



BVI HOUSE ASIA

Bridging Asia and the World

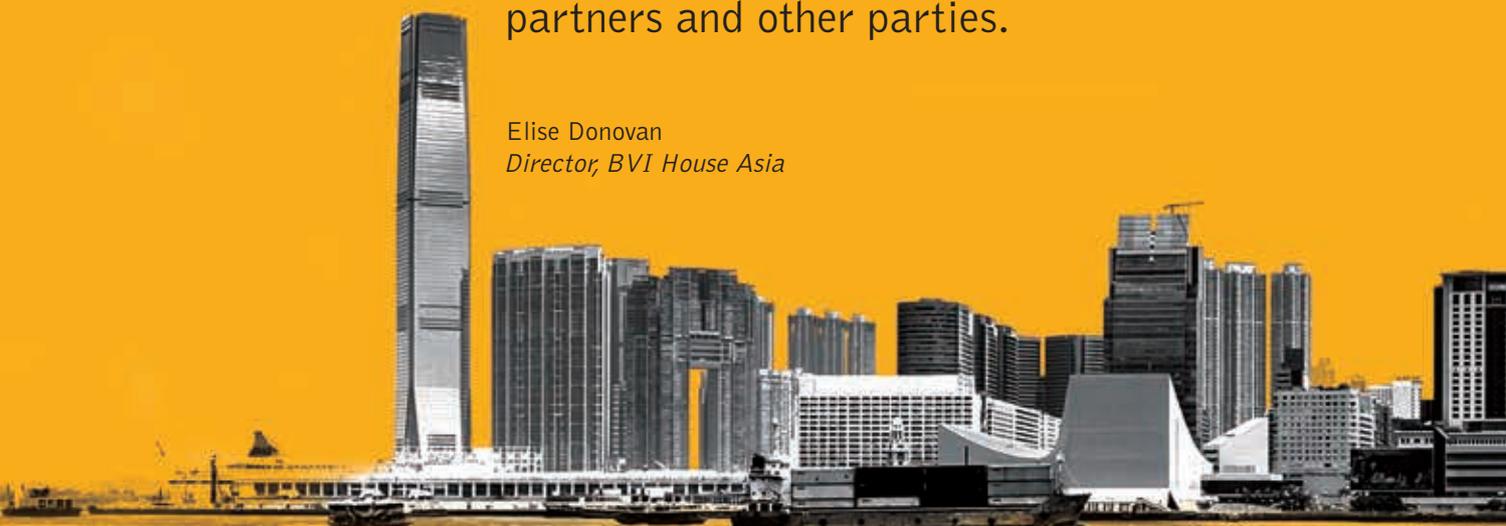




BVI: Bridging Asia and the World

Ranked as the most important offshore finance centre by the Offshore 2020 report and the Global Financial Centres Index, the British Virgin Islands (BVI) is a globally integrated world-class international finance centre. The BVI has been working with Asian businesses since the 1980s and is uniquely positioned to further facilitate economic growth across the region. Drawing on our deep experience in the region and mature infrastructure in Asia, we are committed to building effective, trusted and responsible relationships with our clients, business partners and other parties.

Elise Donovan
Director, BVI House Asia





- 04/** BVI's Importance in Asia
- 06/** Key Benefits to Asian Businesses and Individuals
- 07/** Solutions for Asian Businesses and Individuals
- 13/** BVI Resources in Asia
- 14/** How BVI Engages with Asia
- 20/** How BVI Benefits Asia: The Context
- 22/** BVI 2.0: Taking it to the Next Level

BVI's IMPORTANCE IN ASIA

Throughout Asia's incredible growth over the past 25 years, the BVI has played an indispensable role in helping Asian businesses, individuals and economies achieve financial success. The BVI facilitates the flow of capital from East and West, helping Asian companies gain access to Western capital or technology through foreign listings and acquisitions. The BVI's important role in structuring investment into Asia is particularly evident when looking at levels of foreign direct investment (FDI) into the region:

- Globally:** the BVI is the world's fourth largest recipient of global FDI inflows, receiving approximately US\$92 billion of global FDI in 2013.
- China:** the BVI was the second largest investor into China from 2006 to 2012, providing US\$7.72 billion of inward FDI into China in 2012. In terms of China's outward FDI, in 2012, the BVI was the fifth largest recipient.
- Indonesia:** in the first quarter of 2011, inward FDI into Indonesia through the BVI amounted to US\$200 million in respect of 30 different projects.
- Singapore:** the BVI was the third largest FDI source into Singapore in 2012, contributing US\$4.74 billion, 7.9 percent of total FDI into Singapore.
- Taiwan:** the BVI provided about US\$1 billion (or 25 percent) of total inward FDI into Taiwan in 2010.
- Vietnam:** between 1988 and 2012, the BVI was responsible for US\$15 billion (or 7.1 percent) of all inward FDI into Vietnam, which represented investments into over 510 projects.

BVI's IMPORTANCE IN ASIA

In China, the BVI plays a major role in FDI. Statistics show that China's outward and inward FDI flows through the BVI have continued to increase in spite of the global financial crisis. While major economies struggled, China continued to experience growth, and Chinese business leaders chose the BVI as a facilitator for this growth.

Today, trends show that China's outward investment is set to overtake inward investment within two to three years: outward Chinese investment grew by an average annual rate of 45 percent between 2002 and 2011, and in 2013, swelled to US\$101 billion, making China the third largest investor in the world. The BVI has continued to be the chosen partner for Chinese cross-border investment, highlighted by the fact that it is the second largest recipient of China's outward direct investment – second only to Hong Kong.

The fact that BVI companies are used for such diverse purposes – as listing vehicles, joint venture companies, asset holding companies and open and closed-ended fund vehicles – highlights the role and sustainability of the BVI as a stable, flexible and leading international finance centre in an increasingly complex and evolving global financial system.



KEY BENEFITS TO ASIAN BUSINESSES AND INDIVIDUALS

The BVI provides clients true value for money, offering straightforward, flexible and proven structures that have been used by leading Asian businesses and individuals for more than 25 years. We are able to leverage our extensive knowledge and mature infrastructure across the region to maximise our benefit to clients. As Asia's economies open up, the BVI will continue to be the go-to jurisdiction for Asia's offshore investment.



Strong International Reputation: The BVI is ranked as the most important offshore financial centre by the Offshore 2020 Report and in the Global Financial Centres Index, enhancing investor perception and priming businesses for an early mover advantage. The BVI continues to increase its ratings on the Global Financial Centres Index, remaining in the top-ranked offshore financial centres, and received top-tier ranking from the international Financial Stability Board.



Cost effectiveness: The BVI is known as the most cost-effective jurisdiction in which to do business. The set up fees for a company, partnership, fund or trust arrangement are low, and operating fees are minimal.



