

[For Immediate Release]

Daring to tackle hot issues but shy on plans towards growth

(Hong Kong, 13 October 2010) – The Chief Executive spoke on some present pressing problems on people’s livelihood, but was shy on concrete measures to shore up our industries and spark real economic growth.

Keep our financial services industry strong

The Hong Kong Institute of Directors supports the ideas in the Policy Address that will contribute to the internationalization of the RMB. The Institute agrees with the proposal to attract more companies from the emerging markets to list in Hong Kong.

“These efforts will make the Hong Kong financial market more international. As we aim to develop our market further and to attract companies from all over, Hong Kong needs to keep up with other major financial markets at efforts to improve banking and financial regulations, and to raise corporate governance of public companies,” said Dr Kelvin Wong, Chairman of the Institute.

The institute supports the proposals to enhance investor education, to provide for a financial dispute resolution scheme and to make laws on the timely disclosure of price-sensitive information.

“One purpose for better regulations is at least to protect investors. We want our investors to be smarter and more sophisticated, so they can protect themselves. We want more company information to be available to investors faster, so they can make better investment decisions. We also want to give our investors better more efficient means to resolve disputes when things go wrong. We want these things to enhance Hong Kong’s status as a first class international market,” said Mr Christopher To, Council Member and Chairman of the Institute’s Economics and Public Affairs Committee.

Keep growing our other industries

The Institute is disappointed there was not much mention of how to develop the Six Industries.

We are, however, pleased that the Policy Address made a point on strengthening the Hong Kong shipping and logistics industries. Hong Kong made its fame partly for its harbor and

port facilities. What we now need is the cohesive plans on how to keep that competitive edge, and sharpen it.

Our Economy is resting too heavily on the property and financial market. Hong Kong needs other economic engines. Hong Kong needs concrete measures to shore up its Pillar Industries and also concrete measures to truly spark the growth of the Six Industries.

“Hong Kong needs a road map pointing the strategic direction for turning the vision of economic growth into reality, so real effective actions can be taken. The government should assure the public that plans are being made and measures are being drawn up. The Government should assure us that we will be taking actual strides towards the development of growth engines that will keep us competitive, give us real growth and better jobs, and let people have real shots at improving their lives and constructing their future,” said Dr David Wong, Deputy Chairman of the Institute.

Support our SMEs in their fight

Many SMEs are not able to take full advantage of the SME Loan Guarantee Scheme and the Special Loan Guarantee Scheme that were put in place to help them. There are a number of reasons for this, but one common impediment is that many SMEs could not demonstrate proper internal control and are ill-prepared to submit sound loan proposals.

We welcome the proposal for a loan guarantee scheme for SMEs through the Hong Kong Mortgage Corporation Limited, and we look forward to further details.

“But in our minds, a better corporate governance scorecard will make it more likely for a business to obtain credit and financing in the first place. The government should consider re-activating the SME Training Fund, or to give some fiscal or tax incentives to SMEs to encourage owners and directors of SMEs to obtain training to enhance their corporate governance practices,” said Dr Carlye Tsui, CEO of the Institute.

Let businesses big and small thrive

Hong Kong lags behind other jurisdictions when it comes to competition law. Introducing one is probably good policy for Hong Kong. The Institute welcomes the introduction of the Competition Bill. With its membership from listed, private and public sector organizations, the Institute provides an ideal platform for exchange of views and ideas on the proposed legislation.

“The details of the proposed legislation must be clearly explained to the public. SMEs in particular are wary of the potential impact of the new law, causing them to have higher business costs and less business freedom. We look forward to working with the government, SMEs and the larger business community as we move through the legislative process,” said Ir Edmund Leung, Deputy Chairman, HKIoD.

Helping people buy their homes

The difficulty faced by many families desiring to buy their homes is not so much about their ability to make mortgage payments, but to have enough savings to make the down payment.

The Institute welcomes the “My Home Purchase Plan” initiative and looks forward to seeing more details. The prospect of “lease to own” can let families have a decent, stable place to live and a chance to save towards purchasing the public housing unit they rent or go to the private market.

“But still, we have to overcome the not unreal possibility that property prices will continue to escalate, making it not possible ever for the renters to eventually become owners. The Institute continues to believe our land policy should be such as to make it possible for more people to have affordable housing and to have stable home prices,” said Mr Christopher To.

- END -

About 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 and 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>.

Media Enquiries: Clarine Yiu (Tel: 2889 4988; Email: clarine.yiu@hkiod.com; Fax: 2889 9982)