

BUSINESS CLASS

Q4 2010

GROUP

LOOK AT THE BIGGER PICTURE



Welcome to volume 9 of BCG magazine. As we enter the last quarter of the year, 2010 has been an incredible year of growth for The Business Class Group. We strive to offer the most efficient service for our ever-expanding client base, and at the same time provide the most complete range of services for both individuals and companies. These new developments are designed to do just that. We are delighted to bring you two exciting pieces of news.

First, Business Class Thailand has expanded and rebranded as Business Class Asia to reflect its growing coverage across the region, with offices in Bangkok, Hong Kong, Shanghai and Singapore. More details on page 02.

Lifestyle Insurance is the newest addition to the group, offering general insurance cover at the most competitive rates you will find anywhere in Hong Kong. While we were previously able to provide rates for some types of insurance, this dedicated division is specialised in this field and is well placed to search for the best and most competitive rates. Turn to page 03 for more information.

Lifestyle Property is now in Hong Kong to fulfil a growing demand from our clients looking for residential property. As well as sourcing properties for purchase and rent, Lifestyle Property Hong Kong will search for the best mortgage deals on the market today and assist with all requirements when purchasing or renting new properties.

Over the year there has been a large increase in demand for Asia residents to purchase property in the UK and specifically London. Extremely beneficial exchange rates, 2012 Olympics and the fact that new property developments in London are strictly controlled, limiting supply, are all favourable conditions for an outstanding investment – one that not only can deliver excellent returns, but also offers the chance to have a foothold in one of the most exciting cities in the world. For more information please turn to page 10.

A browse through these pages will update you on the latest developments, as well as provide an interesting and enlightening read.

THIS ISSUE

BUSINESS CLASS ASIA

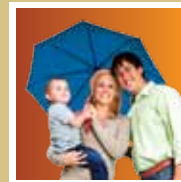
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With the launch of LFS Property Hong Kong business www.lfsproperty.com.hk before the year end, Lifestyle is able to offer clients a unique...
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BUSINESS CLASS ASIA

INTRODUCING THE BUSINESS CLASS SERVICE ACROSS ASIA



The latest transition within the Business Class Group due to its client bank growth is the expansion of Business Class Thailand, which on the 1st August 2010 spread across Asia and is now known as Business Class Asia (BCA). Having secured a market foothold in Thailand, expansion was requested by clients and BCA now has offices in Bangkok, Hong Kong, Shanghai and Singapore. Today, Business Class Asia is at the forefront as a service provider to expatriates throughout Southeast Asia.

The original company, Business Class Thailand, was formed in 2007 in Bangkok and dealt with a variety of services to assist the everyday expat who lives and works in Thailand. Our services were an instant success and our service and product line has grown tremendously over the past two and a half years by listening to clients' needs and constantly striving to live up to our motto "How Service Should Be".

At BCA you are at the heart of everything that we do. What we mean by that is, we pride ourselves on our service and are passionate about what we do for our valued and esteemed clients. Setting up life in a different country is very exciting but also means great changes in an unfamiliar environment. Different lifestyles, tax regimes, foreign red tape and laws can be at best confusing.

We at BCA want to make sure that you have a friendly face and a source of reliable and professional ongoing advice to make sure that everything is taken care of, whether you are a newcomer to the region or a seasoned expat who wants to ensure that current provisions and plans are taken care of and as up to date as they possibly could be.

INTRODUCING THE BCA RETAINER SERVICE

The BCA Retainer Service provides you with a source of reliable and professional ongoing advice, designed around long-term, ongoing relationships between our dedicated Account Managers, Specialists and Clients. We are here to help you and want to be involved every step of the way, guiding and advising you to make the best financial choices over the lifetime of our relationship which delivers expert advice, service and support.

- Ongoing access to BCA and external industry Consultants
- Covering individual and family insurance requirements (travel, health, income protection, critical illness cover)
- Securing the most efficient mortgages from domestic and international banks
- Planning a long and happy retirement (including QROPS and QNUPS consultancy)
- Maximizing investment returns – both lump sum and regular savings plans
- Tax optimisation and investment flexibility
- Estate planning and protection
- Offshore company incorporation
- Invitations to interesting seminars, with an opportunity to meet like minded individuals

Our complete range of services is diverse, covering most needs and requirements for doing business and living in Asia and the "BCA Retainer Service" is designed to do just that by keeping your finances on track with the ability to respond and adapt to changes in circumstances through ongoing liaison with your personal BCA Consultant.

