



公 司 註 冊 處
COMPANIES REGISTRY

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Companies Registry External Circular No. 2 / 2018

Commencement of Operation of the Companies (Amendment) Ordinance 2018 – Keeping of Significant Controllers Registers by Companies

This circular announces that the Companies (Amendment) Ordinance 2018 (“the Amendment Ordinance”) will come into operation on 1 March 2018. **The Amendment Ordinance introduces new requirements on the keeping of significant controllers registers by companies with effect from 1 March 2018.**

New Requirements under the Amendment Ordinance

2. To enhance transparency of corporate beneficial ownership in order to fulfil Hong Kong’s international obligations, the Companies Ordinance (Cap. 622) is amended to require **a company incorporated in Hong Kong to obtain and maintain up-to-date beneficial ownership information, by way of keeping a Significant Controllers Register (“SCR”), for inspection by law enforcement officers upon demand.**

3. The Amendment Ordinance requires a company to keep a SCR in either the English or Chinese language, containing required particulars of its significant controllers (including registrable person and / or registrable legal entity). The SCR should be kept at the company’s registered office or a prescribed place in Hong Kong.

4. As an illustration, if a company has only one shareholder, Chan Tai Tai, who beneficially owns 100% of the shares of the company, Mr Chan's particulars should be entered into the SCR of the company. Samples of SCR illustrating the particulars of registrable person and registrable legal entity to be entered into the SCR can be found at **Annex I**.

5. **The company is required to take reasonable steps to ascertain its significant controller(s).** The steps include reviewing the company's register of members, articles of association, shareholder agreements or other agreements and issuing notice(s) to any person that the company knows or has reasonable cause to believe (a) to be a significant controller; or (b) to know the identity of another person who is a significant controller. The addressee of the notice is required to confirm or provide (as appropriate) the requested particulars relating to the significant controller.

6. **The conditions for determining whether a person has significant control over a company or not are set out in Annex II.**

7. The required particulars relating to a registrable person of a company should be entered into the company's SCR **within seven days** after they have all been provided or confirmed by the registrable person; while each of the required particulars relating to a registrable legal entity should be entered in the company's SCR **within seven days** after that particular comes to the notice of the company.

8. **The company will have to designate a representative to serve as a contact point for providing information about the SCR and related assistance to law enforcement officers.** The designated representative must be either a shareholder, director or an employee of the company who is a natural person resident in Hong Kong or an accounting professional, a legal professional or a person licensed to carry on a business as trust or company service provider. **The particulars of the designated representative should also be entered into the SCR.**

9. **If a company fails to comply with the requirement of keeping a SCR, the company, and each of its responsible persons, will be liable on conviction to a fine up to \$25,000 and a daily fine of \$700.**

10. The new requirement to keep a SCR applies to all companies incorporated under the Ordinance in Hong Kong, including companies limited by shares, companies limited by guarantee and unlimited companies. Companies which have their shares listed on the Stock Exchange of Hong Kong are exempted from the requirement.

Revision of Specified Form NR2

11. Form NR2 “Notice of Location of Registers and Company Records” will be revised for reporting the location of the SCR. Please refer to **Annex III** for the detailed requirements.

Implementation of the Amendment Ordinance

12. **A dedicated thematic section on “Significant Controllers Register” has been set up on the website of the Companies Registry at www.cr.gov.hk/en/scr.** The section contains the full text of the Amendment Ordinance, frequently asked questions, External Circular and Guideline issued by the Registry in relation to the new requirements.



13. To prepare companies for the implementation of the new requirements on the keeping of SCR, the Registry will be sending letters and information pamphlets to all local companies registered with the Companies Registry.

Enquiries

14. **For enquiries relating to the Amendment Ordinance, a dedicated hotline 3142 2822 has been set up.** The hotline operates from Monday to Friday 9:00 a.m. to 8:00 p.m. and on Saturday 9:00 a.m. to 1:00 p.m. (excluding public holidays). Email enquiries can be sent to cr.scr@cr.gov.hk.

Ms Ada LL CHUNG
Registrar of Companies

Sample 1 : A company with a registrable person

Company A has only one shareholder, Chan Tai Tai, who beneficially owns 100% of the shares of the company. Mr. Chan's particulars should be entered into the Significant Controllers Register of company A as shown below.

