



**Timeless Journal**

15TH JULY - 15TH DECEMBER 2020 NO.1

# Where shall investors place their assets?

## • *Family Offices*

Trust | Private Equity funds and  
those prestigious families BVI fund  
regulation

## • *The Global News*

United States and China | Hong Kong  
Taiwan | Singapore

## • *About Timeless*

Investment instruments | Internal policy and systems



# Contents

## *The Global News*

### United States and China

- 02 The trade war may not end up soon following the US election day on 3rd November 2020. What are the impacts?
- 04 After the conflicts of U.S. TikTok, BiteDance envisions IPO in a year in US and Hong Kong

### Hong Kong

- 05 The hedge funds in Hong Kong
- 07 Who will make Hong Kong's status as one of the global financial hubs great again after those pessimistic events?

### Taiwan

- 09 Taiwan economy forecast fall over 1%, still got better performance than other rich countries
- 10 The growth rate of Taiwan international trade stood out from the four Asia dragons over coronavirus pandemic

### Singapore

- 13 The regional rivals between Singapore and HK

## *Family Offices*

### Trust

- 19 Hong Kong and BVI
- 20 Singapore

### Private Equity funds and those prestigious families

- 21 BVI fund regulation
- 23 Cayman fund regulation

### International tax planning

- 24 Hong Kong and Singapore

---

## *About Timeless*

### Investment instruments

- 25 Bond
- 26 Pre-IPO

### Internal policy and systems



## The trade war may not end up soon following the US election day on 3rd November 2020.

### What are the impacts?

“

The trade war is following by the substantial amount of trade deficit which reach the record high since 1985 to US\$419bn in 2018

Telecommunications equipment and computer circuit boards will be levied higher tariffs from 10% to 25%

”

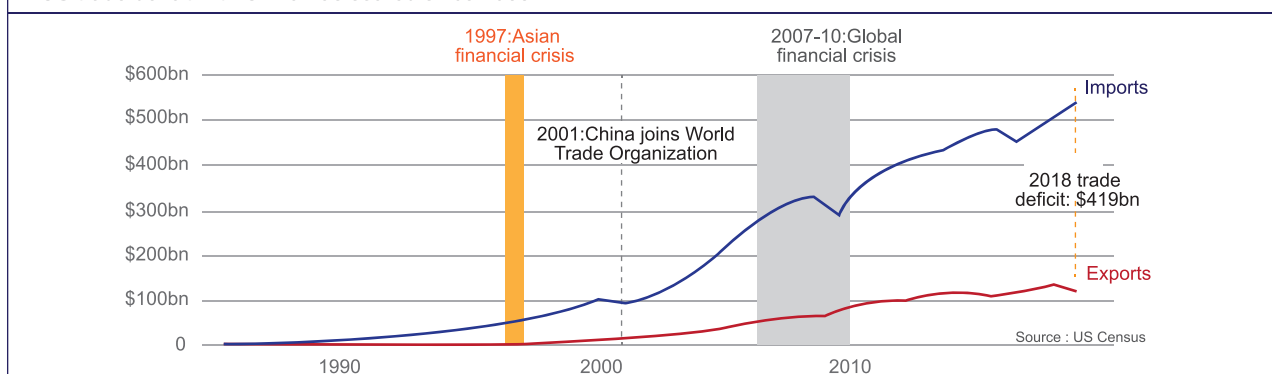


Asian investors are weighing the potential impacts after the US presidential election. The policies will remain certain if Donald Trump is elected or Republicans control the Senate, while the 2020 US election may not halt the trade war even if Joe Biden wins.

The trade war between the US and China has been elevating since president Trump was elected in 2017 with Donald Trump's campaign slogan "Make America Great Again". In 2018, the trade deficit had hit the historic high since 1985 to US\$419bn which triggered the severe trade battle between two economic giants, US-China. Although, the trade deficit might due to the different economic structures between the two countries.

#### US trade with China

US trade deficit with China has soared since 1985





China is the world's manufacturing superpower which accounted for 28.4% share of global manufacturing output in 2018, according to Statista. While the US is an Intellectual Property (IP) intensive country, the IP industry contributed US\$6.6 trillion to the economy; this amount accounted for over one third of total U.S. GDP in 2014 based on the U.S. Commerce Department report, also more than many countries' nominal GDP. The direct and indirect impacts of the IP industry were more than 40% of U.S. economic growth.

For instance, 92% of Apple products made in China; Apple reported 62.8% margin in service business compared with the overall margin was 38%, in contrast, the overall margins of Apple's suppliers were around 3% to 15%. That means, in general, a US company exports the goods with higher margin compared to the imported goods which in average have lower margins. Therefore, the trade deficits may not reflect the "real" economic impacts despite becoming a debating issue between two powerful countries. Although there is another issue with regard to intellectual property theft, Chinese companies.

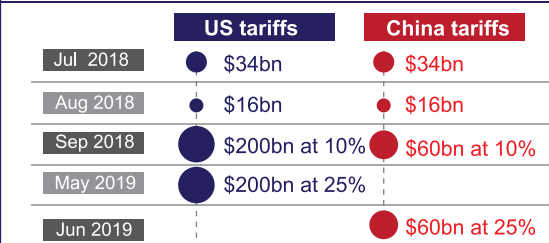
The battle started in 2017, when Xi visited president Trump, where they agreed to set up a 100 day action plan to resolve trade unfair Agreements.

Afterwards, both countries are negotiating whether the US imports steel and aluminium as it might be a threat to national security, claimed by USTR.

The new tariff law was enacted in 2018 that banned all steel imports (except from Argentina, Australia, Brazil, and South Korea) and a 10% tariff on all aluminium imports (except from Argentina and Australia). In 2018, The US implemented global safeguard tariffs which place a 30% tariff on solar panel imports, except for those from Canada (worth US\$8.5 billion) and a 20% tariff on washing machine imports (worth US\$1.8 billion). In 2019, the US targeted the imported goods from meat to musical instruments with a 15% duty. Following Beijing's hit back with tariffs ranging from 5% to 25% on US goods.

#### How the US-China trade war has escalated

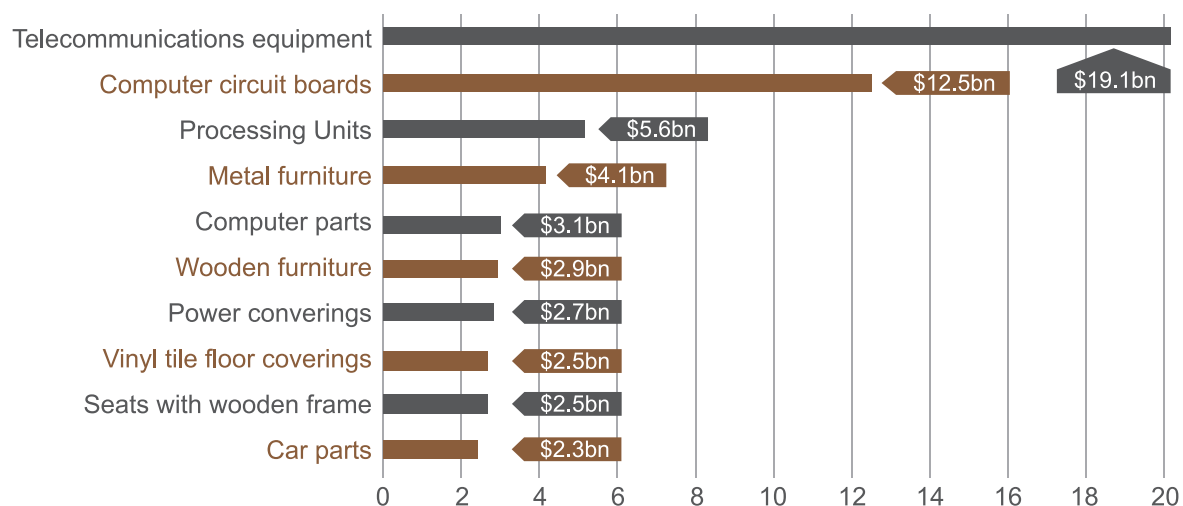
September 2019 - December 2019



The US and China have threatened to impose new tariffs and increase existing ones.  
Source : BBC research

#### What could be hit by the new tariffs?

Top 10 US imports from China facing a tariff increase from 10% to 25%



Source : US International Trade Commission

Among the new tariffs which may significantly impact all the sectors of telecommunications equipment and computer circuit boards facing higher costs or under the uncertainty of business operations.

