



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

Infrastructure Bond Programme and Government Sustainable Bond Programme

Institutional Issuances Information Memorandum

21 October 2024

Notice to Hong Kong investors: Bonds and notes issued pursuant to this Information Memorandum to institutional investors under the Infrastructure Bond Programme and Government Sustainable Bond Programme (the “Government Bonds”), including HONIA-indexed Floating Rate Notes, are intended for purchase by Professional Investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Government Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved. This Information Memorandum is for distribution to Professional Investors only.

IMPORTANT INFORMATION

Investors should read this Information Memorandum carefully (as amended or supplemented from time to time) and ensure that they fully understand the risks associated with investing in the bonds and notes issued pursuant to this Information Memorandum under the Infrastructure Bond Programme and Government Sustainable Bond Programme (the “Government Bonds”) before deciding whether to apply for the Government Bonds.

If investors are in any doubt about the contents of this Information Memorandum, they are advised to seek independent advice from financial consultants, legal advisers, professional accountants or other professional advisers, as appropriate, on the risks of investing in the Government Bonds before making their investment decisions.

Neither The Government of the Hong Kong Special Administrative Region of the People’s Republic of China (“HKSAR Government”) nor the Monetary Authority will give investors investment advice: investors must decide for themselves whether the Government Bonds meet their investment needs, taking professional advice if appropriate.

Any application for the Government Bonds will be made on the basis of the information contained, and representations made, in this Information Memorandum. No person has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied by the HKSAR Government in connection with the Government Bonds. If investors receive any such information or representation, they must disregard it and must not rely on it as having been authorised by the HKSAR Government.

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This Information Memorandum relates only to the Government Bonds issued by the HKSAR Government to institutional investors under the Infrastructure Bond Programme and Government Sustainable Bond Programme. It does not relate to any retail bonds issued by the HKSAR Government or any other bond or note issuance programme or otherwise.

The fixed rate bonds to be issued pursuant to this Information Memorandum (the “Fixed Rate Bonds”) are intended to be admitted to the Central Clearing and Settlement System (“CCASS”) established and operated by Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited. As at the date of this Information Memorandum, the HONIA-indexed floating rate notes issued or to be issued pursuant to this Information Memorandum (the “Notes”) are not admitted to CCASS. Investors may wish to refer to the website of the Hong Kong Stock Exchange, www.hkex.com.hk, as appropriate, for a list of Government Bond issues admitted to CCASS.

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THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA

Infrastructure Bond Programme and Government Sustainable Bond Programme

Institutional Issuances

Information Memorandum

I. Summary of the Terms of HKD Fixed Rate Bonds (“HKD Fixed Rate Bonds”)

Issuer	The Government of the Hong Kong Special Administrative Region of the People's Republic of China (the “HKSAR Government”).
Currency	Hong Kong dollar.
Minimum Denomination	HK\$50,000
Method of Sale	<p>By conventional tender or switch tender. Both types of tenders will be on a competitive bid-price basis subject to a minimum bid of HK\$50,000. Each tender bid must be for an integral multiple of the minimum denomination of the HKD Fixed Rate Bonds. Applicants submitting bids must indicate the quantity of the HKD Fixed Rate Bonds applied for and the bid price. Successful bidders will be allotted the HKD Fixed Rate Bonds at the price(s) which they bid.</p> <p>For switch tender, successful bidders will additionally be required to deliver a pre-specified issue of the HKD Fixed Rate Bonds to the Monetary Authority for early redemption at a pre-specified price. The nominal value of the pre-specified issue of the Fixed Rate Bonds to be delivered by a successful bidder shall equal to the nominal value of the HKD Fixed Rate Bonds allotted to the bidder at that switch tender.</p>
Form of the Fixed Rate Bonds	Computerized book entry form in securities accounts maintained with the Monetary Authority appointed under section 5A(1) of the Exchange Fund Ordinance (Chapter 66 of the Laws of Hong Kong) (the “Monetary Authority”). The HKD Fixed Rate Bonds will be issued in denominations of HK\$50,000 each and higher integral multiples thereof.
Maturities	The maturity date of each issue of the HKD Fixed Rate Bonds will be announced in advance of each tender.
Interest Rate	Each issue of the HKD Fixed Rate Bonds will bear a fixed interest rate announced in advance of each tender.
Interest Payment	Interest will be paid semi-annually in arrear according to the actual number of days in an interest period and on the basis of a 365-day year.
Interest Period	The first interest period shall be the period from and including the issue date to but excluding the first interest payment date. Thereafter

	interest periods will run from and including each interest payment date to but excluding the next interest payment date.
Tender Arrangements	Tenders must be submitted through Primary Dealers of the Infrastructure Bond Programme and Government Sustainable Bond Programme (“Primary Dealers”) by 10:30 a.m. on the relevant tender day. Tender results are expected to be announced not later than 3:00 p.m. on the relevant tender day. The respective cut-off times for submission of tenders and announcement of tender results are subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.
Underwriting Arrangements	Primary Dealers may be required by the Monetary Authority to subscribe for the HKD Fixed Rate Bonds which have not otherwise been subscribed pursuant to valid tenders.
Settlement	Settlement is expected to be effected on the first business day immediately following the relevant tender day. The Monetary Authority may specify other settlement arrangements in the relevant tender notice having regard to operational needs.
Repayment	The HKD Fixed Rate Bonds will be redeemed at par on their respective maturity dates. The HKSAR Government may redeem any issue of the HKD Fixed Rate Bonds before its maturity date at a price announced in advance of the redemption.
Status	The HKD Fixed Rate Bonds will be issued under the Loans Ordinance (Chapter 61 of the Laws of Hong Kong). The HKD Fixed Rate Bonds will constitute direct, unsecured, unconditional and general obligations of the HKSAR Government. The HKD Fixed Rate Bonds will rank <i>pari passu</i> with all other unsecured indebtedness of the HKSAR Government incurred for the general revenue from time to time outstanding.
Legal Title	Legal title to the HKD Fixed Rate Bonds is vested in the holder of the securities account, to which the relevant HKD Fixed Rate Bonds are credited, maintained with the Monetary Authority.
Taxation	Receipts of any payments by the HKSAR Government of principal of or interest on the HKD Fixed Rate Bonds are exempt from profits tax in Hong Kong. Any issue or transfer of the HKD Fixed Rate Bonds is exempt from stamp duty in Hong Kong.
Governing Law	The laws of Hong Kong.
Listing	The Stock Exchange of Hong Kong Limited.
Secondary Market	Primary Dealers have undertaken to quote bid and offer prices for the Fixed Rate Bonds during normal securities market trading hours.
Issuing Representative	The Monetary Authority.
Paying Representative	The Monetary Authority.

Use of Proceeds

Each HKD Fixed Rate Bond may be issued under the Infrastructure Bond Programme or the Government Sustainable Bond Programme, the choice of which will be specified in the relevant tender notice ahead of each tender. Proceeds will be deployed in accordance with the framework relevant to the Infrastructure Bond Programme or the Government Sustainable Bond Programme, as applicable.

II. Summary of the Terms of RMB Fixed Rate Bonds (“RMB Fixed Rate Bonds”)

Issuer	HKSAR Government
Currency	Renminbi
Minimum Denomination	RMB50,000
Method of Sale	<p>By conventional tender or switch tender. Both types of tenders will be on a competitive bid-price basis subject to a minimum bid of RMB50,000. Each tender bid must be for an integral multiple of the minimum denomination of the RMB Fixed Rate Bonds. Applicants submitting bids must indicate the quantity of the RMB Fixed Rate Bonds applied for and the bid price. Successful bidders will be allotted the RMB Fixed Rate Bonds at the price(s) which they bid.</p> <p>For switch tender, successful bidders will additionally be required to deliver a pre-specified issue of the RMB Fixed Rate Bonds to the Monetary Authority for early redemption at a pre-specified price. The nominal value of the pre-specified issue of the RMB Fixed Rate Bonds to be delivered by a successful bidder shall equal to the nominal value of the RMB Fixed Rate Bonds allotted to the bidder at that switch tender.</p>
Form of the Fixed Rate Bonds	Computerized book entry form in securities accounts maintained with the Monetary Authority. The RMB Fixed Rate Bonds will be issued in denominations of RMB50,000 each and higher integral multiples thereof.
Maturities	The maturity date of each issue of the RMB Fixed Rate Bonds will be announced in advance of each tender.
Interest Rate	Each issue of the RMB Fixed Rate Bonds will bear a fixed interest rate announced in advance of each tender.
Interest Payment	Interest will be paid semi-annually in arrear according to the actual number of days in an interest period and on the basis of a 365-day year.
Interest Period	<p>The first interest period shall be the period from and including the issue date to but excluding the first interest payment date.</p> <p>Thereafter interest periods will run from and including each interest payment date to but excluding the next interest payment date.</p>
Tender Arrangements	Tenders must be submitted through Primary Dealers by 10:30 a.m. on the relevant tender day. Tender results are expected to be announced not later than 3:00 p.m. on the relevant tender day. The respective cut-off times for submission of tenders and announcement of tender results are subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at

