

FINANCIAL MARKET PROGRESS – LABUAN AS INTERNATIONAL ISLAMIC FINANCE PLATFORM

LABUAN IBFC IS THE OFFICIAL
AGENCY SANCTIONED BY
THE MALAYSIAN GOVERNMENT
TO MARKET LABUAN AS THE
PREMIER INTERNATIONAL
BUSINESS AND FINANCIAL
CENTRE IN ASIA PACIFIC

US And European Markets Are Struggling

- 2 years after the financial crisis wiped out USD12 trillion of wealth, the U.S. and European economies are stuttering (source: Reuters).
- Britain's banks may soon demand a further bailout from the public purse despite \$1.2 trillion already being put at risk to prop up the system, a leading economic think tank warns (The Star 5 Oct 2010) .
- UBS AG and Credit Suisse Group AG need to hold almost double the capital required under Basel III rules, said Swiss government's appointed panel (source: The Star 5 Oct 10).
- And so on.....

Asian Markets Are Growing

- 2009, the wealth of individuals with investable assets of over USD 1 mil increased by 30.9% in Asia Pacific to USD9.7 trillion (source: The Capgemini – Merrill Lynch Asia – Pacific wealth report)
- China now is the 2nd largest economy and ranks no. 3 in the world with around 450,000 millionaires at the end of 2009. (source: The Boston Consulting Group)
- Asian countries registered the strongest HNWI population growth in the world Hong Kong 104.4%, India 50.9% followed by Taiwan 42.3% (Source: Private banker International)
- Equity market capitalisation in Asia Pacific surged 73.6% to USD16 trillion during 2009 (from a 53.5% decline in 2008)

4 OUT OF 10 FASTEST GROWING COUNTRIES IN THE WORLD ARE IN ASIA

Rank	Country	% GDP Growth	Year
1	Macau, China	13.2	2009
2	Qatar	9.5	2009
3	Azerbaijan	9.3	2009
4	China	8.7	2009
5	Ethiopia	8	2009
6	India	7.4	2009
7	East Timor	7.2	2009
8	Lebanon	7	2009
9	West Bank	7	2009
10	Uzbekistan	6.7	2009

Asia growth is powered by China and India. Out of the 10 fastest growing countries in the world, almost half of them are located in Asia.

30% OF THE POPULATION IN ASIA ARE MUSLIMS

Continent	Population in 2008 (mil)	Muslim Population in 2008 (mil)	Muslim %
Africa	967	509.31	52.67
Asia	4052.6	1215.51	30
Europe	735.2	51.46	7
North America	331.7	7.27	2.19
South America	576.85	2.41	0.42
Oceania	33.54	0.60	1.79
TOTAL	6696.89	1790.56	26.73

**Muslim Population is increasing at 1.84% p.a.
In 2010, world Muslim population is 3 billion**



**INVESTORS TURNED TO ASIAN COUNTRIES
WITH RISING INTEREST IN ISLAMIC FINANCE**



**HUGE POTENTIAL FOR WEALTH MANAGEMENT BUSINESSES
AND A COST EFFICIENT INTERNATIONAL ENTRY POINT TO ASIA
AND ISLAMIC MARKET IS IMPORTANT.**

