

(Translation)

Motion on
“Small and Medium Enterprises Financing Guarantee Scheme”
moved by Hon CHUNG Kwok-pan
at the Council meeting of 19 December 2012

Motion as amended by Hon Jeffrey LAM, Hon Dennis KWOK and Hon TANG Ka-piu

That it is widely known that the uncertain external economy, the slowdown in the Mainland’s economic growth and the tightening of credit probably resulting from economic downturn have made the financing and operation of small and medium enterprises (‘SMEs’) difficult; the Hong Kong Mortgage Corporation Limited, with the support of the SAR Government, introduced the Special Concessionary Measures under the Small and Medium Enterprises Financing Guarantee Scheme (‘the Scheme’) in late May this year to provide 80% guarantee coverage to SMEs at a concessionary level of guarantee fee to respond to their financing needs and enhance enterprises’ productivity and competitiveness; under the Scheme, banks only need to bear 20% of the risks, which enables banks to grant loans at ease and is also conducive to stabilizing the banking system; yet, the persistently high interest rates of loans are unable to really help SMEs to tide over financing difficulties; to further support SMEs, this Council urges the Government to:

- (1) negotiate with banks to lower the interest rates and extend the loan tenor under the Scheme, so as to alleviate the loan burden on SMEs;
- (2) extend the application period of the ‘Special Concessionary Measures’ under the Scheme, relax the application restrictions and lower the approval threshold;
- (3) strengthen the communication between banks and SMEs, and assist enterprises in understanding banks’ criteria for loan vetting and approval; and at the same time, make assessments having regard to the future economic development, regularly review the needs of implementing the Scheme and its adequacy, or accept the proposal long advocated by the industrial and commercial sector to re-launch the Special Loan Guarantee Scheme in a timely manner, so as to assist SMEs in resolving capital flow problems; and
- (4) to allow enterprises’ subsidiaries or related entities, after providing proofs to the Hong Kong Mortgage Corporation Limited, to make

independent applications and be able to obtain the maximum loan amount; and

- (5) allow the loan under the Scheme to be used for taking out various types of insurance and staff training, etc.