	the sole discretion of the Monetary Authority in light of other operational considerations.
Underwriting Arrangements	Primary Dealers may be required by the Monetary Authority to subscribe for the RMB Fixed Rate Bonds which have not otherwise been subscribed pursuant to valid tenders.
Settlement	Settlement is expected to be effected on the second business day following the relevant tender day. The Monetary Authority may specify other settlement arrangements in the relevant tender notice having regard to operational needs.
Repayment	The RMB Fixed Rate Bonds will be redeemed at par on their respective maturity dates. The HKSAR Government may redeem any issue of the RMB Fixed Rate Bonds before its maturity date at a price announced in advance of the redemption.
Status	The RMB Fixed Rate Bonds will be issued under the Loans Ordinance (Chapter 61 of the Laws of Hong Kong). The RMB Fixed Rate Bonds will constitute direct, unsecured, unconditional and general obligations of the HKSAR Government. The RMB Fixed Rate Bonds will rank <i>pari passu</i> with all other unsecured indebtedness of the HKSAR Government incurred for the general revenue from time to time outstanding.
Legal Title	Legal title to the RMB Fixed Rate Bonds is vested in the holder of the securities account, to which the relevant RMB Fixed Rate Bonds are credited, maintained with the Monetary Authority.
Taxation	Receipts of any payments by the HKSAR Government of principal of or interest on the RMB Fixed Rate Bonds are exempt from profits tax in Hong Kong. Any issue or transfer of the RMB Fixed Rate Bonds is exempt from stamp duty in Hong Kong.
Governing Law	The laws of Hong Kong.
Listing	The Stock Exchange of Hong Kong Limited.
Secondary Market	Primary Dealers have undertaken to quote bid and offer prices for the RMB Fixed Rate Bonds during normal securities market trading hours.
Issuing Representative	The Monetary Authority.
Paying Representative	The Monetary Authority.

Use of Proceeds

Each RMB Fixed Rate Bond may be issued under the Infrastructure Bond Programme or the Government Sustainable Bond Programme, the choice of which will be specified in the relevant tender notice ahead of each tender. Proceeds will be deployed in accordance with the framework relevant to the Infrastructure Bond Programme or the Government Sustainable Bond Programme, as applicable.

III. Summary of the Terms of the HONIA-indexed Floating Rate Notes (“Notes”)¹

Issuer	HKSAR Government.
Currency	Hong Kong dollar.
Minimum Denomination	HK\$50,000
Method of Sale	<p>By conventional tender or switch tender. Both types of tenders will be on a competitive bid-spread basis subject to a minimum bid of HK\$50,000. Each tender bid must be for an integral multiple of the minimum denomination of the Notes. Applicants submitting bids must indicate the quantity of the Notes applied for and the bid spread. Successful bidders will be allotted the Notes at a uniform spread, based on the highest accepted spread of successful competitive bids submitted at the tender. The Notes will be issued at par.</p> <p>For switch tender, successful bidders will additionally be required to deliver a pre-specified issue of the Notes to the Monetary Authority for early redemption at a pre-specified price. The nominal value of the pre-specified issue of the Notes to be delivered by a successful bidder shall equal to the nominal value of the Notes allotted to the bidder at that switch tender.</p>
Form of the Notes	Computerized book entry form in securities accounts maintained with the Monetary Authority. The Notes will be issued in denominations of HK\$50,000 each and higher integral multiples thereof.
Maturities	The maturity date of each issue of the Notes will be announced in advance of each tender.
Interest Rate	<p>Each issue of the Notes will bear a floating rate of interest indexed to the Hong Kong Dollar Overnight Index Average (“HONIA”). Interest rate is calculated as the Compounded HONIA plus Margin, subject to a minimum of 0% per interest period².</p> <p>With respect to any business day, HONIA shall mean (i) the Hong Kong Dollar Overnight Index Average as published at 19:00 Hong Kong time on the HONIA Administrator’s Website, or published via any other means from the HONIA Administrator, on the same business day; or (ii) if the rate specified in (i) does not so appear, the HONIA as published in respect of the first preceding business day on the HONIA Administrator’s Website, where “HONIA Administrator” means the Treasury Markets Association (“TMA”) or a successor administrator of HONIA and “HONIA Administrator’s Website” means the website of the TMA or any successor source.</p>

¹ A HONIA-indexed Floating Rate Note is a bond that has variable interest rate indexed to the Hong Kong Dollar Overnight Index Average.

² The arrangement of a minimum 0% interest rate per interest period is subject to review by the Monetary Authority from time to time according to prevailing market conditions.

Compounded HONIA shall mean the compounded average of daily HONIA, as determined for each interest period in accordance with the formula specified as follows:

$$\left[\prod_{i=1}^{d_b} \left(1 + \frac{HONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d_c}$$

where

- d_b : is the number of business days in the relevant interest period;
- i : is a series of whole numbers from one to d_b , each representing the relevant business day in chronological order from, and including, the first business day in the relevant interest period;
- $HONIA_i$: is the daily HONIA rate published on any business day “ i ” in the relevant interest period;
- n_i : for any business day “ i ” in the relevant interest period, is the number of calendar days from, and including, such business day “ i ” to, but excluding, the following business day (“ $i+1$ ”) (e.g. if business day “ i ” is a Friday and the following business day (“ $i+1$ ”) is the next Monday, n_i is equal to 3); and
- d_c : is the number of calendar days in the relevant interest period.

The resulting percentage will be rounded to five decimal places (e.g. 0.00001%).

The Margin refers to the highest accepted spread of successful competitive bids submitted at the tender.

Interest Payment

Interest will be paid quarterly in arrear. The amount of interest accrued and payable on the Notes for each interest period will be equal to the product of (i) the outstanding principal amount of the Notes; and (ii) the product of (a) the interest rate for the relevant interest period; and (b) the quotient of the actual number of calendar days in such interest period divided by 365.

Interest payment date shall be the second business day following each interest period end date. For the avoidance of doubt, if any day between the interest period end date and the interest payment date ceases to be a business day (e.g. typhoon), or is not a business day (e.g., gazetted as a general holiday in Hong Kong), the interest payment date shall be adjusted to the next business day such that it remains on the second business day following each interest period end date.

Interest Period

The first interest period shall be the period from and including the issue date to but excluding the first interest period end date. Thereafter interest periods will run from and including each interest period end date to but excluding the next interest period end date.

Tender Arrangements	<p>A uniform-price tender format in which each competitive bid specifies a spread (which can be positive, zero or negative, expressed in the nearest hundredth of a percentage point (e.g. 0.01%)). Only competitive bids are accepted, subject to a minimum bid of HKD50,000. There is no allotment limit. Successful competitive bids will be allotted the Notes at a uniform spread, based on the highest accepted spread of successful competitive bids submitted at the tender. The issue amount will be awarded to competitive tenders from the lowest spread to the highest spread.</p> <p>Tenders must be submitted through Primary Dealers by 10:30 a.m. on the relevant tender day. Tender results will be announced not later than 3:00 p.m. on the relevant tender day. The respective cut-off times for submission of tenders and announcement of tender results are subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.</p>
Underwriting Arrangements	Primary Dealers may be required by the Monetary Authority to subscribe for the Notes which have not otherwise been subscribed pursuant to valid tenders.
Settlement	Settlement is expected to be effected on the first business day immediately following the relevant tender day. The Monetary Authority may specify other settlement arrangements in the relevant tender notice having regard to operational needs.
Repayment	The Notes will be redeemed at par on the maturity date. The HKSAR Government may redeem any issue of the Notes before its maturity date at a price announced in advance of the redemption.
Status	The Notes will be issued under the Loans Ordinance (Chapter 61 of the Laws of Hong Kong). The Notes will constitute direct, unsecured, unconditional and general obligations of the HKSAR Government. The Notes will rank <i>pari passu</i> with all other unsecured indebtedness of the HKSAR Government incurred for the general revenue from time to time outstanding.
Legal Title	Legal title to the Notes is vested in the holder of the securities account, to which the relevant Notes are credited, maintained with the Monetary Authority.
Taxation	Receipts of any payments by the HKSAR Government of principal of or interest on the Notes are exempt from profits tax in Hong Kong. Any issue or transfer of the Notes is exempt from stamp duty in Hong Kong.
Governing Law	The laws of Hong Kong.
Listing	The Stock Exchange of Hong Kong Limited.
Secondary Market	Primary Dealers have undertaken to quote bid and offer prices for the Notes during normal securities market trading hours.

Issuing Representative	The Monetary Authority.
Paying Representative	The Monetary Authority.
Use of proceeds	The Notes may be issued under the Infrastructure Bond Programme or the Government Sustainable Bond Programme, the choice of which will be specified in the relevant tender notice ahead of each tender. Proceeds will be deployed in accordance with the framework relevant to the Infrastructure Bond Programme or the Government Sustainable Bond Programme, as applicable.

This Information Memorandum is published in English only.

