

Cally Ching on Building the Global Asiaciti Trust Proposition for North Asia Clients

First established in Hong Kong in 1978, Asiaciti Trust has developed over the years to become an international trust and corporate services provider that works with private clients, corporate clients and intermediaries across multiple jurisdictions. Hubbis met recently by video call with Cally Ching, who since early 2016 has been the Managing Director of Asiaciti Trust Hong Kong, helping local, regional and expatriate clients navigate the ever-changing market conditions and rigorous regulatory requirements to tailor the most appropriate trust and structuring solutions for each client. The firm is a well-established provider of advice for private clients on structuring, establishing and administering trusts, foundations, funds and corporate vehicles for the purposes of estate planning, succession planning, wealth protection and philanthropic endeavours. Solutions for private clients include cross-border structures and Sharia-compliant trust deeds or foundations. The firm has a network of offices in Singapore, Hong Kong, the Cook Islands, Dubai, Nevis, New Zealand, Panama and Samoa.

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In Brief

Asiaciti Trust in Hong Kong handles North Asia clients and offers global solutions

The firm provides both trustee and company secretarial services to private clients, family offices and corporate clients in Hong Kong, mainland China and further afield across north Asia. The solutions are tailored to the differing needs of older, more traditional clients and younger, often technology business creators and their families. Central to the proposition is understanding these clients and offering them the full suite of worldwide solutions.

Business succession can be troublesome

Many of the older clients who own more traditional type businesses find that their well-educated children do not want to take over their factories and operations, meaning they often need structured solutions and incentive programmes that retain control of the businesses while installing professional management to handle the daily operations. Younger clients are more receptive to a wider range of ideas and are often young and enthusiastic enough to want to keep control of their businesses.

Wealth succession – a priority for the older generations

The older clients are also focused on wealth and estate succession but like to find ways to keep control wherever possible. The younger clients are more focused on investments, partnerships and open to a wide variety of ideas.

Hong Kong retains its drive for relevance

Hong Kong continues to expand its range of solutions and amend its regulations to encourage its future as a key wealth and financial hub for the region and globally. It is an ideal hub through which to structure solutions, and Mainland Chinese clients continue to like the range of structures on offer, even if they also use other jurisdictions as well.

A worldwide approach is required to optimise solutions

So often, beneficiaries of the Asiaciti Trust clients will be dotted around the world. It is essential for the clients to recognise their needs and expectations and then communicate openly and then potentially structure the more tax-efficient and compliant structures, including leveraging the firm's worldwide expertise.

Fees – not such a bone of contention any more

The pandemic has focused minds and hearts on many of these issues, and time has moved on; hence clients tend to see the need to pay proper fees for professional services, especially the younger types of clients.

Finding the right people is tough; building from within can help with loyalty

It is tough to find and hire experienced talent in Hong Kong, but the firm focuses a lot of effort on doing so, whilst at the same time looking to hire smart graduates and train them up in-house, achieving better loyalty and closer adherence to the firm's culture.

Communication, transparency and honesty are all vital ingredients

Both for the firm and for its clients, the virtues of transparency, open communication and frank dialogues are all vital ingredients to ensure optimal and appropriate solutions.

Business succession is vital to the clients

Ching begins by noting that the Hong Kong office today comprises 15 team members providing both trustee services and also company secretarial services. The target market for the trustee services is the HNW and UHNW community and their families. “Our key clients today are from Hong Kong and the PRC, and they face a variety of different challenges that we help them with.”

“They trust the legal advice, the tax advice and the professional services providers here, where there is an excellent network. Mainland Chinese families still invest a lot in or through Hong Kong and leverage the entire financial services network here. So, I firmly believe Hong Kong will retain and even build on this role and remain a key centre for wealth and estate planning and family office services.”

The first key challenge is for those who have made the wealth, the older entrepreneurs and founders, to transfer their more traditional type of businesses to the second generation, but Ching reports that this is seldom easy, as the second generation is more educated and global and will very often not want to take the reins of factories and other traditional type operations.

For these types of clients, they quite often have to look outside the family to professional managers to take up the management, with the family then establishing structures to allow for incentives and remuneration that are appropriate whilst retaining ultimate control of the businesses themselves.

