

Thank you Mr. Chairman,

I agree with our friend from the Hong Kong Small and Medium Enterprises Association. I am not going to echo him; my job today is to move the window of possibility here. Indeed, these are “unchecked demands” and Hong Kong should, actually, be the balance.

Lion Rock understands the importance of reputation and the responsibilities that Hong Kong has with their status as a leading financial centre. But Lion Rock also believes this bill should not be passed.

Why should Hong Kong yield to external pressure to abandon our good policy – which has been functioning well for decades. Yielding to this and passing this bill is akin to a kowtow action; it’s not respecting our own sovereignty. It’s apparent, our relationship, up north. So why then, does this legislation seek to undermine this relationship, it’s going in the exact opposite direction.

Onshore governments are attacking these Offshore Financial Centres (OFCs) for providing privacy. However, confidentiality is not an issue on which onshore governments can legitimately claim that other interests must yield to theirs in enforcing tax laws. Jurisdictions must negotiate accommodations and others’ interests, as a matter of respect and partnership. Thus, we should keep Hong Kong’s interests in mind.

With respect to this bill, Lion Rock is particularly worried about individual’s rights, our community and our sovereignty. The bill threatens privacy and confidentiality, transparency of the process and also, an increased tax burden. We do not wish that this bill is passed, but if so, and I think that many of the members here today have spoken on this already, it should be done with certain provisions.

China is not an arm of another’s IRS (internal revenue service) and neither is Hong Kong. The international community should respect the sovereignty of China and thus its SAR Hong Kong. If they don’t respect it, we should communicate that they should by not passing this bill.

I don’t doubt Hong Kong will enter in this agreement with the passage of this bill – although Lion Rock thinks we should stand up to this injustice - we should remember that it will be virtually impossible for any jurisdiction to both avoid a high degree of cooperation and avoid these supposed draconian punitive measures to non-cooperative jurisdictions. But Hong Kong won’t be blacklisted, and if we are, we have our own innovations to keep business thriving as usual and in that, I believe, we can certainly trust.

Further, Hong Kong must post the counter argument to negative publicity about our jurisdiction and incorrect information. Merely posing legislation is not going to make that problem go away.

We are all very well aware of the significant publicity that has been generated towards OFCs. And I doubt that legislation will help this matter.

As a side not, Lion Rock actually publishes a journal called *Best Practice* and in the next issue there are papers about this certain policy and jurisdictional competition, legal centres, etc., that actually apply to our discussion today. And I’ve brought a copy for each one of you.

There are many benefits for businesses to be involved with Hong Kong, and those benefits feed the onshores' economies and communities as well, I don't need to expand upon them to THIS group, but Hong Kong must communicate them to the international community. I don't believe we should "just legislate" and keep this quiet. I believe it is a fight that we need to bring up, and it requires us to answer. Lion Rock wishes this committee will not to kowtow and pass this bill, but stand up for Hong Kong.

I thank you very much.