

**Subcommittee on Residential Care Homes (Persons with Disabilities)  
Regulation and Residential Care Homes (Persons with Disabilities)  
Ordinance (Commencement) Notice 2011**

**The Small and Medium Enterprises (SME)  
Loan Guarantee Scheme**

The SME Loan Guarantee Scheme (SGS) is an SME funding scheme run by the Trade and Industry Department (TID). Established in December 2001, the SGS helps SMEs secure loans from the participating lending institutions (PLIs) for acquiring business installations and equipment or meeting working capital needs, with the Government acting as the guarantor.

2. Major features of the SGS, including the eligibility criteria and maximum amount of loan guarantee provided by the Government, are set out below:

- (a) all SMEs<sup>1</sup> registered under the Business Registration Ordinance (Chapter 310) and with substantive business operation<sup>2</sup> in Hong Kong can apply;
- (b) the Government acts as guarantor for up to 50% of the approved loans under the SGS. The maximum amount of loan guarantee for each SME is \$6 million. Based on the maximum guarantee ratio of 50%, the corresponding loan amount is \$12 million;

---

<sup>1</sup> Under the definition of the Government of Hong Kong Special Administrative Region, an SME is a manufacturing business which employs fewer than 100 persons in Hong Kong; or a non-manufacturing business which employs fewer than 50 persons in Hong Kong.

<sup>2</sup> The applicant should have substantive business operation in Hong Kong. In this connection, an enterprise holding a shell business registration or having most of its main business operation outside Hong Kong will not be regarded as having substantive local business operation.

- (c) the SGS covers two types of loans: (i) Business Installations and Equipment Loan (BIE); and (ii) Working Capital Loan (WCL). Government's guarantee can be used to secure loans for either BIE only or WCL only, or a combination of both, provided that the guarantee ceiling for each SME does not exceed \$6 million;
- (d) each SME is allowed to recycle the guarantee once, after it has fully paid up the loan backed up by the guarantee;
- (e) the maximum guarantee period is five years; and
- (f) all applications must be lodged through the PLIs.

3. Operators of private residential care homes for persons with disabilities interested in the SGS and meeting the eligibility criteria as set out in paragraph 2(a) above are welcome to lodge applications through the PLIs.

4. Currently 39 PLIs have joined the SGS. A list of the PLIs and more detailed information about the SGS can be downloaded from the website of TID's SME Funding Schemes at [www.smefund.tid.gov.hk](http://www.smefund.tid.gov.hk).

Commerce and Economic Development Bureau  
Trade and Industry Department  
October 2011