

Speech by SJ at Hong Kong legal services seminar in Paris, France (English only) (with photo)

Following is the keynote speech by the Secretary for Justice, Mr Paul Lam, SC, at the "Paris Seminar: Hong Kong Legal Services – Gateway to China and Beyond" organised by the Department of Justice in Paris, France on July 9 (Paris time):

His Excellency Mr Deng Li (Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to the French Republic), distinguished guests, ladies and gentlemen,

Good afternoon. Firstly, on behalf of the Department of Justice, I would like to welcome all of you joining our seminar this afternoon. I have to express my gratitude to Mr Deng Li for giving the very important opening remarks, and for helping the Department of Justice in organising this very important seminar. Second, I also wish to express my gratitude to all the supporting organisations, which include the legal professional bodies in Hong Kong, the important arbitration institutions, and leading law firms. This is in fact my first official visit to this part of the world, including France, and I think this is also the first occasion that the Department of Justice organised a seminar focusing on the legal services of Hong Kong. I'm very pleased and honoured to be able to invite very eminent speakers from both Hong Kong and France to share their experience with you in a minute. There will be two panel discussions this afternoon. I would also like to take the opportunity to thank all the speakers.

What I intend to do is just to set the scene and give an overview of the theme of today's seminar. The topic for today is Hong Kong's legal services. There is only one important message that I wish to convey successfully at the end of today, that is Hong Kong's common law system serves as a unique gateway to China and beyond.

Why Hong Kong is a unique gateway? The short answer is that under the very important principle of "one country, two systems", on the one hand, Hong Kong's common law system has a number of very essential elements which are crucial and important to the business community. But at the same time, precisely because Hong Kong is a part of China, we also have very unique and important connection with the Mainland's legal system, which is unparalleled. So this is the short answer. But to make good my point, I would like to focus on, in my belief, six very important characteristics of Hong Kong's common law system.

My first point is that Hong Kong's common law system is very stable. Hong Kong is the only common law jurisdiction within China and the continuation of the practice of common law system is guaranteed by the Basic Law, which is a constitutional document. So this is something that is not going to change. I also wish to use a very recent example to demonstrate the confidence that both China and the international community has in Hong Kong. On May 30, 2025, the convention concerning the establishment of the International Organization for Mediation was signed in Hong Kong. It was signed by 33

countries around the world including China and many countries in Southeast Asia, Africa, Latin America and even in Europe. I think the population of all these countries added together, cost you about one third of this world's population.

The Minister of Foreign Affairs, Mr Wang Yi, came to Hong Kong and gave a very important speech. He explained why the party decided to hold the signing ceremony in Hong Kong, and more importantly, to set up the headquarters of the International Organization for Mediation in Hong Kong. The reason is that, because of "one country, two systems", Hong Kong has the best of both worlds. On the one hand, we have a very strong common law tradition. But on the other hand, the People's Republic of China is a civil law system. So we are a common law system in the context of a civil law system. That gives us a unique strength which makes it the perfect place to host the headquarters of the International Organization for Mediation. This is my first point - Hong Kong's common law system is very, very stable.

The second point is that Hong Kong's common law system is very user-friendly. Hong Kong is in fact the only bilingual common law system in the world, using both English and Chinese. So all our statutes will be written in both languages. And of course, English is the language for the international business community. But apart from language, we have been working very hard to ensure that our legislation and common law will meet the demand of the changing needs of the international community, or make it even more attractive. I wish to cite one recent example. In mid-May this year, we have just amended our company law to make it easier for companies being operated overseas to re-domicile to Hong Kong, so that these overseas companies can take advantage of the tax policy and regulatory regime in Hong Kong. And I understand that two major insurance companies have indicated that they will re-domicile to Hong Kong in November this year.

My third point is that Hong Kong's common law system provides a very safe and secure environment. Under the Basic Law, free flow of capital is guaranteed, free movement of properties including money in all forms of property is guaranteed. For as long as your investment, your money, your property, your business in Hong Kong, they are well protected by a very sophisticated regulatory regime administered by bodies such the Securities and Futures Commission, our Independent Commission Against Corruption and so on and so forth. One of the good reputation that Hong Kong enjoys is that corruption or malpractice is almost absent. So there's no concern of corruption and other sort of malpractice. At the same time, we also make tremendous effort in ensuring that people can explore new opportunities in the safe environment. The recent example is the Stablecoins Ordinance. The Stablecoins Ordinance was enacted and will come into effect on August 1. Under this new ordinance, there will be a licensing regime for people or for traders in stablecoins. So we will allow trading and use of stablecoins subject to a very strict set of regulation to ensure that people will not be exposed to unnecessary risks. So this is my third point - Hong Kong's common law system provides a very safe and secure environment.

The fourth point is that Hong Kong's common law system is extremely credible. One of the key reasons is that Hong Kong has a very independent and reputable judiciary. Our

courts enjoy the final power of adjudication. And one special feature is that in our Court of Final Appeal, we have invited eminent judges from other common law jurisdictions to sit on a part-time basis. So at the moment, there are six foreign non-permanent judges. Two come from England, they are Lord Hoffmann and Lord Neuberger, three from Australia and one from New Zealand. The most recent appointment was made and confirmed in June, Sir William Young, who used to be a judge of the Supreme Court of New Zealand. Apart from Court of Final Appeal, we also invite judges from other common law jurisdictions to sit in our Court of First Instance.

