

Development of Offshore Finance in Singapore and The Reference to The Construction of Hainan Free Trade Port

Ruizi Wang

Xi 'an International Studies University, Xi 'an, Shaanxi, 710128, China

Abstract. Singapore, renowned as an offshore financial center, boasts a well-developed financial system and extensive developmental expertise, offering substantial insights for the establishment of the Hainan Free Trade Port. This article presents the three stages of the development of offshore finance in Singapore, and explores the development process of Singapore's offshore finance, mainly focusing on its fund hedging practices and financial regulation experiences. The aim is to present valuable guidance and perspectives for shaping the financial framework of the Hainan Free Trade Port. Through detailed examination and leveraging lessons from Singapore's offshore finance, significant reference points have been identified for the development of the Hainan Free Trade Port. These include promotion of financial system, advocacy for preferential tax rates, enhancement of the Renminbi (RMB) Ecosystem and advancement legal foundation and innovation. These initiatives are poised to enhance the economic vitality and global competitiveness of the Hainan Free Trade Port, facilitating the seamless progress towards establishing a world-class Free Trade Port in Hainan.

Keywords: Offshore Finance; Singapore; Hainan Free Trade Port; Financial Regulation.

1. Introduction

Singapore, as a significant economic center in the Asia-Pacific region, has progressively evolved into one of the world's top five financial hubs. Its business focus has expanded from offshore to global operations, with its offshore financial sector's high level of prosperity significantly boosting Singapore's international economic and trade activities. Singapore's experience in developing and enhancing its financial services industry offers valuable insights into the advanced construction of Hainan's free trade harbor. The offshore financial system plays a crucial supporting role in the establishment of the free trade harbor. Since 2018, the development of the Hainan Free Trade Port has been bolstered by China's national policies. The financial market within the Free Trade Port has been actively engaging in offshore financial activities, continuously enhancing the business environment, establishing a sophisticated offshore financial system, effectively backing the growth of offshore merchandise trade, stimulating economic prosperity and international collaboration within the Free Trade Port, and driving economic globalization. These efforts aim to meet the high level of openness required by the Free Trade Port and lay a robust foundation for achieving the long-term development objectives of a free trade port.

2. Singapore as a Leading Global Offshore Financial Center

2.1. Distinctive Geographical Location

Situated on a landmass of 733.2 square kilometers, Singapore occupies a pivotal geographical position at the heart of the Asia-Pacific region, functioning as a vital nexus for commercial activities and investments bridging the Eastern and Western hemispheres. Positioned at the convergence of the Pacific and Indian Oceans, Singapore commands the strategic Malacca Strait, boasting a coastline extending over 21,000 meters and natural harbor conditions that have propelled it into a significant global trading center, fostering the growth of offshore financial operations.

Operating within the GMT+8 time zone, Singapore maintains an 8-hour lead over London and a 12-hour lead over New York. This temporal advantage enables Singapore to conduct financial transactions after London concludes its trading day and before New York commences its own,



effectively filling the temporal gap in financial trading hours and consolidating its status as a key offshore financial hub in Asia.

Positioned strategically between London and Tokyo, Singapore addresses the demand from the United States for the expansion of the Asian dollar market. The Singaporean authorities have embraced a proactive approach towards the development of the Asian dollar market, resulting in its rapid growth.

2.2. The Development of Offshore Finance in Singapore

2.2.1. Start-up Period: 1965-1975

The period from 1965 to 1975 marked the beginning of significant developments in Singapore following its independence from Malaysia in 1965. On August 9, 1965, Singapore eliminated all import tariffs to transition towards an externally-oriented economy. During this time, the Singaporean government strategically promoted the gradual emergence and development of the Asian dollar market (ADM) and actively worked towards creating a distinct offshore financial center. On October 1, 1968, the Singaporean government authorized the operation of the Bank of America, Singapore branch as the Asian Currency Unit (ACU), allowing the acceptance of foreign currency deposits from non-residents. Additionally, in 1965, Singapore introduced foreign exchange trading and money lending services, modeling its operations after the European money market, thus establishing Singapore's offshore financial market.