On a business level we provide practical solutions tailored to meet individual and corporate requirements. We assist in all areas including accounting and payroll management, where we ensure all financial and legal requirements are met and reported accurately in order to ensure smooth operations.

Legal services include both local and offshore company incorporation, correctly structured for tax optimisation purposes as well as company and personal offshore bank accounts with complete facilities. Drafting of contracts, translation services, import/export license and trademark applications are but a few of our additional legal services.

The greatest challenge for every company around the world is to generate sales and increase profit. As part of our services we offer your business strategic marketing and consultancy solutions, geared to generate leads and to assist companies expand market share.

Business Class Asia not only assists corporate entities but also provides essential services for individual expatriates. As a lifestyle destination we understand and can pre-empt the needs of most expatriates residing in and around the region. Our property services include property search and marketing and provide access to International Currency Mortgages specifically designed for expatriates to own that dream home or indeed develop a property portfolio.

As a professional service provider we aim to cover all needs and eventualities for both individual expatriates and foreign managed companies alike and we truly believe that "Success depends on client satisfaction".

Lee Frost

Regional Director, Business Class Asia
Bangkok

For a complete list of our services please visit www.businessclassasia.com

Should you require more information on our Retainer Service or wish to talk directly with one of our specialists regarding any aspect of our services, please send an email to: info@businessclassasia.com

LIFESTYLE

INTRODUCING LIFESTYLE INSURANCE HONG KONG

Lifestyle Insurance was launched on the 1st September 2010 by Platinum Financial Services and provides a dedicated independent General Insurance service online, for both individuals and organisations.



At Lifestyle Insurance we deliver competitive, comprehensive and affordable General Insurance solutions, by researching and recommending “whole of market” global brand insurance policies, to ensure best coverage for all of your needs: Medical, Life, Income Protection, Travel, Home Contents, Building & Fire, Motor, Helper, Pet, Golf, Boat and Business Insurance.

What does Lifestyle Insurance have to offer YOU that's different?

Our comprehensive One-Stop-Shop service is the complete solution for ALL of your Insurance needs. Enabling you to source all of your insurance in one place with one point of contact, saving you valuable time effort, and money!

Lifestyle are unique in offering impartial advice on Insurance, with no ties to third parties or Insurance companies, and guaranteeing that we represent your best interests at all times.

Do you have the most appropriate level of cover?

Have you ever thought about what could happen to your family or business when you need to make an urgent claim, at which point you realise that you do not have suitable cover?

Unfortunately, in a busy world, general insurance is often under prioritized and yet it is an integral part of ensuring security for both your family and business with the external influences and perils that interrupt your life.

Imagine the consequences of trying to cope without the safeguards of appropriate cover and the support of a company who will be at hand to guide you through your crisis.

Lifestyle is here to support you in such times. We help you to decide and plan suitable insurance cover to meet all of your personal and professional needs. More importantly, Lifestyle provides you with all the assistance you need when a claim arises. With help and support from Lifestyle Insurance, you WILL be able to resume a normal life with minimum disruption.

How can Lifestyle Insurance assist you in making a claim?

You will see from our website that making a claim could not be simpler, as we understand that if you are making a claim, you are already under pressure. The last thing you need is to be faced with complicated form filling!

As part of the One-Stop-Shop service, you can

access personal assistance at all times, especially during a crisis. Step by step guidance on general claims advice and the appropriate forms required for your specific claims are waiting for you via your dedicated customer services representative or can easily be found on our website at www.lfsinsurance.com.

Why choose Lifestyle Insurance?

