

**For discussion  
on 21 October 2014**

**Legislative Council Panel on Commerce and Industry**

**Government Assistance for Small and Medium Enterprises  
affected by “Occupy Central”**

**PURPOSE**

This paper updates Members of our liaison with trade associations, particularly Small and Medium Enterprises (SME) associations, since the outbreak of the “Occupy Central” movement, and the current assistance schemes available to help businesses.

**LIAISON WITH TRADE ASSOCIATIONS**

2. Since the outbreak of the “Occupy Central” movement, we have been closely monitoring the possible impact of the protests on enterprises. We have met with 20 chambers of commerce or sectoral trade associations to understand the impact of the “Occupy Central” movement on business operation. Those sectors directly affected include retail, tourism, catering and transportation, etc. Other sectors may be indirectly affected. The overall actual impact can only be ascertained upon the release of economic data of the next quarter.

3. The retail sector indicated that during the National Day Golden Week, retailers near the protests areas were most adversely affected, and the drop of businesses of SME retailers in Mong Kok, Causeway Bay or Tsim Sha Tsui was as high as 80%. The tourism sector indicated that the “Occupy Central” movement had affected the business of hotels and tourist attractions in individual districts. They were worried that if the situation continued, it would affect the livelihood of frontline employees of the tourism industry, dampen the desire of both business and leisure travellers to visit Hong Kong, and inevitably lead a blow to the future development of the tourism industry of Hong Kong. Some other trade associations also learned of instances where overseas clients cancelled business trips to Hong Kong, or where potential overseas partners shelved business talks. SME associations were particularly worried that if the “Occupy Central” movement persisted, SMEs would be most hard hit; they might need to reduce the size of their businesses, lay off staffs and

might even close down.

## **CONTINUOUS ASSESSMENT**

4. The “Occupy Central” movement has affected some normal economic activities, particularly those related to inbound tourism and some domestic economic activities. The Government will closely monitor the situation and further assess the impact on economic growth when more data is available.

## **ASSISTANCE FOR SMEs**

5. At present, the Government has a series of cross-sector schemes that provide assistance to SMEs, including the on-going SME Loan Guarantee Scheme (SGS) administered by the Trade and Industry Department (TID) and the special concessionary measures under the SME Financing Guarantee Scheme (SFGS) of the Hong Kong Mortgage Corporation Limited (HKMC).

6. Implemented since 2001, the SGS is administered by the TID. Under the SGS, the Government provides free guarantee to facilitate SMEs in securing loans from participating lending institutions for acquiring business installations or equipment or meeting the general working capital needs of business operations. SMEs<sup>1</sup> registered under the Business Registration Ordinance (Chapter 310) with substantive business operation in Hong Kong are eligible to apply. The amount of guarantee for each SME is 50% of the approved loan, subject to a maximum guarantee amount of \$6 million (i.e. a loan size of \$12 million). The maximum loan guarantee period is 5 years. Each SME may reuse the guarantee amount once after it has fully repaid the loan backed up by the guarantee.

7. The special concessionary measures under the SFGS of the HKMC, which are backed up by the Government’s total loan guarantee commitment of \$100 billion, provide 80% loan guarantees to enterprises at a concessionary fee rate. Since the introduction of the special concessionary measures in May 2012, the application period has been extended twice to the end of February 2015. All enterprises which have

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<sup>1</sup> “SME” is defined as any manufacturing business which employs fewer than 100 persons in Hong Kong, or any non-manufacturing business which employs fewer than 50 persons in Hong Kong.

business operation in Hong Kong (except listed companies, lending institutions and affiliates of lending institutions) registered under the Business Registration Ordinance (Chapter 310), have been in operation for at least one year on the date of guarantee application and have good loan repayment record are eligible to apply. The maximum loan amount to be guaranteed for each enterprise at any one time under the SFGS (including the special concessionary measures) is \$12 million, and the maximum loan guarantee period is 5 years. The proceeds of the loan may be used for providing general working capital or acquiring equipment or assets (excluding residential properties) for the enterprise's business operations.

8. Enterprises affected by the "Occupy Central" movement and facing financial difficulties may consider applying for the above two schemes.

## **WAY FORWARD**

9. The Administration is concerned about the impact of the "Occupy Central" movement on the business operation of SMEs. We will closely monitor the latest developments and maintain liaison with the trade, with a view to providing timely and adequate support to business enterprises.

Commerce and Economic Development Bureau  
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