Funds in the Asian dollar market mainly originated from multinational corporations, central banks, and government agencies in the Asia-Pacific region, as well as interbank deposits. The currencies traded in the Asian Dollar Market included not only the US Dollar but also the Deutsche Mark, Pound Sterling, and Swiss Franc. To establish the Asian dollar market and attract banks to participate in the ACU operation, the Singaporean government implemented a series of financial incentives. In 1968, the government abolished exchange controls on the Asian dollar market. From 1972, the Monetary Authority of Singapore aimed to align with the European dollar market and facilitate the entry of more international operators, especially European banks, by eliminating the requirement for a 20% liquidity reserve on deposits. In 1973, Singapore permitted domestic residents to open ACU accounts, with set deposit ceilings for legal entities and individuals, leading to limited market penetration in both domestic and foreign markets. By 1975, the number of financial institutions engaged in ACU in Singapore had increased to 66, with total deposits reaching \$12.597 billion, representing an average annual increase of 85.5%, equivalent to 2.5 times Singapore's gross national product in 1975. During the same period from 1972 to 1975, there was a rise in Asian dollar bonds and the first involvement in international syndicated loans, providing new channels for the dispersion of offshore capital flows. Singapore's Asian dollar market gradually evolved to encompass various hard currencies alongside the US Dollar, offering a range of international financial services.

2.2.2. Development Period: 1976-1997

During the developmental period spanning from 1976 to 1997, Singapore's offshore financial market consistently attracted international capital inflows, solidifying its position as a prominent offshore financial hub in Asia. In June 1976, Singapore implemented measures to relax its foreign exchange controls, enabling unrestricted currency exchange with ASEAN countries and allowing ASEAN nations to issue securities within its jurisdiction. By June 1, 1978, the foreign exchange market underwent full liberalization, eliminating exchange controls to incentivize foreign banks to establish Asian Currency Units (ACUs) in Singapore for offshore financial operations. Subsequently, Singapore ascended to become the world's fourth-largest foreign exchange trading center, trailing behind London, New York, and Tokyo. Commencing in 1981, offshore banks gained the ability to conduct arbitrage activities involving the Singapore dollar and the US dollar through currency swaps, signifying a shift away from the isolationist stance towards the Asian dollar market. Singaporean residents were granted permission to participate in deposit and loan transactions within the Asian Dollar Market (ADM), facilitating conditional linkages between offshore and onshore accounts. In

June 1990, the foreign ownership restriction on local Singaporean banks was elevated from 20% to 40%, while in August 1992, constraints on offshore banks' lending in Singaporean dollars were relaxed, raising the cap from the original 50 million Singapore dollars to 70 million Singapore dollars. These policy adjustments fueled the expansion of Singapore's offshore financial operations. By the conclusion of the 1990s, Singapore had established itself as a pivotal center for Asian dollar trading, with foreign banks' assets constituting 80% of the total banking assets and boasting over 100 Asian currency units. The issuance of Asian dollar bonds exhibited notable progress compared to preceding periods, with a cumulative total of 361 issuances amounting to \$2.054 billion. Foreign exchange trading activity surged, recording a turnover of 139 billion Singapore dollars in 1998, positioning Singapore as the world's fourth-largest foreign exchange market after London, New York, and Tokyo. Moreover, the Singaporean government introduced offshore insurance services, generating revenues of 1.1 billion Singapore dollars in 1992 (equivalent to 682 million US dollars), representing 10% of the overall value of Singapore's insurance sector.

