

[For Immediate Release]

## **HKIoD's Response to the 2013 Policy Address**

### **Blueprint in hand, now a matter of implementation**

The Hong Kong Institute of Directors (“HKIoD”) made the following statement in response to the 2013 Policy Address.

HKIoD agrees with the statement in the Policy Address that it is imperative to pursue people’s livelihood and the economy in tandem. We are also with the Chief Executive, in that economic growth remains our best friend when it comes to finding new resources to address housing, poverty, ageing population and environmental problems.

On the measures in the Policy Address to expand land resources with pace and efficiency, the Institute takes a positive view. We have long considered that the supply of land should not just be a matter of government revenue. The decisions to put Hong Kong’s land resources to use must comport with Hong Kong’s strategic developmental goals.

### **Promoting Economic Development**

The Policy Address has as its main thrust for long-term economic development deepening and expanding Hong Kong industries by making good use of Hong Kong’s long-standing advantages and the opportunities offered by Mainland China. We believe it is the right direction.

The Chief Executive mentioned the need to develop asset management, expand Reminbi business and strengthen Hong Kong’s role as a legal centre. These are areas we have been advocating, as they help promote Hong Kong’s position as the nation’s financial centre while making our financial services industry fuller and rounder along the way. We expect the Government to follow through and roll out further complementing measures in earnest. As for enhancing Hong Kong’s role as an international shipping centre, we recommend the Government to take the lead in conducting comprehensive long-term passenger and cargo traffic forecast to provide a reference base for further planning. We also expect the Government to take further actions to help more Hong Kong businesses and service firms enter the Mainland market. We also wish the Government would step up with further measures to implement the initiatives to help SMEs with their brand development, upgrading and restructuring, and access to the domestic China market.

### **More Tenacity in Developing Creative Economy**

Hong Kong should spend real efforts at building a Creative Economy, so as to turn Hong Kong into the hub of creativity and innovation. We believe it is necessary to provide more assistance to encourage R&D, for example, by expanding the Research and Development (R&D) Cash Rebate Scheme and by offering tax incentives such as extending deductions for R&D expenditure and for purchasing of intellectual property rights. The aim is to help Hong Kong enterprises turn innovative ideas into sought-after products and services. Stronger incubation programmes and more channels and platforms for active networking for design knowledge exchange will bring designers closer to manufacturers and investors, thus creating business opportunities.

### **Long-Term Development Requires Talents to Match**

Long-term development requires the right talents to match. If we are to develop into a knowledge-based economy, we will need to enhance the overall quality and competitiveness of Hong Kong people. And we will need more people among our workforce to have an advanced education. HKIoD nonetheless agrees with the Chief Executive, that we should also develop an orderly framework of education, vocational training and qualification accreditation that features diversity, provides multiple pathways and enjoys high recognition, all towards a seamless integration of education, training, business and employment.

HKIoD believes lifelong training for directors in corporate governance knowledge and skills is an important yet often neglected segment when it comes to nurturing talents for the economic development of Hong Kong.

To maintain Hong Kong's role as a major international financial centre, Hong Kong must keep up with other major financial markets at efforts to improve banking and financial regulations, and to raise corporate governance. But corporate governance is not just for big corporations. Owners of SMEs and those who are thinking about starting a business should also pay attention. There have been plenty of cases where SMEs still find it difficult to take full advantage of loan schemes of one kind or another. One common impediment is that many SMEs could not demonstrate proper internal control and are ill-prepared to submit sound loan proposals. A better corporate governance scorecard will make it more likely for a business to obtain credit and financing.

Company directors are ultimately responsible for corporate governance. Better quality company directors should mean better corporate governance. HKIoD believes that company directors should have a firm measure of competence to perform when they first assume their posts. Over time, they should strive to remain up-to-date with best corporate governance practices. Similarly, directors/governors of social enterprises, charitable organisations and

statutory bodies should also be ready and prepared to discharge their duties when they start out and to keep up-to-date with best governance practices over time.

The Institute recommends the Government to draw up measures to help directors of business companies and organisations of various kinds, whether those who now are and those who aspire to be, to obtain quality training so as to raise the level of their corporate governance practices.

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### **About The Hong Kong Institute of Directors**

The Hong Kong Institute of Directors is Hong Kong's premier body representing directors to foster the long-term success of companies through advocacy and standards-setting in corporate governance and professional development for directors. A non-profit-distributing organisation with membership consisting of directors from listed and non listed companies, HKIoD is committed to providing directors with educational programmes and information service and establishing an influential voice in representing directors. With international perspectives and a multi cultural environment, HKIoD conducts business in biliteracy and trilingualism. Website: <http://www.hkiod.com>.

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