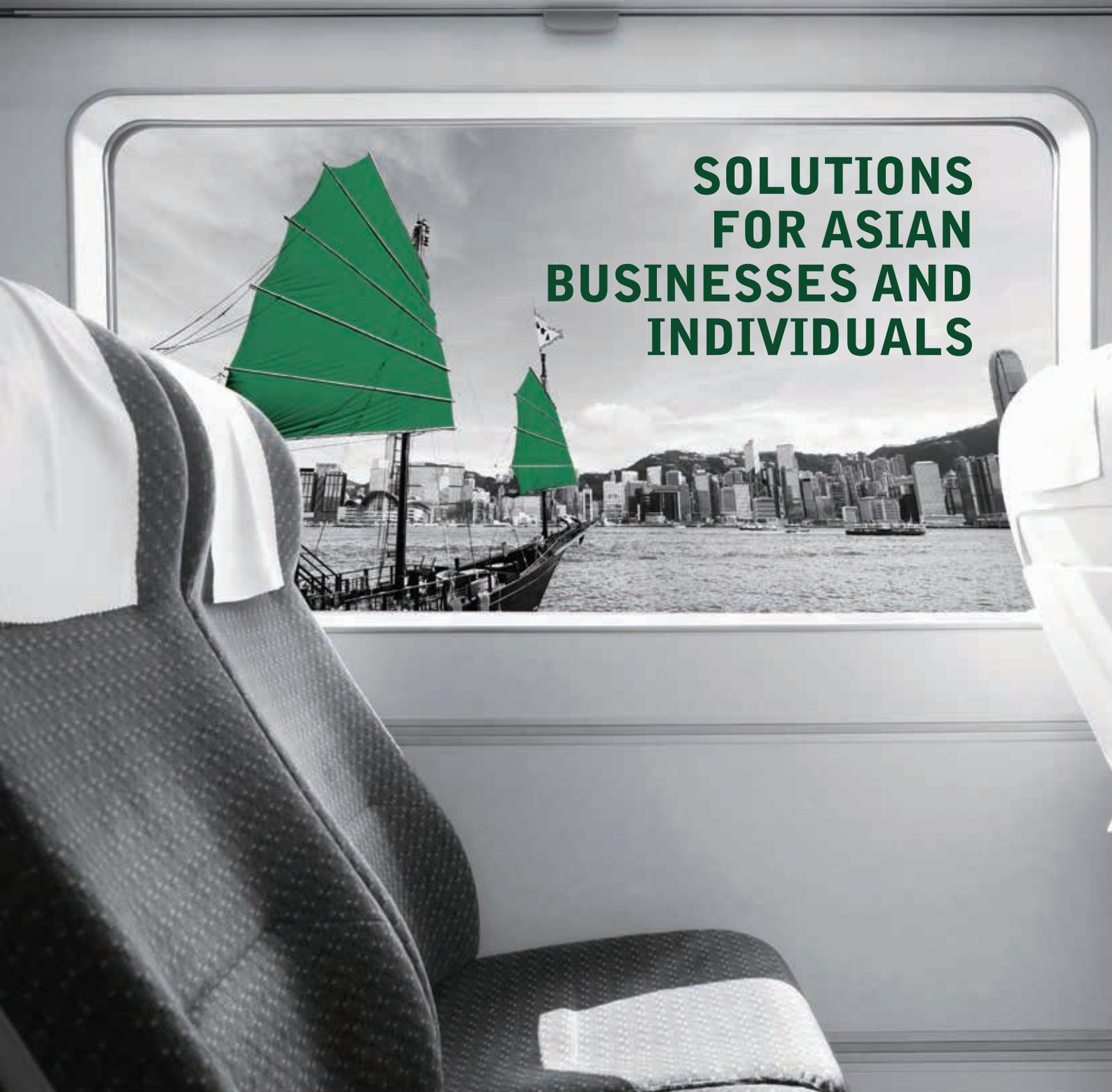
Efficiency: The BVI has some of the most innovative legislation that facilitates efficient incorporation and administration of companies. Companies can be operated with ease: there are no requirements for annual shareholder meetings, no requirements to file audited accounts, and no requirements for directors to reside in the BVI, ensuring simple and quick corporate transactions.



Legal and commercial certainty: The BVI's legal system is based on English common law, familiar to lawyers trained in other common law jurisdictions, such as Hong Kong or Singapore. The BVI is also home to a well-regarded Commercial Court, ensuring commercial certainty backed by a robust legal framework. The court system deals with matters expeditiously, economically and proportionately, and its highest court of appeal is the London Privy Council.



Tax and Foreign Exchange Neutrality: BVI companies are tax neutral, and there are no foreign exchange controls or corporate tax in the BVI, so BVI companies can be used in international investment planning without fear of additional layer of taxes.



**SOLUTIONS
FOR ASIAN
BUSINESSES AND
INDIVIDUALS**

With a strong history in working with Asian businesses, the BVI has an intimate understanding of the needs of its Asian clients, and Asian clients have come to know, depend on and trust the BVI to handle their wealth and international business needs.

Wealth Planning Solutions

Over the past five years, Asia Pacific has emerged as a leading source of wealth growth globally. According to The World Wealth Report 2014, Asia Pacific in 2013 recorded the largest increase (of 17 percent) in its high net worth individual (HNWI) population, and the largest increase (of 18 percent) in investable wealth, ahead of North America and Europe.

In line with this immense growth, the wealth planning needs of the affluent in Asia Pacific are changing: HNWI's are becoming more sophisticated; they are looking for customised services; they are focusing on the management of family wealth and business succession.

The BVI has developed sophisticated and flexible tools to meet the demands of high net worth (HNW) families through its various trusts, including the Virgin Islands Special Trusts (VISTA) trusts and private trust companies (PTCs).

VISTA Trusts

Due to the vast number of BVI-incorporated companies in Asia, VISTA trusts have proven to be a popular trust vehicle for family businesses. VISTA trusts are unique to the BVI – they provide solutions for individuals and families who seek the benefits that a trust offers for succession vehicles, but who do not wish to transfer to trustees the day-to-day management responsibilities of companies owned by the trust. Instead, it allows the company to be effectively run by its directors without any threat of removal by the trustee-shareholder.

Why was VISTA so groundbreaking?

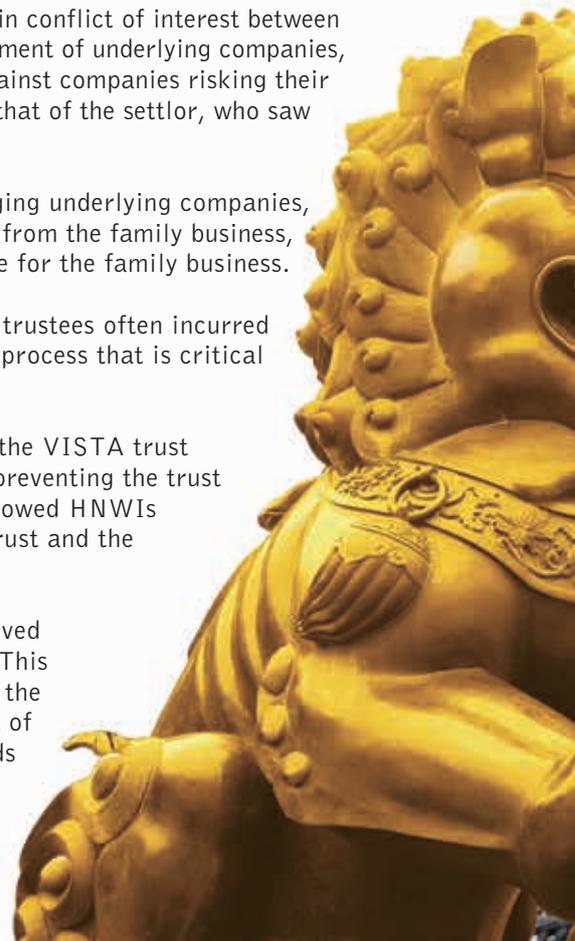
Prior to VISTA, the traditional common law trust to cater for the succession of shares had been seriously impeded by a rule of English trust law (known as the “prudent man of business rule”). This law was designed to preserve the value of trust investments, but frequently resulted in conflict of interest between the trustee and the settlor. Trustees were responsible for overseeing management of underlying companies, acting in the best interests of the beneficiaries of the trust and guarding against companies risking their assets. However, this conservative investment approach often clashed with that of the settlor, who saw risk-taking as an integral part of business practice.