2.2.3. Transition Period: 1998 to the Present

During the period spanning 1998 to the present, amid the Asian financial crisis of 1997-1998, several financial hubs in East Asia experienced contraction, with significant international capital outflows from Southeast Asia. Despite this crisis, the Singaporean economy and financial sector remained resilient. This was attributed to Singapore's rigorous segregation of offshore and domestic financial markets, and the post-crisis liberalization policies that solidified its status as a global financial center. The Monetary Authority of Singapore devised comprehensive policy strategies, culminating in the announcement of a sweeping banking reform plan on May 17, 1999. This plan entailed the elimination of the 40% cap on foreign ownership of local banks, the abandonment of the dual-track system for bank stocks, and an increase in the limit for Singapore dollar loans to qualified offshore banks from 300 million to 1 billion Singapore dollars. These measures significantly bolstered derivative transaction liquidity and fostered the growth of the bond market. Additionally, the minimum transaction amount for Singaporean investors processed by foreign institutions was reduced from 5 million to 500,000 Singapore dollars starting January 2000. Singapore further elevated the limit on Singapore dollar loans for qualified offshore banks to 1 billion Singapore dollars and eradicated the lower limit on transaction amounts provided by foreign institutions to residents. Subsequent relaxations in trading commission control empowered securities firms to independently set commission levels. Foreign securities were incentivized to enter Singapore, actively attracting foreign companies to issue stocks, bonds, and other securities in Singapore and list them on the Singapore Stock Exchange. Simultaneously, the development and promotion of new financial derivative products aimed to enhance the influence of the Singapore capital market on the Southeast Asian and international financial markets. These reform initiatives transformed Singapore's financial system from one emphasizing regulation and risk prevention to a financial center predicated on information disclosure and fostering financial innovation. Singapore's offshore financial market also evolved from a segmented to an integrated market.

2.3. The Practice of Offshore Finance Development in Singapore

2.3.1. The Status of Singapore as an International Financial Center has Ascended

Singapore has demonstrated sustained growth in its stature as a prominent international financial hub over multiple years. Findings from the China Development Institute (CDI) in Shenzhen and the Z/Yen Group in London reveal Singapore's persistent presence among the premier global financial centers. In the 34th and 35th iterations of the Global Financial Centers Index, Singapore notably clinched the third spot, solidifying its position as the foremost financial hub in Asia.

Table 1. GFCI 10 Ranks And Ratings

Centre	GFCI 35		GFCI 34		Change In	
	Rank	Rating	Rank	Rating	Rank	Rating
New York	1	764	1	763	0	▲1
London	2	747	2	744	0	▲3
Singapore	3	742	3	742	0	0
Hong Kong	4	741	4	741	0	0
San Francisco	5	740	5	735	0	▲5
Shanghai	6	739	7	733	▲1	▲6
Geneva	7	738	10	730	▲3	▲8
Los Angeles	8	737	6	734	▼2	▲3
Chicago	9	736	9	731	0	▲5
Seoul	10	735	11	729	▲1	▲6

