

Covid-19: **Guide to resources for NGOs in Hong Kong**



April 2020



Covid-19 is a challenging time for all of us, including NGOs in Hong Kong. The purpose of this guide is to provide practical insights from our Covid-19 alert hub and relief measures which may be applicable to NGOs in Hong Kong. We hope that, by bringing together our resources at Freshfields and summarising relevant relief measures, we can help you navigate Covid-19's impact on your organisation.

Please note that this guide (including all external information) is provided for information purposes only. It is not intended to provide legal advice or advice of any nature. Please reach out to your usual contact at Freshfields if you have any questions. We would be more than happy to discuss with you.



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A Freshfields: Covid-19 alert hub

Your organisation is no doubt focussed on managing your immediate response to Covid-19, such as keeping your workforce safe. However, the decisions you make today could be scrutinised in the future – investment of time and resources in your workforce and understanding your organisation's risk position is paramount.

The practical insights from our Covid-19 alert hub are designed to help you understand the key issues for your organisation (although, not all sections may necessarily be applicable). Each section contains checklists that you can download and share within your organisation. These checklists are not exhaustive – they are designed to provide general information to help you scope out your organisation's risk position.



Workforce

Covid-19 has caused, and is causing, major disruption for organisations. It has led NGOs to review and adjust their workforce policies, including a heightened focus on the safety and well-being of employees. NGOs should ensure that effective communication strategies are in place.

[Our thinking: How to manage workforce issues?](#)

[Our thinking: Are there alternatives to downsizing?](#)

[Our thinking: How to safely return to the workplace?](#)

[Our thinking: Volunteering during Covid-19](#)

[Checklist: Assessing and managing your people](#)



Commercial contracts

NGOs may have contractual counterparties who have failed, or will fail, to perform their obligations. This includes challenges relating to contracts entered into with suppliers, service providers and fundraising partners.

[Our thinking: How to manage contract risk?](#)

[Our thinking: What's next for your contracts?](#)

[Checklist: Assessing and managing risks of non-performance of your contracts](#)



Leases

Tenants are facing unprecedented challenges given the reduced inflow of funds and income as a result of Covid-19. These challenges have been exacerbated by the under-use of premises since mid-2019. Language in existing, and any new, tenancy agreements should be meticulously reviewed. NGOs should engage with their landlords to explore alternative arrangements, including rent abatements, early-termination, rent deferrals, sub-lets, rent reductions or other concessions.



Corporate governance

NGOs should have, and expect, an increased emphasis on “good” corporate governance. This includes considering whether any voluntary disclosure and reporting should be made to stakeholders on Covid-19’s implications. Covid-19 is causing many organisations to re-think and re-plan aspects of their activities and operations. NGO boards and their directors should remain mindful of their obligations, including those that require promotion of the organisation’s success as a whole.

Your organisation should consider whether its business continuity and crisis response plans are sufficiently adequate or, if there are none, the adoption of such business continuity and crisis response plans.

Assuming that bans on public gatherings are relaxed in the future, NGOs should bear in mind any guidelines on “large meetings” from the Centre for Health Protection (including taking practicable precautions to ensure the safety of attendees such as mandatory screening of body temperatures, declaration forms, use of face masks, no food and beverage service and physical distancing).

[Our thinking: How to manage corporate governance issues?](#)

[Checklist: Key questions on corporate governance](#)



Data protection and cybersecurity

“Work from home” arrangements have led to implications around data security and cybersecurity compliance. Hacking and scamming risks are higher as unfamiliar systems are used to work remotely. NGOs should be alert to Covid-19-related fraud and cybercrime, including fundraising scams.

[Our thinking: Cybersecurity risks during Covid-19](#)

[Our thinking: Unblurring videoconferencing legal risks](#)

[Our thinking: Wait, are you recording this? Video conferences in the time of Covid-19](#)



Financing

Covid-19 may impact NGOs’ access to liquidity and increase the risk of “triggers” in existing arrangements with banks and/or fundraising partners.

[Our thinking: How to manage financing issues?](#)

[Checklist: Assessing and managing risk of failure to meet financial obligations](#)



Insurance

Although Covid-19 is a fast-moving crisis, a number of insurance products may become relevant. NGOs should consider whether any areas of their organisations may be covered by existing insurance or should be insured in the future.

[Our thinking: How to manage insurance claims?](#)

[Checklist: Questions for insured businesses to ask](#)



B Relief measures

Hong Kong Government: Employment Support Scheme

Wage subsidy to eligible employers, provided that eligible employers undertake to retain employees. Ineligible employers include:

- employers who have *not* been making MPF contributions for their employees; and
- employees of Hong Kong Government, statutory bodies and Hong Kong Government subvented organisations.

Applications for the first tranche of payment will start before the end of May 2020 until the first week of June 2020. Detailed application and payment mechanisms to be confirmed.

[Hong Kong Government: Announcement](#)

[Our thinking: New Employment Support Scheme in Hong Kong](#)

Wage subsidy

50%

of each employee's monthly salary (capped at HK\$18,000 and **maximum subsidy of HK\$9,000** per month per employee) for six months

Payments in two tranches – **first tranche in June 2020** (wages between June to August 2020) and **second tranche in September 2020** (wages between September to November 2020)

Claim amounts capped at

HK\$500,000

Either party (i.e. claimant or respondent) must be a Hong Kong resident or company

Each party must pay **HK\$200 registration fee**

Department of Justice: Online Dispute Resolution Scheme

Fast and cost-effective means to resolve low-value Covid-19 disputes involving micro, small and medium-sized enterprises to relieve the caseloads of courts.

Multi-tiered dispute resolution mechanism:

- parties to attempt at resolving dispute through negotiations;
- if negotiation is unsuccessful – followed by mediation; and
- if mediation is also unsuccessful – followed by arbitration for a final and binding award.

Online Dispute Resolution Scheme expected to be launched in June 2020.

[Department of Justice: Announcement](#)

Inland Revenue Department: Extension of tax deadlines for three months

Extension of tax deadlines for three months for payments falling due between 1 April and 30 June 2020.

Applies to payments of salaries tax, tax under personal assessment and profits tax for the 2018/2019 year of assessment.

[Inland Revenue Department: FAQs](#)

[Inland Revenue Department: Illustrative examples](#)

Hong Kong Jockey Club: Covid-19 Emergency Fund

Maximum grant of HK\$500,000 to each successful community organisation to support vulnerable groups in society by providing:

- access to hygienic and protective supplies;
- access to safety and educational information; and
- assistance to cope with disruptions.

Open for applications until 30 June 2020. Eligible community organisations include:

- subvented organisations in the Lump Sum Grant Subvention System;
- past or current grantees of The Hong Kong Jockey Club Charities Trust;
- organisation members of The Hong Kong Council of Social Service; and
- organisations registered under the Education Ordinance.

[Hong Kong Jockey Club: FAQs](#)

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