail infrastructure bonds in the

CMU. The CMU will from time to time issue a statement of your recognized dealer's holding of retail infrastructure bonds in the CMU. This statement will be conclusive evidence of your recognized dealer's holding of retail infrastructure bonds in the CMU – you will still need to prove your interest in the retail infrastructure bonds held by your recognized dealer, as described above.

HOW DOES HKSAR GOVERNMENT MAKE PAYMENTS AND SEND NOTICES?

HKSAR Government makes payments of principal of and interest on retail infrastructure bonds to your recognized dealer through the Monetary Authority who is acting as the paying representative of HKSAR Government. Once HKSAR Government has so made a payment, it will be under no further obligation to anyone in relation to that payment, even if your recognized dealer or securities broker fails to transmit to you your share of the payment or transmits it late.

HKSAR Government issues notices in relation to retail infrastructure bonds to your recognized dealer through the CMU. You will have to rely on your recognized dealer and, where applicable, your securities broker, to pass these notices to you.

HOW DO I ISSUE NOTICES AND INSTRUCTIONS TO MY RECOGNIZED DEALER OR SECURITIES BROKER?

- If your recognized dealer is a placing bank, you can issue notices and instructions as specified in the terms and conditions applicable to your account with your placing bank.
- If your recognized dealer is an additional recognized dealer, you can issue notices and instructions as specified in the terms and conditions applicable to your account with that additional recognized dealer.
- If you hold retail infrastructure bonds through an investor account with HKSCC, you can issue notices and instructions through CCASS.
- If you hold retail infrastructure bonds (whether directly or indirectly) through a securities broker, you can issue notices and instructions as specified in the terms and conditions applicable to your account held (whether directly or indirectly) with your securities broker, which can be passed on by your securities broker through CCASS.

DEALING IN RETAIL INFRASTRUCTURE BONDS AND LISTING OF RETAIL INFRASTRUCTURE BONDS

HOW DO I SELL MY RETAIL INFRASTRUCTURE BONDS?

Retail infrastructure bonds can be sold:

- through the Hong Kong Stock Exchange; or
- over-the-counter, including to market makers appointed by HKSAR Government in relation to the retail infrastructure bonds (you may also sell them over-the-counter to a placing bank, a recognized dealer or any other person who is willing to buy them from you. Any such sale will be subject to your agreement with the relevant placing bank, recognized dealer or such other person).

You can sell retail infrastructure bonds through the Hong Kong Stock Exchange if you hold them through HKSCC directly or through your securities broker.

If you hold retail infrastructure bonds through HKSCC directly or (whether directly or indirectly) through a securities broker, in addition to being able to sell retail infrastructure bonds through the Hong Kong Stock Exchange, you can also sell retail infrastructure bonds to a market maker. If you sell any retail infrastructure bonds to a market maker, you can instruct HKSCC or your securities broker to transfer the retail infrastructure bonds to that market maker. The relevant market maker, HKSCC and/or your securities broker may charge you fees for this transfer.

See further the paragraph entitled “What are the market making arrangements for retail infrastructure bonds?” below.

If you do not hold retail infrastructure bonds through HKSCC directly or through your securities broker (for example, if you hold retail infrastructure bonds through a placing bank or an additional recognized dealer), then you have the following options for selling retail infrastructure bonds.

If you hold retail infrastructure bonds through a placing bank, you can contact a market maker to ask for a price at which it will buy the retail infrastructure bonds. See further the paragraph

entitled “What are the market making arrangements for retail infrastructure bonds?” below.

If you hold retail infrastructure bonds through a placing bank and wish to sell any of the retail infrastructure bonds through the Hong Kong Stock Exchange, you will need to instruct your placing bank to transfer the retail infrastructure bonds from your securities or investment account with that placing bank to your investor account with HKSCC or your securities or custody account with your securities broker beforehand. Your placing bank, HKSCC and/or your securities broker may charge you fees for this transfer. If you do not have an investor account with HKSCC or a securities or custody account with a securities broker, you will need to open one for this purpose. In that case, HKSCC or your securities broker may require you to undergo an assessment to satisfy its regulatory and internal requirements.

