



# CHALLENGING AND ENFORCING ARBITRATION AWARDS GUIDE

THIRD EDITION

General Editor  
J William Rowley KC

Editor  
Benjamin Siino



# **Challenging and Enforcing Arbitration Awards Guide**

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# Publisher's Note

Global Arbitration Review is delighted to publish this new edition of the *Challenging and Enforcing Arbitration Awards Guide*.

For those new to Global Arbitration Review, we are the online home for international arbitration specialists, telling them everything they need to know about all the developments that matter. We provide daily news and analysis, alongside more in-depth books and reviews. We also organise conferences and build workflow tools that help you to research arbitrators and enable you to read original arbitration awards. And we have an online 'academy' for those who are newer to international arbitration. Visit us at [www.globalarbitrationreview.com](http://www.globalarbitrationreview.com) to learn more.

As the unofficial 'official journal' of international arbitration, sometimes we are the first to spot gaps in the literature. This guide is a fine example. As J William Rowley KC observes in his excellent preface, it became obvious recently that the time spent on post-award matters had increased vastly compared with, say, 10 years ago, and a reference work focusing on this phase was overdue.

The *Challenging and Enforcing Arbitration Awards Guide* fills that gap. It is a practical know-how text covering both sides of the coin – challenging and enforcing – first at thematic level, and then country by country. We are delighted to have worked with so many leading firms and individuals to produce it.

If you find it useful, you may also like the other books in the GAR Guides series. They cover construction, energy, evidence, intellectual property, M&A, mining disputes and telecommunications in the same unique, practical way. We also have books on advocacy in international arbitration, the assessment of damages, and investment treaty protection and enforcement.

My thanks to the editors for their vision and energy in pursuing this project and to our authors and my colleagues in production for achieving such a polished work.

**David Samuels**

London

April 2023

# Contents

Preface .....	xiii
J William Rowley KC	

## **PART I: SELECTED ISSUES**

1 Awards: Early-Stage Consideration of Enforcement Issues .....	3
Sally-Ann Underhill and M Cristina Cárdenas	
2 The Arbitral Award: Form, Content, Effect .....	13
Venus Valentina Wong and Dalibor Valinčić	
3 Awards: Challenges .....	24
Shaparak Saleh and Etienne Vimal du Monteil	
4 Arbitrability and Public Policy Challenges .....	38
Penny Madden KC and Ceyda Knoebel	
5 Jurisdictional Challenges .....	54
James Collins, James Glaysher, Petar Petkov, Lilit Nagapetyan and Mukami Kuria	
6 Due Process and Procedural Irregularities.....	69
Juliya Arbisman, Alexandre Genest and Emmanuel Giakoumakis	
7 Awards: Challenges Based on Misuse of Tribunal Secretaries ....	82
Chloe J Carswell and Lucy Winnington-Ingram	
8 Substantive Grounds for Challenge .....	100
John Terry, Emily Sherkey, T Ryan Lax and Chris Kinnear Hunter	
9 Enforcement under the New York Convention.....	114
Emmanuel Gaillard <sup>†</sup> and Benjamin Siino	

10	Enforcement of Interim Measures .....	133
	James E Castello and Rami Chahine	
11	Prevention of Asset Stripping: Worldwide Freezing Orders .....	152
	Damian Honey, Nicola Gare and Caroline West	
12	Grounds to Refuse Enforcement .....	160
	Sébastien Fries, Martin Molina, Annemarie Streuli and Denise Wohlwend	
13	Admissibility of New Evidence When Seeking Set-Aside .....	173
	Joel E Richardson and Sue Hyun Lim	
14	ICSID Awards .....	187
	Christopher P Moore, Laurie Ahtouk-Spivak and Zeïneb Bouraoui	
15	Enforcement Strategies where the Opponent is a Sovereign.....	202
	Alexander A Yanos and Kristen K Bromberek	

## **PART II: JURISDICTIONAL KNOW-HOW**

16	Argentina .....	217
	José A Martínez de Hoz and Francisco A Amallo	
17	Austria .....	244
	Patrizia Netal, Florian Haugeneder and Natascha Tunkel	
18	Belgium .....	262
	Hakim Boularbah, Olivier van der Haegen and Anaïs Mallien	
19	Canada .....	291
	Mathieu Piché-Messier, Karine Fahmy, Ira Nishisato and Hugh Meighen	
20	Chile.....	319
	Francesco Campora Gatica and Juan Pablo Letelier Balocchi	
21	China.....	337
	Xianglin Chen	



22	England and Wales .....	371
	Oliver Marsden and Rebecca Zard	
23	France .....	402
	Christophe Seraglini and Camille Teynier	
24	Germany .....	426
	Boris Kasolowsky and Carsten Wendler	
25	Hong Kong .....	447
	Tony Dymond, Cameron Sim and Lillian Wong	
26	India .....	472
	Sanjeev K Kapoor and Saman Ahsan	
27	Italy .....	503
	Massimo Benedettelli and Marco Torsello	
28	Malaysia .....	530
	Tan Sri Dato' Cecil W M Abraham, Aniz Ahmad Amirudin and Shabana Farhaana Amirudin	
29	Mexico .....	552
	Cecilia Flores Rueda	
30	Netherlands .....	567
	Marnix Leijten, Erin Cronjé, Abdel Zitar and Eva Koopman	
31	Nigeria .....	597
	Gbolahan Elias, Ayodeji Adeyanju and Larry Nkwor	
32	Poland .....	615
	Piotr Sadownik, Krzysztof Ciepliński and Małgorzata Tuleja	
33	Russia .....	633
	Natalia Gulyaeva	
34	Singapore .....	658
	Kohe Hasan, Min Jian Chan and Anand Tiwari	

35 South Korea .....	691
Young Suk Park, Byung Chul Kim, Seulgi Oh and Woo Ji Kim	
36 Spain .....	711
Pablo Martínez Llorente and Daniel Rodríguez Galve	
37 Sweden .....	733
Björn Tude, Daniel Waerme, Oscar Nyrén and Martin Bengtsson	
38 Switzerland.....	753
Franz Stirnimann Fuentes, Jean Marguerat, James F Reardon and Tomás Navarro Blakemore	
39 Thailand.....	787
Michael Ramirez, Noppramart Thammateeradaycho and Anyamani Yimsaard	
40 Turkey .....	803
Asena Aytuğ Keser and Direnç Bada	
41 Ukraine .....	823
Pavlo Byelousov and Ksenia Koriukalova	
42 United Arab Emirates .....	844
Muhammad Mohsin Naseer	
43 United States .....	871
Elliot Friedman, David Y Livshiz and Paige von Mehren	
44 Vietnam.....	889
Nguyen Trung Nam and Nguyen Van Son	
About the Authors.....	911
Contributors' Contact Details .....	953

# Preface

During the past two decades, the explosive and continuous growth in cross-border trade and investments that began after World War II has jet-propelled the growth of international arbitration. Today, arbitration (whether *ad hoc* or institutional) is the universal first choice over transnational litigation for the resolution of cross-border business disputes.

## Why parties choose arbitration for international disputes

During the same period, forests have been destroyed to print the thousands of papers, pamphlets, scholarly treatises and texts that have analysed every aspect of arbitration as a dispute resolution tool. The eight or 10 reasons usually given for why arbitration is the best way to resolve cross-border disputes have remained pretty constant, but their comparative rankings have changed somewhat. At present, two reasons probably outweigh all others.

The first must be the widespread disinclination of those doing business internationally to entrust the resolution of prospective disputes to the national court systems of their foreign counterparties. This unwillingness to trust foreign courts (whether based on knowledge or simply uncertainty as to whether the counterparty's court system is worthy – in other words, efficient, experienced and impartial) leaves international arbitration as the only realistic alternative, assuming the parties have equal bargaining power.

The second is that, unlike court judgments, arbitral awards benefit from a series of international treaties that provide robust and effective means of enforcement. Unquestionably, the most important of these is the 1958 New York Convention, which enables the straightforward enforcement of arbitral awards in 169 countries (at the time of writing). When enforcement against a sovereign state is at issue, the Convention on the Settlement of Investment Disputes between States and Nationals of Other States of 1966 requires that ICSID awards are to be treated as final judgments of the courts of the relevant contracting state, of which there are currently 158.

## Awards used to be honoured

International corporate counsel who responded to the 2008 Queen Mary/PricewaterhouseCoopers Survey on Corporate Attitudes and Practices in Relation to Investment Arbitration (the 2008 Queen Mary Survey) reported positive outcomes on the use of international arbitration to resolve disputes. A very high percentage (84 per cent) indicated that, in more than 76 per cent of arbitration proceedings, the non-prevailing party voluntarily complied with the arbitral award. Where enforcement was required, 57 per cent said that it took less than a year for awards to be recognised and enforced, 44 per cent received the full value of the award and 84 per cent received more than three-quarters of the award. Of those who experienced problems in enforcement,

most described them as complications rather than insurmountable difficulties. The survey results amounted to a stunning endorsement of international arbitration for the resolution of cross-border disputes.

