

Support Measures relating to Liquidity of SMEs

(i) Hong Kong Export Credit Insurance Corporation (HKECIC)

To assist exporters in exploring export trade markets with confidence amid the outbreak of the COVID-19 pandemic, HKECIC launched a series of [enhanced measures](#) to support exporters, in particular SMEs, in April 2020. HKECIC announced on 20 June 2023 the extension of various enhanced measures to 30 June 2024 to continue providing support to Hong Kong exporters in exploring export trade markets, lower trading risk and operating cost amidst the normalisation of global trading environment. Details of extended enhanced measures are as follows:

1. Offer 6 free buyer credit assessment for each Hong Kong exporter.
2. Waive annual policy fee.
3. Provide policyholders 10 additional free credit check facility.
4. For holders of Small Business Policy, free pre-shipment cover is provided for buyers approved for such cover.

In addition, HKECIC will permanently grant cross the board payment term of 120 days and holders of Small Business Policy will continue to enjoy a 20% of premium discount. For details, please refer to relevant [press release](#).

Apart from the above enhanced measures, HKECIC also launched the “100% Credit Limit Top-Up Scheme” in June 2020 to increase the buyers’ credit limits of its policyholders by 100%, or up to the amount applied for by the policyholders, whichever is smaller, subject to a cap of HK\$100 million and the eligibility requirements of the Scheme. All HKECIC policyholders are eligible and no separate application is required. The Scheme expired on 30 June 2023.

HKECIC has launched the upgraded online self-service credit insurance platform, [EC-Reach 2.0](#), which provides online application for “Small Business Policy” and “Self-Underwritten Policy” (SUP). SUP policyholders will be able to set discretionary credit limits up to HK\$0.8 million. Approval for credit limit applications of up to HK\$1 million can also be completed within a day for applications with sufficient buyer information.

In addition, HKECIC launched the “Export Credit Guarantee Programme” in March 2022, aiming at helping Hong Kong exporters, especially the SMEs, secure trade finance by providing loan guarantee to their lending institutions. The Programme is now extended to 31 March 2024. Under the Programme, HKECIC will guarantee up to 70% of the export financing of the policyholders at a maximum guarantee limit of HK\$50 million per exporter. The lending institutions will, after credit assessment of the

policyholders, apply for the guarantee from HKECIC. For details of the Programme, please refer to relevant [press release](#) and [Programme information](#). For enquiries, please call “Export Credit Guarantee Programme” Hotline at 2732 9028.

HKECIC has also launched the “Flexible Indemnity Ratio Arrangement” (the Arrangement) to provide enhanced coverage under different risk situations, with a view to allowing greater flexibility for exporters to secure orders from overseas buyers. Under the Arrangement, HKECIC will take into account policyholders’ needs¹ and consider providing an automatic uplift for credit limits of or below HK\$5 million that were not fully approved to a maximum of HK\$12.5 million², if needed. The indemnity ratio will be correspondingly adjusted from 90% to 60% the lowest. No additional premium would be required. For details, please refer to relevant [press release](#).

For enquiries about other HKECIC’s services/products, please call HKECIC’s hotline at 2732 9933 or visit its website <https://www.hkecic.com/en>.

¹ The Arrangement does not apply to Online Micro-Business Policy and Self-Underwritten Policy with credit limit amount capped at HK\$800,000 and HK\$3 million respectively.

² For Small Business Policy, the uplifted credit limit is subject to a cap of HK\$5 million. If the claims under the Arrangement is less than that under the original 90% indemnity ratio, it will be ascertained at an amount whichever is higher.

(ii) SME Financing Guarantee Scheme (SFGS)

The Scheme carried out by the Hong Kong Mortgage Corporation Insurance Limited (HKMCI) aims at helping local small and medium enterprises (SMEs) and non-listed enterprises to obtain financing from participating lenders for meeting their business needs. Under the Scheme, HKMCI may provide different guarantee coverage to the credit facilities of eligible enterprises approved by participating lenders, including:

	80% Guarantee Product	90% Guarantee Product	Special 100% Guarantee Product
Maximum loan amount for enterprises	HK\$18 million ¹	HK\$8 million ¹	Total sum of employee wages and rents for 27 months ² or HK\$9 million ³ , whichever is the lower
Government guarantee commitment	HK\$100 billion	HK\$33 billion	HK\$70 billion
Maximum guarantee period	7 years	5 years	10 years
Annual loan interest rate	Interest subsidy to bring interest rate on par with Prime Rate minus 2.5%, subject to a subsidy cap of 3% (for one year) ¹	Interest subsidy to bring interest rate on par with Prime Rate minus 2.5%, subject to a subsidy cap of 3% (for one year) ¹	Prime Rate minus 2.5%
Maximum principal moratorium period	42 months ⁴	42 months ⁴	42 months ⁴
Application eligibility	Local registered enterprises (including listed companies in Hong Kong) ¹ , operated for at least 1 year	Local registered enterprises (including listed companies in Hong Kong) ¹ or professionals seeking to set up own practices	Non-listed local registered enterprises operating for at least 3 months as at 31 March 2022, and suffered at least a 30% decline in sales turnover in any month since February 2020 (“Affected Period”) compared with the monthly average of any