Other clients the firm works with might be the younger types of suc-

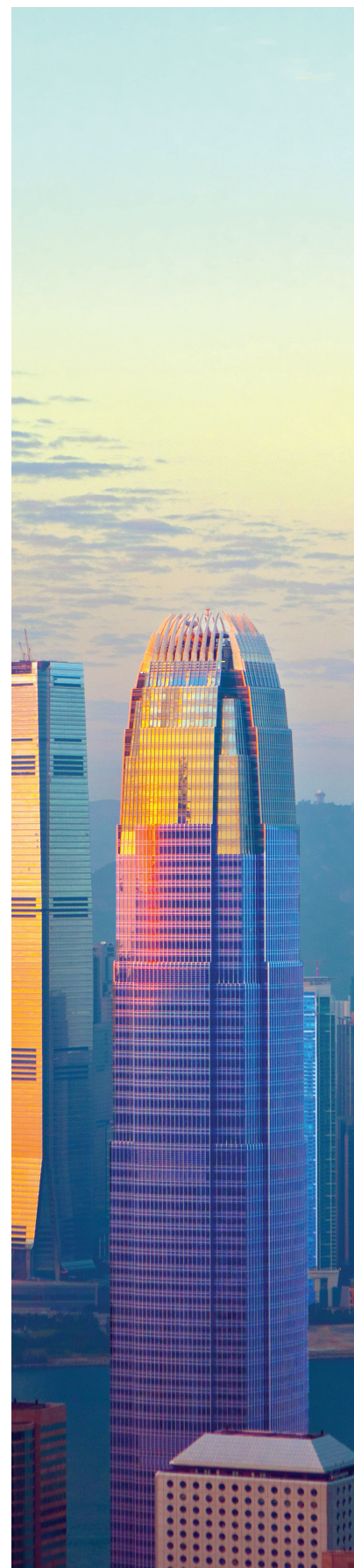
cessful entrepreneurs in the technology sector, with a different set of needs from the more traditional, older founder-entrepreneurs.

Wealth succession is another key priority

The other key mission clients want Asiatici Trust to help with is wealth succession. “The older type of clients are often quite worried about this, and even if they set up their trust structure, they are still very much concerned

about retaining as much control as possible. On the other hand, the younger types of clients tend to be more hands-on regarding structures, receptive to investment ideas and more open to suggestions.”

Ching believes that Hong Kong remains an ideal hub for Asiatici Trust for clients in the North Asia region. “Even if clients prefer not to establish a Hong Kong trust, they will often want to use our office as a hub through which to connect to our other offices worldwide,” she reports. “They trust the legal advice, the tax advice and the professional services providers here, where there is an excellent network. Mainland Chinese families still invest a lot in or through Hong



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Asiaciti Trust

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Hong Kong – intent on keeping ahead of the pack

She also remarks that the Hong Kong government continues to promote the SAR as a regional and global financial centre. She points, for example, to the new limited partnership law that was passed in 2020 and she looks forward to the arrival of the new carried interest concession. The Inland Revenue (Amendment) (Tax Concessions for Carried Interest) Bill 2021, which was passed on 28 April 2021, will provide tax concessions for carried interest distributed by eligible private equity funds operating in Hong Kong.

"These are all important steps," she comments. "Hong Kong has a long history as a hub for the fund management industry worldwide to establish funds

Getting Personal with Cally Ching

Born in Hong Kong, Ching was schooled locally before heading to the University of New South Wales in Sydney to complete her Bachelor of Commerce (B.Com.) in Accounting and Japanese Studies. Her working life began as a tax accountant in Hong Kong with Coopers & Lybrand, and she then went into the fiduciary and trust business in Hong Kong, building her experience in a number of firms in Hong Kong and China before taking on her current role at Asiaciti Trust as MD of the Hong Kong operation from February 2016 onwards.

She says she has been able to really build on the experience working for 16 years in the trust industry in Hong Kong and China before joining Asiaciti Trust. "I learnt a lot about the industry and also about the personalities and people's expectations," she reports. "Working onshore in China on these solutions, with different clients, with local bankers and professionals, all that gave me an incredibly valuable insight and I think a distinct advantage in my role here."

