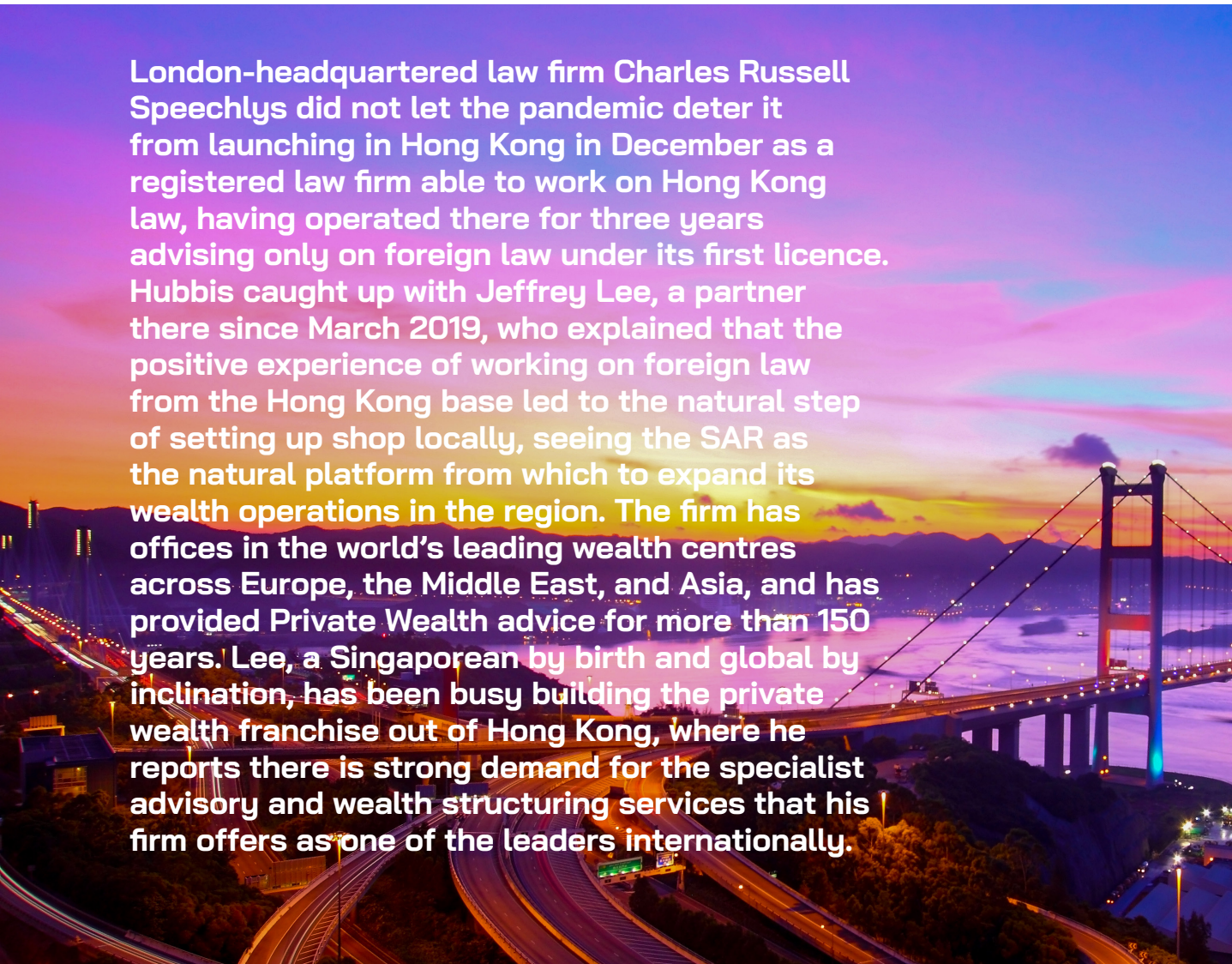


Leading Lawyer Jeffrey Lee on the Art and Science of Professional Wealth Structuring



London-headquartered law firm Charles Russell Speechlys did not let the pandemic deter it from launching in Hong Kong in December as a registered law firm able to work on Hong Kong law, having operated there for three years advising only on foreign law under its first licence. Hubbis caught up with Jeffrey Lee, a partner there since March 2019, who explained that the positive experience of working on foreign law from the Hong Kong base led to the natural step of setting up shop locally, seeing the SAR as the natural platform from which to expand its wealth operations in the region. The firm has offices in the world's leading wealth centres across Europe, the Middle East, and Asia, and has provided Private Wealth advice for more than 150 years. Lee, a Singaporean by birth and global by inclination, has been busy building the private wealth franchise out of Hong Kong, where he reports there is strong demand for the specialist advisory and wealth structuring services that his firm offers as one of the leaders internationally.

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Within just three years of opening in Hong Kong, the firm has firmly established its credentials here as one of the region's leading specialists in private wealth and dispute resolution, Lee reports. "It has been an exciting time since I moved to Hong Kong from the Charles Russell Speechlys' London office about a couple of years ago, becoming a partner here and now leading our private wealth practice in the region."

