香港董事學會
The Hong Kong Institute of Directors

[For Immediate Release]

HKIoD's Response to the 2011-2012 Policy Address

The Hong Kong Institute of Directors finds this year's Policy Address much like those in recent past, in being short on long-term strategy for economic development. The Institute however applauds the new thinking to expand land resources to support future development, and to open up possibilities for making welfares for the elderly more portable.

Short on long-term economic development

The Chief Executive mentioned the need to promote the use and circulation of RMB funds and to establish strong and extensive link with the Mainland's onshore RMB market via the three "bridges", namely trade, direct investment and equity investment. This will be in conjunction with efforts to encourage the diversification of our financial markets and to actively promote Hong Kong's role as an offshore RMB business center internationally. This we support.

The Chief Executive also mentioned the need to enhance the regulatory regime in order to diversify Hong Kong's listing platform and attract more enterprises from the European, US and emerging markets to list in Hong Kong, and to broaden and deepen our bond market. These are also areas we have been advocating.

We believe the Government's focus for the year should be to pin down measures to complement the 12th Five Year Plan and to effectuate the initiatives brought by Vice Premier LI Keqiang during his visit to Hong Kong. We expect the Government to actively follow up and to roll out further complementing measures in earnest, particularly on helping Hong Kong services firms enter the Mainland market.

Our economy is resting too heavily on the property and financial market. Although there has been repeated cries to strengthen the Pillar Industries and to develop the Six Industries, real progress is not evident. The questions of how we are going to turn the vision of economic growth into reality and how we are going to take actual strides towards the development of growth engines remain unanswered.

Must pay attention to corporate governance

The Institute believes corporate governance is the essential ingredient towards keeping Hong Kong as an international financial centre. To ensure the orderly and healthy growth of the

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financial market, Hong Kong must pay attention to the competence of directors in their professional performance of duties, and the training and continuing professional development that will allow them to have that measure of competence. Hong Kong must also pay attention to promote and educate the public on corporate governance issues.

Not enough is done to help SMEs in their fight

The Policy Address clearly did not do enough to support SMEs in their fight. We note, however, the proposal to set up a dedicated $1 billion fund to encourage Hong Kong enterprises to move up the value chain and build brands by leveraging Hong Kong's strengths in design. We believe it will have some effect at prompting SMEs in Hong Kong to put some try into enhancing its market competitiveness through new design and innovation.

Creative Economy has yet to develop

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 service. 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.

Tackling the challenge from an ageing population

The Chief Executive acknowledged a need to introduce policies to help the elderly to retire to the Mainland. The Chief Executive also affirmed as key factor the portability of their welfare benefits when elders choose whether to retire to the Mainland. The Institute is pleased with these developments.

The Policy Address mentioned the need to conduct a comprehensive study on the portability of various welfare benefits, including residential care homes, hospitals and clinics, with the aim to consider whether such services should be extended for elders who retired to the Mainland. On this point, we once again ask the Government to consider supporting investments to build retirement communities with integrated medical and social amenities designed for Hong Kong retirees to retire to the Mainland. Residential communities of such kind should also be planned locally in Hong Kong.

The Chief Executive will take steps to consider the feasibility of community care vouchers, with the hope to encourage diversity in service delivery agents. We think it is the right approach.

Expand land resources to support long-term development

On the measures in the Policy Address to expand land resources, 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.

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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.

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