**THE HONG KONG SPECIAL ADMINISTRATIVE REGION
OF THE PEOPLE’S REPUBLIC OF CHINA
INFRASTRUCTURE BOND PROGRAMME AND
GOVERNMENT SUSTAINABLE BOND PROGRAMME
INSTITUTIONAL ISSUANCES
INFORMATION MEMORANDUM**

Introduction

1. This Information Memorandum sets out the terms of bond and notes to be issued to institutional investors under the Infrastructure Bond Programme (“IBP”) and Government Sustainable Bond Programme (“GSBP”).
2. Pursuant to the passage of a Resolution (i.e. Chapter 61I of the Laws of Hong Kong) under section 3 of the Loans Ordinance (Chapter 61 of the Laws of Hong Kong) by the Legislative Council on 8 May 2024, the HKSAR Government is authorised to borrow up to a maximum principal amount outstanding at any time of HK\$500 billion or equivalent under the IBP and GSBP. The Resolution was published in the HKSAR Government Gazette and took effect on 10 May 2024.

Infrastructure Bond Programme

3. The Financial Secretary proposed in the 2023-24 Budget the setting up of 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. Thereafter, it was set out in the 2024-25 Budget that the Government will set a borrowing ceiling of a total of HK\$500 billion for the IBP and Government Green Bond Programme (“GGBP”) to allow more flexibility in quota re-allocation. The sums borrowed will be credited to the Capital Works Reserve Fund (“CWRF”) for investment in projects which are conducive to long-term development.
4. Pursuant to the passage of a Resolution (i.e. Chapter 61I of the Laws of Hong Kong) under section 3 of the Loans Ordinance (Chapter 61 of the Laws of Hong Kong) by the Legislative Council on 8 May 2024, the GGBP has been renamed as the GSBP and the Government is authorised to borrow up to a maximum principal amount outstanding at any time of HK\$500 billion or equivalent under the IBP and GSBP. The Resolution was published in the HKSAR Government Gazette and took effect on 10 May 2024.
5. The sums borrowed under the IBP are credited to the CWRF to provide funding for HKSAR Government infrastructure projects. The IBP covers projects under the HKSAR Government’s capital works programme of the CWRF (except for those that have been or are expected to be included in the GSBP), including projects under major infrastructure initiatives. A summary of the Infrastructure Bond Framework under the IBP is set out at Annex A.

Government Sustainable Bond Programme

6. The HKSAR Government announced in 2017 that it would take the lead in arranging the issuance of a green bond to demonstrate the HKSAR Government’s support for sustainable development and determination to combat climate change, and to promote the development of green finance; and further announced in 2018 that it would launch the GGBP.
7. On 15 November 2018, the Legislative Council passed a Resolution (i.e. Chapter 61F of the Laws of Hong Kong) under section 3 of the Loans Ordinance (Chapter 61 of the Laws of Hong Kong) authorising the HKSAR Government to borrow up to a maximum principal amount outstanding at any time of HK\$100 billion or equivalent under the GGBP.

8. Subsequently, the HKSAR Government announced in 2021 the plan to double the borrowing ceiling of the GGBP to HK\$200 billion to allow for more room for piloting the issuance of green bonds that involve more types of currencies, project types and issuance channels, thereby further enriching the green finance ecosystem in Hong Kong.
9. Pursuant to the passage of a Resolution (i.e. Chapter 61H of the Laws of Hong Kong) under section 3 of the Loans Ordinance by the Legislative Council on 21 July 2021, the HKSAR Government was authorised to borrow up to a maximum principal amount outstanding at any time of HK\$200 billion or equivalent under the GGBP. The Resolution was published in the Government Gazette and took effect on 23 July 2021, replacing the previous resolution (i.e. Chapter 61F of the Laws of Hong Kong).
10. To further consolidate Hong Kong's position as a green and sustainable finance hub, it was announced in the 2023-24 Budget that the scope of the GGBP would be further expanded to cover sustainable projects. Thereafter, it was set out in the 2024-25 Budget that the HKSAR Government would set a borrowing ceiling of a total of HK\$500 billion for the IBP and GGBP to allow more flexibility in quota re-allocation. The sums borrowed will be credited to the CWRP for investment in projects which are conducive to long-term development.
11. Pursuant to the passage of a Resolution (i.e. Chapter 61I of the Laws of Hong Kong) under section 3 of the Loans Ordinance by the Legislative Council on 8 May 2024, the Government is authorised to borrow up to a maximum principal amount outstanding at any time of HK\$500 billion or equivalent under the IBP and GGBP. At the same time, with the expansion of the GGBP to cover sustainable projects, the GGBP was renamed as the GSBP. The Resolution was published in the HKSAR Government Gazette and took effect on 10 May 2024, replacing the previous resolution (i.e. Chapter 61H of the Laws of Hong Kong).
12. The sums borrowed under the GSBP are credited to the CWRP to provide funding for sustainable projects of the Government. A summary of the Green Bond Framework under the GSBP is at Annex B.

Information Memorandum

13. This Information Memorandum (together with changes from time to time made by the Monetary Authority at his sole discretion) sets out the relevant details of the institutional bonds to be issued under the IBP and GSBP only, including the Hong Kong dollar ("HKD")-denominated Fixed Rate Bonds and Renminbi ("RMB")-denominated Fixed Rate Bonds (together, the "Fixed Rate Bonds") and HKD-denominated HONIA-indexed Floating Rate Notes³ (the "Notes") (together with the Fixed Rate Bonds, the "Government Bonds"). Separate documents will set out the relevant details of retail bond issuances under the IBP and GSBP respectively.
14. This Information Memorandum also describes the relevant arrangements for promoting secondary market liquidity in Government Bonds under the Institutional Bond Issuance Programme. The arrangements contained in this Information Memorandum will be kept under regular review and a further Information Memorandum (or supplements to this Information Memorandum) will be issued if material changes are made.
15. In this Information Memorandum, any reference to a business day shall not include any Saturday, Sunday or general holiday in Hong Kong.

³ A HONIA-indexed Floating Rate Note is a bond that has variable interest rate indexed to the Hong Kong Dollar Overnight Index Average.

Description of the Government Bonds

16. The Government Bonds will be issued by the HKSAR Government under the Loans Ordinance (Chapter 61 of the Laws of Hong Kong).

Status

17. The Government Bonds will constitute direct, unsecured, unconditional and general obligations of the HKSAR Government and will rank pari passu with all other unsecured indebtedness of the HKSAR Government incurred for the general revenue from time to time outstanding and without preference for one over the other by reason of priority of date of issue or otherwise.

Taxation

18. Receipts of any payments by the HKSAR Government of principal of or interest on the Government Bonds are exempt from profits tax in Hong Kong. Any issue or transfer of the Government Bonds is exempt from stamp duty in Hong Kong.

Currency

19. The Government Bonds may be denominated in HKD or RMB. All payments in respect of subscription, redemption and interest will be made in the original currency denomination of the bond.

Form of the Government Bonds

20. The minimum denomination of the HKD-denominated Government Bonds is HK\$50,000 and RMB-denominated Government Bonds is RMB50,000. The Government Bonds will be issued in computerized book entry form only through securities accounts maintained with the Monetary Authority. The Monetary Authority will operate securities accounts for Recognized Dealers and others through Recognized Dealers on request (see paragraph 63). Instructions to debit or credit securities accounts to effect secondary market transactions will be accepted only through Recognized Dealers.

Interest in relation to the Fixed Rate Bonds

21. Each issue of the Fixed Rate Bonds will bear a fixed rate of interest which will be announced in advance of each tender. Interest, rounded to the nearest cent (half a cent being rounded upwards) and calculated on the actual number of days in an interest period (being a period from and including an interest payment date (or in the case of the first interest period, the issue date of the relevant Fixed Rate Bonds) to but excluding the next interest payment date) (as may be adjusted in the manner described in paragraphs 59 and 60) and on the basis of a 365-day year, will be paid semi-annually in arrear.

Interest in relation to HONIA-indexed Floating Rate Notes

22. Each issue of the HONIA-indexed Floating Rate Notes will bear a floating rate of interest indexed to the Hong Kong Dollar Overnight Index Average ("HONIA"). Interest, rounded to the nearest cent (half a cent being rounded upwards), will be paid quarterly.
23. With respect to any business day, HONIA means (i) the Hong Kong Dollar Overnight Index Average as published at 19:00 Hong Kong time on the HONIA Administrator's Website, or published via any other means from the HONIA Administrator, on the same business day; or (ii) if the rate specified in (i) does not so appear, the HONIA as published in respect of the first preceding business day on the HONIA Administrator's Website, where "HONIA Administrator" means the Treasury Markets Association ("TMA") or a successor administrator of HONIA and "HONIA Administrator's Website" means the website of the TMA or any successor source.

24. Interest rate is calculated as the Compounded HONIA plus Margin, subject to a minimum of 0% per interest period⁴, where:

- (a) Compounded HONIA shall mean the compounded average of daily HONIA, as determined for each interest period in accordance with the formula specified as follows:

$$\left[\prod_{i=1}^{d_b} \left(1 + \frac{HONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d_c}$$

where

- d_b : is the number of business days in the relevant interest period;
 i : is a series of whole numbers from one to d_b , each representing the relevant business day in chronological order from, and including, the first business day in the relevant interest period;
 $HONIA_i$: is the daily HONIA rate published on any business day “ i ” in the relevant interest period;
 n_i : for any business day “ i ” in the relevant interest period, is the number of calendar days from, and including, such business day “ i ” to, but excluding, the following business day (“ $i+1$ ”) (e.g. if business day “ i ” is a Friday and the following business day (“ $i+1$ ”) is the next Monday, n_i is equal to 3); and
 d_c : is the number of calendar days in the relevant interest period.

