



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

Retail Bond Issuance Programme

iBond Series HK\$10,000,000,000 Retail Bonds Due 2015

**Subscription Period — 9:00 a.m. on Tuesday, 5 June 2012 to
2:00 p.m. on Wednesday, 13 June 2012**

ISSUER'S REPRESENTATIVE

Monetary Authority

JOINT LEAD MANAGERS

Bank of China (Hong Kong) Limited

HSBC

PLACING BANKS

Bank of China (Hong Kong) Limited	Bank of Communications Co., Ltd. Hong Kong Branch	The Bank of East Asia, Limited
China Construction Bank (Asia) Corporation Limited	Chiyu Banking Corporation Limited	Chong Hing Bank Limited
Citibank (Hong Kong) Limited	CITIC Bank International Limited	Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited	Fubon Bank (Hong Kong) Limited	Hang Seng Bank Limited
HSBC	Hong Leong Bank Berhad, Hong Kong Branch	Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited	Public Bank (Hong Kong) Limited	Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited	Wing Hang Bank, Limited	Wing Lung Bank Limited

Issue Circular dated 28 May 2012

KEY FACTS

This table only provides a quick summary of the retail 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 bonds.**

QUICK FACTS ABOUT THE RETAIL BONDS

Issuer	The Government of the Hong Kong Special Administrative Region of the People's Republic of China
Subscription period	9:00 a.m. on Tuesday, 5 June 2012 to 2:00 p.m. on Wednesday, 13 June 2012 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*	22 June 2012
Application price	100%
Subscription price	The subscription price of the retail bonds is equal to the application price.
Principal application amounts	The minimum principal amount of retail bonds you can apply for is HK\$10,000. You must apply for a principal amount of retail bonds which is an integral multiple of HK\$10,000.
Minimum denomination	HK\$10,000
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 2009/10-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 1.00%, per annum, payable every 6 months in arrear.
Maturity date	22 June 2015
Handling fee**	0.15%
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 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%). Please consult your securities broker on how this fee is charged.

* Note that certain circumstances (for example, a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong) may result in the issue date falling on a later date.

** Depending on how you apply for retail 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 BONDS	KEY RISKS OF INVESTING IN RETAIL 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 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 bonds may decrease if the prevailing Hong Kong dollar interest rates increase during the term of the retail bonds.
<ul style="list-style-type: none"> • <u>Regular returns</u>: The retail 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 bonds carry a rate of interest that includes a component linked to the Composite Consumer Price Index. The market value of your retail bonds may be affected by movements in the index.
<ul style="list-style-type: none"> • <u>Interest rate</u>: The retail 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 bonds and it may not be possible to sell your retail bonds prior to maturity or the sale price may be lower than the amount you have invested.
	<ul style="list-style-type: none"> • <u>Credit risk</u>: The retail bonds are not secured. When you buy retail 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 bonds and may affect HKSAR Government’s ability to make payments of principal of and interest on your retail 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 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 retail bonds to you and proving your interest in your retail bonds.

The Government of the Hong Kong Special Administrative Region of the People's Republic of China (**HKSAR Government**) has set up its retail bond issuance programme (the **retail bond programme**) to issue retail bonds to the public in Hong Kong in order to promote investor awareness of the bond market in Hong Kong.

This is the issue circular for the series of retail bonds described in this document (the **retail bonds**). This issue circular contains the final terms of this series of retail bonds and must be read in conjunction with HKSAR Government's programme circular relating to the retail bond programme dated 28 May 2012 (as amended or supplemented from time to time) (the **programme circular**). Full information on HKSAR Government and the retail bonds is only available by reading both this issue circular and the programme circular. 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 bonds.

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, then in relation to this series of retail 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").

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.

The retail bonds are issued under HKSAR Government's retail bond issuance programme. You should read HKSAR Government's programme circular dated 28 May 2012 (as amended or supplemented from time to time) as well as this issue circular in order to understand the offer of the retail bonds, and ensure you fully understand the risks associated with any investment in the retail bonds, before deciding whether to apply for any retail bonds.

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

Any application for HKSAR Government's retail 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 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.

