

SME Loan Guarantee Scheme (SGS)

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 Business Registration Ordinance (Cap. 310) 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>
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