The resulting percentage will be rounded to five decimal places (e.g. 0.00001%).

- (b) Margin is the highest accepted spread of successful competitive bids submitted at the tender.
25. The amount of interest accrued and payable on the Notes for each interest period will be equal to the product of (i) the outstanding principal amount of the Notes; and (ii) the product of (a) the interest rate for the relevant interest period; and (b) the quotient of the actual number of calendar days in such interest period divided by 365. The first interest period shall be the period from and including the issue date to but excluding the first interest period end date. Thereafter interest periods will run from and including each interest period end date to but excluding the next interest period end date.
26. The interest payment date shall be the second business day following each interest period end date. For the avoidance of doubt, if any day between the interest period end date and the interest payment date ceases to be a business day (e.g. typhoon), or is not a business day (e.g., gazetted as a general holiday in Hong Kong), the interest payment date shall be adjusted to the next business day such that it remains on the second business day following each interest period end date.

⁴ The arrangement of a minimum 0% interest rate per interest period is subject to review by the Monetary Authority from time to time according to prevailing market conditions.

Redemption

27. The Government Bonds will be redeemed at par at maturity in the manner described in the section of this Information Memorandum on redemption and interest payments. The HKSAR Government may redeem any issue of the Government Bonds before its maturity date at a price announced in advance of the redemption.

Governing Law

28. The Government Bonds will be governed by and construed in accordance with the laws of Hong Kong.

Types of Tenders

29. The Government Bonds will be issued by conventional tender or switch tender. Tenders of Fixed Rate Bonds will be on a competitive bid-price basis. Tenders of HONIA-indexed Floating Rate Notes will be on a competitive bid-spread basis. Conventional tender applies to issuance of Government Bonds without in exchange for early redemption of another bond issue. Switch tender applies to issuance of Government Bonds in exchange for early redemption of the equivalent nominal value of a pre-specified issue of the Government Bonds at a pre-specified price.

Tender Arrangements

30. Tenders will be held at such time as the Monetary Authority may determine. The Monetary Authority will announce the amount(s), the issue date(s), the maturity date(s) and the interest rate(s), where applicable, of the Government Bonds on offer at the tender via a tender notice in advance of each tender. For switch tender, in addition to the above information, the Monetary Authority will announce the issue of the Government Bonds specified for early redemption at that tender and the early redemption price. The announcement will be published on Bloomberg (GBHK), Refinitiv (HKGBINDEX), the Hong Kong Government Bond's website (www.hkgb.gov.hk), or by any other means specified by the Monetary Authority. If for any reason (e.g., typhoon) a tender day ceases to be a business day, the relevant tender is expected to be held on the immediately succeeding business day or on any other day as announced by the Monetary Authority (which shall then be regarded as the tender day for that tender).
31. Tenders will be open only to Primary Dealers under the IBP and GSBP ("Primary Dealers"). Anyone wishing to participate in the Government Bond tenders can only do so through a Primary Dealer.
32. The Monetary Authority may from time to time create and issue further Government Bonds having the same terms and conditions as a series of Government Bonds already in issue in all respects, except for the issue date, the issue price and the first payment of interest thereon. Additional Government Bonds issued in this manner will be consolidated with and will form a single series with that series of Government Bonds originally issued.

Competitive Tender Procedure for the Fixed Rate Bonds

33. All tenders must be made in a form substantively similar to the form at Annex C (for HKD Fixed Rate Bonds) and Annex D (for RMB Fixed Rate Bonds) to this Information Memorandum or in any other form prescribed by the Monetary Authority. Tenders must reach the Monetary Authority not later than 10:30 a.m. on the tender day. They should be transmitted via a Central Moneymarkets Unit Member Terminal ("CMT"), or authenticated facsimile using the numbers already provided to Primary Dealers or by any other means as may be specified by the Monetary Authority. All tenders submitted will be binding and will not be revocable from 10:30 a.m. on the tender day. The cut-off time for submission of tenders is subject to adjustment in accordance

with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.

34. Tenders must be made on a bid-price basis, subject to a minimum bid equal to the minimum denomination of the Fixed Rate Bonds. Tenders above this minimum must be in integral multiples of the minimum denomination of the Fixed Rate Bonds.
35. Applicants will be required to state in the tender the price (P_0), expressed as a percentage and rounded to two decimal places, and the nominal value of the Fixed Rate Bonds (F_0) tendered for at that price.
- (a) For conventional tender, if the tender is allotted in full, the amount of payment (A_0) to be effected by a successful bidder to the Monetary Authority on settlement day should be calculated by the following formula:

$$A_0 = F_0 \times P_0$$

- (b) For switch tender, if the tender is allotted in full, the amount of payment (A_0) to be effected by a successful bidder to the Monetary Authority on settlement day for the issuance of new Fixed Rate Bonds should be calculated by the following formula:

$$A_0 = F_0 \times P_0; \text{ and}$$

the amount of payment (A_1) to be received by that successful bidder from the Monetary Authority for the early redemption of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender should be calculated by the following formula:

$$A_1 = F_1 \times P_1$$

where the terms F_1 and P_1 mean the following:

F_1 : the nominal value of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender, which shall equal to the total nominal value of new Fixed Rate Bonds (F_0) allotted to that successful bidder

P_1 : the pre-specified early redemption price of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender as announced by the Monetary Authority.

36. Tenders accepted will normally be allotted in descending order of price bid from the highest to the lowest accepted price. Applicants whose tenders are accepted will be allotted at the price at which they tendered. Subject to paragraph 37, tenders which are accepted and which are above the lowest accepted price will be allotted in full; those which are accepted and which are at the lowest accepted price may be allotted in full or in part only. In the case of allotment in part, a calculation will be made of the amount of the Fixed Rate Bonds available for allotment at the lowest accepted price as a percentage (the “pro-rata percent”) of the total amount of the Fixed Rate Bonds applied for at that price. As far as possible, the pro-rata percent will be applied to the amount of the Fixed Rate Bonds tendered for by each applicant at the lowest accepted price and the result rounded down to the nearest multiple of the minimum denomination of the Fixed Rate Bonds. The remaining nominal amount of Fixed Rate Bonds shall be reserved and aggregated to reach the minimum denomination of the Fixed Rate Bonds for allotment by way of balloting.

Other Tender Arrangements for the Fixed Rate Bonds

37. The Monetary Authority will set no minimum price on the Fixed Rate Bonds on offer at any tender and will expect to allot the whole amount on offer. The Monetary Authority reserves the right not to allot all the Fixed Rate Bonds on offer at any tender or to scale down the allotment to a successful bidder, though he would only consider doing so in exceptional circumstances, e.g., where the tender is made at an unacceptably deep discount to the prevailing market level or to avoid disproportionate market share by a market participant. The Monetary Authority reserves the right to acquire Fixed Rate Bonds at a conventional tender at the lowest accepted price bid in the event of under-subscription.
38. In a conventional tender of any issue of the Fixed Rate Bonds, where the amount of Fixed Rate Bonds applied for is less than the whole amount on offer at the tender, the Monetary Authority may call upon any Primary Dealer which has subscribed less than the Average Amount at that tender to subscribe for the unsubscribed Fixed Rate Bonds:

(a) at the Average Accepted Price at that tender; and

(b) in an amount which is no more than the difference between the Average Amount and the amount of the Fixed Rate Bonds subscribed by that Primary Dealer at that tender.

The Monetary Authority may, without notice or other formality, exercise the above right by notifying each relevant Primary Dealer of the amount of the Fixed Rate Bonds for which it is required to subscribe through the issue of an allotment notification report upon completion of the relevant tender. The term "Average Amount" shall mean the whole amount of the Fixed Rate Bonds on offer at the tender as described above in this paragraph 38 divided by the total number of Primary Dealers and the term "Average Accepted Price" shall mean the weighted average price of accepted bids in that tender.

39. The Monetary Authority may re-open a particular issue of the Fixed Rate Bonds under either conventional tender or switch tender, in which case the original maturity of the Fixed Rate Bonds (or Fixed Rate Bonds to be issued under a switch tender) will remain unchanged. However, the amount to be paid for the new Fixed Rate Bonds in the re-opened issue will include the settlement amount A_0 in paragraph 35 for successful bids, plus an amount equal to the interest accrued from the last interest payment date to the settlement date of the relevant new Fixed Rate Bonds, or in the case of a re-opening in the first interest period, plus an amount equal to the interest accrued from the issue date of the original Fixed Rate Bonds to the settlement date of the relevant new Fixed Rate Bonds. The accrued interest payable per minimum denomination of the new Fixed Rate Bonds will be announced in the relevant tender notice ahead of the tender day.
40. Where under a switch tender, if the settlement day is not an interest payment date of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender, then the amount to be paid to a successful bidder by the Monetary Authority in relation to the early redemption of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender from that successful bidder will include the settlement amount A_1 in paragraph 35, plus an amount equal to the interest accrued from the last interest payment date to the settlement day of the switch tender, or in the case of a settlement day falling in the first interest period of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender, plus an amount equal to the interest accrued from the issue date of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender to the settlement day of the switch tender. The accrued interest per minimum denomination of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender will be announced in the relevant tender notice in advance of the tender day.

