

# Survey on Small and Medium-Sized Enterprises' Credit Conditions for Second Quarter 2019

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) published today (July 25) the results of Survey on Small and Medium-Sized Enterprises (SMEs)' Credit Conditions for the second quarter of 2019.

Regarding SMEs' perception of banks' credit approval stance relative to 6 months ago, 81 per cent of respondents perceived similar or easier credit approval stance in the second quarter of 2019, whereas 19 per cent of respondents perceived more difficult credit approval stance, broadly similar to the results of the previous quarter (Chart 1 in the Annex).

Of those respondents with existing credit lines, 93 per cent reported that banks' stance on existing credit lines was easier or unchanged in the second quarter of 2019, slightly up from 90 per cent in the previous quarter (Chart 2 in the Annex). 7 per cent of respondents reported tightened banks' stance on existing credit lines in the second quarter of 2019, as compared to 10 per cent in the previous quarter.

The Survey also gauged the results of new credit applications from SMEs. 2.2 per cent of respondents reported that they had applied for new bank credit during the second quarter of 2019. Among respondents who had already known their application outcomes, 87 per cent reported fully or partially successful applications, down from 97 per cent in the previous quarter; the proportion of respondents who reported fully successful applications increased to 61 per cent from 55 per cent in the previous quarter (Chart 3 in the Annex). The proportion of respondents who reported unsuccessful application increased from 3 per cent to 13 per cent. It should be noted that owing to a small sample size (i.e. 2.2 per cent of surveyed SMEs), the results on new credit applications from SMEs could be prone to large fluctuations. Care should be taken when interpreting the survey results.

## About Survey on SMEs' Credit Conditions

In light of the importance of SMEs to the Hong Kong economy and concerns about potential funding difficulties facing SMEs over the past few years, the HKMA has appointed the Hong Kong Productivity Council (HKPC) to carry out this Survey, starting from the third quarter of 2016. This Survey is conducted on a quarterly basis, covering about 2 500 SMEs from different economic sectors each time. The results of this Survey can help monitor the development of SMEs' access to bank credit from a demand-side perspective.

The results of this Survey should be interpreted with caution. Similar

to other opinion surveys, views collected in this Survey may be affected by changes in sentiment due to idiosyncratic events that occurred over the survey period, which can make the results prone to fluctuations. Readers are advised to interpret the results together with other economic and financial information. In addition, views collected are limited to the expected direction of inter-quarter changes (e.g. "tighter", "similar" or "easier") without providing information about the magnitude of these changes.

Detailed tables and technical information of this Survey are published on the website of the HKPC ([smecc.hkpc.org](http://smecc.hkpc.org)).

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## **WHC and Route 3 to maintain present actual toll levels**

The Government announced today (July 25) that, notwithstanding the new statutory tolls of the Western Harbour Crossing (WHC) and Route 3 (Country Park Section) (Route 3) coming into effect on July 31 and August 1 respectively, the current actual toll levels payable by motorists will remain unchanged as the tunnel companies will continue to offer concessions to all types of vehicles.

The toll adjustment mechanisms for the WHC and Route 3 are specified in the Western Harbour Crossing Ordinance (Cap. 436) and the Tai Lam Tunnel and Yuen Long Approach Road Ordinance (Cap. 474) respectively. The franchisees of the WHC and Route 3 can effect statutory toll increases under the law if the companies' actual net revenues fall short of the minimum estimated net revenues specified in the law.

A Government spokesperson said, "The two franchisees recently notified the Government of the dates on which they would like the new statutory toll levels to take effect. However, the two companies will continue to offer concessions to all types of vehicles so that current actual toll levels payable by motorists will remain unchanged."

The Commissioner for Transport will publish notices in the Gazette tomorrow (July 26) on the new statutory tolls of the WHC and Route 3. The relevant Legislative Council Briefs are in Annexes 1 and 2 respectively.

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# External merchandise trade statistics for June 2019

The Census and Statistics Department (C&SD) released today (July 25) the external merchandise trade statistics for June 2019. In June 2019, the values of Hong Kong's total exports and imports of goods both recorded year-on-year decreases, at 9.0% and 7.5% respectively.

In June 2019, the value of total exports of goods decreased by 9.0% over a year earlier to \$309.6 billion, after a year-on-year decrease of 2.4% in May 2019. Concurrently, the value of imports of goods decreased by 7.5% over a year earlier to \$364.8 billion in June 2019, after a year-on-year decrease of 4.3% in May 2019. A visible trade deficit of \$55.2 billion, equivalent to 15.1% of the value of imports of goods, was recorded in June 2019.