In addition to the comprehensive Insurance choice and service that you will enjoy from Lifestyle, we are currently offering an incredible 10% discount guarantee on all ANNUAL premiums, along with the additional opportunity of winning a top prize in our monthly draw. For a FREE quotation to learn how you can start saving contact:

Emma China

General Insurance Executive, Lifestyle Insurance
Hong Kong

Contact us today and receive a free insurance review, 10% discount on all premiums and enter our monthly free prize draw for HK\$ 2,500 worth of travel vouchers.
Tel. (852) 3115 7620 or email info@lfsinsurance.com

BUSINESS

BUSINESS PROTECTION



We are now hopefully coming to the end of the problems experienced during the credit crunch and as such the value attributed to key individuals within a workplace will be increasing due to rising demand for products and services. From an insurance point of view we focused in the last issue of the magazine on protection for the partners of the company. However, all businesses also contain people who are key to the success and profitability of the company. Many of these businesses would be severely affected if one of these key people were to die suddenly, leading to problems such as loss of confidence, withdrawal of credit facilities, the need to recruit or train a replacement.

Business protection in the form of life assurance can help businesses protect themselves against these eventualities and help ensure the continuation of the business.

Business protection planning aims to help ensure the continuation of the business by financially compensating a company for the death or disability of one or more of the key employees. A key person is anyone whose death or disability would have a serious effect on the company's financial status and future profits; they do not need to be a significant shareholder.

The problems associated with the loss of a key person fall into one of the following four main areas:

- Loss of profits
- Loan protection
- Management Buy Outs
- Sole proprietors

LOSS OF PROFITS

This is often the main concern for businesses. Any person who makes a significant contribution to profits is likely to be a key-person – as an example these could be top salesman, technical experts, project leaders as well as directors and executives. The loss of these people can result in a reduction in profits in several ways including:

- Interruption, or loss, of sales/development of new contracts
- Loss of confidence of existing or new suppliers

- Additional strain on the remaining managers to cover for the key person
- Lowering of staff morale/possibility of staff leaving

Some of these scenarios will affect the company in the short term where other situations can have more long term effects and need to be protected against.

Life assurance can provide the company with financial compensation for the loss in profits brought about by the death of a key person. This can be in the form of a lump sum to pay recruitment costs as an example. The product most commonly used is term assurance and the duration of which will depend upon the individual scenario. For example, where the key person is a project leader it should be possible to identify how long he will remain in the role and as such a Level Term Assurance can be used. If however, it is not possible to know how long cover will be required Renewable Term Assurance can be used meaning that the insurance is renewable on an annual basis but the cost will increase as the individual gets older.

LOAN PROTECTION

The ability for a company to obtain finance as and when required is essential - most companies would be in trouble if anything were to jeopardize their existing loans or their ability to get new ones. There are three areas of loan protection to be considered in connection with the loss of a key person.

Commercial Loans. The loss of a key person may result in the inability to make loan repayments and thus cause the lender to call the loan in prematurely. When companies borrow, it is not uncommon for the lender to insist on appropriate keyperson cover. Even if not required by the lender, the company may feel it prudent to effect a plan as security

Directors' loan accounts. Directors will sometimes lend money to the company on an unsecured basis. If the director were to die or fall ill his family would expect the company to repay the loan account which could put a strain on the company's finances until they could seek alternative finance.

Personal Guarantees. Sometimes a director may provide a personal guarantee for finance. However, if that director were to die or become terminally ill, it may lead to a loss of profits or a loss of confidence in the business itself. The lender may therefore call the loan in prematurely. If the company's assets are not sufficient to repay the loan the lender would seek to recoup the balance from the deceased's estate.

The company can again effect a Life Assurance Plan to provide a lump sum to repay the loan in the event of the key person/director's death or diagnosis of a terminal illness.

MANAGEMENT BUY-OUTS

Management buy-outs or other similar company restructuring often depend upon key persons obtaining the necessary backing from the banks or institutions and securing vital contracts with suppliers and buyers. If such a person were to die during these negotiations or in the early years of the new company it may be that the buy-out cannot go ahead.

The company could effect a Life Assurance plan to protect itself against the loss of the key person. It is likely that these key people will be the most prominent in the first few years, and as such a short term plan or renewable term would be the most suitable.