Lee was born in Singapore but lived in the UK for much of his student and working life, and for the last roughly 15 plus years had been a regular visitor every six weeks or so to Hong Kong. "I built a clientele and expertise out here from my former base in London and relished what I saw as an immense opportunity in the region in our field of expertise," he comments. "We are dedicated to private wealth, particularly the HNW and UHNW segments, and we already have a team of ten lawyers here, and are soon to be joined by a new team of private client lawyers."

Stability in uncertain times

Lee reports that having arrived in March 2019, he has witnessed some of the turmoil that Hong Kong has been going through in recent years. He says this has in part been causing some private clients in the region to rethink their financial and personal exposures to Hong Kong, and therefore to diversify jurisdictions and even also their lifestyles and residence.

Lee reports that his own expertise is around tax and that many of the families are considering alternative residences in the US,

the UK, Australia, or Singapore as the most popular jurisdictions.

Connecting the dots...

"The UK certainly remains one of the most popular destinations, and that suits my expertise from my London days," he says. "In the UK, the availability of the

leading clients through the various avenues to ensure they are properly structured in order to achieve their UK estate and succession planning objectives in the most tax-efficient manner, including putting in place or adapting relevant trust or other wealth holding structures.

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remittance basis of taxation means that, with proper planning, new arrivals into the UK will not be subject to tax on their worldwide assets from day one that they arrive in the UK. That is a marked difference from the US, for example, where Green Card holders or new US citizens are taxed on their worldwide assets."

He explains that in his experience most wealthy Hong Kong people do not want to leave Hong Kong immediately; they therefore look at other jurisdictions as an alternative, and so the remittance basis of taxation in the UK provides a viable alternative to a Hong Kong resident in that they are not subject to UK tax on their worldwide assets, particularly if they don't spend a lot of time in the UK. The United Kingdom and Hong Kong also have one of the most favourable Double Taxation Agreement for dual residents.

He explains that accordingly, a considerable amount of the work therefore centres on

A field of opportunity

Lee observes that the competition to his firm in Hong Kong is of high quality, but in terms of numbers of competitors, surprisingly not as intense as might be thought.

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A worldwide platform

He explains that the firm also offers a worldwide platform across key jurisdictions – and so many of the families have these multiple touchpoints around the globe nowadays – so the teams can provide local advice in each of those key jurisdictions. "Actually," he says, "in terms of comprehensive capabilities and



JEFFREY LEE

Charles Russell Speechlys

the ability to offer advice on the ground here in Hong Kong rather than just flying in and out as many lawyers do, we are really only one of two firms that have that depth of presence and offering.”

As to the origins of the clients themselves, and their style, Lee reports that perhaps as many as 95% of his clients communicate comfortably in English, even though they might be from Asia and that he can speak both Mandarin and Cantonese.

Sources and sourcing

And he explains that the firm works closely with private banks, fiduciary firms and other parties to source their introductions to new clients. “In reality, a lot of what we do out here is still a relatively new area in this part of the world, so we tend to have a lot of law firms, particularly local law firms referring clients to us for what is fairly complex structuring,” he reports. “These referrals add value to those referring, as they help boost the proposition for the end clients.”

As to the relationships the firm builds with private bankers, Lee

explains that the firm ensures that it does not in any way overshadow the relationship of the private bankers with their clients, which have often been built up over many years.

“We come in as technicians, as specialists,” he explains. “We help the bankers lead their clients in the right directions; we complement rather than threaten those relationships, and we help create solutions, not barriers. It is vital to take this approach.”

Hong Kong’s long history

Hong Kong, Lee observes, will for some long time ahead retain its essential role in the relationship between China and the Western world. “Hong Kong has a long history as the staging post and platform for this type of two-way connectivity; it is a mutually acceptable and sufficiently neutral entrepot through which to conduct and structure all types of financial, contractual and other arrangements. I think that will last long into the future, from my experience of this very nimble market.”

A key area for Lee and the firm is the well-documented wealth transfer starting to take place in the region. “It is well known there are trillions of dollars equivalent of wealth that will shift between the generations in the next decade or two,” he explains, “Advice on, and mechanisms for, achieving this type of massive transition is not that readily available here actually, and there are few genuine experts on this. We are one of those experts, and that is to some degree why we have been able to expand robustly here and are planning to continue on this path ahead.”

More sophistication required

Lee observes that the transfer of wealth from the founder to second and other generations is not new, but the sheer scale is more recent as this involves that truly vast private wealth accumulated during the past several decades of Asia’s most dynamic economic expansion.

“The reality now is that the scale and regularity of these transfer, combined with a far more regulated and complex world require a far more professional and structured approach,” he comments. “So, for example the trust structure for wealth has been used in Hong Kong for very many years, but only now are clients and bankers realising that these have often been incorrectly or poorly explained to clients, badly structured and managed, and that they often have serious issues, that are already resulting in litigation and more will come.”