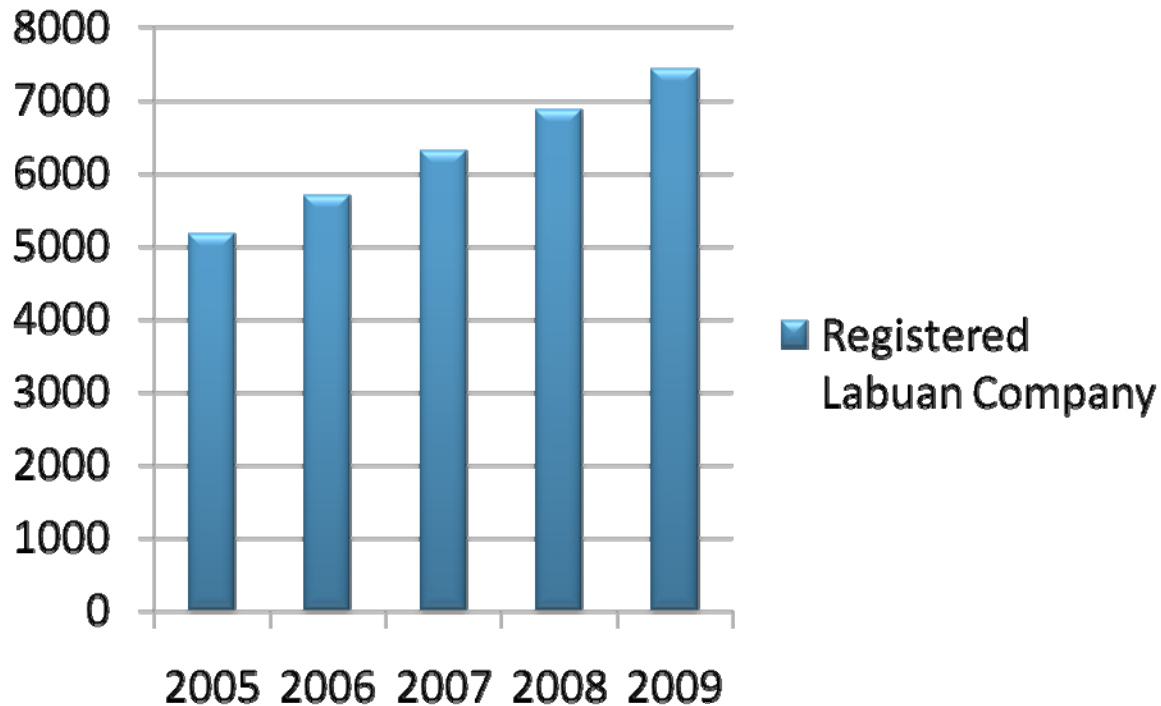
Labuan IBFC is Strategically Located To Access Asia