This conflict was especially acute in family businesses. Trustees, in managing underlying companies, often had to consider spreading financial risk, essentially reinvesting away from the family business, despite the settlor's intention of setting up the trust as a succession vehicle for the family business.

In addition to this conflict, the constant monitoring and intervening from trustees often incurred prohibitively expensive fees and resulted in delays to the decision-making process that is critical to commercial success.

VISTA was introduced to remove these critical issues: most importantly, the VISTA trust removed the trustee's duty to monitor and manage underlying companies, preventing the trust from being diversified away from the family business. Trust deeds also allowed HNWI's to determine who should be the directors of the company held under the trust and the provisions for their appointment and removal, ensuring control of assets.

Since the BVI introduced the VISTA legislation, VISTA trusts have achieved significant traction from businesses and individuals, particularly in Asia. This innovative measure from the BVI was developed in close partnership with the private sector and exemplifies that the BVI continues to be at the forefront of international jurisdictions, understanding and meeting the developing needs of its international clientele.



SOLUTIONS FOR ASIAN BUSINESSES AND INDIVIDUALS

Private Trust Companies

Occasionally, HNWI's prefer not to transfer control of their assets to a third-party for a number of reasons, such as confidentiality, trust and need for more sophisticated structures to manage their wealth.

In response to this preference, the BVI introduced Private Trust Companies (PTCs) to handle these often more complex, bespoke succession structures. PTCs provide HNW families with a customised structure to protect their legacy and secure family wealth long into the future. The principal advantage of a PTC is that it allows settlors to retain control while managing their wealth in an affordable manner.

Asset Protection

The BVI was ranked first for asset protection and estate planning in the Offshore 2020 report (2012). The BVI's modern and progressive trust legislation provides flexible asset protection structures to help families manage their increasingly complex assets around the world. With the growth in wealth in Asia Pacific, individuals and families are increasingly seeking solutions to grow and protect their wealth. BVI Business Companies (BCs), simply referred to as "BVI's" in China, are often used as asset protection vehicles, in many cases in combination with a BVI trust that acts as a holding company.

By using BVI structures, clients also have access to the best professionals in all areas of financial services, including asset protection for private clients. The BVI financial services sector is well-established and trusted by foreign investors worldwide, including global financial institutions, and especially throughout the Asia Pacific region.

Succession Planning

For the increasing number of wealthy families in Asia, succession planning has become a top concern. They want to make sure their businesses and wealth are passed down securely, efficiently and cost-effectively through the generations.

The BVI's modern trust legislation provides flexible structures for wealth and succession planning. By having shares of family businesses owned by a BVI trust, the control of the business can be centralised and retained indefinitely, and the board of directors can run the company without fear of shareholder interference.

Additionally, upon the passing of the family member, BVI trusts ensure efficient distribution of assets to beneficiaries without the lengthy, complicated and costly procedures normally required for probate.

For international businesses, many clients will have operations in numerous jurisdictions and may not prefer to have the ownership centralised in one location. In this case, BVI companies are often used as a holding company for the other business interests with a BVI trust holding shares.

Advantages of a PTC

- **Ease of operation:** BVI Business Companies (BC) have long been popular in Asia, and PTCs utilise their framework and share key features of BCs, providing familiarity to individuals and making a PTC easy to operate.
- **Confidentiality:** the BVI's well-regulated and sophisticated company and trust legislation ensures client confidentiality.
- **Minimised risk:** the PTC can carry out the trustee function, taking on any risk linked to the assets and managing the operations of the business.
- **Flexibility:** HNW families can create bespoke structures to manage their wealth using PTCs. For example, they can set up multiple trusts to keep certain assets separate from one another, holding different assets for different beneficiaries.
- **Cost effectiveness:** the PTC structure's trustee fees are extremely competitive.
- **Control:** by sitting on the board of directors of the PTC, the family can make decisions quickly without having to wait on an independent trustee.

Capital Markets Solutions

The BVI remains at the forefront of international corporate structuring for cross-border transactions and investing worldwide. Characteristics such as familiar legal and judicial systems based on English common law, internationally compliant securities regulations and tax neutrality make it an especially attractive jurisdiction for pooling capital globally and investing it in markets where legal barriers or political risks would otherwise deter investment.

Initial Public Offerings

Since the Asian economies started opening up to the world, Asian and Chinese businesses have looked to the BVI as a platform to access international capital. In addition to being eligible to list on worldwide stock exchanges, including the London Stock Exchange, LSE's AIM Exchange, the New York Stock Exchange (NYSE), NASDAQ, International Securities Exchange, the Toronto Stock Exchange and the Singapore Stock Exchange, BVI companies can now also list on the Hong Kong Stock Exchange (SEHK), a leading international initial public offering (IPO) market.

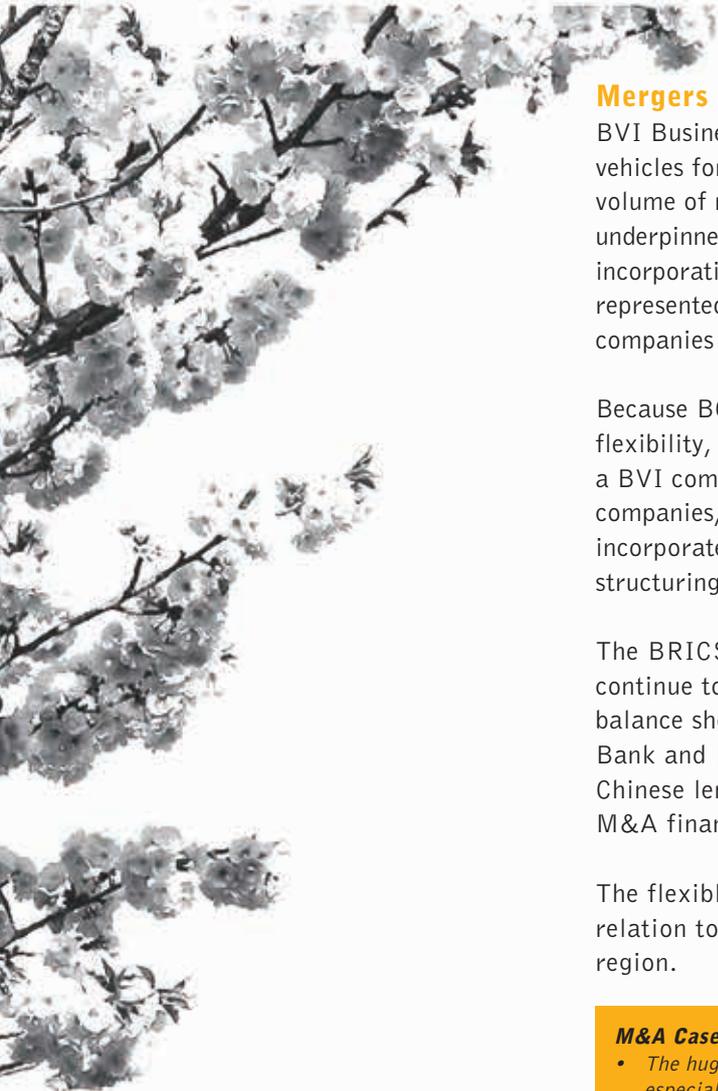
BVI companies enjoy access to a streamlined process to list in Hong Kong – they do not need to face cumbersome restructuring requirements for their business or redomicile their place of incorporation.

