THE CHIEF EXECUTIVE'S 2026 POLICY ADDRESS

LAW SOCIETY SUBMISSION

1. The Law Society of Hong Kong ("The Law Society") provides this submission in response to the Government's public consultation on the Chief Executive's 2026 Policy Address.

2. This submission sets out The Law Society's views and recommendations on policy matters relating to Hong Kong's legal infrastructure, specialist legal services and dispute resolution capacity. It is organised by reference to various important social and economic sectors of Hong Kong, including family office practice and investment products and financial services, intellectual property, sports law, environmental law, insolvency law, insurance law, mental health law, arbitration, mediation, court technology and legal education.

3. This submission reflects the central proposition that law, legal services and dispute resolution are not ancillary to Hong Kong's development, but part of the essential infrastructure which enables business confidence, investment flows, innovation, regional integration and public trust.

4. Hong Kong's common law system, independent legal profession, bilingual legal environment and internationally recognised dispute resolution services are not merely supporting services to the economy. They are essential infrastructure for investment, innovation, regional cooperation, international connectivity, access to justice and public confidence. As Hong Kong formulates and implements its First

Five-Year Plan and continues to consolidate its role under "One Country, Two Systems", its laws and legal policies should continue to meet evolving socio-economic needs and support a conducive environment for business, innovation and community development.

Supporting Hong Kong's Competitiveness in Family Office Practice and Investment Products and Financial Services

5. Hong Kong's continued success as an international financial centre depends on a trusted, innovative and internationally competitive legal and regulatory environment that supports both private wealth activity and the wider development of investment products and financial services. The Law Society considers that the Government should adopt a coherent and forward-looking approach across two connected areas: first, wealth management and family office business; and secondly, investment products and financial services, including environmental, social and governance ("ESG") and sustainable finance, the bond market, the foreign exchange market, digital assets and commodities. These areas should not be viewed in isolation. They reinforce one another through capital formation, cross-border investment, product innovation, risk management, dispute resolution and the international use of Hong Kong law. A coordinated policy approach would help Hong Kong consolidate its position as a premier international financial, asset management and risk management centre, strengthen confidence in Hong Kong's legal and regulatory institutions, create new opportunities for professional services, and ensure that Hong Kong remains a trusted platform for the Chinese Mainland, regional and global capital.

Enhancing Hong Kong's Competitiveness as a Global Family Office and Wealth Management Hub

6. In light of the policy direction set out in the 2025 Policy Address to promote Hong Kong's high-quality development as an international financial centre, The Law Society welcomes the measures introduced under the Inland Revenue (Amendment) (Preferential Tax Regimes for Funds, Family-owned Investment Holding Vehicles and Carried Interest) Ordinance 2026. The reforms represent an important step towards strengthening Hong Kong's competitiveness in wealth and asset management, attracting global capital, and ensuring that Hong Kong's regulatory and tax framework remains responsive to evolving investment trends.

7. The measures, including the expansion of tax concessions to profits, to include digital assets and precious metals, i.e. well beyond traditional securities and financial instruments, and the removal of incidental transactions as a separate category to simplify the qualification for tax exemption are particularly welcome. By reducing procedural requirements and compliance burdens, these reforms would significantly enhance Hong Kong's attractiveness as a destination for family offices.

8. The inclusion of a broader range of modern financial assets within Schedule 16C of the Inland Revenue (Amendment) (Preferential Tax Regimes for Funds, Family-owned Investment Holding Vehicles and Carried Interest) Ordinance 2026 will also help ensure that Hong Kong's wealth and asset management regime remains responsive to evolving market developments.

9. In addition, replacing the existing "net asset value" test with a broader and more flexible "asset value" concept will make it easier for qualifying family office structures to satisfy the minimum asset requirement. The Legislative Council has clarified *(in Legislative Council Brief on 10 June 2025, footnote 5*) that loans from parties other than shareholders (e.g. bank loans) will continue to be deducted.

Further clarification on how "asset value" is recognised would be welcomed. Beneficial owners of Family-owned Investment Holding Vehicles ("FIHVs") may contribute to their FIHVs by way of loans rather than by capital contribution, which may facilitate tax planning for the owner. Hence this clarification will be particularly helpful.

10. With regard to the management requirement by a single family office, while the amendments clarify that assets "primarily managed in Hong Kong" are managed by or through an Eligible Single Family Office ("ESF Office") of the family that manages the FIHV, profits derived from such assets by the FIHV will be exempted if other conditions are met. We welcome further clarification on what is meant by "primarily managed by", in particular, the extent of management activities (from strategic to pure administrative) required to be undertaken by the ESF Office.

11. To further reinforce Hong Kong's positioning as a premier jurisdiction for single-family offices, consideration should be given to better aligning the Securities and Futures Commission licensing framework with the policy objective underpinning the tax concession regime. Under the current profits tax concession for FIHVs, at least 95% of the beneficial interest must be held by members of the same family, thereby permitting up to 5% external ownership without disqualifying the structure. However, under the Securities and Futures Ordinance ("SFO") (Cap. 571), licensing obligations are activity-based, and managing assets for another person for a fee may constitute a regulated activity unless a specific exemption applies. While some single family offices seek to rely on the position that they merely share administrative costs and do not charge management fees, in practice a number of so-called "single family offices" do charge fees or remunerate their staff through performance-linked incentives. In such circumstances, the availability of exemptions becomes less certain. Moreover, the commonly relied-upon intra-group carve-out generally requires wholly-owned group relationships, which may not sit comfortably with a regime that expressly allows a 5% non-family interest. As a result, a structure that qualifies for tax concession

as a single family office arrangement may nevertheless face regulatory uncertainty under the SFO. If Hong Kong's policy intent is to encourage the establishment of genuine single family offices, consideration could be given to introducing clearer statutory safe harbours or a tailored exemption for bona fide single family offices that satisfy the 95% family control threshold. This would enable such structures to meaningfully enjoy both the tax concession and regulatory certainty regarding licensing, thereby ensuring that Hong Kong's regulatory framework is coherent and fully aligned with its promotional and strategic objectives.