Labuan is an island located in East Malaysia 8KM off the coast of Sabah

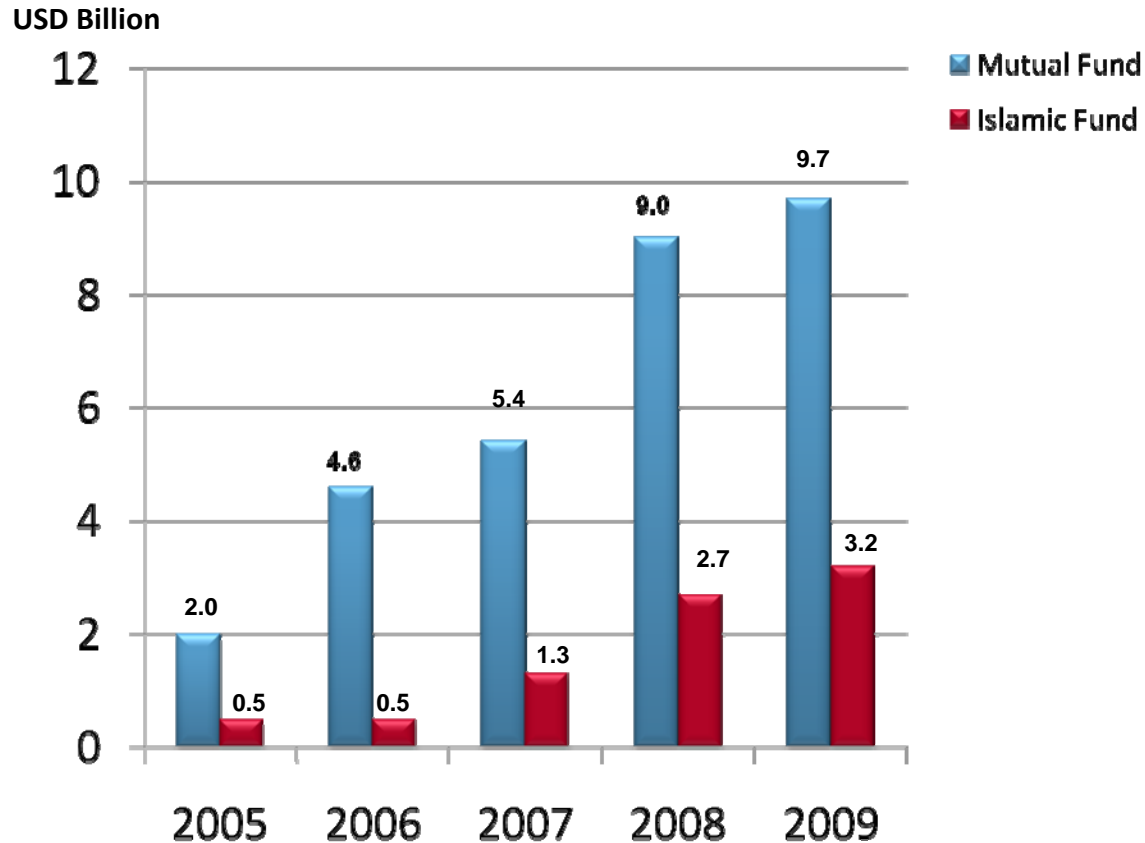
Growth of Labuan Companies

Growth of Labuan Companies



- 7,423 registered companies in 2009
- Originating from more than 90 countries
- 73.1% from Asia-Pacific and Far East region
- Reflects strategic focus of Labuan IBFC

