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, HKECIC has been providing timely support to the export community in Hong Kong. In light of the escalating China-US trade conflict, the HKECIC will continue to strengthen its export credit insurance support for Hong Kong exporters and assist them, especially SMEs, in coping with the challenges posed by the turbulent trading environment through special enhanced measures with a view to helping them combat the rising credit risks caused by the so-called reciprocal tariffs of the US. Examples of such measures include:

- permanently granting cross the board payment term of 120 days;
- 20% of premium discount for holders of "Small Business Policy" (SBP)[1];
- extending free pre-shipment cover for holders of the SBP to 30 June 2026;
- raising the indemnity percentage for all SBP to 95%, while other policies will be considered on a case-by-case basis under the prudent risk management principles;
- extending the 15% premium discount for the "Online Micro-Business Policy"[2] to 30 June 2026;
- offering a 50% discount on pre-shipment risks cover premiums for each non-SBP holder[3] to 30 June 2026; and
- reducing the premium rates for emerging markets in line with those for traditional major markets to 30 June 2026.

For details, please refer to relevant press releases on **20 June 2023**, **14 June 2024**, **26 March 2025** and **10 April 2025**.

Besides, HKECIC has launched the upgraded online self-service credit insurance platform, **EC-Reach 2.0**, which provides online application for SBP 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.

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' needs[4] 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 million[5], if needed. The indemnity ratio will be correspondingly adjusted from 90% to 60% the lowest. No additional premium would be

---

[1] SBP is tailor-made for exporters with an annual turnover of less than HK$50 million.
[2] "Online Micro-Business Policy" is tailor-made for Hong Kong exporters with an annual turnover of less than HK$30 million.
[3] Non-SBP holders can apply the "Contract Cover Policy" to enjoy a 50% discount on pre-shipment risks cover.
[4] The Flexible Indemnity Ratio 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.
[5] For SBP, the uplifted credit limit is subject to a cap of HK$5 million.

required. For details, please refer to relevant **press release** on 28 September 2022.

To assist exporters in exploring export trade markets with confidence amid the outbreak of the COVID19 pandemic and the challenging business environment after normalcy, HKECIC launched a series of enhanced measures to support exporters, in particular SMEs, since April 2020. For information about those already expired measures, please refer to relevant press releases on **9 April 2020**, **8 June 2020**, **29 December 2022**, **20 June 2023** and **18 April 2024**.

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.

(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. Detailed features of the 80%, 90% and Special 100% guarantee products and the enhancements and relief measures introduced, please refer to **SFGS Product Factsheet**. According to the Product Factsheet (last update date: 18 November 2024), certain product features and relief measures are extracted below for general reference.

	80% Guarantee Product	**90% Guarantee Product**	**Special 100% Guarantee Product**
Maximum loan amount for enterprises	**HK$18 million**	**HK$8 million**	Total amount of wages and rents **for 27 months**[1] or **HK$9 million**[2]**, whichever is the lower**
Government guarantee commitment	The Government has enhanced SFGS several times to strengthen support for SMEs, including raising the Government's total loan guarantee commitment to the current **HK$290 billion**, and allowing the financial commitments under the three guarantee products to be used interchangeably, on condition that the total commitment will remain within HK$290 billion.		

	80% Guarantee Product	90% Guarantee Product	Special 100% Guarantee Product
Maximum guarantee period	For qualifying guarantees under the Enhancement Measures rolled out in 2018, 2020 and 2024: **10 years** plus, **if applicable**, the extended Guarantee Period under the Relief Arrangement (please see "Relief Arrangement" below) For other guarantees: **5 years** plus, **if applicable**, the extended Guarantee Period under the Relief Arrangement (please see "Relief Arrangement" below)	**8 years** plus, **if applicable**, the extended Guarantee Period under the Relief Arrangement (please see "Relief Arrangement" below)	**10 years** plus, **if applicable**, the extended Guarantee Period under the Relief Arrangement (please see "Relief Arrangement" below)
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)**[3]	**Interest subsidy** to bring interest rate on par with Prime Rate minus 2.5%, subject to a **subsidy cap of 3% (for one year)**[3]	Prime Rate minus 2.5%

