

Annex I

The Government has introduced certain financing support, tax and other relief measures to support the liquidity of companies and ensure business continuity. The applicable measures are summarized below.

Applicable Measures	Large Corporates	SMEs
Eligible Beneficiary	Corporates exceeding the threshold for SMEs	<p>Manufacturing firms which employ fewer than 100 persons in Hong Kong; or</p> <p>Non-manufacturing firms (including firms engaged in construction; mining; quarrying; electricity and gas; import and export; wholesaling; retailing; catering; hotel; transport; warehouse; insurance; real estate; business service; community, social and personal service) which employ fewer than 50 persons in Hong Kong.</p>
Direct Government Payments	Under the Employment Support Scheme, employers making MPF contributions will be eligible to wage subsidies of 50% of employees' wages subject to a wage cap of HKD 18,000 per month, for a period of six months, in return for undertaking not to implement redundancy. Employers not making MPF contributions but are in the catering, construction and transport industry will be assisted in sector-specific schemes.	
Temporary Relief for Financially Distressed Businesses	<p>The Government has implemented a broad range of one-off subsidies for a wide range of businesses ranging from the catering, tourism to aviation industry, and individuals including sport coaches, construction workers and beauty parlor operators.</p> <p>For instance, aviation sector:</p> <ul style="list-style-type: none"> (i) One-off subsidy of HKD 1 million per large aircraft registered in Hong Kong and HKD 200,000 per small aircraft registered in Hong Kong. Expect to benefit about 270 aircrafts. (ii) Aviation support services and cargo facilities operators: One-off subsidy of up to HKD 3 million (with 100 employees or above) / HKD 1 million (with less than 100 employees) to each operator. Expect to benefit about 40 operators 	
Financial Assistance to SMEs - Government Loan Guarantees	Not available to large corporates	<p><i>Purpose:</i> Government's assistance to SMEs to obtain financing from lenders by providing guarantee coverage.</p> <p><i>Maximum loan amount:</i> HKD 4 million for Special 100% Guarantee Product; HKD 8 million for 90% Guarantee Product; HKD 18 million for 80% Guarantee Product.</p> <p><i>Eligible companies:</i></p> <ol style="list-style-type: none"> 1. It must be a company, sole proprietorship, partnership or unincorporated body of persons which has business operation in Hong Kong and remains unchanged under the Business Registration Ordinance (Cap. 310). 2. It shall not be carrying on the business of a lender or otherwise providing funds available for borrowing in any way.

		<ol style="list-style-type: none"> 3. It shall not be an affiliate of the Lender. 4. It shall not be a company or corporation which has any of its shares listed on The Stock Exchange of Hong Kong Limited or any similar exchange in or outside Hong Kong. For the 80% and the 90% Guarantee Products, the eligibility criteria is extended for one year to cover publicly listed companies in Hong Kong subject to personal guarantee by individual shareholder(s) directly or indirectly holding more than 50% of the equity interest of the enterprise. 5. A person (who is an individual) or a group of persons who, directly or indirectly, hold(s) or is/are beneficially entitled to more than 70% (for the Special 100% Loan Guarantee) or more than 50% (for other Guarantee Products) of the issued share capital or equity interest of the SME shall enter into an irrevocable, unconditional and legally binding guarantee in favor of the Lender in relation to the relevant facility (if more than one person, on a joint and several basis). Such persons are usually required to be permanent residents in Hong Kong. 6. To be eligible for the Special 100% Guarantee Product, SMEs in all sectors must have suffered at least a 30% decline in sales turnover in any month since February 2020 compared with the monthly average of any quarter in 2019.
SME Export Marketing Fund	Not applicable to large corporates	<p><i>Purpose:</i> Participation in export promotion activities in markets outside Hong Kong.</p> <p><i>Maximum funding:</i> Cumulating funding per enterprise is HKD 800,000, and each export promotion activity is eligible to 50% of the total approved expenditure incurred or HKD 100,000, whichever is lower.</p> <p><i>Eligible companies:</i></p> <ol style="list-style-type: none"> 1. It must be registered in Hong Kong under the Business Registration Ordinance (Cap. 310). 2. It must meet the Government's definition of an SME, i.e. a manufacturing business which employs fewer than 100 persons in Hong Kong; or a non-manufacturing business which employs fewer than 50 persons in Hong Kong. 3. It must have substantive business operations in Hong Kong at the time of making the application. 4. If it has previously received funding support under EMF, the cumulative amount of funding received must not exceed the prevailing cumulative funding ceiling i.e. HKD 800,000.

