



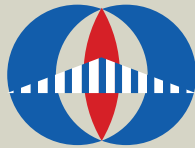
Annual Report **2006**
Small and Medium Business Credit Guarantee Fund of Taiwan
T a i w a n S M E G

Small and Medium Business

Credit Guarantee Fund

of Taiwan

Small and Medium Business Credit Guarantee Fund of Taiwan (Taiwan SMEG)



The Logo

The logo is composed of two circles and one triangle. Two partially overlapped circles represent the intimate relationship between the small and medium business sector and the financial institution sector.

The triangle, which stands for a bridge, connects the two circles to symbolize that the Taiwan SMEG performs as a bridge to channel the small and medium business sector and the financial institution sector.

The red oval at the center of the logo represents a seed. It symbolizes that each small or medium business is treasured as a seed by the Taiwan SMEG, which will sprout, grow, and develop. The oval combined with the triangle also devotes the smooth taking off of SMEs with the assistance provided by the Taiwan SMEG.

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» Message from Chairman and President

In 2006, with support from the supervising agency, the Ministry of Economic Affairs (MOEA), and all the contracted financial institutions (CFIs), the Taiwan SMEG made remarkable performance. It approved 261,824 cases of credit guarantee application. In terms of amount, it approved credit guarantees of NT\$319.6 billion, among which NT\$308.6 billion were extended to SMEs. In terms of loan amount backed up by credit guarantees, it assisted its clients to obtain NT\$530.5 billion of loans, of which NT\$513.9 billion flew to SMEs. Moreover, the Taiwan SMEG won the "Special Contribution Award for Assisting SME Financing" given by the Financial Supervisory Commission, Executive Yuan (the Cabinet).

The Taiwan SMEG made a lot more achievements in 2006. The "Firefly Counterpart Guarantee Fund (FCGF)" project was initiated, which offers a platform for the private sectors to combine their resources with the ones of the Taiwan SMEG as feedback to the society. We would like to thank 3 leading companies from 3 different industry sectors for actively participating in the project, i.e. Chunghwa Telecom Co., Ltd., China Steel Corporation, and Lih Pao Construction Co., Ltd. donating NT\$50 million, NT\$20 million and NT\$20 million respectively. In addition, to encourage the CFIs and their staff to promote the project, we launched the "Reward Guidelines for Seeking Fireflies" as well. By doing this, the CFIs and the Taiwan SMEG are expected to jointly create a better development environment for SMEs.

The Taiwan SMEG's Torchbearer Institute (TI) conducted regular TI Forums, TI Lectures and TI Courses for the persons in charge of businesses or financial management with a total enrollment of 2,400 in 2006. To further provide needed enterprises with in-depth assistance and guidance, following the establishment of the TI in 2005, the "Torchbearer Assistance Fund (TAF)" was founded in 2006 and raised NT\$11 million in accordance with the "Guidelines for Torchbearer Assistance Fund." The



Vincent (Wei-sheng) Hwang
Chairman

Fund will be used to help the Taiwan SMEG's guaranteed enterprises improve finance/accounting system and financial structure under the assistance of several professional institutions.

To explore the theory and introduce the practices for the development of the SMEs, the Small and Medium Enterprise Administration, under the MOEA, and the Taiwan SMEG co-published the "Journal for SME Development (JSD)" in September 2006. The JSD, a quarterly, aims to help promote the SME-related information exchange, and upgrade the level of SME-related researches and practices. We are deeply honored to have Dr. Chung-hua Shen, one of the prestigious Eisenhower Fellowship winners in 2006, as the editor-in-chief and other 12 prominent scholars who have outstanding achievements in academic arena as the editorial board members. The articles of JSD are published either in Chinese or English, and your comments and support for the JSD would be greatly appreciated.

Based on the "Transformation and Development Plan" launched in 2004, the Taiwan SMEG has been actively promoting organization restructuring and launching several innovative programs in recent years such as Direct Guarantee, Torchbearer Institute, Firefly Counterpart Guarantee Fund, Torchbearer Assistance Fund, etc. We are expected to provide SMEs with more diversified and all-around services and become the best partner for SMEs during their growth stage. As the Taiwan SMEG is playing a vital role in the "Industrial Development Package" approved by the Cabinet in late 2006, we will further enhance cooperation with all CFIs and related SME-assistance agencies to exert our function of offering credit guarantee to more enterprises. We sincerely look forward to your continued support in this regard.



