

Government Funding Schemes

(27 September 2019)

1. SME Loan Guarantee Scheme (SGS) (中小企業信貸保證計劃)

Website:	https://www.smefund.tid.gov.hk/english/sgs/sgs_objective.html
Administered by:	Trade & Industry Department
Objective:	<p>To provide loan guarantee to small and medium enterprises (SMEs) to help them secure loans from the participating lending institutions (PLIs) for acquiring business installations and equipment or meeting working capital needs of general business uses.</p> <p><u>Business Installations and Equipment Loans</u></p> <p>It should be used for acquiring installations or equipment relating to the applicant's business operation, which may include the following:</p> <ul style="list-style-type: none">• machinery• tools• computer software and hardware• communication system• office equipment• transport facilities• furniture• fixtures (e.g. air-conditioning system, built-in cabinets and lighting system, etc., but excluding decoration works) <p>The installations and equipment may be located outside Hong Kong. The loans may also be used for acquiring second-hand installations and equipment.</p> <p>The Business Installations and Equipment Loans must be in the form of either a non-revolving loan or a hire purchase agreement.</p> <p>The loans should be repaid to the PLI by installments. The first installment should take place not later than six months after the loan has been activated. The repayment interval between subsequent installments should not exceed three months.</p> <p><u>Working Capital Loans</u></p> <p>It should be used for meeting working capital needs of general business uses.</p> <p>It must be in the form of a non-revolving loan. The loans should be repaid to</p>

	<p>the PLI by installments. The first installment should take place not later than six months after the loan has been activated. The repayment interval between subsequent installments should not exceed three months.</p>
Eligibility:	<p>Enterprises which meet the following criteria are eligible to apply for guarantee under the SGS:</p> <ol style="list-style-type: none"> a. registered under the <u>Business Registration Ordinance (Cap. 310)</u> and with substantive business operation in Hong Kong; b. an SME under the definition of the Government of Hong Kong Special Administrative Region; c. not an associate of the lender; and d. not carrying on the business of a lender.
Guarantee Ceiling and Period	<p>The amount of guarantee for an enterprise is 50% of the loan amount, subject to a maximum total guarantee amount of \$6 million.</p> <p>The guarantee period is up to a maximum of five years, counting from the first drawdown date of the loan.</p> <p>If an enterprise has fully repaid the Business Installations and Equipment Loan(s) or Working Capital Loan(s) backed up by the guarantee under the Scheme, the enterprise may use the respective guarantee amount one more time for acquiring new loan(s), subject to a maximum guarantee amount of \$6 million.</p>
Enquiry:	<p>Phone no. : 2398 5129 Fax no. : 2396 5067 Email : sgs_enquiry@tid.gov.hk</p>

2. SME Financing Guarantee Scheme (SFGS) (中小企融資擔保計劃)

Website:	http://www.hkmc.com.hk/eng/our_business/sme_financing_guarantee_scheme.html			
Administered by:	HKMC Insurance Limited (HKMCI), a wholly owned subsidiary of The Hong Kong Mortgage Corporation Limited (HKMC)			
Guarantee Products				
Guarantee Product Code	SME50A/ SME50B	SME60A/ SME60B	SME70A/ SME70B	SME80A / SME80B (Special Concessionary Measures offered with the Government's support)
Risk Sharing Factor	50%	60%	70%	80%
Application Period	Since 1 January 2011			From 31 May 2012 to end-June 2022
Maximum Aggregate Guaranteed Amount	Unlimited			The maximum aggregate guaranteed amount under the 80% Guarantee Product is HKD100 billion.

<p>Annual Guarantee Fee Rates</p>	<p>Range from 0.5% to 4.2% of the loan amount/ facility limit</p>	<p>Range from 0.5% to 1.44% of the loan amount/ facility limit</p> <p>Note:</p> <p>The Financial Secretary announced in the 2016-17 Budget Speech the reduction of the annual guarantee fee rates by 10% and the removal of the minimum annual guarantee fee rate of 0.5%. These guarantee fee concessions are applicable to any guarantee fees due and payable on qualifying 80% guarantees on or after 1 June 2016.</p> <p>The Government has announced in October 2018 and in August 2019 to implement and extend the Enhancement Measures respectively. The guarantee fee rates are reduced by 50% for any guarantee fees on qualifying guarantees under the 80% Guarantee Product due and payable on or after 19 November 2018 (not subject to a minimum annual guarantee fee rate of 0.5%). Annual Guarantee Fee Rate is not higher than 0.65% of the loan amount /facility limit.</p>
<p>Maximum Facility Amount</p>	<p>HKD12,000,000 (inclusive of any financed Single Upfront Guarantee Fee) under all Facility(ies) to a Borrower, its Subsidiaries and/or its Related Entities covered by one or more Guarantees issued and/or to be issued at any one time under the Scheme under normal circumstances.</p>	

