

Speech by SFST at Pledging Ceremony of the Governance Charter for MPF Trustees (English only)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr James Lau, at the Pledging Ceremony of the Governance Charter for Mandatory Provident Fund (MPF) Trustees today (May 24):

David (Chairman of the Mandatory Provident Fund Schemes Authority (MPFA), Dr David Wong), Diana (Managing Director of the MPFA, Mrs Diana Chan), distinguished guests, ladies and gentlemen,

I am delighted to join you all today at this very meaningful Pledging Ceremony of the Governance Charter for MPF Trustees.

The MPF System is an important pillar of the retirement protection regime in Hong Kong. Like many other developed economies, Hong Kong has a rapidly ageing working population. The total net asset value of MPF schemes has already reached HK\$857 billion at the end of March. I was told that before long and probably by 2020, this figure is expected to reach HK\$1 trillion, which I think is a very good benchmark.

MPF trustees, all of you here, play a significant role in the MPF System. You are responsible for looking after the interests of the scheme members. Good governance among MPF trustees is absolutely critical in safeguarding our MPF system to make sure that our working population will have a basic level of retirement protection after making hard-earned contributions over their work life.

Good governance is increasingly recognised worldwide as an important aspect of an efficient private pension system, enhancing investment performance and benefit security. Last year in the UK, the Pensions Regulator (TPR) launched the campaign "21st century trusteeship – raising the standards of governance" to improve the management of workplace pension schemes. Under TPR's corporate plan released earlier this month, the promotion of good trusteeship will continue to be a major area of work of the regulator in the coming years.

In Hong Kong, the Government and our financial regulators spare no effort to make sure that our governance regime is up to date and benchmarked against international best practices, whether in the context of financial institutions or listed corporations. The Governance Charter for MPF Trustees spearheaded by the MPFA exemplifies the core values upheld by the MPF trustees.

These core values include, among other things, the provision of value-for-money MPF schemes and services, the lifting of governance standards, the provision of service with honesty and integrity, and the engagement of

members through transparency and communications.

On this last point of transparency, I am encouraged to see that MPF trustees strive to develop a transparent framework to manage and oversee the interests of the scheme members. Scheme members expect quality services and reasonable returns from a prudently managed portfolio of assets, and they ought to be given the channel and ease of access to information that would enable them to make informed MPF decisions.

This would include accurate, timely and reliable information provided by MPF trustees that would give scheme members a good understanding of the risks they are taking and how their investment is performing. The MPFA has also been working to increase fund transparency by launching the fund performance platform to enhance the disclosure of MPF information in February. With higher transparency of MPF schemes, members would be empowered to have a stronger sense of ownership and maximise their MPF savings for retirement.

To that end, I should mention that the Government and the MPFA are developing eMPF, a centralised, electronic administration platform. It seeks to standardise and increase the efficiency of MPF scheme administration, improve user experience and reduce administration cost, thereby enabling lower fees to be charged to scheme members. When implemented, eMPF will bring efficiency gains to the MPF industry and allow trustees to focus their resources in delivering better value for money for MPF scheme members.

The Government has set up a working group to work with all the 14 MPF trustees here to take forward this project. We are thankful for your tremendous contributions in drawing up the technical specifications. Our target is to finalise the specifications for the platform by August this year and the plan is to put in place the system by 2022.

Coming back to the Pledging Ceremony today, the development of the Governance Charter is a key milestone in the 17-year history of the MPF System. MPF trustees should cultivate a culture that emphasises scheme members' interests and it is crucial that these values are instilled from top management down to the front line. In that way, the MPF System will gain more trust and confidence from scheme members and the public at large.

Ladies and gentlemen, the presence of all MPF trustees today is a clear demonstration of their commitment to continue to pursue higher standards of governance for the better protection of MPF scheme members' interests and the healthy development of the MPF System. I would like to take this opportunity to call upon all MPF trustees to take a wider and more active role in attaining the goal of excellence in governance.

Finally, I look forward to continued partnership with MPF trustees in the coming years in the best interests of all scheme members of the MPF System. Thank you very much.

Hospital Authority announces senior appointment (with photo)

The following is issued on behalf of the Hospital Authority:

The Hospital Authority (HA) spokesperson announced the following senior appointment today (May 24).

Dr Chong Yee-hung will take up the post of Hospital Chief Executive (HCE) of Our Lady of Maryknoll Hospital (OLMH) vice the retirement of Dr Wong Tak-cheung, with effect from July 1, in addition to his current role as HCE of Hong Kong Buddhist Hospital (HKBH) and Tung Wah Group of Hospitals Wong Tai Sin Hospital (WTSH).

Dr Chong is an ophthalmologist by background. In his current position, Dr Chong has overseen the smooth transfer of WTSH and OLMH from the Kowloon West Cluster to the Kowloon Central Cluster (KCC) in the re-delineation of the cluster boundary. He also led a major refurbishment project at HKBH. Dr Chong also assists the Cluster Chief Executive in steering the annual planning process in the KCC.

The HA Chairman, Professor John Leong, and the HA Chief Executive, Dr Leung Pak-yin, wished Dr Chong success in his new appointment and expressed appreciation for the contribution of Dr Wong Tak-cheung for his dedicated service over the years. They also wished Dr Wong a happy retirement.



HAD to open temporary night heat shelters

The Home Affairs Department will open 15 temporary night heat shelters tonight (May 24) for people in need of the service.

The shelters will be open from 10.30pm until 8am tomorrow.

For further information, please call the department's enquiry hotline before midnight on 2835 1473.

