

# CHARLTONS

SOLICITORS



Hong Kong

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## HONG KONG GOVERNMENT SUPPORT FOR LOCAL ENTERPRISES & SMEs

Local enterprises and small and medium enterprises (**SMEs**) have been severely affected by the COVID-19 outbreak. The Government of Hong Kong has in place a series of supporting policies to assist those local businesses and SMEs which meet the qualifying criteria and are successful with their application. We have compiled a list of these Government initiatives, setting out the key details with respect to each of the funding initiatives.

### 1. Funding Schemes available for SMEs in Hong Kong

The Hong Kong Government offers various funding schemes to SMEs, such as guarantees for bank loans, sponsorship for exporting marketing activities and funding for SME development projects. Each of the schemes is designated to meet different business needs across different sectors. Businesses can choose the scheme that best suits their needs.

#### a. SME Exporting Marketing Fund (EMF)

The EMF aims to encourage SMEs to expand their markets outside Hong Kong by providing financial assistance to SMEs for participation in export promotion activities. The cumulative funding ceiling per enterprise is HK\$800,000 (increased from HK\$400,000 in January 2020). Applications may be submitted online via the Government's e-Form portal, by post, via drop-in box or in person to the Trade and Industry Department's (**TID**) "SME Export Marketing Fund Branch."

Eligibility	Funding Scope	Restrictions on Funding Expenditures
<ul style="list-style-type: none"><li>An enterprise must be registered in Hong Kong under the Business Registration Ordinance (Cap. 310).</li><li>An enterprise must meet the definition of an SME (i.e. manufacturing business – less than 100 employees; non-manufacturing business – less than 50 employees).</li></ul>	<ul style="list-style-type: none"><li>Trade fairs/ exhibitions outside Hong Kong.</li><li>Business missions outside of Hong Kong.</li><li>Local trade fairs/exhibitions which mainly target markets outside Hong Kong (Please click <a href="#">here</a> for more detailed requirements).</li><li>Placing advertisements on trade publications which mainly target markets outside Hong Kong.</li></ul>	<p>Only the following expenditures are eligible for funding support under EMF:</p> <ul style="list-style-type: none"><li>Rental fee for exhibition booths or other rental fees charged by organisers/co-organisers.</li><li>Construction, set-up and design fee of booth, transportation expenses for the components of the booth and exhibits, and other rental charges for booth furniture.</li><li>Participation fee charged by organiser/co-organiser.</li></ul>

Eligibility	Funding Scope	Restrictions on Funding Expenditures
<ul style="list-style-type: none"> <li>An enterprise must have substantive business operations in Hong Kong at the time of the application. (For further details please refer to the <a href="#">“Guidelines on the requirement of “substantive business operation”</a> issued by the TID).</li> <li>If an enterprise has previously received EMF funding, the cumulative amount of funding received must not exceed HK\$800,000. Connected enterprises (enterprises with similar business registration details) will be treated as one enterprise for determining cumulative funding ceiling.</li> </ul>	<ul style="list-style-type: none"> <li>Export promotion activities which are conducted through electronic platforms/media and which mainly target markets outside Hong Kong.</li> <li>Setting up or enhancement of a corporate website/mobile application of the applicant enterprise which mainly targets markets outside Hong Kong.</li> </ul>	<ul style="list-style-type: none"> <li>Advertisement fee and fee for printing brochures/leaflets bearing the full company name of the applicant enterprise and the activity concerned.</li> <li>Travelling and hotel expenses for applicant enterprises’ representatives.</li> <li>Non-recurrent fee for product information listing for sales purpose, setting up/enhancing and promoting online shop on electronic platforms/ media.</li> <li>Non-recurrent fee for setting up/enhancing the corporate website/mobile application.</li> </ul>

Eligibility	Funding Scope	Restrictions on Funding Expenditures
<ul style="list-style-type: none"> <li>An applicant enterprise must not be the organiser/ co-organiser/ service provider or a related company of the organiser/ co-organiser/ service provider of the export promotion activity.</li> </ul>		

Click here<sup>1</sup> for detailed application procedures.