### **Is the situation changing?**

As an arbitrator, my job is done with the delivery of a timely and enforceable award. When the award is issued, my attention invariably turns to other cases, rather than to whether the award produces results. The question of enforcing the award (or challenging it) is for others. This has meant that, until relatively recently, I have not given much thought to whether the recipient of an award would be as sanguine today about its enforceability and payment as those who responded to the 2008 Queen Mary Survey.

My interest in the question of whether international business disputes are still being resolved effectively by the delivery of an award perked up a few years ago. This was a result of the frequency of media reports – pretty well daily – of awards being challenged (either on appeal or by applications to vacate) and of prevailing parties being required to bring enforcement proceedings (often in multiple jurisdictions).

### **Increasing press reports of awards under attack**

In the year before the first edition of this guide, Global Arbitration Review's daily news reports contained hundreds of headlines that suggested that a repeat of the 2008 Queen Mary Survey today could well lead to a significantly different view as to the state of voluntary compliance with awards or the need to seek enforcement. Indeed, in the first three months of 2023, there has not been a day when the news reports have not headlined the attack on, survival of, or a successful or failed attempt to enforce an arbitral award.

A sprinkling of recent headlines on the subject are illustrative:

- Nigeria seeks to overturn US\$11 billion award;
- Russia fails to quash jurisdictional awards in Crimea cases;
- Swiss court upholds multibillion-dollar Yukos award;
- Swedish courts annul intra-EU treaty awards;
- Indian court annuls billion-dollar award for 'fraud';
- Malaysia challenges mega-award in French court;
- GE pays out after losing corruption challenge in legacy case;
- Ukrainian bank's billion-dollar award against Russia reinstated;
- Burford wins enforcement against Kyrgyzstan;
- India loses Dutch appeal over treaty award;
- ECJ dismisses London award in oil spill saga;
- 'Fifteen years is long enough': US court enforces Conoco award;
- Pakistan fails to stay Tethyan award in US; and
- India fails to upend latest award in protracted oil and gas dispute.

Regrettably, no source of reliable data is available as yet to test the question of whether challenges to awards are on the increase or the ease of enforcement has changed materially since 2008. However, the importance of the subject (without effective enforcement, there really is no effective resolution), and my anecdote-based perception of increasing concerns, led me to raise the possibility of doing a book on the subject with David Samuels (Global

Arbitration Review’s publisher). Ultimately, we became convinced that a practical, ‘know-how’ text that covered both sides of the coin – challenges and enforcement – would be a useful addition to the bookshelves of those who more frequently than in the past may have to deal with challenges to, and enforcement of, international arbitration awards. Being well equipped (and up to date) on how to deal with a client’s post-award options is essential for counsel in today’s increasingly disputatious environment.

David and I were obviously delighted when Gordon Kaiser and the late Emmanuel Gaillard agreed to become partners in the project. It was a dreadful shock to learn of Emmanuel’s sudden death in April 2021. Emmanuel was an arbitration visionary. He was one of the first to recognise the revolutionary changes that were taking place in the world of international arbitration in the 1990s and the early years of the new century. From a tiny group defined principally by academic antiquity, we had become a thriving, multicultural global community, drawn from the youngest associate to the foremost practitioner. Emmanuel will be remembered for the enormous contribution he made to that remarkable evolution.

### Editorial approach

As editors, we have not approached our work with a particular view on whether parties are currently making inappropriate use of mechanisms to challenge or resist the enforcement of awards. Any consideration of that question should be made against an understanding that not every tribunal delivers a flawless award. As Pierre Lalive said some 40 years ago:

*an arbitral award is not always worthy of being respected and enforced; in consequence, appeals against awards [where permitted] or the refusal of enforcement can, in certain cases, be justified both in the general interest and in that of a better quality of arbitration.*

Nevertheless, the 2008 Queen Mary Survey, and the statistics kept by a number of the leading arbitral institutions, suggest that the great majority of awards come to conclusions that should normally be upheld and enforced.

### Structure of the guide

The guide is structured to include, in Part I, coverage of general issues that will always need to be considered by parties, wherever situate, when faced with the need to enforce or to challenge an award. In this third edition, the 15 chapters in Part I deal with subjects that include initial strategic considerations in relation to prospective proceedings; how best to achieve an enforceable award; challenges generally and a variety of specific types of challenges; enforcement generally and enforcement against sovereigns; enforcement of interim measures; how to prevent asset stripping; grounds to refuse enforcement; and admissibility of new evidence.

Part II of the guide is designed to provide answers to more specific questions that practitioners will need to consider when reaching decisions concerning the use (or avoidance) of a particular national jurisdiction – whether this concerns the choice of that jurisdiction as a seat of an arbitration, as a physical venue for the hearing, as a place for enforcement, or as a place in which to challenge an award. This edition includes reports on 29 national

jurisdictions. The author, or authors, of each chapter have been asked to address the same 58 questions. All relate to essential, practical information about the local approach and requirements relating to challenging or seeking to enforce awards. Obviously, the answers to a common set of questions will provide readers with a straightforward way in which to assess the comparative advantages and disadvantages of competing jurisdictions.

With this approach, we have tried to produce a coherent and comprehensive coverage of many of the most obvious, recurring or new issues that are now faced by parties who find that they will need to take steps to enforce these awards or, conversely, find themselves with an award that ought not to have been made and should not be enforced.

### **Quality control and future editions**

Having taken on the task, my aim as general editor has been to achieve a substantive quality consistent with the *Challenging and Enforcing Arbitration Awards Guide* being seen as an essential desktop reference work in our field. To ensure content of high quality, I agreed to go forward only if we could attract as contributors those colleagues who were some of the internationally recognised leaders in the field. My fellow editors and I have felt blessed to have been able to enlist the support of such an extraordinarily capable list of contributors.

In future editions, we hope to fill in important omissions. In Part I, these could include chapters on successful cross-border asset tracing, the new role of funders at the enforcement stage, and the special skill sets required by successful enforcement counsel. In Part II, we plan to expand the geographical reach even further.

Without the tireless efforts of the Global Arbitration Review team at Law Business Research, this work never would have been completed within the very tight schedule we allowed ourselves; David Samuels and I are greatly indebted to them. Finally, I am enormously grateful to Doris Hutton Smith (my long-suffering PA), who has managed endless correspondence with our contributors with skill, grace and patience.

I hope that all my friends and colleagues who have helped with this project have saved us from error – but it is I alone who should be charged with the responsibility for such errors as may appear.

Although it should go without saying, this edition of the publication will obviously benefit from the thoughts and suggestions of our readers on how we might be able to improve the next edition, for which we will be extremely grateful.

**J William Rowley KC**

London  
April 2023

## CHAPTER 25

# Hong Kong

Tony Dymond, Cameron Sim and Lillian Wong<sup>1</sup>

### Applicable requirements as to the form of arbitral awards

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#### Applicable legislation as to the form of awards

1 Must an award take any particular form?

Section 67 of the Hong Kong Arbitration Ordinance (Cap. 609) (HKAO), which gives effect to Article 31 of the UNCITRAL Model Law on International Commercial Arbitration (the UNCITRAL Model Law), sets out the formal and substantive requirements for an award. It provides that an award must:

- be in writing;
- be signed by the arbitrator or arbitrators. Signatures by a tribunal majority is sufficient in proceedings with more than one arbitrator, provided that the reason for any omitted signature is stated (e.g., death, incapacity, permanent absence overseas with no means of contact or refusal to sign in the case of dissent);
- state the reasons on which it is based, unless the parties have agreed otherwise; and
- be dated and state the place of arbitration.

A signed copy of the award must be delivered to each party.

There is no default time limit for making an award (HKAO, Section 72(1)). The Court of First Instance of the High Court of Hong Kong (the Court) has the power to extend any time limit to render an award, even if it has expired (HKAO, Section 72(2)). An order to extend the time limit for making an award is not subject to appeal (HKAO, Section 72(3)).

---

<sup>1</sup> Tony Dymond is a partner, Cameron Sim is an international counsel and Lillian Wong is an associate at Debevoise & Plimpton.

## **Applicable procedural law for recourse against an award (other than applications for setting aside)**

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### **Applicable legislation governing recourse against an award**

- 2 Are there provisions governing modification, clarification or correction of an award? Are there provisions governing retraction or revision of an award? Under what circumstances may an award be retracted or revised (for fraud or other reasons)? What are the time limits?

