

MEDIA RELEASE

Gamma (γ) Prefluencing Strategies[®]

Hubble Project Group
Vancouver, Canada



David Huer
Market Strategist



Image: 中文: 北京天安门。拍于2009年国庆60周年。The Tiananmen in Beijing. Photoed on 60th National day 2009. **Author:** Zhang yu, Public Domain via Creative Commons, https://en.wikipedia.org/wiki/Tiananmen#/media/File:Tiananmen_beiing_Panorama.jpg

CAN V.I.E. INVESTORS BECOME CITIZENS TO INVEST IN CHINESE COMPANIES?

The Answer looks to be Yes, Maybe – in Taiwan.

29 September 2016

Hubble Project Group - Vancouver, Canada

David Huer (Shàobīng Dàwèi 哨兵 大衛) proposes a strategy to advantageously profit from investors misperceiving the danger of China's State Council decision to close the V.I.E. loophole.

A lawful strategy to be a Chinese citizen—without being a Chinese citizen? In Spring 2015, China clarified the Corporation Law to close the V.I.E. contracts loophole¹—explicitly forbidding any foreign investing in and control of most domestic companies. Many foreigners were stuck with positions that could become worthless if not dumped at a loss; and the situation worsened during the Summer 2015 market collapse and subsequent 6-month no-trading stabilization order.

It appears that there is a way to profit from the ambiguous relationship between Taiwan and China with a strategy that mutually benefits Mainland China, Taiwan, and Foreign Investors. In many countries, corporations are defined as legal “persons”. The method is to create a Taiwan-based *Compliance Brokering Entity*—registering foreigner investors as Taiwanese corporations *which under Chinese law appears to define them as Chinese “citizens”*. The mechanism could be emulated elsewhere, too.

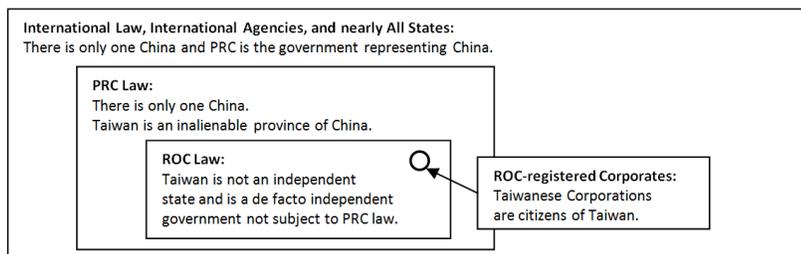


Fig.1. Taiwan's legal status enables use of a novel method to comply with GPRC's Corporation Law

"Given the history of foreign invasion, China is rightly protective of national sovereignty. But the threat of huge losses create an enormous challenge for international investors," said David Huer. "Using Taiwan's ambiguous status to create compliance brokering services may resolve the conflict, while preserving sovereignty and investment attractiveness. It is still hugely risky, as

an investor contemplating the strategy must have that rarest of assemblies: powerful relationships, continuing regulatory approval, *bai shou tao* connections, and *guanxi* obligations," he added.

About Hubble Project Group:

Based in Vancouver, Canada, David Huer addresses complex 'black swan' challenges faced by investors, agencies and enterprising societies.

Contact:

David Huer, Strategist/Founder
Hubble Project Group

<http://hubbleproject.com>
dhuer [at]hubbleproject.com

Further Reading:

[Summary – Link: China Revestment Services](#)

¹ <http://www.chinalawblog.com/2015/01/china-vies-are-dead-done-over-stick-a-fork-in-them.html>

