

立法會
Legislative Council

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From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 19 December 2012

**Amendments to motion on
“Small and Medium Enterprises Financing Guarantee Scheme”**

Further to LC Paper No. CB(3) 215/12-13 issued on 6 December 2012, Hon Jeffrey LAM and Hon TANG Ka-piu have respectively given notices of their intention to move separate amendments to Hon CHUNG Kwok-pan’s motion on “Small and Medium Enterprises Financing Guarantee Scheme” scheduled for the Council meeting of 19 December 2012. As directed by the President, Hon Jeffrey LAM’s and Hon TANG Ka-piu’s amendments will be printed in the terms in which they were handed in on the Agenda of the Council.

2. The President will order a joint debate on the above motion and the two amendments. To assist Members in debating the motion and amendments, I set out below the procedure to be followed during the debate:

- (a) the President calls upon Hon CHUNG Kwok-pan to speak and move his motion;
- (b) the President proposes the question on Hon CHUNG Kwok-pan’s motion;
- (c) the President calls upon the two Members who intend to move amendments to speak in the following order, but no amendment is to be moved at this stage:
 - (i) Hon Jeffrey LAM; and
 - (ii) Hon TANG Ka-piu;

- (d) the President calls upon the designated public officer(s) to speak;
- (e) the President invites other Members to speak;
- (f) the President gives leave to Hon CHUNG Kwok-pan to speak for the second time on the two amendments;
- (g) the President calls upon the designated public officer(s) to speak again;
- (h) in accordance with Rule 34(5) of the Rules of Procedure, the President has decided that he will call upon the two Members to move their respective amendments in the order set out in paragraph (c) above. The President invites Hon Jeffrey LAM to move his amendment to the motion, and forthwith proposes and puts to vote the question on the amendment;
- (i) after Hon Jeffrey LAM's amendment has been voted upon, the President deals with Hon TANG Ka-piu's amendment to the motion; and
- (j) after Hon TANG Ka-piu's amendment has been dealt with, the President calls upon Hon CHUNG Kwok-pan to reply. Thereafter, the President puts to vote the question on Hon CHUNG Kwok-pan's motion, or his motion as amended, as the case may be.

3. For Members' ease of reference, the terms of the original motion and of the motion, if amended, are set out in the **Appendix**.

(Odelia LEUNG)
for Clerk to the Legislative Council

Encl.

(Translation)

**Motion debate on
“Small and Medium Enterprises Financing Guarantee Scheme”
to be held at the Council meeting of 19 December 2012**

1. Hon CHUNG Kwok-pan’s original motion

That, with the uncertain external economy and the slowdown in the Mainland’s economic growth, the Hong Kong economy may have downside risks in the future, making the prospects for the 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, with the application period of nine months; under the Scheme, banks only need to bear 20% of the risks, but the interest rates levied are on a par with the interest rates of ordinary commercial loans, being as high as 5% to 6%; under the quantitative easing policy of the United States, the Hong Kong Interbank Offered Rate for a period of one year is as low as 0.86%, and banks’ property mortgage rates are also as low as some 2%, reflecting that the interest rates under the Scheme are unreasonable, and the Scheme is unable to really help SMEs tide over financing difficulties; in this connection, this Council urges the Government to:

- (1) negotiate with banks to lower the interest rates under the Scheme, so as to alleviate the loan burden on SMEs;
- (2) extend the application period of the Scheme, relax the application restrictions and lower the approval threshold; and
- (3) make assessments having regard to the future economic development, and regularly review the needs of implementing the Scheme and its adequacy, so as to assist SMEs in resolving capital flow problems.

2. Motion as amended by Hon Jeffrey LAM

That, ~~with~~ *it is widely known that* the uncertain external economy ~~and~~, the slowdown in the Mainland’s economic growth, ~~the Hong Kong economy may have downside risks in the future, making the prospects for the~~ *and the*

tightening of credit 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, ~~with the application period of nine months to satisfy their financing needs and enhance enterprises' productivity and competitiveness;~~ under the Scheme, banks only need to bear 20% of the risks, ~~but the interest rates levied are on a par with the interest rates of ordinary commercial loans, being as high as 5% to 6%;~~ under the quantitative easing policy of the United States, the Hong Kong Interbank Offered Rate for a period of one year is as low as 0.86%, and banks' property mortgage rates are also as low as some 2%, reflecting that the interest rates under the Scheme are unreasonable, and the Scheme is unable to really help SMEs; *the Scheme enables banks to grant loans at ease and is also conducive to stabilizing the banking system; as at late November this year, 4 672 applications had already been approved under the Scheme, with the guarantee coverage amount reaching \$16.9 billion, thus helping many SMEs to tide over financing difficulties; in this connection 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; ~~and~~
- (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, ~~and~~ regularly review the needs of implementing the Scheme and its adequacy, *and introduce more measures 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.*

Note: Hon Jeffrey LAM's amendment is marked in *bold and italic type* or with deletion line.

3. Motion as amended by Hon TANG Ka-piu

That, with the uncertain external economy and the slowdown in the Mainland's economic growth, the Hong Kong economy may have downside risks in the future, making the prospects for the 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, with the application period of nine months; under the Scheme, banks only need to bear 20% of the risks, but the interest rates levied are on a par with the interest rates of ordinary commercial loans, being as high as 5% to 6%; under the quantitative easing policy of the United States, the Hong Kong Interbank Offered Rate for a period of one year is as low as 0.86%, and banks' property mortgage rates are also as low as some 2%, reflecting that the interest rates under the Scheme are unreasonable, and the Scheme is unable to really help SMEs tide over financing difficulties; in this connection, this Council urges the Government to:

- (1) negotiate with banks to lower the interest rates under the Scheme, so as to alleviate the loan burden on SMEs;
- (2) extend the application period of the Scheme, relax the application restrictions and lower the approval threshold; and
- (3) make assessments having regard to the future economic development, and regularly review the needs of implementing the Scheme and its adequacy, *such as allowing the loan to be used for taking out various types of insurance and staff training, etc.*, so as to assist SMEs in resolving capital flow problems.

Note: Hon TANG Ka-piu's amendment is marked in *bold and italic type*.