

GOVERNMENT ENHANCES FINANCING SCHEMES TO SUPPORT ADDITIONAL S\$2.3 BILLION OF LOANS TO ALL LOCAL ENTERPRISES

1. The Ministry of Trade and Industry (MTI) announced today that the government is enhancing its business financing schemes to support an additional S\$2.3 billion in loans to help local firms gain access to credit in this current economic slowdown.

2. The enhancements include increasing loan quantum, raising government risk sharing of loan defaults and extending business financing schemes to all local enterprises. With the enhancements, up to 124,000 local companies will be eligible to benefit from these schemes. The enhancements will take effect from 1 December 2008.

3. The government is acting early to enhance our business financing schemes in anticipation of greater credit tightening as a result of the global financial crisis. These measures seek to ensure that local enterprises have sufficient resources to continue to operate, invest, trade and internationalise in an adverse economic climate.

New Loan scheme for working capital

4. MTI has introduced a new loan scheme to help firms meet their working capital needs during this current tightening of credit conditions. Named Bridging Loan Programme (BLP), all local enterprises with more than 10 employees can access credit of up to S\$500,000 under this scheme. The default risk will be shared equally by the government and the financial institutions.

Helping small-to-medium enterprises (SMEs)

5. Today, SMEs are already supported by a range of Government initiatives to assist with their financing needs.

6. Small businesses with no more than 10 employees have access to SPRING's Micro Loan Programme, which will be further enhanced to provide unsecured working loans of up to S\$100,000, up from the previous limit of S\$50,000. The government will increase the proportion of risk sharing to 80% to ensure that participating financial institutions (PFIs) continue to lend to small businesses.

7. To ensure that SMEs can continue to access loans through the existing Local Enterprise Financing Scheme (LEFS), to purchase equipment, machinery and other assets, government will also increase its sharing of the loan defaults from the current 50% to 80% to alleviate the risk taken by PFIs.

Encouraging start-ups

8. To encourage and help new start-ups, the government will raise the investment cap from the current S\$300,000 to S\$1 million under the SPRING's Start-up Enterprise Development Scheme (SPRING SEEDS) and from the current S\$1 million to S\$1.5 million for Business Angels Scheme (BAS) as a permanent feature. In view of the challenge to raise equity in this current climate, the government will temporarily increase the co-match ratio from the existing 1:1 to 2:1. This means that the start-up will receive S\$2 from the government for every dollar an investor puts into the new firm.

Extension of business financing schemes to larger enterprises

9. In this current credit squeeze, MTI will temporarily relax the eligibility criteria of the existing SME financing schemes to allow larger enterprises to also tap on them. Currently, only local SMEs, with an eligibility cap of S\$15 million of fixed asset investments (for manufacturing) or 200 employees (for services), qualify. MTI will waive the eligibility criteria for a year, extending the existing LEFS and Loan Insurance Scheme (LIS) to all local enterprises, regardless of size or sector. For LEFS, the default risk for loans extended to larger enterprises will be shared equally by the government and the financial institutions.

Assisting firms which are venturing overseas

10. To help companies expanding overseas, eligibility criteria under the existing Internationalisation Finance Scheme (IFS) will be widened. Under the IFS, companies can get financing for the acquisition of fixed assets for use abroad or fund the expenses of secured projects overseas. Currently, the cap is S\$100 million for listed non-trading companies, S\$200 million for private non-trading companies, and S\$200 million for listed trading companies¹. These caps will all be raised to S\$300 million to increase the number of companies that qualify for IFS benefits. Furthermore, government will increase its sharing of the loan default from the current 70% to 80% to encourage the PFIs to continue to lend to companies expanding overseas.

11. The enhancements will be valid for a year. MTI will review the need for extension thereafter.

¹ For non-listed trading companies, the current cap of \$500m remains.

12. Please refer to Annex 1 for a summary of the enhancements, and Annex 2 for fact sheets on the various loan schemes:

- Local Enterprise Finance Scheme, Micro Loan Programme and Bridging Loan Programme: administered by SPRING
- Loan Insurance Scheme: jointly administered by SPRING and IE Singapore
- Internationalisation Finance Scheme: administered by IE Singapore.

