Press Release

Special Concessionary Measures Under the SME Financing Guarantee Scheme

The Hong Kong Mortgage Corporation Limited (HKMC) today (Wednesday) announced that with the Government's support, it will introduce an 80% loan guarantee product under the SME Financing Guarantee Scheme (SFGS) from 31 May 2012 at a concessionary level of guarantee fee, with an application period of nine months.

This special loan guarantee product is launched as part and parcel of the package of support measures for small and medium-sized enterprises (SMEs) announced by the Financial Secretary in the 2012-13 Budget. With the approval by the Finance Committee of the Legislative Council on 20 April 2012, the Government will provide a total guarantee commitment of HK$100 billion. All guarantee fees collected under this special loan guarantee product will be set aside to pay relevant default claims and the related out-of-pocket expenses. The remaining balance of the guarantee fee, if any, will be returned to and any shortfall will be borne by the Government. The HKMC will be responsible for the operation of the product and the relevant day-to-day operating costs.

Under the SFGS (including this special loan guarantee product), the maximum loan amount for each enterprise (including its related companies) is HK$12 million. Both term loans and revolving credit facilities are eligible. The maximum guarantee period for each loan or facility is five years. The annual

guarantee fee for 80% loan guarantee will be around 30% of the existing fee for 70% loan guarantee for the same loan amount. So far a total of 24 lending institutions have signed up for the SFGS. More details can be found at www.hkmc.com.hk/sfgs.

Executive Director of the HKMC and the Deputy Chief Executive of the Hong Kong Monetary Authority, Mr Peter Pang, said, "SMEs are the cornerstone of the Hong Kong economy. The HKMC is very pleased to support the Government in providing assistance to SMEs while helping banks to manage their risk exposure. This further reinforces the HKMC's policy role in promoting banking and financial stability in Hong Kong. The external environment has become more volatile and challenging for the SMEs as a result of the recent economic turmoil in Europe. We believe that the launch of the 80% loan guarantee product will boost the confidence of lending institutions in offering loans to SMEs to meet their financing needs while the lower guarantee fee will ease the burden on them".

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

The Hong Kong Mortgage Corporation Limited

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