

**For Information
on 17 February 2009**

Legislative Council Panel on Commerce and Industry

Progress update on the support measures for small and medium enterprises (SMEs) arising from the global financial turmoil

This paper reports on the latest position of the enhanced SME Loan Guarantee Scheme and the Special Loan Guarantee Scheme since the last Panel meeting on 13 January 2009.

SME Loan Guarantee Scheme (SGS)

(Details at LC Paper No. CB(1)77/08-09(01))

2. The enhancement measures for SGS were implemented on 6 November 2008. As at 9 February 2009, 35 participating lending institutions (PLIs) have joined the enhanced SGS. 851 loan applications were submitted to the Trade and Industry Department (TID), of which 737 have been approved¹, involving a total loan amount of about \$1.724 billion.

Special Loan Guarantee Scheme (SpGS)

(Details at LC Paper No. CB(1)379/08-09(01))

3. The SpGS was launched on 15 December 2008. As at 9 February 2009, 37 PLIs have signed up for the scheme. 1,660 loan applications were submitted to TID, of which 1,362 have been approved¹, involving a total loan amount of about \$2.865 billion. Detailed statistics of the applications approved (by industries, loan types and number of employees) are at **Annex I**. No default claims have been received by TID during the period.

4. In response to the question for the LegCo sitting on 4 February 2009 on the statistics relating to loan applications lodged by new customers under the SpGS, TID has asked individual PLIs to provide such information. According to the statistics as at 1 February 2009 provided by the PLIs, amongst the 1,235 applications submitted to TID, 174 are lodged by new customers (i.e. those have not been granted any

¹ All approved within 3 working days after all necessary documentations are provided.

loans by the PLI concerned before), and 113 of them have been approved, involving a total loan amount of about \$116 million.

Overall Position

5. As at 9 February 2009, TID has received 2,511 loan applications from the PLIs under the two schemes, of which 2,099 applications have been approved, involving a total loan amount of about \$4.589 billion.

6. We also provide, at **Annex II**, a summary of the relevant statistics provided by the PLIs on the loan applications received under both schemes as at 1 February 2009.

SME Seminar

7. TID and five major industrial and trade organisations² organised a large-scale seminar on 15 January 2009 at the Hong Kong Convention and Exhibition Centre to brief SMEs on the support measures provided by the Government and industry support organisations. Speakers at the seminar include representatives from the Hong Kong Export Credit Insurance Corporation, Hong Kong Trade Development Council, Hong Kong Productivity Council, TID and PLIs. Enquiry counters were also set up by 23 PLIs and supporting organisations on site to answer questions by SMEs.

8. The seminar was well-received with an attendance of about 400 participants. The PLIs handled around 250 enquiries from the participants and received around 50 loan applications. All respondents to the post-seminar questionnaires have indicated that the seminar was beneficial to them. Over 80% considered the counters set up by the PLIs and supporting organisations useful in answering their questions. Overall, over 70% of the respondents were satisfied with the seminar.

Commerce and Economic Development Bureau Trade and Industry Department February 2009

² Federation of Hong Kong Industries, Chinese General Chamber of Commerce, Hong Kong General Chamber of Commerce, Chinese Manufacturers' Association of Hong Kong and Hong Kong Chinese Importers' & Exporters' Association.

Annex I

Statistics of the SpGS (as at 9 February 2009)

Detailed breakdown of the applications approved under SpGS is provided below.

Breakdown by industries

	No. of applications approved	Percentage
Manufacturing		
Bags and garment accessories	28	2.06
Chemical and biotechnology	8	0.59
Electronics	48	3.52
Food and beverage	12	0.88
Footwear	15	1.10
Jewellery	16	1.17
Metal products	58	4.26
Plastics	22	1.62
Printing and publishing	45	3.30
Stationery and paper products	20	1.47
Textiles and clothing	163	11.97
Toys	36	2.64
Watches and clocks	18	1.32
Other manufacturing industry	66	4.85
Sub-total	555	40.75
Non-manufacturing		
Car trading	8	0.59
Construction	32	2.35
Engineering	20	1.47
Hotel and tourism	15	1.10
Import & export	351	25.77
Interior design and decoration	15	1.10

	No. of applications approved	Percentage
Personal care services	7	0.51
Professional services	40	2.94
Restaurants	21	1.54
Trading	44	3.23
Transportation / logistics	44	3.23
Wholesale and retail	164	12.04
Other non-manufacturing industries	46	3.38
Sub-total	807	59.25
Total	1,362	100

Breakdown by loan types

	Non-revolving Loan	Revolving Loan	Total
No. of applications approved	1,089	273	1,362
Amount of loans involved (\$ million)	2,307.06	558.31	2,865.37

Breakdown by number of employees

No. of employees in Hong Kong	No. of approved cases
1-10	758
11-20	296
21-49	230
50-99	47
100 or above	31
Total	1,362

Annex II

Statistics on the number of loan applications received under the enhanced SGS and SpGS

	SGS	SpGS
	From 6 Nov 2008 to 1 Feb 2009	From 15 Dec 2008 to 1 Feb 2009
No. of applications received by the PLIs	2,401	5,355
No. of applications being processed by the PLIs	598	3,315 ³
No. of applications withdrawn by the applicants	638 ⁴	167
No. of loan applications rejected by PLIs	351	638
No. of applications forwarded to TID for processing	814	1,235
No. of applications approved by TID (amount of loan involved)	697 (\$1.6 billion)	932 (\$2.1 billion)
No. of applications rejected by TID	0	1 ⁵

³ PLIs had taken a longer time to process the applications pending submission of a complete set of supporting documents, company search results and company visits. This latest return also covers the Chinese New Year holidays over which many applicant companies were not open for business.

⁴ Most of the cases are withdrawn to apply for SpGS.

⁵ The subject company has been established for less than one year.

Reasons for rejection by PLIs

	SGS	SpGS
	From 6 Nov 2008 to 1 Feb 2009	From 15 Dec 2008 to 1 Feb 2009
1. The applicants have not provided sufficient documents to facilitate assessment	46	58
2. The applicants do not meet the eligibility criteria for the schemes	20	25
3. The applicants have outstanding default	18	23
4. The applicants' financial status is too weak	194	394
5. The applicant cannot demonstrate a reasonable prospect of their businesses	61	109
6. Others ⁶	12	29
Total	351	638

⁶ Applicants have high credit risk, fluctuated sales or relatively short operation history, etc.