SOLE PROPRIETORS

Usually, the businesses of sole proprietors contribute directly to the financial well being of the owner and his family. Sole proprietors not only face the potential problems of a loss of profits, due to the loss of a key person, and the need for loan protection but also have specific business protection needs. If a sole proprietor dies the consequences for the business could be catastrophic; the business may fold unless a appropriate successor can be appointed quickly, the assets of the business may not be secure and the business may not survive the inevitable financial loss caused by the disruption in trading. In this situation, the family will be the ones required to sort out the business. This may be very difficult for them if they have no financial assistance.

Life Assurance can be vital in these situations to provide a lump sum in the event of death of the sole proprietor. This will help to ensure continuation of the business in the short term, until the family has been able to make provisions for the long term. The product most commonly used to provide such a lump sum would be Term Assurance. The term of the plan will need to reflect the expected period of involvement of the sole proprietor of the business.

Hopefully now the need for assurance is more understood in the workplace and not just for the home. Calculating and having the required amount of cover in place is essential to provide for any unforeseen circumstances and is a 'must-have' discussion with your Financial Planner.

Gordon Franks

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For more information call (852) 3115 7616
or email: enquiries@fsplatinum.com

INVESTMENT

QROPS or QNUPS?

The recent introduction of the Qualifying Non UK Pension Scheme (QNUPS) in February 2010, as an amendment of the Qualifying Recognised Overseas Pension Scheme (QROPS), has raised some queries and created much technical discussion.

QROPS were introduced by the UK Government in line with the EU directive allowing freedom of movement of capital to all EU citizens. QROPS are strictly controlled by Her Majesty's Revenue and Customs (HMRC) and must adhere to specific operating rules. These say that 70% of the transferred assets must be set aside for the provision of a pension from the recognised retirement age of 55.

If you have ever worked in the UK and have a frozen private pension scheme there, you are now allowed to export this, to your advantage, to a QROPS. This applies to anyone who has a deferred scheme. If you worked in the UK in the past twenty years chances are high that you have a scheme; in the past ten years you almost certainly have a deferred UK pension.

If left in the UK pension payments are made, after an optional payment of an initial tax free lump sum. These pension payments are subject to UK tax. When you die there may be a widow's pension, if you are married. Beyond that there is no benefit to any other person.

If you transfer your UK pension to a QROPS you benefit from:

- Pension payments free of UK income tax
- Flexible pension calculations within QROPS rules
- Investment of your choice
- Worldwide investment options available
- Residual lump sum available to your choice of heirs
- Residual lump sum free of UK inheritance tax (IHT)

A number of expats and non UK nationals have transferred their UK private pensions to QROPS. Experience has shown that all QROPS members have been very pleased with the resulting genuine advantages afforded.

Once members have been outside the UK for five tax years the exemption from IHT applies. However, the QROPS law failed to deal with this IHT exemption. An amendment was raised to encompass this leading to the creation of the new QNUPS.

More changes than just IHT exemption were incorporated into the new QNUPS. Whilst QROPS reporting to HMRC for five 5 years is obligatory QNUPS are exempt. A QNUPS may hold any asset type and class, including all physical assets whereas a QROPS is restricted to liquid investments and commercial property.

Many opportunists think QNUPS is a loophole in the IHT law allowing anyone domiciled in the UK to transfer all their assets to a QNUPS and be free of IHT. Some experts say that if a UK domiciled person transfers all their assets into a QNUPS when it comes time to assess IHT, HMRC could use the anti avoidance provisions of the IHT ACT 1984 to assess whether in fact a loophole was being used to avoid IHT.

Others say that QNUPS is legitimate and once assets are transferred they are genuinely exempt from IHT. We must remember that the last two letters PS stand for pension scheme. One key feature currently being discussed is how physical assets would create pension income within a QNUPS. For example, a member has extensive art and wine collections, but almost no liquid assets. It is hard to see how a pension could be generated from these. The question would also arise about whether there were other assets outside the QNUPS and how they would fit into the total picture of the person being assessed.

If QNUPS were all encompassing UK IHT avoidance vehicles HMRC would surely find it easier to abolish IHT altogether.

Many expat readers here will be saying "So what. How does this affect me?" The fact that under European regulations the UK had to introduce such schemes for compliance has led to expats enjoying these benefits. These are the most significant advantages offered to expats for a very long time.