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

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HKSAR GOVERNMENT IS OFFERING THE IBOND SERIES OF RETAIL BONDS

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

Series	iBond Series
Issue Number	03GB1506R
Stock Code	4214
	HK\$ Retail Bonds due 2015
Subscription period	9:00 a.m. on Tuesday, 5 June 2012 to 2:00 p.m. on Wednesday, 13 June 2012 HKSAR Government may decide to close the offer early, or allow more time, without prior notice. The issue date (and hence the interest payment dates and the maturity date) may change accordingly. 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 2009/10-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 1.00%. 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 bonds.
Issue date	22 June 2012 If the issue date ceases to be a business day in Hong Kong, for example, if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above 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 bonds you apply for, are the amount which you must pay at the time of your application.
Subscription price	The subscription price is equal to the application price.
Handling fee[△]	0.15% 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 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>

Series	iBond Series	
Issue Number	03GB1506R	
Stock Code	4214	
HK\$ Retail Bonds due 2015		
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 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%). Please consult your securities broker on how this fee is charged.</p>	
Principal application amounts	<p>The minimum principal amount of retail bonds you can apply for is HK\$10,000. You must apply for a principal amount of retail bonds which is an integral multiple of HK\$10,000.</p> <p>Applications for a principal amount of retail bonds which is less than HK\$10,000 or for a principal amount of retail bonds which is not an integral multiple of HK\$10,000 are liable to be rejected.</p>	
Minimum denomination	HK\$10,000	
Total issue amount	HKSAR Government will decide the total principal amount of the retail bonds to be issued in light of investor demand.	
Minimum issue amount	No specified minimum issue amount.	
Maximum issue amount	<p>HK\$10,000,000,000</p> <p>This is the maximum principal amount of this series of retail bonds that HKSAR Government may issue.</p>	
Maturity date	<p>22 June 2015</p> <p>HKSAR Government will repay 100% of the principal amount of your retail bonds on the maturity date.**</p>	
Interest payment dates and relevant interest determination dates	Interest payment date**	Relevant interest determination date**
	<i>First:</i>	24 December 2012
	<i>Second:</i>	24 June 2013
	<i>Third:</i>	23 December 2013
	<i>Fourth:</i>	23 June 2014
	<i>Final:</i>	22 December 2014
	<i>Maturity date:</i>	22 June 2015
Listing	<p>Application has been made to the Hong Kong Stock Exchange for permission to deal in, and for listing of, the retail bonds. The retail bonds are expected to be admitted to listing on 25 June 2012. Listed retail bonds will be traded in units of HK\$100 each in principal amount and each trading lot of the retail bonds has 100 units (in other words, one trading lot is equivalent to HK\$10,000 in principal amount of retail bonds).</p>	

[△] Upon application, the handling fee 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**.
- ** Unless specified otherwise, if the due date for any action on the part of HKSAR Government in relation to a retail 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 or a tropical cyclone warning signal number 8 or above 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 bonds is not equivalent to a time deposit and involves investment risks.

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

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

Your investment in retail 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 bonds on a best-efforts basis, there may not be an active secondary market. If you try to sell your retail bonds before maturity, you may not be able to find a buyer for your retail bonds or the market value of your retail bonds could be lower than the amount you invested. Although retail 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 bonds or that you will have access to a firm bid or offer price for your retail bonds. Neither does it guarantee the ready availability of pricing information in relation to your retail bonds. If this information is not available, your ability to make an informed decision about whether to sell your retail bonds may be affected.

Like investment in any other fixed income instruments, your investment in retail 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 to the credit rating of the issuer of the instruments or the instruments themselves if available but you should not rely solely on such ratings. The retail bonds do not have a specific credit rating, however Fitch Ratings Ltd. (Fitch), Moody's Investor's Service (Moody's) and Standard & Poor's, a division of the McGraw-Hill Companies, Inc. (S&P) each assigns the following local currency credit ratings to HKSAR Government:

	Long-term	Short-term	Outlook
Fitch:	AA+	N/A	Stable
Moody's:	Aa1	N/A	Positive
S&P:	AAA	A-1+	Stable

The retail bonds are not secured. When you buy retail 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 influence the prices of your retail bonds and may affect HKSAR Government's ability to make payments of principal of and interest on your retail bonds. In the worst case scenario, you could lose all of your investment.

Prices of retail 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 bonds tend to be more sensitive to interest-rate movements than those of shorter-term retail bonds.

Your retail 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 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 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 bonds. Your attention is drawn to the terms of the retail bonds on pages 12 to 14 of the programme circular. These terms are varied and/or supplemented for the retail bonds by this issue circular.

