

Interest on Tax Reserve Certificates

The Government Gazette published today (November 2) contains a Legal Notice to the effect that the Secretary for Financial Services and the Treasury have authorised a change in the rate of interest payable on Tax Reserve Certificates. From November 5, 2018, the new annual rate of interest will be 0.25% against the current rate of 0.0767%, i.e. the new rate will be \$0.0208 per month per \$100.

Tax Reserve Certificates bear simple interest and interest is calculated monthly (including part of a month) from the date of purchase to the date of payment of tax.

Interest is only credited when certificates are used to pay tax and no interest is due where the principal value of a certificate is repaid to its holder.

The rate of interest payable on Tax Reserve Certificates is periodically revised in line with the market trend. Currently, it is reviewed every month based on the average prevailing interest rate for the six-month time deposit below \$100,000 offered by the three note-issuing banks.

The new rate will apply to all certificates purchased on or after November 5, 2018. Certificates purchased before November 5, 2018 will continue to earn interest at the rates prevailing on their respective purchase dates. More interest rate information can be found in the Inland Revenue Department website (www.ird.gov.hk). The public can also obtain a copy of Tax Reserve Certificate Interest Rate Table from the 24-hour information hotline at 1878033. Below is a summary of the interest rates for past periods:

For certificates purchased on or after 0.2667% per annum
February 2, 2009 and before June 1,
2009;

For certificates purchased on or after 0.1167% per annum
June 1, 2009 and before August 3, 2009;

For certificates purchased on or after 0.0833% per annum
August 3, 2009 and before December 7,
2009;

For certificates purchased on or after 0.0667% per annum
December 7, 2009 and before January 4,
2010;

For certificates purchased on or after 0.0433% per annum
January 4, 2010 and before August 6,
2018;

For certificates purchased on or after 0.0767% per annum
August 6, 2018 and before November 5,
2018; and

For certificates purchased on or after 0.2500% per annum
November 5, 2018, until further notice.

This is always subject to the general rule that interest ceases to accrue after 36 complete months.

Appointments to Financial Reporting Council

The Government announced today (November 2) the appointment of Dr Kelvin Wong Tin-yau as the Chairman of the Financial Reporting Council (FRC). Dr Wong's current term as a Member of the FRC will cease on December 1, 2018, and he will assume the chairmanship on December 15, 2018, upon the expiry of the term of appointment of the incumbent Chairman, Dr John Poon Cho-ming.

The Government also announced the following appointments to the FRC with effect from December 1, 2018:

Appointment of New Members

Mr Eugene Fung Ting-sek

Mr Stephen Hung Wan-shun (will cease to be a Temporary Member of the FRC on the same date (December 1, 2018))

Ms Miranda Kwok Pui-fong

Ms Rosita Lee Pui-shan (will cease to be a Temporary Member of the FRC on the same date (December 1, 2018))

Re-appointment of Members

Mr Wong Kai-man

Mr Ignatius Chan Tze-ching

Mr Wilson Fung Ying-wai

Ms Eirene Yeung

Re-appointment of Temporary Member

Ms Anna Wong Wai-kwan

Ms Eirene Yeung is also appointed as the Acting Chairman of the FRC upon the expiry of the term of appointment of the incumbent Acting Chairman, Mr Nicholas Robert Sallnow-Smith. Ms Yeung will be the Acting Chairman in the event that the Chairman is not able to perform the functions of his office as Chairman. The appointment of the Acting Chairman will come into effect whenever the need arises.

The above appointments are made in accordance with the relevant provisions of the FRC Ordinance (Cap. 588) and on a two-year term, subject to the commencement of the new auditor regulatory regime proposed in the FRC (Amendment) Bill 2018 which is currently being examined by a Bills Committee of the Legislative Council.

In announcing the appointments, the Secretary for Financial Services and the Treasury, Mr James Lau, said, "The FRC is tasked with the important duties of enhancing the regulation of the accounting profession and the quality of financial reporting of entities listed in Hong Kong. With his wealth of experience in senior positions of listed corporations, Dr Kelvin Wong is well versed in corporate governance and financial regulatory issues. He has contributed most positively to the work of the FRC since his appointment as a Member in December 2015. We are confident that under his leadership, the FRC will continue to discharge its statutory functions effectively to reinforce Hong Kong's position as an international financial and business centre."

