

Government launches eighth batch of Silver Bond

The Government announced today (July 14) the launch of the eighth batch of Silver Bond under the retail part of the Government Bond Programme for subscription by eligible Hong Kong residents.

The target issuance size of this Silver Bond is HK\$50 billion. The bond will be offered at HK\$10,000 per unit with a tenor of three years. Interest will be paid once every six months with a minimum rate of 5 per cent, which is higher than the minimum rate of 4 per cent of the previous issuance. Hong Kong residents who turn 60 in or before 2024 (i.e. those born in 1964 or before) holding a valid Hong Kong identity card will be eligible for subscription.

The Financial Secretary, Mr Paul Chan, said, "The guaranteed minimum interest rate for the new batch of Silver Bond is set at 5 per cent, higher than that of past issuances. The main consideration is to provide a stable, safe, low-risk, and attractive investment option for senior citizens in the current volatile investment environment." He said that, on the economic front, the development of the financial industry is the core driver of Hong Kong's economic and commercial activities; on the social front, financial services should also take into account the need to be inclusive, so as to better serve the needs of the public and society, and allow members of the public to feel and share the benefits brought about by the development of the financial industry.

He added that the demand for Silver Bond, with its low risk and attractive guaranteed interest rate, has continued to grow in tandem with the increasingly aging society. While the external investment environment remains volatile, the issuance size and interest rate of this batch of Silver Bond have been suitably increased having duly considered the stability and sustainability of the Bond Fund.

According to the preliminary figures from the Census and Statistics Department, in 2022, there were close to 2.2 million people aged 60 or above, representing a year-on-year increase of 100 000 people. The demand for Silver Bond has also been on the rise in recent years, with close to 290 000 members of the public subscribing for Government Silver Bond last year.

Mr Chan added, "The Government has been assisting the public to actively prepare for their retirement through various policy initiatives and the introduction of innovative financial products. For example, the Government has launched the 'Retire 3' in recent years, which includes the HKMC Annuity Plan, the Reverse Mortgage Programme and the Policy Reverse Mortgage Programme, with the aim of assisting the public in arranging for their financial needs after retirement through a variety of channels. Taking the Annuity Plan as an example, since its launch in 2018, more than 18 000

policies have been approved, with an average premium of \$720,000 and a total premium of \$13.2 billion. This reflects that the Plan has been well received by the public, allowing our senior citizens to generate their own cash income in a stable, continuous and reliable manner."

The Financial Secretary announced in the 2023-24 Budget that the Government will continue to issue Silver Bond this year, which is the eighth batch of its kind. Having regard to market response, the Government may exercise discretion to increase the issuance size to a maximum of HK\$55 billion from the original HK\$50 billion target.

There will be no secondary market for Silver Bond. Bond holders may sell their bonds before maturity to the Government at par together with accrued but unpaid interest. To prevent an over-concentration of holdings in retail bonds by a small number of investors, a maximum allocation amount of HK\$1 million per investor will be imposed, meaning that each investor will be allocated 100 units of retail bond at most.

The subscription period of the Silver Bond will start from 9am on July 28 and end at 2pm on August 9. The bond will be issued on August 18. Eligible Hong Kong residents may apply for the bond through one of the 20 placing banks and 28 designated securities brokers.

Details of the offering terms and subscription arrangements are available at the Hong Kong Government Bonds website (www.hkgb.gov.hk).