Alternatively, your placing bank may be able to transfer the retail infrastructure bonds to a stock account it holds with HKSCC through the CMU and CCASS (in other words your placing bank may be able to perform the role of a securities broker). Your placing bank and/or HKSCC may charge you fees for this transfer.

HOW DO I TRANSFER MY RETAIL INFRASTRUCTURE BONDS?

To transfer retail infrastructure bonds, you must give a transfer instruction to your recognized dealer or securities broker in accordance with the terms and conditions applicable to your account with them.

Retail infrastructure bonds can be transferred from one recognized dealer’s CMU account to another’s through book entries. You can therefore only transfer your retail infrastructure bonds to a person who:

- is a recognized dealer;
- holds an investment or securities account with a recognized dealer;
- holds an investor account with HKSCC;
- is a securities broker; or

- holds a securities or custody account with a securities broker.

Settlement and clearing of transfers are performed through the CMU in accordance with the rules applicable to the CMU.

WHAT ARE THE MARKET MAKING ARRANGEMENTS FOR RETAIL INFRASTRUCTURE BONDS?

HKSAR Government has appointed some of the placing banks listed on page 28 of this issue circular to act as the market makers in respect of this series of retail infrastructure bonds to use their best efforts to maintain a market in these retail infrastructure bonds in over-the-counter transactions. They will do this by quoting prices at which they are willing to purchase retail infrastructure bonds (bid prices) and prices at which they are willing to sell retail infrastructure bonds (offer prices) during normal banking hours on any business day.

Market makers will quote a firm bid price in respect of retail infrastructure bonds so long as this series of retail infrastructure bonds is outstanding. However, their ability to quote a firm bid price in respect of retail infrastructure bonds may be subject to any internal guidelines of that market maker on exposures to any single entity. Market makers can only quote a firm offer price in respect of retail infrastructure bonds if they are holding retail infrastructure bonds for their own account as market makers.

Market makers may have the right to apply for retail infrastructure bonds. In that case, market makers may be exempted from any maximum amount or subject to a different maximum amount in respect of this series of retail infrastructure bonds if HKSAR Government considers it necessary for the performance of their obligations as market makers. However, HKSAR Government has decided not to issue any of the retail infrastructure bonds of this series to any market makers. As a result, they will not be able to quote offer prices unless they hold retail infrastructure bonds through purchases in the market.

Moreover, the market makers may discontinue their market making service. As a result, the market making arrangements do not assure an active secondary trading market for the retail infrastructure bonds or that you will have access

to a firm bid price or a firm offer price for retail infrastructure bonds in a principal amount which you may wish to purchase or sell.

The prices quoted by market makers may be different from the last traded price of the retail infrastructure bonds on the Hong Kong Stock Exchange and the information which a market maker may rely on when quoting a price may be very limited. Prices quoted by different market makers may not be the same.

A market maker may require you to transfer your retail infrastructure bonds to a securities or investment account held with it in order for it to buy your retail infrastructure bonds from you or to open a securities or investment account with it in order for it to sell to you its retail infrastructure bonds. Fees may be charged for the transfer. Please note that if you need to open an account with a market maker for this purpose, that market maker may require you to undergo an assessment to satisfy its regulatory and internal requirements.

WHAT ARE THE ARRANGEMENTS FOR LISTING RETAIL INFRASTRUCTURE BONDS ON THE HONG KONG STOCK EXCHANGE?

Application has been made to the Hong Kong Stock Exchange for permission to deal in, and for listing of, the retail infrastructure bonds. The retail infrastructure bonds are expected to be admitted to listing on 18 December 2024. The retail infrastructure bonds will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the listing date or any other date HKSCC chooses. The retail infrastructure bonds will be quoted and traded on the basis of a price expressed as a percentage of their principal amount. For example, a price of “99.50” means 99.50% of the principal amount of a retail infrastructure bond.

