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PACIFIC TRUSTEES TRUST NEWSLETTER

A Trust Company | Trusted by Everyone, Everywhere

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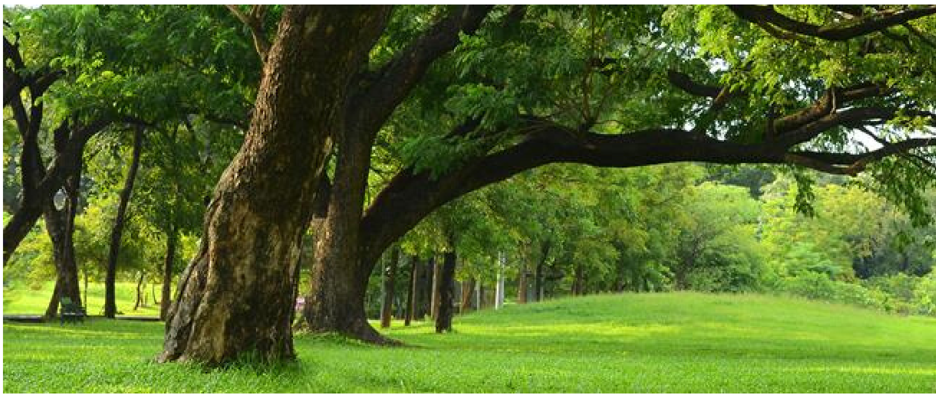

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The Bonds Evolution

BY: PACIFIC TRUSTEES SINGAPORE

In the realm of Investment, there exist a myriad of asset classes and equally diverse category of investors thrown in the mix. In this hodgepodge, finding one's footing on solid ground is the key not only to success but surviving the financial investment 'jungle'.

One area where serious investors, both institutional and individual, alike will often encounter is the Bond market. Given the early heydays after the great world wars where global economies began to recover and flourish with double digit growths, many bonds surfaced to greet unsuspecting and unregulated markets with promises of great returns that never materialised. And with that, the term junk bond was born. So can and should the financial markets continue to put their faith in Bonds as a means of wealth creation for individuals and also as a viable means to raise funding for businesses at large?

Let us explore and see where the Bond market is today and why investors are continuing to rely on it to provide market efficiency in the modern post war financial markets of today.

To began, let's examine what exactly is a Bond? They are neither shares (or stocks as is often the term used in the US) nor are they bank loans. Bonds as a matter of fact straddle the space between these 2 conventional sources for raising capital funding by corporations so very necessary for the assortment of business projects for achieving corporate goals and objectives.

They are commonly issued by large corporations and even resorted to by governments of the day to raise significant amounts of monies in situations where banks would typically 'shy away', due to lending risk restrictions and limits imposed by central banks. Also, corporate bond issuers typically have shareholders who are not keen to dilute their positions in the company vis-à-vis fresh equity injections.

As the above business and financial landscape are common and a true reflection of many advanced economies, Bonds will remain a staple and major investment offering that needs to be on every investors' portfolio.

So how do investors go about navigating the bonds "minefield" successfully?

Let's began by understanding that in buying bonds, investors are essentially loaning monies to the government or a corporate borrower. Just like banks giving bank loans, investors can expect to receive regular interest payments (typically called coupons) for a certain number of years. And at the end of the agreed term known as 'maturity' of the Bonds, they can expect to get their principal back. The interest returns generated for each bond is of course directly correlated to the actual and perceived risk investors are informed of and are expected to assume.

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The Bonds Evolution

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That's the theory. However, the reality can be more complicated.

To quote, albeit in the financial vernacular, Shakespeare's Hamlet; "To buy or not to buy …", let us now embark on the exciting and preferably profitable journey of investment.

The case for "To Buy":-
Reasons why you SHOULD invest in bonds

1.Creating portfolio of steady stream of income from interest payments

For some investors, the regularity with which they receive a return is of prime importance. This could be true for retired people or for those who supplement their monthly earnings with income from their savings.

An investment in bonds will give you a consistent stream of returns. You know exactly how much you will receive and the dates on which you will receive it. If investors are looking for stability, then it is hard to beat bonds. The same unfortunately cannot be said of for investments in stocks/shares.

2. Helps to diversify your portfolio

The success of any investment strategy will depend to a significant extent on the asset allocation. Here the golden rule of not making the mistake of investing only in one asset class should be heeded.

The stock market may promise attractive returns, but it is also volatile and often unpredictable. It is quite normal to see the investors' principal being depleted by 10% or even more during times when the market is falling. An investment in bonds together with stocks/shares can potentially help to stabilise investment portfolios. Bonds provide a regular stream of income, an essential requirement for many older investors who are looking for liquidity and stability.

