

December 2008 - Group Edition

tricolor

Business, Corporate and Investor Services

Tricor Holdings Limited

Principal Tricor Group subsidiaries

Tricor Services Limited
Tricor Caribbean Limited
Caribbean Corporate Services Limited
Tricor Services (BVI) Limited
Tricor (B) Sdn Bhd
Tricor Consultancy (Beijing) Limited
Tricor Trustco (Labuan) Limited
Tricor Services (Macau) Limited
Tricor Services (Malaysia) Sdn Bhd
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Tricor Outsourcing (Thailand) Limited
Tricor Executive Recruitment Limited
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Member of The Bank of East Asia Group



TRICOR TECHNEWS - GROUP EDITION

In this Group Edition of TechNews, Tricor Group companies report on updates in the statutory and regulatory regime and the business environment in their respective jurisdictions.

We welcome enquiries and requests for more information. Please visit www.tricorglobal.com for Tricor contacts.

From our Head Office in Hong Kong we report on enhancements of the issuer information dissemination regime, introduction of new company incorporation forms, annual return requirement for non-Hong Kong companies, and non-statutory guidelines on directors' duties. Tricor supports clients in all compliance matters.

Barbados offers a full range of corporate formation and administration services. We introduce here Barbados' impressive international tax treaty network for strategic corporate planning.

British Virgin Islands continues to enhance its regulatory framework in relation to private trust companies and the issue of bearer shares by business companies.

Labuan Offshore Companies as a tax-saving conduit for leasing large objects to Malaysian companies.

Macau has introduced tax exemptions and reductions for the financial year 2008. These initiatives will ease the burden of small and medium-sized enterprises.

Mainland China has announced tax exemptions for donations to Sichuan after the May 12 earthquake. Our China Services reports on these and also offers a few tips on the application of work and residence permits in China.

Malaysia has introduced amendments to the Malaysian Companies Act 1965 that define further the roles and responsibilities of directors, auditors and officers of companies.

Singapore has adopted XBRL format for statutory filing of financial statements and introduced a sponsor-supervised listing platform for fast growing companies.

Thailand has introduced tax changes effective from 29 March 2008.

The United Kingdom is progressively implementing its Companies Act 2006.

Hong Kong

Electronic Disclosure & Other Updates of the Statutory and Regulatory Regime

From our Head Office in Hong Kong we report on enhancements of the issuer information dissemination regime, introduction of new company incorporation forms, annual return requirement for non-Hong Kong companies, and non-statutory guidelines on directors' duties. Tricor supports clients in all compliance matters.

Issuer Information Dissemination

Tricor continues to provide quality corporate and investor services to the majority of listed issuers on the Hong Kong Stock Exchange and other business entities. We strongly support initiatives towards greater transparency and a paperless environment in the securities market.

Electronic Disclosure Project

With the implementation of the Electronic Disclosure Project ("EDP") by Hong Kong Exchanges and Clearing Limited ("HKEx"), the issuer information dissemination regime in Hong Kong has been enhanced, in line with regimes in other international financial centres.

From 25 June 2007, as part of EDP, HKEx has abolished newspaper announcements. As from this date, issuers are required to submit ready-to-publish electronic copies of disclosures for publication on the HKEx website. After a transitional period, with effect from 25 June 2008, issuers are required to have their own company website and to publish disclosures and all other regulatory information on this website as well. Straight-through electronic submission and dissemination enhances timeliness and accuracy of information, and minimizes risks in the process of dissemination.

HKExnews

In February 2008, HKEx launched a new website at www.hkexnews.hk ("HKExnews"), *solely* for issuer information dissemination.

All issuer-submitted electronic documents are now posted on this website instead of on the main HKEx website. This serves as a centralized one-stop archive for public access.

To cater to different user needs, HKExnews includes two main types of information:

- i) Issuer information *generated directly by issuers* and/or their directors and major shareholders such as corporate information submitted via the e-Submission System and disclosure information submitted via the Disclosure of Interests System.
- ii) Regulatory information on issuers *generated by HKEx* such as the online CCASS (Central Clearing and Settlement System) Shareholding Disclosure Service, giving information on the number of shares held in a Hong Kong listed company by each CCASS Participant including Investor Participants who consent to the disclosure on a specified date.

This dedicated website provides a basis for future enhancements, such as real time electronic disclosure during trading hours.

