



香港特別行政區政府 工業貿易署

Trade and Industry Department

The Government of the Hong Kong Special Administrative Region

28 January 2019

Our Ref. : CR TID 2465/1 Pt. 2  
 Tel. No. : 2398 5558  
 Fax. No. : 2317 4852  
 Your Ref. : CB4/PAC/R71

Mr. Anthony CHU  
 Clerk to Public Accounts Committee  
 Legislative Council Complex  
 1 Legislative Council Road  
 Central, Hong Kong

Dear Mr. CHU,

**Public Accounts Committee**

**Consideration of Chapter 8 of the Director of Audit's Report No. 71**

**Trade and Industry Department's work in supporting  
 small and medium enterprises**

Thank you for your letter of 18 January 2019. Our bilingual reply to the matters set out in the Appendix of your letter is enclosed at **Annex**, please.

Yours sincerely,

(Ms Christine Wai)

for Director-General of Trade and Industry

Encl.

c.c. Secretary for Financial Services and the Treasury  
 Director of Audit



In response to the question raised by the Public Accounts Committee of the Legislative Council in its letter dated 18 January 2019, we provide our reply as follows:

**Part 2 : Administration of SME Loan Guarantee Scheme and Special Loan Guarantee Scheme**

- 1) In the reply by the Trade and Industry Department (TID) dated 28 December 2018, it is mentioned that the Department has introduced enhancement measures to the SME Loan Guarantee Scheme (SGS) several times since 2001. TID is invited to advise if the effectiveness of those enhancement measures had been assessed as well as the results of the assessment (if any), and explain why the number of applications continued to decrease after the introduction of those enhancement measures.**
  
- 1) Since the launch of the SME Loan Guarantee Scheme (SGS) in 2001 and up to 31 December 2018, 31 589 applications have been approved, involving a guarantee amount of about \$25.8 billion and benefitting over 16 700 SMEs. The number of SGS applications received in 2018 (784 applications) has increased by 1.8% as compared to 2017.

In 2007, TID engaged an independent institution to conduct a survey among SME beneficiaries to assess the overall effectiveness of the SGS. The result indicated that the majority of the respondents considered that the SGS has assisted them in expanding their business. Besides, TID has been conducting an evaluation survey on an on-going basis by sending questionnaires to the successful applicants through the lending institutions to collect their views on the effectiveness of the SGS. The result revealed that nearly 90% of the respondents indicated that they are satisfied with the SGS and the SGS has assisted them in various aspects, including improving their capital liquidity, enabling their business expansion and improving their capability of securing bank loans.

The SGS is market-driven and the number of applications is affected by various factors such as the prevailing economic situation and economic outlook, the needs of enterprises, and the availability of other support programmes to assist enterprises in obtaining finance in the market, including the Special Concessionary Measures (i.e. the 80% Guarantee Product) under the SME Financing Guarantee Scheme (SFGS) implemented by the HKMC Insurance Limited. The SGS and the SFGS complement each other to facilitate SMEs in obtaining loans from the lending institutions. The aggregate number of applications of SGS and the Special Concessionary Measures under SFGS received in 2018 is 2 716.

TID will continue to monitor and review the operation of the SGS to assist SMEs in obtaining financing to develop their businesses.