



August 8, 2006

Tax Reform

Financial Services and the Treasury Bureau
4/F, Main Wing, Central Government Offices
Lower Albert Road
Central, Hong Kong

RE: GST Consultation

With regard to the consultation on Goods and Services Tax (GST), we write to express our strong **opposition** to the proposal.

We believe that GST definitely complicates the current tax system. It will cause huge capital costs and operating costs to Government and commercial sectors, as well as expenses and disturbance to all walks of life in Hong Kong.

As a garment wholesaler and retailer, we can foresee the complication of handling input tax and output tax. It will incur extra expenses on accounting, computer software and administrative work. Operating cost will definitely increase. To maintain our competitiveness, we may not be able to transfer to cost to customers and thus, we have to bear the cost and it will reduce our profit margin. On the other hand, we have to pay GST while we purchase other daily necessities. It means that we will earn less while spend more. We believe we are not the only victims but all people in Hong Kong.

We hope the Government will re-consider the proposal carefully and listen to the voice from the majority.

WE STRONGLY OPPOSE TO GST.

Yours faithfully,

YGM Fashion



YGM FASHION LIMITED