In more normal times, Ching will enjoy overseas travel but nowadays is restricted to enjoying hiking in and around the islands of Hong Kong. "I will head to Beijing when we can travel again to see friends and clients," she says. The other place I yearn to return to is Geneva, as I really love the lake and the lifestyle there."

for private equity and other investments," she explains. "This is a really important industry for the SAR, and the sector will certainly benefit from this very advantageous tax concession on the carried interest."

Additionally, she notes the new Invest Hong Kong initiative to promote Hong Kong as a hub for high net worth Asian families to manage their wealth and investments, by setting up a highly effective structure - the family office - and related services. And at the same time, the Family Office Association Hong Kong was established last November to promote Hong Kong around the world. "We recognise there are

some challenges," she says, "but we are also confident about Hong Kong's future as a leading hub for wealth management."

Facing up to the major issues

Ching and her colleagues face a host of different challenges when establishing structures and trusts. The beneficiaries are so often dotted around the world these days, which opens the door to a world of tax and other regulatory issues. "We need to work very closely with tax professionals to ensure this all comes together properly. An example might be a client with properties in the UK, Canada, Hong Kong, Singapore and New Zealand, but with their



Key priorities

At the top of the list of priorities for Ching is the drive to build additional talent at the firm. “This is not easy,” she reports, “as there is a real shortage of capable people in this industry. For us, this is exacerbated, as we want to hire in the trust administrative team in Hong Kong, and also expand the business development team here, especially focusing on the Mainland China market, and also recognising that we might not be able to travel properly for quite some time ahead.”

She explains that aside from hiring experienced talent, the firm is also focusing on hiring new graduates and training them up in-house. “It is often difficult to find talent outside and then it is not always the case that they will fit in and stay, whereas nurturing our own talent is often a better way forward, and results in both the right assimilation and greater loyalty,” she reports. “There are plenty of good graduates coming through here, and this is an interesting industry; they can then enjoy on-the-job training, we can sponsor them for the STEP course, and so forth. We can also look at hiring in China and bringing them to Hong Kong, as in that way they will span both markets and cultures.”

beneficiaries all from Hong Kong, but some studying in the US. There are solutions, but they must be carefully assembled and provided based on the latest and best professional advice.”

Recognising the need to pay fees for services

Working with the younger types of HNW and UHNW clients and families poses another set of challenges and interest for the firm. “They tend to be rather more open to ideas and will actually involve us to help them connect with other professionals so as to work out the optimal plan for them,” she reports. “In the past, the older types of clients do not like to spend so much on these structures, they are wary of keeping fees down in general, but that is gradually changing, and

even the older clients see that they need to pay appropriately for the trustees, lawyers, accountants, tax advisors and so forth, in order to achieve the robust, tax-efficient structures they require.”

The pandemic as a catalyst...

Ching also highlights how the pandemic has served to provide clients with an incentive to either finalise or improve their trust structures. “This has been a very difficult time, but also a good opportunity for clients to really focus on these issues, and we are seeing continuing demand from clients for such structures or improvements,” she reports.

Moreover, she also notes that there is more drive for asset diversification geographically, so for example, Singapore has been

a key location, and Switzerland, as clients seek safety and jurisdictions that offer stability and clarity.

A worldwide network

She comments that Asiatic Trust is well-positioned in this regard, with

which we operate, and of course, provide the ongoing trustee services," she explains. "In this way, we offer choice and the best options available; we are entirely open to provide the best choices and the most suitable solutions. We

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perhaps because the shares of their main business are listed here. And each solution opens the door to other avenues, for example vehicles for investments in other locations, and different types of assets."

Open to the best solutions

Her final comment is that clients addressing wealth and estate transfer need to be realistic in their assessments and approaches. "Families need to be open in their discussions, they need to properly understand their beneficiaries, and then create the right structures and investments that centre on who the beneficiaries actually are, their needs, personalities, their expectations. Quite often, the clients will not want to face up to exactly who their beneficiaries are and then tailor things to the realities of these situations. Communication, transparency and honesty are all vital elements in getting this right." ■