Investment Products and Financial Services

12. Building on the wealth management and family office ecosystem described above, Hong Kong should develop investment products and financial services as the market infrastructure that enables private wealth, institutional capital and corporate treasury activity to be deployed efficiently, responsibly and securely. This connected ecosystem supports capital formation, market liquidity, risk management, sustainable finance, technological innovation and cross-border transactions. It includes ESG and sustainable finance, the bond market, the foreign exchange market, digital assets and commodities. These markets are mutually reinforcing: ESG requirements shape investment mandates and disclosure standards; bond markets provide financing channels for issuers and investment opportunities for asset managers and family offices; foreign exchange services support cross-border settlement and treasury operations; digital assets and tokenisation create new forms of market infrastructure; and commodities trading links Hong Kong's financial, trade, shipping, insurance and dispute resolution capabilities.

13. On ESG and sustainable finance, Hong Kong should develop a stronger legal services ecosystem to support climate transition, sustainable finance and responsible business practices. With enhanced climate-related disclosure requirements taking effect for listed issuers from 2025 and Hong Kong moving

towards closer alignment with international sustainability disclosure standards, companies, financial institutions, asset managers and family offices will require legal support on governance, disclosure controls, greenwashing risk, directors' duties, supply-chain due diligence, climate risk management, sustainable investment mandates, green and sustainable bonds, transition finance, carbon markets, biodiversity and nature-related risks, human rights due diligence, employment and workplace policies, data collection, assurance readiness and dispute resolution. The Government may consider supporting the development of ESG legal services through dedicated capacity-building programmes, practical guidance, model clauses, sector-specific legal toolkits and interdisciplinary collaboration among regulators, exchanges, accounting professionals, sustainability consultants, financial institutions and legal practitioners.

14. On bond market development, Hong Kong should continue to strengthen its position as an important bridge between issuers, investors, asset managers, family offices and treasury centres. This includes government bonds, green and sustainable bonds, offshore Renminbi bonds, corporate bonds, private credit instruments and tokenised bonds. The Government may consider providing clearer legal support for electronic and distributed ledger-based registers of bondholders, settlement finality, custody, beneficial ownership, transfer mechanics, insolvency treatment, disclosure standards, conflicts of laws, recognition of digital records and smart-contract assisted lifecycle events. A clearer framework for tokenised fixed income products would support issuers, arrangers, trustees, custodians, investors, exchanges, central securities depositories and technology providers, while preserving investor protection and market integrity.

15. On the foreign exchange market, Hong Kong should reinforce and enhance its role as a regional treasury, risk management and offshore Renminbi centre. The Government may consider strengthening legal certainty in foreign exchange and derivatives documentation, close-out netting, collateral enforcement, client asset protection, electronic trading, algorithmic execution, platform governance, cross-

border data sharing and dispute resolution. These measures would help banks, brokers, corporates, asset managers, family offices and treasury centres manage currency risk efficiently and support cross-border trade, investment, asset management, commodities trading and Belt and Road transactions.

16. On digital assets, Hong Kong should continue to combine regulatory credibility with responsible market innovation so that new products and market infrastructure develop within a clear, enforceable and investor-protective framework. Building on the Government's policy direction on tokenisation, regulated stablecoins, virtual asset trading platforms and digital asset custody, the Government may consider a coherent programme of law reform and regulatory coordination. This programme should cover the legal status of digital assets as property, transfer and perfection of interests in tokenised assets, custody and segregation of client assets, insolvency treatment, cybersecurity, anti-money laundering and counter-financing of terrorism safeguards, smart contract enforceability, digital identity, data protection, operational resilience, market misconduct, stablecoin reserves, redemption rights and cross-border recognition.

17. On commodities, Hong Kong should treat the development of commodities markets as a strategic priority, given its combined strengths in shipping, logistics, trade finance, insurance, banking, arbitration, mediation and professional services. The proposed tax concession regime for qualifying physical commodity traders, together with enhancements to maritime service tax concessions, provides an opportunity to attract energy, metals, minerals, agricultural and other commodity traders to establish substantive operations in Hong Kong. To support this growth, Hong Kong's legal services ecosystem should be positioned to assist with electronic trade documents, negotiable instruments, warehouse receipts, bills of lading, title transfer, secured transactions, collateral management, trade finance, sanctions compliance, ESG due diligence, supply-chain traceability, hedging, insurance, default management and specialist dispute resolution.

18. The above recommendations should be supported by sector-specific legal and dispute resolution infrastructure. This may include model contractual clauses, standard e-documentation, legal guidance notes, specialist panels of arbitrators and mediators, expeditious expert determination mechanisms, emergency relief protocols, regulatory sandboxes and regular dialogue among regulators, exchanges, market participants and the legal profession. By aligning market development with practical legal infrastructure, Hong Kong would be better placed to offer legal certainty, enforceability, risk management and trusted dispute resolution alongside market access.

19. The Government may also support legal training, LawTech capability building and market education in these areas. As investment products and financial services become more digitised, cross-border and technically complex, lawyers and dispute resolution practitioners should be equipped to advise on tokenisation, digital custody, electronic trading, sanctions compliance, data governance, cybersecurity, ESG disclosure, product governance and complex financial disputes. Continued policy coordination, legal reform, training and dialogue among regulators, market participants and legal professionals would help Hong Kong develop new legal services for wealth management, family office, ESG, bond, foreign exchange, digital asset and commodities activities, while maintaining high standards of investor protection, market integrity and professional excellence. The Law Society suggests that Hong Kong law and Hong Kong legal services continue to be actively promoted in cross-border investment transactions, fund formation, capital markets activities, wealth management, treasury operations, commodities trading and financial services dispute resolution.

Strengthening the Position of Hong Kong as an International Intellectual Property Trading Centre

20. The Law Society urges the Government to maintain its focus on strengthening Hong Kong's intellectual property ("IP") ecosystem in the coming year, building

on the measures announced in the 2025 Policy Address and the initiatives contemplated under Hong Kong's proposed First Five-Year Plan.