Growth of Labuan's Mutual Funds



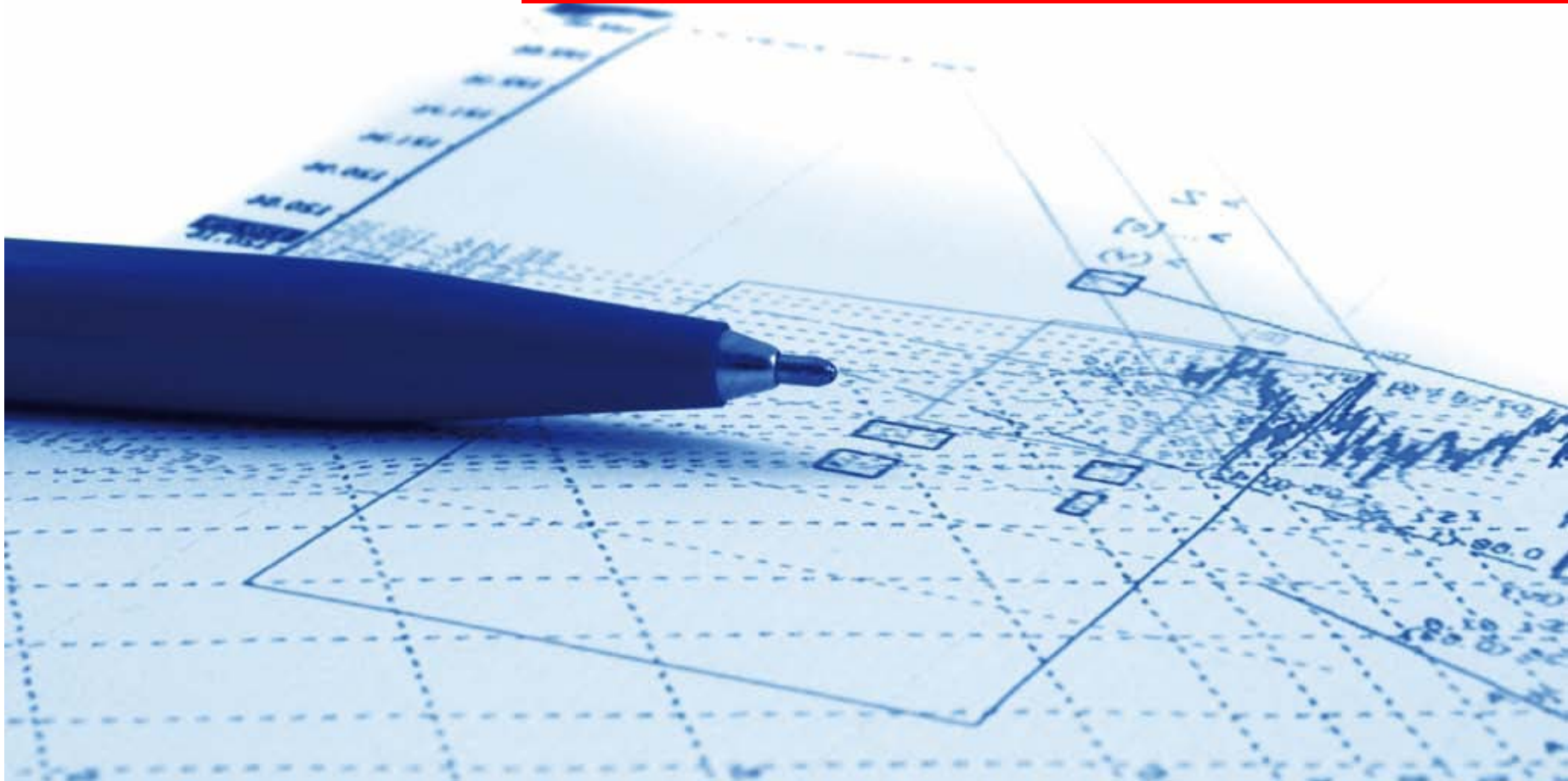
Funds

- Fund size increased by 7.8% to USD9.7 billion (2008:USD9.0 billion)

Islamic Mutual Funds

- Total Islamic fund size increased by **18%** to USD3.2 billion in 2009 as compared to USD2.7 billion in 2008.

Maintaining The Momentum - New And Enhanced Laws with Modern Wealth Management Instruments



Snapshot of Labuan IBFC's Modern Laws

New Acts

**Labuan Financial Services And Securities Act
2010**

**Labuan Islamic Financial Services And
Securities Act 2010**

Labuan Foundations Act 2010

**Labuan Limited Partnerships And Limited
Liability Partnerships Act 2010**

Amended Acts

**Labuan Business Activity Tax (Amendment)
Act 1990**

**Labuan Financial Services Authority
(Amendment) Act 1996**

Labuan Trusts (Amendment) Act 1990

Labuan Companies (Amendment) Act 1990

Labuan Islamic Financial Services And Securities Act 2010

THE FIRST COMPREHENSIVE ISLAMIC FINANCIAL SERVICES AND SECURITIES ACT IN THE WORLD SPECIFICALLY CRAFTED TO CATER FOR ISLAMIC BUSINESSES AND FAMILIES

Establishment of **Shariah Supervisory Council (SSC)** :

- Comprising renowned international Islamic finance scholars, many of whom are also members of Malaysia's central bank and securities commission shariah councils.
- Issue advice, ascertain the Islamic law and make ruling which will be binding on the Authority and taken into consideration in court.

LABUAN FSA is a member of:

- International Islamic Financial Market (IIFM)
- Islamic Financial Services Board (IFSB)
- Recognize Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)
- Labuan IBFC also hosts Global Takaful Group (GTG) and Labuan FSA is facilitating the GTG initiative to set up a Lloyds Retakaful Syndicate.