For the first half of 2019 as a whole, the value of total exports of goods dropped by 3.6% over the same period in 2018. Concurrently, the value of imports of goods decreased by 4.5%. A visible trade deficit of \$244.2 billion, equivalent to 11.4% of the value of imports of goods, was recorded in the first half of 2019.

Comparing the second quarter of 2019 with the preceding quarter on a seasonally adjusted basis, the value of total exports of goods decreased by 0.3%. Meanwhile, the value of imports of goods decreased by 0.5%.

## Analysis by country/territory

Comparing June 2019 with June 2018, total exports to Asia as a whole went down by 8.4%. In this region, decreases were registered in the values of total exports to most major destinations, in particular Thailand (-13.6%), the mainland of China (the Mainland) (-10.6%), Korea (-8.4%), Malaysia (-7.8%) and Japan (-6.5%). On the other hand, increases were recorded in the values of total exports to the Philippines (+33.2%) and Taiwan (+13.9%).

Apart from destinations in Asia, decreases were registered in the values of total exports to some major destinations in other regions, in particular Germany (-14.4%) and the USA (-6.6%). Concurrently, an increase was registered in the value of total exports to the United Kingdom (+28.6%).

Over the same period of comparison, decreases were registered in the values of imports from most major suppliers, in particular Korea (-20.7%), Singapore (-20.0%), Malaysia (-18.7%), Thailand (-14.7%), Switzerland (-12.2%), India (-9.7%) and the Mainland (-6.3%).

For the first half of 2019 as a whole, year-on-year decreases were registered in the values of total exports to some major destinations, in particular India (-16.8%), the USA (-11.1%), Taiwan (-8.3%), Germany (-6.6%) and the Mainland (-6.0%). However, year-on-year increases were registered

in the values of total exports to Singapore (+11.1%) and Korea (+5.9%).

Over the same period of comparison, year-on-year decreases were registered in the values of imports from most major suppliers, in particular Korea (-25.7%), India (-17.4%), Taiwan (-10.8%), Malaysia (-9.0%) and Thailand (-8.2%). The value of imports from the Mainland also decreased by 2.3%. On the other hand, a year-on-year increase was registered in the value of imports from Switzerland (+2.4%).

#### Analysis by major commodity

Comparing June 2019 with June 2018, decreases were registered in the values of total exports of some principal commodity divisions, in particular "electrical machinery, apparatus and appliances, and electrical parts thereof" (by \$11.7 billion or -8.9%), "telecommunications and sound recording and reproducing apparatus and equipment" (by \$8.1 billion or -13.2%) and "office machines and automatic data processing machines" (by \$7.9 billion or -21.2%). However, an increase was registered in the value of total exports of "miscellaneous manufactured articles (mainly jewellery, goldsmiths' and silversmiths' wares)" (by \$1.5 billion or 7.7%).

Over the same period of comparison, decreases were registered in the values of imports of some principal commodity divisions, in particular "electrical machinery, apparatus and appliances, and electrical parts thereof" (by \$8.5 billion or -5.6%), "telecommunications and sound recording and reproducing apparatus and equipment" (by \$8.3 billion or -14.7%) and "office machines and automatic data processing machines" (by \$6.3 billion or -17.5%). However, an increase was registered in the value of imports of "power generating machinery and equipment" (by \$1.8 billion or 27.8%).

For the first half of 2019 as a whole, year-on-year decreases were registered in the values of total exports of some principal commodity divisions, in particular "office machines and automatic data processing machines" (by \$30.0 billion or -13.8%), "electrical machinery, apparatus and appliances, and electrical parts thereof" (by \$27.4 billion or -3.7%) and "non-metallic mineral manufactures" (by \$3.6 billion or -4.2%). However, a year-on-year increase was registered in the value of total exports of "power generating machinery and equipment" (by \$5.8 billion or 22.3%).

Over the same period of comparison, year-on-year decreases were registered in the values of imports of most principal commodity divisions, in particular "electrical machinery, apparatus and appliances, and electrical parts thereof" (by \$58.1 billion or -6.9%), "office machines and automatic data processing machines" (by \$23.5 billion or -12.0%) and "telecommunications and sound recording and reproducing apparatus and equipment" (by \$8.1 billion or -2.5%). However, a year-on-year increase was registered in the value of imports of "power generating machinery and equipment" (by \$7.6 billion or 21.2%).