Maximum Facility Amount	<p>Under the Enhancement Measures, qualifying guarantees under the 80% Guarantee Product may cover the Maximum Facility Amount of HKD15,000,000, applicable to applications for the 80% Guarantee Product submitted during 19 November 2018 to end-June 2022.</p> <p>However, with respect to any application for Guarantee Product SME80A or SME80B (but not any other Guarantee Product), the HKMCI may in its sole and absolute discretion determine that a Borrower and any of its Subsidiaries and/or its Related Entities may be entitled to separate Maximum Facility Amounts.</p> <p>Note: If a Borrower has any facility covered by a Guarantee Product (not being an SME80A or SME80B Guarantee Product), the Maximum Facility Amount shall apply as a cap on the total amount of facilities which is or is to be guaranteed by the HKMCI under the Scheme for that Borrower, its Subsidiary and/or its Related Entities.</p>
Eligible Borrower	
Business Entity	<p>The Borrower:</p> <p>(a) must be a company, sole proprietorship, partnership or unincorporated body of persons which has business operation in Hong Kong and remains registered under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong);</p> <p>(b) shall not be carrying on the business of a lender or otherwise providing funds available for borrowing in any way;</p> <p>(c) shall not be an affiliate of the Lender; and</p> <p>(d) shall not be a company or corporation which has any of its shares listed on The Stock Exchange of Hong Kong Limited (whether on its Main Board or the Growth Enterprise Market) or any similar exchange in or outside Hong Kong.</p>
Business Operation History	The Borrower's business must have been in operation for at least one year in Hong Kong as at the date of submission of the relevant Application Form.
Credit History	The Borrower must not have any Outstanding Default.
Eligible Facility	
Currency	Denominated in Hong Kong Dollars (in the case of a Facility of a revolving nature, drawing under such Facility can be in foreign currency).
Repayment Term	In respect of a Facility of a non-revolving nature, the Borrower is allowed

	to pay interest only in the first six months after the Starting Date of the Facility, and to repay principal and pay interest over the remaining tenor of the Facility thereafter. The Facility shall be repaid by instalments, and the period between each repayment of principal should not exceed three months and should be fully amortised by the end of the Guarantee Period.
Maximum Guarantee Period	5 years under normal circumstances. Under the Enhancement Measures, qualifying guarantees under the 80% Guarantee Product may cover the Maximum Guarantee Period of 7 years, applicable to applications for the 80% Guarantee Product submitted during 19 November 2018 to end-June 2022.
Other Product Features	
Personal Guarantee	A person, who is an individual, or a group of persons (who are individuals) who, directly or indirectly, hold(s) or is/are beneficially entitled to more than 50% of the issued share capital or equity interest of the Borrower shall enter into an irrevocable, unconditional and legally binding guarantee in favour of the Lender in relation to the relevant Facility (if more than one person, on a joint and several basis).
Use of Proceeds	<p>The proceeds from the Facility must be used:</p> <p>(a) for the purpose of acquisition of assets (such as industrial or commercial properties, machinery and equipment, but excluding residential properties) to facilitate the Borrower's business operations or of general working capital for the Borrower's business operations; or</p> <p>(b) for refinancing of Facilities or facilities that were guaranteed under the Scheme (the Facilities and such facilities, collectively the “Existing Facilities”) provided that:</p> <ol style="list-style-type: none"> i. the Lender has no credit concerns regarding the Borrower’s ability to perform its obligations (in particular, no demand for payment or repayment has been served on the Borrower, and there has been no payment default, debt- restructuring or enforcement action against the Borrower) in respect of the Existing Facility; ii. if the Existing Facility was for acquisition of assets, Security must be taken over such assets in relation to the facility being applied for, and such Security shall be deemed to be a Security over assets acquired using the proceeds of the relevant facility so that all related provisions in the Master Deed of Guarantee shall apply; and iii. in the case of refinancing of facilities that were guaranteed under the Scheme, the relevant Application Form should be received by the

