

# PRESIDENT'S REPORT



An ounce of performance is worth pounds of promises. I believe in action and this is the time of the year when we reflect on how we have measured up to our commitments.

## PROMOTE SOLICITORS' INTERESTS

The Law Society is committed to promoting the interests of the legal profession. This commitment is multi-facet, encompassing a mission to enhance the image of the legal profession, explore new business opportunities, improve the legal practice environment, maintain the quality of legal service at its highest standards as well as ensure the provision of effective and relevant service to our members.

## ENHANCE IMAGE

Many solicitors have been actively participating in pro bono and community work, silently fulfilling their social responsibilities in different meaningful ways. During the past year, The Law Society has organised a series of community projects including *"Teen Talk"* which involved over 2,000 participants; *"Law Week"* which reached, via television broadcast, an estimate of an average of 1.5 million viewers throughout the programme; *"Solicitors Share and Care Mentorship Programme"* which enlisted over 200 student mentees, and numerous school talks and public forums on legal and social issues like mental health cases. The *Personal Injuries Helpline* operated by The Law Society has been connecting public enquiries to a panel of 201 personal injuries case practitioners who volunteer up to one hour of free legal counsel for each enquiry. As of the end of the year, the *Helpline* has handled 745 assignments since its commencement in June 2009. Other free legal advisory services provided by members through the support of The Law Society included the Housing Society's *Property Management Advisory Scheme* and the *SME Advisory Service Scheme* and the *China Business Advisory Scheme* by the Hong Kong Trade Development Council.

Through the generous support of our members in these projects, we successfully raised public awareness of the positive role of the solicitors' profession in society as well as enhanced public interest in legal knowledge.

As an international financial centre, Hong Kong must vigilantly ensure that it remains a forerunner in economic performance, business efficiency and infrastructure at all times. An important component of business infrastructure is legal services support. Through its active participation in international events, The Law Society has been instrumental in promoting to international investors and legal service users the availability of top quality legal service in Hong Kong. An example was our participation in *"Think Asia. Think Hong Kong"*, the largest Hong Kong promotional campaign in the United Kingdom organised by the Hong Kong Trade Development Council in September. We have been able to reach and promote Hong Kong legal services to over 1,000 business investors there.

The Law Society has also sponsored delegations of young lawyers to attend international conferences to enrich their international exposure. Conferences included the annual conference of LawAsia, the Inter Pacific Bar Association, the International Bar Association, the Union Internationale des Avocats, the Commonwealth Law Conference and the All China Lawyers Annual Conference. This initiative has well demonstrated The Law Society's vision of nurturing young lawyers and has inspired other overseas professional organisations to adopt the same policy.

## EXPLORE NEW OPPORTUNITIES

There is vast potential in the legal service market in the Pearl River Delta Region. Hong Kong solicitors are better positioned to tap into the potential development in terms of language, culture and geographical proximity than our counterparts in foreign jurisdictions. To find out the needs of enterprises and individual clients in the Region for legal services provided by Hong Kong law firms (including cross-boundary legal services), and explore possible strategies for the development of Hong Kong law firms there, The Law Society has commissioned Sun Yat-sen University to conduct a research study on *"Business Development of Hong Kong Law Firms in the Pearl River Delta Region"*. The report was issued in April and the findings served as very good pointers for the direction of the future development of Hong Kong legal service in the Pearl River Delta Region.

Practice localisation is the key strategy to integration and expansion of market share. The Law Society has made submissions to the Department of Justice and the Ministry of Justice to facilitate localisation by allowing Hong Kong law firms and Mainland law firms to operate as one partnership, permitting Hong Kong offices to engage local Mainland lawyers and allowing Hong Kong solicitors to gain Mainland qualifications by passing a special examination. The Supplement to CEPA VIII was signed in December, which, in response to our submission, paved the way for further liberalisation measures to enable more effective collaboration between law firms in both jurisdictions.

Qianhai, a reclaimed area of 15 square kilometers to the west of Shenzhen, is another major project that is being undertaken by The Law Society. A special Working Party has been set up to examine the impact of the development of Qianhai on the legal profession in Hong Kong and how Hong Kong solicitors can help develop as well as capitalise on the opportunities arising from it. The Working Party has carried out extensive research and conducted study tours on overseas experiences relating to innovative practice models. It will in due course prepare a report on its studies for the Council's consideration. In the meantime, The Law Society has been working closely with the Shenzhen Lawyers Association on issues arising from our proposed partnership model between Hong Kong and Mainland law firms.

A new area of work introduced to solicitors during the year relates to reverse mortgage transactions. In July, the Hong Kong Mortgage Corporation Limited ("HKMC") launched a Reverse Mortgage Scheme. To ensure that the borrower understands what is involved in a reverse mortgage transaction, there will be a counseling process by practising solicitors with not less than five years' experience in the application procedure. In response to the request of the HKMC, The Law Society assisted in reviewing the documentation on the counseling process and in organising training for solicitors who are interested in taking up the counseling work. As of the end of the year, there were 209 solicitor counsellors for reverse mortgage.

After another wait of two years since the passage of the *Legal Practitioners (Amendment) Bill* in January 2010 granting higher rights of audience to solicitors, The Law Society finally received the draft subsidiary rules relating to assessment in December. The Law Society has immediately reviewed them and conveyed our comments to the Higher Rights Assessment Board in January 2012. According to the target timetable, the assessment regime will come into operation in May 2012. Those solicitors having the suitable expertise and interested in acting as solicitor advocates will then be able to expand their scope of services to appear in higher courts as advocates.