Settlement of trades in retail infrastructure bonds listed on the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after the trade date. The following fees and levies will be chargeable on both the buyer and the seller:

- an AFRC Transaction Levy of 0.00015%;
- a SFC Transaction Levy of 0.0027%; and
- a Trading Fee of 0.00565%,

in each case, of the consideration amount of the retail infrastructure bonds traded. An investor compensation levy of 0.002% administered by the SFC may also apply to the consideration amount of the retail infrastructure bonds traded although as at the date of this issue circular the SFC has temporarily suspended this levy.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

Listing does not assure an active secondary trading market for the retail infrastructure bonds or that you will have access to a firm bid price or a firm offer price for retail infrastructure bonds in a principal amount which you wish to purchase or sell.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the retail infrastructure bonds, your interest in retail infrastructure bonds and any transactions in retail infrastructure bonds you engage in may be protected by the investor compensation fund. Whether you are eligible for this protection will depend on whether you and the persons you are dealing with (including your placing bank, HKSCC and/or your securities broker) satisfy certain criteria set out in the Securities and Futures Ordinance and the investor compensation fund rules. If you wish to find out more about your eligibility for protection under the investor compensation fund in connection with the retail infrastructure bonds, you should seek independent advice and consult your placing bank or securities broker (as appropriate).

CAN I DEAL IN RETAIL INFRASTRUCTURE BONDS UNDER SEVERE WEATHER CONDITIONS?

Secondary trading of the retail infrastructure bonds may be conducted through the Hong Kong Stock Exchange or over-the-counter. For transactions conducted through the Hong Kong Stock Exchange, the Hong Kong Stock Exchange has implemented arrangements for securities trading under severe weather conditions with effect from 23 September 2024. Please refer to information published by the Hong Kong Stock Exchange for further details. For over-the-counter transactions, actual arrangements under severe weather conditions will depend on the respective arrangements of the relevant market maker(s) as

well as the terms and conditions of the relevant accounts. You may consult the relevant market maker(s) for further details.

However, any dealing in, and/or any transfer and/or market making arrangements of, retail infrastructure bonds, whether conducted through the Hong Kong Stock Exchange or over-the-counter, may depend on the respective arrangements of the relevant securities broker(s), placing bank(s), additional recognized dealer(s) and/or market maker(s) under severe weather conditions as well as the terms and conditions of the relevant accounts, where applicable. Please consult your securities broker(s), placing bank(s) or additional recognized dealer(s) and/or the relevant market maker(s) for further details.

FREQUENTLY ASKED QUESTIONS

A. GENERAL INFORMATION

WHAT ARE THE RETAIL INFRASTRUCTURE BONDS?

HKSAR Government has set up the IBP to enable better management of the cashflow needs of major infrastructure projects and facilitate their early completion for the good of the economy and people's livelihood. The retail infrastructure bonds are being issued under the IBP and offered to applicants who satisfy the eligibility criteria. For a detailed description of the IBP and the background to the retail infrastructure bonds, see the section entitled "Retail bond issuances under the Infrastructure Bond Programme" in the programme circular.

The interest payment mechanism for this series of retail infrastructure bonds is further described in the paragraph entitled "What will be my investment return from retail infrastructure bonds?" below.

WHAT WILL THE PROCEEDS OF THIS SERIES OF RETAIL INFRASTRUCTURE BONDS BE USED FOR?

The proceeds of this series of retail infrastructure bonds will be used to fund one or more of the "Eligible Projects" as defined in the Infrastructure Bond Framework.

WHAT ARE THE RATINGS OF RETAIL INFRASTRUCTURE BONDS?

