

14 August 2006

Tax Reform

Financial Services and the Treasury Bureau

4/F, Main Wing, Central Government Offices

Lower Albert Road

Hong Kong

Re: GST Consultation

On behalf of our company, I write to register our **opposition** to the introduction of GST in Hong Kong.

We strongly believe that GST will have a great negative impact to our economy in short and long term.

It will depress both domestic and tourists consumption, increase inflation, tarnish Hong Kong's 'shopping paradise' image, destroy Hong Kong's low and simple tax system which in turn deters foreign investments. Furthermore, the complex administrative work required will incur huge capital costs and operating costs to Government and commercial sectors alike.

To protect Hong Kong's competitive advantage, we strongly suggest the Government should maintain the present simple and low tax system.

Yours sincerely,

(Signed)

Raymond Cheung

Director & General Manager

Simmons Bedding & Furniture (HK) Ltd