

New Social Distancing Measures in Hong Kong Amidst the COVID-19 Crisis – How are Businesses being Affected?

In order to avoid the spread of COVID-19, the HKSAR Government has put in place new social distancing regulations that affect the daily operations of many businesses, ranging from listed companies to local businesses such as restaurants, fitness centers, bars, clubs etc. Below is a summary of new measures that have been implemented but additional measures may be announced at a further date.

The new measures include (i) the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap 599G) (“**Regulation 599G**”), (ii) the Prevention and Control of Disease (Requirement and Directions) (Business and Premises) Regulation (Chapter 599F) (“**Regulation 599F**”), and (iii) the Prevention and Control of Disease (Requirement and Directions) (Business and Premises) (Amendment) Regulation 2020 (the “**Amendment Regulation**”).

Regulation 599G

Except for certain exempted group gatherings, Regulation 599G prohibits any group gathering of more than four people in a public place. Regulation 599G took effect at midnight on March 29, 2020 and will remain effective until April 11, 2020. Offenders are liable to a maximum penalty of a fine of HK\$25,000 and imprisonment for six months.

In view of Regulation 599G, the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited published a joint statement summarizing the impact of Regulation 599G on arrangement of annual general meetings (“**AGMs**”), extraordinary general meetings (“**EGMs**”) and special general meetings (“**SGMs**”), in particular, for listed issuers. The joint statement notes the below key points:

1. AGMs as required under the Companies Ordinance of Hong Kong and/or the Main Board or GEM Listing Rules, in general, are exempted.
2. EGMs and SGMs of Hong Kong listed-issuers are exempted if the meeting must be held within specified period in order to comply with any applicable laws, regulations, the issuer’s own memorandum and articles of association or other regulatory

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instrument.

The joint statement also noted that listed issuers may further consider:

1. whether it is possible to adjourn or delay the general meetings taking into account any mandatory legal or regulatory requirement on timing, any extension, waiver or other variation option, and the urgency and importance of business to be considered at the meetings;
2. a longer adjournment or delay (i) for better decision on how to manage the potential health risks of any physical meetings, and (ii) to explore any permissible measures to reduce the need of physical attendance including use of virtual meetings and voting by proxy or through HKSCC Nominees Limited by the shareholders;
3. all practicable precaution measures for the safety of physical attendees including mandatory screening of body temperature, no food and beverage service, and the use of multiple meeting rooms.

Regulation 599F and the Amendment Regulation

The first set of directions under Regulation 599F and the Amendment Regulation took effect on March 28, 2020 and will be effective for 14 days until April 11, 2020. The key directions stipulate that:

1. The number of customers at any one time must not exceed 50% of the normal seating capacity of the premises of catering businesses. Business owners must also ensure that there is a distance of at least 1.5 meters between tables or that there is some form of partition between tables. Further, no more than four people may be seated together at one table. People within any catering premises must wear masks except when eating and drinking.
2. Gaming centers, bathhouses, fitness centers, places of amusement, places of public entertainment and party rooms-for-hire are to be closed.

The second set of directions under Regulation 599F and the Amendment Regulation took effect on April 1, 2020 and will be effective for 14 days until April 15, 2020. They provide that:

1. all karaoke and mahjong-related establishments are to be closed and that related activities in catering premises and clubhouses are to be suspended;
2. any night establishments such as clubs and nightclubs are to be closed;
3. a person must wear a mask at all times on premises such as beauty parlors, club-houses and massage parlors;
4. beauty parlors, club-houses, massage establishments must conduct body temperature screening on all entrants to the premises; and
5. hand sanitizers must be provided at any beauty parlor, club-house and massage establishment premises.

The most recent set of directions took effect on April 3, 2020 and will remain effective for 14 days until April 17, 2020. They stipulate that:

1. bars, pubs and any establishments that sell alcohol are to be closed;
2. any catering business premises exclusively or mainly used for selling alcohol for consumption are to be closed; and

3. any club-house premises exclusively or mainly used for selling alcohol for consumption are to be closed.

Offenders of any requirements under Regulation 599F and the Amendment Regulation are subject to a maximum fine of HK\$50,000 and imprisonment for six months.

For further information on the above measures, please contact either Hilda Chan or Janice Wong.