3. Preservation of capital

There are times when keeping the principal amount intact is the prime focus. Older investors could be approaching retirement in a few years and will be most keen to not suffer losses in their investment portfolios.

Some bonds like Government bonds can help to protect capital. Knowing that once own funds are safe can be very reassuring in times of market volatility. That is why Government do not issue stocks/shares!

4. Access your monies whenever you want or need it for many investors

Liquidity is of prime concern. The ability to access their monies at short notice is an important and sometimes even the deciding factor in selecting an investment. While it is true that you can sell your stocks and receive the sale proceeds in a matter of days, share investments have one inherent disadvantage. The market may be depressed when investors need their money. Selling once shares at a loss may not be a good idea especially when they cannot afford to lose their capital after their retirement or nearing retirement.

5. It's better than keeping money in the bank

Some investors make the mistake of maintaining large sums in term deposits in the bank. Why do they do this? In most instances, these individuals are looking for:
.Safety – they don't want to take on any risk at all.
.Liquidity – they want to be able to access their money at short notice.

While bank deposits are safe, the interest rate is only around 1.2% per year in Singapore. While still being a safe investment, bonds like that of Singapore Savings Bonds offers an interest rate of up to 3.01%, a worthwhile increase of yields against the returns on the risk.

6. Regulatory Supervision of Bond Issuers While history is peppered with many junk bond stories that evoke all sorts of emotions and memories,

The bond market today is a very different creature from that of its early days. In many countries, bonds are now under the strict purview of regulators like monetary authorities or securities commissions.

In Singapore and Malaysia, the Monetary Authority of Singapore and Securities Commission of Malaysia respectively play the key role of stabilizing the bond market and most importantly to weed out junk bonds.

The introduction of mandatory requirements for licensed professional corporate trustees (such as Pacific Trustees) further enhances the protection given to bond investors. So generally, most bonds are safe except against extreme market events (eg market crashes, global events affecting specific industries, etc).

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The case for "To Not Buy":-
Reasons why you SHOULDN'T invest in bonds

1. Corporate bonds can be safe, but capital returns are not guaranteed Not all bonds are created equal.

Corporate bonds do carry higher levels of risk and investors are well advised to conduct a thorough due diligence either on their own or through the engagement of the private fund managers before committing their funds.

In Singapore, Monetary Authority of Singapore ("MAS") imposes the requirements for a licensed Corporate Trustee to be appointed to oversee and ensure the monies for repayment of Bonds are kept up in designated accounts. Also, in cases of secured bonds, the securities that are provided are property 'ring-fenced' for the additional protection of the bond investors

2. Inflation eating up your returns. It is common knowledge that bonds will pay investors interest at a fixed prescribed rate.

Consequently and over the years, the value of bond returns will naturally fall because of inflation. According to MAS, the yearly inflation rate is about 2%. All bond returns will therefore be diluted to this extent. If there's any reprieve, the same unfortunate fate also applies to bank deposits, thus bonds are not worst off here.

3. Companies issuing bonds can fail It can be very difficult to judge whether a company will have the ability to meet its repayment commitments.

Take the example of bond issuing companies who are involved in the oil industry. When OPEC was at its prime, oil prices were set at a lucrative price of more than US$100 per barrel. Subsequently and with the change of strategies of several superpower countries, oil prices fell significantly to the US$30 – US$40 range. A company that would have been highly profitable when oil prices were high will start losing money very quickly.

Thus, selecting bonds issued by companies that may offer attractive bond returns but are also carrying on business in a risky sector will certainly be challenging. To subscribe to a bond issue that matures after a longer term (like ten or more years) therefore carries substantial risk and should be carefully considered.

4. Losing out on other opportunities Purchasing bonds, especially capital guaranteed bonds issued by the government, means settling for low returns.

If you assume a 10-year time horizon and a bond investment that yields 2.4%, a sum of $10,000 will grow to $12,677. An investment in the stock market that generates a yield of 8% per year return will give you $21,589. (Returns in both instances have been compounded yearly.)

Investors could consider looking for alternative asset classes to invest in that present opportunities for higher returns within a level of risk they are able to tolerate.

5. It may not be suitable for your investment horizon

Many young investors put all their savings into bonds in the mistaken belief that safety is their greatest concern. Over an extended period, other investments can potentially give higher returns.

For younger investors in their 20s or 30s investing for their retirement, bonds should be a low priority for them and should not constitute the majority of their investment holdings as they generally provide low returns, which may not even keep up with inflation. If bonds are to be part of the young investors' investment portfolio, it should be kept to a lower level to be gradually increased overtime if only to ensure reduced risk exposure to their capital.