Modern Wealth Management Instruments in Labuan

Islamic and Conventional Trusts

Islamic and Conventional Foundations

**Islamic and Conventional Mutual
Funds**

Islamic entities in Labuan are required to expressly state that their aims and operations are in compliance with shariah principles and also to appoint a shariah adviser.

Labuan Islamic and Modern Trusts

Islamic/ Modern Charitable Trusts

Wide list of charitable purposes including the advancement of human rights.

Islamic/ Modern Purpose Trusts

This kind of trust exists for advancing of a specific purpose.

Islamic/ Modern Special Trusts

Company shares are held in trust and may be retained indefinitely. The trust power is restricted so that the management of the company can be carried out by its directors without power of intervention by the trustee. Ideal for for dynastic succession.

Islamic / Modern Private Trust Company

It is a company within which trusts can be managed by beneficiaries and settlor who are related to each other for more control.

LABUAN ISLAMIC FOUNDATIONS

LABUAN ISLAMIC FOUNDATIONS

Carefully drafted with comprehensive research, market feedbacks and inputs from international legal consultants, one of whom is a member of Labuan's International Advisory Panel (IAP)

A Foundation is a recognized separate legal entity, hence liabilities are limited.

More control retained by the founder

Protected from foreign claims and cannot be forcefully liquidated.

A Foundation can be in perpetuity

LABUAN ISLAMIC AND MODERN MUTUAL FUNDS

Private Fund

Public Fund

A fund can be structured as Labuan company, a corporation incorporated under the laws of a recognised country or jurisdiction, a partnership, a protected cell company (PCC) or a unit trust.

Support multiclass structure

No capital / exchange control

Comprehensive and modern Islamic Act

Low set-up cost

PRIVATE FUND – HASSLE FREE AND FLEXIBLE

Private Islamic/ Conventional Mutual Fund

No more than 50 investors with a min.
initial investment of not less than RM250K
or its equivalent

Or

No max. number of investor but with a
min. initial investment of not less than
RM500K or its equivalent

