

SME Financing Guarantee Scheme (SFGS)

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.
Annual Guarantee Fee Rates	Range from 0.5% to 4.2% of the loan amount/ facility limit			<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> <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	<p>5 years under normal circumstances.</p> <p>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.</p>

Other Product Features	
Personal Guarantee	<p>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).</p>
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 HKMCI before the expiry of the relevant guarantee under the Scheme; or <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")</p>

	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.
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