

**For Information
on 17 November 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.

SME Loan Guarantee Scheme (SGS)

2. At present, 36 participating lending institutions (PLIs) have joined the SGS. As at 8 November 2009, 1,663 loan applications have been submitted to the Trade and Industry Department (TID) since the implementation of enhancement measures on 6 November 2008, of which 1,450 have been approved, involving a total loan amount of about \$5.3 billion. TID has received 6 default claims, involving a total claim amount of about \$13 million.

Special Loan Guarantee Scheme (SpGS)

3. The application period for SpGS has been extended to 30 June 2010. 46 PLIs have signed up for the scheme. As at 8 November 2009, 25,059 loan applications were submitted to TID, of which 22,952 applications have been approved, involving a total loan amount of over \$55 billion. Detailed statistics of the applications approved (by industries, loan types and number of employees) are at **Annex I**. TID has received 20 default claims so far, involving a total claim amount of about \$31.9 million.

Overall Position

4. As at 8 November 2009, TID has received 26,722 loan applications from the PLIs under the two schemes, of which 24,402 applications have been approved, involving a total loan amount of \$60.3 billion. The companies concerned provide a total employment of more than 260,000.

5. A summary of the statistics provided by the PLIs on the loan applications received under both schemes as at 25 October 2009 is at **Annex II**¹.

¹ The figures in this table are compiled once every two weeks. It involves collating information from all the branch offices of the PLIs. Hence, the figures are not as up-to-date as those in paragraphs 2 to 4, as well as those in Annex I.

Two charts showing the *cumulative* number of loan applications approved and the *weekly* number of loan applications approved are at **Annexes III** and **IV** respectively.

Commerce and Economic Development Bureau
Trade and Industry Department
November 2009

Statistics of the SpGS
(as at 8 November 2009)

Breakdown by percentage of guarantee

	70% Guarantee	80% Guarantee	Total
No. of applications approved	10,750	12,202	22,952
Amount of loans involved (\$ million)	20,318	34,699	55,017

Breakdown by industries

	No. of applications approved	Percentage
Manufacturing		
Bags and garment accessories	362	1.6
Chemical and biotechnology	101	0.4
Electronics	760	3.3
Food and beverage	159	0.7
Footwear	104	0.5
Furniture	116	0.5
Industrial machinery	82	0.4
Jewellery	228	1.0
Medical and optical devices	61	0.3
Metal products	641	2.8
Plastics	565	2.4
Printing and publishing	660	2.9
Stationery and paper products	212	0.9
Textiles and clothing	1,723	7.5
Toys	364	1.6

	No. of applications approved	Percentage
Watches and clocks	208	0.9
Other manufacturing industry	419	1.8
Sub-total	6,765	29.5
Non-manufacturing		
Car trading	75	0.3
Construction	565	2.5
Engineering	498	2.2
Hotel and tourism	167	0.7
Import & export	5,655	24.6
Information technology	204	0.9
Interior design and decoration	223	1.0
Personal care services	85	0.4
Professional services	838	3.7
Real estate	99	0.4
Restaurants	331	1.4
Telecommunication	70	0.3
Trading	3,941	17.2
Transportation / logistics	623	2.7
Wholesale and retail	2,328	10.1
Other non-manufacturing industries	485	2.1
Sub-total	16,187	70.5
Total	22,952	100.0

Breakdown by loan types

	Non-revolving Loan	Revolving Loan	Total
No. of applications approved	14,785	8,167	22,952
Amount of loans involved (\$ million)	35,243	19,774	55,017

Breakdown by number of employees

No. of employees in Hong Kong	No. of approved cases
1-10	14,726
11-20	4,219
21-49	2,648
50-99	865
100 or above	494
Total	22,952

Annex II

Loan Application Statistics of SGS and SpGS Provided by PLIs (collated once every two weeks from all branches of PLIs²)

	SGS From 6 Nov 2008 to 25 Oct 2009 (A)	SpGS From 15 Dec 2008 to 25 Oct 2009			Total (E) = (A) + (D)
		70% guarantee (B)	80% guarantee ³ (C)	Sub-total (D) = (B) + (C)	
No. of applications received by the PLIs	3,326	17,337	18,321	35,658	38,984
No. of applications being processed by the PLIs	11	0	2,358	2,358	2,369
No. of applications rejected by PLIs	490	3,074	1,553	4,627	5,117
No. of applications withdrawn by the applicants before submitting to TID	1,177 ⁴	2,828	1,504	4,332 ⁵	5,509
No. of applications forwarded to TID for processing	1,648	11,435	12,906	24,341	25,989
No. of applications approved by TID	1,437	10,754	11,482	22,236	23,673
– Amount of loan involved (in \$ billion)	5.26	20.33	32.91	53.24	58.50
No. of applications rejected by TID	3 ⁶	44	52	96 ⁷	99

² The statistics in this Annex are collated from all the branches of the PLIs. Hence, the figures are not as up-to-date as those in Annex I.

