

Email dated 27 July 2023 to PLIs

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

Dear All,

Further to our email dated 28 June 2023 regarding the extension of application period for Principal Moratorium (PM) until 30 September 2023 under the SME Loan Guarantee Scheme (SGS), the Hong Kong Monetary Authority (HKMA) announced on 11 July 2023 the commencement of an orderly exit from the Pre-approved Principal Payment Holiday Scheme (PPPHS) when it expires at the end of July 2023. To facilitate a gradual transition to normal repayment, the existing Partial Principal Repayment options (PPRs), which covers SGS loans, will be further enhanced. Please be informed that, with immediate effect, Borrowers currently participating in or eligible for the PM arrangement may opt to make partial principal repayment of –

- (1) 20% of the original principal repayment amount over 18 months;
- (2) 50% of the original principal repayment amount over 30 months; or
- (3) otherwise negotiated with the Participating Lending Institutions.

The maximum period for partial principal repayment is 30 months, including any partial principal repayment period which has already taken effect.

To be eligible for the partial principal repayment, the related Facility shall be a non-revolving term loan Facility and not have outstanding default for more than 60 days. Any outstanding interest, overdue interest or late charges shall be fully settled before making partial principal repayment.

Please also be reminded that **application period for PM will expire on 30 September 2023.** If the PM period is about to expire, borrowing enterprises in need may apply for a renewal of no more than 12 months in the relevant application period, but the total number of months of PM cannot exceed the limit set under the SGS (the current **maximum period of PM is 42 months in total,** including any principal moratorium already used or granted but not yet used).

In accordance with the above, the Information Sheet of September 2019 for PM (with last revision on 28 June 2023) and the Information Sheet of April 2020 for PPPHS (with last revision on 28 October 2022) would be revised as below–

Information Sheet of September 2019 for PM and Emails dated 15 July 2020, 3 September 2020, 30 March 2021, 20 October 2021, 14 April 2022, 28 September 2022, 28 October 2022 and 28 June 2023 to PLIs on New Arrangement of PM

Part (V) : would be replaced by “**Lenders shall submit the following data to the Trade and Industry Department in MS Excel file format via email (email address: ivytam@tid.gov.hk) on a monthly basis for SGS loans granted with PM and/or PPRs 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 PM and/or PPRs;**
- (c) **Length of PM and/or PPRs in current application;**
- (d) **The percentage of PPRs opted by the Borrower (if any);**
- (e) **Extension of tenor extended (“Yes”/“No”);**
- (f) **New maturity date of the Facility;**
- (g) **Total period of PM + PPPHS applied including the current application;**
- (h) **Total period of PPRs applied including the current application; and**
- (i) **Others (please specify, if any).”**

Information Sheet of April 2020 for PPPHS and Emails dated 3 September 2020, 20 October 2021, 14 April 2022, 28 September 2022 and 28 October 2022 to PLIs

Part (III) (7) : would be replaced by “Lenders shall submit the following data to TID in MS Excel file format via email (email address: ivytam@tid.gov.hk) on a monthly basis for SGS loans granted with PPH and/or PPRs 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 and/or PPRs;
- (c) Length of PPH and/or PPRs;
- (d) The percentage of PPRs opted by the Borrower (if any);
- (e) Extension of tenor extended (“Yes”/“No”);
- (f) New maturity date of the Facility;
- (g) Total period of PM + PPPHS applied including the current application;
- (h) Total period of PPRs applied including the current application; and
- (i) Others (please specify, if any).”

Except the above changes and changes in our emails of 15 July 2020, 3 September 2020, 30 March 2021, 20 October 2021, 14 April 2022, 28 September 2022, 28 October 2022 and 28 June 2023 other parts of the Information Sheets remain valid.

The PM arrangement is a time-limited special relief measure first introduced in September 2019 to help SMEs manage their cash flow amidst economic uncertainties. With the Hong Kong economy recovering steadily as the epidemic subsides, this special relief measure has fulfilled its purpose, and its application period will expire in end – September 2023.

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

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