Press Release

Special 100% Loan Guarantee under the SME Financing Guarantee Scheme

The Financial Secretary announces in the Budget today (26 Feb) that HKMC Insurance Limited (HKMCI) will introduce special 100% Loan Guarantee under the SME Financing Guarantee Scheme (SFGS). The new measure aims to alleviate the burden of paying employee wages and rents by small and medium-sized enterprises (SMEs) which are suffering from reduced income, thereby help minimise enterprise shutting down and layoffs.

The loan guarantee is applicable to SMEs in all sectors, including those mostly affected by the coronavirus outbreak such as retail outlets, travel agents, restaurants, cinemas, karaoke establishments and transport operators, etc. The loans will be guaranteed by the Government, with a total loan amount of HK$20 billion. Eligible enterprises should have been operating for at least three months as at end-December 2019, and have suffered at least a 30% decline in sales turnover in any month since February 2020 compared with the monthly average of any quarter in 2019. The maximum amount of the loan per enterprise is the total amount of employee wages and rents for six months[1], or HK$2 million, whichever is lower. An interest rate of the Prime Rate minus 2.5% per annum (i.e. current interest rate at 2.75%) will be charged. All guarantee fee will be waived. The maximum repayment period of a loan under the guarantee is 36 months, with an optional principal moratorium for the first six months, so as to lessen immediate repayment burden of the enterprises.

HKMCI is actively undertaking the preparatory work with the lending institutions, and strives to roll out the scheme within one month after the Government obtains approval of funding from the Finance Committee of the

[1] If an enterprise does not have either employee(s) or rented office(s), the calculation can be replaced by half of the maximum monthly net income in 2019.

Legislative Council. The application period will last for six months starting from the launch of the scheme, and the date for receiving applications will be further announced upon finalisation. For public enquiries, please call the SFGS Hotline at 2536 0392.

HKMC Insurance Limited
26 February 2020