

## **Press release**

### **Funding for subscription to Fifth General Capital Increase of Asian Development Bank approved**

Friday, April 23, 2010

A government spokesman today (April 23) welcomed the funding approval by the Finance Committee of the Legislative Council for Hong Kong's subscription to the Fifth General Capital Increase of the Asian Development Bank (ADB).

The funding included a paid-in portion of US\$18.6 million (or HK\$146 million) to be paid over a 10-year period and a remaining callable portion of US\$575 million (or HK\$4,514.4 million) that will constitute a contingent liability for the Government.

The ADB is a multilateral financial institution for regional development with the principal goal of poverty reduction. To achieve the goal, the ADB provides both financial and technical assistance to governments for specific projects and programmes. By general capital increases, the ADB replenishes periodically its authorised capital stock to ensure that it can continue its lending activities without disruption.

The ADB proposed earlier the Fifth General Capital Increase so as to continue its lending and related activities in 2010 and beyond. On March 30 this year, the Chief Executive in Council decided that Hong Kong should subscribe fully to the ADB's Fifth General Capital Increase.

The spokesman said, "Hong Kong's continued subscription to the general capital increase is a clear demonstration of our continued support and commitment to the ADB. Being a responsible member of the ADB and an international financial centre, Hong Kong should support this important initiative, which is largely in response to the call by G20 leaders to increase resources of multilateral development banks so as to support growth in developing countries amid the global financial crisis.

"The subscription also shows our recognition of the ADB's contribution to the development of Hong Kong in the past."

Hong Kong has benefited from the ADB's lending programmes before. From 1972 to 1980, Hong Kong obtained five loans totalling US\$101.5 million from the ADB to finance various infrastructure projects. All the loans were repaid in full by 1987.

Hong Kong joined the ADB in 1969 and subscribed fully to all four previous general capital increases in 1970, 1977, 1986, and 1994.