2.3.2. The Establishment of a Global Wealth Management Center for Mitigating Capital Risks

Initially, Singapore's offshore financial market operated under a segregated model, effectively isolating offshore funds to prevent their influence on the domestic financial market and aiding in capital risk mitigation. Following the Asian financial crisis, Singapore identified the global need for a new safe haven and strategically leveraged wealth management to position itself as a prominent global wealth sanctuary. In 2001, the Singaporean government introduced an extensive economic restructuring plan, positioning the country as a hub for wealth management, global business processing, and risk management. Subsequently, in 2019, Singapore established the Family Office Development Authority to oversee comprehensive management, extended tax exemptions related to qualified funds, and expanded the scope of tax exemptions. The introduction of the "Global Investor Program" in 2020 provided tax incentives and permanent residency to eligible entrepreneurs. Despite recent considerations of tax hikes for the affluent, estate and wealth taxes have not been incorporated into the tax structure, indicating that the inflow of private wealth into Singapore will continue at a relatively low cost. Through a series of measures, the Monetary Authority of Singapore released the "Singapore Asset Management Survey 2022" report on November 2, 2023, revealing that Singapore's assets under management (AUM) totaled approximately \$3.65 trillion, 76% of total AUM is funded from outside Singapore, and the inflow of funds has driven up Singapore's real estate prices. According to Motor intelligence, the size of Singapore's real estate market is expected to reach \$46.58 billion by 2024 and \$64.04 billion by 2029, with a compound annual growth rate of 6.57% during the forecast period (2024-2029). The Singapore dollar is currently considered a "safe haven" currency, particularly within the Southeast Asian region. As of May 2024, the Singapore dollar has only depreciated by nearly 2% against the US dollar, while other currencies in the Asian region have experienced more significant depreciations against the dollar. The Singaporean government has actively promoted the growth of the family office industry by expanding tax incentives, reforming immigration policies, and attracting a significant number of ultra-high-net-worth individuals. As of December 31, 2023, Singapore housed approximately 1,400 single-family offices, all of which had received tax incentives. The family office sector, emerging as a key driver of wealth management growth, is progressively becoming a focal point in the competition for the next global wealth management center.

2.3.3. The Establishment of a Robust Financial Regulatory Framework for Promoting Market Stability

In January 1971, the Monetary Authority of Singapore (MAS) was formally instituted as the primary authority overseeing all financial and banking affairs in Singapore. Operating with a focus on both financial liberalization and discipline, MAS upholds high operational efficiency and stringent enforcement mechanisms. These efforts effectively uphold Singapore's reputation for a transparent and efficient financial environment, contributing to the sustainable growth of the country's financial institutions. The Monetary Authority of Singapore Act outlines the objectives of financial regulation, aiming to support monetary stability, credit availability in alignment with government economic policies, and overall economic advancement. Consequently, this approach has attracted increased

foreign investments in Singapore, underscoring the significance of efficient regulatory practices in propelling Singapore's emergence as a prominent international financial hub.

Singapore maintains stringent and rigorous regulations within its financial sector. MAS imposes strict entry criteria for financial institutions, excluding those with questionable reputations. Clear delineation of business activities for banks is enforced, preventing operations outside defined parameters. MAS has instituted systematic regulatory protocols, combining on-site inspections with off-site assessments, with a predominant emphasis on off-site supervision. In accordance with global standards and tailored to Singapore's financial landscape, MAS has developed a practical framework for assessing business risks, primarily utilizing VAR models and stress testing to mitigate banking risks. Regarding personnel management within local financial entities, the Singapore government adopts a model of mutual checks and balances. MAS approval is mandatory for management appointments, with a requirement for local banks to establish a "five-person appointment committee" to ensure the selection of competent individuals who contribute significantly to the institution and safeguard shareholder interests. MAS has implemented various measures to stabilize the market environment, including stringent actions against interest rate and exchange rate manipulations. In a 2013 investigation, 133 traders were found attempting to manipulate interest rates and currency benchmarks, leading to penalties against financial institutions like Barclays Bank, Cr dit Agricole, Credit Suisse Group, JPMorgan, Macquarie, Mitsubishi UFJ Financial Group, and HSBC by the Monetary Authority of Singapore.

3. Reference to the Development of the Hainan Free Trade Port

3.1. Engaging in Offshore Financial Activities and Promoting the Financial System Progression

In 2018, the new idea of supporting Hainan to steadily promote the construction of a free trade port with Chinese characteristics has brought new opportunities for the development of the offshore financial market in Hainan Province. Hainan, as one of the frontiers of China's reform and opening up, has a broad space for the development of its offshore financial business compared to the mainland. The construction of offshore financial market in Hainan Free Trade Port benefits from the construction of "One Belt and One Road" at sea, the construction of Guangdong, Hong Kong and Macao Greater Bay Area and its policy dividends, and the foundation for the construction of offshore financial market in Hainan is getting more and more perfect in such a big background. Good development has been realized in cross-border capital transactions, cross-border RMB business and helping the real economy.