Disclaimer

This publication is intended to provide only general information for clients and contacts of Tricor Services Limited and its associated companies. It does not purport to be comprehensive, and should not be relied upon nor taken as a substitute for proper professional advice concerning specific situations, which advice should be sought in a timely manner. Changes in law or circumstances may occur after the issue date, which may make information contained in this publication no longer accurate. Please pay attention to its date of issue.

All and any liability which might arise from this publication is hereby expressly excluded to the fullest extent permitted by law.

Companies (Amendment) Ordinance 2004: New Company Incorporation Forms from 11 July 2008

Two new forms for incorporating companies in Hong Kong, namely Form NC1 (for incorporation of a company limited by shares) and Form NC1G (for incorporation of a company limited by guarantee or an unlimited company), have been introduced for use under Schedule 2 to the Companies (Amendment) Ordinance 2004 ("Amendment Ordinance 2004").

New Requirements under Forms NC1 and NC1G

1. With effect from 11 July 2008, pursuant to the Amendment Ordinance 2004, a person who wishes to form an incorporated company in Hong Kong shall apply to the Registrar of Companies ("Registrar") by submitting the relevant incorporation form together with a copy of the company's memorandum and articles of association ("M&A"), certified as a true copy of the original by a founder member.

Under the Amendment Ordinance 2004, "founder member" is a new term referring to a person who has signed his/her name on a memorandum of association for the purpose of forming a company, which new term has replaced the term "subscriber" in the Companies Ordinance ("CO") with effect from 11 July 2008.

2. Under the new provisions, the address of the first registered office and the particulars of the first director(s) and first secretary must be stated in the incorporation form. The first director(s) must also sign the "Consent to Act as Director" in the incorporation form.
3. In addition, the Amendment Ordinance 2004 has provisions for electronic incorporation of a company. The Companies Registry has not yet announced the implementation date. This is likely to be introduced in 2010-11.

Companies Ordinance (Amendment of Eighth Schedule) Order 2008: New Fees from 11 July 2008

The Companies Ordinance (Amendment of Eighth Schedule) Order 2008 provides for the introduction of new fees for conducting searches of the new incorporation forms. Commencement date for the new fees is likewise 11 July 2008, to tie in with the introduction of the new incorporation forms.

Companies (Amendment) Ordinance 2003: Expansion of Index of Directors from 11 July 2008

The Companies (Amendment) Ordinance 2003 provides for the expansion of the index of directors to cover reserve directors. Commencement date for this provision is likewise 11 July 2008.

Hong Kong

Non-Hong Kong Companies Registered in Hong Kong

With effect from 14 December 2007, every non-Hong Kong company registered under Part XI of the Companies Ordinance is required to file a full annual return every year with the Registrar of Companies in Hong Kong to set out details of the company under Section 334 of the Companies Ordinance.

This is a new requirement introduced under the Companies Ordinance. It is an occasion for directors of non-Hong Kong companies to review and ensure that requisite and up-to-date information of the non-Hong Kong company has been made available on time in accordance with the Companies Ordinance.

