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The Beijing Convention on the Judicial Sale of Ships

22 May 2026 (Fri)

18:00–19:10 (GMT+8)



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Presented by:

Lianjun Li

Senior Partner of Reed Smith Richards Butler LLP



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Speaker: Lianjun Li

Mr Lianjun Li is a Senior Partner at Reed Smith Richards Butler LLP, and Head of the firm's Commercial and Shipping Litigation Department. He is a Founding Member, Director, and Honorary Legal Adviser of the Hong Kong Chamber of Shipping, and Chairman of the China Committee of the Hong Kong Maritime Arbitration Group. He also serves as a member of the Hong Kong Election Committee and a member of the Hebei Provincial Committee of the Chinese People's Political Consultative Conference from Hong Kong and Macau. Lianjun is a qualified solicitor in Hong Kong, England and Wales, and the Guangdong-Hongkong-Macao Greater Bay Area of China, as well as a China-Appointed Attesting Officer appointed by the Ministry of Justice of the People's Republic of China. Lianjun has extensive experience in international trade, commercial, maritime, transportation, shipping, shipping finance, cross-border investment, litigation, and arbitration. He has also served as an international commercial and maritime arbitrator for many years. He has been recognised as a leading lawyer by The Legal 500, Chambers, China Business Law Journal, and other organisations for many years.



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Overview

Part I: What is the Beijing Convention – Background and Purpose

Part II: Main Contents – Key Provisions

Part III: Why Hong Kong Should Ratify

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The Problem: Cross-Border Recognition

- A ship may be owned, financed, mortgaged, arrested, sold and re-registered across different jurisdictions
- Prior to the Convention, no international treaty bound contracting states on the judicial sale of ships
- Some jurisdictions refused to recognise judicial sales conducted elsewhere – causing:
 - Purchasers unable to obtain deletion of previous mortgages or re-registration
 - Vessels sold “free and unencumbered” being re-arrested by old creditors in foreign ports
 - Depressed sale prices and increased risk for ship financiers
- “There is a serious need to have an international treaty in this regard. Beijing Convention has filled in the gap.”

https://uncitral.un.org/sites/default/files/media-documents/uncitral/en/united_nations_convention_on_the_international_effects_of_judicial_sales_of_ships.pdf

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Genesis of the Convention

Background and History

- 2007: Professor Henry Hai Li (China) drew attention to inconsistent recognition of clean title after judicial sales – paper presented to CMI Executive Council
- 2012–2014: International Working Group of Comité Maritime International (CMI) produced the "Beijing Draft", approved at CMI General Assembly in Hamburg (2014)
- 2019–2022: UNCITRAL Working Group VI developed the text across six sessions
- 7 December 2022: Adopted by the UN General Assembly (Resolution 77/100)
- 5 September 2023: Opened for signature at ceremony in Beijing – 15 States signed on the first day
- 17 February 2026: **Entered into force**

https://uncitral.un.org/sites/default/files/media-documents/uncitral/en/united_nations_convention_on_the_international_effects_of_judicial_sales_of_ships.pdf

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Current Status (as at May 2026)

Current Status

- **Entered into force:** 17 February 2026
- **Contracting States (ratified):** 4 – Barbados, El Salvador, Spain, Panama
- Panama (world's largest ship registry) ratified on 19 March 2026; entry into force for Panama on 15 September 2026
- **Signatories:** 34 States + European Union
- **Notable signatories include:**
 - Major flag states: Liberia, Malta, Panama
 - Major maritime economies: China, Singapore, Saudi Arabia, Brazil
 - European: Belgium, Croatia, Cyprus, Italy, Luxembourg, Spain (ratified), EU
- **Notable absences:** United Kingdom, United Arab Emirates, Marshall Islands, Hong Kong, Norway, Japan
- EU is understood to be close to clearing the way for member states to ratify – a significant number of European nations expected to follow

<https://uncitral.un.org/en/judicialsaleofships/status>

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Key Provisions: Clean Title and Recognition

- **Basic rule (Article 6):**
 - A judicial sale conducted in one State Party which confers clean title has the same effect in every other State Party – requiring no special procedure such as confirmation by a competent court; the sale produces its effects automatically, i.e. by operation of law (Explanatory Note, para. 172)
 - Subject only to a public policy exception (Article 10)
- **Scope (Article 3):**
 - "Closed" regime – applies only among States Parties; but "not exclusive" – does not displace more favourable domestic law (Article 14)
- **Physical presence requirement:**
 - The ship must be physically within the territory of the State of judicial sale at the time of the sale (Article 3(1)(b))

