

**Legislative Council Panel on Commerce and Industry
Supplementary information on support for SMEs**

The following information is provided as requested by Members at the meeting on 16 December 2008.

SME Loan Guarantee Scheme (SGS)

2. As at 16 December 2008, the Trade and Industry Department (TID) has received 271 loan guarantee applications from the participating lending institutions (PLIs) under the enhanced SGS, of which 171 have been approved¹, involving a total loan amount of \$576 million. The average loan size for each application is \$3.4 million. The remaining 100 applications are being processed by TID².

3. We provide, at the Annex, a summary of the information provided by the majority of the PLIs on the number of loan applications received since implementation of the enhancement measures from 6 November to 7 December 2008.

Special Loan Guarantee Scheme (SpGS)

4. The SpGS was launched on 15 December 2008. So far, 11 PLIs have signed up for the scheme, including Bank of China (Hong Kong) Limited, Chiyu Banking Corporation Limited, Dah Sing Bank, Limited, DBS Bank (Hong Kong) Limited, Hang Seng Bank Limited, Orient First Capital Limited, ORIX Asia Limited, Shanghai Commercial Bank Ltd., Standard Chartered Bank (Hong Kong) Limited, The Bank of East Asia and The Hongkong and Shanghai Banking Corporation Limited. The list of PLIs is being updated on a daily basis for uploading to TID's website.

5. As at 16 December 2008, TID has received two applications from the PLIs under the SpGS. Both applications have been approved. They involve a total loan amount of \$10 million.

**Commerce and Economic Development Bureau
Trade and Industry Department
December 2008**

¹ All applications are approved within 3 working days after receipt of necessary documentation.

² Among the 100 outstanding applications, 58 require provision of further information by the PLIs.

Statistics from Participating Lending Institutions on Loan Applications under the enhanced SME Loan Guarantee Scheme

The Trade and Industry Department (TID) has conducted a survey on the number of loan applications received by the participating lending institutions (PLIs) under the enhanced SME Loan Guarantee Scheme (SGS). The result is summarised below:

	From 6 to 25 Nov 2008¹ (A)	From 26 Nov to 7 Dec 2008² (B)	Total (C) = (A) + (B)
No. of loan applications received ³	461 (186 written and 275 verbal)	601 (232 written and 369 verbal)	1 062 (418 written and 644 verbal)
No. of applications submitted to TID for processing	46	64	110
No. of applications withdrawn by the applicants	2	28	30
No. of loan applications rejected	35	48	83
No. of applications being processed by the PLIs ⁴	378	461	839

¹ Provided by 16 PLIs

² Provided by 21 PLIs

³ This refers to the number of formal applications (i.e. excluding general enquiries), including written applications and applications lodged verbally with the frontline staff at branches.

⁴ Including some oral applications awaiting borrowers' submission in writing. TID has uploaded in its website a "Guide for SMEs in obtaining business loan from lending institutions" to provide, among other things, a checklist of information usually required of commercial loan applications. With this, the time taken for PLIs to process loan applications is expected to be shortened. Also, the average loan size approved under the enhanced SGS thus far is about \$3.4 million. Generally speaking, it takes relatively longer time for PLIs to process larger loans of this size.

Reasons for rejection of applications by PLIs			
1. The applicants have not provided sufficient documents to facilitate assessment	16	5	21
2. The applicants do not meet the eligibility criteria for SGS, i.e. the applicants are not registered in Hong Kong or do not fall within the definition of SME	-	4	4
3. The applicants have outstanding default ⁵	-	-	-
4. The applicants' financial status is too weak	16	37	53
5. The applicant cannot demonstrate a reasonable prospect of their businesses	2	2	4
6. Others (please specify):	1 ⁶	-	1

Trade and Industry Department
16 December 2008

⁵ "Default" here is defined as failure to make repayment in accordance with the terms and conditions of the approved credit facilities with a lapse of more than 60 days after the due date.

⁶ The borrower intends to use the SGS loan for repaying other loan(s).