Yih-yaw Jan
President



» Outline

Objectives

The objective of the Taiwan SMEG is to provide credit guarantees to those small and medium enterprises in normal operation but short of collateral for external financing. With guarantees provision, the Taiwan SMEG helps these enterprises to smoothly secure financing from financial institutions. Essentially the operation of the Taiwan SMEG is in line with the government's financial and economic policies to assist small and medium enterprises.

Establishment

The small and medium enterprises play an extremely important role in the economic structure of our country. In early 1970's a great number of small and medium enterprises suffered from the recession and inflation brought up by the oil crisis. At that time the financial institutions turned to be conservative and requested very stringent collateral requirements on small and medium enterprises' loan applications. Small and medium enterprises thus encountered great difficulties in obtaining financing. To cope with these situations, the Taiwan SMEG was established in 1974 to strengthen the financing assistance to small and medium enterprises.

Sources of Paid-in Capital

Paid-in capital of the Taiwan SMEG comes from donations made by the central government, local governments, contracted financial institutions and other agencies, yet not on a continuous basis. Up to the end of 2006 donations received have totaled NT\$65.04 billion (including separate funds for special guarantee programs), 80.86% of which are from the central and local governments, 15.94% the contracted financial institutions, and 3.20% other agencies. As of the end of 2006 its net worth totaled NT\$19.55 billion (including separate funds for special guarantee programs).



▲ Premier Frank Hsieh, front center, visits the Taiwan SMEG (Jan. 3, 2006).

» Brief History



1974

The Taiwan SMEG was established as a non-profit organization.



1975

The Authorized Approach was introduced, whereby banks are authorized to extend the guaranteed loans before referring the case to the Taiwan SMEG for post-ratification if such lending is within certain guidelines set by the Taiwan SMEG.



1986

The Restrictions on Credit Guarantee to Enterprises with Less Desirable Credit or Business Conditions were introduced.



2002

The introduction of the "Internet Credit Guarantee Operational System."



2003

1. Change in the supervising agency of the Taiwan SMEG from the Ministry of Finance to the Ministry of Economic Affairs.
2. The introduction of the Package Credit Guarantee.



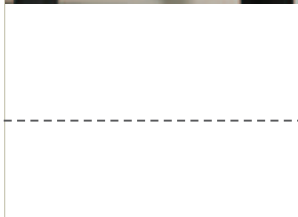
2004

The introduction of the Direct Credit Guarantee.



2005

1. Restructuring of the Taiwan SMEG: Divided into 3 Divisions.
2. Establishment of the Torchbearer Institute.
3. Launching of the Reviving Phoenix Program.



2006

1. The introduction of the project of the Firefly Counterpart Guarantee Fund (FCGF).
2. To further provide needed enterprises with in-depth assistance and guidance, following the establishment of the Torchbearer Institute in 2005, the Torchbearer Assistance Fund (TAF) was founded.
3. Winning the Special Contribution Award for Assisting SME Financing given by the Financial Supervisory Commission, Executive Yuan (the Cabinet).
4. Co-publishing the Journal for SME Development (JSD) with the Small & Medium Enterprise Administration (SMEA), Ministry of Economic Affairs.

» Eligible Clients

I. For Credit Guarantee Programs Supported by SME Fund

1. Enterprises:

Type of Business	Max. Capital	Max. Annual Sales	Employees	Length of Time in Business
Manufacturing Enterprises (including Construction Industry)	NT\$80 million (note 1)	--	--	6 months or longer
	--	--	less than 200 (note 1)	1 year or longer
Non-manufacturing Enterprises	--	NT\$100 million (note 2)	--	1 year or longer
	--	--	less than 50 (note 3)	

Notes:

1. If either the capital or employees of a manufacturing enterprise exceed the maximum limit, it is still eligible for credit guarantee from the Taiwan SMEG for 2 years after the expansion and for 3 years after a merger. However, if both the capital and employees of a manufacturing enterprise exceed the maximum limits, it will no longer be eligible for guarantee.
2. If either the annual sales or employees of a non-manufacturing enterprise exceed the maximum limit, it is still eligible for credit guarantee from the Taiwan SMEG for 2 years after the expansion and for 3 years after a merger. However, if both the annual sales and employees of a non-manufacturing enterprise exceed the maximum limits, it will no longer be eligible for guarantee.
3. If the capital, annual sales, or employees of a manufacturing/non-manufacturing enterprise that used to be the Taiwan SMEG's client exceed the maximum limit, it is still eligible for Credit Guarantee for Policy-oriented Loans used in purchasing automation equipment, antipollution equipment, and related factory buildings and land.