Mr Lau also welcomed the new Members on board and expressed his heartfelt gratitude to the outgoing Members. Mr Lau said, "We would like to thank the outgoing Chairman, Dr John Poon Cho-ming, and the three outgoing Members, Mr Nicholas Robert Sallnow-Smith, Mr Sin Chung-kai and Mr David Peter Robert Stannard, for their dedicated services and valuable contributions to the FRC in the past six years. Under Dr Poon's leadership and with the support from Members, the FRC has been faithfully discharging its statutory duties as an important regulatory body in upholding the quality and integrity of financial reporting in Hong Kong and in safeguarding the interest of the investing public. During his tenure as the Chairman, Dr Poon has led the FRC in laying a solid foundation for its new role as a full-fledged independent oversight body for auditors of listed entities upon the enactment of the FRC (Amendment) Bill 2018."

Established under the FRC Ordinance, the FRC is an independent statutory body to investigate possible auditing and reporting irregularities, as well as to enquire into possible non-compliance with accounting requirements, in relation to listed entities in Hong Kong.

The FRC comprises 11 Members, including two ex-officio Members (the

Registrar of Companies and the Chief Executive Officer (CEO) of the FRC). The Chairman is appointed by the Chief Executive and other Members by the Financial Secretary under delegated authority.

Section 53 of the FRC Ordinance requires any Member of the FRC who has disclosed an interest in a matter under consideration by the FRC to be absent during any deliberation of the matter unless the Council determines otherwise. The Temporary Members of the FRC will serve on a rotating basis in the event that an appointed Member is not able to perform the functions of his office as Member as a result of his disclosure of interests. Under the FRC Ordinance, Temporary Members are appointed by the Financial Secretary under delegated authority. In addition, section 3(1) of Schedule 2 to the FRC Ordinance provides that if the Chairman is unable to perform the functions of his office because of his absence from Hong Kong or any other reason, the Chief Executive may appoint another appointed Member of the FRC who is a lay person to act as the Chairman during the absence, incapacity or vacancy.

The FRC (Amendment) Bill 2018 aims to enhance the independence of the existing regulatory regime for auditors of listed entities from the audit profession so as to enhance investor protection and ensure that the regime is benchmarked against the international standard and practice. Under the legislative proposals, the FRC will become an independent oversight body regulating auditors of listed entities, and be responsible for the inspection, investigation and disciplinary functions with regard to listed entity auditors. The Bill also prescribes a new composition of the FRC under the new regime. Accordingly, the term of the above appointments to the FRC will cease upon the commencement of the new auditor regulatory regime proposed in the Bill, in the event that the commencement date of the Bill is earlier than the expiry date of the appointments.

The membership list of the FRC with effect from December 15, 2018, is as follows:

Chairman

Dr Kelvin Wong Tin-yau

Members (in alphabetical order of surname)

Mr Ignatius Chan Tze-ching

Mr Eugene Fung Ting-sek

Mr Wilson Fung Ying-wai

Mr Stephen Hung Wan-shun

Ms Miranda Kwok Pui-fong

Ms Rosita Lee Pui-shan

Mr Wong Kai-man

Ms Eirene Yeung

Ex-officio Members (in alphabetical order of surname)

Ms Ada Chung Lai-ling (in the capacity as the Registrar of Companies)

Mr Paul F Winkelmann (in the capacity as the CEO of the FRC)

The Temporary Members of the FRC with effect from December 1, 2018, are (in alphabetical order of surname):

Mr Edward Kwan Pak-chung
Mr Michael William Scales
Ms Anna Wong Wai-kwan

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Friday, November 2, 2018 is 105.3 (down 0.7 against yesterday's index).

Update on number of dengue fever cases

The Centre for Health Protection (CHP) of the Department of Health today (November 2) reported the latest number of cases of dengue fever (DF), and again urged the public to maintain strict environmental hygiene, mosquito control and personal protective measures both locally and during travel.

From October 26 to November 1, the CHP recorded three imported DF cases. The patients had been to Cambodia (one case), the Philippines (one case) and multiple countries and areas (one case, who had been to India and Taiwan) during the incubation period.

As of yesterday (November 1), 135 cases had been confirmed this year, of which 29 were local cases and 106 were imported cases. The imported cases were mainly from Thailand (32), Mainland China (22) and the Philippines (17).

DF remains endemic in some areas of Asia and beyond. The latest figures for 2018 revealed that 70 146 cases had been recorded in Thailand, 2 396 in Singapore (since December 31, 2017) and 153 in Japan. In Taiwan, 169 local cases have been recorded to date in 2018.