21. IP should be treated not merely as a legal subject, but as core infrastructure for innovation, finance, trade, culture, creative industries and professional services. Hong Kong is well placed to serve as a trusted bridge between the Chinese Mainland innovation resources and global capital, technology markets and dispute resolution systems, supported by its bilingual common-law legal system, international professional services, sophisticated financial market, proximity to the Greater Bay Area and extensive experience in cross-border transactions.

22. In the 2026 Policy Address, we recommend that the Government may adopt a result-oriented approach by setting practical and achievable goals, supported by clear implementation pathways and measurable outcomes, so that Hong Kong can give concrete effect to the ambitions of its First Five-Year Plan. In particular, the Government should focus on the following IP priorities:

(i) Encouraging continued Government engagement on copyright, artificial intelligence and deepfake issues

In the absence of specific provision relating to artificial intelligence ("AI") issue, Hong Kong should continue to monitor international developments to ensure its legal framework remains aligned with global best practices.

Deepfakes raise concerns regarding the unauthorised use of a person's face, voice, likeness and reputation. Under the EU AI Act, transparency requirements for AI-generated or manipulated content, including deepfakes, have applied since 2 August 2026, with additional machine-readable labelling requirements taking effect in December 2026. Hong Kong should therefore keep its legal and non-legislative measures under review, including whether stronger protection for personality, publicity or image rights is needed. The Law Society remains committed to engaging with the

Government and other stakeholders on the development of Hong Kong's legal framework for AI and deepfakes.

We also reiterate our previous submission on the feasibility of establishing a voluntary copyright registration system.

(ii) Building a market-facing IP financing, valuation and insurance ecosystem

We hope IP-backed financing sandbox initiatives involving the Government, the Intellectual Property Department, the Hong Kong Monetary Authority and the banking sector will soon generate practical precedents on verification of IP rights, valuation, security documentation, risk assessment, insurance, default management and realisation of value. As stated in our previous submission, Hong Kong should commit to developing IP valuation and insurance services as integral components of a credible and commercially useful IP ecosystem. Reliable IP valuation is essential for financing, licensing, trading, corporate transactions, tax planning, insolvency and dispute resolution. The Government should encourage recognised methodologies, professional standards, accreditation mechanisms and transaction-ready valuation services, including through pilot support for small and medium enterprises ("SMEs"). In parallel, insurers, brokers, banks and legal professionals should be encouraged to develop IP insurance products covering enforcement, defence, invalidity challenges, licensing, assignments, warranties, indemnities and financing risks.

(iii) Enhancing IP trading platforms and commercialisation channels

Hong Kong should make fuller use of IP trading infrastructure, including the upgraded AsiaIPEX platform, as a practical marketplace rather than a passive listing database. Useful measures could include curated sector campaigns, verified listings, clearer transaction pathways, investor and manufacturer matchmaking, bilingual deal-making resources, standard licensing and assignment templates, and referral functions for valuation, insurance, legal, patent, accounting and technology-transfer support. Regular online pitching sessions, sector showcases and cross-border business-matching events would help universities, research institutions, start-ups, creative businesses, the Chinese Mainland enterprises, overseas IP owners and potential licensees convert visibility into actual licensing, assignment, collaboration, financing and commercialisation outcomes.

(iv) Strengthening IP education and professional capacity

Talent remains the foundation of an IP economy. We hope the proposed IP Academy will offer practical and interdisciplinary programmes for legal and industry personnel. In particular, we strongly recommend extending IP education and training to financial and insurance sectors. This would help build the professional capacity needed to support a robust IP ecosystem and foster an IP-driven economy.

23. The above measures would support Hong Kong's development as a regional and international hub for IP creation, protection, financing, trading, education and dispute resolution. They would also strengthen the cultural, arts, creative, sports and events sectors that underpin Hong Kong's role as an East-meets-West centre for international cultural exchange. With clear policy direction, practical and achievable goals, adequate resources, institutional coordination and market-facing implementation, Hong Kong can convert IP assets into real economic value for enterprises, creators, investors and the wider community, while meeting the broader ambitions of its First Five-Year Plan in a tangible and result-oriented manner.

Positioning Hong Kong as a Regional Centre for Sports Law, Sports Governance and Sports Dispute Resolution

24. The development of sport as both an industry and an important part of community life requires a strong legal foundation. Sports law extends beyond dispute resolution to cover governance, contracts, sponsorship, media and broadcasting, intellectual property, event management, risk allocation, agency and employment, immigration, venue management and athlete protection. The economic significance of the sector is increasingly clear: according to the Census and Statistics Department, the GDP at market prices of sports and related activities in Hong Kong reached HK$68 billion in 2023, accounting for 2.3% of Hong Kong's GDP[1].

25. The Law Society has previously suggested establishing a dedicated Sports Law Office to coordinate the promotion and development of sports law in Hong Kong. We invite the Government to continue considering such a coordinating mechanism, whether within or outside the Government structure, to support the development of the "sports + mega events" economy and enhance professionalism across the sports sector.

26. The opening of Kai Tak Sports Park provides a concrete example of the opportunities and legal needs arising from sports and mega events. Since its opening in March 2025, the Park has hosted more than 90 international and local events, attracted over 7 million visitors, and recorded cumulative attendance of over 1.6 million at Kai Tak Stadium[2]. Major events included the Hong Kong Sevens, concerts by international and local artists, football showcases, Volleyball Nations League Hong Kong 2025 and 2026, and events under the 15th National Games. These events generate legal work in sponsorship, ticketing, licensing,

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[1] Paragraph 3.2, Sports and Related Activities in Hong Kong, Hong Kong Monthly Digest of Statistics, August 2025
[2] https://www.kaitaksportspark.com.hk/newsroom/Kai-Tak-Sports-Park-Marks-a-Defining-Year

broadcasting, merchandising, event safety, crowd management, insurance, data protection, employment, immigration and dispute resolution.