	<p>HKMCI before the expiry of the relevant guarantee under the Scheme; or</p> <p>(c) if applicable, for financing the Single Upfront Guarantee Fee.</p> <p>Except for (b) above, the proceeds from the Facility must not be used directly or indirectly, wholly or partially, in paying, repaying, restructuring or repackaging all or any part of any loan, credit facility or payment obligation (including any loan referred to as a "classified loan" by the Hong Kong Monetary Authority from time to time) of the Borrower, its Subsidiaries or its Related Entities, and/or in financing and/or re- financing the acquisition of any business installation, machinery, equipment or other asset that was in the ownership, control or possession of the relevant Borrower, its Subsidiaries and/or its Related Entities (whether as owner or otherwise) on or at any time before the date on which an application for the Facility is received by the Lender.</p>
Enquiry:	<p>Phone no. : 2536 0392</p> <p>Email : sfgs_enquiry@hkmci.hk</p>

3. SME Export Marketing Fund (EMF) (中小企業市場推廣基金)

Website:	https://www.smefund.tid.gov.hk/english/emf/emf_objective.html
Administered by:	Trade & Industry Department
Objective:	To encourage small and medium enterprises (SMEs) to expand their markets outside Hong Kong by providing financial assistance to SMEs for participation in export promotion activities.
Eligibility:	<p>An enterprise applying for a grant under EMF must fulfil the following requirements:</p> <ol style="list-style-type: none"> 1. It must be registered in Hong Kong under the <u>Business Registration Ordinance (Cap. 310)</u>. 2. It must meet the Government's definition of an SME, i.e. if it is engaged in manufacturing business, it must employ fewer than 100 persons in Hong Kong; and if it is engaged in non-manufacturing business, it must employ fewer than 50 persons in Hong Kong. 3. It must have substantive business operations in Hong Kong at the time of making the application. An enterprise holding a shell business registration or having its main business operation outside Hong Kong will not be regarded as having substantive business operations in Hong Kong. 4. If it has previously received EMF grants, the cumulative amount of grants received must not exceed the prevailing cumulative grant ceiling. Applicant enterprises which have similar business registration details (e.g. nature of business, address, contact numbers, shareholder/directorship) will be treated as connected enterprises. For the purpose of the cumulative grant ceiling, connected enterprises are treated as if they are one enterprise, i.e. the cumulative amount of grants received by the connected enterprises concerned are aggregated and must not exceed the cumulative grant ceiling. 5. It must not be the organiser/co-organiser/service provider or a related company of the organiser/co-organiser/service provider of the export promotion activity covered by the application.
Funding Amount:	The maximum amount of grant for each successful application will be 50% of the total approved expenditure incurred by the applicant enterprise or HKD100,000 whichever is the lower. There is no limit on the number of applications by an enterprise for EMF grants. However, each enterprise may receive EMF grants up to a cumulative limit of HKD400,000.

Project Duration:	Not applicable
Scope of Funding:	<p>EMF provides grants to SMEs for their participation in the following export promotion activities to promote their own products and/or services. Such export promotion activities/platforms must be organised/operated by organisations with a good track record:</p> <ol style="list-style-type: none"> 1. Trade fairs/exhibitions outside Hong Kong. 2. Business missions outside Hong Kong. 3. Local trade fairs/exhibitions which mainly target at markets outside Hong Kong. 4. Placing advertisements on printed trade publications which mainly target at markets outside Hong Kong. 5. Export promotion activities (such as placing advertisements, keyword search, listing product information, setting up or enhancing online shop, etc.) which are conducted through electronic platforms/media and which mainly target at markets outside Hong Kong. 6. Setting up or enhancement of a corporate website/mobile application of the applicant enterprise which mainly targets at markets outside Hong Kong
Enquiry:	<p>Phone no. : 2398 5127 / 2398 5125 Fax no. : 2391 2646 / 3525 0329 Email : emf_enquiry@tid.gov.hk</p>

