Press Release

SME Financing Guarantee Scheme

The Hong Kong Mortgage Corporation Limited (HKMC) today (Monday) announced that its Board has approved the launch of the SME Financing Guarantee Scheme on 1 January 2011 as a market-oriented platform based on commercial principles to assist local small and medium-sized enterprises (SMEs) to obtain sustainable bank financing.

The Scheme aims to assist non-listed enterprises with business operation in Hong Kong to obtain loans from banks so as to provide general working capital for their business operations or to acquire equipment and assets in relation to their business.

Under the Scheme, the HKMC will provide guarantee coverage on 50% to 70% of the bank financing for eligible enterprises. The maximum loan amount for each enterprise or each group of enterprise under cover is HK$12 million. Both term loan and revolving credit facility are eligible. The maximum guarantee period for each loan facility is five years. The minimum annual guarantee fee is 0.5% p.a. of the loan facility. Details of the key features of the Scheme are set out at Annex.

Mr Norman Chan, the Chief Executive of the Hong Kong Monetary Authority and the Deputy Chairman of the HKMC, said, “SMEs are a cornerstone of the Hong Kong economy. According to our experience in the past two years, assisting SMEs to obtain sustainable bank financing is one of the key factors that helped Hong Kong to weather the global financial tsunami, which led to earlier recovery of the local economy and employment. With the expiry of the Government’s Special Loan Guarantee Scheme, it is timely for the HKMC to

launch this new guarantee scheme which will help SMEs obtain sustainable bank financing."

The Hong Kong Mortgage Corporation Limited
15 November 2010

Annex

Key Features of the Scheme

Eligible enterprise	Enterprises with business operation in Hong Kong and registered in Hong Kong under the Business Registration Ordinance (Chapter 310), except listed companies, lending institutions and affiliates of lending institutions. Other requirements: • Business operation for at least one year on the date of guarantee application; and • Good loan repayment record
Use of loans	i. Providing general working capital for the enterprise's business operations; or ii. Acquisition of equipment or assets in relation to the enterprise's business.
Facility types	Term loan and revolving credit facility (No limitation on the proportion between the two types of facility)
Maximum loan amount that each enterprise or each group of related enterprises can obtain	HK$12 million
Guarantee level	50%, 60% or 70%
Maximum guarantee period	5 years
Annual guarantee fee	Approximately 0.5% to 2.5% of the loan facility
Total guarantee amount of the whole Scheme	No upper limit