With that said, it should now be much clearer what and how potential investors, young and old alike should consider bonds as one of their preferred investments.

In conclusion, the decisions and actions of potential bondholders can best be summed up with the closing words and wisdom from a well known iconic character in the form of Master Yoda (a.k.a. Star Wars) where he was quoted saying to a young apprentice; "Do or Do Not, there is no Try".

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DIGITISATION OF FINANCIAL TRANSACTIONS FOR MALAYSIA - PART 2

BY: PACIFIC TRUSTEES MALAYSIA

What is Crowdfunding?

Crowdfunding is a method of funding projects online where, typically, large numbers of people raise funds for cultural, social and commercial projects. Those providing funds and those seeking funds communicate through the internet, where a crowdfunding platform takes on the role of an intermediary. The intermediary receives a fee for the transaction. This referral commission is usually defined as a percentage of the amount raised. Those providing funds receive a monetary or non-monetary consideration depending on the type of crowdfunding. The term "campaign" will be used from now on for the funding phase of projects on crowdfunding platforms.

The term crowdfunding – defined as the online raising of funds for projects – can be divided into the following categories. The main criterion for distinguishing different types of crowdfunding is the nature of consideration received. The consideration can be of a monetary nature, with those providing funds receiving a stake in the business or a share in its profit (equity crowdfunding) or interest income (debt crowdfunding) on the capital provided. Due to their proximity to the finance markets, debt crowdfunding and equity crowdfunding are often defined as forms of FinTech (financial technology).

These four main types of crowdfunding are shown in Figure 1 and can be defined as follows:-

Reward crowdfunding:

The reward crowdfunding segment allows investors to contribute to the venture in return for non-financial benefits which often includes creative, cultural or commercial projects as well as sport projects. With this type of funding, those providing funds usually receive one-off consideration in the form of products, works of art or services. There is no limit to the creativity of those seeking funding (e.g. invitations to events, special editions or pre-release access to a product).

Donation Crowdfunding:

The contributions made in donation crowdfunding are simple donations that are usually not associated with any consideration. Examples include social, charitable and cultural projects. Donation crowdfunding can also be used to raise funds for political campaigns.

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Equity Crowdfunding:

Instead of funding a project, the purpose of equity crowdfunding is to acquire a stake in a business or property via equity or mixed forms of equity and mezzanine capital.

In the area of equity crowdfunding, this form of financing is particularly suitable for businesses in an early stage of development, e.g. start-ups. Depending on the platform, equity crowdfunding also provides small investors with the opportunity to support start-ups in their growth phase. In return, these investors typically receive shares in the business and/or a share in the profit it generates. It should be noted that voting power is limited for many types of investments in this area in order to ensure that the owners of the business have freedom of manoeuvre.

Alongside equity crowdfunding, Real Estate Equity Crowdfunding is also part of the equity crowdfunding segment. With real estate equity crowdfunding, investors become co-owners of a property. Rather than individual freehold apartments, co-ownership involves purchasing a percentage of an existing tenanted property. As a result, the investors take a stake in the rental income and in any rise in value of the property itself.

Debt Crowdfunding:

debt crowdfunding mainly refers to the financing of businesses or private individuals by means of loans (borrowed capital). Debt crowdfunding is also known as peer-to-peer (P2P) or marketplace lending. Lenders receive interest payments in return for their loan. The amount of interest payable depends typically on the risk presented by the borrower. Aside from private loans and SME loans, some countries authorised private individuals to acquire mortgages without a bank as intermediary.

Advantages and Disadvantages of fund raising through crowdfunding activities.

These are the advantages of crowdfunding:

-It can be fast method to raise fund.
-Pitching a project or business through the online platform can be valuable from of marketing.
-Business idea can be shared to the crowdfunding platform and often obtain feedback and expert guidance for business improvement.
-It is a good way to evaluate the market reaction to the business idea.
-Crowdfunding investors can become the most loyal customers through the financing process.
-An alternative finance option compare to bank loans or traditional funding.

These are the disadvantages of crowdfunding:

-Not all projects that apply to crowdfunding platforms get onto it.
-Issuer could not obtain the fund if unable to meet funding target as any finance that has been pledged will usually be returned to crowdfunding investors.
-If business idea has not protected with a patent or copyright, someone may steal the concept from crowdfunding site.
-Getting the rewards or returns wrong can mean giving away too much of the business to investors.

