

Jersey Continues to Raise its Profile in China

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As we reported in our Autumn 2009 newsletter, the Hong Kong Stock Exchange has approved Jersey as one of its acceptable overseas jurisdictions. Since this development, Jersey's involvement with China has gathered pace and earlier this year, the US\$21 billion listing of United Company Rusal PLC, (which is, to date, the largest listing of a Jersey company by capitalisation) took place.

According to Jersey Finance, there are approximately 100 Jersey companies listed on stock exchanges around the world (including London and New York), and the advantages of using Jersey holding companies are well known to investors in the European markets.

These advantages include: favourable tax treatment in the Island; locally resident share registrars; the ability to trade shares directly through CREST; and Jersey's flexible company law, to name a few. The Rusal listing marks important progress in Jersey's success in

conveying these advantages to the Chinese market.

There are many other factors which make Jersey particularly attractive to overseas investors from China or elsewhere, some of the key factors are described below.

A Gateway to the World

Jersey's convenient location and excellent transport links are features which are immediately obvious for anyone looking at a desirable location to set up a cross-border offshore structure.

Jersey is situated less than an hour away from London and lies half way between the US and China. Its central time zone means that its working day overlaps with business hours in London, New York the Middle East and all of the BRIC countries. As Chinese investors adopt an increasingly international outlook, and business is generally becoming more and more globalised, this can only be to Jersey's advantage.

Attractive to Investors

Faced with tumult in the markets and in government finances, investors will increasingly pay close attention to the financial and political stability of the jurisdictions in which they invest.

Jersey is one of the oldest and most respected international finance centres and has been a major offshore financial centre since the 1960's. Investors can take comfort from the levels of political and financial stability within the Island, and the highly respected legal system and judiciary which Jersey has to offer.

High Standards of Regulation

The financial meltdown which has ravaged much of the world's economy over the past few years, has also led to increased scrutiny of offshore tax structures by politicians, regulators, tax authorities and others.

Jersey's high standards of regulation make it a world leader amongst offshore and onshore jurisdictions by any objective standards. Not only is Jersey ranked in the top tier of the International Monetary Fund's financial centres, it is also listed on the OECD White list and is highly rated by the Financial Action Task Force on Money Laundering and other leading indices.

Jersey's pre-eminent reputation for high regulatory standards, good governance and financial stability are looking more and more attractive to those seeking to raise finance in the new regulatory world order of intervention and increased scrutiny.

Substance

One of Jersey's key attractions to investors is the level of expertise it can offer across the financial services industry. Around one quarter of the population, numbering some 13,000 financial services professionals in total, live on the island. The presence of all the 'big four' and other leading accountancy firms, major international banks, large international offshore law firms and other financial services providers also give real presence to the offshore structures that are set up in Jersey.

The need to demonstrate to regulators and tax authorities that offshore structures have mind and management present in the offshore jurisdiction in which they are set up seems only likely to grow in coming years. This suggests that the real presence of a large and diversified finance industry on the Island may come to be seen as not only convenient but also necessary.

Appleby's Chinese Experience

Appleby is well-positioned to meet the needs of our expanding Chinese client base as we are able draw on the expertise we have in the region. Our Hong Kong office, which has been established for over 20 years, is regularly involved in high profile transactions involving the Hong Kong Stock Exchange. Recently it acted as BVI counsel for Chevalier Pacific which, last month, sold its 80% stake in the listed Hong Kong Company, Pacific Coffee, for HKD326.64 million. Prior to that, it acted as Cayman Counsel for Costin New Materials Group in relation to its HKD 441.5 million listing which took place in June.

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