

October 5, 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)

Karen Fluharty  
Vice President, International Marketing  
Simon/Chelsea International Limited