Convention text, Articles 2(c), 3, 6, 10, 14: https://treaties.un.org/doc/Treaties/2022/12/20221207%2011-11%20AM/CH_%20X-21.pdf

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Key Provisions: Clean Title and Recognition

- **"Clean title" (Article 2(c)):**
 - Title free and clear of any mortgage or hypothèque and of any charge – whether a sale confers clean title is determined by the law of the State of judicial sale (Explanatory Note, para. 50)
- Convention preserves domestic law governing the procedure of judicial sales and the circumstances in which they confer clean title

Convention text, Articles 2(c), 3, 6, 10, 14: https://treaties.un.org/doc/Treaties/2022/12/20221207%2011-11%20AM/CH_%20X-21.pdf

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Key Provisions: Notice and Certificate

Notice of judicial sale (Article 4):

- Must be given prior to the sale to: the owner, holder of any registered mortgage/hypothèque or registered charge, and the bareboat charter registry (Article 4(3))
- Notice must also be given to the ship registry and any person who has notified the court of a claim against the ship (Article 4(3)(c))
- Minimum content requirements specified in Annex I (14 items including ship name, IMO number, court details, time and place of sale)
- Must be published by announcement in the press and transmitted to the IMO repository (Article 4(5))

Convention text, Articles 4, 5, 11, Annexes I and II:
https://treaties.un.org/doc/Treaties/2022/12/20221207%2011-11%20AM/CH_%20X-21.pdf

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Key Provisions: Notice and Certificate

Certificate of judicial sale (Article 5):

- Issued upon completion of a judicial sale that conferred clean title under the law of the State of judicial sale and was conducted in accordance with the Convention (Article 5(1))
- Contains minimum information set out in Annex II (details of ship, owner, purchaser, court, confirmation of clean title)
- Exempt from legalisation or similar formality (Article 5(4))
- Transmitted promptly to IMO's Global Integrated Shipping Information System (GISIS) platform for publication (Articles 5(3), 11)
- May be in electronic form (Article 5(6))
- IMO serves as the repository – notices and certificates accessible online via GISIS

Convention text, Articles 4, 5, 11, Annexes I and II:
https://treaties.un.org/doc/Treaties/2022/12/20221207%2011-11%20AM/CH_%20X-21.pdf

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Key Provisions: Registry Actions, Arrest and Jurisdiction

- **Actions by registry (Article 7):**
 - Upon production of the certificate of judicial sale, the registry must:
 - a. Delete any mortgage, hypothèque or registered charge attached before the sale
 - b. Delete the ship from the register and issue a certificate of deletion
 - c. Register the ship in the name of the purchaser
 - d. Update the register with other relevant particulars
- **"Registered charge"** defined broadly – covers charges in the ship register and any other register (e.g. company register)
- **Prohibition on arrest (Article 8):** Ship may not be arrested for any claim arising from a pre-existing right or interest extinguished by the sale
- **Exclusive jurisdiction (Article 9):** Courts of the State of judicial sale have exclusive jurisdiction over challenges to the sale

Convention text, Articles 7, 8, 9, and Article 2(f): https://treaties.un.org/doc/Treaties/2022/12/20221207%2011-11%20AM/CH_%20X-21.pdf

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Hong Kong's Current Position

- **Judicial sale governed by:** Section 12A(1) High Court Ordinance (Cap. 4) and Order 75 Rules of the High Court (Cap. 4A)
- Confers clean title under common law: *The Convenience Container* [2007] 3 HKLRD 575
- Procedure similar to UK and Singapore (court bailiff, appraisal, public tender/auction, bill of sale)
- However: No international recognition mechanism
- Foreign registries may refuse to delete prior mortgages – e.g. *SPV Sam Dragon Inc v GE Transportation Finance (Ireland) Ltd* [2012] IEHC 240: Korean mortgagee refused to voluntarily remove mortgage after judicial sale in Belgium, causing delay and expense for the purchaser seeking to register in Hong Kong
- Re-arrest risk in foreign ports – e.g. *The Bright Star* (Malta Court of Appeal): involved a challenge to the recognition of a judicial sale ordered by the Supreme Court of Jamaica, cited by the President of CMI as illustrating the cross-border recognition problem
- **The Convention has not yet been applied to Hong Kong SAR yet**– specifically noted as one of the notable absences alongside UK, UAE, Marshall Islands, Norway and Japan

