

Government launches fifth batch of Silver Bond

The Government announced today (November 11) the launch of a new batch of Silver Bond for subscription by Hong Kong residents aged 65 or above.

The target issuance size of the fifth batch of Silver Bond will be increased from HK\$3 billion in the past to HK\$10 billion and, subject to market response, can be further increased to a maximum of HK\$15 billion at the discretion of the Government. The bond will have a tenor of three years. Bond holders will be paid interest once every six months at a rate linked to inflation in Hong Kong, subject to a minimum rate of 3.5 per cent. Only applications from Hong Kong residents who turn 65 in or before 2021 (i.e. those born in 1956 or before) while holding a valid Hong Kong identity card will be accepted. 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 holding in retail bonds by a small number of investors, a maximum allocation amount of HK\$1 million per investor will be imposed on the Silver Bond issuance, meaning each investor will be allocated 100 units of the bond at most.

The subscription period of Silver Bond will start from 9am on December 1 and end at 2pm on December 11. The bond will be issued on December 22. Eligible applicants may apply for the bond through one of the 20 placing banks or the 20 designated securities brokers.

The Financial Secretary announced in the 2020-21 Budget that the Government will continue to issue Silver Bond this year to provide senior residents with more choices of investment products, and to encourage the financial sector to continue to develop the silver market.

"Amid the prolonged period of low interest rates and growing uncertainties in the financial markets, the issuance of Silver Bond offers senior citizens an investment option with steady returns for management of their retirement capital. The significant increase in issuance size allows greater participation by senior citizens who can benefit from the steady interest income provided by the bond," a Government spokesperson said.

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