Section 69(1) of the HKAO, which gives effect to Article 33 of the UNCITRAL Model Law, provides that within 30 days of receipt of the award (unless the parties have agreed on another time limit), a party, with notice to the other party, may request that the tribunal:

- correct any computational, clerical or typographical errors or similar errors in the award; and
- if agreed by the parties, give an interpretation of a specific point or part of the award.

Within 30 days of receipt of the request, the tribunal must determine whether the request is justified and, if so, make the correction or give the interpretation. The interpretation will form part of the award (HKAO, Section 69(1)(1)). The tribunal can also correct any computational, clerical or typographical errors or similar errors on its own initiative within 30 days of the date of the award (HKAO, Section 69(1)(2)).

Unless the parties have agreed otherwise, a party may also, with notice to the other party and within 30 days of receipt of the award, request an additional award regarding claims presented in the arbitral proceedings but omitted from the award. The tribunal has 60 days to make the additional award if it considers the request to be justified (HKAO, Section 69(1)(3)). The tribunal may extend the time limit to make a correction, interpretation or additional award (HKAO, Section 69(1)(4)).

A correction or interpretation of an award, or an additional award, must be made in accordance with the requirements of the HKAO (Section 69(1)(5)) regarding form, content and delivery of awards generally. Section 69(2) of the HKAO further provides that the tribunal has the power to make other changes to an award that are necessary or consequential to the correction or interpretation of the award.

The tribunal may also review an award of costs within 30 days of rendering the award if, when making the award, the tribunal was not aware of certain information relating to costs that it should have taken into account. The tribunal can then confirm, vary or correct the award of costs (HKAO, Section 69, Paragraphs (3) and (4)).

Applications to set aside an award, based on fraud or otherwise, may be made pursuant to Section 81 of the HKAO. The grounds for setting aside an award include incapacity of a party, invalidity of the arbitration agreement, inability to present a party's case, arbitrability and conflict with Hong Kong public policy. The Court will not consider the merits of the dispute or the correctness of the award.

An application to set aside an award must be made within three months of the date on which the party making the application received the award (HKAO, Section 81(1)(3)). If an application has been made for correction and interpretation of an award, an application to set it aside must be made within three months of the date on which the tribunal disposed of the request. (HKAO, Section 81(1)(3)).



---

## Appeals from an award

- 3 May an award be appealed to or set aside by the courts? What are the differences between appeals and applications to set aside awards?

An award may ordinarily not be appealed; however, the parties may opt into Section 5 of Schedule 2 of the HKAO pursuant to Section 99(e) of the HKAO if they wish to have the right to appeal an award on a question of law. In those circumstances, the Court will have discretion in determining appeals and will have the power to confirm, vary, remit or set aside the award. Parties may also opt into Section 4 of Schedule 2 of the HKAO pursuant to Section 99(d) of the HKAO so that they can challenge an award on the ground of serious irregularity affecting the tribunal, the arbitral proceedings or the award.

In setting-aside proceedings, the Court will not consider the substantive merits of the dispute or the correctness of the award, whether concerning errors of fact or law. The grounds for setting aside an arbitral award in Hong Kong are set out in Section 81 of the HKAO, which incorporates Article 34 of the UNCITRAL Model Law. The grounds for challenge include incapacity of a party, invalidity of the arbitration agreement, inability to present a party's case, arbitrability and conflict with Hong Kong public policy.

An award can also be set aside if there has been a successful challenge to an arbitrator who has participated in proceedings resulting in an award (HKAO, Section 26(5)).

## Applicable procedural law for setting aside of arbitral awards

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### Time limit

- 4 Is there a time limit for applying for the setting aside of an arbitral award?

An application to set aside the award under Section 81 of the HKAO must be made within three months of the date of receipt of the award or, if a request for correction or interpretation of an award or an additional award has been made under Section 69 of the HKAO, of the date on which the request has been disposed of by the tribunal (HKAO, Section 81(1)(3)). The Court has discretion to grant an extension of time for the application (*Sun Tian Gang v. Hong Kong & China Gas (Jilin) Ltd* [2017] 1 HKC 69 at [90]; *A v. D* [2020] HKCFI 2887 at [11]).

---

### Award

- 5 What kind of arbitral decision can be set aside in your jurisdiction? What are the criteria to distinguish between arbitral awards and procedural orders in your jurisdiction? Can courts set aside partial or interim awards?

The HKAO does not contain a definition regarding what constitutes an arbitral award. Under Hong Kong law, only awards concerning decisions finally disposing of disputed substantive matters between the parties may be challenged. Orders concerning procedural matters cannot be challenged as they are not characterised as arbitral awards (*Gingerbread Investments Ltd v. Wing Hong Interior Contracting Ltd* [2008] 2 HKLRD 436, where the Court held that an 'Order for Directions' concerning discovery of documents is not an 'award').

Section 71 of the HKAO provides that ‘an arbitral tribunal may make more than one award at different times on different aspects of the matters to be determined’, meaning that partial or interim awards can be set aside.

---

### Competent court

- 6 Which court has jurisdiction over an application for the setting aside of an arbitral award? Is there a specific court or chamber in place with specific sets of rules applicable to international arbitral awards?

The Court is the competent court in Hong Kong for the setting aside of arbitral awards (see Section 2 of the HKAO (definition of ‘Court’) and Section 81 of the HKAO (application for setting aside as exclusive recourse against arbitral award)).

The Court has a specialist arbitration list of judges with extensive experience of arbitration-related cases and applications under the HKAO (RHC Commentary 72/2/13). Order 73 of the Rules of the High Court (Cap. 4A) (RHC) contains specific procedural rules for matters concerning arbitration-related proceedings and arbitral awards.

---

### Form of application and required documentation

- 7 What documentation is required when applying for the setting aside of an arbitral award?

The application, request or appeal to the Court shall be made by originating summons under Order 73, Rule 1 of the RHC (HKAO, Section 107). The application and any order thereon may be served out of the jurisdiction by leave of the Court (RHC, Order 73, Rule 7(1)).

---

### Translation of required documentation

- 8 If the required documentation is drafted in a language other than the official language of your jurisdiction, is it necessary to submit a translation with the application for the setting aside of an arbitral award? If yes, in what form must the translation be?

The HKAO does not contain any provisions requiring the translation of an arbitral award in respect of which a setting-aside application is made (whereas it does contain express provisions regarding the translation of awards in recognition and enforcement proceedings: see Sections 85, 88, 94 and 98C of the HKAO). In accordance with Section 27 of the Evidence Ordinance, if the final arbitral award is not in either or both of the official languages (i.e., English and Chinese), the award should be translated into either official language, and certified by an official or sworn translator or by a diplomatic or consular agent.

---

## Other practical requirements

- 9 What are the other practical requirements relating to the setting aside of an arbitral award? Are there any limitations on the language and length of the submissions and of the documentation filed by the parties?

The originating summons must set out the grounds of the setting-aside application. Where the application is based on affidavit evidence, a copy of the supporting affidavit must also be served (RHC, Order 73, Rule 5(4)). Solicitors should refrain from providing affidavits on behalf of their clients when facts that are pertinent to the application have to be deposed to (*KB v. S* [2016] 2 HKC 325, [26]). The originating summons must also be served on the arbitrators, who may participate in the proceedings, file evidence on matters that may assist the Court (but do not seek to explain the interpretation of the award) or take no action (RHC, Order 73, Rule 5(5)).

There are no limitations on the length of submissions or documentation filed in support, which may be in either or both of the official languages (i.e., English and Chinese).

---

## Form of the setting-aside proceedings

- 10 What are the different steps of the proceedings?

Following the filing of the originating summons to set aside an award, the award debtor must file an acknowledgment of service. If the award debtor fails to do so, the award creditor is still required to proceed to have the matter heard. If the award debtor files an acknowledgment of service, the award creditor must support the originating summons with an affidavit or affirmation of evidence. If the award debtor wishes to submit evidence, it must also file its own affidavit or affirmation. Subsequently, the application will be disposed of by way of an oral hearing.

The Court may also suspend the setting-aside proceedings to enable the arbitral tribunal to take steps to eliminate the grounds for setting aside (HKAO, Section 81(1)). In *A v. B* [2015] 5 HKC 509, the Court suspended the setting-aside proceedings to enable the sole arbitrator to include findings in the award in respect of a limitation defence advanced by the respondent.

---

## Suspensive effect

- 11 May an arbitral award be recognised or enforced pending the setting-aside proceedings in your jurisdiction? Do setting-aside proceedings have suspensive effect? If not, which court has jurisdiction over an application to stay the enforcement of the award pending the setting-aside proceedings, what are the different steps of the proceedings, and what are the criteria to be met?