27. The Law Society supports the development of sports-specific dispute prevention and dispute resolution mechanisms. In addition to arbitration, mediation and other alternative dispute resolution models, greater emphasis should be placed on early legal risk identification, clear allocation of contractual responsibilities, well-drafted disciplinary rules, selection and appeals processes, safeguarding procedures, and practical guidance for national sports associations, athletes, coaches, administrators, sponsors and event organisers. A stronger dispute prevention framework would help parties identify and address potential issues before they escalate into formal proceedings, thereby reducing legal costs, preserving relationships, minimising disruption to training and competitions, and protecting the reputation of sports bodies and major events. It would also give athletes and stakeholders greater confidence that grievances, disciplinary matters and eligibility issues can be handled in a fair, timely and specialist manner. Over time, such mechanisms would contribute to a more stable and professional sports environment, support Hong Kong's ability to host international events, and strengthen its positioning as a regional centre for sports dispute resolution.

28. The development of the non-contentious side of sports law, particularly corporate governance, would benefit both the sports sector and Hong Kong's wider economic and community development. Sound governance arrangements, including clear constitutional documents, transparent decision-making processes, conflict-of-interest policies, board and committee protocols, procurement and sponsorship controls, financial accountability, data protection practices, athlete protection policies and compliance training, would help sports bodies operate with greater professionalism, integrity and accountability. These measures would reduce governance risks, improve internal administration, enhance public and stakeholder confidence, and support fairer and more consistent decision-making in matters such as team selection, funding allocation, disciplinary action and event

participation. Stronger governance would also make sports organisations better prepared to engage with sponsors, broadcasters, venue operators, insurers, international federations and public authorities, thereby improving commercial confidence and supporting the sustainable growth of the "sports + mega events" economy.

29. The Government may consider supporting structured capacity-building programmes for sports associations, athletes, sports administrators and event organisers in collaboration with the legal profession. Such programmes could cover governance, compliance, dispute avoidance, mediation, arbitration, athlete protection, sponsorship, event management and risk allocation, and would help equip sports stakeholders with the practical legal knowledge needed to operate professionally and manage risk effectively.

Enhancing Hong Kong's ESG and Environmental Law Regime

30. The Law Society recommends that the 2026 Policy Address take the forthcoming renewal of Hong Kong's Climate Action Plan 2050 ("Plan") as an opportunity to strengthen Hong Kong's legal and regulatory framework for environmental protection, climate change mitigation and adaptation, and ESG governance. The existing Climate Action Plan 2050, promulgated in October 2021, sets the vision of "Zero-carbon, Emissions Liveable, City Sustainable Development" and identifies four major decarbonisation strategies: net-zero electricity generation, energy saving and green buildings, green transport and waste reduction. As the Plan is due for review in 2026, the Policy Address should provide a clear policy signal that Hong Kong's environmental and ESG laws will evolve in tandem with the city's carbon neutrality objective before 2050 and its interim target of reducing carbon emissions by 50% before 2035 as compared with the 2005 level.

31. A modern ESG and environmental law regime is essential not only for environmental protection, but also for Hong Kong's long-term economic

competitiveness, legal certainty and international standing. Investors, listed companies, lenders, insurers, infrastructure developers, professional advisers and supply-chain participants increasingly require clear rules on climate risk, environmental due diligence, green finance, sustainability disclosures, biodiversity protection, waste management and environmental liability. Hong Kong should therefore move beyond fragmented sectoral initiatives towards a more coherent legal architecture that supports sustainable development across the economy.

32. The Law Society suggests that the updated climate policy framework should include a more detailed statutory and regulatory roadmap for major emitting and climate-sensitive sectors. In the energy sector, this may include clearer milestones for reducing reliance on coal and other fossil fuels, promoting renewable energy and zero-carbon electricity, and enhancing cross-boundary cooperation on clean energy supply. In the infrastructure and real estate sectors, the Government should consider measures to accelerate green building standards, energy-efficiency retrofitting, sustainable construction practices, lifecycle carbon assessment, and clearer labelling or certification arrangements for low-carbon buildings.

33. Given the cross-cutting nature of climate and environmental policy, The Law Society encourages the Government to adopt a whole-of-government approach to ESG and environmental law reform. Relevant bureaux and departments should work closely with regulators, industry bodies, professional organisations, academics, civil society and other stakeholders to ensure that legislative proposals are practical, coherent and capable of effective implementation.

34. Climate adaptation and nature protection should be addressed as core legal and planning issues. Hong Kong's urban density, coastal location and exposure to extreme weather make adaptation planning increasingly important. The Government should consider strengthening the legal basis for climate-resilient infrastructure, flood management, slope safety, coastal protection, heat mitigation,

nature-based solutions, biodiversity conservation and marine protected areas. Environmental impact assessment, town planning and land-use approval processes should also be reviewed to ensure that climate resilience, ecological value and long-term environmental risk are properly considered at an early stage of project design and public decision-making.

35. Waste reduction remains an important test of Hong Kong's environmental governance capacity. The previous suspension of the municipal solid waste charging scheme illustrates the need for environmental legislation to be supported by adequate public education, implementation planning, transitional arrangements, infrastructure, incentives and stakeholder engagement. Without sufficient preparatory work, even well-intentioned legislation may encounter practical resistance. The Law Society therefore encourages the Government to adopt a more integrated approach to environmental law reform, ensuring that legislative proposals are accompanied by clear implementation timetables, enforcement mechanisms, community engagement strategies and practical guidance for businesses and the public.

36. Building upon existing Government initiatives relating to climate action, energy efficiency and sustainable development, The Law Society suggests that Hong Kong should promote "green leases" and progressively develop a legal and regulatory framework for the built environment.

37. Salient features may include model green lease clauses, environmental benchmarking and disclosure requirements, minimum building performance standards, landlord-tenant energy data sharing, lifecycle carbon assessment, building decarbonization and retrofit measures, climate-resilient development standards, circular economy initiatives and green finance mechanisms. Together, these measures would enhance transparency, sustainability and collaboration across commercial, retail, office and industrial sectors in Hong Kong while supporting Hong Kong's long-term carbon neutrality and ESG objectives.

