SME Financing Guarantee Scheme Factsheet

Enterprise should contact the participating lenders ("**Lenders**") to apply for the loan or credit facility. The Lenders will use their professional expertise, judgement and care in conducting customer due diligence, reviewing each application (including all statements made and any information or documents provided in or with any application), assessing the credit-worthiness of each borrower and personal guarantor under the 80% and 90% Guarantee Products, verifying the eligibility of each loan applicant, and making approval decision before submitting the guarantee applications and relevant supporting documents to HKMC Insurance Limited ("**HKMCI**") for review and approval. Lenders shall comply with all banking regulations, guidelines and recommendations imposed or promulgated by any regulatory or other body exercising a supervisory function in Hong Kong from time to time, including but not limited to guidelines and circulars issued by the Hong Kong Monetary Authority from time to time in respect of prudent credit risk management principles.

The Lender and/or the HKMCI may request the Borrower to provide further supporting documents and information to support a loan application, and for the Lender and/or HKMCI to verify documents and information from any source or in any manner as the Lender and/or the HKMCI may choose or deem appropriate.

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

	80% Guarantee Product	**90% Guarantee Product**	**Special 100% Loan Guarantee**
Guarantee Ratio	80%	90%	100%
Application Period	From 31 May 2012 to 31 March 2028.	From 16 December 2019 to 31 March 2026. **(The application period has closed)**	From 20 April 2020 to 31 March 2024. **(The application period has closed)**
Annual Guarantee Fee Rates	The Annual Guarantee Fee Rate is up to 0.45% of the loan amount or facility limit, where applicable. Borrowers shall pay the guarantee fee by annual payments or, for term loans, by an upfront lump-sum ("**Single Upfront Guarantee Fee")** payment. Any Single Upfront Guarantee Fee payment can be financed by utilising the relevant Facility. Enterprises can obtain a rough indication of	• For Borrowers with business operation history more than three years in Hong Kong: Up to 0.36% of the loan amount • For Borrowers with business operation history of three years or less in Hong Kong: Up to 0.45% of the loan amount Borrowers can pay the guarantee fee by annual payments or, by Single Upfront Guarantee Fee payment. Any Single	Not applicable

SME Financing Guarantee Scheme Factsheet

<table>
<tr><th></th><th>80% Guarantee Product</th><th>90% Guarantee Product</th><th>Special 100% Loan Guarantee</th></tr>
<tr><td></td><td>the guarantee fee amount by making use of the Scheme's guarantee fee calculator in the HKMC official website (www.hkmc.com.hk/sfgs) and consult the Lenders for details.</td><td>Upfront Guarantee Fee payment can be financed by utilising the relevant Facility. Enterprises can obtain a rough indication of the guarantee fee amount by making use of the Scheme's guarantee fee calculator in the HKMC official website (www.hkmc.com.hk/sfgs) and consult the Lenders for details.</td><td></td></tr>
<tr><td rowspan="2">Maximum Facility Amount</td><td>HK$18,000,000* (at any point of time, including credit Facilities guaranteed under the 80% and 90% Guarantee Products).</td><td>HK$8,000,000* (at any point of time, including credit Facilities guaranteed under the 80% and 90% Guarantee Products).</td><td rowspan="2">• The total amount of wages and rents for 27 months payable by the Borrower, or HK$9,000,000 (including approved Facility(ies), if any), whichever is the lower.

• For a Borrower that does not have both payment of wages and rents, proxy is made to 50% of the highest monthly net income before tax during the period of January 2019 to March 2022 ("Reference Period") multiplied by 27.

<u>Note</u>:
The Lender shall request the Borrower to provide supporting documents where appropriate.

For subsequent applications, facilities amount previously approved, if applicable, has to be deducted from the Maximum Facility Amount.</td></tr>
<tr><td colspan="2">HKMCI may at its sole and absolute discretion to determine whether a Borrower, its Subsidiaries and/or its Related Entities is/are entitled to separate Maximum Facility Amount.

* Inclusive of any financed Single Upfront Guarantee Fee for any Facility(ies) to a Borrower, its Subsidiaries and/or its Related Entities covered by one or more qualifying guarantees issued under the Scheme.</td></tr>
</table>

SME Financing Guarantee Scheme Factsheet

	80% Guarantee Product	90% Guarantee Product	Special 100% Loan Guarantee
			An enterprise may apply for a Facility under Special 100% Loan Guarantee irrespective of whether it, its Subsidiaries and/or its Related Entities has/have any Facility(ies) covered by 80% and/or 90% Guarantee Product. Multiple applications under the Special 100% Loan Guarantee from the same enterprise shall be submitted to the same Lender. Any loan amount repaid under the Special 100% Loan Guarantee cannot be re-borrowed.
Eligible Borrower			
Business Entity	The Borrower: (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); (b) shall not be carrying on the business of a lender or otherwise providing funds available for borrowing in any way; (c) shall not be an affiliate of the Lender; and (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.		