2. Business Start-up Individuals:

It refers to persons aged 20-65, having domestic household registration and being the owners or funders of the enterprises. Below are the items of credit guarantee they can apply for:

i. Credit Guarantee for Youth Business Start-up Loans:

This program is designed to provide assistance to those start-up young entrepreneurs, aged 20-45, whose businesses have been operated less than 3 years, and their loan applications have been pre-approved by the authorized financial institutions.

ii. Credit Guarantee for Micro-business Start-up Loans:

This program is designed to provide persons aged 45-65 with needed financing to establish micro-businesses hiring less than 5 employees and whose micro-businesses have been operated less than 1 year.



▲ Economic Minister Steve Chen, front center, poses with representatives of banks outstanding in implementing guaranteed financing.

II. For Credit Guarantee Programs Supported by Separate Funds

1. Credit Guarantee for Own Brand International Promotion Loans:

This program is designed to assist enterprises to promote products carrying their own brand names in the international market. Eligible clients for this program are those SMEs approved for "Own Brand International Promotion Loans" by the Ministry of Economic Affairs. Notably, this program is available to SMEs as well as large firms.

2. Credit Guarantee for the 9/21 Earthquake Reconstruction Loans:

This program is designed to assist the victims of the 9/21 earthquake to reconstruct their homes.

3. Credit Guarantee for International Patent Rights Lawsuit Loans:

This program is designed to help domestic private enterprises obtain financing to cope with international patent rights lawsuit.

4. Credit Guarantee for Student Loans:

This program is designed to help students in senior high schools or higher educational institutes to obtain financing for education.

5. Credit Guarantee for Studying-abroad Student Loans:

This program is designed to help low- and medium-income graduate students obtain financing for studying abroad to earn master's or doctor's degrees.

6. Credit Guarantee for Youth Experiencing-abroad Loans:

This program is designed to help young students aged 20-30 who have been engaged in social services for more than 30 hours obtain financing for experiencing overseas living through self-help travel, studying, or

doing part-time jobs abroad. The applications of young students from low- and medium-income families take priority for handling.

7. Credit Guarantee for Non-SME Digital Content and Cultural & Creative Industry Loans:

This program is designed to assist large enterprises engaged in digital content industries and cultural innovation industries to obtain loans from financial institutions.

8. Credit Guarantee for Special Loans for Labors' Pensions:

This program is designed to help enterprises and private institutions with the obligation to make future pension payment to their employees obtain needed financing from financial institutions.

9. Credit Guarantee for Firefly Counterpart Fund:

This program is designed to help the production/supply chains (SMEs) of the donating companies of the Firefly Counterpart Fund obtain financing especially for R&D from financial institutions.



▲ Chunghwa Telecom Co., Ltd. and China Steel Corp. donate Firefly Counterpart Funds to the Taiwan SMEG.

» Credit Guarantees

I. For Credit Guarantee Programs Supported by SME Fund:

Item of Credit Guarantee	Eligible Client	Max. Guarantee Coverage Percentage for the Authorized Approach (note 1)	Guarantee Fee Per Annum (as % of Amount Guaranteed) (note 2)	
1. General Purpose Loans	SMEs (Manufacturing and non-manufacturing enterprises)	80%	0.75~1.6%	
2. Guarantees on Issuing Commercial Papers				
3. Export Loans				
4. Loans for Raw Materials			100%	0.85~1.7%
5. Guarantees on Contract Performance				0.75~1.5%
6. Small-amount Handy Loans				0.5~1.25%
7. Policy-oriented Loans			SMEs & large firms approved by Review Committee	90%
8. Loans under Package Credit Guarantee				
9. Preferential Loans for Establishing R&D Environment	SMEs which meet certain requirements	80%	0.75~1.5%	
10. Research and Development Promotion Loans				
11. Loans for Knowledge-based Enterprises	SMEs	50% 60% 70% 80%	1.75% 1.50% 1.25% 1%	
12. Natural Disaster Reconstruction Loans for SMEs				
13. Loans for Assisting SMEs with Investment in Friendly Countries				
14. Loans for Owners of Micro-businesses & SMEs Affected by Credit Card Debt				
15. Youth Business Start-up Loans	Micro-businesses & SMEs approved by review committee	80%	0.75%	
16. Micro-business Start-up Loans	Prospective young entrepreneurs aged 20-45			
	Persons aged 45-65 registering for starting up micro-businesses, or whose micro-businesses have been operated less than 1 year			