So, should you be looking to start a scheme? If you have a simple situation where you have one or more deferred UK pensions and you are now abroad, it is likely that a QROPS suits you. It would be best to seek professional advice on your entire situation to ensure you are making correct long term decisions.

If you have other assets outside your pension scheme and are UK domiciled, you probably have an exposure to UK IHT which can often be reduced. Individual assets may be exempted from UK IHT by transferring them into a QNUPS.

Take John. He is British, 51 years old with a non UK domiciled wife. He also has a deferred UK pension. He has been an expat for 12 years and has built up a UK based 'buy to let' portfolio of some 32 properties, currently valued at £6,800,000. All properties are let and 14 have mortgages totalling £1,800,000. They produce an annual income of £220,000 on which UK tax must be paid. John has 5 properties in Thailand valued at about £800,000. He also has £250,000 in liquid assets.

John's professional adviser recommends he transfers his UK frozen pension to a QROPS. Further



he should start a QNUPS and place his UK properties in this vehicle. This takes the UK properties out of the IHT net. The Thailand properties remain outside the QNUPS. He will also still have his liquid assets. John's exposure to IHT will reduce from £2,290,000 to £290,000.

The mortgages can be re-arranged within the QNUPS. The UK rental income remains subject to UK tax. To discontinue this John must sell these properties in favour of investment assets within the QNUPS outside the UK.

Some may argue that this move is a UK IHT avoidance scheme and will not work when HMRC assess John's estate after he dies. One of the main arguments for this is that the property assets cannot generate sufficient pension income. This is not so. If we take the net assets of £5,000,000 and calculate how much pension income they would produce, the answer, in this case, is approximately £240,000 pa. The property portfolio is currently producing £220,000. Thus the assets comply with the rules for a QNUPS.

Something John must also remember is that once he has transferred assets into his QNUPS he cannot subsequently remove them. They must produce a retirement income for him commencing from retirement age of 55. He must be sure that he has sufficient income from now to age 55. He may withdraw a one-time 25% of capital value as a tax free lump sum prior to taking pension payments and the scheme may be structured to draw this in segments.

QROPS and QNUPS can be a very good facility depending on your personal circumstances. They need very careful analysis and evaluation by a professional adviser so if you feel this could be right for you seek expert help.

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INVESTMENT

PORTFOLIO CHARGES AND TRANSPARENCY

A fully comprehensive approach to private wealth management with Platinum Financial Services Discretionary Portfolio Management.



Platinum Financial Services provide a fully comprehensive approach to private wealth management through its Discretionary Portfolio Management team where an emphasis is placed on quality customer service. The team is comprised of experienced financial analysts who provide initial and ongoing investment advice in order to ensure clients achieve their lifestyle goals and make informed investment decisions that will set them on a path to financial security.

Platinum Financial Services understand the need to provide holistic financial planning advice at a competitive price and our Options charging structure is our commitment to providing clients with active ongoing management of their selected investment strategy and to make sure that assets are working to maximum efficiency. This is achieved through the Discretionary Portfolio Management team's comprehensive reporting system – keeping you informed at all times, providing transparency and peace of mind. The team's commitment in achieving financial objectives is reflected further by a unique new charging structure.

HOW THIS CHARGING STRUCTURE WORKS IS AS FOLLOWS:

PFS charge 0.5% per annum on the value of your investments with a performance fee of 20% once (if) annual NET return exceeds 6% per annum. For example:

- Invest GBP 100,000 and we achieve a net return

of 6% for the year. PFS management charge would be 0.5% of GBP 100,000 = GBP 500 for the year.

- Invest GBP 100,000 and we achieve a net return of 9% for the year. PFS charges would be GBP 500 plus GBP 600. The GBP 600 arises from 9% less 6% = 3%. $100,000 \times 3\% = 3000$. Then $3000 \times 20\% = 600$. Total GBP 1,100.

- Invest GBP 100,000 and we achieve a net return of 4% for the year. PFS charges would be 0.5% of GBP 100,000 = GBP 500 for the year. GBP 500

The Discretionary Managed Service provided by Platinum Financial Services is therefore an active investment process that aligns company interests with that of the client in achieving the returns sought. The management structure has developed as clients recognise the value in placing their investments under an actively managed service and equally we understand that in today's advanced investment world clients are demanding a higher and more sophisticated service.