## After the conflicts of U.S. TikTok, ByteDance envisions IPO in a year in US and Hong Kong

“

Cybersecurity play a crucial role in politics  
Chinese companies are elaborating to go public in Hong Kong instead

”



U.S. and China cyber relations have long been discussed. Since 2009, Facebook has been banned in China, along with other global social media providers such as Twitter and Google services. Because the Chinese government controls internet content and restricts, deletes, or bans content.

In September 2020, US announced that TikTok will be removed from US Apple Inc. and Google's app stores due to the potential risks of national security as TikTok might ties to China. Nevertheless, the TikTokers are still able to use it and the change is new users won't be able to download TikTok in app stores. TikTok was founded in China by Zhang Yiming in 2012. About 69% U.S. TikTok users are generation Z which means those young people who were born between 1997 and 2012. TikTok also owns about 400 million users in China.

Even under the pressure from the Trump administration that TikTok hit uncertainty of its business in the U.S., TikTok rejected the bid from Microsoft Corp. and Walmart for its U.S. operations. Instead, ByteDance Ltd., TikTok's owner, plans to form with Oracle Corp. to hold an initial public offering in the coming year. On top of that, TikTok elaborates to go public in Hong Kong as well with its high market evaluation of HK\$780 billion valued by analysts and bankers.

TikTok is not the only Chinese company in the U.S. to consider listing in Hong Kong. Others including Ant group, NetEase and JD.com.



## The hedge funds in Hong Kong

“

More than 420 hedge funds parking their capital in Hong Kong

The Limited Partnership Fund Bill (the Bill), published in 2020

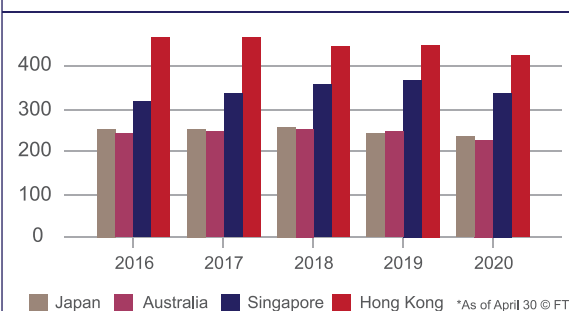
Fund managers in Hong Kong see positive at their fund sizes in the next five years, surveyed by KPMG and Hong Kong Investment Funds Association (HKIFA)

”

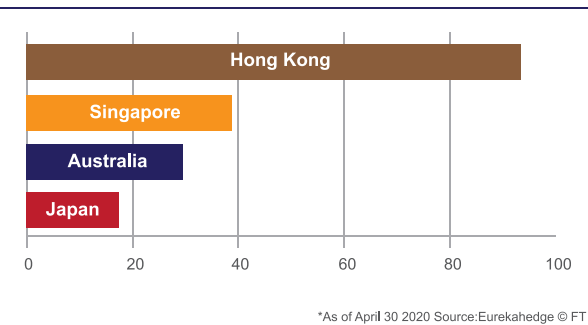


More than 420 hedge funds are parking their capital in Hong Kong, the assets under management worth around US\$91bn which is higher than managed in Singapore, Japan and Australia combined. Recently, the fund managers are elaborating to decamp after the protests and national security law enacted that may lead to the uncertainty of the city's freedom, regulation and economy.

**Hong Kong hedge funds outnumber rival financial centres**  
Number of hedge funds in operation



**Hong Kong hedge funds assets top regional rival's combined holdings**  
Hedge fund assets under management (\$bn)



On 15th January 2020, Singapore published its Variable Capital Company (VCC) legislation to present an alternative choice when the fund managers in Hong Kong are at stake of the city's status. The objective of VCC is to enhance the allure of Singapore for hedge funds, private equity funds or real estate funds as VCC greater the flexibility of setting up funds. For competing with other countries and remaining the global financial hub status, Hong Kong has gazetted a new limited



partnership fund bill, the bill, which came into operation on 31st August 2020. The Hong Kong government is also planning to provide tax concessions for carried interest issued by private equity funds which operate in Hong Kong with fulfilling certain conditions.

The Bill represents a significant step towards filling the gap in Hong Kong's legal infrastructure for private equity style investment funds. It will not only attract more private fund and family offices, but also gear up the development of Hong Kong asset management industry along with soaring demands for capital, talents and expertise.

On top of that, 53% of the fund managers in Hong Kong are expecting 11% to 30% increase in their total AUM by 2025, according to KPMG and Hong Kong Investment Funds Association; among one third respondents of survey expect their total AUM originating from the mainland China market will grow over 30%. The key drivers contain ongoing development of Greater Bay Area, technological advancement, post-retirement products and ESG investment.

In 2019, China aims to spur the economy of Greater Bay Area, the regions created around US\$2 trillion GDP per year with a 12% expected growth rate. Greater Bay Area links Hong Kong, Macau and other nine southern Chinese cities. The goal is to foster the world's second largest economy through developing technology and innovation, infrastructure and financial links between the cities. Regarding post-retirement investment products, which will soon be launched by The Hong Kong Mandatory Provident Fund (MPF) system along with the investment Solutions Lab to facilitate the development of retirement solutions, the Solutions Lab is established by The Mandatory Provident Fund Schemes Authority. Hong Kong does not have a publicly-managed retirement protection scheme, currently, retirees' assets are in MPF system which manage exceeding HK\$1 trillion and expect to grow in the coming years.

Environmental, social, and governance (ESG) investing have integrated into the city's key developing policy as a global ESG investment servicing centre. Currently, sustainable finance is growing rapidly worldwide; the value of AUM jumped from US\$23 trillion in 2016 to US\$30.7 trillion in 2018, according to the Global Sustainable Investment Alliance.

### The Limited Partnership Fund (LPF) Bill

Before the Bill was enacted, Hong Kong did not have a suitable legal framework for establishing a limited partnership as an investment vehicle. The Bill is all about tax exemption, the LPF in Hong Kong will be eligible for certain tax exemption which means qualifying income earned by LPF shall not be levied Hong Kong profit tax.



## Who will make Hong Kong's status as one of the global financial hubs great again after those pessimistic events?

Over half of Hong Kong's private wealth is from mainland individuals, around US\$1 trillion is parking in the city, according to Reuters report. In the second quarter of 2018, approximately 80% of the fundraise in the Hong Kong stock market was by 37 Chinese companies. Hong Kong became one of the safest places for Chinese to place their assets as its separate legal system from China.

During the conflicts between US and China that triggered non-stop trade war that mounting uncertainty of Chinese companies operating in US, furthermore, the United States Senate passed the Holding Foreign Companies Accountable Act in 2020; the companies which listed on U.S. securities exchanges are required to comply with U.S. regulatory, audit standards and information sharing. The companies would be forbidden to trade if they are identified as non-compliant issuers, also would be delisted after three consecutive years of non-compliance with audit inspections. Nasdaq Inc.