Relief Arrangement	**2024 Principal Moratorium ("2024-PM")** 2024-PM is applicable to new and existing eligible Facilities under the Scheme (i.e. Facilities of a non-revolving nature or trade or short-term loans granted under Facilities of a revolving nature) drawn down on or before 17 November 2025. The Borrowers may apply for 2024-PM of up to 12 months during the application period from 18 November 2024 to 17 November 2025. During the Principal Moratorium ("PM") period, the Borrower may pay interest only. For eligible Facilities of a non-revolving nature, the Lender shall provide eligible Borrowers with two options of PM duration, i.e. "6 months" (which is renewable, subject to a maximum of 12 months in total) or "12 months". The Borrower of non-revolving Facility may apply for extension of the Guarantee Period correspondingly. For trade or short-term loans granted under eligible Facilities of a revolving nature under 80% Guarantee Product (except for those which are self-liquidating in nature), the Borrowers may apply for deferment of loan principal repayments of such trade or short-term loans (which fall due within the 2024-PM application period) for not more than 90 days for trade loans, or not more than 6 months for short-term loans, from the relevant principal repayment due date (subject to the maximum of 12 months in total of all approved applications for deferment under the same trade or short-term loan granted under the same Facility). Extension of the Guarantee Period is not applicable to trade or short-term loans granted under Facilities of a revolving nature. **Partial Principal Repayment ("PPR") arrangement** PPR arrangement is only 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 new 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 taken effect (but not early terminated) under the same Facility. The Borrower may opt

	80% Guarantee Product	90% Guarantee Product	Special 100% Guarantee Product
	for one of the PPR transition periods for gradual resumption of normal repayment (please refer to p.6 of **SFGS Product Factsheet** for details). 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 2024-PM and 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 (1) not have any outstanding default for more than 30 days (for application for 2024-PM arrangement) and (2) not have any outstanding default for more than 60 days (for application for PPR arrangement); (iii) after the end of the PM period or 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); (iv) any outstanding interest payments of overdue instalments, overdue penalty interests and late charges (excluding any waived penalty or late charges) shall be fully settled before the effective of 2024-PM, PPR or extension of repayment term. Note: The Borrowers who are interested in applying for 2024-PM or 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 2024-PM or PPR transition period options and the corresponding extensions of Guarantee Period shall contact their Lenders.		

	80% Guarantee Product	90% Guarantee Product	Special 100% Guarantee Product
Application eligibility	Local registered enterprises (including listed companies in Hong Kong)[3], operated for at least 1 year	Local registered enterprises (including listed companies in Hong Kong)[3] 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 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 2026	Until 31 March 2026	Closed after 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] ***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 multiplied by 27.***

[2] ***For subsequent applications, facilities amount previously approved, if applicable, has to be deducted from the Maximum Facility Amount. 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 Products. 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.***

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

Notes:

- Prime Rate means the prime lending rate for Hong Kong Dollars as announced by the Hong Kong Mortgage Corporation Limited 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@hkmci.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. For 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).

HKMA introduces 9 measures to support SMEs

The HKMA together with the Mechanism announced on 28 March 2024 the launch of the following 9 measures (for details, please refer to relevant **press release**) to assist SMEs in navigating a complex and ever-changing operating environment and to increase their bargaining power relative to banks:

1. Never demand early repayments from mortgage customers who repay on schedule.
2. Give customers a transition period of at least 6 months for credit limit adjustments.
3. Expedite the handling of applications for the 80% and 90% Guarantee Products under the SFGS.
4. Apply the principles under the Pre-approved Principal Payment Holiday Scheme to support customers facing difficulties.
5. Offer credit products that better serve SMEs' needs and other support services.
6. Actively consider lowering interest charges and fees.
7. Set up a one-stop platform for providing information on banking services for SMEs.
8. Provide convenience to customers to switch lending banks.
9. Regular meetings with business sectors to understand the needs of SMEs.