Development of crowdfunding activities in Malaysia

Malaysia is now the first ASEAN country to introduce a regulatory framework to facilitate crowdfunding activities. To date, there are seven (7) local companies registered with the Securities Commission of Malaysia **("SC)** have been approved to carry out Equity Crowfunding activities and also six (6) local companies approved by SC to carry out Peer-to-Peer Financing activities.

Under the Capital Markets and Services Bill 2015, private companies with a paid-up capital of not more than RM5 million and with a strong business plan can now fund their ventures through crowdfunding. The amount of capital collected through crowdfunding is limited to RM5 million, while small and medium enterprises can crowdfund an amount of up to RM3 million in a year.

For investors, SC has classified three (3) categories of investor may invest in any issuer hosted on Equity Crowdfunding Platform or Peer-to-Peer Financing Platform to the following limits:

(a) Sophisticated Investors

Sophisticated Investor means any person who falls within any of the categories of investors set out in Part 1, Schedule 6 and 7 of the Capital Markets and Services Act 2012 ("CMSA") and includes a Venture Capital corporation, Venture Capital Management Corporation, Private Equity Corporation and Private Equity Management Corporation registered with the SC. No restrictions on investment amount.

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(b) Angel Investors

Angel Investor refers to an investor that is accredited by the Malaysian Business Angels Network as an angel investor. A maximum investment amount of RM500,000 within a 12 month period. For Peer-to-Peer Financing activities, angel investor may invest in any issuer hosted on the Peer-to-Peer Platform and shall not be subjected to any restriction in respect of his or her investment amount.

(c) Retail Investors

Retail Investor means any person who is not a high net-worth individual, a high net worth entity or an accredited investor. A maximum investment amount is limited to RM5,000 for each company (issuer) and not more than RM50,000 within a 12 month period for the total amount of crowdfunding investment.

E lease see below the Key Statistics as at June 2018 from Securities Commissions of Malaysia.

Equity Crowdfunding Key Statistics:
Successful Campaigns - 40
Success Rate - 89%
Total amount successfully raised - 38.36 million
Raised RM 500k and below - 48%
Local Individual Investors - 88%
Tech Based Issuers - 60%

Peer to Peer Key Statistics:
Successful Campaigns - 1160
Success Issuers- 227
Total amount successfully raised - 80.28 million
Success Rate - 100%
Raised RM 200k and below - 93%
Wholesale, retail & Consumer Products - 71%

Pros and Cons of Crowdfunding Investments

-Transparent approach to early stage investing via regulated Equity Crowdfunding platforms.
-Achieve portfolio diversification by spreading their investments across multiple opportunities.
-Access to companies offering shares in exchange for funding.
-Investment risk minimised across a large pool of investors.
-Short-term investment period with fixed monthly returns for the investment in Peer-to-Peer Financing platforms.
-Potentially higher returns than placed in a fixed deposit for the investment in Peer-to-Peer Financing platforms.
-Arguably less volatility than shares or unit trusts, and uncorrelated movement to equity markets (investment diversification).
However, there are several risks investors should be aware of:

Investment Risks in Equity Crowdfunding

-If the business fold, investor will not be able to recover the original investment.
-Lack of liquidity as it may take a long time to dispose the shares.
-Dilution of shares where subsequent fund-raising may reduce percentage of ownership due to new shares are issued.
-Businesses focused on growth may reinvested into the business instead of declaring profits.

Investment Risks in Peer-to-Peer Financing

-The risk of the issuer defaulting on debt and unable to receive investment returns.
-The risk of the issuer going bankrupt and losing the original investment.
-No PIDM protection (compared to Fixed Deposit / Savings Accounts).

INVESTORS AGE DEMOGRAPHICS FOR CROWDFUNDING IN MALAYSIA

Please see below the Investors Age Demographics as at June 2018 from Securities Commissions of Malaysia:

Investors Age Demographics for Equity Crowdfunding in Malaysia

Investors Age Demographics:

35 years old and below - 38%
34 to 45 years old - 34%
45 to 55 years old - 15%
55 years old and below - 8%

Investors Age Demographics for Peer-to-Peer Financing in Malaysia

Investors Age Demographics:

35 years old and below - 57%
34 to 45 years old - 29%
45 to 55 years old - 9%
55 years old and below - 5%

Governance mechanism for Crowdfunding activities?

Licensed Equity Crowdfunding Platform Operators and Peer-to-Peer Financing Platform Operators (collectively known as "Crowdfunding Operators") are required to comply with the Guideline on Recognized Markets issued by SC ("Guideline"). The Guideline sets out the broad principles and minimum standards to be observed by Crowdfunding Operators in their operations. Breach of the guideline can result in SC revoking its approval to the Crowdfunding Operators for its license.
Within the Guideline, Crowdfunding Operators shall establish and maintain in a licensed institution, one or more trust account designated for the fund raised in relation to a listing on their platform and shall only release the fund to the designated issuer after the relevant conditions are met.
We, Pacific Trustees Berhad, will be able to act as the Custodian for the trust account arrangement as we are a qualified licensed institution as defined in the Guideline.