The China Offshore Finance Index Report 2023, released in April 2024, specifically suggests making full use of the Free Trade Zone as a testing ground for offshore finance and expanding the scale and depth of offshore financial business. At present, due to the relative lag in the financial development process of Hainan Province, it is not possible to directly learn from Singapore's offshore financial market model, and it will not be conducive to the long-term stable development if we learn from Singapore's offshore financial market from the internal and external separated market to the transition to a one-body market. Therefore, the development of Hainan Pilot Free Trade Zone should take the penetration of the offshore financial market model. In other words, the offshore business and the onshore business are separated into two major accounts, and the deposit business of residents is separated from the deposit business of non-residents, but the funds on the offshore account are allowed to be lent to residents.

In order to develop offshore finance, the threshold of registered capital required for enterprises to open special offshore accounts should be continuously lowered, the scope of enterprises using such accounts should be expanded, and special offshore accounts should be gradually given the functions of financing and wealth management, so as to enhance the efficiency of the operation of enterprises' capitals and reduce the operating costs. Regarding the supervision of onshore and offshore accounts,

a certification system should be established to realize the identification of offshore trade companies, types of offshore trade, offshore trade revenues and offshore trade amounts. Meanwhile, the construction of offshore financial infrastructure was strengthened, including fintech platforms and offshore financial service organizations, to improve the level of offshore financial services, and the functions of FT accounts were enriched continuously, with a significant growth in the scale of business.2022 From January to November, the funds received and paid out in FT accounts amounted to 215.174 billion yuan, a year-on-year increase of 62.5 percent. Secondly, banks officially launched a pilot settlement account program for local and foreign currencies. On December 15, ICBC Hainan Branch and CCB Hainan Branch were approved to carry out the pilot business in 97 outlets in three pilot areas, namely Haikou, Sanya and Danzhou. The pilot program aims to enhance the convenience of account opening, provide multi-currency settlement services, and effectively reduce the operating costs of foreign-related market players and settlement banks.

3.2. Improving Tax Policies and Increasing Preferential Tax Rates

Improving tax policies and implementing preferential tax rates are crucial aspects in the development of a high-level free trade port. In the realm of tax policies, it is essential to align with international standards while ensuring that the tax burden does not surpass that of other offshore financial centers. Providing suitable incentives to the Hainan Free Trade Port is vital for attracting investors. The core principles guiding tax mechanisms in the Hainan Free Trade Port include "zero tariffs, low tax rates, simple tax system" and a focus on facilitating trade and investment liberalization. Enterprises operating in the port are encouraged through preferential income tax policies, with a reduced corporate income tax rate of 15% for industries registered and substantially operating within the port. While Singapore's standard VAT rate is 7%, various deductions result in a lower effective tax burden. Goods produced by encouraged industries in the port, with no imported parts or with imported parts undergoing a value-added process exceeding 30% in the Hainan Free Trade Port, are exempt from import tariffs upon entry into the mainland through the "second line", with import VAT and consumption tax applied accordingly. The Free Trade Port should introduce complementary tax incentives aligned with offshore financial business development. However, there are limitations within the current tax policies, such as restrictions on shareholding ratios, investment industries, and tax rates of the invested country/region. To enhance the tax policies of the Free Trade Port, it is imperative to identify the offshore financial businesses the port aims to expand and implement tax incentives accordingly. For example, to promote offshore RMB lending and deposit businesses, income tax reductions for interest income and reduced withholding tax on interest should be considered. Similarly, tax exemptions for bond interest income and related transactions could stimulate the development of offshore RMB bond businesses. Optimizing value-added tax for service exports and reducing intra-regional tariffs to near-zero can lower tariff costs for offshore trading enterprises and enhance trade cooperation within the region. Drawing insights from Singapore's tax incentives for offshore trading, introducing a scheme exempting export value-added tax between domestic enterprises could further boost trade cooperation and facilitate offshore trading within the local Free Trade Experimental Zone.