41. Primary Dealers whose tenders have been successful in whole or in part will be notified of their allotment of the Fixed Rate Bonds and the amount payable as soon as practicable after the allotment. For switch tender, Primary Dealers will additionally be notified of the nominal value of the pre-specified issue of the Fixed Rate Bonds to be redeemed at that tender that they should deliver to the Monetary Authority for early redemption, as well as the relevant amount receivable from the Monetary Authority, as soon as practicable after the allotment. In all cases, the amount of the Fixed Rate Bonds allotted and redeemed (as applicable), the Average Accepted Price and the lowest price at which the new Fixed Rate Bonds have been allotted are expected to be announced not later than 3:00 p.m. on the tender day on Bloomberg (GBHK<GO>), Refinitiv (HKGBINDEX), the Hong Kong Government Bonds website (www.hkgb.gov.hk) or by any other means specified by the Monetary Authority. The cut-off time for announcement of tender results is subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.

Competitive Tender Procedure for HONIA-indexed Floating Rate Notes

42. All tenders must be made in a form substantively similar to the form at Annex E to this Information Memorandum or in any other form prescribed by the Monetary Authority. Tenders must reach the Monetary Authority not later than 10:30 a.m. on the tender day. They should be transmitted via a Central Moneymarkets Unit Member Terminal, or authenticated facsimile using the numbers already provided to Primary Dealers or by any other means as may be specified by the Monetary Authority. All tenders submitted will be binding and will not be revocable from 10:30 a.m. on the tender day. The cut-off time for submission of tenders is subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.
43. Tenders must be made on a bid-spread basis, subject to a minimum bid of HK\$50,000 each. Tenders above this minimum must be in integral multiples of HK\$50,000.
44. Applicants will be required to state in the tender the spread, which can be positive, zero or negative, expressed as a percentage and rounded to two decimal places, and the nominal value (F_0) of the Notes tendered for at that spread. The difference between any multiple specified spread in a tender bid should be at least 0.01% and rounded to two decimal places. The issue price of the Notes shall be par.
- (a) For conventional tender, if the tender is allotted in full, the amount of payment (A_0) to be effected by a successful bidder to the Monetary Authority on settlement day should be equal to the nominal value of the Notes tendered for:

$$A_0 = F_0$$

- (b) For switch tender, if the tender is allotted in full, the amount of payment (A_0) to be effected by a successful bidder to the Monetary Authority on settlement day should be equal to the nominal value of the Notes tendered for:

$$A_0 = F_0; \text{ and}$$

the amount of payment (A_1) to be received by that successful bidder from the Monetary Authority for the early redemption of the pre-specified issue of the Notes redeemed at that tender should be calculated by the following formula:

$$A_1 = F_1 \times P_1$$

where the terms F_1 and P_1 mean the following:

F_1 : the nominal value of the pre-specified issue of the Notes redeemed at that tender, which shall equal to the total nominal value of new Notes (F_0) allotted to that successful bidder

P_1 : the pre-specified early redemption price of the pre-specified issue of the Notes redeemed at that tender as announced by the Monetary Authority.

45. Tenders for the Notes which are accepted will normally be allotted Notes in the order from the lowest to the highest bidding spreads until the nominal amount of the Notes of such accepted tenders equals or exceeds the nominal amount of the Notes available for allotment.
46. Accepted tenders which are below the highest accepted spread will be allotted Notes in full; those which are accepted and which are at the highest accepted spread may be allotted Notes in full or in part or, in the event a ballot is required as described below, no Notes at all. In the case of allotment in part, a calculation will be made of the amount of Notes available for allotment at the highest accepted spread as a percentage (the “pro-rata percentage”) of the total amount applied for at that spread. As far as possible the pro-rata percentage will be applied to the amount of Notes tendered by Primary Dealers at the accepted highest spread, rounded down to the nearest multiple of the minimum denomination in the currency of the bond. The remaining nominal amount of Notes shall be reserved and aggregated to reach the denomination of the Notes (i.e. HK\$50,000) for allotment by way of balloting.

Other Tender Arrangements for HONIA-indexed Floating Rate Notes

47. The Monetary Authority will set no minimum spread on the Notes on offer at any tender and will expect to allot the whole amount on offer. The Monetary Authority reserves the right not to allot all the Notes on offer at any tender or to scale down the allotment to a successful bidder, though he would only consider doing so in exceptional circumstances, e.g., where the tender is made at an unacceptably deep discount to the prevailing market level or to avoid disproportionate market share by a market participant. The Monetary Authority reserves the right to acquire Notes at a conventional tender at par in the event of under-subscription.
48. In a conventional tender of any issue of the Notes, where the amount of Notes applied for is less than the whole amount on offer at the tender, the Monetary Authority may call upon any Primary Dealer which has subscribed less than the Average Amount at that tender to subscribe for the unsubscribed Notes:
 - (a) at par; and
 - (b) in an amount which is no more than the difference between the Average Amount and the amount of the Notes subscribed by that Primary Dealer at that tender.

The Monetary Authority may, without notice or other formality, exercise the above right by notifying each relevant Primary Dealer of the amount of the Notes for which it is required to subscribe through the issue of an allotment notification report upon completion of the relevant tender. The term “Average Amount” shall mean the whole amount of the Notes on offer at the tender as described above in this paragraph 48 divided by the total number of Primary Dealers.

49. Where under a switch tender, if the settlement day is not an interest payment date of the pre-specified issue of the Notes redeemed at that tender, then the amount to be paid to a successful bidder by the Monetary Authority in relation to the early redemption of the pre-specified issue of the Notes redeemed at that tender from that successful bidder will include the settlement amount A_1 in paragraph 44, plus an amount equal to the interest accrued from the last interest period end date to the settlement day of the switch tender, or in the case of a settlement day falling in the first

interest period of the pre-specified issue of the Notes redeemed at that tender, plus an amount equal to the interest accrued from the issue date of the pre-specified issue of the Notes redeemed at that tender to the settlement day of the switch tender. The accrued interest per minimum denomination of HK\$50,000 of the pre-specified issue of the Notes redeemed at that tender will be announced in the relevant tender notice in advance of the tender day.

50. Primary Dealers whose tenders have been successful in whole or in part will be notified of their allotment of the Notes and the amount payable as soon as practicable after the allotment. For switch tender, Primary Dealers will additionally be notified of the nominal value of the pre-specified issue of the Notes to be redeemed at that tender that they should deliver to the Monetary Authority for early redemption, as well as the relevant amount receivable from the Monetary Authority, as soon as practicable after the allotment. The amount of the Notes allotted, the Average Accepted Spread, and the Highest Accepted Spread at which the new Notes have been allotted are expected to be announced not later than 3:00 p.m. on the tender day on Bloomberg (GBHK<GO>), Refinitiv (HKGBINDEX), the Hong Kong Government Bonds website (www.hkgb.gov.hk) or by any other means specified by the Monetary Authority. The cut-off time for announcement of tender results is subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.

Settlement Arrangements

51. Payment for, and registration through the computerized book entry system of, the Government Bonds issued by tender will be for value on the issue date to be specified in the relevant tender notice ahead of each tender. By submitting a tender on behalf of any applicant, the relevant Primary Dealer agrees to pay for the Government Bonds allotted as a result of such tender. Settlement of payments will be made in the manner described in paragraphs 52 to 54 below. Settlement of payments between Primary Dealers and their clients will continue to depend on the interbank payment system and traditional payment methods.
52. In the case of a Primary Dealer which is a licensed bank, payment in Hong Kong dollars will be effected through its settlement account maintained with the Monetary Authority.
53. In the case of a Primary Dealer which is not a licensed bank, payment in Hong Kong dollars will be effected as follows:
 - (a) the Monetary Authority will debit the settlement account of the correspondent bank of that Primary Dealer; and
 - (b) the correspondent bank will debit the appropriate account of that Primary Dealer.
54. Settlement of RMB payments are expected to take place via the RMB RTGS system and / or other means as agreed between the Monetary Authority and Primary Dealers.
55. The Monetary Authority will, on the issue date, credit the nominal value of the Government Bonds allotted to the relevant Primary Dealers to their securities accounts maintained with the Monetary Authority upon receipt of payments.
56. For switch tender, provided that the Monetary Authority is satisfied that, on the settlement day of the relevant tender, a successful bidder, as sole owner, has delivered free from any security or other interest the required nominal value of the pre-specified issue of the Government Bonds to be redeemed at that tender to the Monetary Authority for early redemption in the manner described in the relevant operating procedures prescribed by the Monetary Authority, the Monetary Authority will arrange for the issuance of the relevant new Government Bonds in the manner described in paragraphs 51 to 54 above to that successful bidder. If a successful bidder

fails to deliver the required nominal value of the pre-specified issue of the Government Bonds to be redeemed at that tender in the manner so described, the Monetary Authority will act in accordance with the relevant operating procedures as appropriate, and the defaulting bidder may be liable to pay charges in respect of such failure in the manner described in the relevant operating procedures. Settlement of payments between Primary Dealers and their clients will continue to depend on the interbank payment system and traditional payment methods.