Additionally, advantages of listing through a BVI vehicle include the fact that the BVI does not impose a double layer of tax and regulation on a listed BVI company. For example, there is no BVI takeover code or public filing requirements applicable to listed companies. This measure also ensures that the incorporation and ongoing costs of using a BVI company are low, while high standards are maintained as required by the International Organisation of Securities Commissions (IOSCO), of which the BVI is a member.

Lastly, BVI companies are extremely flexible in their structure and handling. The constitution of a BVI-listed company can be easily amended to reflect any required shareholder protection provisions (for example, disclosure of director interests, authority for issuance of shares, independent valuation for issuance of shares for non-cash consideration, and retirement of directors by rotation). These are not required as a matter of BVI law, so they can be tailored to suit the client and target investor base.

BVI IPO Facts

- *BVI-incorporated companies are listed on major stock exchanges around the world.*
- *The vast majority of Chinese companies incorporated outside of China and listed in Hong Kong (also known as red-chip stocks) have BVI holding companies. As of July 2014, there were 125 red-chip stocks on the SEHK, representing a market capitalisation of HK\$5.1 trillion, including Bank of China Hong Kong and CITIC Pacific.*
- *A study which included a sample of 72 listed Chinese companies found that nearly 60 percent had one or more BVI holding companies.*
- *Tianhe Chemicals Group Ltd., China's largest producer of lubricant oil and leading global producer of specialty chemicals, listed on the SEHK in June 2014, raising US\$654 million, representing the largest SEHK listing of a BVI company.*
- *Winsway Enterprise Holdings Ltd. (formerly Winsway Coking Coal Holdings), one of the largest integrated suppliers of high-quality coal in China, was the first BVI-incorporated company to be listed on the SEHK in October 2010.*
- *In 2014, Russian hypermarket chain Lenta Ltd. dual-listed on the London and Moscow Stock Exchanges, creating the largest publicly listed BVI company with a current market capitalisation of US\$5.3 billion.*



Mergers and Acquisitions

BVI Business Companies (BCs) have been synonymous with offshore vehicles for many Asian and Chinese investors since the 1980s, and the volume of new incorporations of BCs from the Asia Pacific region has underpinned the growth of the BVI as a corporate domicile. The increase in incorporations is also strongly met by the profile of existing BVI companies represented on stock exchanges around the world, providing those companies with critical access to capital required to fund acquisitions.

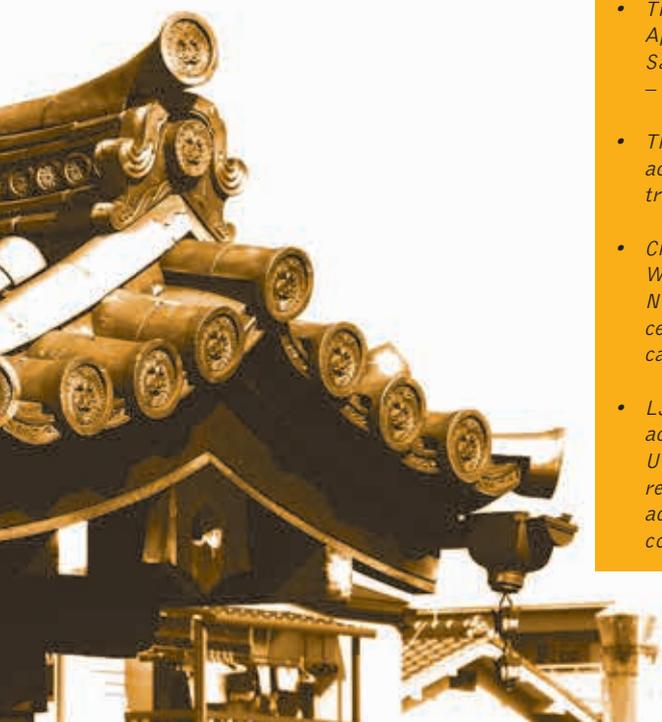
Because BCs operate efficiently and with a high level of corporate flexibility, BCs are frequently used to structure transactions. For example, a BVI company can merge with one or more BVI companies or foreign companies, and the surviving company to the merger may be the company incorporated in a foreign jurisdiction. This provides great flexibility for structuring mergers and acquisitions (M&As) and cross-border deals.

The BRICS economies of Brazil, Russia, India, China and South Africa continue to strongly support BVI M&A activity. In China, the substantial balance sheets of Chinese state-owned banks, such as China Development Bank and Bank of China, have been driving M&A activity in China, and Chinese lenders are expected to continue to play a key role in driving M&A financing activity in Asia.

The flexible merger scheme in the BVI has been successfully utilised in relation to a number of transactions for companies in the Asia Pacific region.

M&A Case Studies

- *The huge number of existing BVI companies in Asia means that BVI companies are especially favoured by Chinese mainland corporations and individuals in building overseas structures.*
- *U.S. fast-food chain Burger King Worldwide Inc. and Canadian coffee and doughnut chain Tim Hortons Inc. agreed to a US\$11.4 billion M&A deal to expand their coffee segment. This novel merger follows the NYSE listing in June 2012 of Justice Holdings Ltd., indirect parent of Burger King Holdings, which is incorporated in the BVI.*
- *Trinity Ltd., part of Li & Fung, the world's largest supplier to consumer brands, in April 2012 acquired BVI company Gieves and Hawkes International – the iconic Savile Row tailor whose most celebrated customers include the Duke of Wellington – and its business from Hong Kong-listed Wing Tai Properties.*
- *The largest transaction of a BVI company – Rosneft, Russia's biggest oil company, acquired TNK-BP for US\$ 55 billion and became the world's largest publicly traded oil producer by output.*
- *China Daye Non-Ferrous Metals Mining Ltd. acquired BVI company Prosper Well Group Ltd. in 2012 for HK\$6.8 billion. The controlling shareholder, Daye Nonferrous Metals Co. Ltd., owns substantial copper mines in Hubei province, central China, and is principally engaged in the production and sale of copper cathodes, gold and silver.*
- *LJ International Inc., incorporated in the BVI and listed on NASDAQ, was acquired and taken private by a consortium led by the chairman for approximately US\$64 million. LJ is a leading coloured gemstone and diamond jeweler with retail and wholesale business in China. The transaction shows the flexibility and adaptability of the BVI merger legislation and reinforces the suitability of BVI companies as listing vehicles.*



Investment Solutions

Over one million companies have been incorporated in the BVI. While, traditionally, many of these companies have been used as asset holding vehicles, the robust global economy has led to the increased use of BVI companies in China, Hong Kong and other Asian countries as private equity or investment funds. Given today's demanding and fluctuating economic climate, flexibility is key; and BVI investment funds allow for maximum flexibility.

BVI Funds

The BVI was home to the second largest number of regulated investment funds in the world as of 2014. One of the key reasons the BVI is chosen as a jurisdiction for investment managers to set up their fund vehicles is the flexibility the legislative regime provides for structuring these funds.

Additionally, BVI fund service providers (investment manager, administrator, custodian and auditor) do not need to reside in the BVI, so a BVI fund can be run from anywhere in the world.

Furthermore, the BVI provides political stability, an efficient and reliable legal system, and experienced industry practitioners on the ground. This foundation has led to a wide range of clientele who seek the BVI for funds, from well-established institutional fund managers with billions in assets under management to individuals wishing to set up incubator funds with limited start-up capital.