This series of retail infrastructure bonds has not been given a credit rating specific to it. HKSAR Government has been assigned specific credit ratings by a number of credit rating agencies as set out in the programme circular, which should be read together with the information presented in the section entitled "The Hong Kong Special Administrative Region" in the programme circular. Such credit ratings may change from time to time, including during the subscription period for this series of retail infrastructure bonds and at any time on or before the issue date. You should refer to the latest credit rating information published on the HKSAR Government Bonds website at www.hkgeb.gov.hk.

Like investments in any other fixed income instruments, your investment in retail infrastructure bonds is also subject to credit risk of default on any repayment of principal or any payment of interest. This credit risk can be assessed by referring, among other things, to the credit rating of the issuer of the fixed income instruments or to the credit rating of such instruments themselves if available, but you should not rely solely on such credit ratings.

B. INVESTMENT RETURN

WHAT ARE THE KEY BENEFITS OF INVESTING IN RETAIL INFRASTRUCTURE BONDS?

This series of retail infrastructure bonds:

- is issued by HKSAR Government, which has a strong "investment grade" credit rating;
- may offer higher interest rates than Hong Kong dollar time deposits of similar maturities; and
- offers half-yearly interest payments that are linked to inflation, subject to a pre-specified minimum interest rate, for the entire term of your investment.

WHAT WILL BE MY INVESTMENT RETURN FROM RETAIL INFRASTRUCTURE BONDS?

HKSAR Government will repay 100% of the principal amount of the retail infrastructure bonds at maturity.

In addition, HKSAR Government will pay interest on the scheduled interest payment date at the end of every 6 months. The annual interest rate to be used for each interest payment date will be determined on the relevant interest determination date as the higher of:

- the floating rate, being the arithmetic average of the year-on-year rates of change in the Composite Consumer Price Index compiled and published by the Census and Statistics Department of HKSAR Government based on the results of the most recent Household Expenditure Survey at the relevant interest

determination date (currently being the 2019/20-based Composite Consumer Price Index) for the 6 most recent preceding months, rounded to the nearest two decimal places; and

- the fixed rate of 3.50%.

If the floating rate is greater than or equal to the fixed rate, the annual interest rate will be set as the floating rate.

If the fixed rate is greater than the floating rate, the annual interest rate will be set as the fixed rate.

Interest rates will be determined and announced on the relevant interest determination dates. The interest rates will be announced on the HKSAR Government Bonds website at www.hkgb.gov.hk.

In calculating your return, you should also remember to take into account the fees you will incur in applying for the retail infrastructure bonds and in setting up and maintaining a securities or investment account with a placing bank, your securities broker (whether directly or indirectly) and/or HKSCC to hold the retail infrastructure bonds and any other costs you may incur.

WHAT IS THE MINIMUM INTEREST RATE PAYABLE ON RETAIL INFRASTRUCTURE BONDS?

It is 3.50% per annum.

CAN I RE-INVEST INTEREST RECEIVED INTO RETAIL INFRASTRUCTURE BONDS?

The interest payments received cannot be re-invested into retail infrastructure bonds.

C. CONSUMER PRICE INDEX

WHICH CONSUMER PRICE INDEX SERIES WILL BE USED IN DETERMINING THE ANNUAL INTEREST RATE ON THE RETAIL INFRASTRUCTURE BONDS?

The Composite Consumer Price Index compiled and published by the Census and Statistics Department of HKSAR Government (C&SD) based on the results of the most recent Household Expenditure Survey (HES) at the relevant interest determination date (currently being the 2019/20-based Composite Consumer

Price Index) will be used in determining the annual interest rate of this series of retail infrastructure bonds every 6 months.

HOW IS INFLATION MEASURED UNDER THE CONSUMER PRICE INDEX AND WHAT IS THE COMPOSITE CONSUMER PRICE INDEX?

