

**For Information
on 17 March 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 the latest position of the enhanced SME Loan Guarantee Scheme and the Special Loan Guarantee Scheme.

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 March 2009, 35 participating lending institutions (PLIs) have joined the enhanced SGS. 971 loan applications were submitted to the Trade and Industry Department (TID), of which 809 have been approved¹, involving a total loan amount of about \$2.13 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 March 2009, 37 PLIs have signed up for the scheme. 3,779 loan applications were submitted to TID, of which 3,232 have been approved¹, involving a total loan amount of about \$6.21 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 connection with Annex I, and in response to a question regarding the definition of “Import & Export” raised by Members at the Panel meeting on 17 February 2009, Members may wish to note that the statistical breakdown on industries are based on information provided by the applicants. As such information is collected for reference only, the application forms have not specified any definition for each industry.

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

Overall Position

5. As at 9 March 2009, TID has received 4,750 loan applications from the PLIs under the two schemes, of which 4,041 applications have been approved, involving a total loan amount of about \$8.34 billion.

6. We also provide, at **Annex II**, a summary of the statistics provided by the PLIs on the loan applications received under both schemes as at 1 March 2009².

Statistics on establishments that have winded up their businesses

7. At the Panel meeting on 17 February 2009, Members requested the Administration to provide statistics on winding up of SMEs since October 2008. As explained during the Panel meeting, the Government does not have specific statistics in this regard. The Companies Registry and the Official Receiver's Office publish monthly statistics on voluntary and compulsory winding up cases respectively. The relevant statistics are at **Annex III**.

**Commerce and Economic Development Bureau
Trade and Industry Department
March 2009**

² The figures in this table are compiled once every two weeks, as it involves collating information from all the branch offices of the 37 PLIs. Hence, the figures are not as update as those in paragraphs 2, 3 & 5, as well as those in Annex I.

Statistics of the SpGS
(as at 9 March 2009)

Breakdown by industries

	No. of applications approved	Percentage
Manufacturing		
Bags and garment accessories	59	1.8
Chemical and biotechnology	15	0.5
Electronics	108	3.3
Food and beverage	27	0.9
Footwear	24	0.7
Furniture	22	0.7
Industrial machinery	9	0.3
Jewellery	45	1.4
Medical and optical devices	10	0.3
Metal products	117	3.6
Plastics	66	2.0
Printing and publishing	122	3.8
Stationery and paper products	40	1.2
Textiles and clothing	328	10.2
Toys	71	2.2
Watches and clocks	36	1.1
Other manufacturing industry	74	2.3
Sub-total	1,173	36.3
Non-manufacturing		
Car trading	10	0.3
Construction	82	2.5
Engineering	43	1.3
Hotel and tourism	25	0.8
Import & export	933	28.9

	No. of applications approved	Percentage
Information technology	19	0.6
Interior design and decoration	30	0.9
Personal care services	15	0.5
Professional services	134	4.1
Restaurants	50	1.6
Trading	107	3.3
Transportation / logistics	109	3.4
Wholesale and retail	423	13.1
Other non-manufacturing industries	79	2.4
Sub-total	2,059	63.7
Total	3,232	100

Breakdown by Loan Types

	Non-revolving Loan	Revolving Loan	Total
No. of applications approved	2,575	657	3,232
Amount of loans involved (\$ million)	4,944	1,262	6,206

Breakdown by Number of Employees

No. of employees in Hong Kong	No. of approved cases
1-10	1,927
11-20	638
21-49	462
50-99	134
100 or above	71
Total	3,232

Annex II

Loan Application Statistics of SGS and SpGS Provided by PLIs (collated once every two weeks from all branches of PLIs³)

	SGS (From 6 Nov 2008 to 1 Mar 2009)	SpGS (From 15 Dec 2008 to 1 Mar 2009)	Total
No. of applications received by the PLIs	2,433	8,757	11,190
No. of applications being processed by the PLIs	307	3,948 ⁴	4,255
No. of applications withdrawn by the applicants	796 ⁵	466 ⁶	1,262
No. of loan applications rejected by PLIs	401	1,234	1,635
No. of applications forwarded to TID for processing	929	3,109	4,038
No. of applications approved by TID (amount of loan involved)	794 (\$2.0 billion)	2,699 (5.2 billion)	3,493 (\$7.2 billion)
No. of applications rejected by TID	1 ⁷	5 ⁸	6

³ The statistics in this Annex are collated from all the branches of the 37 PLIs. Hence, the figures are not as update as those in Annex I.

⁴ This figure includes 3,402 new applications received by PLIs after 1 February 2009 (the date when this table was last updated and submitted to the Panel). Some applications require a longer processing time because it takes time for the applicants to submit certain supporting documents, and for the PLIs to complete company search and company visits.

⁵ Most of the applicants turn to apply for SpGS after withdrawing from the SGS.

⁶ Some applicants submitted applications to more than one PLI. They would withdraw their applications from the other PLIs after one application has been successful.

⁷ The applicant has exceeded the maximum guarantee ceiling.

⁸ One company is in operation for less than one year; one company has outstanding default with the Government, and three companies have exceeded the guarantee ceiling.

Reasons for rejection by PLIs

	SGS (From 6 Nov 2008 to 1 Mar 2009)	SpGS (From 15 Dec 2008 to 1 Mar 2009)	Sub-total
1. The applicants have not provided sufficient documents to facilitate assessment	66	129	195
2. The applicants do not meet the eligibility criteria for the schemes	26	61	87
3. The applicants have outstanding default	18	39	57
4. The applicants' financial status is too weak	224	765	989
5. The applicant cannot demonstrate a reasonable prospect of their businesses	51	190	241
6. Others ⁹	16	50	66
Total	401	1,234	1,635

⁹ Applicants have high credit risk, fluctuated sales or relatively short operation history, etc.

**Statistics on Winding up of Business Establishments
from October 2008 to January 2009**

Month	No. of winding up cases		
	No. of voluntary winding up cases commenced¹⁰ (published by the Companies Registry) (previous year)¹¹	No. of compulsory winding up orders made by the court¹⁰ (published by the Official Receiver's Office) (previous year)¹¹	Total
Oct 2008	61 (71)	45 (40)	106 (111)
Nov 2008	74 (79)	37 (34)	111 (113)
Dec 2008	89 (77)	45 (38)	134 (115)
Jan 2009	88 (87)	29 (53)	117 (140)

¹⁰ An establishment may commence winding up proceedings voluntarily (voluntary winding up) or be ordered to wind up by the court (compulsory winding up).

¹¹ Figures in brackets denote the figures for the same month in the previous year.