³ The enhanced SpGS starts to operate with effect from 15 June 2009, under which the Government provides 80% guarantee for loans approved by PLIs.

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

⁵ Major reasons for withdrawal include : verbal enquiries made by interested customers who are subsequently found not eligible for SpGS; the borrowers have not provided documents for credit assessment; or borrowers have chosen other PLIs with better terms.

⁶ The applicants have exceeded the maximum guarantee ceiling.

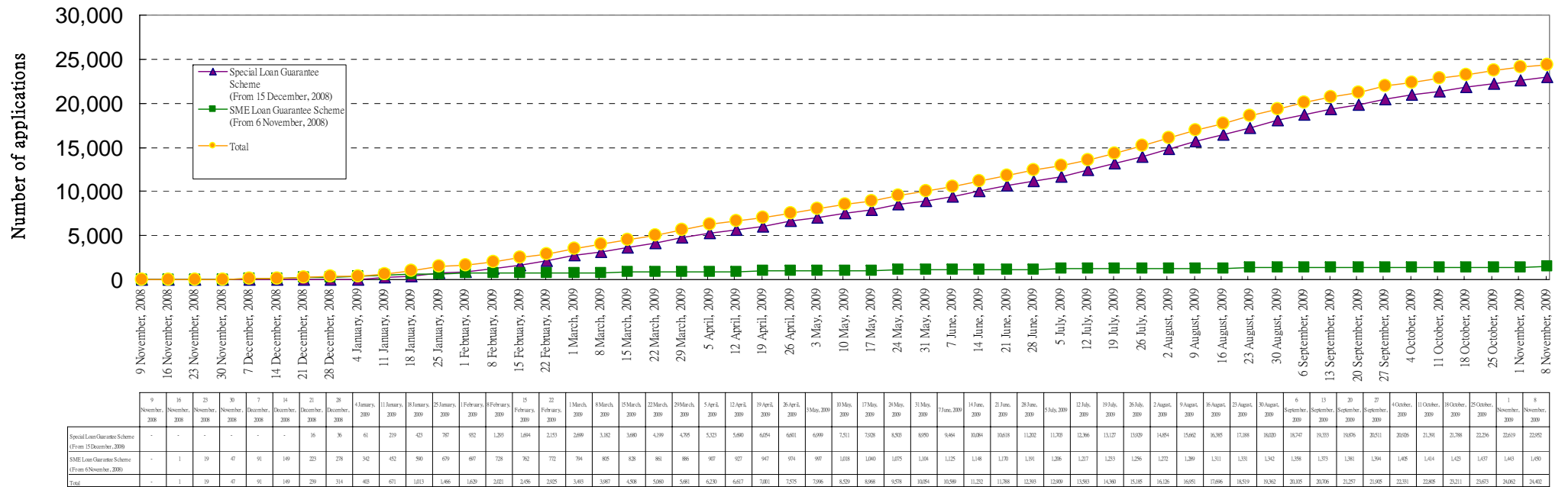
⁷ Twenty-four companies (three of which have lodged two applications each) are in operation for less than one year; eight companies have outstanding default with the Government, forty-nine companies (nine of which have lodged two applications each) have exceeded the loan ceiling; one company which has lodged two applications could not prove that it has substantive business operation in Hong Kong; and one company is an associate of the lender.

Reasons for rejection by PLIs

	SGS From 6 Nov 2008 to 25 Oct 2009 (A)	SpGS From 15 Dec 2008 to 25 Oct 2009			Total (E) = (A) + (D)
		70% guarantee (B)	80% guarantee (C)	Sub-total (D) = (B) + (C)	
1. The applicants have not provided sufficient documents to facilitate assessment	81	369	168	537	618
2. The applicants do not meet the eligibility criteria for the schemes	42	173	64	237	279
3. The applicants have outstanding default	21	54	42	96	117
4. The applicants' financial status is too weak	271	2,105	1,116	3,221	3,492
5. The applicant cannot demonstrate a reasonable prospect of their businesses	54	280	128	408	462
6. Others ⁸	21	93	35	128	149
Total	490	3,074	1,553	4,627	5,117

