

**For Information
on 16 June 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 SME Loan Guarantee Scheme and the Special Loan Guarantee Scheme following the special meeting of the Panel on Commerce and Industry on 1 June 2009.

SME Loan Guarantee Scheme (SGS)

2. The Finance Committee (FC) approved on 5 June 2009 to increase the loan guarantee commitment of SGS from \$12.6 billion to \$20 billion. Based on current projection, the additional commitment should allow the SGS to operate until mid-2011.

3. As at 8 June 2009, 36 participating lending institutions (PLIs) have joined the SGS. 1,315 loan applications were submitted to the Trade and Industry Department (TID) since the implementation of enhancement measures on 6 November 2008, of which 1,130 have been approved, involving a total loan amount of about \$3.6 billion.

Special Loan Guarantee Scheme (SpGS)

4. The application period for the SpGS has been extended to 31 December 2009. On 5 June 2009, the FC approved a series of enhancement measures to the SpGS, which include :

- (i) increasing the loan guarantee ratio from 70% to 80% for new loans to be approved;
- (ii) increasing the maximum amount of loan that each enterprise may obtain from \$6 million to \$12 million. Within this ceiling, the amount of loan that may be used for revolving credit facilities is increased from \$3 million to \$6 million; and
- (iii) extending the maximum guarantee period from 36 months to 60 months.

5. 41 PLIs have joined the SpGS. TID is liaising with the PLIs to complete the necessary legal procedures. We expect to implement the enhancement measures on 15 June 2009. Response from the PLIs is very positive. A number of major PLIs have recently announced new promotional measures in support of Government's loan guarantee schemes, such as lower interest rates and administrative fees, interest refund, etc.

6. As at 8 June 2009, 10,419 loan applications were submitted to TID, of which 9,541 have been approved, involving a total loan amount of about \$18.0 billion. Detailed statistics of the applications approved (by industries, loan types and number of employees) are at the **Annex**. No default claims have been received during the period.

Overall Position

7. As at 8 June 2009, TID has received 11,734 loan applications from the PLIs under the two schemes, of which 10,671 applications have been approved, involving a total loan amount of about \$21.7 billion.

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

Statistics of the SpGS
(as at 8 June 2009)

Breakdown by industries

	No. of applications approved	Percentage
Manufacturing		
Bags and garment accessories	148	1.5
Chemical and biotechnology	38	0.4
Electronics	304	3.2
Food and beverage	73	0.8
Footwear	49	0.5
Furniture	49	0.5
Industrial machinery	31	0.3
Jewellery	110	1.2
Medical and optical devices	31	0.3
Metal products	316	3.3
Plastics	250	2.6
Printing and publishing	293	3.1
Stationery and paper products	96	1.0
Textiles and clothing	740	7.8
Toys	195	2.0
Watches and clocks	92	1.0
Other manufacturing industry	201	2.1
Sub-total	3,016	31.6
Non-manufacturing		
Car trading	20	0.2
Construction	275	2.9
Engineering	171	1.8
Hotel and tourism	78	0.8
Import & export	2,830	29.7
Information technology	81	0.9

	No. of applications approved	Percentage
Interior design and decoration	102	1.1
Personal care services	41	0.4
Professional services	359	3.8
Real estate	42	0.4
Restaurants	150	1.6
Telecommunication	31	0.3
Trading	757	7.9
Transportation / logistics	272	2.9
Wholesale and retail	1,101	11.5
Other non-manufacturing industries	215	2.2
Sub-total	6,525	68.4
Total	9,541	100

Breakdown by loan types

	Non-revolving Loan	Revolving Loan	Total
No. of applications approved	7,132	2,409	9,541
Amount of loans involved (\$ million)	13,669	4,368	18,037

Breakdown by number of employees

No. of employees in Hong Kong	No. of approved cases
1-10	6,097
11-20	1,747
21-49	1,114
50-99	362
100 or above	221
Total	9,541