

Hong Kong Sets up Anti-epidemic Fund as Countermeasure to the Novel Coronavirus Epidemic

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PEGGY HE

ADVISORY DEPARTMENT
JAPANESE CORPORATE BANKING DIVISION
FOR ASIA

T +852-2823-6605

E PEGGY_PJ_HE@HK.MUFG.JP

MUFG Bank, Ltd.

(Incorporated in Japan with limited liability)

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On 14th February 2020, regarding the influence of the novel coronavirus epidemic (COVID19) exposed to Hong Kong companies, the Government of Hong Kong Special Administration Region (hereinafter HKSAR) announced a series of countermeasures by setting up the "Anti-epidemic Fund"¹(hereinafter the Fund), with a total amount of HKD 25 billion. Officially approved on 21st February in Financial committee meeting of Legislative Council, the Fund was finally established with a total amount of HKD 30 billion. This report will introduce the countermeasures of the Fund.

BACKGROUND

Along with the novel coronavirus found in Wuhan, China gradually expanding to Hong Kong, the economy especially retail, tourism and food-service industry which highly rely on tourists has been hard hit, while yet to see a resume from the impact of social activities which last for over half year since June 2019. Under such uncertain situation, Hong Kong Government released a series of countermeasures in order to help decrease the burden of companies that have difficulty in operating business.

MAIN CONTENT

Below is the summary of countermeasures to support companies and related industries while the details are to be released later.

Countermeasures to support companies/related industries (Extract)	
Retail	<ul style="list-style-type: none">▪ The total amount of subsidy involved is approximately HKD 5,600 million.▪ To provide subsidy to each eligible retailer. (the details of subsidy amount and application requirement are to be finalised)▪ To aim at businesses which sell goods at a physical location mainly to the general public for personal/household consumption.▪ To review applications from eligible retailers within two months upon the establishment of the Fund.

¹ For details, please refer to: <https://www.legco.gov.hk/yr19-20/english/fc/fc/agenda/fc20200221.htm>

<p>Food Licence Holders</p>	<ul style="list-style-type: none"> ■ The total amount of subsidy involved is approximately HKD 3,730 million. ■ To provide a subsidy of HKD 200,000 to each eligible holder of any of the following premises-based licences in operation: <ul style="list-style-type: none"> ➤ general restaurant licence; ➤ marine restaurant licence; ➤ factory canteen licence ■ To provide a subsidy of HKD 80,000 to each eligible holder of any of the following premises-based licences in operation: <ul style="list-style-type: none"> ➤ light refreshment restaurant licence; ➤ food factory licence; ➤ bakery licence; ➤ fresh provision shop licence; and ➤ shop licence of siu mei (a Cantonese name given to meats roasted on spits over an open fire or a huge wood burning rotisserie oven) and lo mei (a Cantonese name given to dishes made by braising in a sauce known as a master stock or lou sauce) ■ To invite applications from eligible licensees within one week upon establishment of the Fund, and to disburse subsidies to the applicants within about two weeks from receiving their respective applications.
<p>Transportation</p>	<ul style="list-style-type: none"> ■ The total amount of expenditure involved is approximately HKD 3,230 million. ■ To offer a HKD 1.0 discount per litre of liquefied petroleum gas (Hereinafter LPG) (approximately a one-third discount) for 12 months for LPG taxis and public light buses (hereinafter PLBs); ■ To reimburse approximately one-third of the actual fuel cost for 12 months for petrol taxis and diesel PLBs; ■ To reimburse one-third of the actual fuel/electricity cost for 12 months for Franchised buses, local ferries and tramways; ■ To provide a one-off non-accountable subsidy of HKD 20,000 for each licensed Non-franchised buses (hereinafter NFBs); ■ To provide a one-off non-accountable subsidy of HKD 10,000 for each goods vehicle, school private light bus, hire car and local commercial mechanised vessel, and provide a one-off survey fee subsidy for local commercial vessels; ■ To offer a one-off non-accountable subsidy of HKD 1 million for each cross-boundary vessel.
<p>Convention and Exhibition</p>	<ul style="list-style-type: none"> ■ The total amount of expenditure involved is approximately HKD 1,020 million. ■ To subsidises all participants of Hong Kong Trade Development Council's (hereinafter HKTDC) exhibition and major conventions (conventions/conferences with over 400 participants) 50% of their participation fee per participation (maximum HKD 10,000) ■ To subsidises all organisers of exhibitions and international conventions/conferences (conventions/conferences with over 400 participants and at least 50% of which are non-local participants) at Hong Kong Convention and Exhibition Centre (hereinafter HKCEC) and AsiaWorld-Expo 100% of the venue rental. ■ The subsidy period shall be a 12-month period, counting from the time when HKTDC is holding events again. ■ The Scheme shall be promoted to potential organisers and exhibitors right after the establishment of the Fund.