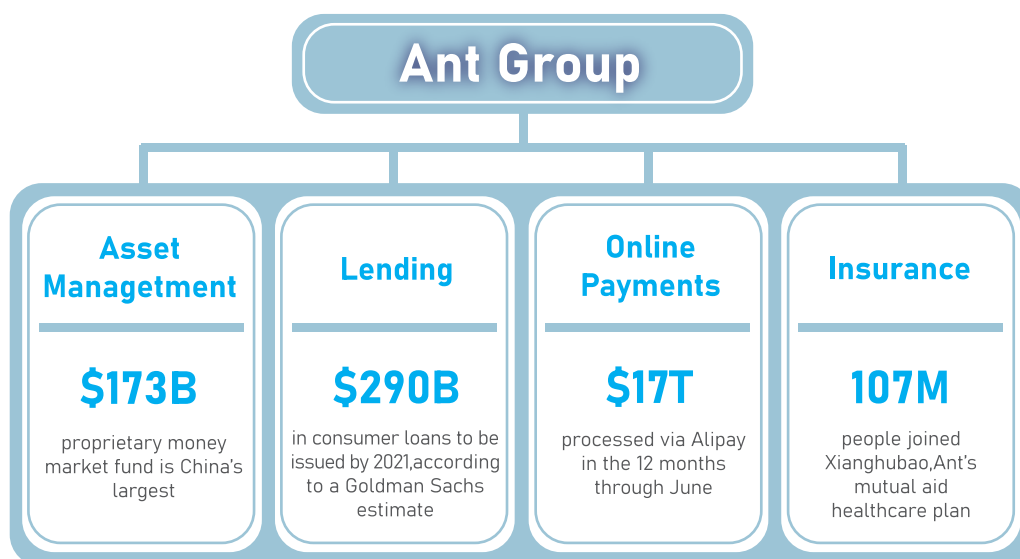
Is also planning its new restrictions at Chinese smaller companies.

Meanwhile, Hong Kong exchange's race to attract Chinese companies to list in the city instead of US listings. Vast U.S. listed Chinese companies are considering going public in Hong Kong after seeing green lit of JD.com Inc. and NetEase Inc. to get initial public offering approvals that took for a few weeks instead of months, for the record. Another China mega listing in the financial hub over 2020, Ant Group CoJack Ma's company is looking to raise US\$ 17.6 billion, the IPO may be twice the size of Citigroup Inc., despite Ant group halted Hong Kong IPO because the Chinese government launched new antitrust rule.

The head of strategy at CCB international Securities Ltd. predicts around 30 Chinese firms will seek financing in Hong Kong by the second half of 2020. More money from the mainland has been pumping into Hong Kong stock market since June 2019 as Hong Kong shares drop after seeing protests monthly along with the national security law imposed and Covid-19 outbreak.

### Anatomy of a Chinese Financial Powerhouse

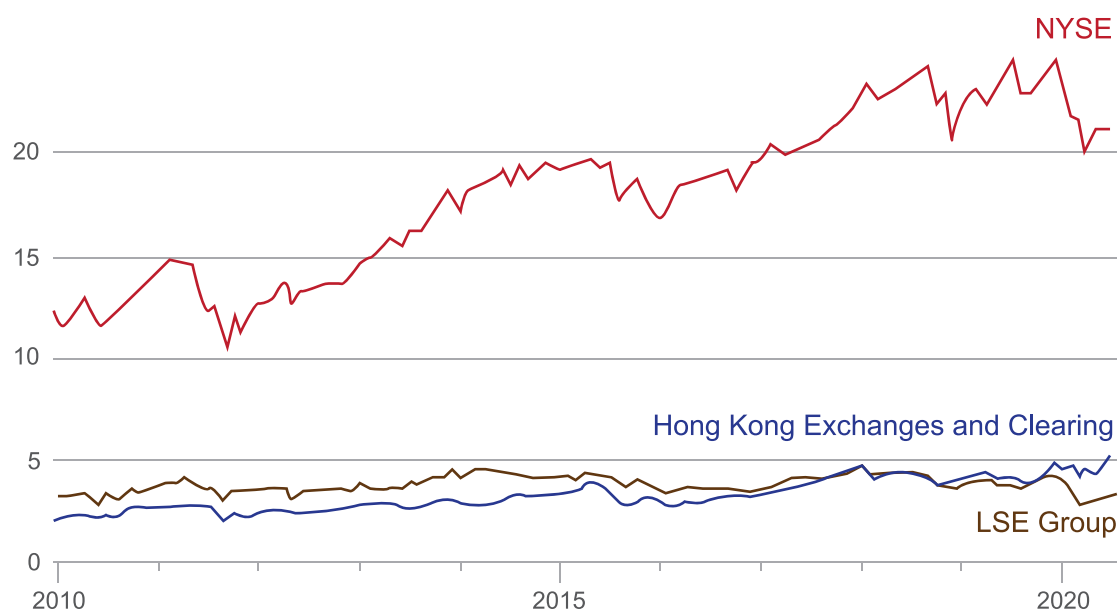
Jack Ma's giant has shifted toward tech and services



Sources: Ant Group, Goldman Sachs, date compiled by Bloomberg

## Hong Kong's stock exchange is more valuable than London's

Value of total equity market,\$tn



Source: World Federation of Exchanges

In contrast, the larger firms from U.S. and European countries may leave in the near future, particularly technology companies which are under risks of noncompliance punishments if they refuse to provide the Hong Kong government or Chinese government their data on users as tech companies already received requests from Hong Kong police to share data for resolving crimes. Including messaging apps such as Apple's iMessage, Signal and WhatsApp; among 39% American companies in Hong Kong plans to move capital, assets or their operation out of the city. MSAB,

a Swedish company which is a pioneer in forensic technology for mobile device examination has cut business ties with Hong Kong as it refused to be forced by Hong Kong police providing supply solutions to the Cyber Security and Technology Crime Bureau.

In short, Hong Kong's status as a financial hub will still have a positive outlook although the market will have more capital and companies from mainland China.



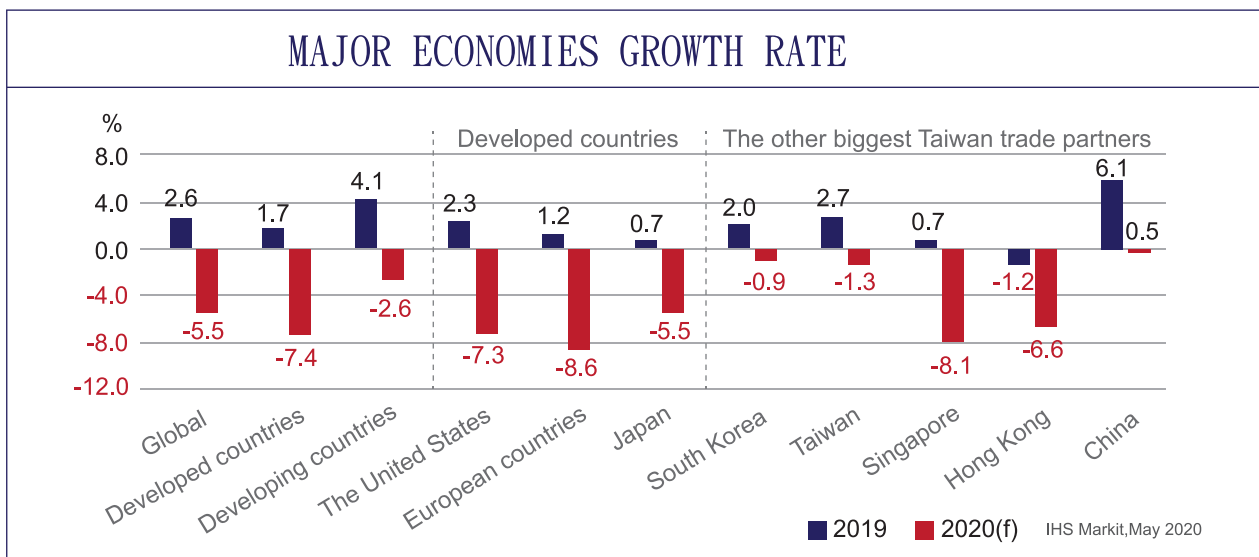
## Taiwan economy forecast fall over 1%, still got better performance than other rich countries

“

Coronavirus could impact the economy worldwide shrinking than the 1997 Asian financial crisis as massive jobs may be destroyed permanently and vast industries are restructuring

Although Taiwan's GDP may be less severe than other rich countries, the government of Taiwan proposed a second supplementary budget for 2020 worth US\$ 7.13 billion to mitigate the impact of the pandemic outbreak.