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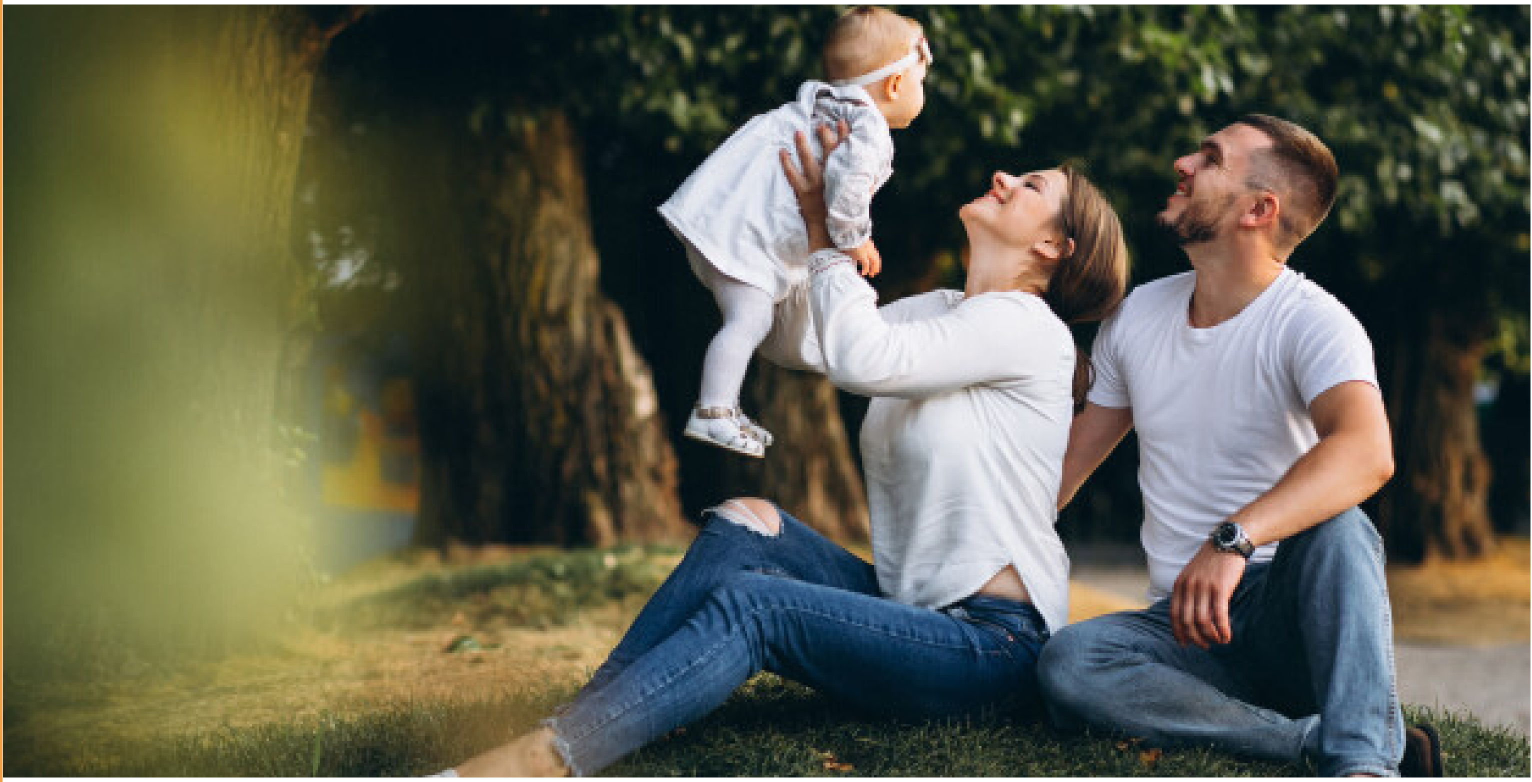

Why should I consider a Corporate Trustee as a Trustee for my Trust?