The commencement of setting-aside proceedings does not give rise to an automatic suspension of enforcement proceedings. Pursuant to Sections 86(4) and 89(5) of the HKAO, if a party applies to set aside an award while an application for recognition or enforcement is pending, the Court has the discretion to adjourn the recognition or enforcement proceedings. It may also order the party seeking an adjournment to provide security.

In considering whether an adjournment or security is appropriate, the Court will consider, *inter alia*, the merits of the setting-aside application and whether enforcement will be rendered more difficult if it is delayed (*Dana Shipping and Trading SA v. Sina Channel Asia Ltd* [2017] 1 HKC 281; *Weili Su v. Shengkang Fei* [2019] 2 HKLRD 1214).

---

## Grounds for setting aside an arbitral award

12 What are the grounds on which an arbitral award may be set aside?

The grounds for setting aside an arbitral award in Hong Kong are set out in Section 81 of the HKAO, which incorporates Article 34 of the UNCITRAL Model Law. The grounds for challenge include incapacity of a party, invalidity of the arbitration agreement, inability to present a party's case, arbitrability and conflict with Hong Kong public policy. Hong Kong public policy has been construed to mean 'contrary to the fundamental conceptions of morality and justice of Hong Kong', to be applied narrowly (e.g., if an award was procured by fraud, corruption or other unconscionable behaviour (*Hebei Import v. Polytek Engineering* [1999] 2 HKC 205 at 233); see also *X Chartering v. Y* [2014] HKEC 477 at [26]).

In *Z v. Y* [2018] HKCFI 2342, the Hong Kong High Court refused to enforce an award on public policy grounds because the tribunal had not provided adequate reasons for dismissing the respondent's case on illegality and, therefore, had not properly considered the illegality issues. In *X v. Jemmy Chien* [2020] HKCFI 286, the Court granted leave to enforce an award notwithstanding that one party alleged the underlying agreement was a sham and tainted by illegality. The Court held that public policy interests would not justify allowing a party to rely on its own wrongdoing to avoid its contractual obligations in circumstances where the arbitral tribunal had considered and addressed the illegality claim.

In *Z v. R* [2021] HKCFI 2312, the Court reinforced that:

- an applicant seeking to challenge an arbitral award under Section 81 of the HKAO must furnish proof of the grounds of exclusive recourse set out in Article 34(2) of the UNCITRAL Model Law;
- the burden of proving the existence of the grounds for setting aside is on the applicant; and
- even if the grounds are made out, the Court has discretion to enforce the award nevertheless.

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## Scope of power of the setting-aside judge

13 When assessing the grounds for setting aside, may the judge conduct a full review and reconsider factual or legal findings from the arbitral tribunal in the award? Is the judge bound by the tribunal's findings? If not, what degree of deference will the judge give to the tribunal's findings?

In assessing the grounds for setting aside an arbitral award, the Court will not consider the substantive merits of the dispute or the correctness of an award, whether concerning errors of fact or law (*Pacific China Holdings Ltd (In Liquidation) v. Grand Pacific Holdings*

*Ltd* [2012] 3 HKC 498 at [7]; *R v. F* [2012] 5 HKLRD 278 at [31]; and *KB v. S* [2016] 2 HKC 325 at [1], [47] and [49]). Hong Kong courts give a strong degree of deference to the tribunal's findings.

The HKAO contains a number of 'opt-in' provisions that parties may expressly adopt, extending the role of the Court. These include provisions enabling a challenge to an award on the grounds of serious irregularity and permitting an appeal in respect of a question of law (HKAO, Schedule 2). In certain instances, these provisions apply automatically in domestic arbitrations (HKAO, Sections 99 and 100).

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### Waiver of grounds for setting aside

14 Is it possible for an applicant in setting-aside proceedings to be considered to have waived its right to invoke a particular ground for setting aside? Under what conditions?

In certain instances, an applicant may be prevented from setting aside an arbitral award on the basis that it has waived its right to object (or is estopped from doing so) (*China Nanhai Oil Joint Service Corp Shenzhen Branch v. Gee Tai Holdings Co Ltd* [1995] 2 HKLR 215 at 226, in the context of the enforcement of an award). A party is taken to have waived its right to object to non-compliance with a derogable provision of the HKAO or an arbitration agreement if it knew of the non-compliance but nevertheless proceeded with the arbitration without stating its objection to the non-compliance within the time limit provided for or otherwise without undue delay (HKAO, Section 11; UNCITRAL Model Law, Article 4).

The Court may, on its own motion, set aside an arbitral award on the grounds set out in Section 81(1) of the HKAO (UNCITRAL Model Law, Article 34(2)(b)); therefore, arguments based on waiver and estoppel may not necessarily prevent an award being set aside.

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### Decision on the setting-aside application

15 What is the effect of the decision on the setting-aside application in your jurisdiction? What challenges or appeals are available?

The setting aside of an award has the effect of the award never having been made. If the Court sets aside an award on the basis that the arbitral tribunal lacked jurisdiction, it may declare the award to be a nullity and of no effect. The leave of the Court is required for any appeal to the Court of Final Appeal against a decision to set aside an arbitral award (HKAO, Section 81(4); *China International Fund Ltd v. Dennis Lau & Ng Chun Man Architects & Engineers* (HK) Ltd [2016] 1 HKC 35).

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### Effects of decisions rendered in other jurisdictions

16 Will courts take into consideration decisions rendered in relation to the same arbitral award in other jurisdictions or give effect to them?

The Court may take into consideration, but is not bound by, decisions rendered in other jurisdictions. The Court retains the discretion to enforce a foreign arbitral award even if it has been set aside by the courts of the seat of arbitration (*Dana Shipping and Trading SA v. Sina Channel Asia Ltd* [2017] 1 HKC 281).

## **Applicable procedural law for recognition and enforcement of arbitral awards**

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### **Applicable legislation for recognition and enforcement**

17 What is the applicable procedural law for recognition and enforcement of an arbitral award in your jurisdiction? Is your jurisdiction party to treaties facilitating recognition and enforcement of arbitral awards?

The HKAO is the applicable legislation in Hong Kong. It divides awards into four main categories for the purposes of enforcement:

- Convention awards (defined in Section 2 of the HKAO as awards made in states or territories that are party to the New York Convention, other than China), the enforcement of which is governed by Division 2 of Part 10 of the HKAO;
- Mainland awards (defined in Section 2 of the HKAO as awards made in ‘any part of China other than Hong Kong, Macau, and Taiwan’), the enforcement of which is governed by Division 3 of Part 10 of the HKAO;
- Macau awards (defined in Section 2 of the HKAO as awards made in the Macau Special Administrative Region), the enforcement of which is governed by Division 4 of Part 10 of the HKAO; and
- awards made in Hong Kong and Taiwan and other arbitral awards that are not New York Convention awards, mainland Chinese awards or Macau awards, the enforcement of which is governed by Division 1 of Part 10 of the HKAO.

As a Special Administrative Region of the People’s Republic of China (PRC), Hong Kong is not itself a party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States 1965 (the ICSID Convention); however, when China took over sovereignty of Hong Kong from the United Kingdom in 1997, it notified the United Nations and the World Bank that the ICSID Convention would apply to Hong Kong.

The Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (the 1999 Arrangement) allows for the enforcement of arbitral awards as between mainland China and Hong Kong. The Supplemental Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (2020) (the Supplemental Arrangement) clarifies and modifies the 1999 Arrangement, such that all arbitral awards rendered pursuant to the HKAO can be enforced in mainland China and, likewise, all arbitral awards rendered pursuant to the PRC Arbitration Law can be enforced in Hong Kong. Simultaneous enforcement applications may be made in the courts of mainland China and Hong Kong.

On 19 May 2021, Part 2 of the Arbitration (Amendment) Ordinance 2021 came into force to fully implement the Supplemental Arrangement by effecting the necessary changes to the HKAO. This included the repeal of Section 93 of the HKAO, which prohibited simultaneous enforcement applications. This change will assist in the enforcement of arbitral awards against award debtors with assets in both mainland China and Hong Kong.

The Arrangement Concerning Reciprocal Recognition and Enforcement of Arbitral Awards Between the Hong Kong Special Administrative Region and the Macau Special Administrative Region allows mutual recognition of arbitral awards between Hong Kong and Macau.

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### The New York Convention

18 Is the state a party to the 1958 New York Convention? If yes, what is the date of entry into force of the Convention? Was there any reservation made under Article I(3) of the Convention?

Similar to the position with respect to the ICSID Convention, Hong Kong itself is not a separate contracting state to the Convention. Nevertheless, China, where the Convention entered into force on 22 January 1987, extended the application of the Convention to Hong Kong in 1997.

China has made both reciprocity and commercial relationship reservations under Article I(3) of the Convention, which also bind Hong Kong. These mean that Hong Kong will apply the Convention (1) to recognise awards made in the territory of another contracting state (the reciprocity reservation) and (2) 'only to differences out of legal relationships, whether contractual or not, which are considered as commercial under the national law of the State making such declaration' (the commercial reservation).