Return objectives are delivered through Platinum Financial Services' Discretionary Portfolio Management service via personally tailored multi-manager portfolios and as a valued client you can expect the following from the team:

- Online access to your investment portfolio which is updated on a daily basis.

- Monthly valuations emailed to you.
- Monthly market commentary on current market conditions and market outlook.
- Monthly currency commentary on FX outlooks.
- Quarterly reports, detailing performance of your portfolio for the previous quarter and also since inception.
- Quarterly fund recommendations in line with current market conditions.
- Access to our portfolio managers for in-depth analysis and consultation.

One should note that the Platinum Discretionary Management Service is fully independent in their recommendations and are therefore free to pick and choose any securities in the offshore investment universe that best perform in selected asset classes, sectors and regions worldwide – We acknowledge that each and every one of our clients have individual and specific needs and we cater to the best of their requirements.

Roger Sefton and Harpreet Sajjan

Portfolio Management, Platinum Financial Services Bangkok

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FUND FOCUS

STEADY RETURNS WITHOUT VOLATILITY

Many investors are jaded by equity market volatility and an inordinate level of uncertainty surrounding the direction of investment markets. Amidst the uncertainty LM Investment Management Ltd has emerged as a safe harbour providing access to the sound Australian economy with two major funds.

LM Investment Management Ltd has been an Australian licenced fund manager since 1998. Since that time LM has become a niche provider of Australian financial services with a focus on capital stability.

Australia's economy has distinguished itself amongst developed nations and LM has distinguished itself amongst Australian fund managers with its track record of never having a reduction in its unit price.

INCOME AND CAPITAL STABILITY

LM has two main mortgage funds that generate regular income above cash rates and have achieved 100% capital stability.

Australia's mortgage fund sector is unique in the world and has assets in excess of AUD 20 billion. LM's mortgage funds compete with Australia's banks in commercial lending. The ability of LM portfolio managers to be specialists in commercial property gives them an edge over

larger bureaucratic, less service oriented, banks.

Australia does not have a sub-prime loan market and sound economic management prevented the development of a credit led housing bubble.

The funds act as lenders to Australian business and use Australian real property of a higher value than the loans as security. The Australian Income Fund makes commercial loans secured by a registered first mortgage over prime Australian real property. The Managed Performance Fund seeks niche opportunities in Australian property and lends to Australian property developers.

Investors can invest in all major currencies so currency risk is eliminated.

Unusually high, above trend, population growth and migration within different parts of Australia has supported property prices and created opportunities for the property development sector to increase their level of construction to meet the higher level of demand.

Current rates on the Managed Performance Fund are as follows:

- AUD 7.5%
- USD 5%
- GBP 7%

It is worth repeating that these two funds are not in the Sub Prime mortgage market that had spectacularly failed in other countries.

AUSTRALIA'S FUND MANAGEMENT INDUSTRY

Australia's fund management sector is the 4th largest fund management sector in the world and the largest in Asia. Australia's fund management industry is considered to be amongst the best in the world.

LM FUNDS ARE GREAT WAY TO ACCESS:

- > a robust economy,
- > a world class financial regulatory regime,
- > a competent fund manager.

INVESTING

Access to these fund investments can either be direct or via a Fund platform depending on jurisdiction and local regulations.

Pete Gable

Senior Consultant, Platinum Financial Services
Hong Kong

For more information call (852) 3115 7616
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A mortgage facility designed for **THAILAND RESIDENTS** who wish to purchase freehold property in Asia.

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placements are limited to a first come, first served basis.

**BUSINESS
CLASS ASIA**
HOW SERVICE SHOULD BE

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HONG KONG REGULATION

INDEPENDENT INSURANCE AUTHORITY HONG KONG

In July 2010 Hong Kong's Financial Services & Treasury Bureau issued a consultation paper requesting responses to the proposed enactment of an Independent Insurance Authority.