		<p>5. It must not be the organizer, co-organizer, service provider or a related company of the organizer, co-organizer, service provider of the export promotion activity and the related services covered by the application.</p> <p><i>Eligible export promotion activities:</i></p> <ol style="list-style-type: none"> 1. trade fairs/exhibitions outside Hong Kong; 2. business missions outside Hong Kong; 3. local trade fairs/exhibitions which mainly target at markets outside Hong Kong; 4. placing advertisements on trade publications which mainly target at markets outside Hong Kong; 5. export promotion activities (such as placing advertisements, keyword search, listing product information, setting up or enhancing online shop, etc.) which are conducted through electronic platforms/media and which mainly target at markets outside Hong Kong; and 6. setting up or enhancement of a corporate website or mobile application of the applicant enterprise which mainly targets at markets outside Hong Kong.
<p>Technology Voucher Program</p>	<p><i>Purpose:</i> Improve productivity, or upgrade or transform business processes with the use of technological services and solutions.</p> <p><i>Maximum funding:</i> Cumulative funding per enterprise is HKD 600,000. The applicant must contribute no less than one quarter of the total approved project cost in cash. Up to six projects from an applicant may be approved. An applicant is not allowed to undertake more than one TVP project at the same time.</p> <p><i>Eligible companies:</i></p> <ol style="list-style-type: none"> 1. It must be (a) registered in Hong Kong under the Business Registration Ordinance (Cap. 310); or (b) incorporated and registered in Hong Kong under the Companies Ordinance (Cap. 622); or (c) established in Hong Kong by relevant ordinances as statutory bodies. 2. It is not an entity listed on The Stock Exchange of Hong Kong Limited, and not a Government subvented organization or a subsidiary of any Government subvented organization. 3. It must have substantive business operations in Hong Kong which is related to the application project at the time of application. <p><i>Assessment criteria:</i></p> <ol style="list-style-type: none"> 1. the relevance of the proposed project to the applicant's business; 2. the reasonableness of the budget; 3. the reasonableness of the implementation details; and 4. the adverse record of consultants and/or service provider(s). 	

<p>Tax and Other Relief Measures</p>	<p>Loan Repayment Relief</p> <p>Self-financing post-secondary institutions and non-profit-making international schools are entitled to interest-free deferral of government loan repayment for two years.</p> <p>Tax deferrals</p> <p>Deadline for payment of tax for year 2018/19 which are due for payment in April, May or June 2020 will be automatically extended for three months.</p> <p>Profits Tax</p> <p>2019-20 profits tax payable is reduced by 100%, subject to a ceiling of HKD 20,000.</p> <p>Rates of Non-domestic Properties</p> <p>2020-21 rates of non-domestic properties are waived, subject to HKD 5,000 ceiling per quarter in first two quarters and HKD 1,500 ceiling per quarter for remaining two quarters.</p> <p>Reduction of utility bills</p> <p>Electricity charges for non-residential account: 75% of charges for four months is subsidized, subject to a monthly cap of HKD 5,000.</p> <p>Water and sewage charges of non-domestic households: 75% of charges for four months is waived, subject to a monthly cap of HKD 20,000 and HKD 12,500 respectively.</p> <p>Rental Subsidy</p> <p>Rental for government properties/properties covered by short-term and temporary waivers: 75% rent concession for six months. Businesses that completely ceased operation will receive full rental waiver.</p>
---	---

White & Case
9th Floor Central Tower
28 Queen's Road Central
Hong Kong SAR
T: +852 2822 8700

In this publication, White & Case means the international legal practice comprising White & Case LLP, a New York State registered limited liability partnership, White & Case LLP, a limited liability partnership incorporated under English law and all other affiliated partnerships, companies and entities.

This publication is prepared for the general information of interested persons. It is not, and does not attempt to be, comprehensive in nature. Due to the general nature of its content, it should not be regarded as legal advice.

© 2020 White & Case LLP