”



IHS Markit reports the global GDP growth rate is projected to decline 5.5% over 2020, especially in the developed countries for 7.4% decreasing in average.

The economic recession also comes with high unemployment rates globally. The MIT report forecasts that brutally low-wage workers may be facing long-term unemployment even after the coronavirus ends as working from home may become a new normal and the business travel will be less frequent. For instance, when people travel less that will cause the slump in demand for office cleaning services, hotel workers, taxi drivers, restaurant staff and so forth. On top of that, online education, online health care and online shopping have become more popular these days that will lead vast retail workers to lose their jobs permanently.

In the early 2020, the economies of the U.S., European countries, Japan, Singapore and Hong Kong are projected to shrink by 7.3%, 8.6%, 5.5%, 8.1% and 6.6% respectively. In contrast, Taiwan's GDP is expected to decrease for around 1.3% which seems less severe compared to other countries as Taiwan has been well managing the pandemic outbreak within the country. Although, the Taiwan government implements the economic stimulus and subsidy programs recently for economic recovery.

## The growth rate of Taiwan international trade stood out from the four Asia dragons over coronavirus pandemic

“

World trade may plunge by between 15% and 32% in 2020, said WHO

In 2020, over January to April, the total value of exports from Taiwan has increased 2.43% especially in the China market

”



Now, may not be the worst-case despite world trade has reached historically low. Covid-19 and governments imposing trade restrictions are two main reasons for pessimistic projection. IHS Markit reports that the export amount of the U.S., European countries, Japan, Singapore, Hong Kong and Taiwan over 2020 are projected to decline 10.5%, 12.2%, 14%, 8.6%, 10.2% and 4.9%. Although in the 2020 from January to April, Taiwan is the only country shown a jump in export rate from -1.44% to 2.43% within four Asia dragons, Korea, Hong Kong, Singapore and Taiwan.

The pandemic outbreak triggered the strong demands of electronic products increasing, especially at the end of this March, approximately 43% of the world population had been asked or ordered to work from home, have remote meetings, or

follow social distancing measures. It is a fantastic chance for Taiwan as exporting electronic products have supported

Taiwan's economy for decades, the prestigious electronic-related Taiwanese companies including Taiwan Semiconductor Manufacturing Company (TSMC), Quanta Computer, Foxconn and HTC corporation.

Over the past few months, Taiwan has benefited from the Information and communications technology (ICT) industry, social distancing economy and OTAKU economy. The ICT industry refers to the emerging technologies which contain 5G, big data, Artificial Intelligence and so forth; OTAKU economy refers to people with consuming interests in particular in anime and manga.



[Free Lecture]

# The introduction of Family office and family heritage plan

Through profound case analysis and the latest compliance news to provide alternative platforms and instruments for High-Net-Worth Individuals to plan family heritage. E.g. Set up a Family Office

## Who might be interested in this lecture?

- High-Net-Worth Individuals, Entrepreneurs and its next generations

The duration: one hour, virtual lecture or physical lecture

By joining this lecture, you will:

## Chapter one: The introduction of Family office

The introduction of Family office

- The history and case studies of Family Office
- Types of Family Office and where it applies?
- Single Family Office and Multifamily Office
- Through understanding all the functions of Family Office where we can provide High Net Worth Individuals, HNWI, a holistic financial strategy plan, and advice of its family heritage

## Chapter two: Heritage Heal

The concept of Trust law

- The difference between English common law and civil law
- The benefits and functions when setting up a Trust

What are the functions of setting up a Family Trust?

- Arrange your assets for next generations — Fair, privacy and well maintained
- Ensure life-time wealth management for your next generations

Beyond creating your legacy - Family heritage

- Fixed asset and current asset
- Heritage tax in Taiwan and other countries
- The challenges which we might face when engaging in a family trust

For further information, please scan this QR code.





## Largest export commodities of Taiwan in 2019 and 2020 from January to April

US\$0.1BN	2019		Jan.-April,2020	
Industry	Value of exports	Growth rate	Value of exports	Growth rate
<b>Total amounts</b>	3291.9	-1.44%	1039.2	2.44%
<b>Electronic Components &amp; Parts</b>	1125.2	1.58%	392.7	21.10%
Integrated Circuit	1003.2	4.60%	354.4	23.99%
Printed Circuit Board	52.8	5.49%	17.2	10.14%
Solar Panel	4.2	64.06%	0.6	-64.82%
Diode (include LED)	24.6	16.78%	7.4	-7.85%
Energy Storage Battery	3	12.06%	1.0	4.45%
<b>Information and Communications Technology, ICT &amp; Audio and Video Electronic Products</b>	426.4	20.71%	136.7	9.10%
Information and Communications Technology, ICT	170.3	43.16%	54.4	11.16%
- Router and Switch	46.4	58.11%	16.8	38.48%
- Server	34.4	205.12%	12.8	19.09%
- Laptop	17.4	17.25%	3.9	-5.68%
Monitor	68.5	-10.51%	20.1	-9.27%
Parts&Accessories of Other Machines of Heading	101	36.52%	31.6	10.54%
Digital Security Surveillance	18	6.42%	4.8	-16.30%

The growth of 5G technology market pushed up the export values of Integrated Circuit, Printed Circuit Board, Router and Switch, and so forth.

The global coronavirus outbreak brought a boom of OTAKU economy, such as the needs of remote meeting, online education and database servers, which enhance the exports values of Integrated Circuit, Printed Circuit Board and Laptop.

## The regional rivals between Singapore and HK

“

Singapore and Hong Kong have long battled the status of global financial hubs, especially recently, Singapore looks to supplant Hong Kong over the political tensions surging. Two cities seen similar but possessed their own unique characters, before we jump into analyse the possible result of which city will play a more crucial role as the premium destination of wealth, how Hong Kong became a global financial hub?

”