38. The Law Society stands ready to work with the Government, regulators, industry associations, universities, environmental organisations and professional bodies to support the development of a forward-looking ESG and environmental law regime. A legal system that is well prepared for sustainable development would provide clarity for public and private actors, enhance public confidence, support responsible investment and help maintain Hong Kong's competitiveness among major international economies.

Corporate Rescue Procedure

39. In The Law Society's submissions on the 2023 and 2024 Policy Addresses, The Law Society recommended prioritising renewed consideration of the Companies (Corporate Rescue) Bill. The Law Society again urges the Government to reintroduce the Companies (Corporate Rescue) Bill without delay. Although consultations began as early as 1996, Hong Kong still lacks a statutory corporate rescue regime, placing it behind other major financial centres such as Singapore, the United States and the United Kingdom, and potentially affecting its competitiveness as an international business hub.

40. Although schemes of arrangement remain available under the Companies Ordinance (Cap. 622), they can be costly and court-intensive, and do not provide an automatic moratorium on creditor actions. A statutory Corporate Rescue Procedure would provide for an automatic moratorium that affords vital breathing space for viable businesses, including SMEs, encountering temporary liquidity problems, enabling them to formulate rescue plans for the benefit of stakeholders including creditors and employees. Recent experience has shown that otherwise well-run and commercially sound businesses may be exposed, at short notice, to severe external shocks arising from geopolitical developments and trade wars, including sudden increases in tariffs on the cost of importing goods into major markets. Even where such tariffs are subsequently held to have been unlawfully

imposed, the process of obtaining refunds may be lengthy and uncertain, with a significant impact on cash flow. This underscores the need, in today's very different geopolitical landscape from that which existed when the Bill was first tabled in 1996, for a reasonable statutory framework to protect Hong Kong companies from unforeseen burdens of this nature. It would also offer a more streamlined and expeditious process for approving a rescue plan than the existing scheme of arrangement provisions.

41. The Law Society considers that the proposed regime would provide meaningful safeguards for employees and, in important respects, better protection than the existing regime. Under the 2020 draft Bill, outstanding employee entitlements owed by the company at the commencement of provisional supervision would be paid in phases during provisional supervision and, where approved and implemented, under the voluntary arrangement. If the company fails to make a phased payment to any employee in accordance with the prescribed schedule, the employee would cease to be bound by the moratorium and may petition the court to wind up the company, thereby triggering access to ex gratia payments from the Protection of Wages on Insolvency Fund. In this respect, the proposed regime may offer employees a quicker and more structured route to payment than the current PWIF regime, including payment of unpaid wages within 30 calendar days from the commencement of provisional supervision. It may also improve the prospects of preserving jobs where a rescue is successful, which is a significant advantage over an immediate liquidation scenario.

The proposed regime would complement existing restructuring mechanisms by offering businesses, including SMEs, a more efficient and flexible alternative. The Law Society therefore encourages the Government to take forward this long-awaited reform to modernise Hong Kong's insolvency framework and strengthen its standing as a leading international financial and commercial centre.

Enhancing Hong Kong's Competitiveness as a Regional Insurance and Reinsurance Hub

42. The Government may consider developing Hong Kong as Asia's leading Asset Intensive Reinsurance ("AIR") hub serving Chinese Mainland insurers. The Law Society considers that this presents a significant strategic opportunity for Hong Kong. The Government may wish to work closely with the National Financial Regulatory Administration ("NFRA") and the Insurance Authority to position Hong Kong as the premier offshore AIR hub for Chinese Mainland insurers, including by establishing a regulatory and tax environment conducive to large-scale cross-border AIR transactions.

43. In parallel, Hong Kong can be established as a regional insurance hub for insurance and reinsurance management. Relevant initiatives may include the introduction of an appropriate regime for managing general agents ("MGAs") acting under binding authority from foreign insurers or reinsurers in respect of insurance business written wholly outside Hong Kong and the Chinese Mainland.

44. Modernise Hong Kong's insurance contract law, upon considering relevant reforms in the United Kingdom and Australia. In particular, consideration may be given to narrowing and making more insured-friendly, the duty of disclosure when applying for an insurance policy.

45. The Government can consider establishing Hong Kong as a regional centre for cyber insurance and cyber risk transfer, in order to support businesses in managing evolving cyber risks and to strengthen Hong Kong's role in the regional risk management ecosystem.

46. The Law Society supports positioning Hong Kong as a leading technology-enabled insurance hub. This may include encouraging the insurance industry to innovate insurance products by leveraging digitalisation and generative AI, and to

promote insurance solutions for emerging fields such as digital assets, artificial intelligence and climate-related risks. Consideration may also be given to streamlining the use of the existing Insurtech sandbox, including by setting workable timeframes for the approval of suitable innovative insurance propositions, so that Hong Kong remains competitive with other relevant jurisdictions. The Government may consider developing a proportionate AI governance framework for the insurance sector which supports innovation while ensuring that actual and material risks arising from the use of AI are properly identified, assessed and managed.

Transportation and Maritime: Strengthening Hong Kong's Position as a Regional Legal Hub

47. The Law Society supports the Government's continued efforts to reinforce Hong Kong's position as an international transportation and logistics centre, including through the development of maritime services, aviation and air cargo, intermodal transport, smart logistics, green maritime fuel bunkering and sustainable aviation fuel. Building on our recommendations in the 2025-2026 Budget submission, we suggest that adequate resources be allocated to support the Hong Kong Maritime and Port Development Board and to strengthen the wider ecosystem of high value-added maritime and logistics services, including legal and dispute resolution services, ship finance, marine insurance, compliance, risk advisory, training and consultancy services.

48. As the transportation and logistics sectors become increasingly digitalised, decarbonised and integrated with regional and international supply chains, a robust legal and regulatory framework will be essential to support business confidence and investment.