Lastly, the BVI is not only flexible in terms of structuring vehicles; it is flexible in terms of costs. The costs involved in setting up a BVI fund are modest and competitive compared with other offshore jurisdictions.

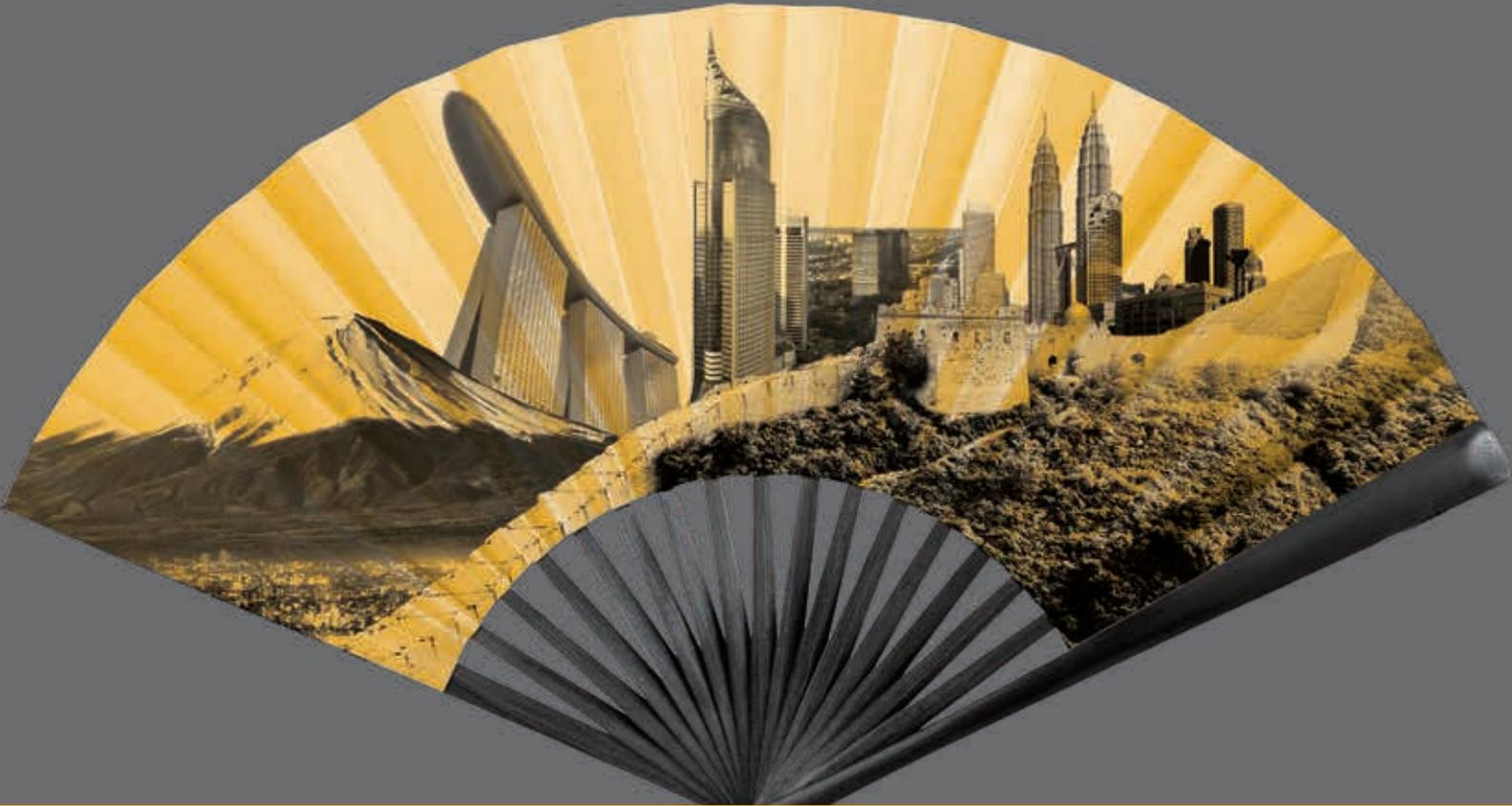
Structuring Your Fund

The most commonly used vehicles to structure a fund are the BVI BC limited by shares and the segregated portfolio company (SPC).

The BC is useful for a fund utilising a single investment strategy, investing in securities of a similar nature and risk profile, or focusing on one type of investment product. It can also be used to structure an umbrella fund.

The SPC is useful for BVI funds that employ a multi-investment strategy for multiple investment products and which carry different risks and realisation timelines. The SPC structure provides for the "ring fencing" of assets and liabilities with each portfolio which prevents contamination from other portfolios within the SPC.





BVI House Asia

In order to be more responsive to the financial markets in Asia Pacific, BVI House Asia was launched in September 2013 as the Asia Pacific Regional Office based in Hong Kong to strengthen and further develop the BVI's deep relationship with the region. BVI House Asia is responsive in real time, answering any questions about BVI business, and working with industry practitioners to increase knowledge and awareness about the use of the BVI in economic business opportunities.

BVI Financial Services Commission

The BVI Financial Services Commission, the principal regulator and supervisor for all the BVI's financial services, has also appointed an Asia Representative based in Hong Kong to serve the regulatory interests of the BVI throughout the Asia Pacific region. The Commission's role is to help ensure the BVI's commitment to playing its part in the fight against cross-border financial crime while safeguarding the privacy and confidentiality of legitimate business transactions.

Team BVI Asia

BVI House Asia works with a group of outstanding, experienced and trusted BVI practitioners that make up Team BVI Asia. Team BVI Asia's practitioners come from the world's leading corporate firms, trust

companies, law firms and accounting firms, as well as others involved in the financial services sector. Having helped clients do business in Asia for over 25 years, they are market experts when it comes to understanding the BVI and the business and personal wealth needs of clients in Asia and throughout the world. Based in Hong Kong, Singapore, China, Indonesia, India and other countries, they are able to answer questions in real-time and provide tailored, customised services to clients across Asia to manage and preserve their globally diversified assets.

Robust Network of Practitioners

In addition to the members of Team BVI Asia based in Asia, the BVI is proud to have a robust network of experienced, trusted advisors around the world. They offer a sophisticated array of corporate services, in addition to diverse wealth management solutions in trust and estate planning, funds and investment business, captive insurance and ship registration services.

Leading industry practitioners have based their operations in the BVI because of the foundations underpinning the BVI's success: a mature regulatory infrastructure, a well-developed financial services industry, and a flexible, creditor-friendly jurisdiction in terms of structuring and costs.

HOW BVI ENGAGES WITH ASIA

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Seminars and Conferences

BVI Financial Services Roundtable Discussion

01/ Twenty-two senior representatives from corporate services companies, law firms and trust services providers based in Hong Kong attended the BVI Financial Services Roundtable hosted by the Premier and Minister for Finance of the BVI, Dr. the Hon. D. Orlando Smith, OBE, and leaders from the BVI Financial Services Commission on September 12, 2014.

Team BVI Asia Roundtable Discussion

02/ BVI House Asia convened a panel of Team BVI Asia practitioners at its offices in Hong Kong on May 4, 2015 for a roundtable discussion of the current state of doing business in Asia, as well as regional issues, and trends impacting the BVI, opportunities, threats and outlook for the future.

Business BVI Asia Regional Conferences

03/ Premier Dr. Smith presented the keynote address at the inaugural Business BVI Asia Regional Conference held in Hong Kong on September 11, 2014. Entitled "Pivoting to Asia: The Pathway to New Opportunities," the one-day conference held at the Peninsula Hotel focused on emerging regional opportunities.