### Recognition proceedings

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#### Time limit

19 Is there a time limit for applying for the recognition and enforcement of an arbitral award?

Ordinarily, a six-year time limit to enforce an award runs from the point at which the award debtor fails to comply with its obligations under the award (Limitation Ordinance (Cap. 347), Section 4(1)(c); *CL v. SCG* [2019] HKCFI 398). However, the applicable limitation period depends on whether the underlying contract giving rise to the dispute is a standard contract (for which a six-year time limit applies) or a contract executed under seal (for which a 12-year time limit applies) (*Wang Peiji v. Wei Zhiyong* [2019] HKCFI 2593).

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#### Competent court

20 Which court has jurisdiction over an application for recognition and enforcement of an arbitral award? Is there a specific court or chamber in place with specific sets of rules applicable to international arbitral awards?

The Court is the competent court in Hong Kong for the recognition and enforcement of arbitral awards (see Section 2 of the HKAO (definition of 'Court'), Sections 61 and 84 of the HKAO (granting leave to enforce an arbitral order, direction or award), and Sections 87(1)(a), 92(1)(a) and 98A(1)(a) of the HKAO (enforcing a Convention, mainland China or Macau award).



The Court has a specialist arbitration list of judges with extensive experience of arbitration-related cases and applications under the HKAO (RHC Commentary 72/2/13). Order 73 of the RHC contains specific procedural rules for matters concerning arbitration-related proceedings and arbitral awards.

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### Jurisdictional and admissibility issues

21 What are the requirements for the court to have jurisdiction over an application for recognition and enforcement and for the application to be admissible? Must the applicant identify assets within the jurisdiction of the court that will be the subject of enforcement for the purpose of recognition proceedings?

Section 84 of the HKAO specifies that an award in arbitral proceedings by an arbitral tribunal, whether made within or outside Hong Kong, is enforceable in the same manner as a judgment of the Court that has the same effect, but only with leave of the Court, and otherwise subject to the provisions of the HKAO. Typically, if a party tries to enforce an arbitral award in Hong Kong, it is because there is some jurisdictional nexus with Hong Kong (e.g., assets located in Hong Kong), although this is not a statutory requirement.

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### Form of the recognition proceedings

22 Are the recognition proceedings in your jurisdiction adversarial or *ex parte*? What are the different steps of the proceedings?

An application seeking leave to enforce an arbitral award under Section 84 of the HKAO is governed by Order 73, Rule 10 of the RHC, as amended by Section 13 of Schedule 4 of the HKAO. The application is made *ex parte*, supported by an affidavit. The Court may direct a summons to be issued if it considers it appropriate to give the other party an opportunity to be heard in an *inter partes* hearing. The recognition and enforcement proceedings themselves are adversarial in nature.

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### Form of application and required documentation

23 What documentation is required to obtain recognition?

Under Section 85 of the HKAO, a party seeking recognition of an arbitral award must produce:

- the duly authenticated original award or a duly certified copy of it;
- the original arbitration agreement or a duly certified copy of it; and
- if the award or agreement is not in either or both of the official languages (i.e., English and Chinese), a translation of it in either official language certified by an official or sworn translator or by a diplomatic or consular agent.

Sections 88, 94 and 98C of the HKAO require similar documents for the recognition of a New York Convention award, a mainland China award or a Macau arbitral award, respectively.



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### Translation of required documentation

24 If the required documentation is drafted in a language other than the official language of your jurisdiction, is it necessary to submit a translation with an application to obtain recognition? If yes, in what form must the translation be?

Yes. According to Sections 85, 88, 94, and 98C of the HKAO, if the final arbitral award is not in either or both of the official languages (i.e., English and Chinese), it is necessary for the award to be translated into either official language, and certified by an official or sworn translator or by a diplomatic or consular agent.

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### Other practical requirements

25 What are the other practical requirements relating to recognition and enforcement? Are there any limitations on the language and length of the submissions and of the documentation filed by the parties?

Under Hong Kong law, the first step towards the recognition and enforcement of an arbitral award is obtaining the Court's grant of leave to enforce the award.

The procedure for seeking leave to enforce an award under Section 84 is governed by Order 73, Rule 10 of the RHC. The application is usually made *ex parte*, and the applicant must make full and frank disclosure of all relevant information in support of the application, including the existence of any proceedings to set aside the award. Failure to do so could be fatal to the application if:

- the relevant information is of material importance;
- the failure was culpable; or
- the sanction would not be out of all proportion to the 'offence' (*Grant Thornton International Ltd v. JBPB & Co* [2013] HKEC 477).

The Court may direct a summons to be issued if it considers it appropriate to give the other party an opportunity to be heard in an *inter partes* hearing.

Once leave to enforce is granted, the Court's order must be drawn up by, or on behalf of, the applicant and personally served on the respondent, delivered to his or her last known or usual place of business or abode, or in another manner as the Court may direct.

The award may be enforced 14 days after the date of service of the Court's order on the respondent or, under Order 73, Rule 10(6) of the RHC, the respondent may apply by way of summons and affidavit to set aside the order granting enforcement of the award within 14 days of being served. If an 'application for setting aside or suspending' an award has been made, then 'the court before which enforcement of the award is sought . . . may, if it thinks fit, adjourn the proceedings for the enforcement of the award' (HKAO, Sections 86(4)(a), 89(5)(a), 98D(5)(a)).

Notwithstanding the 14-day time limit to apply for leave to set aside the enforcement order, the Court has power to grant an extension of time under Order 3, Rule 5 of the RHC. In *Astro Nusantara International BV and Others v. PT First Media TBK* [2018] HKCFA 12, the Court of Final Appeal granted an extension of time for the award debtor to challenge the enforcement orders notwithstanding a 14-month delay, taking into

account that the award debtor had a strong case that the relevant awards had been made without jurisdiction over certain parties, and that the delay had not caused the award creditor any uncompensable prejudice.

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### Recognition of interim or partial awards

26 Do courts recognise and enforce partial or interim awards?

Section 71 of the HKAO provides that ‘an arbitral tribunal may make more than one award at different times on different aspects of the matters to be determined’, meaning that partial or interim awards can be recognised and enforced.

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### Grounds for refusing recognition of an arbitral award

27 What are the grounds on which an arbitral award may be refused recognition? Are the grounds applied by the courts different from the ones provided under Article V of the New York Convention?

The major grounds for refusing recognition and enforcement of an arbitral award in Hong Kong are set out under Sections 86(1), 89(2), 95(2), and 98D(2) of the HKAO, which substantially replicate the grounds set out in Article V(1) of the Convention.

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### Scope of power of the recognition judge

28 When assessing the grounds for refusing recognition, may the recognition judge conduct a full review and reconsider factual or legal findings from the arbitral tribunal in the award? Is the judge bound by the tribunal’s findings? If not, what degree of deference will the judge give to the tribunal’s findings?

In considering whether to refuse the recognition of an arbitral award, the Court does not examine the merits of the dispute (*Xiamen Xingjingdi Group Ltd v. Eton Properties Ltd* [2009] 4 HKLRD 353 at [28]). The grounds for refusing recognition of an arbitral award in Hong Kong do not require the Court to conduct a full review of the factual or legal findings in the arbitral award. Recognition may be denied where one of the limited grounds for refusing recognition of an award is established.

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### Waiver of grounds for refusing recognition

29 Is it possible for a party to be considered to have waived its right to invoke a particular ground for refusing recognition of an arbitral award?

In some circumstances, a party may be deemed to have waived its right to invoke a particular ground for refusing recognition of an arbitral award (*China Nanhai Oil Joint Service Corp Shenzhen Branch v. Gee Tai Holdings Co Ltd* [1995] 2 HKLR 215 at 225). This includes the case where the party resisting recognition kept silent about a procedural irregularity of which it was aware during the proceedings, and that might have been cured had the irregularity been promptly raised, but the party instead decided not to disclose the point until the recognition stage (*Arjowiggins HKK2 Ltd v. X Co* [2016] HKEC 2472 at [32]; *G v. X (Arbitration)* [2022] 3 HKLRD 297 at [22] and [23]).

A party is taken to have waived its right to object to non-compliance with a derogable provision of the HKAO or an arbitration agreement if it knew of the non-compliance but nevertheless proceeded with the arbitration without stating its objection to the non-compliance within the time limit provided for or otherwise without undue delay (HKAO, Section 11; UNCITRAL Model Law, Article 4).

