



中華人民共和國香港特別行政區  
Hong Kong Special Administrative Region  
of the People's Republic of China

## Promoting Best Practice: Where We Are and What's Next



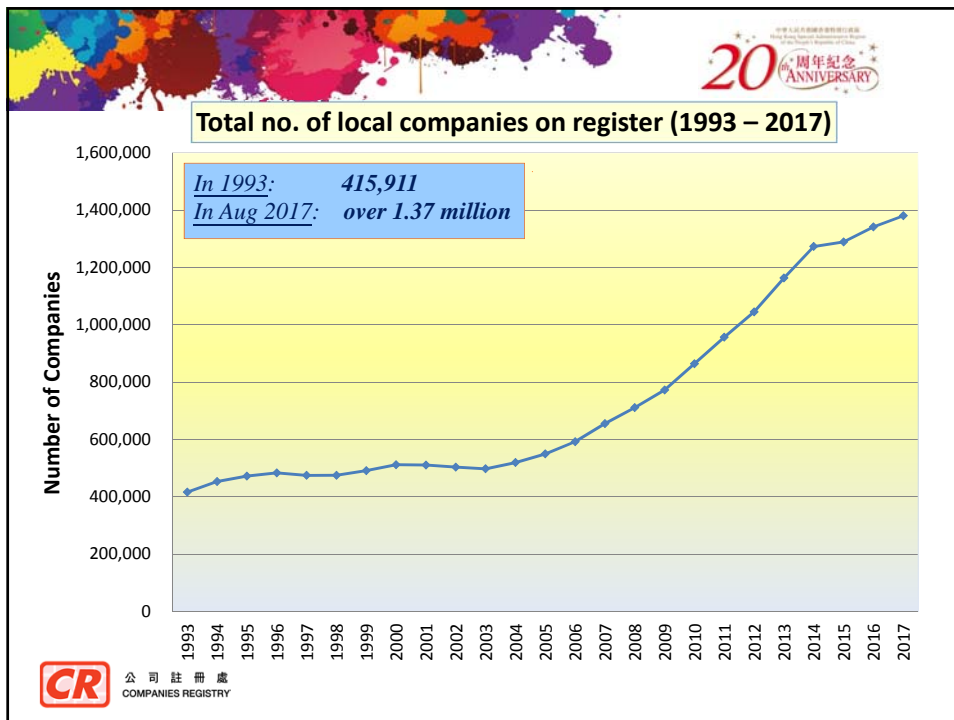
Ms Ada Chung  
Registrar of Companies  
22 September 2017



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- In 2017, we celebrate the **20<sup>th</sup> anniversary** of the establishment of the HKSAR
- In 2018, we will celebrate the **25<sup>th</sup> anniversary** of the establishment of the Companies Registry





## Where We Are

We implemented the new Companies Ordinance (CO) in March 2014

According to the World Bank's Doing Business Report 2017:

- Hong Kong ranks third worldwide in protecting minority investors
- Hong Kong ranks third in the case of starting a business
- Hong Kong ranks fourth in the ease of doing business

CR 公司註冊處  
COMPANIES REGISTRY



**20** 周年紀念  
ANNIVERSARY

**New Initiatives to enhance corporate governance**

- Private company to have at least one individual acting as director
- More effective rules to deal with directors' conflicts of interest
- Clarified the standard of director's duty of care, skill and diligence
- Public companies and other companies not qualified for simplified reporting to prepare business review
- Empowering auditors to require a wider range of persons to provide information / explanation

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**20** 周年紀念  
ANNIVERSARY

**New Initiatives to facilitate business**



- Abolishing the memorandum of association
- Making the use of a common seal optional 
- Facilitating small and medium-sized enterprises to prepare simplified financial statements
- Introduction of court-free procedures for the reduction of a company's capital, restoration of companies and amalgamation of wholly-owned intra group companies

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## Achievement of objectives – up to August 2017

- Around 60% of the new companies incorporated electronically adopted the sample articles of association provided at the e-Registry ([www.eregistry.gov.hk](http://www.eregistry.gov.hk))
- Around 98% of those companies which reduced their share capital adopted the alternative court-free procedure
- Around 55% of the restoration cases dealt with under the new administrative procedure
- 88 groups of companies undergone the new court-free amalgamation procedure



## What's Next

### The first review and CO amendment exercise

The more substantive amendments include –

- allow more companies to benefit from reporting exemption by expanding the scope to include groups of companies with non-HK subsidiaries and a group comprising both private and guarantee companies
- align the obligations of non-HK companies with those of local companies in the display of company names



## (I) Enhancing Transparency of Beneficial Ownership of Hong Kong Companies

### Companies (Amendment) Bill 2017

Companies shall :-

- maintain a **Significant Controllers Register** (“SCR”), containing required particulars of registrable persons and registrable legal entities, for inspection by law enforcement officers upon demand; and
- take reasonable steps to ascertain the persons who have significant control over a company.

### Significant control

- A person has significant control over a company if the person has a controlling ownership interest (e.g. >25% of shareholdings or voting rights), or if the person exercises control through other means (e.g. holding the right to appoint or remove a majority of directors).

#### Who are significant controllers

- **Registrable person** – an individual who **ultimately** has significant control over the company
- **Registrable legal entity** – a legal entity which has significant control and is the immediate holding company

## **(II) Regulation of Trust or Company Service Providers in Hong Kong**

### **Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017**

- (i) To prescribe statutory CDD and record-keeping requirements applicable to solicitors, accountants, estate agents, and trust or company service providers (“TCSPs); and
- (ii) To introduce a licensing regime for TCSPs to require them to apply for a licence from the Registrar of Companies and satisfy a “fit-and-proper” test before providing trust or company services as a business in Hong Kong.

**Thank you**

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