13. Information on the schemes can be obtained from the EnterpriseOne website at www.business.gov.sg, SPRING Singapore at www.spring.gov.sg, and IE Singapore at www.iesingapore.gov.sg. For queries, companies can call EnterpriseOne at 68981800 or email: enterpriseone@spring.gov.sg. For the Internationalisation Finance Scheme, companies can contact IE Singapore at 6337 6628 or enquiry@iesingapore.gov.sg.

MINISTRY OF TRADE AND INDUSTRY

21 November 2008

SUMMARY OF BUSINESS FINANCING ENHANCEMENTS

If you are a...	... and need...	...you can tap on...	Current	Enhancements (Valid for one year with effect from 1 Dec 2008 unless otherwise stated)
Start-up	Start-up capital	SPRING Start-up Enterprise Development Scheme (SEEDS)/ Business Angels Scheme (BAS)	<ul style="list-style-type: none"> Start-ups with less than 3 years from incorporation Paid-up Capital less than S\$500,000 Government investment quantum caps: S\$300,000 (SEEDS), S\$1m (BAS) 1:1 dollar co-matching 	<ul style="list-style-type: none"> Start-ups with less than 5 years from incorporation (Permanent) Paid-up Capital between S\$50,000 and S\$1m (Permanent) Government investment quantum cap raised to S\$1m (SEEDS), S\$1.5m (BAS) (Permanent) 2:1 dollar co-matching
Small business with no more than 10 employees	Working capital	Micro Loan Programme	<ul style="list-style-type: none"> Maximum loan quantum of \$50,000 Default risk shared between Government and Participating Financial Institutions at 50:50 ratio 	<ul style="list-style-type: none"> Increased maximum loan quantum to \$100,000 Government default risk sharing increased from 50% to 80%
SME <ul style="list-style-type: none"> Group has no more than <u>200 employees</u> for services and construction sectors Group fixed assets are below <u>S\$15 million</u> for manufacturing sectors Registered or incorporated in Singapore, with at least 30% local shareholding 	Working Capital	Bridging Loan Programme¹	NA (New Programme)	<ul style="list-style-type: none"> Maximum loan quantum of \$500,000 Default risk shared between Government and Participating Financial Institutions at 50:50 ratio
	Asset-based loans for factory, machinery, equipment purchase or lease/hire purchase	Local Enterprise Finance Scheme (LEFS)	<ul style="list-style-type: none"> Maximum loan quantum of S\$15m Default risk shared between Government and Participating Financial Institutions at 50:50 ratio 	<ul style="list-style-type: none"> Government default risk sharing increased from 50% to 80% Expanded to provide term loans using fully-paid assets as collaterals and include financing of more types of construction equipment and heavy vehicles
	Working Capital	Loan Insurance Scheme (LIS) (Domestic Loans)	<ul style="list-style-type: none"> Working capital loans secured against account receivables Default risk shared between Insurer and Participating Financial Institutions at 75:25 ratio Government subsidises 50% of insurance premium on loans Participating Financial Institutions provide capital 	No Change
Larger enterprise (Non-SME) <ul style="list-style-type: none"> Group has more than <u>200 employees</u> for services and construction sectors Group fixed assets are above <u>S\$15 million</u> for manufacturing sectors Registered or incorporated in Singapore, with at least 30% local shareholding 	Working Capital	Bridging Loan Programme	NA (New Programme)	<ul style="list-style-type: none"> Maximum loan quantum of S\$500,000 Default risk shared between Government and Participating Financial Institutions at 50:50 ratio
	Working Capital	Loan Insurance Scheme (LIS) (Domestic Loans)	Currently larger enterprises are not eligible	<ul style="list-style-type: none"> Extended to larger enterprises Working capital loans secured against account receivables Default risk shared between Insurer and Participating Financial Institutions at 75:25 ratio Government supports 50% of insurance premium on loans Participating Financial Institutions provide capital
	Asset-based loans for factory, machinery, equipment purchase or lease/hire purchase	Local Enterprise Finance Scheme (LEFS)	Currently larger enterprises are not eligible	<ul style="list-style-type: none"> Extended to larger enterprises Loan quantum of up to S\$15m Default risk shared between Government and Participating Financial Institutions at 50:50 ratio Expanded to provide term loans using fully-paid assets as collaterals and include financing of more types of construction equipment and heavy vehicles