As revealed in the HKMA's **"Banking sector standing by SMEs"** dated 22 April 2024, in order for SMEs to benefit from these measures as soon as possible, the banking sector are rolling out the measures as and when they are ready. All the 11 participating banks in the Mechanism have implemented fee waivers or other concessions for eligible SME customers to ease their financial burden, and 9 banks have launched unsecured loan products targeting SMEs to give customers more flexibility in managing their cash flows.

In addition, all the participating banks in the Mechanism have joined the HKMA's Commercial Data Interchange (CDI) and they will in the future make wider use of commercial data (including e-trade declaration, e-commerce, supply chain, payment and credit reference data) obtained from the CDI and combine it with data analytics to tailor credit products that better serve SMEs' needs. In the past, many SMEs, particularly the smaller ones or those without property as collateral, might encounter greater difficulties in obtaining loans. The CDI launched by the HKMA aims to address this pain point and improve SMEs' ability to obtain finance.

A **one-stop SME information platform** was launched on the HKMA's website on 22 April 2024. The platform provides information on SME lending services offered by major banks, including their dedicated SME service hotlines for enquiries and their loan products such as trade financing, secured loans and unsecured overdrafts. The platform can make it easier for SMEs to shop around so that they can compare and choose among loan products offered by different banks and increase their bargaining power.

Following the launch of the 9 support measures, the HKMA and the Hong Kong Association of Banks (HKAB) together established a joint Taskforce on SME Lending (the Taskforce) in August 2024 to further strengthen the related work at both the individual case and the industry levels (for details, please refer to relevant **press release**), including setting up a mechanism to handle individual cases of SMEs encountering difficulties when obtaining bank financing, working out appropriate solutions for adoption across banks and enhancing communication among the HKMA, the banking industry and the commercial sector so as to understand the financing needs of SMEs in a more timely manner.

HKMA introduces multiple measures to support SMEs' development, upgrade and transformation

The HKMA together with the banking sector announced on 18 October 2024 the rolling out of the following 5 measures (please click here for relevant **press release**) to assist SMEs' continuous development, upgrade and transformation, and enhance their competitiveness and productivity to cope with various operational challenges:

1. Release of bank capital to facilitate the financing needs of SMEs: The HKMA lowered the countercyclical capital buffer (CCyB) ratio from 1 per cent to 0.5 per cent, and will allow banks to early adopt the preferential treatments for SME exposures under the Basel III capital framework. These policies will release bank capital and thereby enable banks to make use of the additional capital to facilitate the financing needs of SMEs.

2. Set aside dedicated funds to support SMEs: The 16 banks that are active in SME lending have set aside a total of over HK$370 billion of dedicated funds for SMEs in their loan portfolio. The funds will allow SME customers to access necessary financing for coping with the evolving business environment. The banks will regularly review and consider scaling up the size of their dedicated funds in response to SMEs' needs and development.

3. Launch more credit products and services to assist SMEs' transformation: Banks will launch more credit products and services to meet the transformation needs of SMEs. Examples include pre-approved credit limits, unsecured loans, cross-border loans, and loans with flexible repayment periods.

    - On digital transformation, banks will offer e-commerce financing and electronic payment services to enable SMEs in different sectors such as retail, catering and trading to better utilise data and adopt innovative business solutions, so that SMEs can strengthen their marketing and promotion, streamline business processes and save operating costs.
    - On green transformation, banks will actively consider launching relevant advisory services. Through collaboration with green certification agencies, banks can alleviate the costs for SMEs to apply for green certification, thereby supporting their low-carbon transition. Banks will also provide green loans to assist SMEs in purchasing and adopting low-carbon equipment, so as to reduce the SMEs' own carbon emissions and transform into green suppliers.

4. Increase the partial principal repayment options: When an orderly exit from the banking sector's Pre-approved Principal Payment Holiday Scheme commenced in July 2023, the Mechanism introduced enhanced measures to assist corporates' gradual return to normal repayment. Since some customers' partial principal repayment arrangements will expire in early 2025, banks will be accommodative and consider offering more flexible repayment arrangements to help these customers to address challenges encountered during economic transformation. Such arrangements

include, for instance, extending the duration of partial principal repayment, offering more options on the proportion and duration of partial principal repayment, or even offering principal moratorium, subject to prudent risk-management principles. The above-mentioned arrangements are also applicable to taxi loans, public light bus loans and commercial vehicle loans taken out by personal customers.

