

Partial principal repayment arrangement for SME Financing Guarantee Scheme

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

The Chief Executive announced in "The Chief Executive's 2023 Policy Address" today (October 25) that more flexible repayment options will be provided under the SME Financing Guarantee Scheme (SFGS). The enterprises may choose to repay only 10 per cent, 20 per cent or 50 per cent of the original principal repayment amount each month during a specified period, enabling them to have more time to gradually switch from principal moratorium to normal repayments.

At present, eligible borrowing enterprises may apply for the partial principal repayment (PPR) arrangement in respect of their term loans. Options include repaying only 20 per cent of the original principal repayment amount per instalment for a period of 18 months, repaying only 50 per cent of the original principal repayment amount per instalment for a period of 30 months, or adopting alternative PPR arrangements as agreed with the lending institutions. The new PPR option under the SFGS will allow borrowing enterprises to repay only 10 per cent of the original principal repayment amount per instalment for a period of 12 months. Under the PPR arrangement, the loan tenor and the guarantee period will generally be extended accordingly.

HKMC Insurance Limited will follow up with the lending institutions, aiming to implement the new option within November this year. Enterprises should approach their lending institutions timely to discuss the arrangements.