¹ Companies with more than 10 employees are eligible for Bridging Loan Programme

If you are a...	... and need...	...you can tap on...	Current	Enhancements (Valid for one year with effect from 1 Dec 2008 unless otherwise stated)
Internationalising Firm	Funding for overseas fixed assets, structured project financing	Internationalisation Finance Scheme (IF Scheme)	<ul style="list-style-type: none"> ▪ Maximum loan quantum of S\$15m ▪ Default risk shared between Government and Participating Financial Institutions at 70:30 ratio ▪ Eligibility restricted by turnover caps <ul style="list-style-type: none"> ○ Non-Trading Listed: <\$100m ○ Non-Trading Privately-held: <\$200m ○ Trading Listed: <\$200m ○ Trading Privately-held <\$500m 	<ul style="list-style-type: none"> ▪ Government default risk sharing increased from 70% to 80% ▪ Increase of turnover caps <ul style="list-style-type: none"> ○ Non-Trading Listed, Privately-held: <\$300m ○ Trading Listed: <\$300m ○ Trading Privately-held: No Change
Exporter/ Trading Firm (both SMEs and larger enterprises)	Funding for export-oriented trade facilities	Loan Insurance Scheme (LIS) (Export-Oriented Loans)	<ul style="list-style-type: none"> ▪ Eligibility restricted by turnover caps <ul style="list-style-type: none"> ○ Non-Trading Listed: <\$100m ○ Non-Trading Privately-held: <\$200m ○ Trading Listed: <\$200m ○ Trading Privately-held <\$500m ▪ Risk sharing between Insurer and Participating Financial Institutions 75:25 ▪ Government subsidises 50% of insurance premium on loans ▪ Participating Financial Institutions provide capital 	<ul style="list-style-type: none"> ▪ Removal of turnover caps

SPRING Start-Up Enterprise Development Scheme (SPRING SEEDS)

标新局起步企业投资计划 and

Business Angel Scheme (BAS) 商业天使投资人计划What it is

SPRING SEEDS and BAS provide seed money for start-ups by co-matching funding. SPRING SEEDS is targeted at third-party investments in general while BAS is open only to pre-approved business angel groups.

	Current	Enhancements
Source of Funds	Government capital, matched with 3 rd party investment	No change
Use of Funds	Start-up equity funding	No change
Maximum Investment Quantum	SPRING SEEDS: \$300,000 BAS: \$1 million	SPRING SEEDS: \$1 million BAS: \$1.5 million
Eligible Companies	<p><u>SPRING SEEDS</u></p> <ul style="list-style-type: none"> • Qualifying age of start-ups up to 3 years from date of incorporation • Paid-up capital of maximum \$500,000 prior to SEEDS investment • Minimum investment of \$75,000 from 3rd party <p><u>BAS</u></p> <ul style="list-style-type: none"> • Qualifying age of start-ups up to 5 years from date of incorporation • Minimum investment of \$75,000 from pre-approved business angel groups 	<p><u>SPRING SEEDS</u></p> <ul style="list-style-type: none"> • Qualifying age of start-ups up to 5 years from date of incorporation • Paid-up capital of maximum \$1 million prior to SEEDS investment, minimum \$50,000 • No change <p><u>BAS</u></p> <ul style="list-style-type: none"> • No change • No change • Minimum paid up capital of \$50,000
Dollar matching ratio by government	1:1	2:1

Micro Loan Programme 微型贷款计划

What it is

The Micro Loan Programme under the Local Enterprise Finance Scheme (LEFS) is a fixed interest rate financing programme for enterprises with no more than 10 employees. Administered by SPRING Singapore, Micro Loan is offered through 14 participating financial institutions.