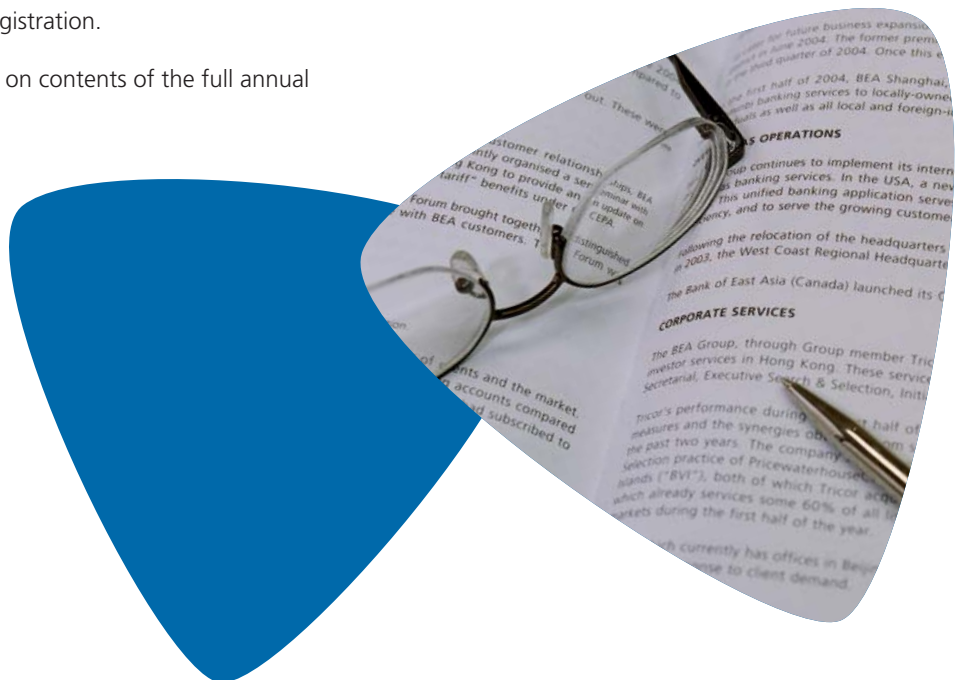
The annual return shall be filed with the Registrar together with a certified copy of the company's latest published accounts (if required) within 42 days after each anniversary of the date of registration of the company under Part XI. The standard filing fee of HK\$180 will be escalated to various amounts including late filing fee to HK\$1,200, \$2,400, \$3,600 and as much as \$4,800 if the annual return is filed later than 9 months upon the anniversary of the date of registration.

Tricor is pleased to advise clients on contents of the full annual return.

Non-statutory Guidelines on Directors' Duties published by Hong Kong Companies Registry

All directors of companies incorporated/registered in Hong Kong are required to read the latest version of the *Non-statutory Guidelines on Directors' Duties* published by the Hong Kong Companies Registry (www.cr.gov.hk/en/publications/docs/director_guide_e.pdf) and be familiar with the general duties of directors outlined in the Guidelines. The Guidelines define general principles in the performance of a director's functions and exercise of powers.

For more information on the above, please contact a Tricor executive.



Barbados

International Tax Treaty Network

Barbados offers a full range of corporate formation and administration services. We introduce here Barbados' impressive international tax treaty network for strategic corporate planning.

Clients contemplating different strategies for corporate planning would find a Barbados vehicle of interest.

Barbados' success as a mature international financial services centre is largely based on its strategy of negotiation of double taxation and bilateral investment treaties ("DTAs") with international partners. This approach distinguishes Barbados from traditional international financial services jurisdictions in the Caribbean. Having concluded treaties with 17 countries as diverse as Botswana to the USA, Barbados continues its commitment to being a high quality investment platform from which to launch international business.

Successive Governments of Barbados have devoted additional resources to the sector and have worked assiduously on improving its prudent regulatory framework. This framework is supported by a favourable tax system under which a number of benefits are offered to special incentive vehicles, a stable economy and political environment, an educated workforce, an excellent international communication and technological platform, and a very high standard of living.

In addition to the DTAs mentioned above, Barbados currently has treaties with:

Austria	Finland	Seychelles
Canada	Malta	Sweden
CARICOM	Mauritius	Switzerland
China	Netherlands	UK
Cuba	Norway	Venezuela

The most recent additions to the treaty network, which have been signed but await ratification, are treaties with Mexico and Ghana. In addition, there are a number of pending treaty initiatives that are being vigorously pursued.

The Barbados DTA with China has generated significant interest, with for example, Barbados corporate vehicles being used as holding companies for Chinese real estate investment, in preference to other more traditional holding structures.

Barbados' continued commitment to the expansion of its tax treaty network, as it has pledged to do, would ensure that its international business and financial services sector remains dynamic and competitive.

For more information on the above, please contact a Tricor executive.



British Virgin Islands

Private Trust Companies & Bearer Shares of Business Companies

British Virgin Islands continues to enhance its regulatory framework in relation to private trust companies and the issue of bearer shares by business companies.

Private Trust Company Legislation

Clients who wish to set up private trust companies in the British Virgin Islands ("BVI") would be interested to know about the latest regulations. These are the Financial Services (Exemptions) Regulations, 2007 ("2007 Regulations").

According to the 2007 Regulations, with effect from 1 August 2007, a private trust company ("PTC") that conducts *solely* unremunerated trust business or related trust business is exempt from obtaining a trust licence under the Banks and Trust Companies Act, 1990.

