香港董事學會
The Hong Kong Institute of Directors

[FOR IMMEDIATE RELEASE]

HKIoD's Response to the 2010-11 Budget

[24 February 2010, Hong Kong] "A mild Budget!" The Hong Kong Institute of Directors ("HKIoD") reacts to the 2010-11 Budget delivered by the Financial Secretary today.

"The Financial Secretary made some mention of how Hong Kong can support the development strategy of the Mainland while enhancing its own economy. This is a sound strategic direction, we agree. We would love to see more concrete steps and measures to turn that into reality," said Dr Kelvin Wong, Chairman of the Institute.

The Institute applauds the commitment to make Hong Kong the Renminbi business centre, and supports the measures aiming to promote the asset management business and the further development of the local bond market.

The Institute also looks forward to working closely with the Administration and the community at large to modernise the Companies Ordinance, to introduce a corporate rescue regime, and to strengthen investor education and protection," said Dr Wong. "These efforts will further improve our financial regulatory system and our corporate governance environment. That will make Hong Kong more attractive a place to invest and to do business in."

The Financial Secretary has listened to the calls to extend the current practice of allowing deduction of expenditure incurred in the purchase of patent rights and know-how to cover deduction of costs for the purchase of trademarks, copyrights and registered designs. The Institute also noticed the proposal to accelerate the tax deduction for capital expenditure on environment-friendly vehicles. These measures are good indication that Hong Kong can and should make use of tax incentives and concessions in appropriate ways to enhance our competitiveness or to achieve social goals," said Mr Christopher To, Chairman of the Institute's Economic & Public Affairs Committee.

However, the Institute continues to believe that further steps are necessary to bolster the competitiveness of our tax system. The Institute is particularly disappointed with the lack of mention on removing the disparity in the treatment of import processing arrangements. "By disregarding the tax policy principle that costs incurred in the production of profits be allowed deduction, the Hong Kong tax authorities are giving our manufacturing businesses a real short end of the bargain. This is just not fair," said Mr To.

The Financial Secretary set forth a number of measures to strengthen manpower training. The Institute believes it is important to nurture and develop our work force to support Hong Kong's industries. "While we make headways producing more talent for our industries, we must also ensure that, when they enter the job market, they have reasonable prospect of finding gainful employment in their field of study," said Dr Carlye Tsui, CEO of the Institute. "This is going to be our challenge, else we worsen our current manpower mismatch problem."

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Released by: The Hong Kong Institute of Directors.
The Hong Kong Institute of Directors ("HKIoD") is Hong Kong's premier body representing professional directors working together to promote good corporate governance to contribute towards advancing the status of Hong Kong, both in China and internationally. 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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