

Highlights of State Financial Support Measures*

Form of measures	Effect/Implication	Constraint/Caution
a) Capital injection as grants	Provide direct funds to stabilize the financial situation of targeted companies and ensure their operation continuity.	Effective use of public funds should be ensured; and unfair competition and potential market distortion be avoided.
b) Government equity stakes	Invest equity in companies with potential to increase government's influence on the company's business strategic direction.	Returns on equity may fluctuate according to market situation and company's financial performance; active oversight is required.
c) Government loans and loan guarantees	Provide companies with loans at favorable rates than they would be able to obtain by borrowing on their own.	Terms and conditions should be transparent, fair and uniform to all eligible firms, and incentivize quicker pay off by the borrower.
d) Financing of restructuring	Infuse funds to financially restructure or reorganize companies to achieve the transition to more efficient operations.	Well-defined conditions, stringent regulatory mechanisms, information disclosure and monitoring should be in place.
e) Operating subsidies or route specific grants	Preserve and sustain essential air connectivity based on socioeconomic objectives and economic justification.	Non-discrimination should be ensured and essential transportation needs for all communities be balanced.
f) Wage subsidies or guarantee	Protect jobs and prevent job losses by paying companies with part of employee wages for a certain period of time.	Funds should be deployed to the intended recipient, i.e. personnel as deemed qualified by the programme concerned.
g) General taxation relief	Reduce the tax liability and enhance cash-flow of an individual or business entity.	Specific tax relief or further exemption of certain taxes for companies in severely affected sectors can be considered.
h) Relief of aviation related taxes, charges and fees	Provide timely and immediate saving on cost payment of companies in short-term.	An appropriate balance should be struck between the respective interests of service providers and of users and end-user.
i) Integrated financial support package	Provide a combination of some or all of the foregoing financial support to a targeted sector, segment or business.	Support package should follow the principles, e.g. be inclusive and non-discriminatory, be targeted and proportionate, etc.

* Refer to the *Guidance on Economic and Financial Measures* for more details.