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### **Effect of a decision recognising an arbitral award**

30 What is the effect of a decision recognising an arbitral award in your jurisdiction?

The grant of leave to enforce by the Court is the first step towards recognition and enforcement of an award. The award is enforceable only after the expiry of 14 days (or such other period that the Court may fix) from the date of service of the Court's order granting leave on the award debtor (RHC, Order 73, Rule 10(6)). An award debtor on which the order is served may, within 14 days of the date of service, seek to resist enforcement as a way of challenging the decision recognising an arbitral award.

Once an award becomes enforceable, it is enforced as though it were a local court judgment (HKAO, Section 84). As is the case with a local court judgment, the Court may stay enforcement of the award under Order 47, Rule 1(1) of the RHC, which states that 'there are special circumstances which render it inexpedient to enforce the judgment'.

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### **Decisions refusing to recognise an arbitral award**

31 What challenges are available against a decision refusing recognition in your jurisdiction?

If the Court has refused leave to enforce an award under Section 84(1) of the HKAO, an appeal against that decision may be made with leave of the Court pursuant to Section 84(3) of the HKAO.

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### **Recognition or enforcement proceedings pending annulment proceedings**

32 What are the effects of annulment proceedings at the seat of the arbitration on recognition or enforcement proceedings in your jurisdiction?

It lies within the Court's discretion to determine whether it will adjourn an application to enforce an arbitral award if an action to remit or set aside the award is pending. The Court will consider factors such as the merits and prospects of success of the setting-aside application (HKAO, Sections 86(4)(a), 89(5)(a), 98D(5)(a)).

Section 84 of the HKAO is subject to Section 26(2), which means that if an application for the enforcement of an arbitral award is made during the period in which a challenge to the appointment of an arbitrator is pending before the courts, and the arbitral tribunal that made the award includes the challenged arbitrator, the Court may refuse enforcement of the award. This usually applies if the award on which enforcement is sought is a partial or interim award, rather than the final award.

## Security

- 33 If the courts adjourn the recognition or enforcement proceedings pending annulment proceedings, will the defendant to the recognition or enforcement proceedings be ordered to post security?

Sections 86(4)(b), 89(5)(b) and 98D(5)(b) of the HKAO provide that the Court can order security to be posted if an application for setting aside or suspension of the award has been made by a party.

The chief factors likely to be considered by the Court when deciding whether to order security include the strength of the grounds of challenge to the award and the possible difficulty in enforcing the award if security is not ordered (*Soleh Boneh International Ltd v. Government of the Republic of Uganda and National Housing Corp* [1993] 2 Lloyd's Rep 208 CA (Eng); *L v. B* [2016] HKCU 1165 at [7]).

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## Recognition or enforcement of an award set aside at the seat

- 34 Is it possible to obtain the recognition and enforcement of an award that has been fully or partly set aside at the seat of the arbitration? If an arbitral award is set aside after the decision recognising the award has been issued, what challenges are available?

Under Section 89(2)(f)(ii) of the HKAO, the court before which enforcement of the award is sought has discretionary powers to refuse enforcement if an award has been 'set aside or suspended by a competent authority of the country in which, or under the law of which, it was made'. If the award has been set aside at the seat of the arbitration, the enforcing court in Hong Kong could nevertheless decide to enforce the award or it could proceed to allow enforcement of the award before the setting-aside application has been completed.

## Service

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### Service in your jurisdiction

- 35 What is the procedure for service of extrajudicial and judicial documents to a defendant in your jurisdiction? If the extrajudicial and judicial documents are drafted in a language other than the official language of your jurisdiction, is it necessary to serve these documents together with a translation? When is a document considered to be served to the opposite party?

The procedure for service with respect to applications to the court for leave to enforce arbitral awards is governed by Order 65 of the RHC (service of documents in connection with proceedings within Hong Kong).

Order 65 prescribes that service can be effected by personal service, by post or by placing the documents through the letterbox of the defendant at his or her usual or last known address, or, in the case of a corporation, at its registered address.

For service of a writ or an originating summons by registered post or insertion through the letterbox, the date of service is deemed to be the seventh day after the date on which the copy was sent to or inserted through the letter box for the address in question, unless the contrary is shown (RHC, Order 10, Rules 1(3) and 5).

If it appears impracticable to serve the documents using any of the aforementioned methods, the claimant can apply to the court for an order of substituted service (RHC, Order 65, Rule 4). Substituted service of a document is effected by taking such steps as the court may direct to bring the document to the notice of the defendant. The application is generally made by affidavit *ex parte*. The affidavit should clearly state the type of substituted service proposed, and it must show that the writ is likely to reach the defendant or come to his or her knowledge if the method of substituted service is allowed.

If the extrajudicial and judicial documents are drafted in a language other than English or Chinese, these documents must be served with a translation (High Court Civil Procedure (Use of Language) Rules (Cap. 5C), Section 4); however, translations of judicial documents can be supplemented at a later stage (as set out in Practice Direction 10.2).

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### Service out of your jurisdiction

36 What is the procedure for service of extrajudicial and judicial documents to a defendant outside your jurisdiction? Is it necessary to serve these documents together with a translation in the language of this jurisdiction? Is your jurisdiction a party to the 1965 Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters (the Hague Service Convention)? Is your jurisdiction a party to other treaties on the same subject matter? When is a document considered to be served to the opposite party?

There are different procedures that apply to service out of the jurisdiction, depending on the type of extrajudicial or judicial document being served. For documents relating to arbitration, the following rules apply:

- Order 73, Rule 7 of the RHC applies to summonses or orders made under the HKAO or any orders made thereon other than those by which an application for leave to enforce an arbitral award is made.
- Order 73, Rule 10(5) of the RHC applies to an order made further to an *ex parte* application seeking leave to enforce an arbitral award.

Pursuant to Order 73, Rule 7 of the RHC, summonses or orders made under the HKAO or any orders made thereon can be served out of the jurisdiction with leave of the Court provided that:

- the summons or order relates to an arbitration governed by Hong Kong law, unless the application is for leave to enforce an arbitral award;
- the arbitration has been, is being or is to be held within Hong Kong; or
- the originating summons is one by which an application is made under Section 45(2) (interim measures) or Section 60(1) (inspection, photographing, preservation, custody, detention, sale, sampling or experimentation of any relevant property) of the HKAO.

Before leave will be granted, it must be demonstrated to the Court that the case is proper for service out of jurisdiction under Rule 7(4) of the RHC.

Pursuant to Order 73, Rule 10(5), an order made *ex parte* granting leave to enforce an arbitral award can be served without leave; however, if service needs to be effected outside the jurisdiction, pursuant to Order 11, Rule 1(1)(m), an originating summons by which an

application is made to enforce an arbitral award or any orders made thereon can be served out of the jurisdiction with leave of the Court. Service in these circumstances is permissible with leave regardless of whether the arbitration is governed by Hong Kong law.

Any originating summons, summons or order that is to be served out of the jurisdiction under Order 73 need not be served personally so long as it is served in accordance with the law of the country or place in which service is effected (RHC, Order 11, Rule 5(3), applied by virtue of Order 73, Rule 7(6)).

If the extrajudicial and judicial documents served on a defendant are drafted in a language other than English or Chinese, these documents must be served with a translation (High Court Civil Procedure (Use of Language) Rules (Cap. 5C), Section 4); however, translations of judicial documents can be supplemented at a later stage (as set out in Practice Direction 10.2).

Hong Kong is a party to the Hague Service Convention. On 1 July 1997, the Hague Convention ceased to apply to service of documents between Hong Kong and mainland China, as the service was no longer international in nature (see RHC Commentary 69/4/1).

There are arrangements in place for service of documents between Hong Kong and mainland China (the Arrangement for Mutual Service of Judicial Documents in Civil and Commercial Proceedings between the Mainland and Hong Kong Courts) and between Hong Kong and Macau (the Arrangement for Mutual Service of Judicial Documents in Civil and Commercial Cases between the Hong Kong Special Administrative Region and the Macau Special Administrative Region).

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## Identification of assets

### Asset databases

37 Are there any databases or publicly available registers allowing the identification of an award debtor's assets within your jurisdiction? Are there any databases or publicly available registers providing information on award debtors' interests in other companies?

Certain databases are publicly available in Hong Kong and can be used for the identification of assets. For example, land records with information about property assets are kept by the Land Registry, and information pertaining to companies is contained in the Companies Registry. Both of these registries are open to the public.

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### Information available through judicial proceedings

38 Are there any proceedings allowing for the disclosure of information about an award debtor within your jurisdiction?

Section 84 of the HKAO provides that, with leave of the Court, an arbitral award may be enforced in the same manner as a judgment of the Court, subject to the provisions of the HKAO, meaning that orders facilitating the enforcement of judgments, such as the ability to examine judgment debtors under Orders 48 and 49B of the RHC, are also available in relation to the enforcement of arbitral awards.