TWO MAJOR ISSUES DRIVE THIS PROPOSAL:

- An International Monetary Fund audit based on a September 1997 paper published by the International Association of Insurance Supervisors. Should Hong Kong not implement the IMF recommendation there would be a risk of a down-grading of Hong Kong's status
- The need to further strengthen consumer protection

This is a high level paper, requiring a high level response.

TWO ISSUES THAT ARE ON THE TABLE AND THAT ARE NOT NEGOTIABLE ARE:

- There will be an Independent Insurance Authority (IIA)
- Direct licensing will occur

The latter issue effectively means that Hong Kong's three Self Regulatory Organisations ([1] The Hong

Kong Federation of Insurers {and the Insurance Agents Registration Board), [2] The Hong Kong Confederation of Insurance Brokers and [3] The Professional Insurance Brokers Association will be absorbed into the new IIA. Apparently it is envisaged that these three bodies will then become trade organisations (and/or possibly lobbying organisations).

One of the "hot potatoes" within the paper is that the banks, through the HKMA, would assume some regulatory powers (example disciplinary powers) for bank employees selling insurance.

The Independent Financial Advisors Association believes that enacted and implemented properly the new IIA would be a good thing for the insurance industry (and anyway it is inevitable).

THEREFORE, THE IFAA'S RESPONSE WILL COVER FOUR BROAD CATEGORIES:

- Very strong industry representation inside the new IIA

- A sensible approach to the pricing of fees and levies from the insurance companies, intermediaries and policyholders
- Absolutely no regulation by the banks (this is effectively creating a new SRO)
- Alignment by the FSTB among the IIA, the SFC, the HKMA and the MPFA, the four bodies that make up the financial services industry in Hong Kong

Deadline for responses is 11 October 2010 where upon the FSTB will then presumably carry out a phase two program of face-to-face consultations to assist in the "shaping" of the new IIA.

Mark Kirkham

Vice Chairman, IFAA

Operations Director, Business Class Group

Hong Kong



INDEPENDENT FINANCIAL ADVISORS
ASSOCIATION LIMITED
獨立理財顧問協會有限公司

HONG KONG PROPERTY

LIFESTYLE HONG KONG PROPERTY SHOP OPENS PROVIDING COMPLETE CLIENT SERVICES



ONE-STOP PROPERTY SERVICE

With the launch of Lifestyle Property Hong Kong before the year end, Lifestyle will be able to offer clients a unique full property service. Why is it unique? No other provider in Hong Kong can help clients sell; purchase; let a property; source a mortgage; provide insurance for the home, building & contents as well as mortgage protection cover for the breadwinner of the family. The new Hong Kong Estate Agency service complements Lifestyle Brokers' multi-jurisdictional, multi-currency mortgage service as well as the new Lifestyle Insurance arm which now provides General Insurance products under the Platinum Financial Services licence.

HONG KONG ESTATE AGENCY – WITH A DIFFERENCE

The new Lifestyle Property Shop will provide full local property services for sale, purchase and letting of Hong Kong properties. In addition there will be international property available from the UK, Thailand and many other areas of the world to meet the diverse needs of clients looking for a holiday home or simply seeking to diversify their property portfolios or achieve capital gains. Following the recent strong growth in HK house prices the opportunity to invest in overseas assets taking advantage of the currency factor can be a compelling argument.

INTERNATIONAL MORTGAGE SERVICE

In the current climate of increasing credit restrictions finding the right mortgage is something that needs time and expert advice. The HKMA have recently capped loans at HKD 7.2 million for properties valued up to HKD 12 million and limited mortgages for investment properties to 60% of market value. This means that clients will probably need to take additional equity from one of their other properties to complete a new purchase. Lifestyle Property can provide the best independent advice to help clients achieve their objectives. It is always best to review finance options before considering any purchase and that is where Lifestyle Property consultants with extensive local and international experience can provide expert advice. Whether it is for a new purchase, remortgage, to obtain better terms, additional advance for renovation or equity release to provide a deposit, Lifestyle Property can assist clients make the right financial decisions to grow their property portfolios.

