

## **MEMORANDUM OF UNDERSTANDING**

### **On Cooperation Among APEC Financial Institutions Dealing with SMEs**

This MEMORANDUM OF UNDERSTANDING is made on the 5th day of September 2003, in Phuket, Thailand,

By

#### **PEOPLE'S REPUBLIC OF CHINA**

- CHINA DEVELOPMENT BANK (CDB)

#### **HONG KONG, CHINA**

- BANK OF CHINA (HONG KONG) LIMITED
- HONG KONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
- STANDARD CHARTERED BANK (HONG KONG)

#### **JAPAN**

- JAPAN FINANCE CORPORATION FOR SMALL BUSINESS (JFS)
- NATIONAL LIFE FINANCE CORPORATION (NLFC)

#### **REPUBLIC OF KOREA**

- INDUSTRIAL BANK OF KOREA (IBK)

#### **MALAYSIA**

- THE ASSOCIATION OF BANKS IN MALAYSIA (ABM)

#### **SINGAPORE**

- THE ASSOCIATION OF BANKS IN SINGAPORE (ABS)

#### **CHINESE TAIPEI**

- TAIWAN COOPERATIVE BANK (TCB)

#### **THAILAND**

- SMALL AND MEDIUM ENTERPRISE DEVELOPMENT BANK OF THAILAND (SME Bank)

#### **VIETNAM**

- INDUSTRIAL AND COMMERCIAL BANK OF VIETNAM (Incombank)

HEREINAFTER referred to as the "Parties"

/ACKNOWLEDGING...

ACKNOWLEDGING the importance of small and medium enterprises (SMEs) which are the backbone of sustainable economic development in APEC region;

DESIRING to promote cross-border investment and business linkage among SMEs in the APEC region;

AGREEING to enhance and strengthen the financial institutions of APEC whose core responsibilities are in the key areas of SME financing and SME development in order to assist existing and start-up SMEs in APEC;

AFFIRMING that the objectives so stated can best be achieved through financial and/or technical cooperation among the Parties hereto.

## **ARTICLE I AREAS OF COOPERATION**

PARTIES agree to collaborate on areas as follows:

### **1. FINANCIAL COOPERATION**

#### **1.1 DEBT FINANCING**

1.1.1 To provide, whether directly or indirectly, access to finance for SMEs in APEC economies.

1.1.2 To promote and facilitate securitization of SME loans in domestic and regional markets.

#### **1.2 EQUITY FINANCING**

1.2.1 To promote the growth of venture capital businesses in APEC economies.

1.2.2 To seek and provide opportunities for joint equity financing so that SMEs in APEC economies may raise long-term capital in the most efficient ways.

### **2. TECHNICAL COOPERATION**

#### **2.1 EXCHANGE OF KNOWLEDGE**

2.1.1 To share knowledge and experience, through information exchange and consultation, on the design and implementation of various financial products for SMEs.

2.1.2 To share knowledge and experience in areas of risk management, credit guarantees, collateral issues, securitization, credit analysis, business diagnosis tools, and good corporate governance.

/2.1.3 To share...

2.1.3 To share knowledge and experience in financial support for specific target groups, such as grass-root micro and community enterprises, start-ups, recovering NPLs, innovative and knowledge-based SMEs, etc.

2.1.4 To share knowledge and experience in areas of supporting business development services (BDS), which are provided either directly by the financial institutions, or through networking with BDS organizations.

## 2.2 HUMAN RESOURCE DEVELOPMENT

2.2.1 To provide opportunities for staff and executives of Parties to participate in training programs, workshops and seminars relating to SME development financing.

2.2.2 To provide opportunities for SME clients of Parties to participate in training programs, workshops and seminars on topics which are of interest and useful to existing and start-up SMEs.

2.2.3 To provide opportunities for staff, executives, and SME clients of Parties to visit Parties' respective organizations as well as successful SMEs in their respective economies.