Redemption and Interest Payments

57. On the maturity date for any Government Bonds issued, the Monetary Authority will arrange for the relevant computerized entries in the securities accounts to be reversed and for the settlement accounts of the relevant Recognized Dealers which are licensed banks to be credited with the relevant amounts of principal upon maturity of the Government Bonds. For any Fixed Rate Bonds issued, the final interest payment will be credited on the maturity date. For any Notes issued, the final interest payment will be credited on the final interest payment date, which is the second business day following the maturity date. For the avoidance of doubt, for any Notes issued, if any day between the maturity date and the final interest payment date ceases to be a business day (e.g. typhoon), or is not a business day (e.g., gazetted as a general holiday in Hong Kong), the final interest payment date shall be adjusted to the next business day such that it remains on the second business day following the maturity date of the Notes. Payments to the relevant Recognized Dealers which are not licensed banks will be by way of credit to their bank accounts via their correspondent banks which will in turn have their settlement accounts credited. Settlement of payments between Recognized Dealers and their clients will continue to depend on the interbank payment system and traditional payment methods.
58. On an interest payment date of any Government Bonds, the Monetary Authority will arrange for the settlement accounts of the relevant Recognized Dealers which are licensed banks to be credited with the relevant amount of interest. Payment of interest to the relevant Recognized Dealers which are not licensed banks will be by way of credit to their bank accounts via their correspondent banks which will in turn have their settlement accounts credited. Settlement of payments between Recognized Dealers and their clients will continue to depend on the interbank payment system and traditional payment methods.
59. If the issue date specified for any issue of the Government Bonds for any reason ceases to be a business day (e.g., typhoon), payment by and/or to the successful bidders will be postponed to the immediately succeeding business day which will then be deemed to be the issue date. However, the interest payment dates, interest period end dates (applicable only to the Notes), and maturity date originally specified will remain unchanged. If the maturity date or any interest payment date for any issue of the Fixed Rate Bonds for any reason ceases to be a business day (e.g., typhoon), payment will be made on the immediately succeeding business day. If the maturity date or any interest payment date for any issue of the Fixed Rate Bonds is not a business day (e.g., gazetted as a general holiday in Hong Kong), payment will be made on the immediately succeeding business day unless that day falls in the next calendar month, in which case payment will be made on the business day immediately preceding the originally specified maturity date or interest payment date for any issue of the Fixed Rate Bonds. If the maturity date or any interest period end date for any issue of the Notes for any reason ceases to be a business day (e.g., typhoon), the maturity date or interest period end date concerned will be the next business day. If the maturity date or any interest period end date for any issue of the Notes is not a business day (e.g., gazetted as a general holiday in Hong Kong), the maturity date or interest period end date concerned will be the next business day unless that day falls in the next calendar month, in which case the maturity date or the interest period end date concerned will be the business day immediately preceding the originally specified maturity date or interest period end date for any issue of the Notes.
60. For Fixed Rate Bonds, where the maturity date or any interest payment date for any issue of the Fixed Rate Bonds ceases to be a business day or is not a business day, the amounts of interest

payable in respect of the applicable interest period under paragraph 21 shall be adjusted to take into account the earlier or later date that payment is made. In all cases, subsequent payment dates specified for the issue will remain unchanged. For the Notes, where any interest period end date for any issue of the Notes ceases to be a business day or is not a business day, the amounts of interest payable in respect of the applicable interest period under paragraph 25 shall be adjusted to take into account the earlier or later date that the interest period end date falls on. In all cases, subsequent interest period end dates specified for the issue will remain unchanged. Recognized Dealers should refer to the prevailing typhoon procedures specified by the Monetary Authority from time to time.

Recognized Dealers and Primary Dealers

61. Recognized Dealers are financial institutions appointed by the Monetary Authority which maintain securities accounts with the Monetary Authority to which Government Bonds may be credited and from which Government Bonds may be debited. All Recognized Dealers in accepting their appointments shall give the following undertakings to the Monetary Authority:
 - (a) to comply with regulations that may be specified from time to time by the Monetary Authority;
 - (b) to supply relevant statistics that may be required by the Monetary Authority to enable him to monitor developments in the market;
 - (c) to allow the Monetary Authority or a person nominated by him to inspect their books and records relating to the Government Bonds to the extent permitted by law;
 - (d) to give timely instructions to the Monetary Authority for any transfer of the Government Bonds in the manner specified by him; and
 - (e) to inform their clients who are not Recognized Dealers that they may open a securities account with the Monetary Authority through a Recognized Dealer (see paragraph 64) and of the terms of issues of the Government Bonds.
62. Primary Dealers are appointed by the Monetary Authority from Recognized Dealers based on criteria determined by the Monetary Authority. The latest lists of Primary Dealers and Recognized Dealers are available on website: www.hkgb.gov.hk.
63. All bids in competitive tenders must be submitted through Primary Dealers and in return for this exclusive right to participate in competitive tenders, Primary Dealers have given the following undertakings to the Monetary Authority that they will:
 - (a) actively participate in the competitive tenders, and if the Monetary Authority so requires, subscribe for any unsubscribed Government Bonds on the basis set out in paragraphs 38 and paragraph 48 above;
 - (b) maintain a market in the Government Bonds by quoting bid and offer prices for the Government Bonds during normal securities market trading hours; and
 - (c) provide daily pricing contribution for the Government Bonds and other relevant statistics to the Monetary Authority to enhance price transparency and to enable him to monitor developments in the market.

Primary Dealers are expected to take an active part in both the primary and secondary markets in the Government Bonds (including the repo market). In addition, they are also expected to promote

the IBP and GSBP to their clients so as to broaden the investor base, and to provide market feedback to the Monetary Authority for further promoting the development of the Government bond and related markets. In return, the Monetary Authority will give grant Primary Dealers the exclusive right to participate in competitive tenders for the Government Bonds.

Transfers of Government Bonds between Securities Accounts of Recognized Dealers maintained with the Monetary Authority

64. The Government Bonds can be transferred from one Recognized Dealer's securities account to the securities account of another Recognized Dealer through book entries. The Recognized Dealers involved in the transfer of the Government Bonds are required to send their instructions for the transfer to the Monetary Authority.
65. Transfer instructions should be transmitted to the Monetary Authority via CMT, SWIFT, or authenticated facsimile using the numbers already provided to Recognized Dealers or by any other means as may be specified by the Monetary Authority.
66. All transfer instructions transmitted must reach the Monetary Authority on the day on which the transfer is to be effected (i.e., the settlement date) before the respective cut-off times as specified in the CMU Reference Manual published by the Monetary Authority (as updated from time to time) or in any written notice given by the Monetary Authority in relation thereto. The Monetary Authority reserves the right not to process any transfer instructions received after the cut-off time. In such circumstances, any such transfer instructions will be re-processed on the next business day for settlement in CMU.

Liquidity enhancement measures

67. The HKSAR Government may implement liquidity enhancement measures for the Government Bonds, including but not limited to the switch tender and facility for swapping of bonds, at its discretion having regard to market situation and relevant considerations.

Miscellaneous

68. Each Recognized Dealer will have at least two securities accounts in the Register maintained by the Monetary Authority – one for its own holdings and the other for holdings of its clients. In addition, a Recognized Dealer may also request that specific custody accounts be opened for any of its clients who may wish their Government Bonds to be held by the Recognized Dealer in a separate account designated with the client's name. These clients may then sell the Government Bonds in the custody account designated under their names through the Recognized Dealer, i.e., instruction for the transfer of title in the Government Bonds in such custody account before maturity of the Government Bonds must be routed through that Recognized Dealer. Legal title to the Government Bonds is vested in the holder of the securities account to which the Government Bonds are credited.
69. Notwithstanding anything contained in this Information Memorandum, the Monetary Authority may, in addition of issuances by way of tender, elect to issue bonds and notes to institutional investors under the IBP and GSBP by private placement, syndicated bookbuilding, or any combination thereof.

Hong Kong Monetary Authority

21 October 2024

SUMMARY OF THE INFRASTRUCTURE BOND FRAMEWORK

Introduction

The HKSAR Government is committed to continuously investing in infrastructure and urban development to meet social needs and support economic development. As a core component of the Infrastructure Bond Programme (“IBP”), the HKSAR Government published the Infrastructure Bond Framework in September 2024, which sets out how the HKSAR Government intends to issue infrastructure bonds (“Infrastructure Bonds”) under the IBP to fund projects that are conducive to the long-term development of Hong Kong.

All Infrastructure Bond Transactions (“IBT”) will conform to the principles and conditions set out in the Infrastructure Bond Framework.

This section entitled “The Infrastructure Bond Framework” is only a summary, and does not purport to be a complete description, of the Infrastructure Bond Framework. The HKSAR Government may from time to time issue and publish supplements and/or amendments to the Infrastructure Bond Framework. Investors should refer to the latest version of the Infrastructure Bond Framework, together with all supplements and/or amendments thereto, published on the HKSAR Government Bonds website at www.hkgb.gov.hk.

This Information Memorandum may be supplemented or updated as necessary in the future in case an additional framework, to supplement or replace the Infrastructure Bond Framework, becomes relevant to the IBP.