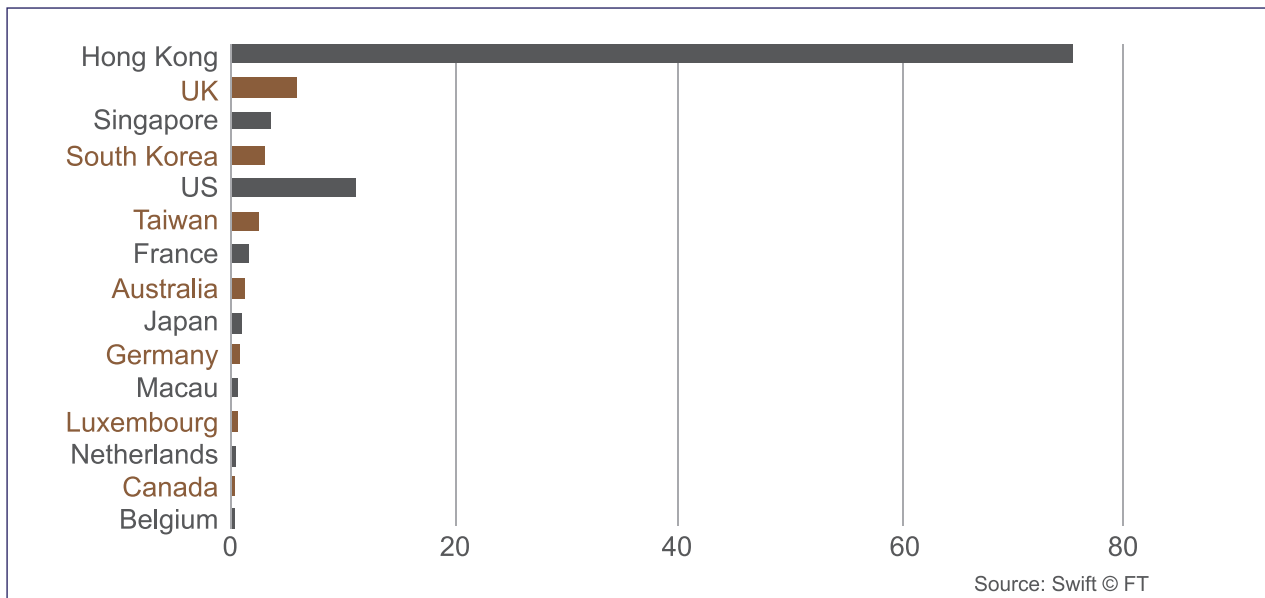


1. Mainland China was not open for foreign business, Hong Kong's geographic and cultural linkage between China and other countries
2. The rise of Shenzhen and Shanghai

Although, in 2019, Singapore took second place as the most business-friendly countries worldwide, while Hong Kong ranked fourth.

Still, Hong Kong is one of the most open economies in the world, the city is also one of the biggest markets for equity and debt financing. Compared with mainland China's extensive capital controls, it intervenes in financial market and banking system. Through Hong Kong, China attracts foreign funds to its equity and debt markets; the international companies through Hong Kong to expand their businesses into mainland China. Hong Kong listed vast big Chinese firms, from state-owned Industrial, Commercial Bank of China 1398.HK, to private firms such as Tencent Holdings 0700.HK; as a launchpad to expand their businesses to the global markets.

Moreover, Hong Kong dominates offshore renminbi payments. The city remains the largest global offshore Renminbi(RMB) FX market, with an average daily turnover of US\$107.6 billion in April 2019, the amount is 39.6% higher by comparison of April 2016. Also is 90% higher than the runner-up market, the United Kingdom, according to the Hong Kong government report. The incomes of participants when processing the Renminbi payment contain remittance fees, clearing fees and currency exchange gain, moreover, if the capital parking in the clearing house then it will be extra gains; the participant, usually a bank which can earn more than 0.1% to 0.5% from each transaction without risks taken. Hence, in April 2019, the total profit of all the Hong Kong participants of Renminbi payment is roughly US\$1 trillion (via 0.1% per transaction fees), if it did not add currency exchange rate risk.



Average daily turnover of RMB FX (US\$ billion)

	Hong Kong	United Kingdom	Singapore
April 2013	49.5	24.3	23.9
April 2016	77.1	39.2	42.5
April 2019	107.6	56.7	42.6

Singapore offers a transparent common law legal system, low levels of corruption, and a low tax and business-friendly environment. In 2016, Singapore was home to the regional headquarters of 4,200 firms. The city processed around US\$4.4 billion flows through banks, contain DBS Group Holdings Ltd.,

Oversea-Chinese Banking Corp. and United Overseas Bank Ltd., according to Bloomberg; among US\$4.1 billion was managed in Hong Kong by lenders of HSBC Holdings Plc, and Deutsche Bank AG and so forth. Even though China will not leave “the tremendous steak” such as Renminbi payment to other countries.

Consequently, the two Asian financial hubs will remain their uniqueness even with the political events taken.



## Family office



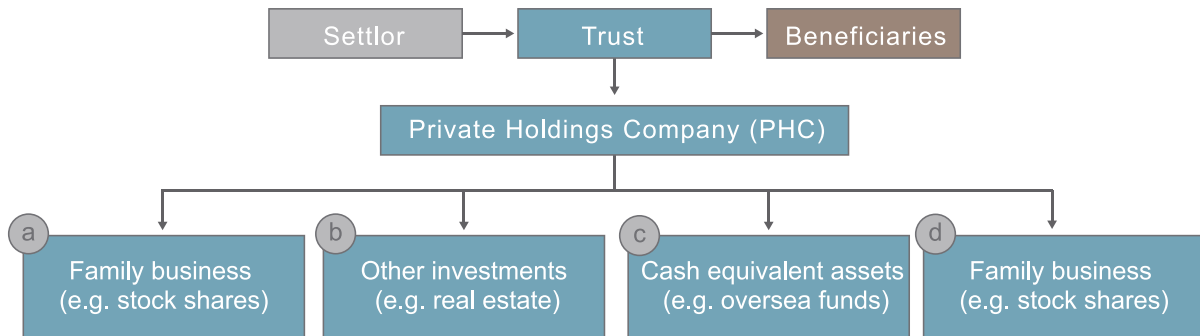
Conservatively, family offices refer to managing wealthy's financial affairs as it is the easiest and fast way to approach billionaires. Although, in Timeless, we are not only providing services to High-Net-Worth individuals, but we also keen to assist small and medium enterprise entrepreneurs to build up their business and achieve their goals on asset protection and tax planning for their family and people who they dearly care about.

Our group CEO built up his empire from zero to apex, and same as those prestigious CEOs worldwide. We outline successful family offices for our clients, hold their hands to create legacies for them.

Classically, family office services are crossing over tax and legal advisory, compliance and regulatory consulting services, risk management, and insurance services, investment management services, financial planning for life management. After well planning each step, a family office service provider will implement the strategies such as setting up Trusts, provide training and education resources; meanwhile, assisting financial reporting, bookkeeping and provide administrative services.

