

Government announces mechanism for directors and executives of specified listed companies to apply for exemption from compulsory quarantine arrangement

The Government announced today (June 8) that directors or executives of certain companies listed on the Stock Exchange of Hong Kong (SEHK) who can meet the eligibility criteria may apply for exemption from the compulsory quarantine arrangement when they arrive at Hong Kong from the Mainland, subject to a pre-determined quota.

The new scheme covers companies that are listed on the SEHK and included in the Hang Seng Index, Hang Seng China Enterprises Index or Hang Seng Composite LargeCap, MidCap or SmallCap Index, representing around 95 per cent of the total market capitalisation in Hong Kong. Directors or executives of these listed companies who (i) travel from the Mainland to Hong Kong for essential business activities or (ii) return from the Mainland to Hong Kong after completing essential business activities, and satisfy certain eligibility criteria may apply for exemption.

Announcing the arrangement, the Secretary for Financial Services and the Treasury, Mr Christopher Hui, said, "The new scheme is launched in addition to the scheme implemented earlier that facilitates directors of listed companies or listing applicants to fulfil their regulatory requirements, such as attending shareholders' meetings and regulatory hearings, taking into account market demands and the business needs of individual companies.

"We strive to balance the need of safeguarding public health and promoting Hong Kong's economic development. The new scheme will facilitate directors or executives of sizable Hong Kong-listed companies to perform business activities that are essential to their operation. This is conducive to maintaining the normal business operation of these enterprises under the very dynamic and challenging business environment."

The Compulsory Quarantine of Certain Persons Arriving at Hong Kong Regulation (Cap. 599C) (the Regulation) is in force until July 7, 2020. According to section 4(1)(b) of the Regulation, the Chief Secretary for Administration may designate any person or category of persons for exemption from the compulsory quarantine arrangement if he is satisfied that the person's or persons' travelling is necessary for purposes relating to, among others, business activities in the interest of Hong Kong's economic development.

Pursuant to the above-mentioned provision, the Chief Secretary for Administration has designated the following category of persons for exemption

from the compulsory quarantine arrangement:

Directors or executives of companies listed on the SEHK and included in the Hang Seng Index, Hang Seng China Enterprises Index or Hang Seng Composite LargeCap, MidCap or SmallCap Index who travel from the Mainland to Hong Kong, or return from the Mainland to Hong Kong for essential business activities.

The exemption is quota-based and applications will be considered on a task-specific basis. During any calendar month, each of the eligible listed companies could nominate a maximum of two persons (who may be directors or executives) for the exemption. The visit must be for performing duties related to the essential operation of the listed companies. Examples of such duties include attending board meetings, business review meetings or meetings with clients, or executing legal documents. Each nominated director/executive may (i) travel from the Mainland to Hong Kong or (ii) return to Hong Kong from the Mainland one time in each calendar month with the compulsory quarantine waived. Multiple applications from the same director/executive within the same calendar month will not be accepted.

The period of stay in Hong Kong (for directors or executives of the relevant listed companies coming from the Mainland to Hong Kong) and in the Mainland (for directors or executives of the relevant listed companies returning from the Mainland to Hong Kong) should be kept to the minimum. For eligible directors or executives travelling to Hong Kong from the Mainland, the date of arriving in Hong Kong should not be earlier than the day immediately before the relevant date on which the essential business activities are performed, unless constrained by practical circumstances (including transportation). For eligible directors or executives returning to Hong Kong from the Mainland, the date of arriving in Hong Kong should not be later than the day immediately after the completion of the essential business activities unless constrained by practical circumstances (including transportation).

The exempted persons will also be subject to certain conditions. For example, an exempted person must only travel to and stay in the Mainland area/city where the specified duties are performed, and must take every precautionary measure to ensure personal hygiene and avoid unnecessary social contact. For persons upon arrival in or return to Hong Kong, they will be subject to medical surveillance arranged by the Department of Health for a period of 14 days. The persons will be required to wear masks, check their body temperature daily and report any discomfort to the Department of Health.

The Financial Services and the Treasury Bureau (FSTB) will process applications with the administrative support of the SEHK. To apply for an exemption, an application form should be completed by the listed company and be returned to the SEHK with relevant supporting documents. The FSTB will issue a letter to the exempted persons with the conditions for exemption. Details of the application procedures are available at the SEHK's website (www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Listed-Issuers/Joint-Statement-with-SFC/Application_Form_for_Exemption_for_Directors_or_Executives.pdf).

All exempted persons should note that currently, travellers to the Mainland would still be subject to the 14-day compulsory quarantine requirement imposed by the Mainland authorities. The Government of the Hong Kong Special Administrative Region is discussing with authorities in the Mainland on mutual recognition of COVID-19 testing results conducted by recognised medical laboratories, with a view to exempting the quarantine requirement for Hong Kong travellers to the Mainland. Details of the arrangement will be announced when available.