49. Consistent with our 2025 Policy Address submission, The Law Society further encourages the Government to promote the use of Hong Kong law and Hong Kong

dispute resolution clauses in transportation and logistics contracts, particularly in maritime, shipping, aviation, green fuel, air cargo, e-commerce, cold chain and supply-chain finance matters. A sector-specific approach to promoting Hong Kong-seated arbitration, mediation and expert determination would strengthen Hong Kong's competitiveness as both an international transportation and logistics centre and a leading centre for legal and dispute resolution services in the Asia-Pacific region.

Mental Health, Advance Planning and Personal Autonomy

50. Hong Kong is facing a rapidly ageing population, with increasing concerns over dementia, cognitive impairment and other conditions affecting mental capacity. Publicly available health information indicates that dementia is of particular relevance in an ageing society, and that Hong Kong has seen growing public awareness of the importance of advance planning instruments such as Enduring Powers of Attorney ("EPAs") in light of the increasing number of elderly persons and dementia cases. These demographic and social developments make it timely for Hong Kong to modernise its legal framework so that individuals may plan more comprehensively for future incapacity, not only in relation to property and financial affairs, but also personal care and welfare decisions.

51. The Law Society notes that proposals to introduce a Continuing Powers of Attorney ("CPA") regime have been under consideration for many years. As outlined in the Government's paper submitted to the Legislative Council Panel on Administration of Justice and Legal Services on 22 January 2018, the proposed CPA regime would extend the scope of the existing EPA framework to cover personal care decisions in addition to property and financial affairs. The paper also noted that the existing EPA regime in Hong Kong is limited to decisions concerning the donor's property and financial affairs, while the proposed CPA Bill would implement the Law Reform Commission's recommendations to include personal care matters.

52. The Law Society considers that there is now a compelling case for the Government to prioritise the introduction of a CPA regime. As Hong Kong's population continues to age, and as dementia and other mental capacity-related conditions become more prevalent, many individuals and families will increasingly require legal tools that allow them to plan ahead in a holistic and dignified manner. A CPA regime would enable a person, while still mentally capable, to appoint trusted individuals to make decisions on personal care, welfare and related matters in the event of future incapacity.

53. Such a regime would better promote personal autonomy, reduce family disputes, provide clearer guidance to carers and service providers, and avoid unnecessary recourse to court or guardianship procedures. It would also align Hong Kong with modern developments in mental capacity law, where the emphasis is increasingly placed on supported decision-making, advance planning and respect for the individual's will and preferences.

54. The introduction of a CPA regime would also provide a timely opportunity to review and update the Enduring Powers of Attorney Ordinance (Cap. 501). The current EPA regime remains important, but its scope is confined to property and financial affairs. According to the Department of Justice's public information on EPAs, an EPA allows a donor, while mentally capable, to appoint attorney(s) to take care of the donor's financial matters if the donor subsequently becomes mentally incapacitated.

55. In The Law Society's view, the existing legislative framework should be modernised to ensure that it continues to meet present-day needs and public expectations. In particular, consideration should be given to:

(i) simplifying the execution and registration process where appropriate, while maintaining sufficient safeguards against abuse;

(ii) improving public accessibility and understanding of EPAs and any future CPA regime;

(iii) strengthening safeguards for vulnerable donors, including those at risk of undue influence, coercion or financial exploitation;

(iv) clarifying the duties, powers and accountability of attorneys; and

(v) ensuring appropriate coordination between EPAs, CPAs, guardianship, advance medical planning, healthcare decision-making and social welfare services.

56. The Law Society considers that legislative reform should be accompanied by public education, professional training and clear administrative guidance so that the public, legal practitioners, healthcare professionals, social workers, financial institutions and care providers can understand and apply the regime effectively.

57. The Law Society also invites the Government to review the current inspection regime for registered EPAs in Hong Kong, particularly from the perspective of personal data protection and privacy.

58. Under existing public guidance, the EPA registration system is administered by the Registrar of the High Court, and the register enables persons to inspect registered EPAs as a means of monitoring attorneys' conduct. While transparency and accountability are important, The Law Society is concerned that unrestricted or insufficiently controlled access to EPA documents may expose sensitive personal information of donors and attorneys. Such information may include details of a donor's assets, financial arrangements, family circumstances, mental capacity status and private instructions.

59. The Law Society suggests that the Government consider whether the current inspection mechanism strikes the appropriate balance between transparency, protection of vulnerable persons, and data privacy. In this regard, the position in Singapore provides a useful reference. The Singapore Office of the Public

Guardian states that a search of the Lasting Power of Attorney register provides information such as who the donee(s) are and the types of powers they have, while certified copies of a registered LPA are generally not disclosed to persons who are not named parties unless there is a court order.

60. The Law Society recommends that Hong Kong consider adopting a more privacy-sensitive approach, for example:

(i) limiting public search results to essential information, such as whether an EPA or future CPA exists, the identity of the attorney or donee, and the broad category of powers granted;

(ii) restricting access to full or certified copies to the donor, attorney, relevant parties with legitimate interest, or persons authorised by court order;

(iii) introducing a tiered access system distinguishing between basic register searches and access to full documents;

(iv) requiring applicants for inspection to state the purpose of their search and provide supporting information where appropriate;

(v) maintaining audit trails of searches and disclosures; and

(vi) providing clear statutory criteria for balancing privacy, protection and accountability.

61. Such reforms would help ensure that the legal framework protects donors from abuse while avoiding unnecessary exposure of sensitive personal and financial information.

62. The above reforms are particularly important in light of Hong Kong's ageing building stock and the increasing number of redevelopment and compulsory sale cases involving old buildings. Elderly owners are often disproportionately affected in such cases. Some may live alone, have limited family support, or experience declining cognitive ability. Others may have difficulty understanding complex legal, valuation, conveyancing and compensation issues arising from redevelopment or compulsory sale proceedings.

63. Where an elderly owner loses mental capacity without having made adequate advance arrangements, practical and legal difficulties may arise in relation to giving instructions, negotiating with developers, responding to compulsory sale applications, managing sale proceeds, securing alternative accommodation, or protecting the owner's long-term care needs. These difficulties may delay transactions, increase costs, create family disputes, and expose vulnerable owners to pressure or exploitation.