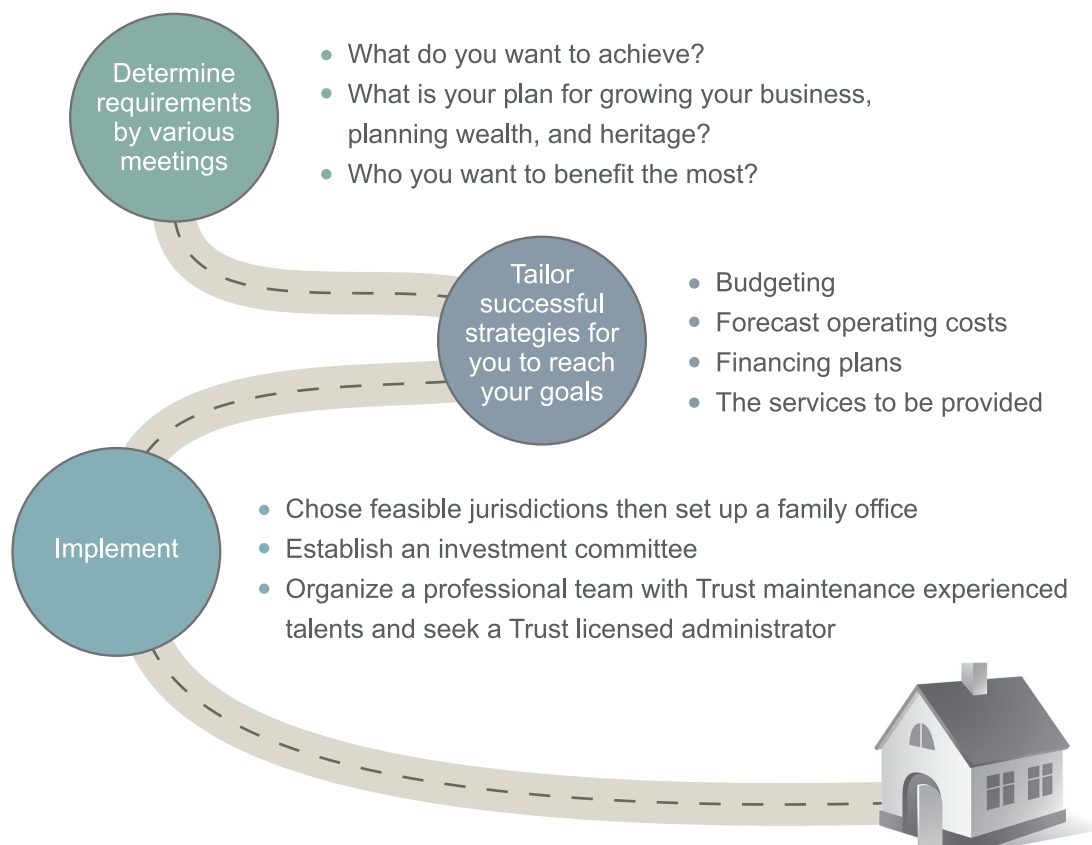
### A typical family office structure

A Family Office structure used to involve a lifetime Trust as a well-maintained trust can support a family or the person you dearly love for decades.



To structure a family office is time-consuming work for family heritage planners who are required to satisfy your needs also experienced family heritage planners will provide profound strategies to set up a ‘sustainable family office’.

### The map towards a successful family office





---

Trusts are a centuries-old concept, frequently used by wealthy families although the advantages of trusts are fading significantly and it can be complicated and expensive. Although, the advantages of setting up trusts can still be irreplaceable.

---

## Heritage Trusts

Those wealthy families are still doing tax evasion and asset protection despite FATCA and CRS implementation. The main benefits of heritage trusts are asset protection, divorce protection, estate tax protection.

### 1. Asset protection, protected from Creditors

If the settlor is sued after setting up the trust, then the beneficiaries do not need to bear the risks of assets which might be taken away. The creditors might not claim the unpaid bills only, the unforeseen events can be a business deal that goes wary, a collision with an under-insured driver, a payment of uninsured medical expenses or else.

### 2. Divorce protection

The cost of divorce can be extremely high financially, also more crucial issues is that through Trusts, many spouses desire to protect their children from divorce.

There are three methods to ensure wealth will still be there for future generations.



### Make distributions not be seen absolute certainty

Regarding trust provisions governing distribution to beneficiaries that certainty might have unintended consequences.

You might never know if you will divorce one day, and you want to distribute your assets to all of your children. Hence, for benefit of more than one beneficiary in subsequent generations that the trust agreement should write the word “may”, but not “shall” or “will”. As usually, a court will consider trust assets when making decisions related to a divorce settlement.

### Indirect distributing funds can be a better decision

An independent trustee will manage the trust and follow the trust deed, it will be ideal if the trust agreement wrote indirect distributing funds as once the assets are distributed, it's no longer protected. To do so, the court could potentially view regular and consistent distribution as evidence for distributing funds to beneficiaries.

### Collaborate with an independent trustee

An independent trustee can assist settlers to make thoughtful and deliberate trust agreements, also provide professional expertise and profound objectivity that friends or family members cannot simply provide.

A professional trustee can also take proactive measures to protect trust assets and be able to promptly respond to the latest laws and evolving standards.

### 3. Estate tax protection

In 2019, the federal estate tax exemption is set at US\$11.4M that means once an individual held estate exceeds this amount, then will be levied a tax rate starting from 40%. In Hong Kong, the city levies stamp duties, while no estate tax in Singapore when considering family heritage.

Set up trusts can assist wealthy to achieve tax evasion and well real estate management.



## Jurisdiction considerations Hong Kong and BVI

Hong Kong and BVI are two attractive jurisdictions for wealthy people who crave to set up a Trust.

The Hong Kong and BVI trust law in comparison		
	<i>BVI</i>	<i>Hong Kong</i>
Tax	×	✓
Grantor as directors or board members	✓	×
Disclosure of financial information, i.g., auditing reports and annual financial statements	×	✓
Transfer shares to specified beneficiaries	✓	×
Perpetual trust	×	✓

The BVI VISTA trust empowers settlers to retain control over the administration management and devolution of underlying companies. In BVI, you are able to set up an office of director rule in trust deed, also, it is not compulsory to get a license for a company which sets up a private trust company. (It used can be settle up by the professional institution, e.g., Timeless)

While in Hong Kong, the advantages of setting up a Trust are reversed powers, forced heirship, abolition of the rule against remoteness of vesting, enhancement of trustees' default powers where trust instrument is silent and exemption clauses.

## Singapore

Singapore, as one of the premier jurisdictions in Asia. It is home to many leading financial institutions and professional firms such as legal firms, accountancy and tax advisory. Following the strong demand of regional wealth to set up a trust in Singapore, the price to do asset management can be luxury.

The Singapore trust can maximum remain for 100 years and below are the key advantages of the Singapore's trust framework provides:

1. Strict confidentiality and banking secrecy laws
2. Settlor are protected from forced heirship claims
3. A settlor can reserve the powers of investments or asset management functions under the trust
4. Settlor can appoint another person to supervise the conduct of the trustees
5. No estate duty or inheritance tax
6. No capital gain tax
7. Income tax mitigation for foreign trusts



Photo: Bloomberg

There are four types of trust be used in Singapore frequently,

1. Private family trusts: This structure used planning for high net-worth individuals on their financial affairs, protect their assets, transfer family business to future generations and so forth.
2. Statutory trusts: Trusts that are established for statutory compliance; for instance, a trust structured for insurance policy holders and their beneficiaries.
3. Charitable trusts
4. Collective investment trusts: such as unit trusts which regulated under the Securities and Futures Act; business trusts which governed by the Business Trusts Act; real estate investment trusts which regulated by the revised Property Fund Guidelines.

Trusts are often perceived as contrivances used to shelter wealth from both tax and scrutiny - the rich get richer through offshore manoeuvres. Furthermore, setting up an offshore fund is an alternative investment which can be cheap, low risks and free taxes.

## BVI fund regulation

**B**VI as one of the tax havens, has strict anti-money laundering, AML, and anti-terrorist financing regimes. The island possessed flexible fund structures, robust commercial court and competitive incorporation fees.

There are two forms of BVI funds that are Segregated Portfolio Companies, SPC, and Unit Trust. SPC is particularly used for multi- class or umbrella funds; unit trusts can be structured in various ways, it is also exempt from BVI income tax, estate tax, inheritance tax, gift tax and other duties.

The island is now listed on the greylist of EU's non-cooperative jurisdictions for tax purposes, same as Cayman island, that means BVI does cooperate with the registration but yet to fully meet the requirements. Hence, BVI enacted economic substance rules to satisfy the standards of OECD, the rules effect from January 2019. Therefore, funds registered in BVI are required to check if the entities are in scope or out of scope. Otherwise, they will face the risks of fines as follows,

For BVI entities:

	Fines	Other penalties
Entities	<p>On first determination of non-compliance: Maximum penalty -</p> <ul style="list-style-type: none"> <li>• USD 20,000 or</li> <li>• USD 50,000 for a high-risk intellectual property entity</li> </ul> <p>On second determination of non-compliance: Maximum penalty -</p> <ul style="list-style-type: none"> <li>• USD 200,000 or</li> <li>• USD 400,000 for a high-risk intellectual property entity</li> </ul>	Being struck off from the BVI Register of Companies
Individuals	Maximum penalty of USD 75,000	Imprisonment for a term of up to 5 years

# INTERNATIONAL CHINESE INHERITANCE ACADEMY

## ABOUT US

International Chinese Inheritance Academy (ICIA), which held by Timeless group, has consistently delivered family trust knowledge worldwide, especially in the financial industry. Since 2020, ICIA has teamed up with Family Inheritance Planner Association (AFIP) in Taiwan where we are proud to be one of the education pioneers in family heritage arena.