Such a PTC or persons associated must not receive any remuneration from the trust, except for professional directors who render services. There is a specific definition for related trust business in the 2007 Regulations.

To qualify for the exemption from licensing, a PTC must also satisfy certain other conditions.

The PTC must:

- be incorporated or re-registered as a business company (with exceptions) under the BVI Business Companies Act, 2004;
- be a limited company;
- be stated as "a private trust company" in the Memorandum of Association;
- have the designation "(PTC)" in the company name; and
- have a registered agent with a Class I trust licence.

Requirements affecting Bearer Shares of BVI Business Companies

Under the current BVI Business Companies Act (the "BC Act"), companies ("BC Companies") can issue or convert registered shares to bearer shares ("Bearer Share Companies") if authorized by the Memorandum & Articles of Association ("M&A").

Under the BC Act, Bearer Share Companies are required to deposit issued bearer shares with an Authorized or Recognized Custodian *immediately* upon the shares being issued as or converted to bearer shares. They also pay a higher annual licence fee than Non-Bearer Share Companies (i.e. BC Companies without authorization to issue bearer shares in the M&A).

The above requirements do not yet apply to Former International Business Companies ("IBCs") that are automatically re-registered as BC Companies without disapplying Part IV of Schedule 2 of the BC Act, as transitional arrangements are in place until 31 December 2009. If these IBCs wish to continue to have issued bearer shares or retain the power to issue or convert existing shares to bearer shares, they will need to take certain actions before the end of the transitional period and pay the higher licence fee from 2010 onwards.

For more information on the above, please contact a Tricor executive.

Labuan

Leasing via Labuan Offshore Companies

Labuan Offshore Companies as a tax-saving conduit for leasing large objects to Malaysian companies.

Labuan Offshore Companies (“LOCs”) have recently been used in particular as a conduit for leasing large objects to Malaysian companies. Any object with a monthly leasing fee of about USD 50,000 or more can be considered. The objects leased have been mainly aircraft, barges and other large vessels.

The set-up via Labuan has the advantage that Malaysia does not levy the 10% withholding tax on the lease payments, since Labuan is considered a “Malaysian Company” for this purpose, and there are no withholding taxes on payments made by the LOC. In addition to the costs of maintaining the company, including accounting and an annual audit, the LOC has to pay an annual fee of MYR 40,000 (about USD 14,000) and taxes that can be capped at MYR 20,000 (about USD 7,000) to the Malaysian Government.

If the lease does not involve Malaysia, the annual fee of MYR 40,000 is not due. In this case the taxation of the lease payments in the country of the lessee has to be considered, particularly the applicability to the LOC of any relevant Double Tax Treaty with Malaysia. A tax adviser familiar with the tax situation in the country of the lessee can advise on this.

For more information on the above, please contact a Tricor executive.



Macau has introduced tax exemptions and reductions for the financial year 2008. These initiatives will ease the burden of small and medium-sized enterprises.

For the financial year 2008 the Macau Government has introduced tax exemptions and reductions to improve the livelihood of its citizens and ease the financial burden of small and medium-sized enterprises ("SMEs"). Tricor's Macau office provides tax filing and other business services to clients and reports on the current year's measures as follows.

Personal income tax for all employed citizens continues to be cut by 25%. Business tax and hawkker licence fees, market stall rents, stamp duty on life insurance and non-life insurance and bank service charges are all waived. Private businesses continue to be exempt from signboard tax and restaurants from tourism tax.

In addition, there are a number of new tax relief measures. These include 100% waiver of real estate tax for owner-occupied properties and 50% waiver for leased properties; increase of the Complementary (Corporate) tax free income threshold from MOP 32,000 to MOP 200,000 for income derived in financial year 2007; and increase of basic allowance for personal income tax from MOP 95,000 to MOP 120,000. Stamp duty on the transaction of properties for permanent Macau residents is waived for the first MOP 3 million receipts. The Government will also reduce several wireless communications licence fees.

For more information on the above, please contact a Tricor executive.



Mainland China

Tax Deductibility of Donations & Work & Residence Permits for Expatriates

Mainland China has announced tax exemptions for donations to Sichuan after the May 12 earthquake. Our China Services reports on these and also offers a few tips on the application of work and residence permits in China.