As people live longer and living costs continue to increase, our savings and wealth must accumulate, grow and last longer. One effective way to manage your wealth is to set up a trust. When establishing a trust, one of the most important decisions you will need to make is your selection of a trustee to oversee all aspects of trust administration. Trustees can either be individuals or corporations. However, the individual or entity that you choose to name as trustee is crucial because managing a trust is often complex and time-consuming. In this regard, the trustee plays a significant role and has a big responsibility for protecting the capital you have placed in the trust and to ensure the financial well-being of current and future beneficiaries. As such, whilst an individual can be chosen to administer a trust, there are good reasons why a corporate trustee is a wise option and should be considered. The following describes the role of a corporate trustee and provides reasons to use a corporate trustee.

Trust administration

Professional Management

A corporate trustee has knowledgeable, resourceful and experienced professionals who deal with and are familiar with all types of trusts as part of their day-to-day responsibilities. In this regard, a corporate trustee can provide the necessary level of expertise required to ensure that the wishes of the settlor are carried out in the most effective manner.

A Trust Deed sets out all the terms of the trust and acts as guidance on how the trust should be managed ("Trust Deed"). It grants powers and discretions to the trustees which is vital to the ongoing administration of the trust.

A corporate trustee has a fiduciary duty and the responsibility and relevant experience to ensure the trust is administered according to the terms of the Trust Deed. A corporate trustee can also actively manage and oversee the investment management of trust assets, mandatory and discretionary disbursements to beneficiaries in accordance with the terms of the Trust Deed and maintain accurate recordkeeping of all trust-related activities.

Supervision of Regulators

A corporate trustee is usually licensed and is subject to strict laws and regulations. This ensures that the corporate trustee administers the trust under the supervision of regulators. In comparison, individual trustees are not generally subject to regulatory scrutiny or accountable to regulators to the same degree; nor are they held to the higher standards that corporate trustees are subject to. Hence, a corporate trustee are able to better protect your wealth as they are regulated and are expected to meet higher standards than an individual trustee.

Continuity

As trusts typically last for many years, it is possible that an individual trustee will become ill or pass away or be distracted by personal concerns such as moving away, a vacation, or divorce, before the trust is terminated. However, with a corporate trustee, there can be continuity throughout the term of the trust as they will not abdicate due to age, illness, death, or divorce.

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Objective Exercise of Discretion

It can also be difficult for an individual trustee who is a parent, sibling, relative, or friend to act objectively as they can be influenced by emotions and personal agendas. They may face pressure from certain family members and may have conflict of interests that could influence the decisions that they are required to make and duties they are directed to carry out according to the terms of the Trust Deed. On the other hand, a corporate trustee benefits from being an independent party who can make impartial decisions free from bias and considerations of family dynamics and will simply administer the trust objectively and in accordance with the Trust Deed.

Family Dynamics

For many people, an adult child, other family member or friend becomes the solution since they should know what is best for the trust and its beneficiaries. However, naming a loved one as trustee has the potential to create unexpected problems over time. Even financially sophisticated individuals can find the administrative aspect of serving as trustee time-consuming and challenging.

A corporate trustee can help maintain family unity by taking sole responsibility for management of the trust. Issues with family members tend to come up after death. While many people believe this would never happen to their family, it is quite common for resentment to build. The person who takes on the role as trustee can feel burdened by the amount of time and care necessary to handle the role of trustee.

Every family situation is unique and the complexity will vary. Hence, in most cases, a corporate trustee may be the best option available.

COST

An important consideration in deciding on whether a corporate trustee should be selected is cost. In many cases, the cost required to engage a corporate trustee may be greater than that incurred by the appointment of an individual trustee. However, if an individual is selected, the trustee may need to utilise the services of an investment manager and other professionals to fulfil his/her duties as a trustee, which will add to the expenses and costs incurred.

Conclusion

In conclusion, your choice of either a corporate trustee or individual trustee is crucial in determining the success of your trust. Notwithstanding, corporate trustees fully understand the intricacies of a trust and possess the time and ability to administer your trust smoothly and efficiently thus, helping to meet the objectives, goals and needs of the settlor of the trust.

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LABUAN PROTECTED CELL COMPANIES, THE ONLY JURISDICTION IN ASIA TO OFFER PROTECTED CELL COMPANIES

BY: PACIFIC TRUSTEES LABUAN

There are more than 40 domiciles globally offering Protected Cell Company structure, including Labuan International Business and Financial Centre (**"Labuan IBFC"**) offering both conventional and Shariah-compliant Protected Cell Companies. The Labuan Protected Cell Company (**"PCC"**) was introduced in Labuan International Business and Financial Centre in 2010 in line with the enactment of the amended legislation, Labuan Companies Act 1990. A Labuan PCC may be incorporated as a Labuan company or converted from an existing Labuan company.