04/ Premier Dr. Smith addressed the second Business BVI Asia Regional Conference: "Pivoting to Asia: A View Beyond the Horizon" in Hong Kong on September 23, 2015, telling more than 100 attendees that the BVI is "still in the right place at the right time" in Asia.

05/ BVI House Asia was a premium hospitality booth sponsor at the Asian Financial Forum (AFF) 2015, held at the Hong Kong Convention and Exhibition Centre January 19 - 20, 2015. The forum welcomed

HOW BVI ENGAGES WITH ASIA

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more than 2,400 attendees and 100 speakers to discuss, "Asia: Sustainable Development in a World of Change."

06/At the fifth annual Asian Wealth Management Forum 2015, BVI House Asia was honored to be a silver sponsor, as well as a topic of conversation as an offshore jurisdiction that offers beneficial structures to help families and corporates in their growing need for wealth planning and management.

Premier Dr. Smith on the BVI's Role in Asia

07/At a sold-out luncheon hosted by the Hong Kong General Chamber of Commerce at the Foreign Correspondents' Club in Hong Kong on September 10, 2014, the BVI Premier, Dr. Smith, presented his insights on "Riding the Perfect Storm: Will Offshore and Mid-shore Jurisdictions Remain Viable?" In his remarks Dr. Smith highlighted the BVI's critical role in cross-border investments.

08/On September 10, 2014, BVI House Asia hosted a cocktail reception in Central Plaza to commemorate the 30th anniversary of the signing into law of the BVI International Business Companies Act, a statute of the BVI that permitted the incorporation of international business companies (IBCs) within the Territory. The Act played a huge role in the economic and financial development of the Territory and the BVI business company is today the most popular corporate structure in Asia.

Premier Dr. Smith meets Hong Kong Financial Secretary John Tsang

09/Dr. Smith and his delegation visited Hong Kong in September 2014. The Premier met with John Tsang Chun-wah, the Financial Secretary of Hong Kong, to discuss the continuing evolution of offshore centres in Asia and other crucial issues related to offshore and mid-shore financial centres.

HOW BVI ENGAGES WITH ASIA

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BVI House Asia Launches Website

10/BVI House Asia announced the launch of its official website, which went live on August 5, 2015 at www.bvihouseasia.com.hk. Targeting the Asian market, the website is the first of its kind and it has become the digital window for investors to learn about the BVI and its remarkable development in Asia. BVI House Asia can also be found on LinkedIn, Facebook and Twitter.

BVI House Asia Cocktail Reception

11/On the eve of the second annual Business BVI Asia Regional Conference in Hong Kong, BVI House Asia held a cocktail reception in the Central Plaza on September 22, 2015 attended by more than 220 business leaders, government officials and diplomats.

BVI House Asia Meets Tianjin Officials

12/On July 15-17, 2015, BVI House Asia joined a mission to Tianjin, China, coordinated by the Hong Kong General Chamber of Commerce and Hong Kong Trade Development Council. Tianjin officials later visited BVI House Asia's office in Hong Kong on August 17, 2015 to discuss potential collaboration.

Roadshows

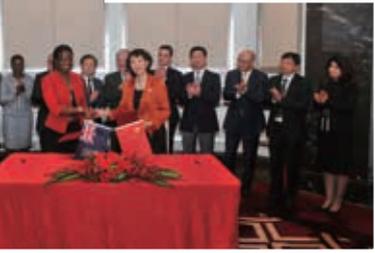
Premier Dr. Smith Visits Shenzhen

13/On September 9, 2014 Premier Dr. Smith and a BVI delegation visited Shenzhen to discuss the implementation of two memoranda of understanding (MoUs) signed in January 2014. The Premier and the delegation were hosted by Dr. Wang Rong, Shenzhen Party Secretary, among other top Shenzhen officials.

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Sister Cities Conferences in Shenzhen

14/BVI House Asia sent a delegation to attend the Shenzhen International Sister Cities Roundtable Conference on May 15-16, 2015. The purpose of the conference was to strengthen mutual understanding and deepen communication and cooperation in the fields of education, tourism, science and technology and business development.

15/BVI House Asia took part in the second International Sister Cities Roundtable Conference in Shenzhen on November 17, 2015. Official representatives from 15 cities and regions across the world attended the conference where Director of BVI House Asia, Elise Donovan, spoke about the BVI's role in facilitating Chinese enterprises in cross-border trade and the vision of stronger ties with Shenzhen in various fields, such as financial services, tourism and education.

16/An official Tree Planting Ceremony was also held on 17 November to commemorate the friendship between Shenzhen and its international friendship cities, including the BVI. A Bauhinia Variegata tree, symbolizing friendship, prosperity and unity, was planted by BVI House Asia Director Elise Donovan in the Shenzhen Central Park.

Development Forum BVI - Qianhai

17/A jointly sponsored event – “Qianhai-British Virgin Islands (BVI) Cooperative Development Forum” – designed to accentuate the advantages and strengths of the financial industry in each jurisdiction, was held on May 26, 2015 in Qianhai, Shenzhen, and attended by over 200 business leaders.

HOW BVI ENGAGES WITH ASIA



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BVI Sponsors China Offshore Summit

18/BVI Finance sponsored the China Offshore Summit, May 27-28, 2015, in Shenzhen. Aimed at educating Chinese financial intermediaries about offshore finance, estate planning, asset management and RMB offshore management solutions, the event attracted more than 500 attendees.

19/BVI representatives joined Chinese financial institutions, international trust companies and corporate service providers from October 15-16, 2014 at the China Offshore Summit in Shanghai, updating industry practitioners about BVI developments and opportunities. Michael Gagie, Managing Partner of Maples delivered a speech on "The BVI Advantage." Claire Abrehart of Coverdale and Helene Anne Lewis of SimonetteLewis also presented on BVI Structures at the Summit.

20/BVI House Asia sponsored the China Offshore Summit held from November 4-5, 2015 in Shanghai. "BVI – Leading from the Front" was the theme of a feature presentation given by Martin Crawford, Chief Executive Officer of Vistra Group, which outlined why the BVI was the undisputed market leader in the offshore financial services industry, especially in the Asian market.

BVI Attends Tianjin Go Global Forum

21/On November 4-5, 2015, BVI House Asia attended the Tianjin Enterprise Go Global Forum in Tianjin, China, sponsored by the Administrative Commission of Tianjin Binhai New Area CBD. Ms. Heather Tang, COO of BVI House Asia gave greetings from the BVI, and Ms. Claire Abrehart from AMS Financial Group gave a feature presentation on how BVI can assist the Chinese enterprises "Going Global" by using various BVI structures.

HOW BVI ENGAGES WITH ASIA

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BVI Named Most Important Offshore Centre

22 + 23/ BVI was named the most important offshore financial centre for the sixth consecutive year in the independent financial services industry report *Offshore 2020*. More than 300 global financial services industry participants contributed to the *Offshore 2020* project, which explores key trends and issues facing the global offshore financial services industry.

Respondents singled out the BVI for a number of factors including its ease of doing business, speed and efficiency, legal and commercial certainty, as well as its robust regulatory standards. The Director of BVI House Asia, Elise Donovan, was a panelist at roundtable discussions on the report in Singapore, Taiwan, Beijing, Shanghai, Hong Kong and Dubai.

BVI Sponsors STEP and STA Conferences

24/ BVI House Asia sponsored the STEP Asia Conference on November 11-12, 2015 in Singapore "The Future of Wealth Management in Asia." Attended by more than 500 practitioners, the seminar featured representatives from banks, law firms and professional services firms, who discussed how the changing regulatory environment affects business operations and family wealth management.

