

香港特別行政區政府

商務及經濟發展局
工商及旅遊科

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COMMERCE, INDUSTRY AND TOURISM BRANCH

**COMMERCE AND ECONOMIC
DEVELOPMENT BUREAU**

GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION

23/F, WEST WING
CENTRAL GOVERNMENT OFFICES
2 TIM MEI AVENUE
TAMAR, HONG KONG

Ms Anita Sit
Clerk to Finance Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

19 January 2021

Dear Ms Sit,

**Legislative Council Finance Committee
Follow-up to Meeting on 21 December 2020**

At the Legislative Council Finance Committee meeting on 21 December 2020, a member requested the Government to consider whether to provide guarantee to banks for small and medium enterprises (SMEs), such that SMEs may enjoy a one-year interest-free period when seeking loans from banks. Our reply to the aforementioned suggestion is as follows.

In order to assist SMEs severely hit by the COVID-19 epidemic in coping with cash flow problems, the Government launched the Special 100% Guarantee Product under the SME Financing Guarantee Scheme (SFGS) in April 2020 to provide 100% guarantee for loans approved, such that SMEs may

more easily obtain commercial loans. We pitch the interest rate at Hong Kong Prime Rate minus 2.5% per annum (i.e. currently at 2.75%) for all the loans under the Special 100% Guarantee Product, and provide enterprises with a principal moratorium for the first 12 months to further alleviate their repayment pressure.

As at 31 December 2020, loans amounting to \$39.7 billion in total have been approved under the Special 100% Guarantee Product, benefiting over 19 000 enterprises. The above shows that the product is well-received by SMEs. At the same time, the principal moratorium has been utilised by over 60% of the approved applications. In addition, the Government has been providing interest subsidy for the 80% and 90% Guarantee Products under SFGS. From February to November 2020, the interest subsidy provided by the Government amounted to about \$260 million.

On the other hand, the Hong Kong Monetary Authority (HKMA), together with the Banking Sector SME Lending Coordination Mechanism, announced in September 2020 the extension of the Pre-approved Principal Payment Holiday Scheme for a further six months to April 2021 so that all loan principal payments of eligible customers falling due between November 2020 and April 2021 would be deferred by six months¹.

We will continue to keep in view the operation and financing situation of enterprises, and take corresponding support actions in a timely manner.

(Bill Wong)

for Secretary for Commerce and Economic Development

¹ Except for repayments of trade loans, which will be deferred by 90 days.