

SME Financing Guarantee Scheme

Special 100% Guarantee Product

The Special 100% Guarantee Product has been well received by small and medium enterprises (SMEs) deeply impacted by COVID-19 epidemic since its introduction on 20 April 2020. The Government enhanced the Special 100% Guarantee Product in September 2020, as follows:

- increased the maximum loan amount per enterprise from the total amount of employee wages and rents for six months to that for 12 months, or HK\$5 million (from the original ceiling of HK\$4 million), whichever is lower; and
- increased the maximum repayment period from 3 years to 5 years.

The application procedures have been kept simple to ensure expeditious approval and release of loan to borrowers.

80% and 90% Guarantee Products

The 80% and 90% Guarantee Products were launched in 2012 and 2019 respectively. Having regard to the impact of the COVID-19 epidemic, the Government has enhanced both products in May 2020, as follows :

- increased the maximum loan amounts;
- extended the eligibility coverage to companies listed in Hong Kong for one year; and
- provided interest subsidy of up to 3% for one year.

Background

2. To further relieve SMEs' financial burden, principal moratorium is offered to all the loans guaranteed under the SFGS.

3. All three Guarantee Products are administered by the HKMC Insurance Ltd. and are offered through participating lending institutions. Details of the products are in **Annex**.

Annex

Parameters of guarantee products under the SME Financing Guarantee Scheme

	80% Guarantee Product	90% Guarantee Product	Special 100% Guarantee Product
Launched in	May 2012	December 2019	April 2020
Application period	Until 30 June 2022	Until 30 June 2022	Until 19 April 2021
Maximum amount of credit facility per enterprise	\$18 million	\$8 million	12 months of employee wages and rents, or \$5 million, whichever is the lower
Maximum Government guarantee commitment	\$100 billion	\$33 billion	\$50 billion
	Commitments of different guarantee products may be used interchangeably, subject to maximum total guarantee limit of \$183 billion		
Maximum guarantee period	7 years	5 years	5 years
Maximum loan interest rate	10% Interest subsidy of up to 3% for 12 months	8% - 10% Interest subsidy of up to 3% for 12 months	P - 2.5% p.a. (effectively 2.75%)
Principal moratorium	Up to 18 months	Up to 18 months	Up to 12 months
Eligible borrower	Registered in Hong Kong under the Business Registration Ordinance (Chapter 310), and must have business operation for at least 1 year	Registered in Hong Kong under the Business Registration Ordinance (Chapter 310)	Registered in Hong Kong under the Business Registration Ordinance (Chapter 310), have business operation for at least 3 months by December 2019, and have suffered at least a 30% decline in sales turnover in any month since February 2020 compared with the monthly average of any quarter in 2019

	80% Guarantee Product	90% Guarantee Product	Special 100% Guarantee Product
Personal guarantee	Personal guarantee by individual shareholder(s), directly or indirectly, holding more than 50% of the equity interest of the enterprise is required	Personal guarantee by individual shareholder(s), directly or indirectly, holding more than 50% of the equity interest of the enterprise is required	Personal guarantee by individual shareholder(s), directly or indirectly, holding more than 50% of the equity interest of the enterprise is required
Guarantee fee	Between 4.5% to 5.4% of interest rate	Between 4.5% to 5.4% of interest rate	Nil