II. For Credit Guarantee Programs Supported by Separate Funds:

Item of Credit Guarantee	Eligible Client	Max. Guarantee Coverage Percentage for the Authorized Approach (note 1)	Guarantee Fee Per Annum (as % of Amount Guaranteed)
1. Own Brand International Promotion Loans	Enterprises approved by MOEA (note 3)		0.75%
2. Student Loans	Students in senior high schools or higher educational institutes		0 (note 4)
3. Studying-abroad Student Loans	Graduate students who are permitted to study abroad		
4. Youth Experiencing-abroad Loans	Youth aged 20-30, having been engaged in social services over 30 hours	80%	0 (note 5)
5. Non-SME Digital Content and Cultural & Creative Industry Loans	Large enterprises approved by scrutinizing committee		0.75%
6. Special Loans for Labors' Pensions	Enterprises and private institutions with the obligation to make future pension payment to their employees		
7. The 9/21 Earthquake Reconstruction Loans	Victims of the 9/21 Earthquake	100%	0.3% (note 6)
8. International Patent Rights Lawsuit Loans	Domestic private enterprises approved by deliberating committee	70% 80% 90%	0.75% 1% 1.25%
9. Firefly Counterpart Fund	SMEs recommended by the donating enterprises	95%	0.395%~0.75%

Notes:

1. The Taiwan SMEG's credit guarantee is provided on a risk-sharing basis. The credit risk beyond the Taiwan SMEG's guarantee coverage percentage shall be assumed by financial institutions. Apart from some items of credit guarantee, the maximum amount of guaranteed loans for a single enterprise is normally NT\$100 million under the Authorized Approach, the Normal Approach and the Direct Credit Guarantee.
2. Except for the basic guarantee fee rate (0.75%), a differential rate is charged based on the applicant's credit status, operation, financial & guarantee conditions, and intangible asset.
3. MOEA: Ministry of Economic Affairs.
4. The guarantee fee is paid by the Ministry of Education.
5. The guarantee fee is paid by the National Youth Commission (NYC) under the Executive Yuan (the Cabinet).
6. The guarantee fee is paid by the earmarked fund.

» Methods of Granting Credit Guarantees

I. The Authorized Approach

If the application involves an amount below the limit set for the guarantee item and meets the requirements for the Authorized Approach set by the Taiwan SMEG, the financial institution may extend loan before referring the case to the Taiwan SMEG for post-ratification (see Chart 1).

2. The Normal Approach

If the application does not meet the amount and requirements under the Authorized Approach, the financial institution is required to refer the case to the Taiwan SMEG for examination. It should not extend loan until the Taiwan SMEG grants its guarantee on the case (see Chart 2).

3. The Package Credit Guarantee

It is designed to help SMEs obtain working capital and simplify banks' processing procedures. Within certain credit line and subrogation rate, financial institutions may extend credit to SMEs under package guarantee. A financial institution first has to compete with other financial institutions for a quota of package credit guarantee by the ratio of subrogation payment. The procedures afterwards are similar to those of Authorized Approach but are simplified (see Chart 3).

4. The Direct Guarantee

To help SMEs engaged in knowledge-based industries, the Taiwan SMEG sometimes grants guarantees to applicants directly. SMEs can apply for such direct guarantee services in certain cases, where the Taiwan SMEG will issue a letter of commitment to the company directly. The SMEs can then apply to banks for loans with their credit guaranteed (see Chart 4).

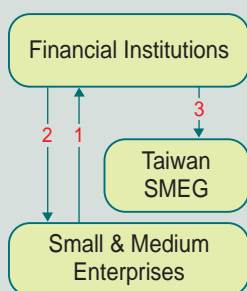


Chart 1
The Authorized Approach
 1. Apply for loan
 2. Extend loan
 3. Post-ratification of guarantee

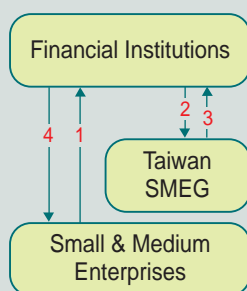


Chart 2
The Normal Approach
 1. Apply for loan
 2. Apply for guarantee
 3. Notification of guarantee approval
 4. Extend loan

