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LCQ14: Special Loan Guarantee Scheme

Following is a question by the Dr Hon Lam Tai-fai and a written reply by the Secretary for Commerce and Economic Development, Mrs Rita Lau, in the Legislative Council today (February 4):

Question:

The Trade and Industry Department (TID) launched the Special Loan Guarantee Scheme on December 15 last year to help enterprises tide over their cashflow difficulties. In this connection, will the Government inform this Council:

(a) whether it knows, among the loan guarantee applications submitted to TID by participating lending institutions (PLIs) so far, the number of applications relating to enterprises which were new customers of the PLIs concerned and the latter had never granted any loan to them, and the respective numbers of approved and rejected applications as well as the respective total amounts of loans involved;

(b) among the approved loan guarantee applications, the number of applications relating to enterprises which are small and medium in size (i.e. any manufacturing enterprises which employ fewer than 100 employees in Hong Kong; or any non-manufacturing enterprises which employ fewer than 50 employees in Hong Kong), and the total amount of loans granted to them; and

(c) as the Government has estimated that about 40,000 companies will benefit from the scheme during its six-month operation period, whether it has assessed if such estimated figure can be met; if the assessment result is in the negative, whether it will adjust downward the estimated figure and extend the operation period of the scheme?

Reply:

President,

The Government launched the Special Loan Guarantee Scheme (SpGS) on December 15, 2008 to provide 70% guarantee for commercial loans granted to eligible enterprises. The total guarantee commitment is \$100 billion. As at February 2, 2009, we have approved 985 applications, involving a total loan amount of \$2.17 billion. On Dr Hon Lam Tai-fai's questions, our replies are as follows:

(a) We do not have such information. As it will take time for the 37 PLIs to check individual applications one by one, we will provide the relevant statistics to the Legislative Council Panel on Commerce and Industry at a later stage.

(b) Of the 985 approved loan applications mentioned above, the beneficiaries of 945 applications (about 96%) are small and medium enterprises. They involve a total loan amount of \$2.05 billion.

(c) When the SpGS was introduced, we mentioned that around 40,000 enterprises could benefit from the scheme. This estimate was calculated on the basis that the total loan guarantee commitment was \$100 billion and the assumption that the average loan guarantee for each enterprise would be \$2.5 million. It is not a target. The actual number of applications and beneficiaries will depend on factors such as the market demand, the nature and the amount of loan involved in each application, etc.

As for the six-month application period, we have, when we put forth the proposal, stated clearly that we would conduct a review before the expiry of the application period to decide if the SpGS is extended.

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