5. Devote sufficient manpower and resources to implement the enhancements to SFGS as soon as possible: Banks will allocate adequate resources to process applications and work closely with HKMC Insurance Limited to implement as soon as possible the principal moratorium and other enhanced measures under the SFGS.

HKMA introduces sector-specific support measures

Following meetings held by the Mechanism and the Taskforce on 8 April 2025, the HKMA together with the banking sector introduced sector-specific support measures (please click here for relevant **press release**) to further assist more SMEs in obtaining bank financing and in their upgrade and transformation:

1. Import and export and manufacturing sectors: The commercial sectors reflected their concerns about the current global trade frictions during the meeting. The participating banks agree to provide flexible extensions to trade facilities (e.g. 90 or 120 days), or offer alternative suitable credit arrangements (such as repaying the trade loans by instalments, providing partial principal repayment options, or even offering principal moratorium), to assist individual customers experiencing short-term cashflow pressure due to trade frictions. The Mechanism and the Taskforce will closely monitor the latest developments regarding global tariff disputes and maintain dialogue with the import and export and manufacturing sectors.

2. Construction sector: The participating banks will assist corporates facing cashflow pressure, particularly subcontractors in the construction sector that may be experiencing sudden cashflow pressure due to capital chain rupture, through a collaborative mechanism. The banks will collaboratively offer flexible financial arrangements as far as practicable to alleviate customers' cashflow pressure.

3. Transport sector: The participating banks will actively consider introducing financing products that are better suited to the transport sector, with a view to supporting the Government's implementation of measures to enhance taxi services. The banks will offer more flexible repayment arrangements to assist customers in coping with operational challenges, taking into account individual circumstances. The banks will also consider correspondingly extending the loan tenor to support the development of the sector[6].

[6] The above-mentioned arrangements are also applicable to taxi loans, public light bus loans and commercial vehicle loans taken out by personal customers.

Furthermore, the HKMA and the banking sector will support the economic development of Hong Kong in other areas, including:

4. Lease extension: The banking sector will strengthen the promotion of the Extension of Government Leases Ordinance (the Ordinance)[7]. Banks will ensure that frontline staff are familiar with land lease extension matters under the Ordinance, so that they can properly address customers' mortgage enquiries related to land leases and offer suitable services to them.

5. Northern Metropolis development: With the HKMA's facilitation, the HKAB and the Chinese Banking Association of Hong Kong have recently engaged with the Development Bureau to gain an understanding of the latest development of the Northern Metropolis. The banking sector will explore ways to provide suitable financing support to tie in with the Government's implementation of large-scale land disposal and other developments.

For enquiries or comments about SME lending services, please contact the HKMA via the dedicated email account for SME lending services (smelending@hkma.gov.hk) or enquiry hotline (2878 1199).

Apart from the above new measures, the HKMA will continue to understand the SME-related business strategies of banks, maintain close communication with the commercial sectors through the Mechanism and the Taskforce, and organise seminars and other activities to promote the SME services, products and schemes offered by the banking sector in the concerted efforts to assist the continuous development, upgrade and transformation of SMEs.

Support and Consultation Centre for SMEs
Trade and Industry Department
April 2025

[7] Under the Ordinance, which came into effect on 5 July 2024, general purpose leases (i.e. general residential, commercial, industrial leases) will be extended upon expiry for a term of 50 years without payment of any additional premium, but subject to an annual payment of Government rent at 3% of rateable value. The encumbrances, interests and rights under the original lease (such as mortgages) will be carried forward to the extended lease term without being affected, and owners are no longer required to execute lease extension documents with the Government or re-arrange mortgages. The Ordinance is not applicable to special purpose leases (SPL) (including purposes such as petrol filling station, education, recreation, public utility, welfare and special industries). The Lands Department has made an "SPL identification note" in the Land Registry register for SPLs for identification.