SME Financing Guarantee Scheme Factsheet

	80% Guarantee Product	90% Guarantee Product	Special 100% Loan Guarantee
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.	Not applicable	• The Borrower must have business operation in Hong Kong for at least three months as at 31 March 2022. • The Borrower must have suffered at least a 30% decline in sales turnover in any month since February 2020 ("**Affected Period**") compared with the monthly average of any preceding quarter from the Reference Period (as defined in the Maximum Facility Amount), provided that the Affected Period must not be earlier than the Reference Period.
Credit History	The Borrower must not have any outstanding default as defined by the Scheme.		The Borrower must not have any outstanding default of more than 60 days.
Eligible Facility			
Facility Type	Revolving or non-revolving Facility without any restriction on the proportion between them. The Borrower can borrow a revolving Facility and a non-revolving Facility at the same time.	Term loan only	Term loan only
Currency	Denominated in Hong Kong Dollars or foreign currency.		Denominated in Hong Kong Dollars

SME Financing Guarantee Scheme Factsheet

	80% Guarantee Product	90% Guarantee Product	Special 100% Loan Guarantee
Repayment Term	The non-revolving Facility shall be repaid by instalments and be fully amortised by the end of the Guarantee Period, and the period between each repayment of principal should not exceed three months. Notwithstanding the foregoing, the Lender may allow the Borrower, upon the Borrower's application, to pay interest only in the first six months from the Starting Date of the Facility, and to repay principal and pay interest by instalments over the remaining tenor of the Facility thereafter. The Guarantee Period will not be extended due to Borrower's payment of interest only.	The Facility shall be repaid by instalments and be fully amortised by the end of the Guarantee Period, and the period between each repayment of principal should not exceed three months. Notwithstanding the foregoing, the Lender may allow the Borrower, upon the Borrower's application, to pay interest only in the first twelve months from the Starting Date of the Facility, and to repay principal and pay interest by instalments over the remaining tenor of the Facility thereafter. The Guarantee Period will not be extended due to Borrower's payment of interest only.	The Facility shall be repaid by monthly instalments and be fully amortised by the end of the Guarantee Period. Notwithstanding the foregoing, the Lender may allow the Borrower, upon the Borrower's application, to pay interest only in the first twelve months from the Starting Date of the Facility, and to repay principal and pay interest by instalments over the remaining tenor of the Facility thereafter. The Guarantee Period will not be extended due to Borrower's payment of interest only.
Repayment Relief Arrangement	**Partial Principal Repayment ("PPR") arrangement** PPR arrangement is available for eligible Facilities of a non-revolving nature with the relevant SFGS *Application Forms* received by Lenders on or before 30 September 2023 (expiry of application period of previous PM arrangement) or SFGS *Application Forms* received by the HKMCI on or after 18 November 2024 (effective date of 2024-PM). The Borrowers may apply for PPR arrangement during the term of the Facility. During a PPR period, the Borrower may repay a portion of the original principal repayment amount ("**OPRA"**) in accordance with the PPR option(s) approved by the Lender. The minimum PPR percentage ("**PPR%**") is 10% and the maximum aggregate PPR period for any Facility is 48 months, including any PPR period commenced (but not early terminated) under the same Facility. The Borrower may opt for one of the following PPR transition periods for gradual resumption of normal repayment:		

SME Financing Guarantee Scheme Factsheet

	80% Guarantee Product	90% Guarantee Product	Special 100% Loan Guarantee
	(a) 4-year PPR transition period: First year: PPR% in the range of 10% to 20% of the OPRA, Second year: PPR% in the range of 30% to 40% of the OPRA, Third year: PPR% in the range of 50% to 60% of the OPRA, Fourth year: PPR% in the range of 70% to 80% of the OPRA, and Fifth year: Resume normal repayment. (b) 3-year PPR transition period: First year: PPR% in the range of 10% to 30% of the OPRA, Second year: PPR% in the range of 40% to 60% of the OPRA, Third year: PPR% in the range of 70% to 80% of the OPRA, and Fourth year: Resume normal repayment. (c) 2-year PPR transition period: First year: PPR% in the range of 20% to 40% of the OPRA, Second year: PPR% in the range of 60% to 80% of the OPRA, and Third year: Resume normal repayment. (d) 1-year PPR transition period: First year: PPR% in the range of 50% to70% of the OPRA, and Second year: Resume normal repayment. (e) other PPR arrangement as approved by the Lender taking into account the Borrower's individual circumstances.		

