

For information

**Legislative Council Panel on Financial Affairs**  
**Progress Report on the Loan Guarantee Scheme**  
**for Severe Acute Respiratory Syndrome Impacted Industries**

**Introduction**

This paper updates Members on the latest progress on the implementation of the Loan Guarantee Scheme (“the Scheme”) for Severe Acute Respiratory Syndrome Impacted Industries.

**Background**

2. At the Finance Committee meeting held on 25 April 2003, the Administration undertook to report to the Panel on Financial Affairs (“the Panel”) the operation of the Scheme one year after its implementation and to submit progress report at six-month intervals thereafter. Accordingly, the first progress report was circulated to Members for information on 11 May 2004. This paper is our second progress report.

**Latest Financial Situation**

3. Loan repayments are in good progress, except for a small number of default cases. As at 30 September 2004, the outstanding loan amount has been reduced to HK\$299,233,443 as against the aggregate loan amount of HK\$499,204,781 approved at the close of application on 31 July 2003.

**Default Situation**

4. As at 31 October 2004, we received a total of 85 claims involving HK\$18,064,937 from lending institutions for the Government’s guarantee in respect of default loans made under the Scheme. Full payment of the amount claimed has been effected. The default rate in terms of the aggregate loan amount is 3.6%. Of the 85 claims, 52 (61.2%) came from the retail sector, 32 (37.6%) from the restaurant sector and one (1.2%)

from the tourism sector. A breakdown of the claims by industry is at **Annex 1**.

### **Recovery Situation**

5. Recovery actions on the 85 default loans have been taken against the borrowers or the guarantors as appropriate. So far, repayment agreements have been reached in 52 default cases. In most cases, the borrowers/guarantors agreed to repay the outstanding loans by instalments over an extended period. As at 31 October 2004, a total amount of \$425,020 has been recovered.

### **Submission of Progress Report**

6. The Administration will continue to monitor closely the operation of the Scheme. Another progress report on the Scheme will be submitted to the Panel in six months' time.

Economic Development and Labour Bureau  
Financial Services and the Treasury Bureau  
Commerce, Industry and Technology Bureau

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## Annex 1

### A Breakdown of Default Claims by Industry under the Loan Guarantee Scheme for Severe Acute Respiratory Syndrome Impacted Industries

Industry	(a) Number of applications approved by lending institutions (%)	(b) Loan amount approved	(c) Number of default claims approved by the Government	(d) Amount claimed	(e) Default Rate (d/b)
Retailing Business	890 (57.1%)	\$163,826,041	52 (61.2%)	\$4,272,288	2.6%
Restaurant	462 (29.6%)	\$267,106,792	32 (37.6%)	\$13,390,828	5%
Travel Agent	151 (9.7%)	\$52,685,317	1 (1.2%)	\$401,821	0.8%
Tourist Coach Operator	51 (3.3%)	\$14,498,996	0 (-)	-	-
Hotel / Guesthouse	4 (0.2%)	\$788,000	0 (-)	-	-
Karaoke	1 (0.1%)	\$299,635	0 (-)	-	-
Cinema	0 (-)	-	0 (-)	-	-
<b>Total</b>	<b>1,559 (100%)</b>	<b>\$499,204,781</b>	<b>85 (100%)</b>	<b>\$18,064,937</b>	<b>3.6%</b>