Our student will award certificates once they complete their lectures and achieve a pass mark.

## OUR TEAM

Our team organized by groups of experienced bankers, analysts and compliance professionals in 8 countries to bring you insights on asset management, family heritage planning, and investing.

## SOLUTIONS

We are pleased to be one of the leading companies in Asia's family heritage education. Beyond education, ICIA provides consulting services in enhancing family relationships, making family business sustainable, managing family wealth and alternative investment vehicles.



International Chinese Inheritance Association

## INTERNATIONAL CHINESE INHERITANCE ASSOCIATION

### Our vision

International Chinese Inheritance Academy (ICIA) is formed to establish a full package of services across financial analysis, education on Family heritage, and consulting services. We provide professional guidance to help families building up eternal legacies.

### Our mission

1. Launch events for institutions and individuals to build up relationships and enhance communications
2. Offer top tier lectures for students
3. To train qualified family heritage planners through grant certifications
4. Private consulting for wealthy family



For Cayman entities:

	Fines	Other penalties
Entities	<p>For the first year of non-compliance:</p> <ul style="list-style-type: none"> <li>• KYD 10,000</li> </ul> <p>For each subsequent year of non-compliance:</p> <ul style="list-style-type: none"> <li>• KYD 100,000</li> </ul>	Being struck off by the Registrar of Companies
Individuals	Maximum penalty of KYD 10,000	Imprisonment for a term of up to 5 years

Resource: Vistra

## Cayman fund regulation

The Cayman islands' common fund vehicles are similar to BVI, it is also one of the top five largest global offshore financial hubs which is a British Overseas Territory and Cayman allows a high degree of flexibility. In 2020, Cayman islands enacted two new bills, the "Private Funds Bill" and the "Mutual Funds Bill" for regulated previous unregulated funds under the jurisdiction of the Cayman Islands Monetary Authority (CIMA).

### Private Funds Bill

In this Bill, it has three pillars which are registration, operational regulation, and supervision and enforcement.

#### 1. Registration

All the private funds which meet the definition of the Bill are required to register with CIMA that means all the private funds need to meet regulatory obligations. If the funds did not register, then it cannot do business on the island.



#### 2. Operational Regulation

More than a dozen of operational regulations that private funds must follow when doing business in the Cayman islands. Such as private funds must appoint an authorized auditor to audit their accounts annually and private funds must appoint an individual to hold the custodial fund assets.

#### 3. Supervision and Enforcement

CIMA is authorized to measure registration applications, determine application parameters and other informational requirements.

### Mutual Funds Bill

The amendments of mutual fund regulations are similar to the private fund Bill such as all the mutual funds which must register with CIMA and follow all regulation obligations.

## Hong Kong and Singapore

The tax haven, Hong Kong, has long remained the world's freest economy for consecutively 25 years with no capital gains tax, no dividend tax, no inheritance tax, no offshore income tax, and flat property tax that spawned wealthy. Li Ka Shing and Lee Shau Kee are two prestigious Hong Kong billionaires, they are the founder of Cheung Kong group and Henderson Land Development Co. respectively. For staying highly competitive in the global financial markets and alluring more investors that Singapore government published several tax free policies as well.

Here's the details of Hong Kong and Singapore tax policies:

### No Capital Gains Tax

---

Hong Kong does not have capital gains tax, similar as Singapore. Nevertheless, gains on the disposal of assets may be subject to profits tax if the disposal constitutes a transaction in the nature of trade. The U.S., for instance, individuals are collected from 10% to 35% of capital gains; the levy of U.S. domestic corporations is up to 35%.

### No Inheritance Tax

---

In 2016, the Hong Kong government decided to keep income earned subject to tax and abolished inheritance tax, gift tax, and wealth tax. In 2008, Singapore eliminated its inheritance taxes and simplified the inheritance processes.



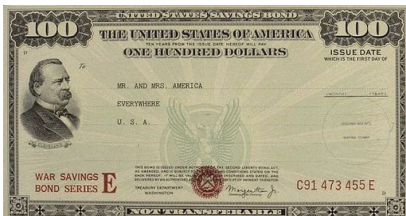
Illustrator : Amber Huang

We assist our clients and investors to navigate the uncertainty which comes from the black swan events over the past few months.

To outline our investment strategies, here through bond and Pre-IPO financing, we aim to achieve our goals of well family heritage planning, asset protection, privacy and tax reduction for our clients. The bond markets which gain us fix returns with stable revenues, and those companies which doing Pre-IPO financing will generate excess returns in our investment portfolios as the soaring high stock market financing in Hong Kong following by quantitative easing and other stimulus measures.

## Bond

The coronavirus sent tremors across the global economic, we raised the bond fund for protecting assets for our clients. The main reason to invest in bonds is bonds are less volatile than stocks, also it generate fixed income and stable cash flows to investors.



In July, retail investors net buy in around US\$1.58 bn into bond funds compared to the net around US\$ 532M withdrawals of equity funds globally, according to the research of the Investment Association which is based in the U.K. Furthermore, vast central banks globally have bought in substantial corporate bonds over this year for their quantitative easing programs such as the Bank of Japan, the European Central Bank, the Federal Reserve and the Bank of England.

It became a trend to buy bonds among investors that lead the demands of bond markets soaring. Recently, the retail investors eye on the high-yield bond markets while they are facing difficulty to buy in as 144As. In 144As, Securities and Exchange Commission rule bonds which are private placement shall only be disclosed to qualified institutions that means the QIBs must have at least US\$100M of its asset under management. Particularly in 2020, 72% of high-yield issuance is 144A according to JP Morgan. Instead, the retail investors can only buy in the high-yield bonds into their baskets through bond funds. After all, it's much safer to buy the private secured bonds from the markets than load up the boats with risky securities as when the companies facing bankruptcy, the QIBs who held the private secured bonds will be treated as first-class passengers.



## Pre-IPO

## Financing in Hong Kong

**H**ong Kong, one of the biggest financing markets in the world. HKEX has ranked top five IPO performance for years, it is also the second largest equity financing market of Chinese firms. 33% Chinese IPOs were published in Hong Kong from 1997 to 2018, according to Bloomberg. We eye on pre-IPO financing companies in Hong Kong because of it is high returns, especially over this year, and the vibrant stock market.

2020 H1			2019 H1			2019 full year		
Rank	Stock exchange	IPO proceeds (USD billion)	Rank	Stock exchange	IPO proceeds (USD billion)	Rank	Stock exchange	IPO proceeds (USD billion)
1	NASDAQ	16.2	1	NYSE	19.1	1	HKEX	40.4
2	Shanghai Stock Exchange	15.4	2	NASDAQ	14.8	2	Saudi Stock Exchange	30.7
3	HKEX	10.5	3	HKEX	9.3	3	NASDAQ	27.9
4	NYSE	5.2	4	London Stock Exchange	5.1	4	Shanghai Stock Exchange	27.2
5	Shenzhen Stock Exchange	3.9	5	Shanghai Stock Exchange	4.9	5	NYSE	25.7

Sources: Bloomberg and KPMG analysis

The amount of financing in this first half year had hit a historic high to HK \$ 87 bn.

	Main Board					
	Total funds raised (HKD billion)	No.of IPOs	Average deal size (HKD billion)	No.of IPOs		
				<HKD 1 billion	HKD 1 billion	>HKD 1 billion
2020 H1	87.0	54	1.61	42	10	2
2019 H1	71.4	68	1.05	48	18	2
2019 full year	313.3	146	2.14	102	34	10

2018 H1	48.2	48	1.00	39	6	3
2017 H1	52.3	33	1.58	24	7	2
2016 H1	42.4	23	1.84	16	4	3

Note: All analysis is based on a combination of date as at 22 June 2020 and KPMG estimates, unless otherwise stated.  
Excludes listings by introduction.



