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### **Hong Kong based Law Firms Poised to Provide Services for Mainland Businesses**

The rising number of foreign companies in China plus the surging number of mainland companies venturing into world markets have triggered a strong and growing demand for quality multi-jurisdictional legal services.

This is the clear finding of a recent survey conducted jointly by the Trade Development Council and the Law Society of Hong Kong which also shows that Hong Kong law firms are well qualified and in an advantageous position to meet that demand.

China is currently the world's hottest spot for foreign investment, and its attraction will grow with the continuing liberalisation of its services sector such as banking and telecommunications.

Foreign investment in these sectors usually take the form of cross-border mergers and acquisitions (M&As) which by nature are complicated and require professionals with relevant experience and sophistication to handle.

Investment activities in and from Hong Kong, particularly those involving the mainland, depend very much on Hong Kong's legal sector for support, bearing in mind that Hong Kong is the world's seventh largest investor.

Moreover, Hong Kong plays a unique role in channelling and undertaking mainland-related investment. Hong Kong is the preferred market for investment by mainland entities, absorbing 40% of its FDI outflows.

Hong Kong is home to the largest number of international lawyers in Asia – about 40% of international lawyers in Asia are based in Hong Kong. While China is the largest M&A market in Asia, six out of the top 10 legal advisors in Asia's M&A deals have a significant presence in Hong Kong.

According to the TDC survey of law firms in Hong Kong, 83% of the respondents have dealt with cross-border commercial transactions. Close to 80% of the firms see good and steady business prospects from cross-border commercial transactions in the next three to five years.

Hong Kong law firms have established a strong international-mainland business network and clientele. In the TDC survey, close to 70% of the responded law firms have served mainland clients and 70-80% of the respondents have served foreign clients in other overseas markets.

TDC's Chief Economist, Edward Leung said "Mainland-related investment activities, including foreign companies' investment in the mainland and mainland companies' investment in Hong Kong and overseas, will be of increasing importance in the next

three to five years. Moreover, transactions involving corporate finance, acquisitions and restructuring, intellectual property rights, licensing and franchising will be of rising importance to their businesses.”

The overwhelming majority of the respondents of the TDC survey see good and steady business prospects from clients on the mainland, especially Hong Kong and foreign companies operating there. Among mainland enterprises, more firms see better business prospects from mainland private enterprises.

The competitiveness of Hong Kong law firms and legal professionals to serve clients on the mainland is further enhanced by the advantages Hong Kong enjoys under its Closer Economic Partnership Arrangement (CEPA) with the mainland which also has spin-offs for Hong Kong-based international firms.

Furthermore, the grouping of legal professionals and law firms with strong experience in cross-border deals, along with Hong Kong’s status as an international arbitration centre, enables Hong Kong’s legal sector to offer a comprehensive range of specialised services and “total solutions” to Hong Kong, mainland as well as foreign companies doing business in the region.

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For press enquiries, please contact TDC’s Corporate and Media Communication Department at 2584 4333.