

Email dated 7 December 2023 to PLIs

**Subject : Enhancement of Partial Principal Repayment options under SME Loan Guarantee Scheme (SGS)**

Dear All,

Further to our email dated 27 July 2023 regarding the enhancement of Partial Principal Repayment (PPR) arrangement, the Chief Executive announced in the 2023 Policy Address on 25 October 2023 that more flexible repayment options will be provided having regard to the cash flow situations of different enterprises. Enterprises may choose to repay only 10%, 20% or 50% of the Original Principal Repayment Amount (OPRA) each month during a specified period, enabling them to have more time to gradually switch to normal repayment. Please refer to the press release of the HKMC Insurance Limited on 25 October 2023 –

[https://www.hkmc.com.hk/files/press\\_release/392/eng/Press%20Release\\_SFGS%20Partial%20Principal%20Repayment%20Arrangement\\_Eng.pdf](https://www.hkmc.com.hk/files/press_release/392/eng/Press%20Release_SFGS%20Partial%20Principal%20Repayment%20Arrangement_Eng.pdf)

Please be informed that, with immediate effect, eligible Borrowers, which cover SGS loans, may opt for one of these PPR options –

- (1) 10% of the OPRA for a period of 12 months; or
- (2) 20% of the OPRA for a period of 18 months; or
- (3) 50% of the OPRA for a period of 30 months; or
- (4) other PPR arrangement as approved by PLI taking into account the Borrower's individual circumstances.

**The minimum PPR percentage is 10% and the maximum aggregate PPR period for any Facility is 48 months**, including any PPR period which has already taken effect.

To be eligible for the PPR, the Borrower and/or the related Facility shall not have outstanding default for more than 60 days. Please also note the following terms of the PPR arrangement –

- (1) the amount of indebtedness shall not be increased;
- (2) after the end of the PPR period, 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);
- (3) any outstanding interest payments, overdue penalty interests and late charges shall be fully settled before PPR taking effect.

The Borrowers eligible for PPR may also apply for extension of the Guarantee Period proportionately with reference to the PPR period and unpaid portion of the OPRA.

For Facilities with Principal Moratorium (PM) and/or Principal Payment Holiday Scheme (PPPHS) arrangements granted, the **maximum extension of Guarantee Period is 60 months**, including the aggregate PM/PPPHS periods and the aggregate extension of Guarantee Period due to PPR.

Should you have any questions, please contact Ivy TAM at 2398 5622 or Tammy WONG at 3403 6404.

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