SME Financing Guarantee Scheme Factsheet

	80% Guarantee Product	90% Guarantee Product	Special 100% Loan Guarantee
	The Borrowers eligible for PPR may apply for extension of the Guarantee Period proportionately with reference to the PPR period and unpaid portion of the OPRA. **Eligibility Criteria of PPR arrangement:** (i) the Borrower is not in the process of ceasing operations, an undischarged bankrupt or dissolved, nor subject to any winding up or bankruptcy petition or proceedings; (ii) the Borrower and/or the subject Facility shall not have any outstanding default for more than 60 days as at the date of the Lender's receipt of the Borrower's application for PPR; and (iii) after the end of the PPR period, the amount of indebtedness shall not be increased, the Borrower shall repay the outstanding loan amount by instalments over the remaining tenor of the Facility (i.e. bullet repayment structure is not allowed). Note: The Borrowers who are interested in applying for PPR but have outstanding default can contact their Lenders to learn how to repay some overdue payments to meet the eligibility criteria or to explore other possible debt workout or debt repayment arrangements. The Borrowers who wish to learn more about the PPR arrangement and the corresponding extensions of Guarantee Period shall contact their Lenders.		
Maximum Guarantee Period	**For qualifying guarantees under the Enhancement Measures rolled out in or after 2018:** 10 years plus the extended Guarantee Period under the Relief Arrangement (if applicable) **For other guarantees:** 5 years plus the extended Guarantee Period under the Relief Arrangement (if applicable)	8 years plus the extended Guarantee Period under the Relief Arrangement (if applicable)	10 years plus the extended Guarantee Period under the Relief Arrangement (if applicable)

SME Financing Guarantee Scheme Factsheet

	80% Guarantee Product	90% Guarantee Product	Special 100% Loan Guarantee
Overall Interest Rate	The Scheme requires the overall interest rate of the Facility(ies) not exceeding a specified overall interest rate ceiling. The HKMCI will also consider applications with overall interest rate exceeding such ceiling on a case-by-case basis and, if such overall interest rate is accepted, the annual guarantee fee rate will be adjusted accordingly and the ranges specified under Annual Guarantee Fee Rates will not apply. The overall interest rate is the annualised percentage rate which includes the interest rate of the Facility and the relevant fees and charges that the Lenders may levy on the Facility. The HKMCI will adjust and announce the relevant ceiling to the overall interest rate in accordance with the interest rate cycle. The Maximum Overall Interest Rate is 10% per annum as at 30 October 2026. In special circumstances, the Maximum Overall Interest Rate of up to 12% per annum may be approved at the sole discretion of the HKMCI on a case-by-case basis. Enterprises should consult the Lenders as the overall interest rate level applicable to each Facility is decided by the Lenders.	The 90% Guarantee Product requires the overall interest rates of the guaranteed Facilities not exceeding specified interest rate ceilings, tiered based on the Borrower's business operation history. The HKMCI will adjust and announce the relevant ceiling to the overall interest rate in accordance with the interest rate cycle. Maximum Overall Interest Rate as at 30 October 2026: • 8% per annum for Borrowers with business operation history more than three years • 10% per annum for Borrowers with business operation history of three years or less Enterprises should consult the Lenders as the overall interest rate level applicable to each Facility is decided by the Lenders.	The annual interest rate will be based on the prime lending rate for Hong Kong Dollars as announced from time to time either by the HKMC ("**Hong Kong Prime Rate**") or by the relevant Lender ("**Lender's Prime Rate**"), depending on the Lender's practice. The Lender will inform the Borrower of the prime lending rate applicable to the Facility concerned before loan drawdown. Regardless of which prime lending rate is adopted, the annual interest rate at loan drawdown will be an interest rate of or equivalent to Hong Kong Prime Rate minus 2.5% per annum. After loan drawdown, the annual interest rate will be adjusted in accordance with any changes to the applicable Hong Kong Prime Rate or Lender's Prime Rate. The Borrower may refer to the "Information Centre – Rates Update" on the HKMC's website (www.hkmc.com.hk) for the Hong Kong Prime Rate or the relevant Lender for its Prime Rate announced from time to time.

SME Financing Guarantee Scheme Factsheet

	80% Guarantee Product	90% Guarantee Product	Special 100% Loan Guarantee
Other Features			
Personal Guarantee	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).		
Use of Proceeds	The proceeds from the Facility must be used: (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 (b) for refinancing of Facilities or facilities that were guaranteed under the Scheme (the Facilities and such facilities, collectively the "Existing Facilities") provided that: (A) 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; (B) 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 (C) 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		In addition to paying wages and rents, the Borrowers can use the proceeds from the Facility to meet imminent needs in working capital. Proceeds from the Facility must not be used for repaying, restructuring or repackaging all or any part of any loan, credit facility or payment obligation of the Borrower, its Subsidiaries or its Related Entities to the Lender, including any Scheme guaranteed Facilities granted to the Borrower by the same Lender.

	80% Guarantee Product	90% Guarantee Product	Special 100% Loan Guarantee
	(c) if applicable, for financing the Single Upfront Guarantee Fee. 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" 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.		

Remarks

The Scheme is operated by the HKMCI and is subject to the relevant terms and conditions. The copyright to the contents of this document is owned by the HKMCI.

In addition to the 80% Guarantee Product and 90% Guarantee Products with concessionary terms offered by the Government, there are 50%, 60% and 70% Guarantee Products under the Scheme. For details, please call the Scheme hotline at 2536 0392.

Please refer to the Scheme's webpage (https://www.hkmc.com.hk/sfgs) for the latest factsheet of the Scheme (by clicking "SME Financing Guarantee Scheme Factsheet") and the respective Lender's hotline (by clicking "List of Participating Lenders").