	Current	Enhancements
Source of Funds	Government capital	No change
Use of Funds	Unsecured working capital	No change
Maximum Loan Quantum	\$50,000	\$100,000
Eligible Companies	SMEs with no more than 10 employees	No change
Risk Share	Govt: 50% PFI: 50%	Govt: 80% PFI: 20%
Qualifying criteria	<ul style="list-style-type: none">• company with no more than 10 employees• at least 30% of local shareholding• group fixed assets are below \$15 million (for manufacturing sector)• group has no more than 200 employees (for services sector)	No change

PFI: Participating Financial Institution

Bridging Loan Programme (BLP) 过渡性贷款配套

What it is

The Bridging Loan Programme is a new interim fixed interest rate financing programme offering loans of up to S\$500,000 to local enterprises. It is administered by SPRING Singapore and offered through participating financial institutions.

	Current Programme	Enhancements
Source of Funds	NA (This is a new programme)	Government Capital
Use of Funds		Unsecured working capital
Maximum Loan Quantum		\$500,000
Eligible Companies		Companies with more than 10 employees
Risk Share		Govt: 50% PFI: 50%
Qualifying criteria		at least 30% local shareholding

PFI: Participating Financial Institution

Local Enterprise Finance Scheme (LEFS) 本地企业融资计划

What it is

The Local Enterprise Finance Scheme (LEFS) is a fixed interest rate financing programme offering loans of up to \$15 million to encourage and assist local enterprises to modernise and upgrade their operations. Administered by SPRING Singapore, LEFS is offered through 14 participating financial institutions.

	Current	Enhancements	
Source of Funds	Government capital	No change	
Use of Funds	Secured factory loan Machinery term loan Hire Purchase	No change	
Maximum Loan Quantum	\$15 million	No change	
Eligible Companies	SMEs	SMEs	Non-SMES
Risk Share	Govt: 50% PFI: 50%	Govt:80% PFI: 20%	Govt: 50% PFI: 50%
Qualifying Criteria	<ul style="list-style-type: none"> • at least 30% local shareholding • group fixed assets are below \$15 million (for manufacturing sector) • group has no more than 200 employees (for services sector) 	No change	<ul style="list-style-type: none"> • at least 30% local shareholding • no limit on group fixed assets • no limit on number of employees
Scope		<ul style="list-style-type: none"> • Expanded to provide term loans using fully-paid assets as collaterals • Expanded to include financing of more types of construction equipment and heavy vehicles 	

PFI: Participating Financial Institution

Loan Insurance Scheme (LIS) 贷款保险计划

What it is

The Loan Insurance Scheme (LIS) provides SMEs and Singapore-based internationalising companies working capital financing and trade facilities by getting them insured against default. The insurance premiums are co-shared between the government through SPRING Singapore and International Enterprise Singapore (IE Singapore), and the SMEs.

	Current	Enhancements
Source of Funds	Financial Institution	No change
Use of Funds	Secured working capital (e.g. against receivables)	No change
Maximum Loan Quantum	No limit but insurer has veto rights over \$1 million	No change
Eligible Companies	SMEs	All companies
Risk Share	Insurer: 75% PFI: 25% Government supports 50% of insurance premium on loans	No change
Qualifying criteria	<p><u>For domestic facilities</u></p> <ul style="list-style-type: none"> at least 30% local shareholding group fixed assets are below \$15 million (for manufacturing sector) group has no more than 200 employees (for services sector) <p><u>For export facilities</u></p> <ul style="list-style-type: none"> Company must be Singapore-based Presence of at least 3 strategic business functions in Singapore. Strategic business functions refer to activities such as banking & financial; marketing & business planning; procurement/logistics; training & personnel management; investment planning/coordination; R&D; technical support and manufacturing. Group turnover not exceeding S\$200 million (S\$500 million for trading companies) for non-listed companies. For listed companies, turnover not exceeding S\$100 million (S\$200 million for trading companies) 	<p><u>For domestic facilities</u></p> <ul style="list-style-type: none"> removal of group fixed assets limit removal of group employee limit all other criteria as per existing <p><u>For export facilities</u></p> <ul style="list-style-type: none"> removal of group turnover limit all other criteria as per existing

PFI: Participating Financial Institution

Internationalisation Finance Scheme (IF Scheme) 国际化融资计划

What it is?