Pursuant to Order 48 of the RHC, on an *ex parte* application of the award creditor, the Court may order the award debtor to attend before the Registrar or an officer appointed by the Court, and be orally examined on whether (1) there are any debts owing to the award debtor by other persons, and (2) the award debtor has any other property or financial resources that could be used to satisfy the award. If the award debtor is a limited company, the order can be made against a senior officer of the company.

Pursuant to Order 49B of the RHC, when the award is for the payment of a specified sum of money, on an *ex parte* application of the award creditor, the Court may order an examination of the award debtor regarding his or her assets, liabilities, income and expenditure and of the disposal of any assets or income. If it appears to the Court that there is reasonable cause to believe that an order to appear before the Court for examination may be ineffective to secure the award debtor's attendance, the Court may (1) order that the award debtor be arrested and brought before the Court on the day following the day of arrest (RHC, Order 49B, Rule 1(1)) and (2) make an order prohibiting the award debtor from leaving Hong Kong (RHC, Order 49B, Rule 1(2)).

Further, pursuant to Order 38, Rules 13 and 14 of the RHC, the judgment debtor may apply for an order to (1) require a non-party witness to attend any proceedings in the cause or matter and produce any document considered by the Court to be necessary, or (2) compel the attendance of a non-party witness to give evidence or to produce documents or other material evidence.

Order 38 does not apply to discovery applications against non-party banks, to which Section 21 of the Evidence Ordinance applies. Section 21 provides: 'On the application of any party to any proceedings, the court or judge may order that such party be at liberty to inspect and take copies of any entries in a banker's record for any of the purposes of such proceedings.' The court in *Pacific King Shipping Holdings Pte Ltd v. Huang Ziqiang* [2015] HKEC 76 noted that, although it could grant such an order in the appropriate circumstances, it 'would not lightly use its powers to order disclosure of full information touching the confidential relationship of banker and customer'.

## **Enforcement proceedings**

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### **Attachable property**

39 What kinds of assets can be attached within your jurisdiction?

A wide variety of assets can be attached, including immovable, movable, intangible and other forms of property.

### **Availability of interim measures**

40 Are interim measures against assets available in your jurisdiction? Is it possible to apply for interim measures under an arbitral award before requesting recognition? Under what conditions?

Both arbitral tribunals and courts are empowered to issue interim measures in support of claims advanced in arbitral proceedings.



Pursuant to Section 35 of the HKAO, unless otherwise agreed by the parties, the arbitral tribunal may grant interim measures upon the request of any party. These measures may be granted to a party to:

- maintain or restore the status quo pending determination of the dispute;
- take any action that would prevent, or refrain from taking action that is likely to cause, current or imminent harm or prejudice to the arbitral process;
- preserve assets out of which a subsequent award may be satisfied; and
- preserve evidence that may be relevant or material to the resolution of the dispute.

Pursuant to Section 45 of the HKAO, the Court also may grant interim measures in support of arbitration upon the application of any party. The power conferred by Section 45 may be exercised by the Court irrespective of whether similar powers may be exercised by an arbitral tribunal under Section 35 in relation to the same dispute, although the Court may decline to exercise this power if ‘the interim measure sought is currently the subject of arbitral proceedings’ or if it ‘considers it more appropriate for the interim measure sought to be dealt with by the arbitral tribunal’ (HKAO, Section 45(4)).

Award creditors may apply to the Court for interim measures against assets in support of enforcement proceedings; however, award creditors cannot apply such interim measures against assets owned by a sovereign state. Foreign states enjoy absolute immunity from enforcement and jurisdiction in Hong Kong, unless the foreign state has agreed to waive its sovereign immunity (*Democratic Republic of the Congo v. FG Hemisphere Associates LLC* (2011) 14 HKCFAR 95 (*FG Hemisphere*)).

As Hong Kong is a Special Administrative Region of the PRC, China will have crown immunity as opposed to sovereign immunity, although the practical effect is similar. Whether a Chinese entity, such as a state-owned enterprise, would be able to shield its assets through crown immunity would depend on a test of control (i.e., whether the entity is able to exercise powers independent from the Chinese government), in which case it is less likely to benefit from crown immunity (*The Hua Tian Long (No.3)* [2010] 3 HKC 557).

Pursuant to Article 4 of the Supplemental Arrangement, Hong Kong courts are expressly empowered to issue interim measures either before or after accepting an application for enforcement of a mainland Chinese arbitral award.

Pursuant to the Arrangement Concerning Mutual Assistance in Court-ordered Interim Measures in Aid of Arbitral Proceedings by the Courts of the Mainland and of the Hong Kong Special Administrative Region, parties to certain institutional arbitrations seated in Hong Kong are permitted to apply to mainland Chinese courts for interim measures in support of their arbitral claims.

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## Procedure for interim measures

### 41 What is the procedure to apply interim measures against assets in your jurisdiction?

Pursuant to Section 35 of the HKAO, an award creditor can apply directly to an arbitral tribunal seated in Hong Kong for interim measures against assets. There is no requirement to obtain prior court authorisation to make the application.



Section 36 of the HKAO requires a party to show that (1) the interim measure is needed to avoid harm that could not be adequately compensated by damages, and (2) there is a reasonable possibility that the claim would succeed on the merits. Further, unless the parties have agreed otherwise, Section 37 of the HKAO allows a party ‘without notice to any other party, [to] make a request for an interim measure’ (i.e., a party can apply for an interim measure on an *ex parte* basis).

The Court can grant interim measures under Section 45 of the HKAO, and this power can be exercised irrespective of whether similar powers may also be exercised by an arbitral tribunal under Section 35 of the HKAO in relation to the same dispute. According to Order 29, Rule 1(2) of the RHC, through which the Court grants interim measures, where ‘the applicant is the plaintiff and the case is one of urgency, such application may be made *ex parte* on affidavit’. Applicants seeking urgent aid from the courts must act with diligence and speed in serving the documents initiating the proceedings, as the court will assess any delay in light of the prejudice suffered (*VE Global UK Ltd v. Charles Allard Jr* [2017] HKEC 2135 at [23] and [28]).

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### **Interim measures against immovable property**

42 What is the procedure for interim measures against immovable property within your jurisdiction?

With respect to an application for interim measures, Hong Kong law does not distinguish between immovable, movable, intangible or other forms of property. The general procedure for interim measures therefore applies to immovable property.

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### **Interim measures against movable property**

43 What is the procedure for interim measures against movable property within your jurisdiction?

With respect to an application for interim measures, Hong Kong law does not distinguish between immovable, movable, intangible or other forms of property. The general procedure for interim measures therefore applies to movable property.

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### **Interim measures against intangible property**

44 What is the procedure for interim measures against intangible property within your jurisdiction?

With respect to an application for interim measures, Hong Kong law does not distinguish between immovable, movable, intangible or other forms of property. The general procedure for interim measures therefore applies to intangible property.

## Attachment proceedings

45 What is the procedure to attach assets in your jurisdiction? Who are the stakeholders in the process?

The procedure to attach assets in Hong Kong is to apply to the Court for the relevant order. The two main orders by which assets may be attached are garnishee orders and charging orders.

### Garnishee order

Pursuant to Order 49, Rule 1 of the RHC, in certain circumstances, award creditors, for the purpose of enforcing an award, may apply to the Court for a garnishee order. Order 49, Rule 2 of the RHC states that an application for a garnishee order must be made *ex parte*, supported by an affidavit or affirmation that:

- states the name and the last known address of the judgment debtor;
- identifies the judgment to be enforced and states the amount remaining unpaid under it at the time of the application for the garnishee order;
- states that to the best of the information available to, or belief of, the applicant, the garnishee is within the jurisdiction and is indebted to the judgment debtor, and includes the sources of the applicant's information or the grounds for his or her belief; and
- where the garnishee is a bank having more than one place of business, states the name and address of the branch at which the judgment debtor's account is believed to be held or, if it be the case, that this information is not known to the applicant.

The garnishee order initially will be an order nisi. The Court may grant the award creditor an order absolute on further consideration of the matter. The garnishee should pay the amount specified in the order to the award creditor, and any payment made by the garnishee in compliance with the order shall be a valid discharge of his or her liability towards the award debtor to the extent of the amount paid (RHC, Order 49, Rule 3).

The stakeholders in the process are the Court, the applicant, the judgment debtor and the garnishee. If, in garnishee proceedings, it is brought to the notice of the Court that some third party other than the judgment debtor is entitled to the debt sought to be attached or has a charge or lien upon it, the Court may order the third party to attend before the Court and may summarily determine the questions at issue or make such other order as it thinks just (RHC, Order 49, Rule 6).

### Charging order

For the purpose of enforcing an award, the Court may make a charging order, on any property of the award debtor, to secure the payment of any debt due or to become due under that award (RHC, Order 50, Rule 1). A charging order can be imposed on the following types of property: land or real estate, securities and funds in court (High Court Ordinance, Section 20A(2)).