The public should take heed of the following advice on mosquito control:

- Thoroughly check all gully traps, roof gutters, surface channels and drains to prevent blockage;

- Scrub and clean drains and surface channels with an alkaline detergent compound at least once a week to remove any deposited mosquito eggs;
- Properly dispose of refuse, such as soft drink cans, empty bottles and boxes, in covered litter containers;
- Completely change the water of flowers and plants at least once a week. The use of saucers should be avoided if possible;
- Level irregular ground surfaces before the rainy season;
- Avoid staying in shrubby areas; and
- Take personal protective measures such as wearing light-coloured long-sleeved clothes and trousers and apply insect repellent containing DEET to clothing or uncovered areas of the body when doing outdoor activities.

To reduce the risk of infections spread by mosquitoes, apart from [general measures](#), travellers returning from affected areas should apply insect repellent for 14 days (DF) or at least 21 days (Zika Virus Infection) upon arrival in Hong Kong. If feeling unwell, seek medical advice promptly and provide travel details to the doctor. DEET-containing insect repellents are effective and the public should take heed of the tips below:

- Read the label instructions carefully first;
- Apply right before entering an area with risk of mosquito bites;
- Apply on exposed skin and clothing;
- Use DEET of up to 30 per cent for pregnant women and up to 10 per cent for children*;
- Apply sunscreen first, then insect repellent; and
- Re-apply only when needed and follow the instructions.

* For children who travel to countries or areas where mosquito-borne diseases are endemic or epidemic and where exposure is likely, those aged 2 months or above can use DEET-containing insect repellents with a DEET concentration of up to 30 per cent.

The public may refer to the CHP's [tips for using insect repellents](#) for details.

[CE meets Minister for Foreign Affairs of Japan in Tokyo \(with photos/videos\)](#)

The Chief Executive, Mrs Carrie Lam, conducted the last day of her visit to Japan in Tokyo today (November 2). She met with the Minister for Foreign Affairs of Japan and the Secretary-General of the ruling Liberal Democratic Party separately, and attended a forum to promote business opportunities in

the Guangdong-Hong Kong-Macao Greater Bay Area.

At noon, Mrs Lam met with the Minister for Foreign Affairs of Japan, Mr Taro Kono. She thanked him for inviting her to visit Japan and the assistance offered in the arrangement of the visit, resulting in a fruitful trip for her. She pointed out that Hong Kong and Japan have long maintained a close connection in many areas including economic affairs, trade and tourism, and that this visit has helped to further strengthen co-operation between the two sides, particularly in innovation and technology (I&T). She said that during her stay in Japan, she met with representatives of a number of research institutions, universities and the industry to introduce to them the advantages and prospects of Hong Kong's scientific research, and that she realises that both sides are keen to further their co-operation, including on how to develop an international I&T hub in the Guangdong-Hong Kong-Macao Bay Area. She added that she believes that the visit has been a good new start and looks forward to maintaining close contact with various sectors in Japan to implement co-operation in different areas.

After the meeting, the two sides issued a joint statement expressing the aspirations of both parties to leverage on Hong Kong's role as an international trade and financial centre as well as its unique advantage of "one country, two systems" to further deepen and broaden practical co-operation. The statement also states both sides' specific views on trade, tourism, I&T and the Guangdong-Hong Kong-Macao Greater Bay Area, as well as sports and culture.

In the afternoon, Mrs Lam met with the Secretary-General of the ruling Liberal Democratic Party, Mr Toshihiro Nikai. Noting that many lawmakers of the Liberal Democratic Party are members of the Japan-Hong Kong Parliamentarian League and have been supportive of Hong Kong's development all along, she said that progress has indeed been seen in exchanges and co-operation between the two places at the government and business levels as well as the people-to-people level during the party's time in power. She expressed the hope that the Liberal Democratic Party would continue its support to strengthen ties between Hong Kong and Japan.

In the morning, Mrs Lam also attended a forum on financial co-operation between the Guangdong-Hong Kong-Macao Greater Bay Area and Japanese enterprises organised by the Chinese Chamber of Commerce in Japan and the Chinese General Chamber of Commerce, Hong Kong, and delivered a speech. She briefed more than 120 participants at the forum on the background of the Guangdong-Hong Kong-Macao Greater Bay Area and its favourable conditions for development, including the country's support, the unique advantage of "one country, two systems", infrastructure connectivity in the area and complementarity among the cities. She said that with sound scientific research capabilities, outstanding technology talents and world-class universities, Hong Kong has allocated substantial resources and implemented a host of measures to complement the development of the Greater Bay Area as an international I&T hub. She said that with Japan's advanced technologies, she hopes that relevant Japanese enterprises will establish a presence in Hong Kong to jointly seize the opportunities brought about by the Guangdong-Hong Kong-Macao Greater Bay Area.

Mrs Lam will conclude her visit and return to Hong Kong this afternoon.