The IF Scheme is a financing scheme to assist Singapore-based companies to expand overseas. Companies can tap on the IF Scheme to acquire fixed assets for use overseas and/or to finance the working capital expenses of secured overseas projects.

	Current	Enhancements
Source of Funds	Financial Institution	No change
Use of Funds	Overseas fixed assets, structured project financing	No change
Maximum Loan Quantum	\$15 million	No change
Eligible Companies	Turnover caps <u>Non-Trading</u> <ul style="list-style-type: none"> ▪ Listed: <\$100m ▪ Privately-held: < \$200m <u>Trading¹</u> <ul style="list-style-type: none"> ▪ Listed: < \$200m ▪ Privately-held: < \$500m 	Turnover caps <u>Non-trading</u> <ul style="list-style-type: none"> ▪ \$300m for both listed and privately-held <u>Trading</u> <ul style="list-style-type: none"> ▪ Listed: < \$300m ▪ Privately-held: No change
Risk Share	Govt: 70% PFI: 30%	Govt: 80% PFI: 20%
Qualifying criteria	Borrower must be a Singapore-based company with at least 3 strategic business functions ² in Singapore. <ul style="list-style-type: none"> ▪ Borrower can tap on the IF Scheme to purchase fixed assets and/or purchase factories for use by its <u>overseas subsidiary</u> company, which is at least 50% equity owned by the Singapore-based company. ▪ Borrower with no physical set-up overseas but is exporting services to overseas market (such as leasing companies) can also tap on the IF Scheme to finance the purchase of fixed assets for use overseas. ▪ Borrower with secured overseas contract can tap on the IF Scheme to finance the working capital expenses associated with the confirmed contract. Overseas business must complement the Singapore company's core operations and result in economic spin-offs to Singapore.	

¹ It refers to companies that derive more than 50% of turnover from trading activities.

² Strategic business functions refer to activities such as banking and finance, marketing and business planning, procurement/logistics, training and personnel management, investment planning/coordination, research and development, technical support and manufacturing.

List of participating financial institutions

Bridging Loan, Micro Loan and Local Enterprise Finance Scheme (LEFS)

1. DBS Bank Limited
2. GE Commercial Financing (Singapore) Ltd
3. Hong Leong Finance Limited
4. IFS Capital Limited
5. Indian Bank
6. Maybank
7. ORIX Leasing Singapore Ltd
8. Oversea-Chinese Banking Corporation Limited
9. RHB Bank
10. Sing Investments & Finance Limited
11. Singapura Finance Limited
12. Standard Chartered Bank
13. The Hongkong and Shanghai Banking Corporation Limited
14. United Overseas Bank Limited

Loan Insurance Scheme (LIS)

1. DBS Bank Limited
2. GE Commercial Financing (Singapore) Ltd
3. Hong Leong Finance Ltd
4. Maynbank
5. Oversea-Chinese Banking Corporation Limited
6. Standard Chartered Bank
7. The Bank of East Asia, Limited
8. The Hongkong and Shanghai Banking Corporation Limited
9. United Overseas Bank Limited

Internationalisation Finance Scheme

1. ABN AMRO
2. DBS Bank Limited
3. GE Commercial Financing (Singapore) Ltd
4. Hong Leong Finance Limited
5. IFS Capital Limited
6. Maybank
7. ORIX Leasing Singapore Ltd
8. Oversea-Chinese Banking Corporation Limited
9. Standard Chartered Bank
10. The Hongkong and Shanghai Banking Corporation Limited
11. United Overseas Bank Limited