

The HKSAR Government's Measures to Assist Businesses in the COVID-19 Crisis (Part II)

Further to the HK\$30 billion anti-epidemic fund launched by the HKSAR government in February 2020, the HKSAR government introduced an additional HK\$137.5 billion relief package to assist individuals and businesses faced with financial difficulties in the midst of the COVID-19 epidemic.

The HK\$80 billion Employment Support Scheme

Under the Employment Support Scheme, the HKSAR government will provide a wage subsidy to all employers who have been making Mandatory Provident Fund (MPF) contributions for employees to retain their employees. The wage subsidy provided is based on 50% of an employee's monthly salary with the monthly salary cap of HK\$18,000 (meaning a maximum monthly subsidy of HK\$9,000) for a period of six months. Employers will be required to undertake that they will not implement redundancy within this six-month period.

The HKSAR government will provide support to employees in the catering, construction and transport sectors not covered by any MPF schemes. It will also grant a one-off subsidy to self-employed persons who have made MPF contributions.

As part of the Employment Support Scheme, the HKSAR government expects to invest HK\$6 billion to create approximately 30,000 time-limited job in the public and private sectors in the coming two years. As the city's largest employer, the HKSAR government expects to continue to employ over 10,000 civil service jobs in 2020 and 2021 and about 5,000 interns for young people and students.

The government has allocated approximately HK\$800 million to help people in various professions to learn new skills and to enhance the use of technology in their businesses. This includes the HK\$40 million LAWTECH Fund, which aims to assist small to medium sized law firms and barristers' chambers to procure and upgrade their information technology systems and provide training to employees to support the development of remote hearings.

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HK\$21 billion support package to hard-hit sectors

The HKSAR government announced an additional 16 relief proposals to assist businesses in various sectors including:

Aviation: To provide a one-off subsidy of HK\$1 million for each large aircraft and HK\$200,000 for each small aircraft registered in Hong Kong. The government will also provide a one-off subsidy to aviation support services and cargo facilities operators in the amount of up to HK\$3 million (for those with 100 employees or above) or HK\$1 million (for those with less than 100 employees).

Education: To provide a one-off relief grant to tutorial schools, service providers and suppliers for schools and post-secondary education institutions such as catering outlets, lunchbox providers, school bus drivers, school private light bus drivers and bus nannies, instructors coaches, trainers and operators of interest classes engaged by schools, each ranging from HK\$7,500 to HK\$80,000.

Finance: To provide a one-off relief grant of HK\$50,000 to some exchange participants that are ranked 15th onwards by market turnover and a subsidy of HK\$2,000 to each Securities and Futures Commission licensed individual.

Transportation: To provide a monthly subsidy of HK\$6,000 for a period of six months to each eligible active taxi and red minibus drivers and a one-off subsidy of HK\$30,000 to the registered owner of each taxi, red minibus, non-franchised bus, school private light bus and hire car.

Entertainment: To provide a subsidy of HK\$100,000 per screen to each licensed cinema in March. The maximum subsidy for a cinema circuit is HK\$3 million.

Tourism: To provide a cash subsidy to travel agents ranging from HK\$20,000 to HK\$200,000 and to licensed hotels ranging from HK\$300,000 to HK\$400,000.

Construction: To provide a one-off subsidy ranging from HK\$7,500 to HK\$20,000 to each eligible registered construction workers and contractors, depending on their work and license types.

Catering: To provide a one-off subsidy ranging from HK\$250,000 to HK\$2.2 million to catering outlets based on the size of the premises. The government will require employers in catering outlets to use 80% of the subsidy to pay employees' salaries along with an undertaking that the employer will not implement redundancy for three months after obtaining the subsidy. Further, the employer will undertake not to make an application under the Employment Support Scheme described above. The government will also provide a one-off subsidy of HK\$50,000 for licensed premises like karaoke establishment, bars, pubs and nightclubs.

Other business in various sectors targeted by the new relief measures include sports organizations, refuse collectors, local primary producers, estate agencies, creative

industries, non-profit organizations, gaming centers, fitness centers, amusement venues, massage and beauty parlors and sports or recreational facilities on government sites.

Enhancing the SME Financing Guarantee Scheme

In our [previous eUpdate](#) on the HKSAR government's measures to assist business in the COVID-19 crisis dated April 2, 2020, we discussed the government's newly approved SME Financing Guarantee Scheme (the "**Guarantee Scheme**"). Since then, the government announced a further enhancement of the SME Financing Guarantee Scheme so that it can better assist SMEs that have been hit hard during these trying times. These include the following:

1. For each enterprise, the maximum loan amount made available will be increased (i) from HK\$15 million to HK\$18 million for any 80% guaranteed loan; (ii) from HK\$6 million to HK\$8 million for any 90% guaranteed loan; and (iii) from HK\$2 million to HK\$4 million for any 100% guaranteed loan made under the Guarantee Scheme.
2. To provide a concessionary interest rate of up to 3% for one year for loans under 80% and 90% guaranteed loans.
3. To increase the guarantee commitment amount for the Guarantee Scheme from HK\$20 billion to an aggregate of HK\$50 billion.

The Government estimates that approximately 50,000 businesses will benefit from the Guarantee Scheme because of the above enhancements.

For further information on the above measures, please contact either [Hilda Chan](#) or [Janice Wong](#).