Retail 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 bonds. Title to retail bonds is held by the recognized dealers. You cannot hold retail bonds directly, but must instead hold an interest in retail bonds indirectly through a recognized dealer or through a securities broker holding an interest in retail 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 bonds, give and receive notices in relation to them, prove your interest in retail bonds and make claims for any sums which are due under the retail 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 BONDS

9:00 a.m. on 5 June 2012 (Tuesday) Commencement date of subscription period (commencement date)	Applications for retail bonds may be made from this date onwards. See further the paragraph entitled “How can I apply for this series of retail bonds?” in the section entitled “Frequently Asked Questions” below.
2:00 p.m. on 13 June 2012 (Wednesday) Closing date of subscription period (closing date)	<p>If you are instructing a placing bank to apply for the retail bonds on your behalf:</p> <p>All applications in person, by internet or by telephone must have been submitted by 2:00 p.m. on the closing date. No applications shall be accepted by any placing banks 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 bonds on your behalf (either directly or through a securities broker):</p> <p>All instructions to apply for retail 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 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 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 this date from your designated bank account or, as the case may be, the designated bank account of your securities broker.</p>
20 June 2012 (Wednesday) 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.
22 June 2012 (Friday) Issue date	<p>On or before the issue date, HKSAR Government will announce on www.hkma.gov.hk and on www.hkgeb.gov.hk:</p> <ul style="list-style-type: none">• the issue amount;• the principal amount of valid applications received;• the maximum principal application amount per investor (if any is imposed).

If you have instructed a placing bank to apply for the retail 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 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 bonds allocated to you will be issued against payment in full of your subscription moneys for those retail bonds by your placing bank. Your placing bank has agreed that retail 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 “Frequently Asked Questions” below.

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

HKSCC has agreed to notify you or, as the case may be, your securities broker of your allocation of retail bonds (if any), the applicable subscription moneys and the amount of any refund of your application moneys. HKSCC has agreed to complete all notifications 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 bonds allocated to you will be issued against payment in full of your subscription moneys for those retail bonds by HKSCC. HKSCC has agreed that retail 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 “Frequently Asked Questions” below.

25 June 2012 (Monday)
Listing date

Listing of the retail bonds on the Hong Kong Stock Exchange will become effective and dealings in the retail 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 is operating and banks in Hong Kong are open for business.

“**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.

Subject to HKSAR Government’s right to shorten or extend the subscription period without prior notice, the commencement date and any dates after the commencement of the subscription period will not be adjusted or extended for any reason (for example, the issue of a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning for all or any part of a day which would otherwise have been a business day) except that:

- (1) 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;
- (2) if the closing date:
 - (a) falls on a day which is not a business day for any reason, 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
 - (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 or a “black” rainstorm warning with effect from a time later than 12:00 (noon)), 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;
- (3) if the allocation date:
 - (a) falls on a day which is not a business day for any reason, the allocation date will be the next business day which shall become the adjusted allocation 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 or a “black” rainstorm warning 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;
- (4) 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
- (5) if the listing date falls on a day which is not a business day for any reason, the listing date will be postponed to the next business day which shall become the adjusted listing date.

FREQUENTLY ASKED QUESTIONS

A. GENERAL INFORMATION

WHAT IS THE iBOND SERIES OF RETAIL BONDS?

This series of retail bonds - the iBond series - is a series of retail bonds that has its half-yearly interest payments linked to the average year-on-year inflation measured by the Composite Consumer Price Index, subject to a minimum interest rate. Principal will be repaid in full, without adjustments based on inflation, at maturity.

The interest payment mechanism is further described in the paragraph entitled “What will be my investment return from retail bonds?” below.

WHAT ARE THE RATINGS OF RETAIL BONDS?

This series of retail bonds has not been given a credit rating specific to it. However, as of the date of this issue circular, Fitch, Moody’s and S&P each assigns the following local currency credit ratings to HKSAR Government:

	Long-term	Short-term	Outlook
Fitch:	AA+	N/A	Stable
Moody’s:	Aa1	N/A	Positive
S&P:	AAA	A-1+	Stable

Like investment in any other fixed income instruments, your investment in retail 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 to the credit rating of the issuer of the instruments or the 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 BONDS?

This series of retail 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 BONDS?

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

In addition, HKSAR Government will pay interest on the scheduled interest payment dates 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 2009/10-based Composite Consumer Price Index for the 6 most recent preceding months, rounded to the nearest two decimal places; and
- the fixed rate of 1.00%.