The listing qualifications of HKEx are as follows,

Main Board (satisfying one of the following tests)			GEM
Profit test	Market capitalisa- tion/revenue test	Market capitalisation/reve- nue/cash flow test	Cash flow test
<div>1</div> Three - year aggregate profit >=HK\$50m, of which:	<div>1</div> Lasting year's revenue >= HK \$500mwhich:	<div>1</div> Lasting year's revenue >= HK\$500m	<div>1</div> Positive two-year aggregate OCF >= HK \$30m
<div>2</div> Year one + year two >= HK30m which:	<div>2</div> Market capitalisation >= HK \$4bn at the time of listing	<div>2</div> Market capitalisation >= HK\$2bn at the time of listing	<div>2</div> Market capitalisation >= HK\$150m
<div>3</div> Year three >= HK\$20m		<div>3</div> Postive three-year aggregate operating cash flow,OCF >= HK\$100m	
<div>4</div> Market capitalisation >= HK\$500m at the time of listing			
<div>1</div> Minimum 25% public float (can be reduced to 15% if market capitalisation at the time of listing > HK\$10 bn)			<div>1</div> Minimum 25% public float (can be reduced to 15% if market capitalisation at the time of listing > HK\$10bn)
<div>2</div> Three-year management continuity			<div>2</div> Two-year management continuity
<div>3</div> One-year ownership continuity			<div>3</div> One-year ownership continuity
Minimum 200 shareholders			Minimum 100 shareholders

## The processes of Hong Kong IPOs

Steps	Typical timeline	Particulars
Pre-IPO diagnosis	One year or more before the target date of listing, the listing date	<b>1</b> Assessing the applicant's business, financial conditions and management to determine if the applicant will meet the qualifications for listing
		<b>2</b> Identifying any issues in the business model, legal and regulatory compliance, land-related matters, accounting, internal control and tax including transfer pricing
		<b>3</b> Pre-IPO diagnosis is particularly crucial for applicants with cross-border operations
Pre-IPO reorganisation	One year or more before the Listing Date	<b>1</b> Restructuring the listing group for listing purposes
		<b>2</b> Transferring all material contractual rights, licences and assets to the listing group
		<b>3</b> Delineating the excluded business from the listing group
		<b>4</b> Incorporating the listing vehicle
Pre-IPO investment	One year or more before the Listing Date	<b>1</b> Securing financial resources from private equity investors or strategic investors
		<b>2</b> Determining the terms of pre-IPO investment. Guidance Letter HKEx-GL43-12 provides that: (i) the SEHK will generally delay the first day of trading of the applicant's securities until 120 clear days after the completion or divestment of the last pre-IPO investments, if the applicant has a pre-IPO investment completed within 28 clear days before the date of the first submission of the first listing application form; and (ii) certain special rights attached to pre-IPO investments are not permitted to survive after listing
Kick-off	Not less than six months before the Listing Date	<b>1</b> Engaging professional parties to form an IPO team. A listing application must not be submitted by or on behalf of a new applicant less than two months from the date of the sponsor's formal appointment
		<b>2</b> Circulating a memorandum on publicity restrictions on all parties in the IPO team
		<b>3</b> Fixing a listing timetable
		<b>4</b> Identifying the candidates of independent, non-executive directors. There must be at least three and at least one of them must have appropriate professional qualifications or accounting or related financial management expertise
A1/5A sub-mission	80 days before the Listing Date	<b>1</b> Submission of the listing application to the SEHK. The application shall include a substantially complete draft of the prospectus and other required forms



Steps	Typical timeline	Particulars
Vetting process	70 days before the Listing Date	<b>1</b> The SEHK gives comments on the listing application. The ability to address the SEHK's comments in a timely and satisfactory manner is crucial to the listing timetable
		<b>2</b> In practice, the first round of comments is usually issued within four weeks from the listing application
		<b>3</b> There is no pre-set timeframe for the vetting process. The length of such process depends largely on the quality of the listing application submitted and the complexity of the involved
Listing hearing	Generally, around 20 days before the Listing Date	Attending the hearing in which the remaining issues and concerns regarding the listing application will be raised by the Listing Committee of the SEHK
Post-hearing	14 days before the Listing Date	<b>1</b> Addressing and replying to any further queries from the Listing Committee
		<b>2</b> Convening a long board meeting to approve the listing and the relevant documents
		<b>3</b> Publishing a post-hearing information pack on the SEHK's website
		<b>4</b> Issuing pre-deal research and distributing a red herring prospectus during the roadshow
Prospectus registration	At least one day before the date of prospectus	<b>1</b> Entering into a Hong Kong or public offer underwriting agreement
		<b>2</b> Registering the prospectus and other listing documents (e.g. application forms) with the company registry of Hong Kong
Before dealings commence	7 days before the Listing Date	<b>1</b> Printing the prospectus and posting it on the SEHK's website
		<b>2</b> Entering into an international or placing underwriting agreement
		<b>3</b> Fixing the final offer price
		Continuing to conduct due diligent report by sponsors
Listing Date		The dealings in shares on the SEHK commence
Post-listing	Within 30 days after the publication of the prospectus	Exercising an over-allotment option (if any)

## Pre-IPO fund Seminar in our Taipei office



## AFIP took place in July

The very first time that we teamed up with Family Inheritance Planner Association to kick off the lectures for level one AFIP.



### What is pre IPO investing?

Unlike Venture Capital and Angel investors that invest in pre-IPO companies are late-stage investments.

### What is a private investment fund?

Normally, hedge funds and private equity funds are two common types of private investment funds.

## Online CRM Trust system

Through the establishment of a CRM system, clients can check the detailed information of the current Trust plan and the analysis of the investment plan at any time. At the same time, Timeless also centrally stores all clients data, personal information and contact details. The establishment of an online CRM Trust system allows the company to view, analyse and manage client information and follow up related work.



Through the adopted technological solutions, not only the detailed information of all clients is stored centrally, but also Timeless can easily grasp the information of clients and make different sales and marketing management according to the needs of different clients. Personalized and professional service can be provided by Timeless.

Moreover, the automated management of the approval process greatly eliminates the need for manual procedures to process documents and speeds up the original approval time. Allocating human resources as a whole, work efficiency improvement and effectiveness enhancement enable the company to enjoy actual benefits.







LUXE YOUNG  
L O N D O N

## Premier Luxurious Anti-Aging Skincare Expert

Our own unique inventive develops the unique miracle anti-aging essence series,  
the new luxurious Bifida Ferment Lysate (BFL) rejuvenating formula  
gives the skin a new anti-aging, bid farewell to aging,  
rejuvenates the skin, and perfectly creates a strong, shiny young skin.

**“Before being the beautiful woman,  
you need to create beauty with your attitude.”**



[www.luxeyoung.co.uk](http://www.luxeyoung.co.uk)



BFL Glow & Tone  
Ultra Gel Masque  
**LUXE YOUNG**  
LONDON



International Chinese  
Inheritance Association  
Official website



Timeless International  
Family Office  
LINE@



Timeless International  
Family Office  
Official website



International Chinese  
Inheritance Academy  
Official Website



International Chinese  
Inheritance Academy  
Instagram



International Chinese  
Inheritance Academy  
FaceBook



International Chinese  
Inheritance Academy  
Line@







Timeless Journal



Disclaimer: The information and materials provided in this newsletter are not intended as a source of advice or analysis, and the information or documents contained in this newsletter do not constitute investment advice. Please conduct your own research on the target area and business model of the customer base. This document is for internal reference and training purposes only and cannot be forwarded.