The Consumer Price Index (CPI) is compiled and published by the C&SD. It measures the changes during a specified period in the price level of consumer goods and services generally purchased by households. The year-on-year rate of change in the CPI is widely used as an indicator of the level of inflation affecting consumers over the year in question. Different series of CPIs are compiled to reflect the impact of consumer price changes on households in different expenditure ranges. The CPI(A), CPI(B) and CPI(C) are compiled based on the expenditure patterns of households in the relatively low, medium and relatively high expenditure ranges respectively. The Composite Consumer Price Index is compiled based on the overall expenditure pattern of all the above households taken together to reflect the impact of consumer price changes on the household sector as a whole.

Different expenditure weightings are used to compile the different CPI series. These weightings are determined every 5 years based on the results of a new HES. The period in which a HES is conducted forms the “base” of a CPI series. The most recent HES was conducted in 2019/20, based on which the CPI series are now being compiled and published as the 2019/20-based CPI series. CPI series based on the results of a more recent HES may be available during the term of the retail infrastructure bonds.

Further information on the different CPI series is available from the C&SD’s official website at www.censtatd.gov.hk.

D. OTHERS

DO I HAVE TO HOLD A VALID HONG KONG IDENTITY CARD TO BUY RETAIL INFRASTRUCTURE BONDS IN THE SECONDARY MARKET?

There is no Hong Kong identity card requirement for participants in the secondary market of this series of retail infrastructure bonds.

HOW IS INTEREST ALLOCATED ON A SECONDARY MARKET TRADE OF RETAIL INFRASTRUCTURE BONDS?

The current market convention for the allocation of interest on a secondary market trade of retail infrastructure bonds (and related information) is described on the HKSAR Government Bonds website at www.hkgb.gov.hk. Please note that the market convention may change from time to time. You should obtain independent professional advice if you are in doubt.

WHO IS RESPONSIBLE FOR THIS ISSUE CIRCULAR?

HKSAR Government accepts responsibility for the information contained in this issue circular and confirms, having made all reasonable enquiries, that this issue circular contains no untrue statement (including any statement which is misleading in the form and context in which it is included and including any material omission).

None of Bank of China (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited (the **joint lead managers**), the placing banks, HKSCC or any additional recognized dealers or the securities brokers is responsible in any way to ensure the accuracy of this issue circular.

IS THIS ISSUE CIRCULAR AVAILABLE IN CHINESE?

This issue circular is available in English and Chinese.

APPLICATION CHANNELS

Placing banks

Please contact one of the following placing banks if you wish to find out how to apply for this series of retail infrastructure bonds through the placing banks. As at the date of this issue circular, the banks listed below have been appointed as placing banks for the retail infrastructure bonds and the telephone numbers provided are the hotlines of each of the placing banks for enquiries in relation to how to give application instructions for the retail infrastructure bonds.

You can give instructions to apply for this series of retail infrastructure bonds through a placing bank at its designated branches or through the placing bank's internet, telephone or mobile banking service as specified below.

	Enquiry hotline	Applications				Market Maker
		Branch	Internet banking	Telephone banking	Mobile banking	
Bank of China (Hong Kong) Limited	3669 3668	✓	✓	✓	✓	✓
Bank of Communications (Hong Kong) Limited	2239 5559	✓	✓	✓	✓	✓
The Bank of East Asia, Limited	2211 1311	✓	✓			✓
China CITIC Bank International Limited	2287 6767	✓				✓
China Construction Bank (Asia) Corporation Limited	2903 8343	✓	✓	✓	✓	✓
Chiyu Banking Corporation Limited	2232 3633	✓	✓	✓		✓
Chong Hing Bank Limited	3768 6888	✓			✓	✓
Citibank (Hong Kong) Limited	2860 0222	✓				
CMB Wing Lung Bank Limited	2309 5555	✓	✓		✓	
Dah Sing Bank, Limited	2828 8001	✓	✓		✓	✓
DBS Bank (Hong Kong) Limited	2290 8888	✓		✓		
Fubon Bank (Hong Kong) Limited	2566 8181 (Press 3 after selecting language)	✓		✓		
Hang Seng Bank Limited	2826 8866	✓	✓	✓	✓	
The Hongkong and Shanghai Banking Corporation Limited	2269 2121	✓	✓	✓	✓	✓
Industrial and Commercial Bank of China (Asia) Limited	2189 5588	✓	✓			✓
Nanyang Commercial Bank, Limited	2616 6628	✓	✓		✓	✓
OCBC Bank (Hong Kong) Limited	3199 9188	✓	✓			✓
Public Bank (Hong Kong) Limited	2851 9803	✓				
Shanghai Commercial Bank Limited	2818 0282	✓	✓		✓	
Standard Chartered Bank (Hong Kong) Limited	2886 8868	✓	✓			✓