25/ BVI House Asia sponsored the Singapore Trustees Association (STA) conference in Singapore on November 13, 2015. The conference explored the role of trustees and their future in wealth management. Elise Donovan, Director of BVI House Asia, joined a panel discussion debating the future of the offshore world.

HOW BVI BENEFITS ASIA: THE CONTEXT

The Legal, Economic and Political Context

Throughout the late 20th century, many Asian jurisdictions were in the process of developing their legal, regulatory and economic systems as they began to open up to international markets.

China, for example, experimented with different legal and economic regimes, such as special economic zones, as well as inheriting new legal and commercial systems in the form of Macau and Hong Kong. Each of these new zones and regions operated with different tax and regulatory regimes to the rest of China. As a result, China created its own quasi-offshore zones, so Chinese businesses were familiar with the concept of moving “offshore”.

In the early stages of its move to a more market-oriented system, China faced political difficulties in implementing new, market-based corporate laws, and so a preferable solution was to adopt the developed legal framework of a neutral third jurisdiction – that of the BVI.

Inward FDI: Access to Finance and Legal Solutions

The need for legal stability and commercial solutions was essential for Asian businesses given domestic legal and commercial hurdles which inhibited economic growth. As a result, the BVI was used as a platform in order to access international capital and to rely on the rights and remedies provided by a mature, common law jurisdiction. Likewise, the use of the BVI gave foreign investors comfort in dealing with a stable jurisdiction with a robust legal framework, which was key for inbound FDI.

For example, Chinese businesses have traditionally had difficulty raising funds from domestic state-owned banks, so they utilised the BVI as a vehicle to access finance and international capital markets. International lenders and investors were more familiar with BVI BCs and the common law principles underpinning the jurisdiction; additionally, lenders could easily take security over the shares or assets of BVI BCs (which was often difficult or prohibited in Chinese enterprises), which made BVI vehicles more attractive for international finance transactions.



HOW BVI BENEFITS ASIA: THE CONTEXT

The BVI also gave Chinese businesses a strategic advantage through its innovative legal system that allowed for a high level of corporate flexibility within a robust legal framework. For example, BVI companies were often sought for M&A deals involving Chinese companies because they would not be subject to Chinese jurisdiction and review, resulting in less red tape. In addition, BVI law provided for cross-border mergers, which were not recognised under Chinese law, allowing for more flexibility in structuring a deal.

The use of the BVI in private equity and venture capital deals was pronounced in structuring deals in China, when development in corporate legislation and shareholder protections was still undergoing in China. For example, when investors required provisions for preferred share rights or anti-dilution, they would first consider the BVI where such rights were recognized.

Outward FDI: Holding Companies and Joint Ventures

The BVI has played a significant role in outbound investment by Asian and Chinese businesses. For example, in 2009, the BVI, the Cayman Islands, and Hong Kong collectively received approximately 80 percent of China's net non-financial FDI outflows.

BVI BCs have often been used as listing vehicles and holding companies. One study of listed Chinese companies found that of a sample of 72 listed firms, nearly 60 percent had one or more BVI holding companies, which were used as a means to control the underlying operating companies and effect any acquisition or restructuring of the underlying group at the offshore level.

Asian companies are increasingly investing outward, and BVI companies are often used in the investment structure. For example, in 2012, the BVI was the fifth largest recipient of China's outward FDI.

In recent times, Asian investment has had a focus on Africa. Malaysia is Asia's top investor into Africa with US\$19.3 billion of investments at the end of 2011. China is also a major investor into Africa with over 2,000 Chinese enterprises doing business in Africa at the end of 2011. It is notable that the BVI is frequently used for Asian FDI into Africa, with BVI companies used as joint venture, investment, acquisition or holding vehicles.

An important point to note, however, is that Asian investors may be concerned about potential risks with their African investments as the business, political and legal environment is still developing in some Africa countries. For example, any potential dispute with local partners may not be settled efficiently or effectively in the local jurisdiction. Under such circumstances, investors in joint venture would probably choose the BVI as a neutral jurisdiction for resolving the issues given that the BVI offers a suitable platform for any joint venture by ensuring that any dispute may be settled in a neutral jurisdiction where no party has a home field advantage.

BVI 2.0: TAKING IT TO THE NEXT LEVEL

Today, the BVI is a globally integrated, world-class international finance centre. Having worked with Asian businesses for over 25 years, we have served as a conduit between international businesses and Asian markets, facilitating robust growth and creating economic opportunity for people and businesses across Asia.

Our success as an international finance centre has been a result of strategic planning, precise legislative and regulatory policies, and being responsive to the needs of the market. Our innovative and sophisticated products ensure that we are on the cutting edge of global financial services and is the reason why we are now one of the most successful and competitive jurisdictions in the global financial services industry. Call it BVI 2.0.