3.3. Enhancing the Renminbi (RMB) Ecosystem and Facilitating the internationalization of the Renminbi

Following the complete closure in 2025, Hainan Province is positioned to emerge as an unrestricted Renminbi exchange hub. The Hainan Free Trade Port presents an opportunity to serve as a new focal point for the internationalization of the Renminbi. The offshore Renminbi market in Hainan is distinguished by the integration of onshore and offshore markets, facilitating unrestricted Renminbi convertibility and fund mobility, thus attracting a significant influx of trading enterprises to Hainan, thereby rendering it a critical component for the establishment of a high-level free trade port. In the past decade, several offshore Renminbi centers have been established in cities such as Hong Kong, Singapore, and London. Nevertheless, Hainan currently encounters various challenges, including the relatively limited level of Renminbi internationalization, constrained overall scale of offshore

Renminbi business, and deficiencies in Renminbi-denominated product offerings. In the first three quarters of 2023, the scale of cross-border revenue and expenditure in Hainan Province was US\$63.69 billion, a year-on-year increase of 36.6%, of which the cross-border revenue and expenditure under current account was US\$37.53 billion, a year-on-year increase of 10.2%; The scale of cross-border receipts and expenditures under the capital account was US\$26.16 billion, a year-on-year increase of 108.1%, and the total amount of foreign exchange settlement and sales was US\$17.51 billion, a year-on-year increase of 17.8%. The cross-border fund flow within the Hainan Free Trade Port is experiencing heightened activity, yielding notable achievements in attracting foreign investments and enhancing the atmosphere for the unrestricted convertibility of the Renminbi. Key measures such as boosting Renminbi convertibility, supporting the liberalization and streamlining of cross-border trade and investments, enabling Hainan residents to expand their foreign exchange quotas, and surpassing the mainland China's annual limit of \$50,000 are crucial advancements. Given the pivotal role of offshore financial activities in propelling Renminbi internationalization, pertinent Chinese authorities should accelerate the Renminbi's evolution into a settlement currency for offshore finance. Gradual advancements in the convertibility of Renminbi for cross-border capital projects will generate more avenues for investment, financing, and settlement in offshore finance. Proactively introducing innovative Renminbi-denominated financial products to boost the liquidity of the offshore Renminbi market will entice greater participation from international investors.

The establishment of the Hainan Free Trade Port is not solely aimed at fostering regional economic and social advancement but, more significantly, at positioning it as a vanguard of China's external openness, forging a conduit for communication between China and the global arena. Instituting an offshore financial market within the strategic framework of the Hainan Free Trade Port will help tackle the issue of offshore Renminbi inflow, including from hubs like Hong Kong, and facilitate Renminbi flow between the free trade port's offshore financial market and the mainland financial market. This transformation will elevate the Hainan Free Trade Port into a primary destination for international investors to allocate Renminbi assets, thereby catalyzing the prosperity of the mainland financial market and establishing a Renminbi-centric pricing and trading hub, thus propelling Renminbi internationalization. By further stimulating the growth of China's offshore financial market and amplifying its global influence, fresh momentum can be injected into Renminbi internationalization.

3.4. Fostering a Solid Legal Foundation and Advancing Legal Innovation in Alignment with International Standards

The promulgation and implementation of the "Law of the People's Republic of China on the Hainan Free Trade Port" on June 10, 2021, have laid a solid legal groundwork for the high-quality advancement of the Hainan Free Trade Port and the attainment of a heightened level of openness. Through the promotion of legislation and judicial innovation in the financial opening of the free trade port, efforts are underway to establish a fair and equitable legal environment, benchmarking international norms and leveraging insights from advanced regions to expedite the establishment of a regulatory system complementary to the "Law of the People's Republic of China on the Hainan Free Trade Port."

