



**Address by Ms Ada Chung, Registrar of Companies,
at the Hong Kong Institute of Chartered Secretaries
Annual Dinner 2016**

(14 January 2016)

Good evening, Ivan, Samantha, distinguished guests, ladies & gentlemen,

It is my great honour to join you all this evening. As you are celebrating your heritage of the ICSA and the 20th anniversary of your Beijing office, I would like to congratulate the Institute on your achievements in building up a strong profession of Chartered Secretaries in HK, your contribution towards the development of board secretaries (董事會秘書) in the Mainland and, in particular, your achievements in enhancing corporate governance both locally and across the border.

Undoubtedly, the HKICS has evolved over the past decades. One of my colleagues, who has been a member of the Institute since the 1980s, shared with me some of her personal experience some time ago. She told me that when she became a chartered secretary in the early 1990s, she did find difficulties in introducing her profession to her friends. When she introduced herself as a company secretary, people would often ask her, "What is your typing speed?" "How about your shorthand skill?" However, with the great efforts of the HKICS over the years, nowadays, the term Chartered Secretaries or company secretaries are commonly understood by members of the public, and Chartered Secretaries are widely recognized as professionals who are trained to uphold good corporate governance, carry out customer due diligence in the well-known KYC process, ensure regulatory compliance and the proper management of companies.

It is exactly for those reasons that the Government saw the need to require every company incorporated in HK to have a company secretary under the Companies Ordinance. The fact that we have kept such a provision in the new Ordinance underscores the importance of the profession and we are grateful to the Institute and members of the profession who have contributed to the rewrite process.

While on this topic, I would like to take this opportunity to talk about the work of the Companies Registry, which I believe must be one of your close partners in your daily work.

As your close partner, I believe that a vivid illustration of the workload and importance of company secretaries is the statistics from our side, as we are at the receiving end of your work. With the number of companies registered approaches 1.3 million, we have incorporated almost 140,000 companies last year, representing a daily average of between 500 to 600 companies, with about 30% of those companies incorporated



online. For last year, we received over 2.6 million documents for registration. This means that we received over 10,000 documents daily. I believe that the sheer number of documents which we received illustrates at least three things. First, the vibrant nature of our corporate activities; second, the importance of having all those documents/forms properly completed and filed in a timely manner to facilitate public access and in turn facilitate business; last but not least, the importance of having a group of well trained professionals to provide competent and proper advice to companies and their officers on the regulatory requirements whenever necessary.

The implementation of the new Companies Ordinance in March 2014 symbolised the start of a new era for the Companies Registry. Following a very comprehensive publicity and promotion program, I am very pleased to report that the implementation of the new Ordinance has been very smooth so far. We are also pleased to see the business community widely adopting the initiatives introduced under the new Ordinance to facilitate business and save costs. To quote a few examples, SMEs that meet specified size criteria can now prepare simplified financial statements and directors' reports. In 2015, around 98% of those companies which reduced their capital adopted the alternative court-free procedure. Further, with the introduction of the new administrative restoration procedure for companies, more than half [around 54%] of the restoration cases are now dealt with under the new court-free procedure.

Internationally, the World Bank has commended Hong Kong for strengthening minority investor protection as a result of the initiatives introduced under the new Ordinance to provide more detailed disclosure of directors' interests. According to the World Bank's Doing Business Report 2016, Hong Kong now ranks the first in protecting minority investors among 189 economies. Hong Kong's ranking in the ease of starting a business has also jumped from the 8th worldwide to the fourth, primarily because we have streamlined the incorporation process by abolishing the memorandum of association and removing the mandatory requirement of having a common seal.

Locally, our efforts to continuously enhance our services to the public have also been recognized, as the Companies Registry was recently awarded the Gold Prize of the Civil Service Departmental Service Enhancement Award. As you are aware, nowadays you may incorporate a company online and do all the company filings online. You may also carry out company searches on your iPhone or iPad, and I am glad to inform you that over 9,000 searches are made through the mobile platform every day.

Ladies and gentlemen, as John Kennedy said, "Change is the law of life. And those who look only to the past or present are certain to miss the future." While we would soon be celebrating the second anniversary of the implementation of the new Companies Ordinance, we are going full steam on other initiatives this year. These include, in particular, the preparation for the introduction of a new corporate structure in HK called "open-ended fund companies", which is in essence a corporate unit trust structure. The OFCs, as they will be called, will be registered with the Registry and regulated by the SFC and the Registry jointly. It is very timely for me to say that the



Companies Registry

The Government of the Hong Kong Special Administrative Region

relevant amendments to the Securities and Futures Ordinance will be published in the Gazette tomorrow and will be introduced into the Legislative Council this month. So, for those of you who provide trust services as well, do watch out for this.

With that, I wish you all an enjoyable evening and a happy and prosperous New Year.

Thank you.