The following example illustrates the interest rate of this series of retail bonds under different scenarios. The scenarios set out below are for illustrative purposes only and do not resemble the actual interest rates of this series of retail bonds.

Interest payment date	Floating Rate	Fixed Rate	Final annual interest rate
24 Dec 2012	4.21%	1.00%	4.21%
24 Jun 2013	3.62%		3.62%
23 Dec 2013	3.13%		3.13%
23 Jun 2014	2.54%		2.54%
22 Dec 2014	1.00%		1.00%
22 Jun 2015	-0.16%		1.00%

If the floating rate is greater than or equal to the fixed rate, the annual interest rate will be set as the floating rate. For example, for the interest payment date falling on 24 December 2012 in the above example, the annual interest rate would be set as 4.21%.

If the floating rate is less than the fixed rate, the annual interest rate will be set as the fixed rate. For example, the annual interest rate would be set as 1.00% at maturity (22 June 2015) in the above example.

Interest rates will be determined and announced on the relevant interest determination dates. The interest rates will be announced on the HKSAR government bond programme 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 bonds and in setting up and maintaining a securities or investment account with a placing bank, your securities broker and/or HKSCC to hold the retail bonds and any other costs you may incur.

WHAT IS THE MINIMUM INTEREST RATE PAYABLE ON RETAIL BONDS?

This is 1.00% per annum.

CAN I RE-INVEST INTEREST RECEIVED INTO RETAIL BONDS?

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

C. CONSUMER PRICE INDEX

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

The 2009/10-based Composite Consumer Price Index will be used in determining the annual interest rate of this series of retail 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 Census and Statistics Department of HKSAR Government (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 Household Expenditure Survey (HES). The period in which an HES is conducted forms the “base” of a CPI series. The most recent HES was conducted in 2009/10, based on which the CPI series are now being compiled and published as the 2009/10-based CPI series.

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

D. APPLICATIONS

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

You can get copies of the programme circular and this issue circular from the offices of the Monetary Authority at 55th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong and, during the subscription period for this series of retail bonds, from any of the application channels described in the paragraph entitled “How can I apply for this series of retail bonds?” below.

Further information about the retail bonds is available from HKSAR government bond programme website at www.hkgb.gov.hk.

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

You can only apply for retail bonds if you hold a valid Hong Kong identity card. An application using a joint account can only be made if either you or one of your joint account holders holds a

valid Hong Kong identity card. 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 bonds?” below for more information about making an application using a joint account.

HOW CAN I APPLY FOR THIS SERIES OF RETAIL BONDS?

The subscription period for this series of retail bonds is from 9:00 a.m. on Tuesday, 5 June 2012 to 2:00 p.m. on Wednesday, 13 June 2012.

You can apply for this series of retail bonds through any of the placing banks listed on page 19, through HKSCC directly or through a securities broker.

Applications for retail bonds must be submitted before 2:00 p.m. on the closing date of the applicable subscription period.

If you are applying through a securities broker, your securities broker may stipulate its own deadline for the submission of application instructions to it. Please consult your securities broker if in doubt.

You may only subscribe retail 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 bonds which is not an integral multiple of HK\$10,000 are liable to be rejected.

HKSAR Government reserves the right to set a maximum principal application amount per investor for a series of retail bonds at any time on or before the issue date without prior notice, where it considers it necessary to prevent an over-concentration of holdings in retail bonds by a single investor.

If HKSAR Government sets a maximum principal application amount per investor for this series of retail bonds, then any application for a principal amount of this series of retail bonds which is greater than that maximum principal application amount will be treated as an application for the maximum principal application amount and any application moneys paid in excess of the application moneys for that maximum principal application amount (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 through a securities broker, applicants should consult their securities broker for the details of whether or not, and if so how, it will refund to them any application moneys and/or brokerage or other fee. 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.

HKSAR Government reserves the right to cancel all or a portion of the offering of this series of retail bonds at any time on or before their issue date.

DO I NEED AN APPLICATION FORM?