### b. SME Loan Guarantee Scheme

The SME Loan Guarantee Scheme (**SGS**) provides a loan guarantee to SMEs. The aim of the SGS is to assist qualifying SMEs in securing loans from the participating lending institutions (**PLIs**) for the purposes of acquiring business installations and equipment or for meeting working capital needs of general business use of the SMEs.

Eligibility	Funding Scope	Restrictions on Funding Expenditures
<ul style="list-style-type: none"> <li>Registered under the <a href="#">Business Registration Ordinance (Cap. 310)</a> and with substantive business operations in Hong Kong</li> </ul>	<ul style="list-style-type: none"> <li>Business installations and equipment loans: for acquiring installations or equipment relating to the applicant’s business operation,</li> </ul>	<ul style="list-style-type: none"> <li>SGS is restricted to two forms of loans: business installation and equipment loans and working capital loans.</li> </ul>

<sup>1</sup> [https://www.smefund.tid.gov.hk/english/emf/emf\\_procedures.html](https://www.smefund.tid.gov.hk/english/emf/emf_procedures.html)

Eligibility	Funding Scope	Restrictions on Funding Expenditures
<p>(Please click <a href="#">here</a> to see the guideline on the requirement of “<b>substantive business operation</b>”).</p> <ul style="list-style-type: none"> <li>An enterprise must meet the definition of an SME (i.e. manufacturing business – less than 100 employees; non-manufacturing business – less than 50 employees).</li> <li>Not an associate of the lender.</li> <li>Not carrying on the business of a lender.</li> </ul>	<p>which may include machinery, tools, computer software and hardware, communication system, office equipment, transport facilities, furniture, and fixtures.</p> <ul style="list-style-type: none"> <li>Working capital loans: for meeting working capital needs of general business uses.</li> </ul>	

Click [here](#)<sup>2</sup> for detailed application procedures.

### c. Trade and Industrial Organisation Support Fund

The Trade and Industrial Organisation Support Fund (**TSF**) provides financial support to non-profit-distributing organisations to implement projects which aim at enhancing the competitiveness of non-listed Hong Kong enterprises in general or in specific sectors. Examples of activities under the projects may include, workshops, conferences, research studies and exhibitions.

Eligibility	Funding Scope	Disbursement of Funds
<ul style="list-style-type: none"> <li>Non-profit-distributing organisations (those which do not distribute profits to their directors, shareholders, employees or any other persons).</li> <li>Applicants should either be statutory organisations or organisations registered under Hong Kong laws.</li> <li>The applicant may engage an implementation agent to assist in carrying out the project. It should provide evidence in the application form (e.g. curriculum vitae of key project team members) to demonstrate that the agent has the capability to implement the project effectively.</li> </ul>	<p>All projects that are conducive to enhancing the competitiveness of non-listed Hong Kong enterprises in general or in specific sectors. The following items directly incurred for the project may be funded:</p> <ul style="list-style-type: none"> <li>Manpower (such as salaries).</li> <li>The cost of procuring or leasing of additional equipment for implementing the project.</li> <li>The fee paid to an implementation agent for assisting the applicant in carrying out the project.</li> </ul>	<ul style="list-style-type: none"> <li>Funds will generally be disbursed in two or three instalments, according to the cashflow projection as stipulated in the approved project proposal. The first instalment would be disbursed upon signing of the project agreement.</li> <li>Subsequent instalment(s) will be disbursed upon acceptance of the progress report(s) and audited accounts.</li> </ul>

<sup>2</sup> [https://www.smefund.tid.gov.hk/english/sgs/sgs\\_scheme.html](https://www.smefund.tid.gov.hk/english/sgs/sgs_scheme.html)

Eligibility	Funding Scope	Disbursement of Funds
<ul style="list-style-type: none"> <li>The applicant may also seek support from relevant organisations (other than for-profit commercial entities or those with political affiliations) to act as collaborating organisations for the project.</li> </ul>	<ul style="list-style-type: none"> <li>Other direct costs, which may include expenses for consumables, external consultancy fees, production and promotion costs of project deliverables, travelling expenses, external audit fees, and patent registration fee.</li> </ul>	

Click here<sup>3</sup> for detailed application procedures.