4. Funding Support for Small-sized Meeting, Incentive & Convention (MIC) Groups 2019/20

Website:	https://partnernet.hktb.com/en/industry_news/circulars/index.html?id=3612
Administered by:	Hong Kong Tourism Board (HKTB)
Objective:	To provide business building assistance for Hong Kong inbound tour operators, to enhance their competitiveness in attracting small-sized meeting, incentive and convention businesses to Hong Kong.
Eligibility of Applicant:	<p>The Applicant should be a Hong Kong licensed travel agent with <i>Ordinary Membership</i> of Travel Industry Council of Hong Kong.</p> <p>The Applicant should be the official Hong Kong inbound tour operator* appointed by the overseas MIC event organiser or overseas travel agent to take up the following role:</p> <ol style="list-style-type: none"> a. the hotel accommodation booking for the MIC group; b. if the hotel booking is directly arranged by the overseas organiser or overseas travel agent, the Applicant should handle both local transportation and meal arrangements (at least one lunch or dinner) for the event. <p><i>*Only one official operator for each eligible MIC group.</i></p>
Eligibility of Meeting, Incentive or Convention (MIC) Group:	<p>The group size should be between 30* and 400 non-Hong Kong participants, who are:</p> <ol style="list-style-type: none"> a. employees and invited guests of a commercial corporation which organises a corporate meeting; b. employees or business associates of a commercial corporation which organises an incentive travel; or c. attendees of a convention <p><i>*HKTB has made amendment to the 2019/20 funding scheme and lowered the minimum group size from 30 to 20 non-Hong Kong participants with effect from 1 October 2019 to 31 March 2020.</i></p> <p>For multiple MIC groups coming from the same commercial corporation, trade or professional association for the same visit purposes within any three-month period, the Applicant shall consolidate these multiple groups</p>

	<p>into one single application for the same organiser with the accumulated total number of non-Hong Kong participants.</p> <p>The MIC group should stay in Hong Kong for a minimum of 2 nights at a hotel, which is a member of the Hong Kong Hotels Association (HKHA) or the Federation of Hong Kong Hotel Owners (FHKHO).</p> <p>The arrival date of the eligible MIC group should fall between 11 April 2019 and 30 September 2020.</p>		
Definition of a Qualified MIC Event:	<p>Meeting event:</p> <ol style="list-style-type: none"> Internal and external corporate meetings organised by commercial corporations for business purposes. The event should comprise at least one half-day meeting proceedings (minimum 2 hours in total) in the meeting programme. Visitors should be non-Hong Kong employees and invited guests of the commercial corporation which organises the meeting event. <p>Incentive event:</p> <ol style="list-style-type: none"> The trip should be paid or sponsored by commercial corporations to reward their employees or business associates for performance recognition and team building. The incentive trip itinerary should comprise at least one special event for performance recognition or team building purposes. Visitors should be non-Hong Kong employees or business associates of the commercial corporation which organises the incentive event. <p>Convention event:</p> <ol style="list-style-type: none"> Conferences, congresses, seminars or forums organised by trade or professional associations. The event should comprise at least one half-day meeting proceedings (minimum 2 hours in total) in the convention programme. Visitors should be non-Hong Kong attendees of the convention event. 		
Funding Support:	<p>Funding support will be offered to the successful applicant for serving a qualified MIC group in Hong Kong according to the actual number of non-Hong Kong participants and on reimbursement basis under the following tier structure:</p> <table border="1" data-bbox="352 2011 1294 2107"> <tr> <td>Number of non-Hong Kong participants</td> <td>Maximum amount of funding support from HKTB (HKD)</td> </tr> </table>	Number of non-Hong Kong participants	Maximum amount of funding support from HKTB (HKD)
Number of non-Hong Kong participants	Maximum amount of funding support from HKTB (HKD)		

30-50	10,000
51-75	15,000
76-100	20,000
101-200	30,000
201-400	40,000

(Note: The maximum eligible funding will be reimbursed to the Applicant based on the actual number of non-Hong Kong participants who joined the MIC event in Hong Kong. In case of any update on the actual group size, the Applicant should notify the Hong Kong Tourism Board (HKTB) within 10 working days of the completion of the MIC event.)