Tax Deductibility of Donations for Sichuan Earthquake

In response to the devastating earthquake in Sichuan province, the PRC government issued two tax notices on 19 and 20 May, 2008 detailing tax treatment on donations made by enterprises and individuals. Below is a brief summary of the tax implications for both PRC corporate income tax (CIT) and individual income tax (IIT) under the two tax notices and the relevant tax regulations.

Donations made by Enterprises

Under current CIT law, the amount of tax deduction of the eligible charitable donations made by an enterprise is limited to 12% of its total annual profits. The portion of donation exceeding 12% of the annual profits would not be eligible for tax deduction.

Please note that **only** donations made to qualified charitable organizations, such as the China Red Cross, are eligible for tax deduction.

Donations made by Individuals

Under current IIT law, individuals donating money to charitable organizations or government agencies are entitled to claim a deduction up to 30% of their taxable income.

For donations to certain qualified charitable organizations, such as the China Red Cross, individuals are able to claim a full deduction even where the amount is more than 30% of their taxable income.

Making Donations

Before making a donation, donors are advised to check whether the organization receiving the money is a charitable organization qualified by the PRC government. After making a donation, donors should ensure that they receive an official charitable donation receipt from the organization to support the claim for tax deduction.

Work & Residence Permits for Expatriates in China

Since the beginning of reforms and the opening up of China to the outside world, including the country's recent accession to the World Trade Organization ("WTO"), China has become one of the most attractive places for business to businessmen or investors around the world. As part of a global strategy, numerous foreign enterprises have come to China to invest, either in collaboration with business partners or setting up a business operation on their own.

Mainland China

An expatriate who intends to enter Mainland China is required to apply for a Chinese Visa from the PRC Embassy or Consulate-General in the home country. Chinese Visas include the following categories:

- “L” Visa (for tourism or visiting relative): Issued to an expatriate who comes to China for sightseeing, family visiting or other private purposes.
- “F” Visa (for business and visit): Issued to an expatriate who is invited to China for a visit, an investigation, a lecture; to do business; or to undertake scientific-technological and cultural exchanges, short-term advanced studies or internship for a period of no more than six months.
- “Z” Visa (for employment): Issued to an expatriate who comes to China for a posting or employment, and accompanying family members.

Z Visa will not be issued by a PRC Embassy or Consulate-General in the home country unless an expatriate has taken the below procedures:

1. Apply for L Visa or F Visa from the PRC Embassy or Consulate-General in the home country.
2. Travel to China to undergo the required medical check at prescribed clinics, apply for an Employment Licence and apply for an Invitation Letter from the relevant authorities in China.
3. Return to the home country to apply for the Z Visa from the PRC Embassy or Consulate-General over there.
4. Go to China again to apply for a Work Permit from the labour authority and a Residence Permit.

Subject to the fulfilment of certain conditions, a local branch of the labour authority may at its own discretion grant a Work Permit to an expatriate who is holding L Visa or F Visa only and thus the expatriate (on exceptional basis) is not required to return to the home country for Z Visa.

Application to the labour authority must be made via the foreign-invested enterprise (“FIE”) or representative office (“RO”) in China to which the expatriate will be seconded for employment. In other words, foreign enterprises are required to set up their FIEs or ROs in China before seconding any expatriates to work in China.



Malaysia

Amendment of Malaysian Companies Act

Malaysia has introduced amendments to the Malaysian Companies Act 1965 that define further the roles and responsibilities of directors, auditors and officers of companies.

The Malaysian Companies Act 1965 ("CA 1965") was amended on 31 July 2007 and came into force on 15 August 2007 with a total of 24 new provisions enacted. These new provisions will affect the directors, auditors and officers (company secretaries) of a company, by lifting their respective job responsibilities and duties to newer heights, in the name of better corporate governance. Tricor Malaysia executives will advise clients on details.

Codification of Directors' Duties and Responsibilities

The new provisions in CA 1965 that came into force on 15 August 2007 include, *inter alia*, the codification of directors' duties and responsibilities.

The subjective test by the Courts as to whether a director has exercised reasonable care, skill and diligence with knowledge that may reasonably be expected of him/her is now found in section 132 CA 1965.