## 2. Other Government Funding Schemes

### a. Innovation and Technology Fund for Better Living

This fund subsidises innovation and technology projects which will bring more convenient, more comfortable and safer living to the public, or those addressing the needs of specific community groups.

Eligibility	Funding Scope	Assessment Mechanism and Criteria
<ul style="list-style-type: none"> <li>Non-governmental organisations receiving subvention from the Social Welfare Department.</li> </ul>	<ul style="list-style-type: none"> <li>Projects that benefit the public, which are in line with government policies, and involve the innovative application of technologies.</li> </ul>	<ul style="list-style-type: none"> <li>Benefits brought to the public or specific community group(s).</li> </ul>

<sup>3</sup> [https://www.smefund.tid.gov.hk/english/tsf/tsf\\_procedures.html](https://www.smefund.tid.gov.hk/english/tsf/tsf_procedures.html)

Eligibility	Funding Scope	Assessment Mechanism and Criteria
<ul style="list-style-type: none"> <li>Public bodies under section 2 of the Prevention of Bribery Ordinance (Cap. 201), except the Government Bureaux/ Departments, the Executive Council and the Legislative Council.</li> <li>Professional bodies.</li> <li>Trade associations.</li> <li>Social service organisations exempted from tax under Section 88 of the Inland Revenue Ordinance (Cap. 112).</li> </ul>	<ul style="list-style-type: none"> <li>Projects may take the form of mobile applications, products, devices, equipment, tools, services, software, or any other forms with valid justifications.</li> <li>Projects should be completed within 12 months, and run for at least two consecutive years.</li> <li>Projects should not be profit-making during the funding period.</li> <li>Projects should primarily be developed within Hong Kong.</li> </ul>	<ul style="list-style-type: none"> <li>Innovation and technology content.</li> <li>Feasibility and sustainability.</li> <li>Financial considerations.</li> <li>Technical and management capability of the applicant.</li> </ul>

Click here<sup>4</sup> to apply now.

### b. CreateSmart Initiative

The CreateSmart Initiative (CSI) provides financial support to initiatives that are conducive to the development and promotion of creative industries in Hong Kong. These initiatives include projects that nurture talent and facilitate start-ups, explore markets, and promote Hong Kong as Asia's creative capital.

<sup>4</sup> <https://fbl.itb.gov.hk/?lang=EN>

The CSI is administered by Create Hong Kong (**CreateHK**), an agency set up under the Commerce and Economic Bureau to lead the development of the creative economy in Hong Kong.

Eligibility	Funding Scope	Funding Limitations
<ul style="list-style-type: none"> <li>• The applicant should be a body or a company incorporated in Hong Kong.</li> <li>• Applicants should normally be locally registered institutions/ organisations, including local academic institutes, industry support Organisations, trade and industry associations, professional bodies, research institutes and companies.</li> <li>• CreateHK and other Government departments are also eligible to apply.</li> </ul>	<p>The CSI will fund projects that:</p> <ul style="list-style-type: none"> <li>• nurture talents and facilitating start-ups;</li> <li>• explore markets; and</li> <li>• promote Hong Kong as Asia's creative capital and fostering a creative atmosphere in the community.</li> </ul>	<p>The CSI does not cover projects that:</p> <ul style="list-style-type: none"> <li>• fall under the scope of other Government funding schemes; and/ or</li> <li>• will receive funding from other Government sources.</li> </ul>

Click here<sup>5</sup> to apply now.

<sup>5</sup> <https://www.createsmart.gov.hk/cfais/>

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**Hong Kong Office**

Dominion Centre

12th Floor

43-59 Queen's Road East

Hong Kong

**Tel:** + (852) 2905 7888

**Fax:** + (852) 2854 9596

[www.charltonslaw.com](http://www.charltonslaw.com)