

Speech by DSJ at Sharjah Investment Forum (English only) (with photo)

Following is the speech by the Deputy Secretary for Justice, Mr Cheung Kwok-kwan, at the "Hong Kong - Your Partner in Asia" session of the Sharjah Investment Forum in the United Arab Emirates (UAE) today (February 9):

Your Excellency Ahmed Obaid Al Qaseer (Acting Chief Executive Officer of Sharjah Investment and Development Authority), Your Excellency Mohammed Juma'a Al Musharrakh (Chief Executive Officer of the Sharjah FDI Office (Invest in Sharjah)), distinguished guests, ladies and gentlemen,

Good afternoon. It is a great privilege to address you all here today. As the Deputy Secretary for Justice of Hong Kong, I wish to share with you some of the unique strengths of Hong Kong's legal system that would facilitate your pursuit of the ample opportunities for investments in and through Hong Kong.

Investment opportunities brought by national strategies

As a leading global financial centre, Hong Kong offers a full range of investment choices and financing solutions. Be it traditional investments, alternative assets (such as private equity, hedge funds), green and sustainable financing, or virtual assets. You name it, we have it. Such an important and competitive edge of Hong Kong is underpinned by its robust and internationally regarded common law legal system, which connects and bridges Mainland China to the global market. Hong Kong therefore plays an important role of "super-connector" by facilitating Chinese enterprises to "go global" in doing business overseas on the one hand, and bringing in capital, skills and talent to China on the other. We are in a unique position for everyone who wishes to seize the investment and business opportunities brought by our national strategies.

The Belt and Road Initiative is an important national development strategy which promotes co-operation, furthers market integration and facilitates connectivity, trade and people-to-people bonds amongst countries and regions along the Belt and Road; and the Gulf countries are important partners in these pursuits.

Another national development strategy that will bring immense opportunities is the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay

Area - we always call it the Greater Bay Area. It is the innovative powerhouse of China and home to unicorns and thriving technology start-ups. This is evidenced by impressive figures: utilised foreign direct investment in the Greater Bay Area in 2021 amounted to over US\$153 billion. This means that the Greater Bay Area development is a prime focus that global investors should closely watch out for.

As said earlier, Hong Kong's robust and highly renowned common law system lays a solid foundation for investment, financing, and wealth management activities to thrive. We have been the world's top IPO destination for seven in the past 13 years. To further enhance Hong Kong's edges, Hong Kong is positioned, amongst others, as a centre for international and dispute resolution services in the Asia-Pacific Region in our national strategies with strong support from our Central People's Government.

All these encouraging developments are premised on Hong Kong's distinctive advantages that I am going to showcase to you.

Hong Kong's strengths: "one country, two systems" and our common law system

Under the innovative principle of "one country, two systems", Hong Kong is part of China but retains its own common law system and way of life. We are the only common law jurisdiction in China, and the common law system gives Hong Kong a unique role within China and beyond.

The international commerce and international investment laws are originated from common laws, and therefore, our common laws allow us to closely connect with the international business community. The commercial and property laws of Hong Kong are comprehensive, encompassing intellectual property, companies, finance and debt restructuring legislation, etc. The combined benefit of all these is to provide investors with solid legal protection whether they are investing in Hong Kong or channelling investments through Hong Kong to the Mainland or to other economies.

I am sure our friends here at the UAE are well acquainted with the advantages of adopting the common law in the adjudication of civil and commercial disputes. Two common law courts are established here to deal with financial disputes. The Dubai International Financial Centre Courts (DIFC Courts) administers a "unique English-language common law system" and the Abu Dhabi Global Market Courts (ADGM Courts) directly applies English common law. I note with great pride and satisfaction that there are current and former eminent members of the Hong Kong Judiciary sitting

as judges in these two judicial institutions to offer their expertise. This is evidence that our common law system and judges are highly recognised on the international plane and also here in UAE.

Certainly you are aware of the benefits of the common law for business, including its rich heritage, excellent reputation, resilience and adaptability to the changing needs and thus the establishment of aforesaid centres. Hong Kong's common law system not only share all these characteristics, it is also truly bilingual, with both Chinese and English being our official languages and judgments and legislations are all accessible in the public domain, which makes our legal system transparent to the global business community. Hong Kong is therefore an obvious choice when you are considering investment and business opportunities in China.

Hong Kong's alternative dispute resolution services

Hong Kong's well-established legal system and infrastructure, together with its comprehensive dispute resolution mechanism, have provided a solid foundation for establishing Hong Kong as a major international legal and dispute resolution centre in the Asia-Pacific region, which can provide proper legal protection and recognition for cross-border transactions and investments of enterprises.

On arbitration, Hong Kong ranked the third most popular seat for arbitration in 2021. This is due to many factors, including our world-class legal framework for arbitration, which is constantly updated to reflect international best practice. We offer diverse funding modes for arbitration which ensures access to justice. Third party funding for arbitration and outcome-related fee structure agreements were allowed in Hong Kong.

Our arbitration institutions are also well respected globally, with our home-grown dispute resolution institution, namely the Hong Kong International Arbitration Centre, being one of the top three most preferred arbitral institutions in the world. On mediation, the International Organization for Mediation is an international inter-governmental organisation which aims to provide friendly flexible, economical and efficient mediation services for international disputes. Its Preparatory Office will formally commence operation in Hong Kong very soon.

Investor protection

Before I conclude, I only wish to add that there are strong legal framework for protection of investors in Hong Kong.

From international perspective, Hong Kong, China and UAE signed an Investment Promotion and Protection Agreement in 2019 to strengthen mutual investment protection. Domestically in Hong Kong, financial activities, such as initial public offering, listing of special purpose acquisition companies, etc are regulated by a comprehensive legal framework and oversighted by strong and efficient market regulators. Requirements in Listing Rules relating to corporate governance, ESG (environmental, social and governance) responsibilities, weighted voting rights, disclosure of connected transactions, prevention of backdoor listing, etc are all there to secure a level playing field in the market, to ensure the quality of the companies listed in Hong Kong and to provide protection to the investing public.

Enforcement actions have also been taken against market misconduct such as insider dealing, market manipulation, etc without hesitation, so as to ensure a fair, efficient, competitive, transparent and orderly market.

Conclusion

Ladies and gentlemen. Hong Kong is richly endowed with all the qualities of a vibrant and attractive financial and business hub. In terms of its legal infrastructure, Hong Kong's common law system and comprehensive dispute resolution framework provide a solid backdrop for business and investment in and through Hong Kong. On this note, I hope you enjoy the rest of the Forum with its most insightful discussions. Thank you.

Ends/Thursday, February 9, 2023