The Infrastructure Bond Programme

The Financial Secretary proposed in the 2023-24 Budget the setting up of 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 sums borrowed under the IBP are credited to the Capital Works Reserve Fund (“CWRF”) to provide funding for HKSAR Government infrastructure projects. The IBP covers projects under the Government’s Capital Works Programme of the CWRF (except for those that have been or are expected to be included in the GSBP), including projects under major infrastructure initiatives.

Capital Works Reserve Fund

The CWRF was established with effect from 1 April 1982 by Resolution of the Legislative Council on 20 January 1982 for the purpose of financing the Public Works Programme and the acquisition of land. On 13 January 1988, the Legislative Council passed an amendment to the Resolution which effected the transfer of the financing of capital subventions and major systems and equipment from the General Revenue Account to the CWRF with effect from 1 April 1988. On 6 November 1991, the Legislative Council passed an amendment to the Resolution to include provisions for government borrowings to be credited to the CWRF and for repayments, and payment of interest and expenses relating to such borrowings, to be made from the CWRF.

The Capital Works Programme is financed by the CWRF covering various areas including transportation, environment, health, education, water supply and drainage systems, etc. which are conducive to the development of Hong Kong and improvement of the quality of life. The Capital Works Programme comprises the Public Works Programme and capital subvention works projects. The Public Works Programme is the programme of works through which the HKSAR Government invests in

publicly owned facilities and infrastructure, while capital subvention works projects include school buildings for the aided sector and private schools, university teaching and research facilities, public hospitals and other works projects of subvented organisations.

Framework Overview

For each IBT, the HKSAR Government asserts that it will comply with the following principles, as set out in the Infrastructure Bond Framework: (i) Use of Proceeds, (ii) Project Evaluation and Selection, (iii) Management of Proceeds and (iv) Reporting and Disclosures.

(i) Use of Proceeds

The proceeds of Infrastructure Bonds will be used exclusively to finance or refinance projects under the Government's Capital Works Programme of the CWRP (except for those that have been or are expected to be included in the GSBP). Such projects are defined as "Eligible Projects" under the Infrastructure Bond Framework. The sums borrowed will be invested in Eligible Projects, which are projects that are conducive to Hong Kong's long-term development.

The "Eligible Categories" of projects are: (i) port and airport development, (ii) buildings, (iii) drainage, (iv) civil engineering, (v) highways, (vi) new towns and urban area development, (vii) infrastructure projects under capital subvention mode, (viii) waterworks and (ix) housing.

(ii) Project Evaluation and Selection

The implementation of the IBP is overseen by the Steering Committee on the IBP and GSBP (the "SC"). It is responsible for reviewing and approving each IBT under the Infrastructure Bond Framework, the allocation of proceeds of each IBT issued to Eligible Projects, and reports prepared in accordance with the terms of the Infrastructure Bond Framework.

When selecting suitable Eligible Projects for inclusion under the IBP, Bureaux and Departments of the HKSAR Government may submit their recommendations to the SC for consideration. If such project is approved as an Eligible Project by the SC in accordance with the Infrastructure Bond Framework, it may be earmarked for the use of proceeds under the Infrastructure Bond Framework.

(iii) Management of Proceeds

The proceeds of each Infrastructure Bond will be credited to the CWRP, administered by the Financial Services and the Treasury Bureau ("FSTB") pending earmarking to Eligible Projects. Proceeds pending allocation will remain at the CWRP which is mainly placed with the exchange fund established under section 3(1) of the Exchange Fund Ordinance (Chapter 66 of the Laws of Hong Kong) (the "Exchange Fund") at the rate of return determined every year in accordance with the agreed basis.

(iv) Reporting and Disclosures

FSTB will provide information on the allocation of the proceeds of IBT via an Infrastructure Bond Report. Such information will be provided on an annual basis.

The Infrastructure Bond Report will contain the following details:

- a list of all IBT executed in the reporting period and outstanding at the reporting date and summary terms of each transaction;
- allocation reporting for each IBT, including the amount of proceeds allocated to the various Eligible Project categories, description of major Eligible Projects, aggregate amount of proceeds earmarked to Eligible Projects, the remaining balance of unallocated proceeds yet to be earmarked, percentages of refinancing and financing of Eligible Projects; and

➤ where possible and relevant, the progress, impact and/or benefits resulting from Eligible Projects.

The Infrastructure Bond Report will be available on the HKSAR Government Bonds website.

THE GREEN BOND FRAMEWORK

Introduction

As a core component of the GGBP, HKSAR Government published the Green Bond Framework in March 2019, which sets out how HKSAR Government intends to issue green bonds under the Government Green Bond Programme (“GGBP”) to fund green projects that are consistent with its vision to improve the environment, combat climate change and transition to a low carbon economy. The Green Bond Framework was subsequently updated in February 2022, reflecting HKSAR’s latest climate commitments and strategy and aligning with the latest international standards and practices in the green bond market.

Green bonds issued under the Green Bond Framework will be aligned with the Green Bond Principles as published by the International Capital Market Association.

To further consolidate Hong Kong’s position as a green and sustainable finance hub, it was announced in the 2023-24 Budget that the scope of the GGBP would be further expanded to cover sustainable projects. Thereafter, it was set out in the 2024-25 Budget that the HKSAR Government would set a borrowing ceiling of a total of HK\$500 billion for the IBP and GGBP to allow more flexibility in quota re-allocation. The sums borrowed will be credited to the Capital Works Reserve Fund (“CWRP”) for investment in projects which are conducive to long-term development.

Pursuant to the passage of a Resolution (i.e. Chapter 61I of the Laws of Hong Kong) under section 3 of the Loans Ordinance by the Legislative Council on 8 May 2024, the HKSAR Government is authorised to borrow up to a maximum principal amount outstanding at any time of HK\$500 billion or equivalent under the Infrastructure Bond Programme (“IBP”) and GGBP. At the same time, with the expansion of the GGBP to cover sustainable projects, the GGBP was renamed as the Government Sustainable Bond Programme (“GSBP”). The Resolution was published in the Government Gazette and took effect on 10 May 2024, replacing the previous resolution (i.e. Chapter 61H of the Laws of Hong Kong).

This section entitled “The Green Bond Framework” is only a summary, and does not purport to be a complete description, of the Green Bond Framework. HKSAR Government may from time to time issue and publish supplements or amendments to the Green Bond Framework. You should refer to the latest version of the Green Bond Framework, together with all supplements or amendments thereto, published on the HKSAR Government Bonds website at www.hkgb.gov.hk/en/greenbond.

This Information Memorandum may be supplemented or updated as necessary in the future in case sustainable bonds (other than green bonds) are to be issued hereunder and/or an additional framework, to supplement or replace the Green Bond Framework, becomes relevant to the GSBP.

HKSAR’s Commitments and/or Environmental Policies

Hong Kong has been responding positively to the goal of the Paris Agreement to limit the increase of the global average temperature, and published in January 2017 the Hong Kong’s Climate Action Plan 2030+ to set out Hong Kong’s carbon intensity reduction target. With the implementation of various decarbonisation measures, Hong Kong is moving steadily towards the 2030 carbon reduction target.

The Chief Executive announced in the 2020 Policy Address that Hong Kong would strive to achieve carbon neutrality before 2050. A new interdepartmental “Steering Committee on Climate Change and Carbon Neutrality” was formed to formulate the overall strategy and oversee work progress. Four major decarbonisation strategies were announced in the 2021 Policy Address to help Hong Kong achieve carbon neutrality before 2050, namely “net-zero electricity generation”, “energy saving and green buildings”, “green transport” and “waste reduction”, as well as the interim target to reduce Hong Kong’s

total carbon emissions from the 2005 levels by half before 2035. The then Environment Bureau, which has been renamed as the Environment and Ecology Bureau with effect from 1 July 2022, announced the Hong Kong's Climate Action Plan 2050 on 8 October 2021 to set out the above mitigation strategies and targets in detail. In the next 15 to 20 years, HKSAR Government will devote about HK\$240 billion to take forward various measures on climate change mitigation and adaptation.

HKSAR Government has also carried out a number of measures and published policy documents to address major environmental issues in Hong Kong and to map out blueprints for low carbon and sustainable development. These measures, blueprints and policies cover multiple aspects including the following:

- Clean Air Plan for Hong Kong 2035, aiming to further improve Hong Kong's air quality and make Hong Kong a more liveable city with air quality on par with major international cities by 2035;
- Hong Kong Roadmap on Popularisation of Electric Vehicles, setting out long-term policy objectives and plans to promote the adoption of electric vehicles and their associated supporting facilities;
- Harbour Area Treatment Scheme and Sewerage Master Plans, providing a blueprint of the sewerage infrastructure required for environmentally acceptable sewage disposal;
- Waste Blueprint for Hong Kong 2035, outlining the strategies, goals and measures to tackle waste management challenges up to 2035;
- Biodiversity Strategy and Action Plan, outlining the strategy and actions for conserving biodiversity and supporting sustainable development;
- Updated joint circular entitled "Green Government Buildings", promoting green buildings and stating that Government bureaux and departments should aim to obtain green building certifications for new and existing Government buildings;
- Energy Saving Plan for Hong Kong's Built Environment 2015~2025+, setting out the strategy and policy measures to promote green buildings and energy efficiency;
- HKSAR Government earmarking funds for the provision of small-scale renewable energy installations in government buildings, venues and community facilities, as well as actively exploring the development of large-scale renewable energy projects and supporting private development of renewable energy projects by introducing the Feed-in Tariff Scheme; and
- Promoting green transport through various measures including the development of green transport network, adoption of environmentally friendly transport modes in new development areas and promotion of the use of new energy ferries.