	80% Guarantee Product	90% Guarantee Product	Special 100% Guarantee Product
			preceding quarter from January 2019 to March 2022 (“ Reference Period ”) provided that the Affected Period must not be earlier than the Reference Period.
Application period	Until 31 March 2024	Until 31 March 2024	Until 31 March 2024
Personal guarantee	Personal guarantee by shareholder(s) holding more than 50% of the equity interest	Personal guarantee by shareholder(s) holding more than 50% of the equity interest	Personal guarantee by shareholder(s) holding more than 50% of the equity interest

¹ *Applicable to guarantee applications received by the HKMCI on or before 31 May 2021.*

² *If an enterprise does not have either employee(s) or rented office(s), proxy is made to 50% of the highest monthly net income during the period of January 2019 to March 2022 multiplied by 27.*

³ *For subsequent applications, facilities amount previously approved, if applicable, has to be deducted from maximum facility amount. An enterprise is eligible for the Special 100% Loan Guarantee up to the maximum of HK\$9 million regardless of the existing credit facilities of that enterprise, its Subsidiaries and/or its Related Entities (whether with the same business nature or otherwise) guaranteed under the 80% or 90% Guarantee Products, if any. 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.*

⁴ *The maximum period includes any principal moratorium period already used or granted but not yet used. The application period for the principal moratorium arrangement will expire in end-September 2023. Borrowers currently participating in or eligible for the principal moratorium arrangement may, any time, opt to make partial principal repayment of (i) 20% of the original principal repayment amount over 18 months, (ii) 50% of the original principal repayment amount over 30 months, or (iii) otherwise negotiated with the Lenders. The maximum period for partial principal repayment is 30 months, including any partial principal repayment period which has already taken effect. To be eligible for the partial principal repayment, the related Facility shall be a non-revolving term loan Facility and not have outstanding default for more than 60 days. Any outstanding interest, overdue interest or late charges shall be fully settled before making partial principal repayment.*

Notes:

- Prime Rate means the Hong Kong Prime Rate as specified by the Hong Kong Mortgage Corporation Limited from time to time.

- For detailed features of the 80%, 90% and Special 100% guarantee products and the enhancements and relief measures introduced, please refer to [SFGS Factsheet](#).
- For enquiries regarding details of the 80%, 90% and Special 100% guarantee products under the SFGS, as well as the list of participating banks and lending institutions, please contact the HKMCI:
 - Website: http://www.hkmc.com.hk/eng/our_business/sme_financing_guarantee_scheme.html
 - Hotline: 2536 0392
 - Email: sfgs_enquiry@hkmc.hk

(iii) **Co-ordinated support from banking industry**

The Hong Kong Monetary Authority (HKMA) established the Banking Sector SME Lending Coordination Mechanism (the Mechanism) on 16 October 2019 to provide a common platform for the banking industry to formulate solutions to support SMEs. The Mechanism has rolled out several rounds of relief measures, including the following initiatives, to further support SMEs in addressing cash-flow pressure:

- A series of measures were introduced to increase the banking sector's liquidity so that banks will have ample liquidity to support lending and other business activities.
- The current level of regulatory reserves has been reduced by half to release lending capacity, providing banks with more room on their balance sheets to cater for future financing needs.
- The HKMA launched the Pre-approved Principal Payment Holiday Scheme (the Scheme) on 1 May 2020. Since its launch, the Scheme has been extended six times to the end of July 2023.

The HKMA has set up [a dedicated webpage](#) to facilitate public to understand a host of measures taken by the HKMA and the banking sector to support SMEs and individuals amid the COVID-19 outbreak.

Orderly exit from the banking sector Pre-approved Principal Payment Holiday Scheme

The HKMA together with the Mechanism announced on 11 July 2023 the commencement of an orderly exit from the Pre-approved Principal Payment Holiday Scheme (Scheme) when it expires at end-July 2023. The focus of the Scheme will move from tiding corporates over the pandemic to facilitating their return to normal repayment. Given that the cash flow conditions of some corporates have yet to fully recover, and taking into account the views of the commercial sectors, the Mechanism considers it appropriate to further enhance the existing partial principal repayment options to facilitate a gradual transition to normal repayment for corporates currently participating in the principal moratorium under the Scheme. The specific arrangements are set out below:

- For instalment loans, including mortgage loans and commercial vehicle loans, corporates may choose to repay 20% of the original principal repayment amount, with the duration extended from 12 to 18 months; or 50% of the original principal repayment amount, with the duration extended from 24 to 30 months. Referencing past practice, the loan tenor should generally be extended

correspondingly. Banks should apply the same treatment to commercial vehicle loans taken out by personal customers.

- For trade facilities, loans with bullet payment falling due within 12 months and outstanding balances of revolving facilities, banks may discuss with corporates having regard to the actual circumstances and allow them to repay the amount due by regular instalments over 24 months.

For further details of the specific arrangement regarding the commencement of an orderly exit, please refer to relevant [press release](#).

For enquiries about the Scheme, please contact the HKMA via the dedicated email account (ppphs@hkma.gov.hk) or enquiry hotline (2878 1199).

Support and Consultation Centre for SMEs

Trade and Industry Department

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