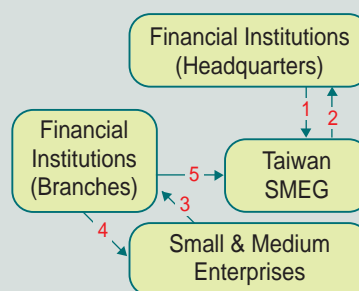


Chart 3
The Package Credit Guarantee
 1. Apply for package credit guarantee
 2. Assess and select qualified financial institutions
 3. Apply for loan
 4. Extend loan
 5. Post-ratification of guarantee

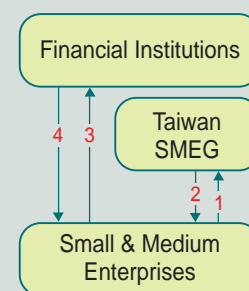


Chart 4
The Direct Guarantee
 1. Apply for credit guarantee
 2. Issuance of a letter of commitment
 3. Apply for loan
 4. Extend loan

» Business Review

Accomplishment

From its inauguration in 1974 to the end of 2006, the Taiwan SMEG has offered credit guarantees on 3.1 million cases, which is NT\$3,653.92 billion in amount. With the credit guarantees, the Taiwan SMEG's clients have obtained a total of NT\$5,356.84 billion in various forms of credit from financial institutions. The outstanding credit covered by guarantees posted NT\$401.17 billion as of the end of 2006. The credit for SMEs under credit guarantees offered by financial institutions accounted for 20.77 % as of the end of 2006.

Guarantee Performance by Items of Guarantees

In terms of outstanding credit covered by guarantees, Credit Guarantees for General Purpose Loans occupied 38.22%, ranking the first among all items of credit guarantees in 2006. The Package Credit Guarantees and Credit Guarantees for Small-amount Handy Loans, ranking the second and the third, accounted for 32.82% and 10.49% of all credit guarantees.

Guarantee Performance by Industry

As of the end of 2006, outstanding credit covered by guarantees for the trade industry occupied 40.16%, ranking the first among all types of business. The manufacturing industry (excluding the construction industry) accounted for 39.71%, ranking the second. The wholesale machinery and equipment industry accounted for 8.90%, ranking the first among the trade industry. The fabricated metal products manufacturing industry represented 7.01%, ranking the first among the manufacturing industry.

Table 1 Credit Guarantee Service Statistics

Amount (unit: NT\$ million)

Year	Case	Amount Guaranteed	Total Amount Supported	Outstanding Credit Covered by Guarantees	Outstanding Credit Supported	Net Worth
2002	160,123	151,028	250,977	154,186	247,018	13,048
2003	199,783	205,179	347,852	198,255	324,345	19,217
2004	265,139	315,658	517,037	292,651	464,703	17,083
2005	271,401	333,020	538,947	372,808	569,030	18,119
2006	261,824	319,604	530,459	401,168	608,312	19,552

Table 2 Guarantee Performance by Item of Guarantee in 2006

Unit: NT\$1,000

Item of Credit Guarantee	Case of Guarantee	Amount Guaranteed	Outstanding Credit Covered by Guarantee	Percentage
General Purpose Loans	143,634	156,039,028	153,315,894	38.22
Loans for Raw Materials	53,713	56,234,166	26,519,067	6.61
Small-amount Handy Loans	24,963	15,112,541	42,075,096	10.49
Export Loans	1,885	2,015,749	879,535	0.22
Policy-oriented Loans	3,168	10,978,108	18,513,831	4.61
Guarantees on Contract Performance	4,811	4,847,800	5,827,454	1.45
Bank's Guarantees on SMEs' Commercial Paper Issuing	46	139,021	143,565	0.04
Development Loans	0	0	32,854	0.01
Loans for the Enterprises Suffering from the 9/21 Earthquake	4	26,370	412,461	0.10
Own Brand International Promotion Loans	2	12,000	258,967	0.06
Traditional Industry Loans for Non-SMEs	1,104	2,269,025	3,075,505	0.77
Micro-business Start-up Loans	1,336	870,576	4,299,335	1.07
Research and Development Promotion Loans	48	473,809	1,877,659	0.47
Relief Loans to SARS-affected Enterprises	0	0	441,712	0.11
Youth Business Start-up Loans	2,072	1,340,085	4,725,083	1.18
Typhoon Reconstruction Loans	0	0	480	0.00
The 9/21 Earthquake Reconstruction Loans	476	434,065	4,912,973	1.22
Youth Preferential Housing Loans	0	0	1,583,226	0.39
Loans under Package Credit Guarantee	24,457	68,392,180	131,644,990	32.82
International Patent Rights Lawsuit Loans	3	26,456	107,279	0.03
Loans for Knowledge-based Enterprises	38	198,445	184,724	0.05
Non-SME Digital Content and Cultural & Creative Industry Loans	17	98,666	240,699	0.06
Preferential Loans for Establishing R&D Environment	5	44,870	44,170	0.01
Firefly Counterpart Fund	41	47,307	47,307	0.01
Natural Disaster Reconstruction Loans for SMEs	1	4,000	4,000	0.00
Total	261,824	319,604,268	401,167,864	100.00

