

The SME Financing Guarantee Scheme helps Hong Kong SMEs upgrade and transform their plants in mainland China

Small and medium-sized enterprises (“SMEs”) in Hong Kong are committed to the pursuit of innovation, productivity and competitiveness by enhancing their operational efficiency from time to time. Funding is necessary to implement any upgrade and transformation proposal. The SME Financing Guarantee Scheme (“Scheme”)* was launched on 1 January 2011. The Scheme aims to help non-listed SMEs to obtain financing from participating lenders for meeting their business needs so as to enhance their productivity and competitiveness. Under the Scheme, the HKMCI Insurance Limited (“HKMCI”) may provide guarantee coverage of 50%, 60% or 70% to the approved facilities of eligible enterprises. The Government introduced the Special Concessionary Measures under the Scheme on 31 May 2012, which provides 80% guarantee coverage to eligible facilities approved by participating lenders at concessionary guarantee fee rates, to assist SMEs to obtain bank financing for daily operations or equipment procurement, and assist the lenders to mitigate the credit risk at the same time. Each enterprise and its related entity(ies) can obtain guarantee(s) in respect of facility(ies) not exceeding HK\$12 million in total at any one time under the Scheme. The maximum loan tenor is 5 years. As at the end of March 2017, over 7,400 enterprises from various industries with over 194,000 employees have benefited from the Scheme. To promote greater understanding of the Scheme, Dah Sing Bank, Limited (“DSB”) was invited to share one of the success stories under the Scheme.

consolidation project so it sought funding options in discussion with its relationship manager of DSB. The relationship manager introduced the Scheme to the enterprise. With the consent of the enterprise, the relationship manager assisted in the application for the Scheme, and the application was successfully approved within a short period of time. Supported by the HKMCI’s guarantee under the Scheme, DSB granted additional facilities to the enterprise to support its operations and upgrade of plants, freeing the enterprise from its funding concerns so that it could focus on its business expansion. With the newly constructed plants, the cost effectiveness of the enterprise was enhanced and the enterprise became more competitive in the market with increasing operating scale. A closer partnership between the enterprise and DSB was established, and DSB has strengthened its financial support to the enterprise. The enterprise continued to expand its businesses in the past few years with a double-digit growth in turnover. According to the enterprise, the Scheme provided it with flexibility and convenience, which are beneficial to the development of SMEs, and the enterprise would continue to participate in the Scheme.

Mr Eddie Shing-Tat Lau, Executive Director and Head of Commercial Banking Division of DSB, said, “SMEs are important cornerstones of the economy in Hong Kong, so we have been focusing on our customer services to SMEs and providing comprehensive banking solutions so that clients can focus on their businesses. We have been actively participating in various loan guarantee schemes for SMEs led by the Government over the past couple of years, especially the SME Financing Guarantee Scheme operated by the HKMCI which assists clients to effectively cope with their capital needs so that they can use their valuable time to focus on the development and growth of their businesses.”

Many SMEs in Hong Kong with businesses in the mainland China have benefited from the Scheme since its launch.

Mr Colin Pou, Executive Director and Chief Executive Officer of the HKMCI, shared, “Currently, the Special Concessionary Measures are available for non-listed SMEs registered in Hong Kong and which have been operating in Hong Kong for one year to apply. Enterprises in Hong Kong with business ties in the mainland China can also apply for loans under the Scheme from the lenders as long as they fulfill the eligibility criteria. As at the end of March 2017, about 11,700 applications were approved under the Special Concessionary

Measures involving a total guarantee amount of over HK\$37.2 billion, of which over 23% of the approved applications were by enterprises engaging in the manufacturing industry. Many enterprises in Hong Kong with businesses in the mainland China have already benefited from the Scheme.”

For enquiries, please contact:
1. the participating lenders; or
2. the HKMCI

Hotline: 2536 0392
Enquiry Email: sfgs_enquiry@hkmci.hk



Sharing of a Success Story: An enterprise backed up by the bank to reorganise product lines

The enterprise is a Hong Kong manufacturer of plastic products and moulds, and is one of the suppliers of several reputable brands and international electronics companies. The enterprise originally had several plants in Shenzhen. To optimise its operational efficiency, it planned to reorganise product lines and consolidate these plants for relocation to Huizhou over the past two years. The enterprise needed funding for the

* The SME Financing Guarantee Scheme (“Scheme”) was launched on 1 January 2011 by The Hong Kong Mortgage Corporation Limited (“HKMC”). Since 1 May 2018, the Scheme business has been transferred to and carried out by HKMC Insurance Limited (“HKMCI”), a wholly-owned subsidiary of the HKMC.