The 15 temporary night heat shelters are located at:

Hong Kong Districts:

Central and Western –
Sai Ying Pun Community Complex Community Hall
3/F, Sai Ying Pun Community Complex,
2 High Street, Sai Ying Pun

Eastern/Wan Chai –
Causeway Bay Community Centre
7 Fook Yum Road, Causeway Bay

Kowloon Districts:

Kowloon City –
Hung Hom Community Hall
1/F, Kowloon City Government Offices,
42 Bailey Street, Hung Hom

Kwun Tong –
Lam Tin (West) Estate Community Centre
71 Kai Tin Road, Lam Tin

Sham Shui Po –
Shek Kip Mei Community Hall
G/F, Block 42, Shek Kip Mei Estate, Sham Shui Po

Wong Tai Sin –
Tsz Wan Shan (South) Estate Community Centre
45 Wan Wah Street, Tsz Wan Shan

Yau Tsim Mong –
Henry G Leong Yaumatei Community Centre
60 Public Square Street, Yau Ma Tei

New Territories Districts:

Kwai Tsing –
Kwai Shing Community Hall
Podium, Block 6, Kwai Shing West Estate, Kwai Chung

North –
Cheung Wah Community Hall
Cheung Wah Estate, Fanling

Sha Tin –
Lung Hang Estate Community Centre
Lung Hang Estate, Sha Tin

Tai Po –
Tai Po Community Centre
2 Heung Sze Wui Street, Tai Po

Tsuen Wan –
Lei Muk Shue Community Hall
G/F, Hong Shue House, Lei Muk Shue Estate, Tsuen Wan

Tuen Mun –
Butterfly Bay Community Centre
Butterfly Estate (near Tip Sum House), Tuen Mun

Yuen Long –
Long Ping Community Hall
Long Ping Estate, Yuen Long

Yuen Long –
Tin Yiu Community Centre
Tin Yiu Estate, Tin Shui Wai

[Hong Kong and Finland enter into tax pact](#)

The Secretary for Financial Services and the Treasury, Mr James Lau, on behalf of the Government of the Hong Kong Special Administrative Region, signed in Hong Kong today (May 24) a comprehensive avoidance of double taxation agreement (CDTA) with the Consul-General of Finland in Hong Kong, Mr Jari Sinkari, signifying the Government's sustained efforts in expanding Hong Kong's tax treaty network.

The CDTA sets out the allocation of taxing rights between the two jurisdictions and will help investors better assess their potential tax liabilities from cross-border economic activities.

Mr Lau said, "This is the 40th CDTA that Hong Kong has signed with its trading partners. Hong Kong has all along treasured the economic and trade ties with Finland, and I have every confidence that the signing of the CDTA will bring our bilateral relations to a new level."

In 2017, Finland was Hong Kong's 50th largest trading partner. Following the conclusion of the CDTA with Finland, Hong Kong has signed CDTAs with 16 member states of the European Union.

Under the CDTA, double taxation will be avoided in that any Finnish tax paid by Hong Kong companies will be allowed as a credit against the tax payable in Hong Kong on the same profits, subject to the provisions of the tax laws of Hong Kong. Likewise, for Finnish companies, the tax paid in Hong Kong will be allowed as a deduction from the tax payable on the same income in Finland.

Moreover, the agreement provides the following tax relief arrangements:

- (a) Finland's withholding tax rates for Hong Kong residents on dividends and royalties (currently at 20 per cent for companies and 30 per cent for individuals) will be capped at 5 per cent/10 per cent on dividends (depending on the percentage of shareholdings) and 3 per cent on royalties;
- (b) Hong Kong airlines operating flights to Finland will be taxed at Hong Kong's corporation tax rate, and will not be taxed in Finland; and
- (c) Profits from international shipping transport earned by Hong Kong residents arising in Finland will be exempt from tax in Finland.

The Hong Kong-Finland CDTA has also incorporated an article on exchange of information, which enables Hong Kong to fulfil its international obligations on enhancing tax transparency and combating tax evasion.

The CDTA will come into force after the completion of ratification procedures by both sides. In the case of Hong Kong, the CDTA will be implemented by way of an order to be made by the Chief Executive in Council under the Inland Revenue Ordinance (Cap. 112). The order is subject to negative vetting by the Legislative Council.

Details of the Hong Kong-Finland CDTA can be found on the Inland Revenue Department's website (www.ird.gov.hk/eng/pdf/Agreement_Finland_HongKong.pdf).

Hong Kong will continue to negotiate with trading and investment partners, with a view to expanding its CDTA network.

[SCED arrives at Papua New Guinea to attend APEC ministerial meeting \(with photos\)](#)

The Secretary for Commerce and Economic Development, Mr Edward Yau, arrived at Port Moresby, Papua New Guinea today (May 24) to attend the Asia-Pacific Economic Cooperation (APEC) Ministers Responsible for Trade (MRT) Meeting tomorrow.

Soon after his arrival in Port Moresby, Mr Yau held bilateral meetings with the Vice Minister of Commerce, Mr Wang Shouwen, and the ASEAN Secretariat Secretary-General, Dato' Lim Jock Hoi. They exchanged views on regional trade issues against the background of the current volatility of global trade.

To promote sustainable, innovative and inclusive growth in the region, APEC this year has adopted the theme "Harnessing Inclusive Opportunities, Embracing the Digital Future", with discussions focusing on how APEC embraces new challenges in the digital age under three priorities, namely improving connectivity and deepening regional economic integration; promoting sustainable and inclusive growth; and strengthening inclusive growth through structural reform. Mr Yau will participate in all the panel discussions.