Significant Controllers				
Entry No.	Date of entry	Name of registrable person / legal entity	Particulars	Remarks/ Notes
1	2/3/2018	Chan Tai Tai	(a) Correspondence address : Room 10, 11/F, 2000 Nathan Road, Kowloon (b) HKID Card No.: AA 234567(8) (c) Date of becoming a registrable person: 1/3/2018 (d) Nature of control over the company : Chan Tai Tai holds more than 25% of the issued shares of the company	
Designated Representative				
Entry No.	Date of entry	Name (Capacity)	Contact details	
1	2/3/2018	Chan Tai Ho (director of the company)	(a) Address : Room 10, 11/F, 2000 Nathan Road, Kowloon (b) Telephone No.: 1111-1111 (c) Fax No.:1111-1111	

Sample 2 : A company with a registrable person and a registrable legal entity

Company B has only one shareholder, ABC Profits Limited, which holds 100% of the company's shares. ABC Profits Limited is in turn wholly owned by Lee Tai Lung beneficially. ABC Profits Limited is a registrable legal entity of the company as it is a shareholder of the company and has significant control over the company, i.e. holding directly more than 25% of the issued shares in the company. Lee Tai Lung is a registrable person of the company, i.e. holding indirectly (through ABC Profits Limited) more than 25% of the issued shares in the company. The respective particulars of ABC Profits Limited and Lee Tai Lung should be entered into the Significant Controllers Register of company B as shown below.

Significant Controllers				
Entry No.	Date of entry	Name of registrable person / legal entity	Particulars	Remarks/ Notes
1	7/3/2018	ABC Profits Limited	(a) Legal form : private limited company (b) Registration number : 123456 (c) Place of incorporation : Hong Kong (Governing Law) (d) Address of registered office: Room 10, 10/F, Forever Green Building, 1000 Wong Chuk Hang Road, Aberdeen, Hong Kong (e) Date of becoming a registrable legal entity: 1/3/2018 (f) Nature of control over the company : ABC Profits Limited holds more than 25% of the issued shares of the company	
2	7/3/2018	Lee Tai Lung	(a) Correspondence address : Suite 19, 19/F, Flourishing Tower, 3000 Chai Wan Road, Chai Wan, Hong Kong (b) HKID Card No.: AA 200200(0) (c) Date of becoming a registrable person: 1/3/2018 (d) Nature of control over the company : Lee Tai Lung holds indirectly more than 25% of the issued shares of the company	
Designated Representative				
Entry No.	Date of entry	Name (Capacity)	Contact details	
1	7/3/2018	Chan, Lee, Cheung & Co. (legal professional)	(a) Address: Room 10, 10/F, Forever Green Building, 1000 Wong Chuk Hang Road, Aberdeen, Hong Kong (b) Telephone No.: 1111-1111 (c) Fax No.: 1111-1111	

Conditions for significant control over a company

A person has significant control over a company if one or more of the following 5 conditions are met:

- The person holds, directly or indirectly, more than 25% of the issued shares in the company or, if the company does not have a share capital, the person holds, directly or indirectly, a right to share in more than 25% of the capital or profits of the company
- The person holds, directly or indirectly, more than 25% of the voting rights of the company
- The person holds, directly or indirectly, the right to appoint or remove a majority of the board of directors of the company
- The person has the right to exercise, or actually exercises, significant influence or control over the company
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust or a firm that is not a legal person, but whose trustees or members satisfy any of the first four conditions (in their capacity as such) in relation to the company

Reporting of the Location of Significant Controllers Register (“SCR”)

1. Unless the SCR is kept at the registered office, the Amendment Ordinance requires a company to notify the Registrar of Companies (“the Registrar”) of the place where the SCR is kept and any change thereafter in Form NR2 within 15 days after the SCR is first kept at that place or the change.

2. An existing company, namely, a company that was incorporated before the commencement date, is not required to give notification to the Registrar if the SCR is kept at the same place where the company’s register of members is kept and the Registrar has already been informed of that place.

3. Form NR2 will be revised for use and the revised form can be downloaded from the “Forms” > “Specified Forms” section of the Companies Registry’s website at www.cr.gov.hk. Hard copies of the forms are also available for purchase at the Registry’s office on the 14th floor of the Queensway Government Offices, 66 Queensway, Hong Kong.

4. As from 1 March 2018, the Companies Registry will only accept the revised Form NR2 for registration.