

**Standing Committee on Company Law Reform**

**The Thirty-Eighth Annual Report**

**2023 / 2024**

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## **Standing Committee on Company Law Reform**

### **Thirty-Eighth Annual Report**

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## **PREFACE**

(i)

### **Terms of Reference of the Standing Committee on Company Law Reform**

- (1) To advise the Financial Secretary on amendments to the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance as and when experience shows them to be necessary.
- (2) To report annually to the Financial Secretary on those amendments to the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance that are under consideration from time to time by the Standing Committee.
- (3) To advise the Financial Secretary on amendments required to the Securities and Futures Ordinance on matters relating to corporate governance and shareholders' protection.

(ii)

### **Membership of the Standing Committee for 2023/2024**

**Chairman:** Mr Johnny MOK, SC, BBS, JP

**Members:** Mr Jack CHAN Hoi (from 1.2.2024)  
Ms Ivy CHEUNG Wing-han  
Mr Paul CHOW Koon-ying  
Ms Christine CHUNG Wai-yin  
Ms Julianne Pearl DOE  
Mr Dennis HO Chiu-ping  
Ms Sabrina HO Shuk-ying  
Ms Wendy KAM Mei-ha (from 1.2.2024)  
Mr Geoffrey Edward KAO  
Mr Jason KARAS  
Ms Rachel LAM Yan-kay, SC (up to 31.1.2024)

Mr Ernest LEE Chun-ho (from 1.2.2024)  
Mr LOW Chee-keong  
Mr Albert NG Kong-ping (up to 31.1.2024)  
Ms Fion NG Siu-mui (up to 31.1.2024)  
Mr David John SIMMONDS  
Ms Jacqueline WALSH  
Mr Joe WAN Pui-lun (up to 31.1.2024)  
Ms Tiffany WONG

**Ex-Officio  
Members:**

Ms Katherine NG Kit-shuen  
Head of Listing  
Hong Kong Exchanges and Clearing Limited

Mr Stefan GANNON, JP  
Special Adviser to CE  
Hong Kong Monetary Authority

Ms Annabel LEE Tung-mei  
Deputy Chief Counsel, Legal Services Division  
Securities and Futures Commission

Miss Helen TANG, JP  
Registrar of Companies

Ms Phyllis MCKENNA, JP  
Official Receiver

Mr Sam HUI Chark-shum, JP (up to 10.4.2023)  
Deputy Secretary for Financial Services and the  
Treasury (Financial Services)

Mr Keith GIANG Tsz-sheung (from 11.4.2023)  
Deputy Secretary for Financial Services and the  
Treasury (Financial Services)

Ms Quinnci WONG Hoi-kam  
Senior Assistant Law Officer (Civil Law)  
Department of Justice

**Secretary:**

Ms Majestic YEUNG

(iii)

**Seminar held during 2023/2024**

<b>Discussion Topic</b>		<b>Date of seminar</b>
Company Re-domiciliation	-	24.10.2023

(iv)

**Paper circulated during 2023/2024**

<b>Discussion Paper</b>		<b>Date of dissemination</b>
Proposals to Promote Paperless Corporate Communication for Hong Kong Companies	-	29.11.2023

## **REPORT**

The Standing Committee on Company Law Reform (“SCCLR”) was formed in 1984. It advises the Financial Secretary (“FS”) on amendments to the Companies Ordinance (Chapter 622) (“CO”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) (“CWUMPO”), as well as on amendments to the Securities and Futures Ordinance (Chapter 571) on matters relating to corporate governance and shareholders’ protection. The SCCLR reports annually to the FS through the Secretary for Financial Services and the Treasury on amendments that are under consideration.

2. From 1 April 2023 to 31 March 2024, the SCCLR held a seminar on company re-domiciliation. The SCCLR also received one Discussion Paper from the Government on the proposed legislative amendments to the CO and provided written responses to the said Discussion Paper during the year.

### **Seminar on Company Re-domiciliation**

3. As an initiative of the SCCLR, a seminar on company re-domiciliation was held on 24 October 2023 for members to exchange views with an expert on company re-domiciliation. The seminar covered different issues including the conceptual framework, tax implications and potential challenges in relation to the company re-domiciliation regime. As the Government was also planning to introduce a company re-domiciliation regime in Hong Kong, the seminar was conducive to understanding the international developments on this front.

### **Discussion Paper on “Proposals to Promote Paperless Corporate Communication for Hong Kong Companies”**

#### **Background**

4. The Discussion Paper: “Proposals to Promote Paperless Corporate Communication for Hong Kong Companies” was circulated to members on 29 November 2023 for consideration.

5. At present, under the CO, companies are required to obtain shareholders' prior agreement (i.e. express consent or deemed consent) for communicating with shareholders electronically (e.g. email or website). Separate notifications will need to be sent to shareholders each time when new corporate communication is made available on website.

6. Taking into account stakeholders' views and international practices, the Government considered it timely to further promote paperless corporate communication for Hong Kong companies. The Government proposed to introduce an implied consent mechanism to facilitate dissemination of corporate communication by means of website and to streamline the notification requirement.

7. Under the proposed implied consent mechanism, provided that the articles of association of the company state so, the company may disseminate corporate communication to its shareholders by means of website after issuing a first-time notification to its shareholders informing them of the new arrangements. In other words, companies will not have to seek individual shareholder's consent before disseminating corporate communication via websites, obviating the need to issue the documents by post, which is conducive to promoting environmental friendliness. Meanwhile, the shareholders may continue to request hard copy of corporate communication under the existing section 837 of the CO.

8. The Hong Kong Exchanges and Clearing Limited provides News Alert service for shareholders to receive instant notification of listed companies' information by way of email or mobile alerts. Noting the available alert service, listed companies which adopt the proposed implied consent mechanism will not be required to send separate notification to shareholders when new corporate communication is uploaded to website. On the other hand, non-listed companies will be required to obtain a one-off prior express consent from shareholders before they could be obviated from the separate notification requirement, if they adopt the proposed implied consent mechanism. Members' views and suggestions were invited on the proposals.

**Consultation Outcome**

9. Members unanimously supported the legislative proposals as set out in the discussion paper with comments on the operational detail concerning sufficient safeguards and protection for minority shareholders of listed companies.