#### Commentary

A Government spokesman said that the year-on-year decrease in the value of merchandise exports enlarged to 9.0% in June, as the soft global economic environment and continued US-Mainland trade tensions put further strains on manufacturing activities and trade flows in Asia. Exports to most major markets recorded declines of varying degrees.

Looking ahead, the near-term performance of Hong Kong's merchandise exports will remain constrained by the softening global economy and uncertainties arising from US-Mainland trade tensions and other external developments. The Government will stay vigilant.

#### Further information

Table 1 at the annex presents the analysis of external merchandise trade statistics for June 2019. Table 2 presents the original monthly trade statistics from January 2016 to June 2019, and Table 3 gives the seasonally adjusted series for the same period.

The values of total exports of goods to 10 main destinations for June 2019 are shown in Table 4, whereas the values of imports of goods from 10 main suppliers are given in Table 5.

Tables 6 and 7 show the values of total exports and imports of 10 principal commodity divisions for June 2019.

All the merchandise trade statistics described here are measured at current prices and no account has been taken of changes in prices between the periods of comparison. A separate analysis of the volume and price movements of external merchandise trade for June 2019 will be released in mid-August 2019.

The June 2019 issue of "Hong Kong External Merchandise Trade" contains detailed analysis on the performance of Hong Kong's external merchandise trade in June 2019 and will be available in mid-August 2019. Users can download the publication free of charge at the website of the C&SD ([www.censtatd.gov.hk/hkstat/sub/sp230.jsp](http://www.censtatd.gov.hk/hkstat/sub/sp230.jsp)).

Enquiries on merchandise trade statistics may be directed to the Trade Analysis Section (2) of the C&SD (Tel: 2582 5042).

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## **Government announces subscription and allocation results of Silver Bond**

The Government announced today (July 25) the subscription and allocation results of the fourth Silver Bond, issued under the retail part of the

Government Bond Programme.

According to the subscription information submitted by Placing Banks and Designated Securities Brokers, as at the close of the subscription period at 2pm on July 18, 2019, a total of 56 564 valid applications were received for subscribing a total of HK\$7,918,860,000 in principal amount of bonds.

The final issue amount is HK\$3 billion. Allocation is made in accordance with the mechanism set out in the Issue Circular dated July 4, 2019. The valid applications received have been allocated different amounts of bonds up to a maximum of six units. For the 16 373 applications seeking five or fewer units, they will be allocated the full amounts applied for. The remaining 40 191 applications (i.e. those applying for more than five units) will be allocated five units each and then entered into a ballot. Of these applications, 32 160 will be allocated one additional unit.

The Silver Bond will be issued on July 29, 2019. Notifications on individual allocation results, applicable subscription moneys and amounts of any refund of application moneys will be sent to applicants in accordance with the schedule set out in the Issue Circular.

A Government spokesman said, "Silver Bond has provided an investment product with steady returns for senior residents in Hong Kong and promoted the further development of the bond market. We will review the effectiveness and arrangements of the scheme having regard to market response, prevailing market conditions and other relevant considerations."

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## [Hospital Authority announces senior appointment \(with photo\)](#)

The following is issued on behalf of the Hospital Authority:

The Hospital Authority (HA) spokesperson announced the following senior appointment today (July 25):

Dr Chong Yee-hung will be appointed as Hospital Chief Executive (HCE) of Pok Oi Hospital and Tin Shui Wai Hospital from August 23, 2019, succeeding Dr Deacons Yeung, who will take up the post of Director (Cluster Services) on August 1.

Dr Chong is an ophthalmologist by background. He is currently HCE of Hong Kong Buddhist Hospital (HKBH), Tung Wah Group of Hospitals Wong Tai Sin Hospital (WTSB) and Our Lady of Maryknoll Hospital (OLMH). Dr Chong has led the refurbishment project in HKBH and the redevelopment project of OLMH, as well as re-organising and streamlining the management structure in the three

hospitals. He has also reshaped healthcare services in Wong Tai Sin District through better engagement of community stakeholders and a continual introduction of new resources to the three hospitals.

Dr Chong is a seasoned senior executive with ample hospital management experience in different clusters. He was instrumental in the handover of the three hospitals (WTSB, OLMH and Kwong Wah Hospital) from Kowloon West Cluster to Kowloon Central Cluster in the re-delineation of cluster boundaries.

The HA Chairman, Professor John Leong, and the HA Chief Executive, Dr Leung Pak-yin, congratulated Dr Chong on his new appointment and wished him every success in taking up the new role.