- **In person:** You may go to any designated branch of a placing bank to give instructions in person to apply for retail infrastructure bonds. The list of designated branches for each placing bank can be obtained by calling the relevant enquiry hotline above.

- By internet: The websites of the placing banks that offer internet banking services through which you can apply for retail infrastructure bonds are set out below:

Bank of China (Hong Kong) Limited	www.bochk.com
Bank of Communications (Hong Kong) Limited	www.hk.bankcomm.com
The Bank of East Asia, Limited	www.hkbea.com
China Construction Bank (Asia) Corporation Limited	www.asia.ccb.com
Chiyu Banking Corporation Limited	www.chiyubank.com
CMB Wing Lung Bank Limited	www.cmbwinglungbank.com
Dah Sing Bank, Limited	www.dahsing.com
Hang Seng Bank Limited	www.hangseng.com
The Hongkong and Shanghai Banking Corporation Limited	www.hsb.com.hk/ipo
Industrial and Commercial Bank of China (Asia) Limited	www.icbcasia.com
Nanyang Commercial Bank, Limited	www.ncb.com.hk
OCBC Bank (Hong Kong) Limited	www.ocbc.com.hk
Shanghai Commercial Bank Limited	www.shacombank.com.hk
Standard Chartered Bank (Hong Kong) Limited	www.sc.com/hk

- By telephone: The telephone banking numbers for the placing banks that offer telephone banking services through which you can apply for retail infrastructure bonds are set out below:

	Phone banking number	Service hours
Bank of China (Hong Kong) Limited	Investment Service Hotline: 3988 2688 (Press 3 after selecting language) Wealth Management Hotline: 3988 2888 (Press 6 after selecting language) Enrich Banking Hotline: 3988 2988 (Press 6 after selecting language)	Monday to Friday: 8:00 am to 8:00 pm Saturday: 8:00 am to 3:00 pm
Bank of Communications (Hong Kong) Limited	2269 9033	Monday to Friday: 9:00 am to 6:00 pm Saturday: 9:00 am to 1:00 pm
China Construction Bank (Asia) Corporation Limited	2903 8343	Monday to Friday: 9:00 am to 6:00 pm
Chiyu Banking Corporation Limited	Cantonese: 2232 3882 English: 2232 3887 Putonghua: 2232 3883 Wealth Management/Enrich Banking Hotline: 2232 3638 (Press 4, then 2 after selecting language)	Monday to Friday: 8:00 am to 8:00 pm Saturday: 8:00 am to 3:00 pm
DBS Bank (Hong Kong) Limited	2290 8888 (Press 3 after selecting language)	Monday to Friday: 9:00 am to 6:00 pm Saturday: 9:00 am to 1:00 pm
Fubon Bank (Hong Kong) Limited	2806 4303	Monday to Friday: 9:30 am to 5:00 pm Saturday: 9:30 am to 12:30 pm
Hang Seng Bank Limited	2826 8866	Monday to Friday: 8:45 am to 5:40 pm Saturday: 9:00 am to 1:00 pm
The Hongkong and Shanghai Banking Corporation Limited	2269 2121	Monday to Friday: 8:00 am to 7:00 pm Saturday: 8:00 am to 1:00 pm

- By mobile banking: The placing banks that offer mobile banking services through which you can apply for retail infrastructure bonds are set out above. Enquiries on how to make an application through the mobile banking channel of such placing bank can be made by calling the relevant enquiry hotline above.