To provide business building assistance for Hong Kong inbound tour operators to attract small-sized MIC groups, the funding should be utilised for:

- a. Providing special hospitality offers for eligible MIC groups in the following areas:
 - i. Hotel accommodation
 - ii. Meals
 - iii. Meeting packages
 - iv. Special events
 - v. Attraction admissions
 - vi. Cultural performances
 - vii. Greeting services
 - viii. Local transportation
- b. Offsetting the cost of *pre-event site inspection visit in Hong Kong for eligible MIC groups in the following areas:
 - i. Round-trip air tickets (economy class only)
 - ii. Hotel accommodation (the maximum room rate eligible for the support is HK\$1,620 per room per night inclusive of service charges)

**The visit should be attended by overseas event organisers, event planners, travel agents or professional conference organisers (PCOs).*

The total cumulative amount of approved funding for each Applicant will not exceed HK\$500,000 in respect of applications starting from 1 April 2019 to 31 March 2020.

Funding will be allocated to eligible Applicants on a reimbursement and first-come, first-served basis based on actual group size of non-Hong Kong participants (upon receipt of a completed application with all required

	<p>details and documentation), subject to the overall funding availability and approval of the HKTB.</p>
<p>Application Period:</p>	<p>All applications should be submitted by the Applicant to the HKTB during the period of 1 April 2019 to 31 March 2020 for processing. (Note: The arrival date of eligible MIC groups in Hong Kong should fall between 11 April 2019 and 30 September 2020.)</p>
<p>Application Procedures:</p>	<p>The Applicant should send the fully completed <i>Application Form</i> (Form A) at least 7 working days (Monday to Friday, excluding public holidays) prior to the arrival date of the eligible MIC group in Hong Kong to the HKTB by email or fax. Late submissions will not be accepted.</p> <p>The Applicant is required to submit the event programme/itinerary (which should include an activities outline with dates, time, venue and rundown).</p> <p>Within 10 working days (Monday to Friday, excluding public holidays) of the completion of the MIC event, the Applicant is required to submit the following supporting documents to the HKTB:</p> <p>a) the <i>Letter of Appointment</i> (Form B) to be signed by the overseas event organiser or overseas travel agent specifying:</p> <p>i. the appointment of the Applicant as the official Hong Kong inbound tour operator for the MIC group; and</p> <p>ii. name of overseas event organiser, event name, travel period, number of non-Hong Kong participants, main event venue, hotel for group accommodation, etc.</p> <p>Note:</p> <p>As an alternative to the <i>Letter of Appointment</i> (Form B), the Applicant can submit a copy of the service agreement counter-signed by the Applicant and the overseas event organiser or overseas travel agent with their respective company chops. The agreement should clearly state all the required details as specified in Form B.</p> <p>The agreement copy which serves as an alternative to Form B should be submitted to the HKTB together with the completed <i>Application Form</i> (Form A) at least 7 working days prior to the arrival date of the eligible MIC group in Hong Kong. While the agreement copy will be kept by the HKTB for internal checking and record purposes only, the Applicant should ensure that the disclosure of its content to HKTB does not violate any confidentiality terms between the Applicant and the overseas event organiser or overseas travel agent.</p>

	<p>The HKTB reserves the right to accept the agreement copy as an alternative to Form B, subject to the completeness of all the required details as specified in points (i) and (ii) above. The HKTB may request for additional supporting documents or information as it deems appropriate.</p> <p>b) the <i>Letter of Confirmation of Hotel Stay</i> (Form C) signed by the hotel director of sales/ director of marketing (or above) to confirm the stay of the group. The letter should list out details of the MIC group (including event name, travel period, number of non-Hong Kong participants, meeting/convention venue and hotel booking details, etc). The hotel booking should be confirmed on or after 1 April 2019 so as to be eligible for funding support.</p> <p>c) a copy of invoice(s) of the related special hospitality offers and/or site inspection visit expenses issued by third-party service supplier(s) as supporting documents.</p>
<p>Funding Provision:</p>	<p>Under normal circumstances, the HKTB will complete the processing of a valid application within 30 working days from the date of receipt of the duly completed application accompanied by all necessary supporting documentation, upon confirmation of the eligible MIC event. The Applicant will be notified of the application result (successful or otherwise) by the HKTB in writing by email.</p> <p>The successful Applicant is then required to issue an invoice for the eligible funding to the HKTB for funding provision.</p>
<p>Enquiry:</p>	<p>Phone no. : 8120 0056 Fax no. : 2503 6356 Email : SMGsupport@hktb.com</p>