

Enhancement measures to 80 per cent and 90 per cent Guarantee Products under SME Financing Guarantee Scheme

The following is issued on behalf of the Hong Kong Monetary Authority:

HKMC Insurance Limited (HKMCI), a wholly-owned subsidiary of the Hong Kong Mortgage Corporation Limited, today (May 29) announces that, the enhancement measures to the 80 per cent and 90 per cent Guarantee Products under the SME Financing Guarantee Scheme (SFGS) as included in the second round of the Anti-epidemic Fund announced by the Government in April 2020 takes immediate effect. The measures include raising the maximum loan amount of the 80 per cent and 90 per cent Guarantee Products and extending the eligibility coverage to listed companies in Hong Kong, and will last for 12 months. In addition, both the existing guaranteed loans and new applications are eligible for an interest subsidy for a maximum period of 12 months, the payments of which will start to be made by the end of June this year.

The Financial Secretary, Mr Paul Chan, said, "Businesses of many local enterprises are seriously affected by the COVID-19. In light of this, in addition to the Special 100 per cent Loan Guarantee launched earlier, we have further enhanced the 80 per cent and 90 per cent Guarantee Products under the SFGS, so that more enterprises affected by the COVID-19 can apply for guaranteed loans to alleviate their cash flow burden and tide over the current economic challenges."

Under the enhancement measures, the maximum loan amount per enterprise for the 80 per cent Guarantee Product is increased from \$15 million to \$18 million, while that for the 90 per cent Guarantee Product is increased from \$6 million to \$8 million. All borrowing enterprises under the scheme can benefit from the enhancements. The eligibility coverage of both guarantee products is extended to listed companies in Hong Kong. In addition, for the requirement of personal guarantee by individual shareholder(s) under the Special 100 per cent Loan Guarantee, applicable percentage of equity interest is reduced from over 70 per cent to over 50 per cent, which is in line with that for the 80 per cent and 90 per cent Guarantee Products.

The Government will provide interest subsidy for the 80 per cent and 90 per cent guaranteed loans, with the amount of subsidy subject to a cap of three per cent. Each loan is entitled to an interest subsidy for a maximum period of 12 months. HKMCI has reached a consensus with the Government and the lenders on the implementation details as follows:

- All outstanding loans as of April 30, 2020 will receive the first batch of interest subsidy for up to three months, of which payment will be successively made starting from the end of June 2020 (Please refer to

the Annex for details);

- The payment of subsequent interest subsidy will be made on a monthly basis thereafter;
- Interest subsidy is applicable to new loan applications successfully submitted before May 31, 2021.

The payment of interest subsidy will be automatically deposited into relevant bank accounts, and no application is required. This will provide more expeditious supports to the borrowing enterprises. For public enquiries, please call the SFGS Hotline at 2536 0392.