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中華人民共和國香港特別行政區

Hong Kong Special Administrative Region of the People's Republic of China



立法會 LEGISLATIVE COUNCIL

葉劉淑儀 議員 GBS, 太平紳士 Hon Mrs Regina IP LAU Suk-yeec GBS, JP

Our Ref: LA2/FIN/10-11

21 December 2010

Hon CHAN Kam-lam, SBS, JP
 Chairman, Panel on Financial Affairs
 Legislative Council
 8 Jackson Road
 Hong Kong

Hong Kong Mortgage Corporation (HKMC)

As you may be aware, HKMC has launched two recent initiatives, namely the SME Financing Guarantee Scheme (SMEFGS) and the Reverse Mortgage Pilot Scheme (RMPS). Both are significant developments. Yet Members of this Panel know little about the details.

For this reason, I request that officials from Financial Services and the Treasury Bureau (FSTB), Hong Kong Monetary Authority (HKMA) and HKMC be invited to Panel meetings (joint meetings with the Panel on Commerce and Industry and the Panel on Housing, respectively, if necessary) to brief Members on these two schemes, and to address Members' concerns including but not limited to the following:

SMEFGS

- a) What are the key features of SMEFGS;
- b) What are the major differences between SMEFGS and Special Loan Guarantee Scheme (SpGS), SME Loan Guarantee Scheme (SGS);
- c) How does SMEFGS assist SMEs in ways that were not previously achievable via i) SpGS; ii) SGS; iii) insurance offered by The Hong Kong Export Credit Insurance Corporation (ECIC); iv) support provided under "SME Export Marketing Fund" (EMF) and "SME Development Fund" (SDF); v) Support and Consultation Centre for SMEs (SUCCESS) run by Trade and Industry Department (TID); vi) financing provided by Innovation and Technology Fund (ITF); vii) Research and Development Cash Rebate Scheme;
- d) While I support in principle the Administration's support to SMEs, SME financing does not fit into any of HKMC's core missions. What is the

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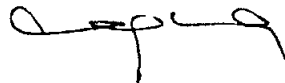
- Administration's rationale of letting this publicly owned home-ownership-promoting body to venture into yet another completely unrelated "business" area?
- e) According to the Secretary for Commerce and Economic Development's statement on meeting of Panel on Commerce and Industry on 16 November 2010, Economic Synergy is the proposer of SMEFGS. Could the Administration provide a copy of such proposal, subject to consent from Economic Synergy?

RMPS

- a) What are the key features, eligibility criteria, and risk factors of RMPS;
- b) What are the major differences between RMPS and reverse mortgage schemes in G20 major economies (if any);
- c) Could HKMC provide a copy of the survey mentioned in its press release dated 16 December 2010 to this Panel;
- d) What is the HKMC's estimated profit/loss margin in running RMPS;
- e) How long will HKMC run RMPS before evaluating whether to make RMPS a permanent scheme, and on what basis?

I would be grateful if you could seek answers to my questions above from the Administration and arrange Panel meetings at your early convenience.

Yours sincerely,



Mrs. Regina IP

- c.c. Hon WONG Ting-kwong, BBS, JP, Chairman, Panel on Commerce and Industry
Hon LEE Wing-tat, Chairman, Panel on Housing