Note:

The Taiwan SMEG approved 698,371 cases and credit guarantees of NT\$21.7 billion for the Student Loans; 1,141 cases and credit guarantees of NT\$0.9 billion for the Studying-abroad Student Loans; 60 cases and credit guarantees of NT\$6 million for the Youth Experiencing-abroad Loans.

» New Major Services

Firefly Counterpart Guarantee Fund (FCGF)

The FCGF project was launched in 2006 to comply with the government policy of promoting enterprises' innovation and R&D. Under this mechanism, the Taiwan SMEG encourages the leading companies of various industry sectors to make donations, while appropriates counterpart funds to form the FCGF, which aims at providing credit guarantees for the production/supply SMEs of the donating companies. As the project name implies, the donating companies are expected to exert the spirit of fireflies, which glow in the dark, symbolizing the meaning of sharing, mutual benefit and coexistence of all enterprises involved.

During 2006, 3 leading companies from 3 different industries joined the project, i.e. Chunghwa Telecom Co., Ltd., China Steel Corporation, and Lih Pao Construction Co. Ltd. donating NT\$50 million, NT\$20 million and NT\$20 million respectively.

Torchbearer Assistance Fund (TAF)

The TAF project is designed to help the Taiwan SMEG's guaranteed enterprises improve finance/accounting system and financial structure under the assistance of professional institutions, through the financial support of the successful enterprises. It aims at upgrading competitiveness or facilitating the turnaround of enterprises. It was founded in 2006, with a total donation of NT\$11.45 million made by contracted financial institutions and listed/OTC enterprises which used to be the Taiwan SMEG's guaranteed enterprises.

Journal for SME Development (JSD)

The JSD, a quarterly and a combination of both academic and practical papers, serves as a platform for exploring the theory and introducing the practices for the development of the SMEs. It is also expected to upgrade the level of SME-related researches, and help promote the SME-related information exchange, which hopefully will accelerate the sound development of the SMEs. Co-published by the Taiwan SMEG and the Small & Medium Enterprise Administration (SMEA) under Ministry of Economic Affairs, the JSD published its first issue in September 2006, and its papers are written either in English or Chinese.



▲ Chairman Vincent Hwang, second left, receives the Special Contribution Award for Assisting SME Financing.

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» Financial Statements

Balance Sheet of Dec. 31, 2006

Unit: NT\$1,000

Assets	
Current Assets	52,919,783
Cash & Cash Equivalents	45,249,464
Short-term Bond Investments	50,428
Receivables	3,621
Restricted Current Assets	7,068,498
Other Current Assets	547,772
Long-term Bond Investments	2,539,317
Fixed Assets (net)	342,432
Other Assets	2,412
Total	55,803,944
Guarantee Assets	387,677,369
Liabilities & Net Worth	
Liabilities	36,252,002
Current Liabilities	2,090,122
Securities Sold under Repurchase Agreement	1,800,000
Payables	124,525
Advance Receipts	123,635
Other Current Liabilities	41,962
Guarantee Liabilities Payable	27,082,907
Other Liabilities	7,078,973
Net Worth	19,551,942
Capital Funds	65,040,218
Cumulative Loss	(45,488,276)
Total	55,803,944
Guarantee Liabilities	387,677,369

Income Statement for the Year Ended Dec. 31, 2006

Unit: NT\$1,000

Revenues	2,822,220
Guarantee Fees	1,939,778
Recovery of Bad Debts	882,442
Expenditures	9,362,801
Reserve for Subrogation	8,755,985
Operation & Administrative Expenses	606,816
Operating Deficit	6,540,581
Non-operating Revenues	948,391
Interest	923,796
Gain on Investments-Net	4,753
Donated Revenues	11,450
Other Non-operating Revenues	8,392
Non-operating Expenses	31,737
Current Year's Deficit	(5,623,927)