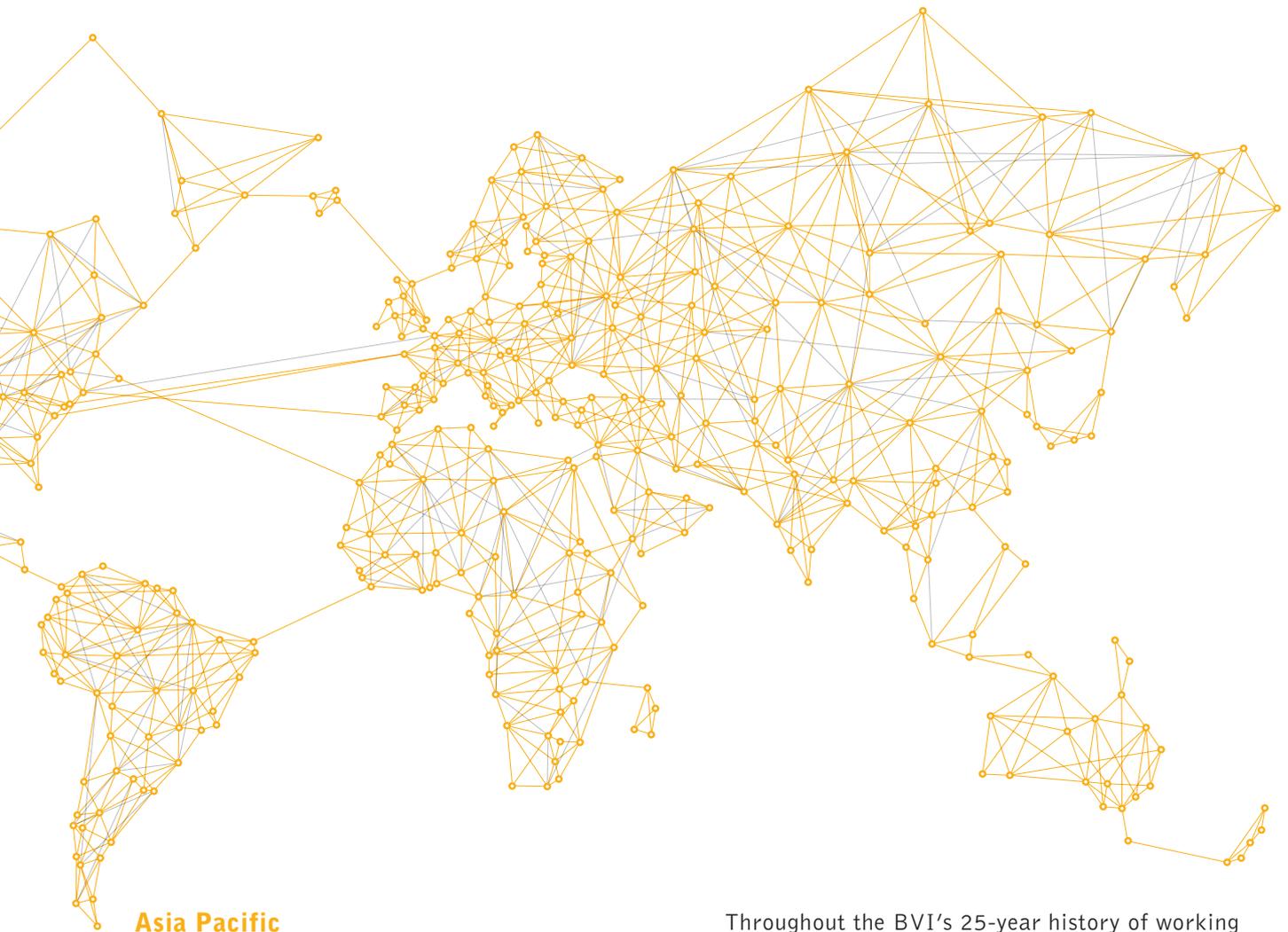
The BRICS

The BVI continues to support and provide innovative solutions to help the emerging markets of the developing world. According to the World Investment Report 2013, the BRICS – Brazil, Russia, India, China and South Africa – continue to be the leading sources of FDI among emerging investor countries, many of whom choose the BVI's flexible, widely-acknowledged and cost-competitive structures to facilitate their investments and cross-border transactions.

Flows from these five economies rose from US\$7 billion in 2000 to US\$145 billion in 2012, accounting for 10 percent of the world's total FDI flows. China moved up from the sixth to the third largest investor in 2012, after the United States and Japan.

The report also shows that investment through international financial centres has surged as significant destinations for FDI, accounting for 6 percent of global FDI. The BVI ranks among the top five for inward investment flows and top ten for outward flows.

BVI 2.0: TAKING IT TO THE NEXT LEVEL



Asia Pacific

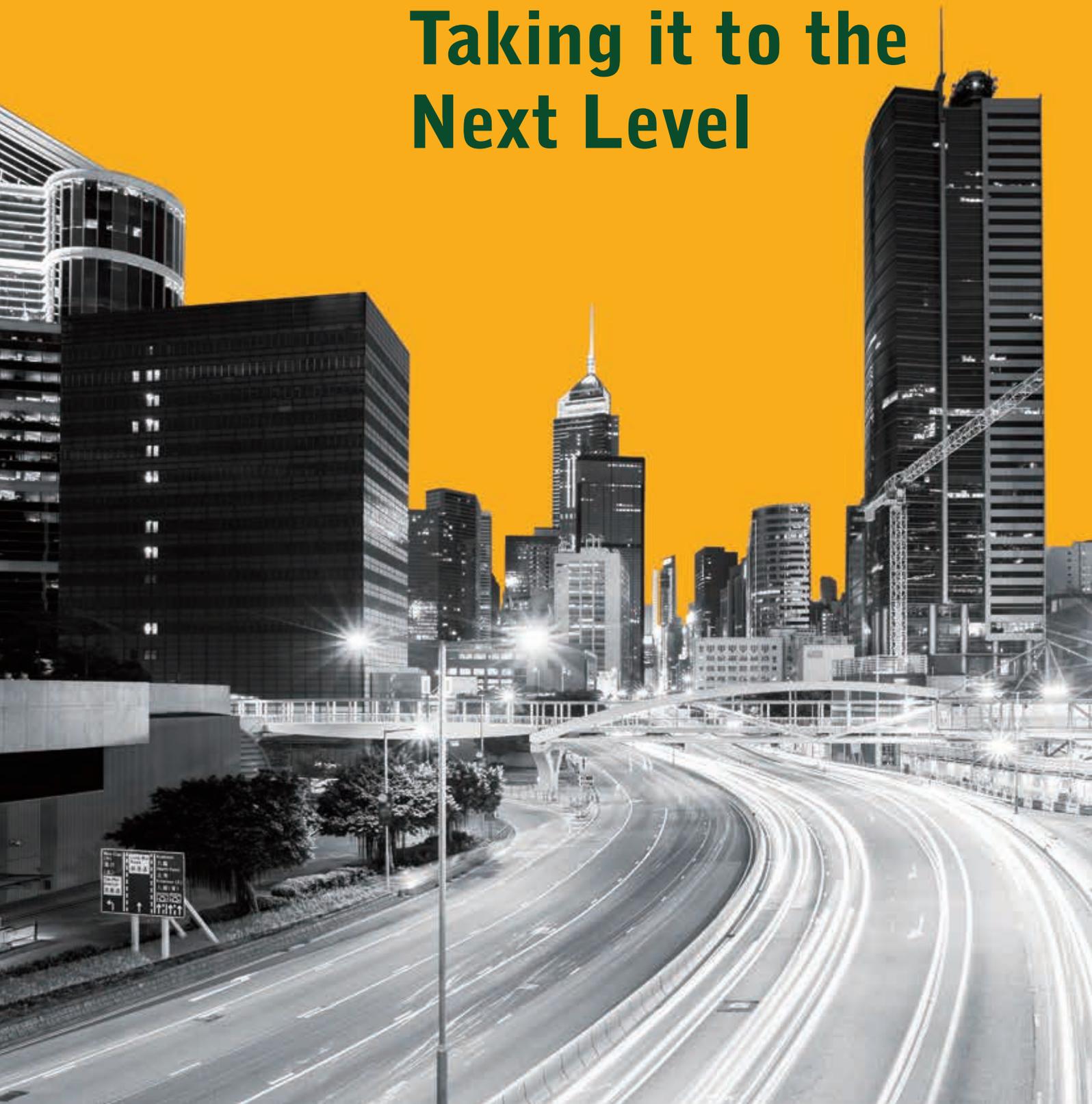
Looking ahead, the growth and success of the BVI will largely be an Asian story. Asia continues to be, by some distance, the principal source of business growth for the offshore financial services industry.

Across Asia, wealth is quickly rising: in 2013, Asia Pacific recorded the largest increase (of 17 percent) in its high net worth individual (HNWI) population and the largest increase (of 18 percent) in investable wealth. As part of the Asia story, China will continue to be a significant driver as its domestic demands for outbound M&A increase, supported by governmental policies to secure natural resources, technologies and expertise required to sustain long-term growth. The BVI, already the second largest recipient of China's outward FDI, will continue to play a significant role in China's outgoing investment.

Throughout the BVI's 25-year history of working with Asian businesses, we have developed an intimate understanding of the demands and needs of the market and strived to respond to these needs: we opened up BVI House Asia in Hong Kong to be more responsive in real-time to Asia Pacific financial markets; we have expanded our hours to allow for registry business to happen on a near 24-hour basis; and we have signed MoUs with the Authority of Qianhai Shenzhen-Hong Kong Cooperation Zone and Shenzhen Government to facilitate growing inward and outward FDI throughout the region, just two of many regions with which we are establishing close partnerships.

As BVI House Asia celebrates its second year anniversary in Hong Kong and the 31th anniversary of the BVI International Business Companies Act, we most importantly celebrate the trust clients in Asia have invested in us, and we celebrate the strengthening relationship between the BVI and Asia Pacific, a relationship built on the BVI's flexibility, robust rule of law, and continually innovating financial services industry.

BVI 2.0: Taking it to the Next Level





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