Divergences in judicial practices between China and other nations necessitate adherence to mainland China's financial laws within the Hainan Free Trade Port due to the absence of provisions modifying the application of financial laws in the aforementioned law. Irrespective of the adopted legal system, the presence of legal regulations aligned with those of developed nations and the presence of experienced legal professionals are essential to safeguard investors. Financial legislation predominantly follows the common law system, with UK law or New York State law often chosen for many offshore and cross-border financial transactions. While Singapore operates under a common law system rooted in English and American law, the Hainan Free Trade Port adheres to Chinese mainland laws based on statutory enactments, leading to constraints in the financial opening process of the Hainan Free Trade Port due to interregional and international judicial disparities.

Drawing lessons from advanced international practices, particularly in the early stages of offshore financial development, the Hainan Free Trade Port should expedite the construction and enhancement of pertinent legal frameworks for offshore financial management to establish a fair, competitive, stable, and orderly market environment. By fully leveraging Hainan's special legislative authority and regulatory formulation capabilities for the free trade port, a distinct financial legal system tailored to the Hainan Free Trade Port should be gradually established. Establishing an internationalized and diversified financial dispute resolution mechanism for the Hainan Free Trade Port is imperative. Accelerating the enactment of relevant laws, advancing commercial arbitration rules in harmony with international standards, and developing a robust set of legal rules can effectively foster offshore financial development and provide enhanced security for participants in offshore finance.

Aligned with the operational objectives of full island closure by 2025 and closely monitoring the progress of the free trade port's closure, enhancing legislative depth, expediting the construction of the regulatory system for the Hainan Free Trade Port, and fully utilizing pertinent provisions of international economic and trade regulations are crucial. Emphasis on reform and innovation to translate legislative achievements into legal system enhancements, particularly in institutional innovation, is vital. Intensifying the promotion of the "Law of the Hainan Free Trade Port" and its supporting regulations, especially bolstering legislation related to overseas Chinese nationals and formulating supporting regulations conducive to attracting domestic and foreign investments, is essential. Well-crafted regulations for the Hainan Free Trade Port can offer enhanced support and protection for its development. In terms of intellectual property rights, efforts should focus on strengthening the legal framework of intellectual property rights in the Hainan Free Trade Port, enhancing legislation on intellectual property rights, revamping the management approach to intellectual property rights, establishing a comprehensive enforcement model for intellectual property rights, assembling an intellectual property enforcement team, promoting diverse resolution of intellectual property disputes, and cultivating a skilled talent pool for intellectual property rights.

Efficient utilization of the legislative authorization granted by the central government to the Hainan Free Trade Port, proposing the construction of a legal system focusing on optimizing the business environment, adopting classification standards for the legal system, conducting a thorough review of relevant regulations for the free trade port, enhancing the conversion of integrated innovative outcomes of the free trade port, referring to international experiences in free trade port construction, and exploring risk prevention and dispute resolution mechanisms specific to China's socialist free trade port are vital steps. This comprehensive approach provides a strong legal foundation and institutional support for the development of offshore finance in the Hainan Free Trade Port.

4. Conclusion

By the year 2025, Hainan is anticipated to reach full island closure, signifying a new phase in the establishment of a free trade port. Positioned as a pivotal strategic endeavor for China, the Hainan Free Trade Port stands to leverage valuable experiences and insights from Singapore's evolution as an offshore financial center. The accomplishments and insights garnered from Singapore as a prosperous offshore financial hub is clearly delineated. Specifically, Hainan can extract lessons from Singapore's adaptable experience for mitigating capital risks, stringent financial regulatory framework and flexible and effective government policies.

It is imperative to recognize the distinctions between the two places, as the development of the Hainan free trade port necessitates tailored design and implementation based on China's national circumstances and local attributes. In summation, Singapore's offshore finance model carries significant implications for the construction of the Hainan free trade port, underscoring the importance of fully contemplating and aligning with the local conditions in Hainan to realize more substantial achievements and advantages in practice.

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