An application for a charging order may be made *ex parte*, supported by an affidavit or affirmation that:

- identifies the award to be enforced and states the amount remaining unpaid under it at the date of the application;
- states the name of the award debtor and of any creditor whom the applicant can identify;
- gives full particulars of the subject matter of the intended charge; and
- verifies that the interest to be charged is owned beneficially by the award debtor (RHC, Order 50, Rule 1(3)).

Unless the Court otherwise directs, the supporting affidavit or affirmation may contain statements of information or belief with the sources and grounds for that information or belief (RHC, Order 50, Rule 1(4)).

An order made by an *ex parte* application will be an order nisi. Upon further consideration of the matter, the Court may make the charging order absolute. The charging order, however, is not a direct mode of enforcement but is rather an indirect mode in the sense that it provides the award creditor with security, in whole or in part, over the property of the award debtor. To obtain the actual proceeds of the charge, the award creditor must then proceed to apply further for an order to sell the specified assets and satisfy his or her award (RHC, Order 50, Rule 3).

### **Attachment against immovable property**

46 What is the procedure for enforcement measures against immovable property within your jurisdiction?

With respect to an application for attachment, Hong Kong law does not distinguish between immovable, movable, intangible or other forms of property. The procedure to attach all types of property in Hong Kong is to apply to the Court for such orders. The two main orders by which assets may be attached are garnishee orders and charging orders.

### **Attachment against movable property**

47 What is the procedure for enforcement measures against movable property within your jurisdiction?

With respect to an application for attachment, Hong Kong law does not distinguish between immovable, movable, intangible or other forms of property. The procedure to attach all types of property in Hong Kong is to apply to the Court for such orders. The two main orders by which assets may be attached are garnishee orders and charging orders.

### Attachment against intangible property

48 What is the procedure for enforcement measures against intangible property within your jurisdiction?

With respect to an application for attachment, Hong Kong law does not distinguish between immovable, movable, intangible or other forms of property. The procedure to attach all types of property in Hong Kong is to apply to the Court for such orders. The two main orders by which assets may be attached are garnishee orders and charging orders.

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### Attachments against sums deposited in bank accounts or other assets held by banks

49 Are there specific rules applicable to the attachment of assets held by banks? Is it possible to attach in your jurisdiction sums deposited in bank accounts opened in a branch or subsidiary of a foreign bank located in your jurisdiction or abroad? Is it possible to attach in your jurisdiction the bank accounts opened in a branch or subsidiary of a domestic bank located abroad?

Garnishee orders may be obtained in respect of bank accounts opened in a branch or subsidiary of a domestic or foreign bank located in Hong Kong, but not in respect of bank accounts opened in a branch or subsidiary of a domestic or foreign bank located abroad.

Under Hong Kong law, an interim order may also be issued to restrain a party from diminishing their assets, including funds held in bank accounts located in Hong Kong or elsewhere. This is known as a *Mareva* injunction, for which an application may be made *ex parte*.

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### Piercing the corporate veil and alter ego

50 May a creditor of an award rendered against a private debtor attach assets held by another person on the grounds of piercing the corporate veil or alter ego? What are the criteria, and how may a party demonstrate that they are met?

Under Hong Kong law, the corporate veil of a company may only be pierced in a limited number of situations, such as when there is some relevant impropriety or wrongdoing in which the company is used for some illegitimate purpose, such as in relation to devices to perpetrate fraud or to evade legal obligations (*Sap Products Ltd v. Xena Security Ltd & Anor* [2017] HKCU 12 at [11] to [13], adopting *Prest v. Petrodel Resources Ltd & Others* [2013] 2 AC 415).

There is a distinction between the evasion of legal obligations and the avoidance of incurring any legal obligation in the first place. Under Hong Kong law, the doctrine of lifting the corporate veil seeks to prevent the former (i.e., using a company to evade the law or frustrate its enforcement) but not the latter.

When a party is under an existing legal obligation or liability or subject to an existing legal restriction that it deliberately evades or whose enforcement it deliberately frustrates by interposing a company under its control, the Court may then pierce the corporate veil for the purpose of depriving the company or its controller of the advantage that it would

otherwise have obtained by the company's personality (*Global Alliance Logistics (HK) Ltd v. Premiere Logistics (HK) Ltd & Anor* [2022] HKCU 1844 at [17], adopting *Prest v. Petrodel Resources Ltd & Others* [2013] 2 AC 415).

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## Recognition and enforcement against foreign states

### Applicable law

51 Are there any rules in your jurisdiction that specifically govern recognition and enforcement of arbitral awards against foreign states?

In 2011, the Hong Kong Court of Final Appeal held in *FG Hemisphere* that an arbitral award against a foreign state cannot be enforced in Hong Kong unless the foreign state has waived its sovereign immunity, and that the waiver must be made 'in the face of the Court'. In that case, the Court observed that when a state enters into 'an arbitration agreement with a private individual or company, it involve[s] merely the assumption of contractual obligations vis-à-vis the other party to the agreement. That act did not constitute a submission to any other State's jurisdiction'.

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### Service of documents to a foreign state

52 What is the procedure for service of extrajudicial and judicial documents to a foreign state? Should they be served through diplomatic channels? Is it necessary to serve extrajudicial and judicial documents together with a translation in the language of the foreign state? When is a document considered to be served to a foreign state?

The procedure for service of extrajudicial and judicial documents to a foreign state is governed by Order 11, Rule 7 of the RHC.

Subject to the sovereign state having waived its immunity (*FG Hemisphere*), after obtaining leave to serve under Order 11, Rule 1, a person who wishes to have the writ served on the state must lodge in the Registry:

- a request for service to be arranged by the chief secretary;
- a copy of the writ; and
- except where the official language of the state is English, or the official languages of that party include English, a translation of the writ in the official language or one of the official languages of that state.

Documents duly lodged will then be sent by the registrar to the chief secretary for the writ to be served on the state.

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### Immunity from jurisdiction

53 May a foreign state invoke sovereign immunity (immunity from jurisdiction) to object to the recognition or enforcement of arbitral awards?

The doctrine of absolute immunity applies under Hong Kong law. An arbitral award against a foreign state cannot be recognised or enforced in Hong Kong unless the foreign state has waived its immunity (*FG Hemisphere*).

### Availability of interim measures

54 May award creditors apply interim measures against assets owned by a sovereign state?

The doctrine of absolute immunity applies under Hong Kong law. Interim measures cannot be obtained against assets owned by a foreign state unless the foreign state has waived its immunity (*FG Hemisphere*).

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### Immunity from enforcement

55 Are assets belonging to a foreign state immune from enforcement in your jurisdiction? Which classes of assets belonging to states are immune from enforcement as a matter of principle? Are there exceptions to immunity? How can it be proven whether an asset is immune from enforcement? Provide practical examples of assets belonging to states that were successfully attached in your jurisdiction.

The doctrine of absolute immunity applies under Hong Kong law. Assets belonging to a foreign state are immune from enforcement in Hong Kong, unless the foreign state has waived its immunity (*FG Hemisphere*).

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### Waiver of immunity from enforcement

56 Is it possible for a foreign state to waive immunity from enforcement in your jurisdiction? What are the requirements of waiver?

It is possible for a foreign state to waive immunity from enforcement in Hong Kong. The waiver must be made 'in the face of the Court' (*FG Hemisphere*).

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### Piercing the corporate veil and alter ego

57 Is it possible for a creditor of an award rendered against a foreign state to attach the assets held by an alter ego of the foreign state within your jurisdiction? What are the criteria, and how may a party demonstrate that they are met? Provide practical examples of assets held by alter egos that were successfully attached by a state's creditor in your jurisdictions.

Given the general principle that an arbitral award against a foreign state cannot be enforced in Hong Kong unless the state has waived its sovereign immunity, it follows that, in the absence of a waiver, award creditors cannot attach the assets held by an alter ego of the foreign state (*FG Hemisphere*).

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### Sanctions

58 May property belonging to persons subject to national or international sanctions be attached? Under what conditions? Is there a specific procedure?

Pursuant to the United Nations Sanctions Ordinance (Cap. 537) and the United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575), sanctions imposed by the United

Nations Security Council generally apply automatically in Hong Kong. The Hong Kong government does not have the legal power to take any legal action in respect of other sanctions imposed by states.

There is no specific procedure for enforcing an arbitral award against, or attaching the assets of, persons subject to sanctions. Property belonging to persons subject to sanctions may be attached depending on the terms of the sanctions; however, if the Secretary for Security specifies any property as terrorist property, then it may not be attached, as that property may not be used for the purposes of security (United Nations (Anti-Terrorism Measures) Ordinance, Section 6).

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