64. A modern CPA regime, together with an updated EPA framework, would assist elderly property owners to plan ahead by appointing trusted persons to make appropriate decisions if they subsequently lose capacity. This is especially important where decisions are not purely financial but also involve personal welfare, housing, care arrangements, relocation, and the person's overall wellbeing.

65. At the same time, a privacy-sensitive registration and inspection system is needed because property ownership, redevelopment and compulsory sale contexts may create incentives for third parties to search for and obtain personal information about elderly owners. The Law Society considers that full EPA or CPA documents should not be made readily accessible to non-parties without proper justification. A more controlled access regime would reduce the risk of misuse of personal data while preserving necessary safeguards for genuine transactions and legal proceedings.

Consolidating Hong Kong as an International Arbitration Centre

66. With the staunch support of the Central People's Government, Hong Kong has developed into a leading centre for international legal and dispute resolution services. Its common law system, independent judiciary, bilingual legal environment, experienced arbitration practitioners and robust institutional

infrastructure make Hong Kong a trusted and preferred seat for resolving commercial, investment, financial, technology and cross-border disputes.

67. The Law Society recommends that the Hong Kong Government continue to promote the wider adoption of Hong Kong law and Hong Kong-seated arbitration in the Chinese Mainland where one or more parties to the dispute are Hong Kong-invested enterprises. This would build on the facilitation measures introduced under the Second Agreement Concerning Amendment to the CEPA Agreement on Trade in Services, which support Hong Kong-invested enterprises in designated cities of the Greater Bay Area in choosing Hong Kong law and Hong Kong as the seat of arbitration. Wider understanding and use of these measures would provide investors, particularly overseas investors, with greater legal certainty, confidence and familiarity when structuring Chinese Mainland-related transactions.

68. Practical implementation could be supported by model dispute resolution clauses, standard contractual templates with explanatory notes, and sector-specific guidance for Hong Kong-invested enterprises, Chinese Mainland business partners, professional advisers and chambers of commerce. These materials may address choice of governing law, seat of arbitration, arbitral institution, emergency relief, interim measures, enforcement, confidentiality, language, governing procedures and suitable escalation mechanisms before arbitration.

69. The Law Society further suggests that Hong Kong develop specialist panels of arbitrators, databases of sector-specific arbitration advocates and related template documentation for emerging economic areas, including ESG, commodity markets, wealth management and space law. These areas may require expertise in green finance, carbon markets and supply-chain ESG; commodities trading, shipping, derivatives and trade finance; trusts, family office governance, succession planning and private wealth structures; and satellite services, launch contracts, space data, telecommunications, insurance and cross-border technology collaboration. These panels could be supported by capacity building, specialist

empanelment, procedural protocols, model clauses and guidance notes to enhance confidence in Hong Kong's ability to handle complex and specialised disputes.

70. In particular, digital assets should be recognised as a distinct area of strategic opportunity for Hong Kong arbitration. As Hong Kong continues to develop a regulated virtual asset and tokenisation ecosystem, disputes are likely to arise from token sale and issuance arrangements, stablecoin reserve and redemption obligations, tokenised securities and real-world assets, smart contracts, custody and wallet arrangements, exchange and platform terms, staking and governance mechanisms, valuation, disclosure, settlement finality, cyber incidents and cross-border enforcement. Many of these disputes will involve sophisticated commercial parties, substantial documentation, technical evidence, multi-jurisdictional performance obligations and a need for confidentiality, neutrality and specialist decision-making. Hong Kong is well placed to meet these needs through its arbitration-friendly legal framework, bilingual professional talent, financial regulatory infrastructure and growing experience in virtual assets and tokenisation. The Government could therefore support dedicated digital-assets arbitration capacity through specialist panels of arbitrators and technical experts, model arbitration clauses for tokenised products and virtual asset transactions, guidance on the interface between arbitration, regulation and court relief, and sector-specific training for arbitrators, arbitration advocates, institutions and industry participants on blockchain systems, smart contracts, custody structures, token economics and digital forensics. These measures would help position Hong Kong as a credible, practical and trusted forum for resolving technology-driven financial disputes, particularly where regional and international market participants intersect.

71. To reinforce Hong Kong's international profile, the Government may also consider supporting regular international promotional and outreach events on Hong Kong arbitration services, including roadshows, roundtables and sector-focused briefings in the Chinese Mainland, ASEAN, the Middle East, Central Asia,

Europe and other key markets. Key messages may include Hong Kong's bilingual arbitration practice, pool of international and Chinese Mainland-facing arbitrators, availability of interim measures in support of Hong Kong-seated arbitrations, enforceability of awards, professional neutrality, sector-specific expertise, and practical suitability for disputes involving Chinese Mainland enterprises, Hong Kong-invested enterprises and international counterparties. Such events could also promote model clauses, specialist arbitrator panels, institutional services and Hong Kong's role as a trusted bridge between the Chinese Mainland and global markets.

Mainstreaming Mediation and Strengthening Hong Kong's Role as an International Mediation Hub

72. Mediation is an efficient, flexible and relationship-preserving dispute resolution process which has significant potential to support Hong Kong's broader dispute resolution policy, business environment and international legal services development. Against the backdrop of Hong Kong's established common law system, deep pool of bilingual legal and dispute resolution professionals, and the International Organization for Mediation ("IOMed") in Hong Kong, The Law Society considers that mediation should be further mainstreamed as both a practical mechanism for resolving disputes and a strategic platform for strengthening Hong Kong's role as an international mediation hub, a standard-setting centre for mediation practice, and a capacity-building centre for mediators and mediation advocates.

73. The Law Society recommends that the 2026 Policy Address should further promote the wider use of mediation not only as an alternative to litigation, but also as a preventive and strategic tool for preserving relationships, reducing costs and managing disputes more constructively for individuals, businesses and the Government. In the local business context, greater integration of mediation culture and skills into dispute prevention mechanisms would offer important practical

benefits. Model mediation clauses, early neutral dialogue, tiered dispute resolution procedures, relationship management protocols and pre-dispute consultation mechanisms can help enterprises identify disagreements at an early stage, preserve commercial relationships, manage reputational risk, reduce legal and management costs, and avoid unnecessary escalation into adversarial proceedings. This would be particularly valuable for SMEs, cross-border businesses, family-owned enterprises, professional service providers and companies operating in fast-moving sectors where continuity, confidentiality and commercial trust are essential.