By making an application through the internet, telephone or mobile banking channel, you are required to comply with the terms and conditions in respect of the internet, telephone or mobile banking facilities, as the case may be, provided by such placing bank.

HKSCC and securities brokers

Please contact HKSCC at telephone number 2979 7888 if you hold an investor account with HKSCC and wish to find out how to apply for this series of retail infrastructure bonds directly through HKSCC. Otherwise, you may contact your securities broker to find out the procedures for applying for this series of retail infrastructure bonds through a securities broker who is willing and able to apply (whether directly or indirectly) on your behalf through HKSCC.

DEFINED TERMS USED IN THIS ISSUE CIRCULAR

Many of the words and expressions used in this issue circular have a specific meaning. Words and expressions used in this issue circular have the meanings given in the section entitled “Defined terms used in this programme circular” in the programme circular and the following table unless the particular context in which a word or expression is used requires that it must have a different meaning. References in this issue circular to an individual investor or securities broker “holding” retail infrastructure bonds mean the holding by that individual investor or securities broker of an indirect interest in retail infrastructure bonds held by a recognized dealer.

additional recognized dealer	a recognized dealer who is not a placing bank or HKSCC
application moneys	the amount paid by an applicant at the time of his application for retail infrastructure bonds in respect of the retail infrastructure bonds themselves excluding any fees. You can read more about application moneys on page 16 of this issue circular, in the paragraph entitled “What are “application moneys”? How are “subscription moneys” different?”
CCASS	the Central Clearing and Settlement System operated by HKSCC
eligibility criteria	the criteria set out on page 2 of this issue circular
investor account	an account maintained with HKSCC by an investor participant admitted to participate in CCASS
investor compensation fund	the investor compensation fund established under section 236 of the Securities and Futures Ordinance
investor compensation fund rules	the Securities and Futures (Investor Compensation – Claims) Rules (Chapter 571T of the Laws of Hong Kong) made by the SFC under section 244(2) of the Securities and Futures Ordinance
Securities and Futures Ordinance	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SFC	the Securities and Futures Commission established under section 3 of the Securities and Futures Commission Ordinance (Chapter 24 of the Laws of Hong Kong) (now repealed) and continuing in existence under section 3 of the Securities and Futures Ordinance
subscription moneys	the amount actually paid by an applicant for retail infrastructure bonds on the issue date in respect of the retail infrastructure bonds allocated to the applicant (excluding any fees). You can read more about subscription moneys on page 16 of this issue circular, in the paragraph entitled “What are “application moneys”? How are “subscription moneys” different?”

PERSONAL INFORMATION COLLECTION STATEMENT

for Applications for the Retail Infrastructure Bonds issued under the Infrastructure Bond Programme (retail infrastructure bonds)

This Personal Information Collection Statement is made in accordance with the Personal Data (Privacy) Ordinance, Cap. 486 (the **PDPO**). It sets out the purposes for which your personal data¹ provided by you as an applicant for retail infrastructure bonds may be used after collection as well as what you are agreeing to in respect of the use, disclosure, transfer and retention of your personal data by the Government of the Hong Kong Special Administrative Region of the People's Republic of China (**HKSAR Government**) as the issuer of retail infrastructure bonds and your rights under the PDPO.

Purposes of Collection of Personal Data

It is necessary for you as an applicant for retail infrastructure bonds, when applying for retail infrastructure bonds, to provide your personal data to HKSAR Government and any agents or parties duly authorised by it in connection with the retail infrastructure bond issuance.