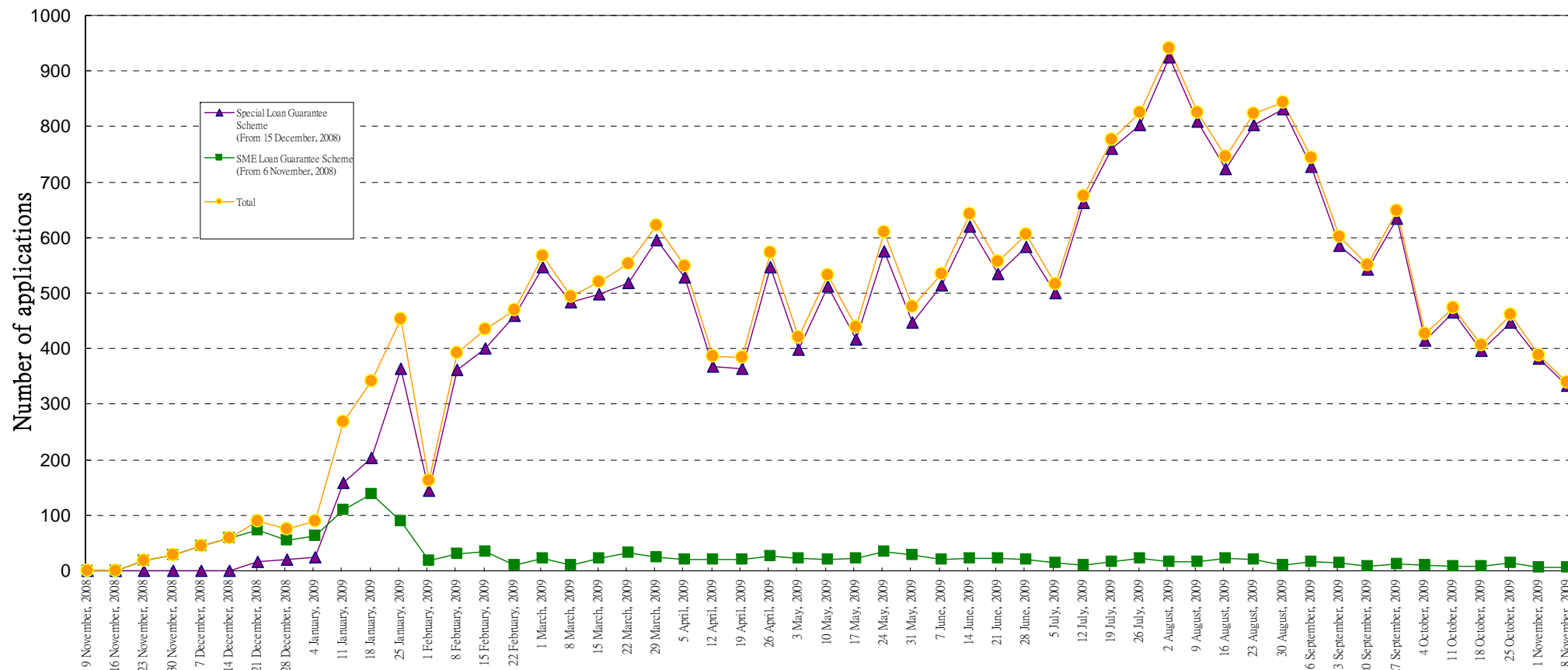
⁸ Applicants have high credit risk or relatively short operation history, etc.

Cumulative No. of Applications Approved by TID under SGS and SpGS



Annex IV

Weekly No. of Applications Approved by TID under SGS and SpGS



	9 November, 2008	16 November, 2008	23 November, 2008	30 November, 2008	7 December, 2008	14 December, 2008	21 December, 2008	28 December, 2008	4 January, 2009	11 January, 2009	18 January, 2009	25 January, 2009	1 February, 2009	8 February, 2009	15 February, 2009	22 February, 2009	1 March, 2009	8 March, 2009	15 March, 2009	22 March, 2009	29 March, 2009	5 April, 2009	12 April, 2009	19 April, 2009	26 April, 2009	3 May, 2009	10 May, 2009	17 May, 2009	24 May, 2009	31 May, 2009	7 June, 2009	14 June, 2009	21 June, 2009	28 June, 2009	5 July, 2009	12 July, 2009	19 July, 2009	26 July, 2009	2 August, 2009	9 August, 2009	16 August, 2009	23 August, 2009	30 August, 2009	6 September, 2009	13 September, 2009	20 September, 2009	27 September, 2009	4 October, 2009	11 October, 2009	18 October, 2009	25 October, 2009	1 November, 2009	8 November, 2009	
Special Loan Guarantee Scheme (From 15 December, 2008)	0	0	0	0	0	0	16	20	25	158	204	364	165	361	461	459	546	483	488	519	596	528	367	384	547	398	512	417	575	447	514	620	514	584	502	502	660	761	802	922	808	723	803	832	727	586	543	602	415	465	307	448	383	333
SME Loan Guarantee Scheme (From 6 November, 2008)	0	1	18	28	44	58	74	55	64	102	138	89	18	31	34	10	22	11	23	33	25	21	20	20	27	23	21	22	35	29	21	23	22	15	11	16	23	16	17	22	20	11	16	15	8	13	11	9	9	14	6	7		
Total	0	1	18	28	44	58	90	75	89	260	342	453	183	392	495	469	568	494	521	552	621	549	387	384	574	421	533	439	610	476	538	643	596	605	516	674	777	825	940	825	745	825	843	743	601	551	648	426	474	406	452	389	340	