HKSAR's Support for Green and Sustainable Finance Market

Over the years, HKSAR Government, together with the financial regulators, has continued to develop green and sustainable finance to boost investments conducive to reducing carbon emissions and building a low-carbon economy. HKSAR Government is enhancing its efforts to promote market development, align Hong Kong's regulatory standards with international best practice, encourage more entities to make use of Hong Kong's capital markets as well as financial and professional services for green and sustainable investment, financing and certification, and capitalise on the enormous green finance opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area development and the Belt and Road Initiative.

Various concrete initiatives have been launched, including the GGBP, the Green and Sustainable Finance Cross-Agency Steering Group comprising relevant government bureaux and financial

regulators to coordinate the management of climate and environmental risks to the financial sector, and the Green and Sustainable Finance Grant Scheme to provide subsidy for eligible bond issuers and loan borrowers to cover their expenses on bond issuance and external review services.

Framework Overview

For each green bond transaction, HKSAR Government will comply with the following four principles: (i) Use of Proceeds, (ii) Project Evaluation and Selection, (iii) Management of Proceeds and (iv) Reporting, as set out in the Green Bond Framework.

(i) Use of Proceeds

The proceeds of green bonds issued under the GSBP will be used exclusively to finance or refinance projects that fall under one or more of the nine “Eligible Categories” in the Green Bond Framework (Eligible Projects), which will provide environmental benefits and support the sustainable development of Hong Kong. Eligible Projects should be within the territory of HKSAR.

The nine “Eligible Categories” are: (i) renewable energy, (ii) energy efficiency and conservation, (iii) pollution prevention and control, (iv) waste management and resource recovery, (v) water and wastewater management, (vi) nature conservation/ biodiversity, (vii) clean transportation, (viii) green buildings and (ix) climate change adaptation.

(ii) Project Evaluation and Selection

The implementation of the GSBP is overseen by the SC. It is responsible for reviewing and approving each green bond transaction under the Green Bond Framework, including considering whether potential Eligible Projects submitted by various Government bureaux and departments meet the eligibility criteria and how the proceeds of each green bond transaction is allocated. The SC will consider the following:

- Description of the project and the technical/ scientific approach setting out the environmental benefits to be obtained;
- Preliminary, provisional or final certificates received in respect of compliance with relevant standards;
- Where applicable, review of energy, water, waste management review data, against relevant standards or benchmarks.

Following the approval by the SC of a project as an Eligible Project in accordance with the Green Bond Framework, such project may be earmarked for the use of proceeds under this Green Bond Framework. The SC is also responsible for approving green bond reports and reviewing whether Eligible Projects continue to meet the eligibility criteria during the life of the green bonds issued.

(iii) Management of Proceeds

The proceeds of each green bond will be credited to the CWRF administered by the FSTB.

The proceeds of each green bond transaction will only be allocated to expenditures within the last two and next two financial years from the green bond transaction issuance date, with more than half of the proceeds expected to be allocated to future expenditures. Proceeds pending allocation will remain at the CWRF which is placed with the Exchange Fund at a fixed rate of return determined every year.

(iv) Reporting

FSTB will provide information on the allocation of the proceeds of green bond transaction(s) via a Green Bond Report on an annual basis.

Key information in the green bond report includes:

- a list of all green bond transactions executed in the reporting period and outstanding at the reporting date and summary terms of each transaction;
- allocation reporting for each green bond transaction, including the amount of proceeds allocated to the various Eligible Project categories; and
- the environmental impacts (and social impacts where relevant) resulting from Eligible Projects.

The Green Bond Reports will be available on the HKSAR Government Bonds website. FSTB will engage an independent, qualified third party to assure the contents of the Green Bond Reports.

External Review

A second party opinion (the Second Party Opinion) has been obtained for the Green Bond Framework (February 2022 version) from Vigeo Eiris, an independent international provider of Environmental, Social and Governance research and services. The Second Party Opinion is available on the HKSAR Government Bonds website.

For each green bond issued under the Green Bond Framework, HKSAR Government will obtain an issuance level (pre-issuance) external review from an independent, qualified third party.

**THE HONG KONG SPECIAL ADMINISTRATIVE REGION
OF THE PEOPLE'S REPUBLIC OF CHINA
INFRASTRUCTURE BOND PROGRAMME AND
GOVERNMENT SUSTAINABLE BOND PROGRAMME
INSTITUTIONAL ISSUANCES**

Competitive Tender Form for HKD Fixed Rate Bonds

To : Monetary Authority (Fax: 852 – 2878 1676/ 1677)

Date: _____

From: _____ (_____)
Primary Dealer CMU Code

We hereby submit the following tender(s) for the issue:

CMU Issue Number _____ to be issued on _____ (Date)

Participant's TRN (for new bid) : _____ (max 16 chars)

Participant's TRN (for cancellation) : _____ (max 16 chars)

<u>Price bid</u> in descending order (percent to the nearest two decimal places)	Nominal amount tendered (HKD50,000 or its integral multiple)	Amount payable if allotted in full (HKD to the nearest cent)	For use only by the Monetary Authority

TOTAL:

HKD

Mn

We authorize you to debit from our settlement account the amount payable for any issues that are allotted to us under any of the above tenders.

In case of a switch tender, we also irrevocably and unconditionally accept the relevant terms & conditions set out in the Operating Procedures for Switch Tender, including but not limited to the Monetary Authority debiting from our settlement account any relevant sums for purposes as described in the Operating Procedures for Switch Tender.

Person to contact in case of query: _____ (Tel: _____)

Authorized Signature(s) or Test Number on total nominal amount

HKMA use only
Signature(s)/Test No.

Verified by:

IMPORTANT: For fax transmission, please provide Test Number for the total nominal value tendered for.

**THE HONG KONG SPECIAL ADMINISTRATIVE REGION
OF THE PEOPLE'S REPUBLIC OF CHINA
INFRASTRUCTURE BOND PROGRAMME AND
GOVERNMENT SUSTAINABLE BOND PROGRAMME
INSTITUTIONAL ISSUANCES**

Competitive Tender Form for RMB Fixed Rate Bonds

To : Monetary Authority (Fax: 852 – 2878 1676/ 1677) Date: _____

From: _____ (_____)
Primary Dealer CMU Code

We hereby submit the following tender(s) for the issue:

CMU Issue Number _____ to be issued on _____ (Date)

Participant's TRN (for new bid) : _____ (max 16 chars)

Participant's TRN (for cancellation) : _____ (max 16 chars)

<u>Price bid</u> in descending order (percent to the nearest two decimal places)	Nominal amount tendered (RMB50,000 or its integral multiple)	Amount payable if allotted in full (RMB to the nearest cent)	For use only by the Monetary Authority

TOTAL:

RMB	Mn
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We authorize you to debit from our settlement account the amount payable for any issues that are allotted to us under any of the above tenders.

In case of a switch tender, we also irrevocably and unconditionally accept the relevant terms & conditions set out in the Operating Procedures for Switch Tender, including but not limited to the Monetary Authority debiting from our settlement account any relevant sums for purposes as described in the Operating Procedures for Switch Tender.

Person to contact in case of query: _____ (Tel: _____)

Authorized Signature(s) or Test Number on total nominal amount

HKMA use only Signature(s)/Test No. Verified by:

IMPORTANT: For fax transmission, please provide Test Number for the total nominal value tendered for.

**THE HONG KONG SPECIAL ADMINISTRATIVE REGION
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INFRASTRUCTURE BOND PROGRAMME AND
GOVERNMENT SUSTAINABLE BOND PROGRAMME
INSTITUTIONAL ISSUANCES**

Competitive Tender Form for HONIA-indexed Floating Rate Notes

To: Monetary Authority (Fax: 852 – 2878 1676/ 1677)

Date: _____

From: _____

Primary Dealer

(_____)

CMU Code

We hereby submit the following tender(s) for the issue:

CMU Issue Number _____ to be issued on _____ (Date)

Participant's TRN (for new bid) : _____ (max 16 chars)

Participant's TRN (for cancellation) : _____ (max 16 chars)

<u>Spread bid</u> from the lowest to the highest (expressed as a percentage to two decimal points)	CCY	Nominal amount tendered (HKD50,000 or its integral multiple)	For use only by the Monetary Authority
	HKD		

TOTAL:

HKD

Mn

We authorize you to debit from our settlement account the amount payable for any issues that are allotted to us under any of the above tenders.

Person to contact in case of query: _____ (Tel: _____)

HKMA use only
Signature(s)/ Test No.
Verified by:

Authorized Signature(s) or Test Number on total nominal amount
Company Chop

IMPORTANT: For fax transmission, please provide Test Number for the total nominal value tendered for.