

**Speech**  
**Speech by SFST at spring cocktail reception of Hong Kong Institute of  
Certified Public Accountants (English only)**

Tuesday, March 10, 2015

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the spring cocktail reception of the Hong Kong Institute of Certified Public Accountants (HKICPA) today (March 10):

Dennis (Ho), Raphael (Ding), distinguished guests, ladies and gentlemen,

It is my great pleasure to join you all today at the Spring Reception of the Hong Kong Institute of Certified Public Accountants. Two weeks into the New Year, I am still trying to work out whether we have landed in the Year of the Sheep, the Ram or the Goat. But surely it's a time for celebration and reunion, so let me wish everyone a prosperous new year blessed with good health and happiness.

Shortly into the new year the Financial Secretary delivered his Budget Speech for the year 2015-16 and reported, yes, a budget surplus rather above our estimates. I would like to thank all the hard work the accounting profession has put into estimating our budget balances year after year. It is you who would understand that budgeting for the Hong Kong Government is never an easy task, given our narrow tax base and volatile incomes.

As is succinctly put in the Chinese saying, "The whole year's work depends on a good start in spring", the Budget also set out our new initiatives for the new year.

To attract enterprises to perform treasury services for their group companies in Hong Kong, we are planning to reduce profits tax for specified treasury activities by 50 per cent. The relevant bill will be introduced in the 2015-16 legislative session. We have also completed the public consultation on the proposals to enhance the regulatory regime for listed entity auditors and are now carefully studying the comments.

Financial technologies, encompassing payment, clearing and settlement systems, big data analytics, cloud computing, crowdfunding, information and

risk management and network security promise to enhance efficiency and open up new modes to offer financial services. I will be setting up a steering group to study how to develop Hong Kong into a financial technology hub together with industries, research and development institutions as well as regulatory authorities.

As an international financial centre, Hong Kong works closely with the Organisation for Economic Co-operation and Development to combat cross-border tax evasion. We have pledged to adopt the latest global standard so that Hong Kong can exchange tax information with other jurisdictions by end-2018. We shall consult the industry in the second quarter of this year and introduce the relevant amendment bill in 2016.

Finally, I would like to take this opportunity to congratulate the new Council of the HKICPA on their election. I would also like to thank the outgoing Council members for their hard work and dedication to the profession. I look forward to continuing to work closely with the HKICPA in taking Hong Kong to new heights as an international financial centre.

Thank you and happy new year once again.

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