Press Release

Enhancements to the SME Financing Guarantee Scheme

The Hong Kong Mortgage Corporation Limited ("HKMC") announced today (Tuesday) a number of enhancements to the SME Financing Guarantee Scheme ("SFGS"). These enhancements should encourage banks to make more use of the SFGS so that they can be more responsive in meeting the financing needs of the small and medium-sized enterprises ("SMEs"), especially during times of market stress and adverse economic climate.

Since the launch of the SFGS on 1 January 2011, 23 banks have joined the scheme as participating lenders and made use of the scheme to manage their risk exposure to SME loans. The SFGS has to date received over 200 applications, which involved a total loan amount of HK$690 million.

In order to encourage wider use of the Scheme to augment bank lending to SMEs, the HKMC has been consulting with various stakeholders and decided to make certain changes to improve the operation of the SFGS. These improvements, which come into effect today, include the following:

(a) increase in the general interest rate limit for SFGS-guaranteed facility from 8%-10% to 10%-12%;

(b) increase in the loan limit of high interest rate loans (i.e. loans with interest rate over 10%) from HK$50 million to HK$100 million per bank;

(c) allowing drawdown of all types of revolving facilities to be done in both Hong Kong dollar and foreign currencies; and

(d) allowing SFGS's refinancing of revolving facilities guaranteed by the Special Loan Guarantee Scheme of the Trade and Industry Department upon expiry of such guarantee.

The Executive Director of the HKMC and the Deputy Chief Executive of the Hong Kong Monetary Authority, Mr Peter Pang, said, "SMEs are a cornerstone of the Hong Kong economy. The enhancements to the HKMC's SME Financing Guarantee Scheme will further boost the flexibility of the scheme and help banks to provide stronger funding support to SMEs. The HKMC will continue to work closely with the market players and make refinements as appropriate."

For public enquiries, please call the SFGS Hotline (Tel: 2536 0392).

The Hong Kong Mortgage Corporation Limited

11 October 2011