

Support Measures relating to Liquidity of SMEs

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

In view that exporters may encounter trading problems due to COVID-19 epidemic, HKECIC launched a new round of enhanced measures to support exporters in April 2020. For details, please refer to relevant [press release](#). The enhanced measures will be effective for one year until 31 March 2021, covering policies effective as from 1 April 2020. HKECIC has also compiled the [frequently asked questions \(FAQs\)](#) for exporters.

Further to the enhanced measures announced in April 2020, HKECIC has recently launched the “100% Credit Limit Top-Up Scheme” to increase the buyers’ credit limits of its policyholders by maximum of 100%, subject to the eligibility requirements of the Scheme. This short-term Scheme took effective on 8 June 2020, and will run for a period of six months until 8 December 2020. For details, please refer to relevant [press release](#) and the [FAQs](#).

If you have any question on HKECIC’s services/products, please call 2732 9933 or visit its website <http://www.hkecic.com>.

(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	Raised from \$15 million to \$18 million #	Raised from \$6 million to \$8 million #	Total sum of employee wages and rents raised from 6 months to that for 12 months ^ , ceiling further raised from \$4 million to \$5 million *
Government guarantee commitment	\$100 billion	\$33 billion	Further raised from \$50 billion to \$70 billion
Maximum guarantee period	7 years	5 years	Extended from 3 years to 5 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) #	Interest subsidy to bring interest rate on par with Prime Rate minus 2.5%, subject to a subsidy cap of 3% (for one year) #	Prime Rate minus 2.5%
Principal moratorium	Maximum duration increased from 12 to 18 months	Maximum duration is increased from 12 to 18 months	Extended from 6 months to 1 year
Application eligibility	Local registered enterprises (including listed companies in Hong Kong) #, operated for at least 1 year	Local registered enterprises (including listed companies in Hong Kong) # or professionals seeking to set up own practices	Non-listed local registered enterprises operating for at least 3 months by end December 2019, and suffered at least a 30% decline in sales turnover in any month since February 2020 compared with the monthly average of any quarter in 2019
Application period	Until 30 June 2022	Until 30 June 2022	Until 19 April 2021
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

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

^ *If an enterprise does not have either employee(s) or rented office(s), the calculation can be replaced by half of the maximum monthly net income in 2019.*

* *Borrowers with existing loans under the Special 100% Loan Guarantee can apply to their lending banks for increasing the loan amount and/or extending the repayment period if they deem appropriate, and in general no additional supporting documents will be required.*

Notes:

- Prime Rate means the Hong Kong Prime Rate as specified by the Hong Kong Mortgage Corporation Ltd. from time to time.
- 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@hkinci.hk.

(iii) Co-ordinated support from banking industry

The Hong Kong Monetary Authority (HKMA) established the Banking Sector SME Lending Coordination Mechanism on 16 October 2019 to provide a common platform for the banking industry to formulate solutions to support SMEs. The HKMA and the HKMCI have recently put forward the following initiatives to further support SMEs in addressing cash-flow pressure:

- The HKMA will introduce a series of measures aimed at increasing 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 will be reduced by half to release a total of HK\$200 billion of lending capacity, providing banks with more room on their balance sheets to cater for future financing needs.
- The HKMA has asked banks to consider arrangements to automatically offer extensions of loan tenor or principal repayment holidays to qualified SMEs without requiring them to make an application. Borrowers just need to indicate whether they will accept the offer or not. In this regard, a Pre-approved Principal Payment Holiday Scheme for eligible corporate customers was launched on 1 May 2020 whereby principal payments of loans (including revolving facilities) and trade facilities will be deferred by 6 months and 3 months respectively, and a 90-day repayment deferment for trade facilities under the Scheme was further announced on 5 August 2020. It was lately announced on 2 September 2020 that all loan principal payments of eligible customers falling due between November 2020 and April 2021 will be further deferred by six months except for repayments of trade loans, which will be deferred by 90 days.
- According to banks, they will allow SME customers in the import-export and manufacturing sectors facing cash-flow pressure due to delays in shipments to further extend the repayment period of trade financing facilities. They will also consider allowing more customers to apply to convert trade financing lines into temporary overdraft facilities so that customers can manage their cash flow more flexibly.

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.

Support and Consultation Centre for SMEs

Trade and Industry Department

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