THE IMPORTANCE OF HOME & PERSONAL COVER

So you have bought your new home and everything's taken care of? Before you draw down the funds for your property you will need a buildings insurance certificate to satisfy the lender. This is where Lifestyle Insurance can assist to complete your service

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INTERNATIONAL PROPERTY

INVESTMENT PROPERTY LONDON



Weak sterling makes it a golden opportunity to invest in UK residential property for Asian based property investors



The weak position of Sterling, an anticipated price growth in the coming years as well as projected strong long-term demand have all pointed to the fact that it is now a golden time for Hong Kong, Singapore and other Asian investors to consider investing in residential property in the UK. According to real estate company Knight Frank Asians invested a total of £761 million or more than USD\$1 billion, in newly built apartments in central London, up from around £250 million a year earlier.

With the UK's economy starting to move forward again with GDP rising 0.3% in Q1 2010, the residential property market rebounded much quicker than expected and caught the market by surprise. In April 2010, residential property prices grew nearly 11% y-o-y. New buyer enquiries and new instructions also rose by about 8% and 10% respectively in April. London, in particular, has outperformed other regions in the UK and shown the strongest growth.

A major factor supporting property prices in London, and one which is likely to remain critical in the mid-term, is the lack of supply of property. Although there is a significant number of planning applications in the pipeline, few of these will

materialise. In fact, of the 105,000 units that have gained government approval to go ahead with construction, only 11%, or 12,000 units are likely to be built.

There is a well documented long-term undersupply of residential property in London. Planning is complicated and time consuming and the recent GFC had put many projects on hold. Even with developer funding becoming more accessible in the UK and with many projects now re-launching it will still take several years for the supply to work its way through the system and on into the market.

The weak currency, long term lack of supply, 2012 Olympics and beneficial tax treatment of London property has meant that during the last 12 months buyers from Russia, the Middle East and Asia have been very active in the London residential market.

There is a very clearly defined international market place for London property" said Mr James, "the moment London property starts looking like good value then international buyers jump in which actually makes the market very resilient.

The outlook for the UK and London housing market remains strong over the medium-to-long term. 2011 will bring consolidation and stability. As the economic situation improves there will be a degree of pent-up demand looking to enter, or move up, the property ladder. Demand, activity and pricing will build through 2012-2014, encouraged by further lender and developer participation. Prime London and Greater London will continue to outperform the UK trend, with Greater London house price growth expected to be around 10% per annum during 2012-14 according to many UK based estate agencies.

Philip James
Director, Lifestyle Property
Singapore

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MARKETING

WHAT DOES BRANDING MEAN TO YOU?



As marketers we are more and more requested to work on a project that requires 'branding'. What previously used to be called a logo is now called a brand, and your agency will now no longer simply design a logo, but will help you to 'build a brand'. So what's the difference?

To cut through the marketing-speak, some brainy types did some research some years ago and discovered that people affiliated themselves with the brands that they used – the brands they wore, used and consumed, said as much about them as individuals, as did their personalities; they de-

finied themselves by the brands they bought. A clear example of this is previously, the name of the designer of your polo shirt would be on the inside and invisible; today it's most often found on the outside for all to see. To elaborate on this further, the point is now in our modern marketed age, while two products can be exactly the same, consumers will select one over the other by how it is communicated – how it is dressed, how it tells the story and what does it promise. This all begins with the brand.

While it is somewhat difficult to pin down the facts, like much in the marketing communications

sphere, the bottom line is this: whatever branding one does should help to generate sales and increase revenue. Marketers often mention ROI – which is as clear as it is in finance - but one of the key points to remember is what brand awareness does it generate? That is difficult to quantify. People may not immediately react to an advertising campaign or an eDM, it may require a number of insertions to generate a response until they are motivated to react or are now in a position to buy the services or goods offered. But that's only half the story – brand awareness can be built up over long periods, and over time should and will lead to an increase in sales.

So while your agency can (and will) talk at length about brand promise, brand strategy, brand this-and-that, all of which *does* require research, the basic premise is the same – does your marketing and branding communicate the product, the differences, the benefits, and does it entice your target market? If so, then you're on the right track.

Alex Bowden

Director, Liquid Marketing Communications
Bangkok

For more information call (66) 02 713 6256
or email: info@liquid-branding.com

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