

SME Loan Guarantee Scheme

Information Sheet for the Hong Kong Monetary Authority Pre-approved Principal Payment Holiday Scheme

1. This Information Sheet is for general reference only and shall not have any legal effect.
2. This Information Sheet is supplemental to the Information Sheet on the New Relief Measure issued in September 2019 and shall become effective on 1 May 2020. Save as amended in this Information Sheet, the previous Information Sheet issued in September 2019 (Annex) shall remain valid.

(I) Background

3. The Hong Kong Monetary Authority (“HKMA”) together with the Banking Sector SME Lending Coordination Mechanism announced on 17 April 2020 the launch of a Pre-approved Principal Payment Holiday Scheme (“PPPHS”) for eligible corporate customers in order to alleviate the cash-flow pressure faced by corporate customers brought about by the COVID-19 outbreak. The Scheme is also extended to Borrowers with loans under the SME Loan Guarantee Scheme (“SGS”). Relevant documents on PPPHS issued by the HKMA are as follows –

(a) <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2020/04/20200417-3/>

(b) <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2020/20200417e1.pdf>

(c) <https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2020/20200417e3a1.pdf>

(II) Eligibility

4. PPPHS is applicable to all eligible Borrowers with SGS loans, except Borrowers that have approved with a total of 12 months' principal moratorium ("PM") launched by the Trade and Industry Department ("TID") on 4 September 2019.

(III) Implementation of the PPPHS under SGS

5. Seeking prior written consent from the TID is not required.
6. The guarantee period which have reached the maximum loan period of 5 years can be extended to also cover the period granted for Principal Payment Holiday ("PPH").
7. Lenders shall provide information in MS Excel file format to TID on a monthly basis for SGS loans granted with PPH in the preceding calendar month by the 15th Business Day of the month -
 - (a) Guarantee No., SGS Application No. and Name of the Borrower;
 - (b) Effective date of the first instalment of the PPH;
 - (c) Length of PPH;
 - (d) Extension of tenor extended;
 - (e) New maturity date of the Facility;
 - (f) Others (please specify, if any).

(IV) Enquiry

8. For enquiry on the PPPHS under SGS, please contact Polly Lam at 2398 5362 or Tammy Wong at 3403 6404.

Trade and Industry Department
April 2020

SME Loan Guarantee Scheme (SGS)
Information Sheet on New Relief Measure

1. This Information Sheet is for general reference only and shall not have any legal effect.

(V) Background

2. A relief measure is introduced on 4 September 2019 to provide SGS Borrowers with repayment relief from tightening cash flow amidst global economic slowdown and growing uncertainty in the business environment.

(VI) Relief Measure

3. Under the new relief measure, a Lender may offer a Borrower: (a) not more than six months principal moratorium period for each request of the Borrower; and (b) in aggregate, not more than twelve months principal moratorium period during the term of the Facility.
4. The guarantee period can be extended correspondingly, but should not exceed the maximum guarantee period of 5 years.
5. The new relief measure is effective from 4 September 2019 and will last for one year.
6. The Government of the Hong Kong Special Administrative Region (HKSARG) places complete reliance on the Lender in its professional skill, judgement and care as a prudent lender. The Lender shall at all times act in accordance with prevailing good banking practice for the banking sector.
7. The Lender shall follow its internal policies, procedures and guidelines in relation to granting of principal moratoriums and/or rescheduling repayment terms of loans. If Lenders do not have such policies in place, they may set up their own assessment criteria for assessing the appropriateness of offering the relief arrangement to its Borrowers. Such assessment and approval records shall be documented and kept in the loan files.

(VII) Eligibility

(A) New SGS Application

8. To be eligible under the arrangement of “New Relief Measure” (“Relief Arrangement”), a SME borrower and the SGS facility shall satisfy the terms and conditions of the SGS Deed and Supplemental Deed.

(B) Existing SGS Facility

9. To be eligible under the Relief Arrangement,
- (a) the amount of indebtedness shall not be increased, and shall be fully amortised by the end of the guarantee period. Bullet repayment is not allowed after the principal moratorium period; and
- (b) a SME borrower and the SGS facility shall satisfy the terms and conditions of the SGS Deed and Supplemental Deed.

(VIII) Repayment Term

10. The SGS facility shall be repaid by instalments and be fully amortised by the end of the Guarantee Period. The Lender may allow the Borrower to pay interest only for a total period of not more than twelve months during the term of the SGS facility, and to repay the principal and pay interest over the remaining tenor of the SGS facility thereafter.

(IX) Procedures for requesting a Relief Arrangement

(A) New SGS Application

11. The Lender shall submit a duly completed form of “Application for Relief Arrangement” together with the duly completed SGS Application Form (i.e. TID 641 for Working Capital Loan, or TID 601 for Business Installations and Equipment Loan). For renewal upon completion of the initial

principal moratorium period, the Lender shall follow the procedures set out in paragraphs 12 to 16 below to submit a duly completed form of “Application for Relief Arrangement”.

(B) Existing SGS Facility

12. The Lender shall submit a duly completed form of “Application for Relief Arrangement”.
13. The Lender is not required to submit other documents (e.g. internal assessment, Facility Letter, updated repayment schedule, etc.) at the application stage. However, the Lender shall maintain proper documentation and be able to provide such documents to the Trade and Industry Department (“TID”) in the event that the facility becomes default.

For both (A) New Application and (B) Existing SGS Facility -

14. TID will endeavour to reply to the Lender of its decision (in the form of writing) by the 3rd working day after the date of receipt of the duly completed “Application for Relief Arrangement”. For a request which results in the extension of guarantee period, a revised Guarantee Letter will be issued to the Lender accordingly.
15. The Lender shall inform TID as soon as practicable if TID approved the Lender’s “Application for Relief Arrangement” but the Lender does not proceed with the arrangement eventually.
16. Any purported amendment to the terms of Guarantee shall be ineffective unless such amendment is accepted by TID.

(X) **Other Loan Restructuring**

17. The arrangement set out above does not apply to loan restructuring, which would be handled by the existing mechanism (i.e. the Lender shall make such request to TID in writing). Each case would be considered on its own merits.

(XI) Application Period

18. Duly completed “Application for Relief Arrangement” should be received by TID on or before 3 September 2020. Late application will not be considered.

(XII) Enquiry

19. For enquiry on the Relief Arrangement, please contact Polly Lam at 2398 5362 or Tammy Wong at 3403 6404.

Trade and Industry Department
September 2019