But litigation is not the only means of resolving disputes. Hong Kong is also very famous for its international arbitration service. In the very recent Queen Mary University of London's survey, which is the most important international survey on arbitration, Hong Kong ranked second in the world after London, Hong Kong and Singapore both ranked the second. The important thing that's worth noting is that among the cases handled by the most important institution, the Hong Kong International Arbitration Centre (HKIAC), almost 70 per cent of those cases are international in nature in the sense that either one of the parties would be a party not from Hong Kong. Even more importantly, around 15 per cent of cases handled by the HKIAC, in those cases, neither party came from Asia. So the only reason that they chose Hong Kong is, of course, because they're confident in our arbitration service. This is my fourth point - Hong Kong's system is very credible.

My fifth point is that Hong Kong has an abundant supply of high-quality legal professionals with rich experience in handling cross-boundary or transboundary matters. Hong Kong's legal profession is divided into two branches based on the English system. We have around 1 700 barristers who are specialists in dispute resolution. They will be engaged and instructed to appear in court in litigation and very often in arbitration. There are around 110 Senior Counsel, which will be equivalent to King's Counsel in England. And on top of that, we adopt a very open policy. So on some cases, we will allow London Silk, a Senior Counsel, a King's Counsel from London to take part in litigations in Hong Kong.

Turning to another branch of the legal profession, the solicitors, I think there are more than 11 000 solicitors in Hong Kong, more than 900 law firms, and almost 400 of these law firms would either have offices outside Hong Kong or representative offices in Mainland China. And insofar as France is concerned, I think there are around 14 law firms in Hong Kong which have offices in France and there are also five French law firms having office in Hong Kong. So France does have a significant presence in Hong Kong. And also we have offices, lawyers practicing here in Paris. The point that I wish to make is that the legal service provided in Hong Kong is very international, so if you instruct a Hong Kong lawyer, you are not simply receiving Hong Kong legal service, you are receiving global legal service, so this is my fifth point.

The last point is the very special and unique connection between the Hong Kong's common law system and the Mainland's civil law system. I wish to use a few examples. Up to the present, Hong Kong and the Mainland have signed nine very important mutual

legal assistance arrangements. And the most often used arrangement concerns the recognition and enforcement of arbitration awards. So an arbitration award in Hong Kong can be easily enforced and recognised on the Mainland under the scheme substantially the same as that under the New York Convention. And more importantly, back in 2019, Hong Kong and Mainland China have entered into a very special arrangement, under which for arbitrations administered by specific arbitration institution in Hong Kong, the parties will be at liberty to appear or to apply before the Mainland Court for interim measures. For example, interim injunctions preserving assets or evidence that turn out to be an extremely important practical tool. So ever since the scheme came into effect on October 1, 2019, up to May this year, there were around 146 applications and the amount involved in these interim injunctions will be in the region of about US\$5 billion. That's a piece of evidence demonstrating the practical utility of this measure.

My last example concerns a very recent measure introduced in February this year. It concerns the Greater Bay Area, which consists of Hong Kong, Macau, and also nine important cities in the Guangdong Province. The size of the Greater Bay Area is more like Croatia, and the population is around 86 million. And the GDP of the Greater Bay Area has already exceeded Australia, which would be the top 10 to consider as a single economic entity. So back in February, we introduced a new measure, which allows Hong Kong enterprises in certain cities in the Greater Bay Area to have the option of choosing Hong Kong law as the governing law to regulate their contracts, and also to choose Hong Kong as the seat for arbitration. Because in the past, if a foreign company or even a Hong Kong company set up an establishment on the Mainland, you have to use Mainland law. And for arbitration, you can only do the arbitration on the Mainland, so the options that I've just mentioned were not open. The other important point is that, insofar on the definition of Hong Kong enterprise is concerned, it doesn't matter the percentage of interest owned by the Hong Kong party. For example, it's very easy for a French company to come to Hong Kong to find a partner, a Hong Kong partner, which may hold a very small interest, say one per cent. So as long as there's some common interest, it will be qualified as a Hong Kong enterprise, and that will give you the liberty to choose Hong Kong law or to use Hong Kong as a place of arbitration, so this is my sixth point.

To sum up, Hong Kong's common law system is stable, it's very user-friendly, it's very safe and secure, it's very credible, and we have an abundant supply of international legal professionals. And lastly, we have very unique connection with the Mainland system. And my dear friends, it's really the combination, it's really the sum total of these six elements, which in my view, render Hong Kong a unique gateway. Hong Kong is definitely not the only gateway, but I'm very confident to say that because of the matters that I mentioned, Hong Kong as a gateway is unique. It's unparalleled. It's something that you cannot find elsewhere.

President Xi Jinping said that the rule of law provides the best business environment (法治是最好的營商環境). I think Hong Kong offers the best business environment because we have a very strong rule of law based on a common law system, which has all the unique characteristics that I said. I think Hong Kong's reputation is very recognised internationally. According to a survey done by the IMD, the International Institute for

Management Development based in Switzerland very recently, in terms of global competitiveness, Hong Kong ranked the third. Hong Kong actually ranked the second in terms of government efficiency and business efficiency. When it comes to our tax policy and business legislation, Hong Kong actually ranked the first. I think this is a very objective assessment of the reputation enjoyed by Hong Kong.

Ladies and gentlemen, I'm sure that you will be more convinced by what I have just said after hearing from our very eminent speakers who will share their experience in handling legal matters or in relation to China, Hong Kong and also France in the next two hours or so. Now, to conclude, I would like to thank all of you again for joining this legal seminar, and I sincerely hope that you will find today's seminar constructive and enjoyable. Thank you very much.

Ends/Thursday, July 10, 2025