<p>Innovation</p>	<ul style="list-style-type: none"> ■ The total rental involved under this measure is HKD 380 million. ■ To offer a 6-month rental relief to all start-ups, incubatees, co-working space users, office tenants, partner companies, professional services companies and merchant outlets at the Hong Kong Science Park, InnoCentre, industrial estates and Cyberport. ■ The relief measure should take effect from 1st April 2020.
<p>Live marine fish wholesale traders</p>	<ul style="list-style-type: none"> ■ The total amount of subsidy involved is approximately HKD 270 million. ■ To offer a subsidy of HKD 200,000 to the operator of each live marine fish wholesale stall in the Fish Marketing Organization markets; ■ To offer a subsidy to the owner of each fishing vessel and fish collector vessel with Mainland deckhands: <ul style="list-style-type: none"> ➢ HKD 200,000 for each vessel of 25 meters or above in length; and ➢ HKD 80,000 for each vessel of less than 25 meters in length. ■ To invite applications from eligible traders and owners within one week after establishment of the Fund, and to disburse subsidies to the applicants within about two weeks from their respective applications.
<p>Child care centres (CCC)</p>	<ul style="list-style-type: none"> ■ The total amount of subsidy involved is approximately HKD 220 million. ■ To grant HKD 21 million per month to aided CCCs and HKD 34 million per month to non-aided CCCs. ■ The subsidy period is a four-month period from February to May 2020. ■ To disburse the first month's subsidy one month after the establishment of the Fund.
<p>Art and Culture</p>	<ul style="list-style-type: none"> ■ The details of subsidy amount and application requirement are to be finalised. ■ The total amount of subsidy involved is approximately HKD 150 million. ■ To disburse subsidy to affected parties within Q2 of 2020.
<p>Licensed Guesthouses</p>	<ul style="list-style-type: none"> ■ The total amount of subsidy involved is approximately HKD 150 million. ■ To offer a subsidy of HKD 80,000 to each of the licensed guesthouses. ■ To disburse subsidy in a month's time upon the establishment of the Fund.
<p>Travel agents</p>	<ul style="list-style-type: none"> ■ The total amount of subsidy involved is approximately HKD 140 million. ■ To offer a subsidy of HKD 80,000 to each of the licensed travel agents. ■ To disburse subsidy in a month's time upon the establishment of the Fund.
<p>Training bodies</p>	<ul style="list-style-type: none"> ■ The total amount of subsidy involved is approximately HKD 90 million. ■ To subsidise each of the appointed training bodies of the Employees Retraining Board in order to relief the financial burden mainly from overhead expenses on rental and staff costs. ■ The subsidy is set at 30% of the funding allocated to individual training bodies for organising retraining courses. ■ The subsidy period is a four-month period from February to May 2020.
<p>Licensed Hawkers</p>	<ul style="list-style-type: none"> ■ The total amount of subsidy involved is approximately HKD 30 million. ■ To offer a subsidy of HKD 5,000 to each eligible licensee of a hawker licence. ■ To invite applications from eligible licensees within one week upon establishment of the Fund, and to disburse subsidies to the applicants within around two weeks from their respective applications.

COMMENTS

Hong Kong economy is considered to be immensely influenced and threatened by the coronavirus epidemic, soon after the prolonged protest activities from last year. Especially, it is becoming an urgent topic over how to minimize business terminations and layoffs in pillar industries such as retail, tourism and catering due to the sharp decrease of travellers from mainland China. The Fund has been approved though, for those industries and sectors which are greatly hit but not being concluded as subsidy target in this batch such as beauty salons and off-campus sessions, more and more subsidy measures are highly expected.

On the other hand, Hong Kong budget for fiscal 2020/21 has been released on 26th February and believed to raise more measures to support economic rebound. We will closely follow up the situation and bring out useful information later.

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