This section has been expanded to include a higher expectation in law, if a director has additional knowledge, skill and experience; and also a safe harbour for directors who have relied on information provided by others such as any officer, professional or expert and committees to the board of directors. This means the business judgment rule has been adopted by the new amendment which stipulates that a director who makes a business judgment is deemed to meet the requirements of the duty of exercising reasonable care, skill and diligence and the equivalent duties under common law and in equity, if the director:

- makes the business judgment in good faith and for a proper purpose;
- does not have a material personal interest in the subject matter of the business judgment;
- is informed about the subject matter and believes it to be appropriate under the circumstances; and
- reasonably believes that the business judgment is in the best interest of the company.

Malaysia

Making Auditors a Bloodhound rather than a Watchdog

Another major change to the CA 1965 is requiring an auditor of public companies, in the course of performing duties as an auditor, to be responsible if he/she is of the opinion that a serious offence involving fraud or dishonesty is being or has been committed against a company or the CA 1965 by an officer of the company.

The meaning of "a serious offence involving fraud or dishonesty" is defined in the Act as an offence that is punishable by imprisonment for a term of not less than 2 years, or an offence from which the value of the assets derived or likely to be derived or any loss suffered by the company, member or debenture holder exceeds RM 250,000. The scope of serious offences is further defined in the Act as providing false and misleading information or false reports, inducing persons to invest money fraudulently, and generally frauds by an officer of the company.

Whistleblowing and Whistleblower's Protection

A new section 368B of the CA 1965 gives sanction to an officer of a company who, in the course of performance of duties, has reasonable belief of any matter which may or will constitute a breach or non-observance of any requirement or provision of the CA 1965 or its regulations, or has reason to believe that a serious offence involving fraud or dishonesty has been, is being, or is likely to be committed against the company or the CA 1965 by other officers of the company, to report the matter in writing to the Registrar.

Furthermore, the company shall not remove, demote, discriminate against or interfere with lawful employment or livelihood of such officer of the company due to the report made by that officer. No whistleblower shall be liable to be sued in any court nor be subject to any tribunal process, including disciplinary action, if the officer has reported in good faith and in the interest of performance of duties as an officer of the company.

For more information on the above, please contact a Tricor executive.



Singapore

Statutory Filing of Financial Statements in XBRL Format & New Second Board of the Singapore Stock Exchange

Singapore has adopted XBRL format for statutory filing of financial statements and introduced a sponsor-supervised listing platform for fast growing companies.

Statutory Filing of Financial Statements in XBRL Format

The Accounting & Corporate Regulatory Authority ("ACRA") in Singapore has adopted statutory filing of financial statements in XBRL format.

Regulators in many countries have adopted XBRL format for their regulatory filings, because of its many benefits.

ACRA seeks to achieve the following benefits with use of the format:

- providing greater access to corporate financial data;
- facilitating "one-stop" filing;
- strengthening regulatory vigilance.

What is XBRL?

XBRL (developed by XBRL.org) stands for "extensible Business Reporting Language" which uses the XML-based framework to present financial statements, so that financial information can be retrieved from online records of individual companies and transferred directly to the regulators (ACRA), financial analysts, auditors and other users of accounting reports. XML (extensible markup language) is the universal format for structured documents and data on the web.

Introducing FS Manager

Filing will be done via the "FS Manager" with effect from 1 November 2007 for financial periods ending on or after 30 April 2007.

The FS Manager is a free online tool provided by ACRA as part of BizFile to help companies prepare and manage financial statements in XBRL format. Using FS Manager, company filers or relevant users (preparers of financial statements) can submit companies' financials via completing a series of web-based forms. The web-based forms are designed in accordance with ACRA taxonomy requirements.

Corporations Exempted from the New Filing Regulation

Corporations under the following categories are exempted from this new filing regulation:

- banks, insurance companies and finance companies whose activities are regulated by the Monetary Authority of Singapore;
- companies that are allowed by law to prepare accounts in accordance with accounting standards other than the Singapore Financial Reporting Standards or the International Financial Reporting Standards.

Filing Options for Companies Not Exempted

Two filing options are available to companies that are not exempted.

- Option A (full conversion), which is to file a full set of financial statements in XBRL format;
- Option B (partial conversion), which only requires the Balance Sheet and Income Statement to be in XBRL format.

With Option B, the Company will also be required to file the PDF copy of its full set of financial statements as tabled at the AGM.

Singapore

Catalist: New Second Board of the Singapore Stock Exchange

The Stock Exchange of Singapore (SGX) has on 26 November 2007 unveiled Catalist, a sponsor-supervised listing platform for fast growing companies in Singapore and the Asia Pacific Region.