A Labuan PCC is a limited liability company with a legal entity that has the ability to form **"cells"**. The cells of a Labuan PCC may comprise (i) a core for holding non-cell assets or general assets; (ii) any number of cells with the intention of segregating and protecting the assets of each respective cell. Neither the core nor the individual cells created are separate legal entities but nonetheless, each cell is legally separated from any other cell and each has sufficient attributes to carry on business independently under the "umbrella" of the Labuan PCC. In the words, the core concept underpinning the Labuan PCC structure is that it acts as a single and separate entity which in turn has the ability to create multiple cells and provides these segregated cells the ability to take on differentiated assets and liabilities per cell, while allowing each cell to operate independently and providing segregation of these assets and liabilities.

This unique feature of the Labuan PCC allows a single entity with only one board of the directors, regardless of the number of cells it creates.

However, the ownership of the cells and the underlying assets, on the other hand, can be held by different individuals or owners.

With its specific feature, Labuan PCC become an innovative business structures offer an alternative solution to standard corporate structures. Labuan PCC may be structured to cater for the needs of self-insuring organisations, especially the captive insurance industry. Apart from the captive insurance industry, Labuan PCC are structure in the fund management industry, as part of a larger diverse asset allocation investment strategy. It further enhance the insurance and mutual funds industries, particularly in optimising for maximum protection, benefit and the flexibility in managing risk portfolios. It can also be used as an efficient tax planning tool.

A Labuan PCC shall only conduct the following scope of activities:

-Labuan captive insurance business, on such terms as provided under Part VII of the Labuan Financial Services and Securities Act 2010 **("LFSSA")**; and

-Labuan captive takaful business, on such terms as provide under Part VII of the Labuan Islamic Financial Services and Securities Act 2010 **("LIFSSA")**; **or**

-Business as a mutual fund as defined under Part III of the LFSSA; and

-Business as an Islamic mutual fund as defined under Part IV of the LIFSSA.

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The following provide examples of how the Labuan PCC unique character can be utilised:

Fund Structure

Setting up a customised collective investment fund from scratch can be a daunting task for new investment advisers. The issues of credibility and the lack of expertise from potential customers are always called into question. To avoid these difficulties, the Labuan PCC structure may be used by an established service provider to offer a collective investment fund product to new investment advisers. It is also possible in turn for the new investment advisers to create cells or multiple cells to cater their multiple business strategies.

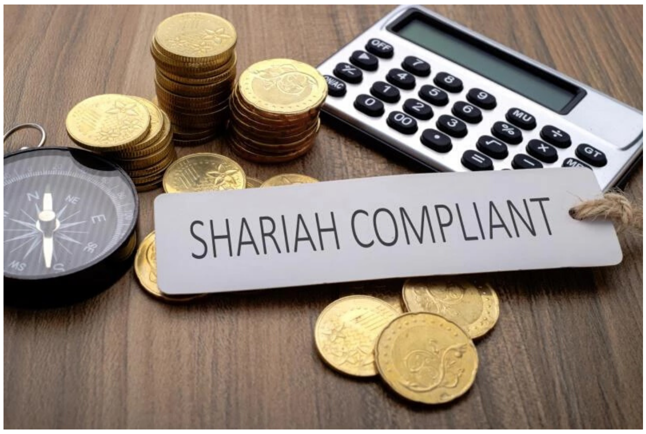
In addition to offering a reputable collective investment fund product to their potential customers, the new investment advisers have access to the expertise, assistance from the investment managers, and proper corporate governance.

Cost efficiency and straightforward process for group companies

For a group company consisting of the parent and its subsidiaries that addresses the problem of “cross-class liability” and the segregation of assets in a cost-effective and straightforward manner, Labuan PCC is able to reduce friction and the complications of setting up a separate subsidiary company. Additionally, the setting up of further cells or “companies” is much simpler with the framework of the core already in place.

In certain circumstances, a Labuan PCC may be a convenient and effective structure for joint venture arrangements when a particular party wishes to retain its ownership of an asset or income stream within the joint venture structure.