Failure to provide your personal data may result in your application for retail infrastructure bonds being rejected, delay or an inability to process your application. It may also result in delay to the allocation of retail infrastructure bonds to you if your application is successful or to any refund being made to you if you are owed a partial or full refund of your application moneys.

It is important that you inform the person or party to whom you provided your personal data immediately upon becoming aware of any inaccuracy in or change to your personal data so provided.

Your personal data provided in your application for retail infrastructure bonds will be used for one or more of the following purposes:

- (a) processing your application;
- (b) verifying the validity of your application;
- (c) enabling compliance with the terms and application procedures set out in the relevant application form and this issue circular;
- (d) conducting identity and signature verifications;
- (e) enabling exchange of information directly or indirectly between HKSAR Government as the issuer of retail infrastructure bonds and you;
- (f) statistical purposes;
- (g) enabling compliance with all applicable laws, rules and regulations, codes and practices binding on or applicable to HKSAR Government or any agents or parties duly authorised by it in connection with the retail infrastructure bond issuance, or an order of a court of any competent jurisdiction (including making required disclosures);
- (h) any other incidental or associated purposes relating to any of the above purposes; and
- (i) for any other purposes in connection with the retail infrastructure bond issuance as permitted by law.

¹ The term **personal data** means personal data as defined in the PDPO.

Transfer of Personal Data

Your personal data will be kept confidential but may, for any of the above purposes, be disclosed or transferred to any of the following parties (whether within or outside Hong Kong):

- (a) Hong Kong Monetary Authority, HKSCC, recognized dealers, placing banks and securities brokers (as defined in this issue circular);
- (b) any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment, data processing, matching, storage, research, statistical or other services to HKSAR Government for the purposes mentioned above, or to any of the parties mentioned in (a) above in connection with the operation of such party's activity or business for purposes relating to retail infrastructure bonds;
- (c) any government or regulatory bodies;
- (d) any legal adviser, accountant, other financial or professional adviser to HKSAR Government; and
- (e) any other persons with whom, or institutions with which, you as a holder of retail infrastructure bonds have or propose to have dealings for purposes relating to your retail infrastructure bonds, including but without limitation your bankers, legal advisers, accountants or stockbrokers.

Access to and Correction of Personal Data

Under the PDPO, you have:

- (a) the right to check whether HKSAR Government and/or any of the agents or parties duly authorised by it in connection with the retail infrastructure bond issuance holds personal data about you and the right of access to such personal data;
- (b) the right to require HKSAR Government and/or any of the agents or parties duly authorised by it in connection with the retail infrastructure bond issuance to correct any personal data relating to you which is inaccurate; and
- (c) the right, as far as practicable, to ascertain the policies and practices of HKSAR Government and/or any of the agents or parties duly authorised by it in connection with the retail infrastructure bond issuance in relation to personal data for purposes relating to retail infrastructure bonds.

In accordance with the PDPO, HKSAR Government and/or any of the agents or parties duly authorised by it in connection with the retail infrastructure bond issuance have the right to charge a reasonable fee for processing of any data access request. All requests for access to or correction of personal data held by HKSAR Government and/or any of the agents or parties duly authorised by it in connection with the retail infrastructure bond issuance, or for information regarding the policies and practices of such parties in relation to the personal data for purposes relating to retail infrastructure bonds should be addressed to:

Hong Kong Monetary Authority

Attention: The Data Protection Officer

Address: 55/F, Two International Finance Centre
8 Finance Street, Central, Hong Kong

Fax Number: 2878 8262

Email: hkgbenquiry@hkma.gov.hk

**PARTIES INVOLVED IN THE RETAIL INFRASTRUCTURE BOND
ISSUANCE**

ISSUER

The Government of the Hong Kong Special Administrative Region of the People's Republic of China

ISSUER'S REPRESENTATIVE AND ISSUING AND PAYING REPRESENTATIVE

Monetary Authority

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JOINT LEAD MANAGERS

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