No, we will not issue an application form for the retail 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 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 through a securities broker) that:

- (1) you agree to accept the retail bonds applied for, or any lesser amount allocated to you;
- (2) you understand that no certificates of title will be available for your retail bonds or any other retail bonds, that the retail bonds are in book-entry form only, that legal title to the retail bonds is held at all times and under all circumstances by the recognized dealer to whose CMU account the retail bonds are credited and that you acquire no direct rights against HKSAR Government in respect of your retail bonds;
- (3) you agree that if you are not allocated any retail bonds or if the retail 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 and/or 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 whether or not, and if so how, it will refund to you any application moneys and/or brokerage or other fee. 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 bonds will be held through the Central Moneymarkets Unit (CMU), a debt securities custodian, clearing and settlement system operated by the Monetary Authority, which means that:
- (a) if you hold your retail 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 bonds; and
- (b) if you hold your retail bonds 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 bonds; and

- (ii) you will have to rely on your securities broker to credit the account you hold 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 the HKSCC and to prove your holding in your retail 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 obtained a copy of this issue circular and a copy of 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 bonds;
- (6) you understand and agree that HKSAR Government accepts no responsibility for the provision of brokerage, custody, banking (including internet and telephone banking) or any other services by any recognized dealer (whether a placing bank, HKSCC or an additional recognized dealer) or securities broker 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;

- (7) you have not made more than one application for this series of retail bonds in accordance with the paragraph entitled “Can I make multiple applications for retail 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 holders holds 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 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 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.

WHAT ARE THE ARRANGEMENTS WITH THE PLACING BANKS, HKSCC AND THE SECURITIES BROKERS FOR SELLING THE RETAIL BONDS? IS THE OFFER UNDERWRITTEN?

HKSAR Government has appointed the placing banks listed in this issue circular to distribute this series of retail bonds. Each placing bank will receive a placing fee from HKSAR Government of 0.15% of the principal amount of retail 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 bonds allocated to them. If you are not

allocated the full amount of retail bonds you have applied for, or are allocated no retail bonds at all, any handling fee you have paid for the retail 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.

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 bonds issued to HKSCC. Each of HKSCC and the securities brokers may also receive a brokerage fee charged directly to successful applicants for retail bonds. If you are not allocated the full amount of retail bonds you have applied for, or are allocated no retail bonds at all, any brokerage fee you have paid to HKSCC for the retail bonds which you are not allocated will be refunded in full without interest. If you apply 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 any of the placing banks, HKSCC or any of the securities brokers.

The offering of the retail bonds is not underwritten.

CAN I MAKE MULTIPLE APPLICATIONS FOR RETAIL BONDS?

You may not make more than one application for this series of retail bonds. For this purpose, each application for this series of retail 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.

E. ALLOCATION

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

HKSAR Government has specified the following maximum issue amount for this series:

- HK\$10,000,000,000

HKSAR Government may determine or adjust the final issue amount in light of investor demand so long as the final 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 bonds is over-subscribed (that is, if the total principal amount of valid applications for retail bonds of this series exceeds the final issue amount for this series), the allocation of retail 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 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 bonds as much as possible and then to distribute any remaining retail bonds by ballot, at HKSAR Government's sole discretion.
- If the retail bonds are so over-subscribed that HKSAR Government cannot even allocate one HK\$10,000 retail bond to each applicant who has made a valid application,

HKSAR Government will allocate the retail bonds by ballot. Those valid applications which are successful in the ballot will each be allocated a retail bond in a principal amount of HK\$10,000.

If you are not allocated the full amount of retail bonds you have applied for, or are allocated no retail 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 bonds which you are not allocated will be refunded in full without interest. If you apply 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 application moneys and/or brokerage or other fee. 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 bonds is over-subscribed and as a result you are not allocated all of the bonds you have applied for;
- at any time on or before the issue date, HKSAR Government imposes a maximum principal application amount per investor for this series of retail bonds in order to prevent an over-concentration of holdings in retail bonds by a single investor and your application is for a principal amount of retail bonds which exceeds that maximum principal application amount; 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 bonds.

If you apply for retail 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 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 bonds 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 whether or not, and if so how, it will refund to you any application moneys and/or brokerage or other fee in any of the circumstances listed above.

F. OTHERS

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

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

WHAT ARE THE TAX CONSEQUENCES OF INVESTING IN RETAIL BONDS?

This is a summary of current Hong Kong tax law relating to retail bonds as at the date of this issue circular. It is not complete and does not constitute tax advice. You should consult your own tax adviser about the tax consequences of investing in retail bonds, particularly if you are subject to special tax rules.