74. In the international context, the establishment of the IOMed's headquarters in Hong Kong provides a unique opportunity to reinforce Hong Kong's role as an international hub for mediation practice. The Law Society considers that Hong Kong should take this opportunity to reinforce its status as a leading service provider of top-tier mediation services for international, cross-border and emerging sector disputes. This could include establishing practical tools for co-mediation arrangements, case referral and administration mechanisms, structured mediation pathways, model mediation clauses and sector-specific mediation rules, guidance notes on confidentiality and conflicts of interest and capacity building programmes, particularly for complex commercial disputes and emerging economic sectors where confidentiality, speed, inputs from experts and cultural sensitivity are essential.

75. Against the above backdrop, Hong Kong could also be further developed as an international standard-setting centre and capacity-building hub for mediation. This may include reviewing and updating mediation models and protocols; mediator standards; developing and organising capacity-building programmes for local, Chinese Mainland and international mediators and mediation advocates; facilitating regular exchanges with overseas governmental and professional institutions; and promoting sector-specific mediation programmes, multi-lingual resources and continuing professional development for mediation practitioners.

76. The Law Society reiterates its view that the professional status of mediators should be recognised and promoted, so that mediators are regarded as distinct dispute resolution professionals with specialised skills and responsibilities. Appropriate measures may include clearer professional pathways, professional accreditation, continuing training, ethical standards, public education, institutional support, and suitable recognition in Government and court-related dispute resolution initiatives. This would strengthen public confidence in mediation and support Hong Kong's positioning as an international centre for mediation services, training and ethical standards.

Judiciary's use of technology in court operations

77. Hong Kong's respected common law framework and the Judiciary's strong reputation make it a preferred forum for resolving commercial disputes.

78. To uphold the rule of law through an independent, effective and forward-looking judiciary, the Government should ensure that the Judiciary is adequately resourced to further develop the use of technology, including the continuous enhancement of the Integrated Court Case Management System ("iCMS"). This should include improving the system interface and notification system of iCMS, strengthening performance during peak usage, and enhancing iCMS's capacity to manage complex litigation involving multiple parties or voluminous bundles. In particular, the Judiciary should continue developing and expanding the e-service module within iCMS to complement existing e-filing capabilities, enabling secure electronic service of court documents, reducing reliance on physical service, and improving efficiency in civil proceedings. Enhancements to searchability, hyperlinking and pagination functions for large electronic bundles, as well as ensuring that iCMS continues to operate smoothly and efficiently when handling cases involving multiple parties, substantial filings or large electronic bundles, would further support effective case management.

79. The Law Society supports the Judiciary's careful and principled approach to voice-to-text technology and generative AI. Accuracy should remain the foremost consideration in adopting voice-to-text technology, particularly for official transcripts, where its effective implementation could shorten hearing times, improve precision and support more expeditious proceedings. For generative AI, the distinction between administrative tasks and core judicial functions is appropriate. We further recommend that any adoption of AI tools be accompanied by clear governance safeguards, including confidentiality protections, audit trails, and strict limitations to ensure that AI is not used for judicial reasoning or fact-finding.

80. Hong Kong must continue to modernise its judicial system and services to strengthen investor confidence and support commercial growth. An efficient, technology-enabled judiciary will enhance Hong Kong's attractiveness to global investors, facilitate business development and reinforce its position as a leading international financial centre. Continued modernisation, including the development of reliable e-service capabilities, is also essential to maintaining Hong Kong's competitiveness as a preferred forum for cross-border commercial disputes.

A More Diverse and Representative Judiciary and Reduced Court Waiting Times

81. A sustainable and well-resourced Judiciary also requires continued attention to manpower planning, including the need to maintain adequate judicial and court support resources. Ensuring that judicial and court support manpower remains commensurate with the increasing complexity and volume of civil work will help support timely case progression and the efficient administration of justice.

82. The Law Society believes that greater recognition of solicitors' capability, suitability and extensive experience for judicial appointment at all levels would

help broaden the pool of judicial talent, contribute to a more diverse and representative Judiciary, and strengthen public confidence in the administration of justice.

83. In addressing judicial manpower challenges, it is important to take a broad and inclusive view of the available talent within the legal profession. Solicitors, through their extensive experience in advising clients, managing complex disputes and understanding commercial and community needs, are well placed to contribute meaningfully to the work of the Judiciary. Promoting greater consideration of suitable solicitors for judicial appointment would not only support the long-term sustainability of the Judiciary, but also enrich it with a wider range of professional perspectives and practical experience. We also encourage continued development of training pathways and professional development programmes to support prospective judicial candidates from diverse professional backgrounds.

Legal Education

84. To maintain a conducive environment for legal education and professional training that responds to evolving legal, economic and technological developments, with a view to nurturing sustainable legal talent and upholding the highest standards of professionalism within the legal profession.

85. To leverage Hong Kong's unique role as the only jurisdiction practising a Chinese-English bilingual common law system, with a view to strengthening mutual understanding and collaboration between the legal systems, legal services sectors and economies of Hong Kong and the Chinese Mainland, while serving as a bridge for constructive exchanges with civil law and other non-common law jurisdictions, including Belt and Road countries.

Concluding Remarks

86. It is respectfully submitted that Hong Kong's laws and legal policies should continue to meet evolving socio-economic needs and support a conducive environment for business, innovation, community development and access to justice. The views and suggestions set out in this submission are intended to assist the Government in strengthening Hong Kong's position as a leading international legal, financial, trading, innovation and dispute resolution hub.

87. The Law Society respectfully considers that a future-ready legal ecosystem is fundamental to Hong Kong's long-term prosperity, national contribution and international competitiveness. We look forward to continuing constructive dialogue with the Government and relevant stakeholders.

The Law Society of Hong Kong
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