Catalist has taken the place of SGX-ST Dealing and Automated Quotation System (SGX Sesdaq), the second board of the SGX. The vision for Catalist is to be Asia's leading fund raising platform for fast growing companies. Catalist aims to provide an ascending model for market growth and attract fast growing companies that are on an expansion path, some of which may be in their earlier stage of development. Companies will therefore be able to respond to business opportunities quickly, as subsequent fund raising and acquisitions can be undertaken more easily.

The name "Catalist" is derived from the two words "Catalyst" and "Listing", and signifies a listing on the platform as a catalyst to propel the growth of the company.

With the new platform, SGX approved Sponsors will determine the suitability of a candidate for listing without SGX reviewing the admission of the company.

Existing companies on SGX Sesdaq have been transferred to Catalist and have been given a grace period of 2 years to appoint a Sponsor. These companies will therefore within the next two years be required to decide either to upgrade to the Main Board, if the company can meet the quantitative and qualitative criteria of the SGX or appoint a Sponsor and carry on with Catalist. If the companies fail to appoint a Sponsor, they will face delisting.

Sponsors therefore play a critical role in this new regime. The two types of Sponsors, Full and Continuing, are required to meet entry requirements based on strict criteria, with focus on the reputation and work record of the firm and their Registered Professionals. Full Sponsors will qualify to decide on the suitability of companies seeking a listing on Catalist and are required to continue as Sponsor for a minimum of three years after the IPO. Continuing Sponsors can be appointed by companies that are already listed. Currently, the SGX has approved 11 Full Sponsors and 7 Continuing Sponsors.

With the advent of Catalist, companies need no longer meet any prescribed entry criteria and there is no longer any restriction on the size of a company seeking a listing on Catalist. The processing of the application from date of submission to listing has also been shortened considerably. However, investors would also have to be aware of the different risk profile of companies that are listed on Catalist.

For more information on the above, please contact a Tricor executive.



Thailand has introduced tax changes effective from 29 March 2008.

Clients are advised to note tax changes in Thailand, effective from 29 March 2008.

Royal Decree No 470

Personal income tax exemption for net assessable income is increased from THB 100,000 to THB 150,000.

The above exemption will be effective for taxable income arising from 2008 onwards.

Royal Decree No 471

Small and medium-sized enterprises ("SMEs") are granted exemption from corporate income tax for the first net taxable profit of THB 150,000. SMEs are defined as those with a paid-up capital of no more than THB 5 million at the end of the accounting period.

The net taxable profit over THB 150,000 will be taxed as follows:

- 15% on net profit exceeding THB 150,000 but not exceeding THB 1 million;
- 25% on net profit exceeding THB 1 million but not exceeding THB 3 million;
- 30% on net profit exceeding THB 3 million.

All the above tax measures will be effective for the accounting period commencing on or after 1 January 2008.

Please note that the reduced corporate income tax rates continue to apply for the net profit arising during the accounting periods that commenced before 1 January 2008 as follows:

- 15% on net profit not exceeding THB 1 million;
- 25% on net profit exceeding THB 1 million but not exceeding THB 3 million;
- 30% on net profit exceeding THB 3 million.

Royal Decree No 472

The rate of specific business tax ("SBT") on the sale of immovable properties in a commercial manner or for profit is reduced from 3.0% to 0.1% (3.3% to 0.11% inclusive of the 10% municipality tax).

The above reduced rate will be applicable for the registration of rights and juristic acts relating to the sale of immovable properties executed within one year from 29 March 2008.

Notifications of the Ministry of Interior

The registration fee for the transfer of immovable property is reduced from 2% to 0.01% for the purchase and sale of the following immovable properties:

- land, building, building with land under the law governing Land Apportionment, or land apportioned by a government body, whereby building includes single house, duplex house, row house and commercial building;
- condominium units;
- office building whether a building or a building with land granted a construction permit or construction notice under the law governing Building Control.

The fee for the registration of a mortgage for the above immovable properties is also reduced to 0.01%.

The above fees will be applicable until 29 March 2010.

For more information on the above, please contact a Tricor executive.

United Kingdom

The Companies Act 2006

The United Kingdom is progressively implementing its Companies Act 2006.

The Companies Act 2006: The most far reaching change to UK company law for over 100 years?