- No profits tax or withholding tax is payable in Hong Kong on any payments made by HKSAR Government on any retail bonds.
- No stamp duty is payable in Hong Kong on the issue or transfer of any retail bonds.
- No capital gains tax is payable in Hong Kong on any capital gains arising from resale of any retail bonds.

WHO ARE THE MARKET MAKERS?

HKSAR Government has appointed those placing banks listed on page 19 of this issue circular to act as the market makers in respect of this series of retail bonds to use their best efforts to maintain a market in these retail bonds in over-the-counter

transactions. They will do this by quoting prices at which they are willing to purchase retail bonds (bid prices) and prices at which they are willing to sell retail bonds (offer prices) during normal banking hours on any business day.

Please note that HKSAR Government has decided not to issue any of the retail bonds of this series to any market makers. As a result, they will not be able to quote prices at which they are willing to sell retail bonds of this series (offer prices) unless they hold retail bonds through purchases in the market.

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

The current market convention for the allocation of interest on a secondary market trade of retail bonds (and related information) is described on the HKSAR government bond programme website at www.hkgeb.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.

Placing banks

Please contact one of the following placing banks if you wish to find out how to apply for this series of retail 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 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 bonds.

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

	Enquiry hotline	Applications			Market Maker
		Branch	Internet banking	Telephone banking	
Bank of China (Hong Kong) Limited	3669 3668	✓	✓	✓	✓
Bank of Communications Co., Ltd. Hong Kong Branch	2269 9699	✓	✓	✓	✓
The Bank of East Asia, Limited	2211 1311	✓	✓		✓
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 0135	✓		✓	
CITIC Bank International Limited	2287 6788	✓			✓
Dah Sing Bank, Limited	2828 8001	✓			✓
DBS Bank (Hong Kong) Limited	2290 8888	✓		✓	✓
Fubon Bank (Hong Kong) Limited	2566 8181	✓		✓	✓
Hang Seng Bank Limited	2998 9898	✓	✓	✓	✓
The Hongkong and Shanghai Banking Corporation Limited	2269 2121	✓	✓	✓	✓
Hong Leong Bank Berhad, Hong Kong Branch	2283 8818	✓		✓	✓
Industrial and Commercial Bank of China (Asia) Limited	2189 5588	✓	✓		✓
Nanyang Commercial Bank, Limited	2622 2633	✓	✓	✓	✓
Public Bank (Hong Kong) Limited	2851 9803	✓			
Shanghai Commercial Bank Limited	2818 0282	✓			✓
Standard Chartered Bank (Hong Kong) Limited	2886 8868	✓	✓	✓	
Wing Hang Bank, Limited	2852 5585	✓			✓
Wing Lung Bank Limited	2952 6666	✓		✓	✓

- In person: You may go to any designated branch of a placing bank to give instructions in person to apply for retail 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 bonds are set out below:

Bank of China (Hong Kong) Limited	www.bochk.com
Bank of Communications Co., Ltd. Hong Kong Branch	www.bankcomm.com.hk
The Bank of East Asia, Limited	www.hkbea.com
Chiyu Banking Corporation Limited	www.chiyubank.com
Hang Seng Bank Limited	www.hangseng.com
The Hongkong and Shanghai Banking Corporation Limited	www.hsbc.com.hk/ipo
Industrial and Commercial Bank of China (Asia) Limited	www.icbcasia.com
Nanyang Commercial Bank, Limited	www.ncb.com.hk
Standard Chartered Bank (Hong Kong) Limited	www.standardchartered.com.hk

