



The SME Financing Guarantee Scheme helps enterprises to obtain funding for business expansion

People in Hong Kong are famous for their innovation, flexibility and adaptability. No wonder it is the cradle for nurturing young entrepreneurs. However, it is essential to have the initial funds to implement the best ideas. The SME Financing Guarantee Scheme (“**Scheme**”)* was launched on 1 January 2011. The Scheme aims to help small and medium-sized enterprises (“**SMEs**”) and non-listed enterprises to obtain financing from participating lenders for meeting their business needs to enhance their productivity and competitiveness. Under the Scheme, the HKMC 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 October 2016, about 7,000 enterprises from various industries with over 179,000 employees have benefited from the Scheme since its introduction. To promote a greater understanding of the Scheme, DBS Bank (Hong Kong) Limited (“**DBS Bank**”) was invited to share a success story under the Scheme.

Sharing of a Success Story: Outstanding growth of six times in revenues over three years of an SME supported by DBS Bank through the SME Financing Guarantee Scheme

The borrowing enterprise was a company engaging in the container transportation services (air transportation). The company had only been established for only one year in November 2012 and needed more working capital to develop its business but could not provide any collateral. To help the company, the relationship manager of DBS Bank introduced the Scheme to the company. After a preliminary analysis, the bank considered that the company

was eligible to apply for the Scheme and applied for overdraft and trade financing facilities for the company, and the overdrafts and trade financing facilities were successfully approved. This was the first enterprise loan provided by the bank to the company, and a closer partnership was established between the company and DBS Bank thereafter. The guarantee under the Scheme provided solid support for the growth of business of the company, and also assisted it in overcoming difficulties under the tough economic environment and intense competitions within the industry. With the growth of the business of the company, the confidence and financial support from DBS Bank to the company also increased. In the past three years, the business and number of employees of the company continued to expand, and its turnover recorded outstanding growth of six times. The support from the guarantee under the Scheme and the professional services from the team of DBS Bank were vital in helping the company in achieving better results of the business of the company.

Mr Patrick Lau, Executive Director of Institutional Banking Group of DBS Bank shared, “As a partner of SMEs, DBS Bank would always be supportive of the growth of the SMEs, and provide customized solutions which would achieve each milestone in the course of business development of the SMEs. Armed with a comprehensive understanding of the SME Financing Guarantee Scheme of the HKMCI, we are able to assist SMEs to cope with the funding requirements in respect of the operations and business, so as to substantially enhance their productivity and competitiveness!” Many SMEs have benefited from the Scheme since its introduction. Mr Colin Pou, Executive Director and Chief Executive Officer of the HKMCI, also shared, “Many SMEs have been successfully approved for facilities since the introduction of the Special Concessionary Measures, among which, only less than 3% of the facilities were backed by tangible collateral. In other words, over 90% of the remaining facilities were to SMEs which lacked tangible collaterals and were able to obtain the required financing from banks, which demonstrated that the Special Concessionary Measures can provide timely funding for SMEs which lack assets.”

For enquiries, please contact:
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* 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.

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