In this article the Tricor UK office presents an overview of the Companies Act 2006 ("CA 2006"). This major piece of company legislation is being progressively implemented in the UK.

The UK Government's stated intention of the CA 2006, which although enacted on 8 November 2006 has only been partly implemented to date, was to:

- enhance shareholder engagement and a long-term investment culture;
- ensure better regulation and a 'Think Small First' approach;
- make it easier to set up and run a company in the UK; and
- provide flexibility for the future.

How important is the CA 2006?

Depending on your point of view, the CA 2006 possibly represents the most significant piece of UK company legislation for anything between 20 and 100 years. Our writer's personal view is that the 20-year figure is probably nearer the mark - although some aspects of the changes are of major historical importance, from a practitioner's point of view the practical implications are not so far reaching as to go back over a Century. But some do, and have, disagreed on this.

What everyone can agree on is that the CA 2006 represents a substantial change to UK company law, comprising some 1,300 sections, 16 schedules and running to over 700 pages. Indeed, it is the largest piece of legislation to have ever passed through the UK Parliament, and possibly the European Parliament as well.

The CA 2006 is fundamentally a consolidating act, and when fully in force will be the single source of company legislation in the UK. Approximately one third of it represents new legislation, with the other two thirds being either a restatement of existing laws or a rewrite of current legislation using simpler, plain, English.

One reason for its length is that much of the unchanged legislation is significantly longer when rewritten for the CA 2006, given the overriding aim of making the legislation easier to understand for all. Whereas previous legislation was very much "top down" and written from the point of view of large public limited companies, the CA 2006 separates out those elements relating to small companies, public limited companies and listed companies. All of this is designed to make the new legislation more comprehensible, which whilst laudable, has clearly been achieved at the cost of size.

United Kingdom

Progressive Implementation

To complicate matters further, the CA 2006 is being progressively implemented over a 3-year period by a series of commencement orders (statutory instruments), each containing transitional and saving arrangements. These orders, and we are up to number seven at the moment, in themselves can run to many pages, with the Third Commencement Order alone numbering 56 pages.

The reasons for such a long implementation period are two-fold: firstly, to allow companies and practitioners alike enough time to familiarize themselves with the sheer number of changes and the implications; secondly, to enable government agencies, especially Companies House, sufficient time to change their systems. Companies House in particular has had well-documented problems, given the new processes involved, the number of new statutory forms required and the intention for all companies in future to be able to make their filings electronically. Indeed, because of these problems, some of the changes that were due to be implemented in October 2008 have been deferred by a year to October 2009.

The intention is that the CA 2006 will be fully in force by October 2009, being over 11 years since the initial review of existing company legislation was announced by the Government. Most, if not all, commentators believe this period has been far too long, although the Government has won some praise for its extensive consultation with interested parties.

Key Changes

Let us look at some of the key changes brought about by the CA 2006. In outline, the most important changes to UK company law, in no particular order, include the following:

- All directors' duties have now been codified, having previously been a matter of case law.
- Regulation for private companies has been made simpler, in terms of:
 - private companies no longer needing to have a company secretary;
 - financial assistance can be given by companies when purchasing their own shares;
 - share capital can be reduced without court approval; and
 - the current "elective regime" (whereby under certain circumstances private companies need not i) hold an AGM, ii) lay statutory accounts before shareholders, or iii) reappoint their auditors each year) is now the default regime, effectively abolishing the need for private companies to hold AGMs.

United Kingdom

- A general scheme of electronic and web-based company communications is open to all companies, something that is very useful to listed companies.
- A statutory procedure, as opposed to common law, for “derivative actions by shareholder” (essentially legal actions by shareholders, on behalf of the company, with the aim of establishing improper management by the directors) is introduced.
- Auditors have the power to cap their financial liability to companies.
- The Panel on Takeovers and Mergers has been placed on a statutory footing.
- The EU Transparency Directive has been implemented in part.

Tricor welcomes enquiries regarding any of the above updates from our various offices. Please do not hesitate to approach your usual Tricor contact for more information.

In total, these changes have been estimated by the UK Government to save companies something in the region of £300 million. It is fair to say, however, that these figures are not universally accepted, and given the volume of new legislation and the 3-year roll out period, it is not too difficult to see why.

Practitioners in business, corporate and investor services will need to examine these changes in detail for implications on their supporting role for companies.



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