Fenech, A. (5 September 2023), CMI Keynote Speech on the Beijing Convention: <https://comitemaritime.org/the-convention-on-the-international-effects-of-judicial-sales-of-ships-open-for-signature/>

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Why Hong Kong Should Ratify

- **Maintaining Hong Kong's status as a leading international maritime centre**
 - ~2,000 registered vessels; total registered GT close to 110 million
 - Ranked among the top ship registries globally
- **Alignment with China's approach**
 - China signed the Convention on 5 September 2023, but not yet ratified
 - From 1984 to first half of 2023: 2,705 ships auctioned by China's maritime courts, including 213 foreign ships from 40+ countries
 - Opportunity for a mutual recognition arrangement between HK and the Mainland (akin to the New York Convention 1958 framework under "One Country, Two Systems")
- **Keeping pace with competing maritime hubs**
 - Singapore has signed; Panama has ratified; EU member states expected to ratify soon
 - Industry bodies (ICS, BIMCO, CMI) actively pushing for wider ratification

<https://www.bimco.org/news-insights/bimco-news/2026/05/06-beijing-convention/>
<https://www.ics-shipping.org/news-item/the-united-nations-convention-on-the-international-effects-of-judicial-sales-of-ships/>

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Why Hong Kong Should Ratify

For purchasers:

- International recognition of clean title – no need for jurisdiction-by-jurisdiction verification
- Protection against re-arrest for pre-sale claims
- Reduced title uncertainty → narrowing of price discounts on judicially sold vessels

For lenders / ship financiers:

- More effective mortgage enforcement mechanism
- Higher sale prices → greater recovery for secured creditors
- Certificate of judicial sale may become standard element of vessel title chains

Reducing transaction costs and promoting trade

- Lowers costs associated with cross-border judicial sales
- Facilitates ship transactions and promotes the development of shipping

<https://www.reedsmith.com/our-insights/blogs/ship-law-log/102modi/the-beijing-convention-on-the-judicial-sale-of-ships-what-could-it-mean-for-futu/>

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Implementation Considerations

Legislative amendments needed:

- Implementing legislation to give effect to the Convention for Contracting and non-Contracting States
- Section 21 of the Merchant Shipping (Registration) Ordinance (Cap. 415) – not wide enough to cover certificates of judicial sale; amendments necessary
- Notification mechanism under Article 4 must be legislated (party responsible, form, timing, mode of service)

Practical matters:

- Identify authority responsible for issuing certificates of judicial sale
- Address interplay with Companies Registry (Convention covers "registered charges" in any register)
- Consider whether bill of sale should still be executed alongside the Convention certificate (for non-signatory States)
- Applicant's greater responsibilities under Convention notification requirements

Article 19 – Non-unified legal systems:

- If China ratifies, it may declare the Convention extends to all its territorial units or only to one or more of them
- If no declaration is made, the Convention extends to all territorial units automatically — including HK (Art. 19(3))
- Hong Kong could be included by express declaration — or by default

Myburgh, P. (2022) "International Recognition of Judicial Ship Sales: English Common Law and the Beijing Convention" (2022) 28 JIML 410–424: <https://ssrn.com/abstract=4465763>

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The Way Forward

- The Beijing Convention is now a reality – entered into force 17 February 2026
- Momentum is building: 34 signatories, 4 ratifying States, EU ratification expected
- Panama's ratification (the world's largest ship registry) is a game-changer
- Hong Kong should act proactively:
 - Engage with the Central People's Government on ratification of the Convention, and extension of the Convention to Hong Kong
 - Begin preparing implementing legislation and amending existing ordinances
 - Consult with stakeholders: shipowners, lenders, maritime lawyers, the Hong Kong Shipping Registry
- As more States accede, the Convention will reshape market practice – Hong Kong should be part of this framework, not outside it

<https://www.reedsmith.com/our-insights/blogs/ship-law-log/102modi/the-beijing-convention-on-the-judicial-sale-of-ships-what-could-it-mean-for-futu/>

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Thank you

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