Only required notification to the Authority and
submit information memorandum

Not required to be a licensed Labuan fund
manager

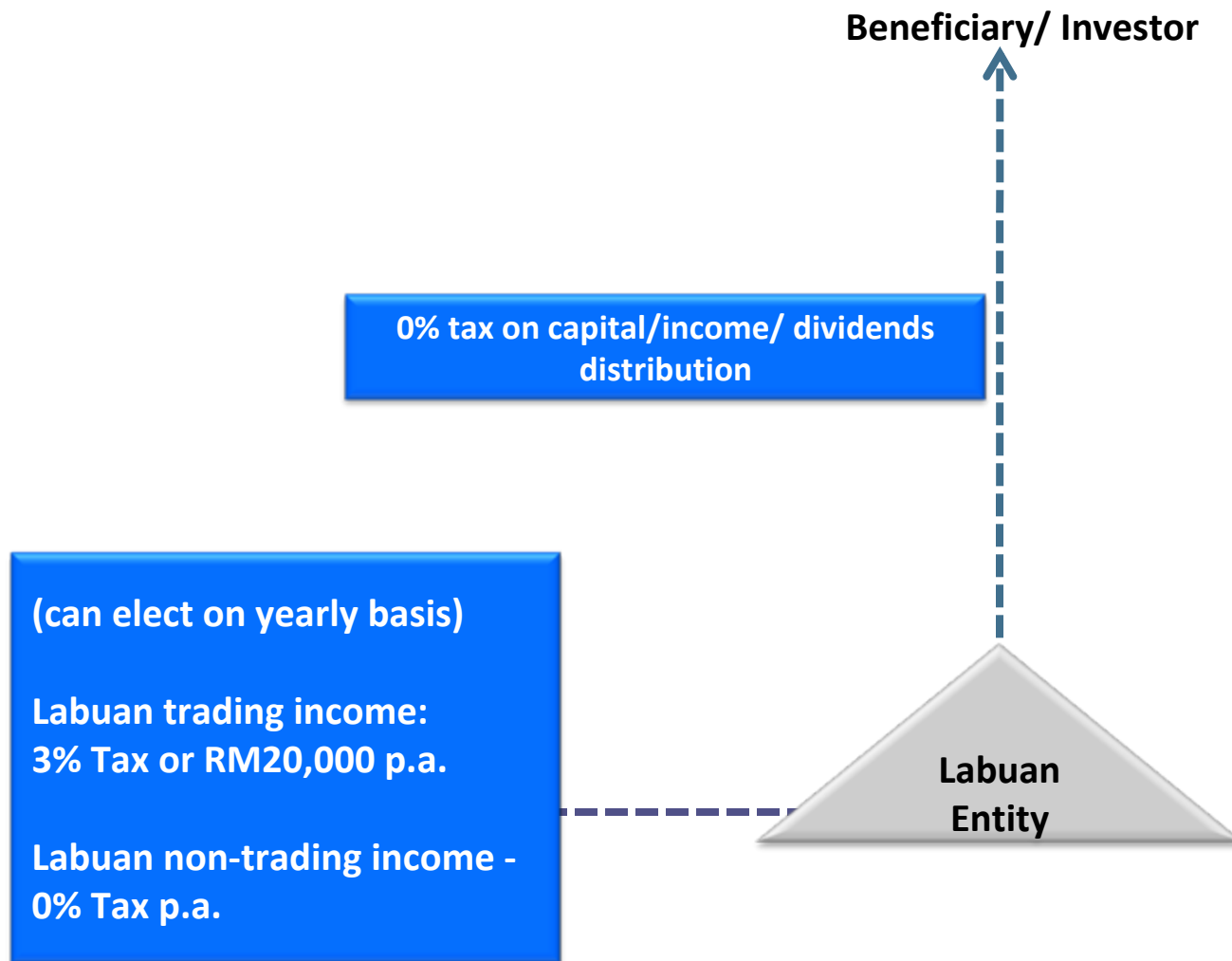
Not required to provide monthly/ quarterly/
half yearly statement to investors.

Not required to submit annual audited
financial statement to the Authority



Simple and Straight Forward

LABUAN'S SIMPLE TAX STRUCTURE



OTHER KEY BENEFITS

Access To Asia Pacific's Largest Double Taxation Agreement network (64)

No exchange controls, stamp duty or indirect tax

Several individual tax exemptions up to year of assessment 2020

Advance Tax Ruling. Provides certainty and clarity.

An application can be made to the income tax authority to obtain a written statement setting out the tax structure applicable to a transaction or business .

LABUAN IBFC TODAY AND THE FUTURE

Co-location - Today:

Labuan holding companies and banks are permitted to set up full operational offices in Kuala Lumpur

Labuan Future Concept:

More and more Labuan licensed entities will be allowed to set up full operational offices in Kuala Lumpur

THANK YOU

**LABUAN INTERNATIONAL BUSINESS & FINANCIAL CENTRE
INCORPORATED SDN BHD (817593 D)**

MARKETING OFFICE: SUITE 3, LEVEL 11, BLOCK 2B, PLAZA SENTRAL
JALAN STESEN SENTRAL, KL SENTRAL, 50470 KUALA LUMPUR, MALAYSIA
TEL +603 2773 8977 FAX +603 2780 2077

www.LabuanIBFC.my

LABUAN IBFC IS THE OFFICIAL
AGENCY SANCTIONED BY
THE MALAYSIAN GOVERNMENT
TO MARKET LABUAN AS THE
PREMIER INTERNATIONAL
BUSINESS AND FINANCIAL
CENTRE IN ASIA PACIFIC

Disclaimer

This presentation should not be regarded as offering a complete explanation of the tax matters referred to and is subject to changes in law. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Labuan IBFC cannot accept any responsibility for loss occasional to any person acting or refraining from action as a result of any material in this presentation.