



# STABLECOIN

## HK Companies Ordinance to Allow Virtual & Hybrid General Meetings

The [Companies \(Amendment\) Ordinance 2023](#) (**Companies (Amendment) Ordinance**) was gazetted on the 27 January 2023 and will come into operation on 28 April 2023. Under the Companies (Amendment) Ordinance, companies incorporated in Hong Kong will be able to hold fully virtual or a hybrid mode of virtual and physical general meetings. The Hong Kong Companies Registry has also published a new [Guidance Note - Good Practice on Holding Virtual or Hybrid General Meetings](#) (**Guidance Note**) and [frequently asked questions](#) on the Companies (Amendment) Ordinance (**FAQs**).

## Modernising the Hong Kong Companies Ordinance

Under the Companies Ordinance (Cap. 622) (the **Hong Kong Companies Ordinance**), a company incorporated in Hong Kong is required, unless exempted, to hold an annual general meeting within a prescribed time limit and may hold general meetings from time to time as necessary. Section 584 of the ordinance currently provides for a general meeting to “be held at two or more places, by using technology that enables effective communication amongst participants and voting by members”. However, there are no specific provisions allowing fully virtual general meetings or the hybrid mode of virtual and physical general meetings (**Virtual Meetings**).

The Companies (Amendment) Ordinance seeks to modernise the Hong Kong Companies Ordinance and the Companies (Model Articles) Notice (Cap. 622H) (the **Model Articles**) by including express provisions allowing the holding of Virtual Meetings. This follows calls for a review from the company governance trade in Hong Kong and the implementation of similar legislative amendments in comparable common law jurisdictions including the United Kingdom, Australia and Singapore to facilitate the holding of Virtual Meetings.

## Amendments to the Hong Kong Companies Ordinance under the Companies (Amendment) Ordinance

### Holding physical and/or virtual general meetings

The new section 583A of the Hong Kong Companies Ordinance will allow a company to hold a general meeting:

- at a physical venue;
- by using virtual meeting technology; or
- both at a physical venue and by using virtual meeting technology.

Virtual meeting technology is defined as “a technology that allows a person to listen, speak and vote at a meeting without being physically present at the meeting”<sup>1</sup> (**Virtual Meeting Technology**). Hong Kong companies will therefore be able to hold general meetings by using Virtual Meeting Technology only, by meeting at a physical venue only or in a hybrid mode by using both virtual and physical methods concurrently.

## Requirements for notification and notice of a general meeting

Companies will be required to specify the Virtual Media Technology to be used and/or the physical venue of the general meeting in its notice of general meeting<sup>2</sup> (**Notice**) and in its notification of the Notice’s availability on the company’s website.<sup>3</sup> Where a Hong Kong company chooses to hold a general meeting at two or more physical venues, the principal venue and other venue(s) must also be specified in the Notice.<sup>4</sup> These requirements are in addition to the requirement to specify the time and date of the general meeting.<sup>5</sup>

## Quorum at fully virtual and hybrid general meetings

When determining the quorum of a Virtual Meeting, a person will be regarded as present if they attend the Virtual Meeting using the Virtual Meeting Technology specified in the Notice.<sup>6</sup>

## Meetings held at two or more physical venues

Where a general meeting is held at two or more physical venues (whether or not it can also be attended using Virtual Meeting Technology), the company must use technology that allows its members who are not together at the same physical venue to listen, speak and vote at the meeting.<sup>7</sup>

## Does a Company Need to Amend its Articles of Association to Hold Virtual Meetings?

A Hong Kong company will be able to hold Virtual Meetings without amending its articles of association (**Articles**) if they merely refer to a place or places for conducting a general meeting or contain a provision requiring a notice of general meeting to specify the physical venue of the meeting.<sup>8</sup> However, a company will have to amend its Articles if they:

- expressly preclude the holding of a general meeting via Virtual Meeting Technology; or
- require a general meeting to be held only at a physical venue.

## Companies Registry Guidance

The Companies Registry in its Guidance Note:

- cautions that the mode of a general meeting should not be a means for a company to manage attendance or limit the ability of its members to participate in meetings and raise questions;
- states that companies should strive to minimise connection issues when holding Virtual Meetings and may consider providing technical support to attending members of the Virtual Meeting, having contingency plans for technical issues and/or adjourning a Virtual Meeting until technical issues are resolved;
- recommends that Virtual Meetings are accessible in both video and audio formats;
- highlights the importance of security and authentication considerations and advises companies to consider: implementing secure registration and authentication methods (e.g. giving attending members unique meeting login IDs and passwords); locking Virtual Meetings to prevent unauthorised access; reminding attending members not to share invitation links, meeting login IDs and passwords with others and, if confidential or sensitive issues will be discussed, to attend the Virtual Meeting from a secured location; and seek attending members’ consent prior to recording the Virtual Meeting. However, security and authentication measures should not be so stringent as to prevent or limit the attendance of any member entitled to attend;
- recommends that during Virtual Meetings, attending members should be able to submit their questions in real time either orally or electronically by typing into a dedicated meeting application or platform and that, in the case of hybrid meetings, the company should respond to a fair and balanced representation of questions from physically and virtually present members;
- recommends companies to provide detailed information on the Virtual Meeting arrangements; and

- specifies that members attending a general meeting virtually should be able to cast their votes electronically in real time and that companies should implement adequate safeguards to validate those votes.

## Amendments to the Model Articles

For a summary of the amendments to the Model Articles, please refer to the Annex at page three of the [Companies Registry External Circular No.1/2023](#) on the Commencement of the Companies (Amendment) Ordinance 2023 - Holding of General Meetings by using Virtual Meeting Technology.

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- [1] Revised section 547(1) of the Companies Ordinance
- [2] Revised section 576(1)(b) of the Companies Ordinance
- [3] New section 573(2)(ba) of the Companies Ordinance
- [4] New section 576(1)(ba) of the Companies Ordinance
- [5] Sections 573(2)(b) and 576(1)(a) of the revised Companies Ordinance
- [6] Section 585(4A) of the revised Companies Ordinance
- [7] Section 584(1) of the revised Companies Ordinance
- [8] FAQs 11 and 12

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