

(English Translation)

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24 June 2009

The Honourable WONG Kwok-hing, MH
Room 603, Citibank Tower,
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Sir,

Thank you very much for supporting the Government's proposal at the meeting of the Finance Committee (FC) of the Legislative Council held on 5 June. The FC's approval has enabled us to implement a series of enhancement measures in support of Hong Kong enterprises without delay.

The enhancement measures under the Special Loan Guarantee Scheme (SpGS) were introduced on 15 June. Recently, a number of lending institutions have responded to the Government's appeal by announcing their own promotional measures, including lower interest rates, interest refund and reduced administrative fees. This is good news for enterprises. It also shows that situation in the lending market is gradually improving.

During the FC meeting, you inquired how the SpGS could help preserve employment, and I undertook to give a reply in writing after the meeting.

Since the SpGS was launched at the end of last year, the number of applications and the total amount of loan approved have been increasing steadily. So far, nearly 11 000 applications have been approved, involving a total loan amount of over \$20.6 billion. The enterprises concerned have employed over 160 000 employees in total.

To assess the effectiveness of the SpGS, we have required all successful applicants to fill in a questionnaire and return it to the Trade and Industry Department (TID) three months after approval of the loan guarantee. So far, the TID has received 560 completed questionnaires. Overall, more than 90% of the respondents were satisfied with the operation of SpGS and found it helpful to their business. With regard to the number of employees, over 80% of the respondents indicated that there was no change to their number of employees, while some (9%) indicated an increase. Only less than 4% of the respondents indicated a drop in the number of employees, mainly due to natural wastage.

We will continue to closely monitor the operation of SpGS to ensure that our objective of “supporting enterprises and preserving employment” is achieved.

Yours sincerely,

(Signed)

(Miss CHOI Ying-pik, Yvonne)

Permanent Secretary

for Commerce and Economic Development

(Commerce, Industry and Tourism)