» Useful Information

Table 3 Major Economic Indicators

Indicator \ Year	2001	2002	2003	2004	2005	2006
*Economic growth rate (%)	-2.22	3.94	3.33	6.07	4.09	4.62
Per capita GNP (US\$)	12,798	12,884	13,139	14,770	15,690	16,098
GNP (NT\$ billion)	10,054	10,437	10,648	11,146	11,438	11,908
GDP (NT\$ billion)	9,862	10,194	10,319	10,770	11,132	11,147
Annual change rate of GDP (%)	-1.69	3.37	1.23	4.37	3.36	0.13
Wholesale price index	100.00	100.05	102.53	109.74	110.41	116.64
Consumer price index	100.0	99.8	99.5	101.1	103.5	104.1
Unemployment rate (%)	4.57	5.17	4.99	4.44	4.13	3.91
Balance of trade (NT\$ billion)	542	721	770	374	470	649
Exports of goods and services (NT\$ billion)	4,840	5,245	5,751	6,670	7,344	8,300
Imports of goods and services (NT\$ billion)	4,298	4,524	4,981	6,296	6,874	7,651
Exchange rate (end of period) (NT\$/US\$)	34.99	34.75	34.0	31.9	32.9	32.6
Rediscount rate of Central Bank (end of period) (%)	2.13	1.63	1.38	1.75	2.25	2.75

Sources:

<http://eng.stat.gov.tw/mp.asp.mp=2>, Directorate-general of Budget, Accounting and Statistics, Executive Yuan, Republic of China (Taiwan), February 2007; <http://www.cbc.gov.tw/EngHome/eeconomic/Statistics/FS/IMF/p6.xls>, the Central Bank of the Republic of China, March 2007.

* The economic growth rate was measured by the change rate of real GDP.

