

**Replies to supplementary questions raised by Finance Committee Members in
examining the Estimates of Expenditure 2005-06**

**Director of Bureau : Secretary for Financial Services
and the Treasury**

Session No. : 3

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Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
S-FSTB(FS)01	SV14	CHIM Pui-chung	148	Financial Services

Examination of Estimates of Expenditure 2005-06
**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

Reply Serial No.

S-FSTB(FS)01

Head: 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title):

Question Serial No.

SV14

Programme: Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau: Secretary for Financial Services and the Treasury

Question :

With respect to the loan to Thailand under the financial package organized by the International Monetary Fund in 1997, the Administration is requested to provide the following information on the loan –

- (a) size of the loan contributed by Hong Kong in the financial package;
- (b) terms of the loan and repayment schedule; and
- (c) current position of the loan. Please give details when the loan has been fully repaid. If the loan has not been fully repaid, please give details on the outstanding loan balance and when the balance is expected to be fully repaid.

Asked by: Hon. CHIM Pui-chung

Reply:

- (a) On 21 September 1997, the Hong Kong Monetary Authority (HKMA) participated in a financing package organized for Thailand by the International Monetary Fund. Under the agreement, the HKMA entered into swap transactions to exchange US dollars for Thai baht up to a maximum of US\$1 billion for a maximum period of five years. Since the first drawdown made in October 1997, the HKMA had released a total of US\$862 million under the agreement. In October 1999, the Bank of Thailand (BoT) gave notice that it would not draw down on the remaining US\$138 million.
- (b) The loan was organized in the form of a currency swap agreement between the BoT and the HKMA at market interest rates. According to the terms of the agreement, each disbursement was to be fully repaid in four equal instalments within five years of its initial drawing, with repayments commencing three and a half years from the date of each initial drawdown. The loan carried an average return of five per cent per annum in respect of the outstanding amount.

- (c) Since April 2001, the BoT had been repaying the loan by instalments according to the terms and conditions of the agreement. In January 2003, the BoT approached the HKMA with an early repayment schedule starting from February 2003, resulting in full repayment of the loan in July 2003.

Signature	_____
Name in block letters	_____ Kevin Ho _____
Post Title	_____ Permanent Secretary for Financial Services and the Treasury (Financial Services) _____
Date	_____ 18.4.2005 _____