

財 經 事 務 及 庫 務 局
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香 港 下 亞 厘 畢 道
中 區 政 府 合 署



FINANCIAL SERVICES AND
THE TREASURY BUREAU
(The Treasury Branch)
Central Government Offices,
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31 December 2004

Mr Kevin Yip
Chairman
Hong Kong Venture Capital and Private Equity Association
Room 4010 Jardine House
1 Connaught Place
Central
Hong Kong

Dear Mr Yip,

In the 2003-04 Budget, the Government proposed to amend the Inland Revenue Ordinance to exempt offshore funds from profits tax in order to reinforce the status of Hong Kong as an international financial centre and to remove the concerns of offshore fund managers.

Earlier this year, we conducted a consultation on a legislative proposal to effect the profits tax exemption. Having carefully considered the depositions and explored various options, we have developed a revised approach to amend the Inland Revenue Ordinance to effect the exemption.

We are conducting a consultation to seek the industry's views on the revised approach. To facilitate you to formulate views on the approach, I enclose a consultation document which highlights the salient features of the approach as well as some specific questions.