

The Government has proposed a number of relief measures against the economic impact of Covid-19. We set out below two key measures that are likely of general application to employers / businesses in Hong Kong:

Employment Support Scheme (“ESS”)

The purpose is to provide wage subsidies to eligible employers to retain their employees.

Conditions	<ul style="list-style-type: none"> • Employers must undertake not to implement redundancy, and apply the subsidy on wages entirely • All employers making MPF contributions will be eligible except those on exclusion list (HKSAR, statutory bodies, and Government sub-vented staff)
Maximum amount of subsidies	<ul style="list-style-type: none"> • Subsidies calculated on the basis of 50% of wages for a month (either January, February or March 2020 selected by the employer), subject to a wage cap of \$18,000 per month per employee for a period of 6 months • Will be paid to employers in two tranches, with first pay-out no later than June 2020
Application Period / Supporting documents	<ul style="list-style-type: none"> • Starting from May / June 2020 • Currently pending announcement of details of application supporting documents. We will closely monitor the progress.

**Special 100% Loan Guarantee under the SME Financing Guarantee Scheme
(“100% Guarantee Sch”)**

Key features	<ul style="list-style-type: none"> • Non-revolving loan facility up to HK\$4 million • Interest rate at Prime Rate minus 2.5%; i.e. currently at 2.75% p.a. • All guarantee fee waived • Repayment period up to 36 months, with an optional principal moratorium for the first 12 months
Conditions	<ul style="list-style-type: none"> • Companies operating and registered in Hong Kong for at least three months as at the end of December 2019 • 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; and • Not a listed company, a lending institution or an affiliate of the lender <p><u>Example:</u> Sales turnover in April 2020 = HK\$2,000,000 Average monthly sales turnover in Q1-2019 = HK\$3,000,000 Decline in sales turnover = 33%, therefore eligible to apply</p>
Maximum facility amount per borrower	<p>Wage + Rental Method</p> <ul style="list-style-type: none"> • The maximum amount of the loan per enterprise is the total amount of employee wages and rents for 6 months, or HK\$4 million, whichever is lower. <p>Proxy Method</p> <ul style="list-style-type: none"> • If an enterprise has neither wages nor rental payments, the calculation can be replaced by half of the maximum monthly net income before tax in 2019.
Application Period	1-year period, starting from 20 April 2020
Participating lenders	BOC Hong Kong, Bankcomm, BEA, Chong Hing, DBS, HSB, HSBC, Nanyang Commercial, OCBC Wing Hang, SCB



We provide support to our clients to assist them in completing the application for ESS / 100% Guarantee Sch. Please contact Ms. Mandy Lee at (825) 2289-9431 / mandylee@russellbedford.com.hk of our office or your usual contact at Russell Bedford Hong Kong if you require our assistance or clarification of information concerning these relief measures.