Expanding through necessity

He adds that this is precisely why the firm’s business is robust and why they are also bringing on board new senior lawyers who specialise in the resolution of complex high value multi-jurisdictional commercial disputes relating to shareholder rights, directors’ duties, corporate governance, cross-border restructuring and insolvency, trusts and commercial fraud.

For example, Ray Ng has recently joined the firm, moving over from law firm Ogier in Hong Kong where he was Head of Dispute Resolution, Asia and bringing with him some three decades of experience in these areas.

Openness and communication

Lee says that aside from the technical elements, there are softer sides to wealth and succession planning, and those involve greater inclusiveness and transparency amongst the generations.

commonplace when you set up structures or wealth holding structures for there to be mediation clauses that did not really exist 10 or 20 years ago, but it is a combination of a variety of factors that will pave the way for less litigation in the future.”

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“It is vitally important that when the founder generation does pass away, the structures do not come as a surprise to the beneficiaries, that they already have a clear understanding of how the structure will operate and should operate. That will reduce the chances of litigation. Now, there are technical areas that are being improved as well, for example it is now very

Key Priorities

Lee reports that a key priority for the firm in Hong Kong is to expand the local business now that the full domestic licence to practice Hong Kong law was obtained on December 1, 2020. “That leads to our second priority, which is of course growth, and the mission is to double our size within 2021 in terms of number of lawyers on the ground,” he explains.

And the third priority is to widen the sphere of relationships with the wealth management community in Hong Kong and further afield in the region. “Understandably, it has been challenging since the pandemic hit for us to really gain traction on the business development front because of all forms of shutdowns and lockdowns,” he comments. “But we hope and plan to expand our relationships with the many intermediaries out there as soon as we can and using whatever means at our disposal to achieve that.”

Lee closes the discussion by commenting that he remains energised by the challenges and interest of working in the specialised field that the firm inhabits. “There is a remarkable diversity amongst the clients we deal with and some remarkable personalities,” he says. “We believe that we genuinely enhance their structures and planning and thereby help these families avoid many of the obvious and also often hidden pitfalls ahead with sophisticated wealth planning and structuring. This is increasingly vital in the complex world these wealthy and ultra-rich clients inhabit.” ■

Getting Personal with Jeffrey Lee

Lee hails from Singapore, where he studied through to leaving to study law at Nottingham University in England. Since qualifying, he worked in London until moving to Hong Kong in March 2019. He had over the previous 10 plus years been building his wealth structuring expertise and an international client base with a particular focus on clients with a connection to Asia. His clients often include nationals from Asia living or with financial interests in the UK, and UK citizens who have moved to Asia.

Lee specialises in tax planning for international clients. He advises non-UK domiciled persons moving to the UK on the structuring of their affairs to achieve tax-efficiency. Jeffrey also advises on complex international structuring, including their establishment for estate and succession planning, asset protection

and personal tax mitigation. He has been noted as a lawyer of repute by leading industry journals, and has been a regular speaker on the international conference circuit. He speaks Mandarin and Cantonese, and before moving to Hong Kong was a regular visitor for business to the SAR, flying in every few weeks to handle local clients' affairs.

Amongst his notable past achievements, he has advised non-UK domiciled families on pre- immigration UK tax planning, including the application of the statutory residence test. He advised a global bank on the setting up of bank accounts for UK resident non-UK domiciled clients, and advised non-UK domiciled individuals on the remittance basis of taxation.

He has considerable experience in reviewing and restructuring UK residential property holding structures and related loans. He has built expertise in advising clients and trustees on the establishment and administration of family trusts for prominent Asian families. And he has, for example, advised the beneficiaries of a multi-jurisdictional contentious probate involving wills and assets in Hong Kong, People's Republic of China, Malaysia, the British Virgin Islands and the United Kingdom

Prior to joining Charles Russell Speechlys in London in 2017, he trained at law firm Withers in London under Tim George, who moved to Hong Kong with Withers only months before him. "It is nice that Tim is out here as well, we have been close friends for some 20 years, and we are both specialists in wealth and private client work."

Still single, Lee has a passion for skiing when time and pandemics permit. "These days with no possibility of getting to the slopes, I love hiking around Hong Kong and in the evening a nice glass of wine, or a few, at home here in Hong Kong also work well," he reports. "In fact, a nice spacious wine fridge was one of my first purchases in Hong Kong."

His most challenging hike was the 'Eight Immortals' that he completed with long-time friend Tim George of Withers and several other friends. "That is in the New Territories," he explains. "As we took a wrong turn, a tough five-hour hike turned into a very tough eight-hours, but it was really beautiful out there. I will do it again, but will next time take the right turns and do the five-hour version!"

He has skied several times in Niseko, Japan and early in 2020 went to Nozawa Onsen. "But to be honest, after all this lockdown and pandemic, I might prefer the beaches of Ibiza as the first major holiday once we can get out of these restrictions," he reports. "However, for the moment, I have actually enjoyed the lack of travel, as I had done so much in the previous twenty or so years. It has been quite nice to just slow down and enjoy Hong Kong."