## IMPROVE PRACTICE ENVIRONMENT

The provision of legal services must operate within an efficient framework that enables the legal service market in Hong Kong to maintain its competitiveness. The Law Society's proposal to introduce limited liability partnerships ("LLPs") is aimed at allowing Hong Kong to catch up with the global trend as LLPs have already taken place in most jurisdictions including international financial centres like New York, London and Singapore. Staying abreast with, if not ahead of, global development is crucial to sharpening our competitive edge. Nearly eight years have elapsed since The Law Society submitted its proposal in 2004. In May 2011, the Administration proposed some fundamental changes to the *Bill* by introducing the requirement on LLPs to appoint a designated partner who shall lose LLP protection automatically irrespective of whether he was in default or not. This is tantamount to requiring every firm to put forward a "scapegoat" partner. The Law Society made a detailed submission in June explaining why the *Bill* was unacceptable. We will continue to work with the Administration and the Legislature to ensure that the legislation provides for a sensible and practical model for solicitors.

In addition to LLPs, The Law Society continues to work with the Administration in finalising the draft *Solicitor Corporation Rules* that govern incorporation of solicitors' practices. To expedite the process, the Law Society has also assisted the Administration by reviewing all the subsidiary rules to the *Legal Practitioners Ordinance* to ascertain the consequential amendments that will be necessitated by the promulgation of the *Solicitor Corporation Rules*.

Rising overheads cost is an important factor to consider when running a legal practice. During the year, The Law Society has initiated a review of the financial status of the Solicitors Indemnity Fund with a view to considering any possibilities to allow law firms to make some savings by contributing less to the Fund. The reduction in professional negligence claims have, coupled with other factors, improved the financial status of the Fund and made it possible to reduce the amount of contributions payable for the renewal of professional indemnity for 2011/12 by one-third.

## PROVIDE RELEVANT AND EFFECTIVE SERVICE TO MEMBERS

To ensure that the services it provides to members are relevant and effective, The Law Society has made every effort to gauge members' needs by inviting comments and views from the general membership through public forums and online questionnaires.

One of the most memorable forums is the seminar on the Shanghai Land Case in September. The Court of Final Appeal's judgment in the Shanghai Land Case included critical comments on the prosecution and the courts below. This is gravely worrying. No one should be subjected to any risk of avoidable mistakes in the process of the administration of justice because there could be serious consequences including the irreversible destruction of everything that a practitioner has worked hard for in his or her career. To raise awareness of this worrying judicial observation and to seek views from members, The Law Society organised a seminar at which there was an unprecedented participation by 1,500 members, that is, one-quarter of the practising solicitors in Hong Kong. The Law Society has then set up a special working party to examine the relevant issues with a view to recommending to the Council what actions should be taken to prevent a repetition of a similar nightmare on legal practitioners and to assist members in trouble.

Another common means of collecting views from members is by online questionnaire. Questionnaires disseminated during the year related to topical issues including the effectiveness of the Civil Justice Reform and the development potentials in Qianhai. I take this opportunity to thank all members for taking the time to express their precious comments to us.

As in past years, to facilitate networking, the Law Society has been very active in organising social functions and sports activities among members and with other local and overseas professional bodies. During the year, two recreation groups were newly formed on Chinese painting and Tai Chi bringing the total number of the Law Society recreation and sports groups to 24 and the total number of members enrolled in these groups to around 350. In addition, The Law Society has launched a luncheon gathering programme to create opportunities for an interactive exchange of views between Council Members and representatives of all law firms. 57 lunches have been scheduled under the programme between October 2011 and April 2012. Through the luncheon gatherings, The Law Society has been able to reach out to more members and obtain valuable comments from them on the work of The Law Society and issues concerning the profession in general.

Further, for the benefit of all members, The Law Society has introduced an exclusive affinity credit card programme and negotiated a disability income insurance policy which is offered free of charge to members. In addition, an offsite research platform "LawSociety Lexis", which is free of any up-front charge, has been made available for subscription by our solicitor members, registered foreign lawyers and trainee solicitors.

## **SAFEGUARD THE RULE OF LAW**

2011 has been an exciting year with heated public debates on various constitutionality issues including the proposed arrangements for filling vacancies arising in mid term Legislative Council, the referral by the Court of Final Appeal to the Standing Committee of National People's Congress of specific questions of the Basic Law for interpretation in the "Congo Case" and the exclusion of foreign domestic helpers under the *Immigration Ordinance* from the right of abode provided under the Basic Law. The Law Society has actively contributed to these public debates and presented views of the profession. We are pleased that our effort did result in desirable changes in some instances. One example was that following The Law Society's repeated calls for a full consultation in June, the Government finally decided to halt the hasty amendment to the *Legislative Council (Amendment) Bill* and to conduct a public consultation in July. The Law Society will continue its efforts to safeguard the rule of law.

## **AIM TO ACHIEVE THE BEST FOR THE PROFESSION**

No words can express the depth of my gratitude for the hard work and tireless effort of my fellow Council Members, the Secretariat and all members who have generously supported The Law Society's work to enable us to achieve what I have proudly presented in this report. There are over 90 committees in The Law Society involving the voluntary service of over 400 members, who constitute about 5% of our membership. I sincerely hope that The Law Society could continue to attract more members to get involved in its work. It is only through members' support that The Law Society is able to strengthen its voice. I aim to increase members' involvement to 500, that is, 6% of our membership. The future is not a gift. It is an achievement. Looking ahead, I am confident that with our united strength, we will be able to continue to achieve the best for our profession.

**Junius K.Y. Ho**

*President*