Shariah compliant structures



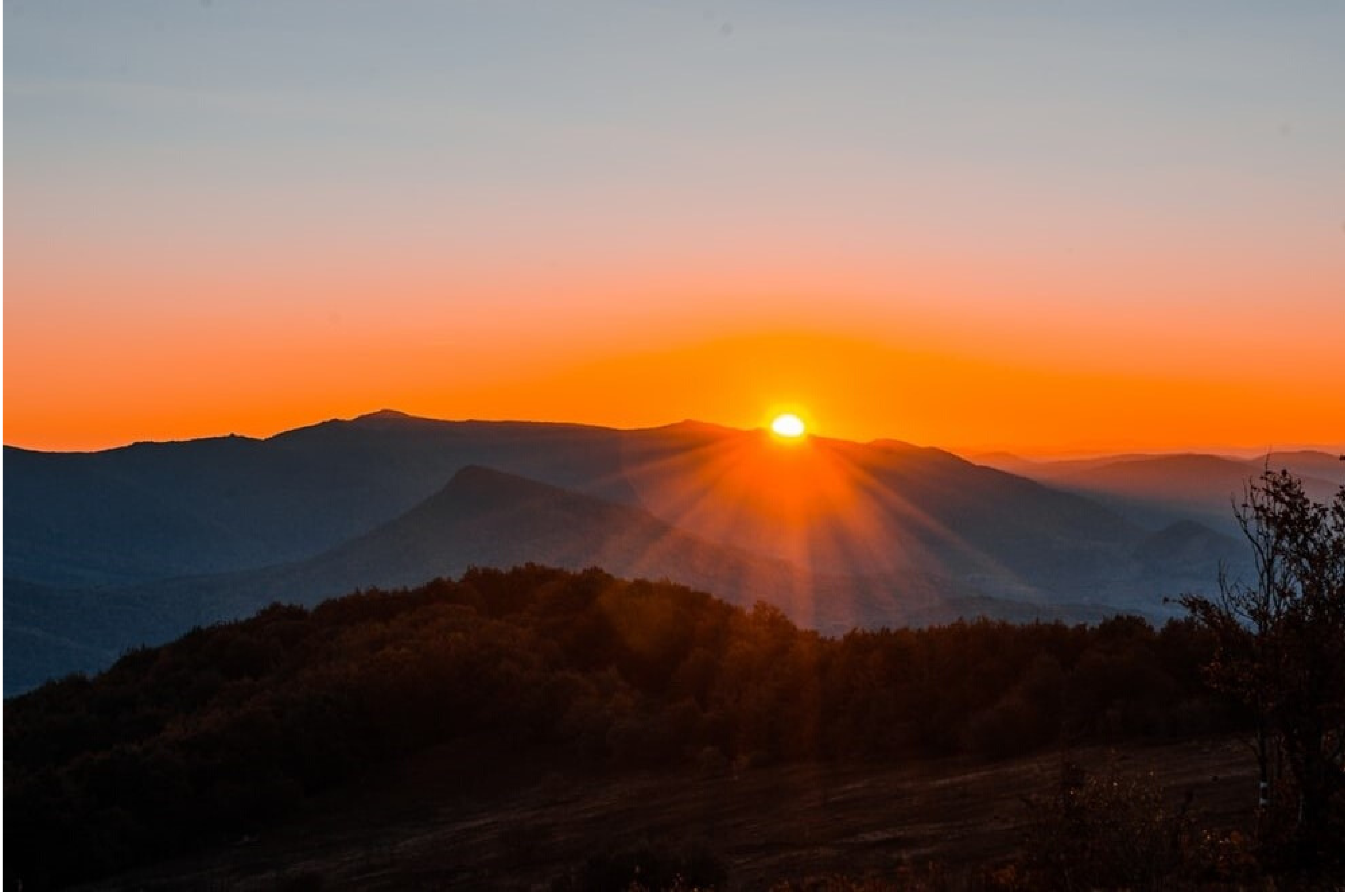
Labuan IBFC is the only jurisdiction in the region, to provide shariah-compliant Protected Cell Companies structure, providing an option for organisations that either prefers or are mandated to be shariah-compliant in their activities. For instance, companies that are interested to set up a takaful captive or plan to enter into Islamic mutual funds can consider structuring this option.

Taxation on Labuan PCC

Labuan PCC is taxed under Labuan Business Activity Tax Act 1990 **(“LBATA”)** as a taxable Labuan entity.

This effectively means that the taxable person in a PCC is not each cell established under the PCC but the PCC itself. This translates to a 3% tax on audited net profits of the Labuan PCC or upon election, a maximum tax liability of MYR20, 000.00 for the Labuan PCC regardless of the number of cells or their profits in the cells within the said Labuan PCC.
If the Labuan PCC carry on Labuan non-trading activities, the company as a whole is exempt from tax in Labuan.

We, Pacific Trustees Group have more than 20 years of experience in providing trust and fiduciary services to our clients. Through our Labuan subsidiary, Pacific Trustees Labuan Ltd, we are able to assist you in the setting up of Labuan Foundations, Labuan Trusts and also assist in your private wealth planning. In addition, we are also able to assist you in the incorporation of Labuan companies to hold investments and to engage in trading activities.
Please do feel free to contact us for more information.



Contact Us

TO FIND OUT MORE.
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