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

	Phone banking number	Service hours
Bank of China (Hong Kong) Limited	Investment Service Hotline: 3988 2688 (Press 4 after selecting language) Wealth Management Hotline: 3988 2888 (Press 4 after selecting language)	Monday to Friday: 8:00 a.m. to 7:00 p.m. Saturday: 8:00 a.m. to 1:00 p.m.
Bank of Communications Co., Ltd. Hong Kong Branch	2269 9033	Monday to Friday: 9:00 a.m. to 6:00 p.m. Saturday: 9:00 a.m. to 1:00 p.m.
China Construction Bank (Asia) Corporation Limited	2903 8343	Monday to Friday: 9:00 a.m. to 6:00 p.m.
Chiyu Banking Corporation Limited	Cantonese: 2232 3882 English: 2232 3887 Putonghua: 2232 3883	Monday to Friday: 8:00 a.m. to 7:00 p.m. Saturday: 8:00 a.m. to 1:00 p.m.
Citibank (Hong Kong) Limited	2860 0135	Monday to Friday: 9:30 a.m. to 6:00 p.m. Saturday: 9:30 a.m. to 12:30 p.m.
DBS Bank (Hong Kong) Limited	2290 8888	Monday to Friday: 9:00 a.m. to 5:00 p.m. Saturday: 9:00 a.m. to 1:00 p.m.
Fubon Bank (Hong Kong) Limited	2806 5088	Monday to Friday: 9:00 a.m. to 5:00 p.m. Saturday: 9:00 a.m. to 1:00 p.m.
Hang Seng Bank Limited	2826 8866	Monday to Friday: 8:45 a.m. to 5:40 p.m. Saturday: 9:00 a.m. to 1:00 p.m.
The Hongkong and Shanghai Banking Corporation Limited	2269 2121	Monday to Friday: 8:00 a.m. to 7:00 p.m. Saturday: 8:00 a.m. to 1:00 p.m.
Hong Leong Bank Berhad, Hong Kong Branch	2283 8818	Monday to Friday: 9:00 a.m. to 6:00 p.m.
Nanyang Commercial Bank, Limited	Cantonese: 2850 1228 English: 2850 1068 Putonghua: 2850 1229	Monday to Friday: 8:00 a.m. to 7:00 p.m. Saturday: 8:00 a.m. to 1:00 p.m.
Standard Chartered Bank (Hong Kong) Limited	2282 3870	Monday to Friday: 9:00 a.m. to 6:00 p.m. Saturday: 9:00 a.m. to 1:00 p.m.
Wing Lung Bank Limited	2526 5555	Monday to Friday: 9:00 a.m. to 5:00 p.m. Saturday: 9:00 a.m. to 1:00 p.m.

By making an application through the internet banking channel or telephone banking channel, you are required to comply with the terms and conditions in respect of the internet banking facilities or, as the case may be, telephone banking facilities 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 bonds directly through HKSCC. Otherwise, you may contact your securities broker to find out the procedures of applying for this series of retail bonds through a securities broker who is willing and able to apply on your behalf through HKSCC.

PERSONAL INFORMATION COLLECTION STATEMENT

for Applications for the iBond Series of Retail Bonds (“iBonds”) issued under the Government Bond Programme

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 iBonds 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 iBonds and your rights under the PDPO.

Purposes of Collection of Personal Data

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

Failure to provide your personal data may result in your application for iBonds being rejected, delay or an inability to process your application. It may also result in delay to the allocation of iBonds 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 iBonds 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 iBonds and you;
- (f) statistical purposes;
- (g) enabling compliance with all applicable laws, rules and regulations (including making required disclosures);
- (h) any other incidental or associated purposes relating to any of the above purposes; and
- (i) for any other purposes 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, Hong Kong Securities Clearing Company Limited and 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 or other services 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 iBonds; and
- (c) any other persons with whom, or institutions with which, you as a holder of iBonds have or propose to have dealings for purposes relating to your iBonds, including but without limitation your bankers, legal advisers, accountants or stockbrokers.

Access 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 iBond issuance holds data about you and the right of access to such data;
- (b) the right to require HKSAR Government and/or any of the agents or parties duly authorised by it in connection with the iBond issuance to correct any 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 iBond issuance in relation to collection of personal data for purposes relating to iBonds.

In accordance with the PDPO, HKSAR Government and/or any of the agents or parties duly authorised by it in connection with the iBond 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 iBond issuance, or for information regarding the policies and practices of such parties in relation to the collection of personal data for purposes relating to iBonds 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 7297

Email: hkgbenquiry@hkma.gov.hk

PARTIES INVOLVED IN THE ISSUE OF THE RETAIL BONDS

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

55th Floor Two International Finance Centre
8 Finance Street
Central
Hong Kong

JOINT LEAD MANAGERS

Bank of China (Hong Kong) Limited

8/F Bank of China Tower
1 Garden Road
Central
Hong Kong

**The Hongkong and Shanghai
Banking Corporation Limited**

Level 17
HSBC Main Building
1 Queen's Road Central
Hong Kong

**COUNSEL TO THE ISSUER AND
ISSUER'S REPRESENTATIVE**

Slaughter and May
47th Floor Jardine House
One Connaught Place
Central
Hong Kong

COUNSEL TO THE JOINT LEAD MANAGERS

Clifford Chance
28th Floor Jardine House
One Connaught Place
Central
Hong Kong