2.2.4 To provide opportunities for personnel exchange programs among Parties.

## 2.3 NETWORKING THROUGH INFORMATION TECHNOLOGY

2.3.1 To provide links, through Parties' respective websites, to sources of information on financial products and services available to domestic and APEC SMEs.

2.3.2 To provide links to sources of information which are of interest and useful to SMEs desiring to strengthen their capabilities, such as business management, financial management, marketing, production technology, research and relevant studies.

2.3.3 To provide links to sources of information which are of interest and useful to APEC SMEs desiring to market their products or invest in Parties' respective economies.

## 2.4 SUPPORT FOR CROSS-BORDER BUSINESS LINKAGE AMONG APEC SMEs

2.4.1 To facilitate access to meeting with potential local SMEs with the aim to forge business linkage, joint ventures, etc.

2.4.2 To facilitate exposure of product and/or technology offers by SMEs.

/ARTICLE II...

**ARTICLE II**  
**PRINCIPLES OF VOLUNTARY AND NON-BINDING BASIS**

PARTIES acknowledge that implementation of and participation in any of the abovementioned activities shall be voluntary and subject to the laws and regulations applicable to the respective Parties. Each Party may freely opt to collaborate on any of the abovementioned areas of cooperation according to their institutions' interest, other commitments, prevailing domestic and/or international market and economic conditions, or other possible limitations.

PARTIES agree that this Memorandum of Understanding (MOU) is an expression of intention among the Parties to make reasonable efforts to cooperate in the areas set out in the MOU, and that the MOU bears no legally binding obligations on the Parties.

**ARTICLE III**  
**ANNUAL MEETING**

To enhance cooperation as stated, Parties agree to meet at least once a year, prior to the APEC Finance Ministers Meeting, on economies' alphabetical rotation or voluntary basis mutually agreed by Parties, starting with Thailand's SMALL AND MEDIUM ENTERPRISE DEVELOPMENT BANK OF THAILAND (SME Bank) in 2004.

It is agreed that the host institution shall advise the Secretariat of the APEC Finance Ministers Meeting of the Parties' yearly activities.

/THIS MEMORANDUM...

THIS MEMORANDUM is made in 12 original copies in English Language, with all copies being equally authentic. The Parties declare that they have thoroughly read, understood and approved the contents herein contained. Modifications or termination can be proposed at any time in notification in advance by any of the Parties.

IN WITNESS WHEREOF, the Parties have hereto affixed their signatures and seals (if any) on the date aforementioned.

.....  
(Liu Wenfang)  
Deputy Director-General  
International Finance Department  
China Development Bank (CDB)

.....  
(Zhu Yanlai)  
General Manager  
Economics & Strategic Planning Department  
Bank of China (Hong Kong) Limited

.....  
(Margaret Leung)  
Head of Commercial Banking  
Hong Kong and Shanghai Banking  
Corporation Limited (HSBC)

.....  
(Fong Loong Choon Julian)  
Chief Financial Officer  
Standard Chartered Bank (Hong Kong)

.....  
(Yoshiaki Umemura)  
Senior Executive Director  
Japan Finance Corporation  
for Small Business (JFS)

.....  
(Tsunekazu Haraguchi)  
Deputy Governor  
National Life Finance Corporation  
(NLFC)

.....  
(Kim Young-Chin)  
Director, Head of Treasury  
& Global Markets Division  
Industrial Bank of Korea (IBK)

.....  
(Encik Nik Hassan Nik Mohd Amin)  
Executive Vice President  
Bumiputera-Commerce Bank Bhd  
Signing for and on behalf of  
The Association of Banks in Malaysia  
(ABM)

.....  
(Tan Ngiap Joo)  
Deputy President,  
Oversea-Chinese Banking Corporation Ltd.  
Signing for and on behalf of  
The Association of Banks in Singapore  
(ABS)

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(Tseng Ming-Chung)  
President  
Taiwan Cooperative Bank (TCB)

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(Sumonman Kalayasiri)  
Vice-Chairman  
Small and Medium Enterprise  
Development Bank of Thailand  
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.....  
(Pham Xuan Lap)  
Deputy Director-General  
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