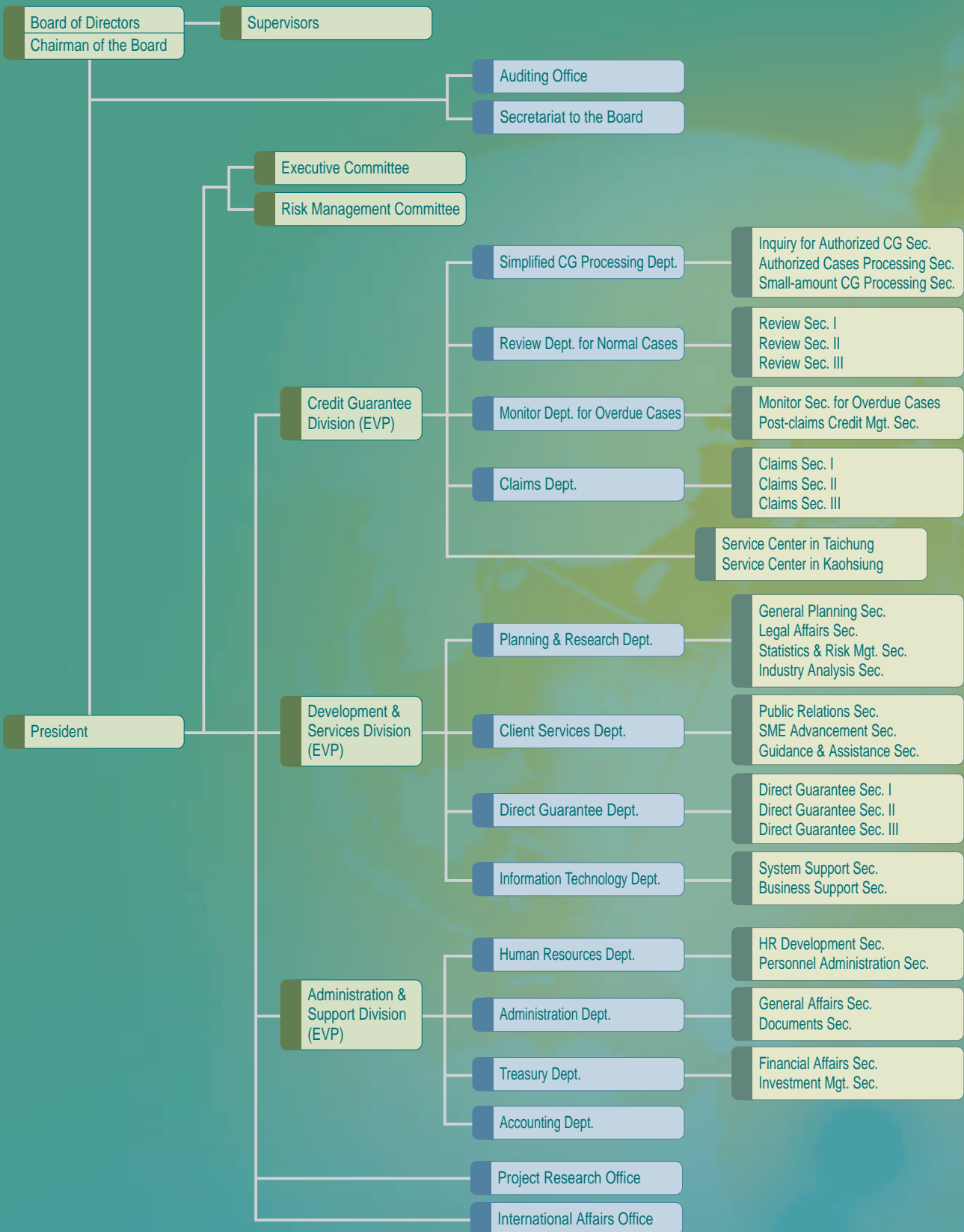
Table 4 Recent Status of SMEs

Indicator \ Year	2003	2004	2005
SMEs/All enterprises (%)			
Number of enterprises	97.83	97.73	97.80
Number of employment sustained	77.56	77.18	76.93
Sales value	31.47	30.63	29.46
Direct export	18.11	17.05	17.60
Credit to SMEs/Credit to all enterprises (%)	20.02	17.98	18.63

Sources:

"White Paper on Small and Medium Enterprises in Taiwan, 2006," Small & Medium Enterprise Administration, Ministry of Economic Affairs.

» Organization Chart



» The Board of Directors and Supervisors

(as of December 31, 2006)

Position	Name	Institution Represented
Chairman	Vincent (Wei-sheng) Hwang	Central Government
Managing Board Director	Yi-hsiung Hsu	Central Government
Managing Board Director	Sun-quae Lai	Central Government
Managing Board Director	Bor-yi Huang	Central Government
Managing Board Director	An-hsiung Chen	Bankers Association
Board Director	Tung-liang Lin	Central Government
Board Director	Sheng-chung Lin	Central Government
Board Director	Chung-dar Lei	Central Government
Board Director	Ping-pin Lin	Central Government
Board Director	Simon H. Yen	Central Government
Board Director	Yu-ming Chung	Central Government
Board Director	Kao-chen Chuang	Bankers Association
Board Director	Jung-hwa Kao	Bankers Association
Managing Supervisor	Jerry J. R. Ou	Central Government
Supervisor	Jiann-jong Huang	Central Government
Supervisor	Sian-chung Tsai	Bankers Association

- EVP (standing from left to right):
 Yee-song Yang (Development & Services Div.), Chien-ni Niu (Administration & Support Div.), Pen-hsiung Liao (Credit Guarantee Div.)

(Seated from left to right):
 Vincent Hwang (Chairman), Yih-yaw Jan (President)





Small and Medium Business Credit Guarantee Fund of Taiwan (Taiwan SMEG)

Head Office

Address: 4F., No. 6, Sec. 1, Roosevelt Rd.
Zhongzheng District, Taipei City 10066, Taiwan (R.O.C.)
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Fax: 886-2-2394-7317
<http://www.smeg.org.tw>
E-mail: mail@smeg.org.tw

Chongqing South Rd. Office (Auditing Office, and Direct Guarantee Dept.)

Address: 4F., No. 99, Sec. 1, Chongqing S. Rd.
Zhongzheng District, Taipei City 10045, Taiwan (R.O.C.)
Tel : 886-2-2321-4261
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Service Center in Taichung

Address: 5F.-3, No. 160, Sec. 1, Taichung Port Rd.
West District, Taichung City 40354, Taiwan (R.O.C.)
Tel : 886-4-2322-3617, 2322-3671
Fax: 886-4-2323-7031

Service Center in Kaohsiung

Address: 6F.-1, No. 249 Zhongzheng 1st Rd.
Lingya District, Kaohsiung City 80283, Taiwan (R.O.C.)
Tel : 886-7-716-4146, 716-4152
Fax: 886-7-716-4228