

Government launches retail infrastructure bond

The Government announced today (November 15) the launch of a retail infrastructure bond for subscription by Hong Kong residents.

The target issuance size of the retail infrastructure bond is HK\$20 billion, with each lot offered at HK\$10,000 and a tenor of three years. Interest will be paid semi-annually at a rate linked to inflation in Hong Kong, subject to a minimum of 3.5 per cent.

This issuance is the retail part of the Infrastructure Bond Programme. Proceeds will be credited to the Capital Works Reserve Fund for investment in infrastructure projects in accordance with the Programme framework. The Government will publish information on the allocation of the proceeds on an annual basis.

The subscription period of the retail infrastructure bond will start from 9am on November 26 and end at 2pm on December 6. Hong Kong residents may make applications through a placing bank, securities broker or the Hong Kong Securities Clearing Company Limited.

The retail infrastructure bond will be issued on December 17 and listed on the Stock Exchange of Hong Kong on the following business day (December 18). It can be traded in the secondary market. To facilitate higher participation from Hong Kong residents, a maximum allocation of HK\$1 million per investor will be stipulated, meaning that each investor will be allocated 100 lots of the bond at most.

"The Government's issuance of the retail infrastructure bond will provide to citizens a safe and reliable investment option with steady returns, as well as a 'sense of participation' and a 'sense of gain' in support of infrastructure projects for Hong Kong's long-term development. It will, on the other hand, finance infrastructure projects to facilitate their early completion for the good of the economy and people's livelihood. This issuance will also further promote the development of the retail bond market and financial inclusiveness," the Financial Secretary, Mr Paul Chan, said.

The Financial Secretary announced in the 2024-25 Budget that the Government will issue HK\$20 billion worth of retail bond this year. Subject to the subscription response, the Government may exercise discretion to increase the issuance size to a maximum of HK\$25 billion from the original HK\$20 billion target.

The offering terms and subscription arrangements of the retail infrastructure bond, including the list of placing banks, as well as the details of the Infrastructure Bond Programme, will be available on the Hong Kong Government Bonds website (www.hkgeb.gov.hk).