The Hong Kong SAR Government's Measures to Assist Businesses in the COVID-19 Crisis (Part I)

Since February 2020, the Hong Kong SAR Government has announced a series of measures and initiatives to assist businesses during the COVID-19 crisis. This multi-billion dollar relief package will be extremely beneficial to Hong Kong businesses and is designed to protect businesses of various sectors, particularly small and medium sized companies, from the economic downturn created by the COVID-19 crisis.

We have set out below a summary of the principal measures that have been announced so far but additional measures may be announced at a further date.

HK$30 billion Anti-epidemic Fund

The HK$30 billion Anti-epidemic Fund (the "**Fund**") was passed by the Legislative Council in February 2020. The key funding commitments for each industry under the Fund include:

- HK$4.7 billion designated to enhance support to the Hospital Authority in combatting the epidemic;
- HK$3.7 billion under the Food License Holders Subsidy Scheme which provides a one-off subsidy of HK$200,000 to general restaurants, marine restaurants and factory canteens and a one-off subsidy of HK$80,000 to light refreshment restaurants, food factories, bakeries and others;
- HK$5.6 billion under the Retail Sector Subsidy Scheme which provides a one-off subsidy of HK$80,000 to retail stores, including shops that sell tangible goods to the public (including retail groups or chain stores);
- HK$1.4 billion under the subsidy to commercial vehicle owners which provides some 130,000 registered owners of commercial vehicles, such as licensed non-franchised public bus owners, school bus owners, goods transport vehicles for hire, a one-off subsidy of HK$10,000 to HK$20,000;
- HK$1.5 billion designated to support local mask production in Hong Kong;
- HK$1.0 billion under the Convention and Exhibition Industry Subsidy Scheme to alleviate hardships experienced by the convention and exhibition industry such as event organizers and venue managers and other related sectors including

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accommodation, catering, retail, entertainment, transportation etc.

- HK$1.0 billion designated to support the global procurement of personal protective equipment including surgical masks, N95 masks and face shields;
- HK$1.0 billion under the Anti-epidemic Support Scheme for Property Management Businesses which provides (i) an allowance to property management companies and/or owners organizations to give each frontline property management worker a monthly hardship allowance; and (ii) a subsidy to property management companies and/or owners' organizations to step up cleaning efforts; and
- Other workers and/or companies in industries that may benefit from the anti-epidemic fund include travel agents, licensed guest houses, licensed hawkers, workers in the arts and culture industry, child care centers, marine wholesale traders, owners of fishing or fish collection vessels, cleaners, security workers, construction workers and companies (including contractors, subcontractors) and rental relief for early-stage companies, incubatees, working space users and other tenants in Hong Kong Science Park, InnoCentre, industrial estates and Cyberport.

New loan guarantee commitment of HK$20 billion to assist small and medium enterprises ("SME")

Under the newly approved SME Financing Guarantee Scheme, the Hong Kong government has earmarked a total loan amount of HK$20 billion which will be 100% guaranteed by the Hong Kong government. Applicants may obtain a maximum loan amount of HK$2 million or up to the total amount of employee wages and rent for six months, whichever is lower.

The maximum repayment period is three years from the first drawdown of the facility. To lessen the immediate repayment burden of enterprises, an option for principal moratorium will be provided under which loan applicants will only be required to pay interest in the first six months. An interest rate of the Hong Kong Prime Rate minus 2.5 per cent per annum (or equivalent) is applicable to the loans under this scheme. The guarantee fee will be waived.

Enterprises from all sectors, including the most affected industries such as retail, travel agents, restaurants, cinemas, karaoke establishments and transport operators, may be eligible for such loans.

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