

The logo for Watsons, featuring the word "Watsons" in a white, sans-serif font inside a dark, rounded rectangular background.

28<sup>th</sup> 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 tourist 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,  
Watson's ~~The~~ Chemist

(Signed)

Peter Dove  
Managing Director

PJD/ac

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