

Hong Kong Companies (Amendment) Ordinance 2018

Frequently Asked Questions (FAQs)

1. Who is a Significant Controller under the Companies (Amendment) Ordinance 2018?

A Significant Controller may be a Registrable Legal Entity or Registrable Person.

A registrable legal entity is a legal entity which is a member of the company and has significant control over the company.

A registrable person of a company is a natural person or specified entity that has significant control over the company, unless:

- i) the person or entity holds shares or rights in the company through a registrable legal entity which has any of its shares listed on the Stock Exchange of Hong Kong ; or
- ii) the person or entity holds shares or rights in the company through a chain of legal entities with the last one in the chain being a registrable legal entity of the company which has any of its shares listed on the Stock Exchange of Hong Kong.

A specified entity is defined as a corporation sole, a government of a country or territory (or part of a country or territory), an international organization, or a local authority or local government in a country or territory.

A person or legal entity has significant control over the company if it meets one or more of the following conditions:

- i) directly or indirectly holds (i) more than 25% of the issued shares of the company; and (ii) if the company does not have a share capital, a right or rights to share in more than 25% of the capital or profits of the company
- ii) directly or indirectly holds more than 25% of the voting rights in the company
- iii) directly or indirectly holds the right to appoint or remove a majority of the board of directors of the company;
- iv) has the right to exercise, or actually exercises, significant influence or control over the company
- v) 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 above (in their capacity as such) in relation to the company

2. What particulars need to be entered into the SCR?

A company is required to enter into its SCR the following particulars of its significant controllers:

- i) name of a registrable legal entity or registrable person (including any former name or alias of the natural person);
- ii) the registrable person's correspondence address (but not a post office box number) or the address of the specified entity's principal office;
- iii) in relation to a registrable legal entity which is a company, the company's registration number and the address of its registered office;
- iv) in relation to a registrable legal entity which is not a company: (i) its registration number (or the equivalent) in the place of its incorporation or formation; and (ii) the address of its registered or principal office;
- v) in relation to a registrable person, the identity card number, or the number and issuing country of any passport;
- vi) in relation to a specified entity or registrable legal entity, the entity's legal form, and the law that governs it;
- vii) the date on which the natural person or specified entity became a registrable person, or the date on which the legal entity became a registrable legal entity
- viii) the nature of the person's or entity's control over the company

Particulars of a registrable person (including registrable changes) must be confirmed before they can be entered into the SCR. Particulars of registrable persons must be entered within 7 days of confirmation. Particulars of a registrable legal entity (including registrable changes) must be entered within 7 days after the particular comes to the notice of the company.

3. Who can inspect the SCR?

A person whose name is entered in the SCR as a significant controller of the company will have a right to inspect the register without charge and be provided with a copy of the register at a prescribed fee during business hours.

A company must also, on demand made by an officer of the Companies Registry or a law enforcement officer¹, at any reasonable time make its SCR available for inspection by the officer at the place at which the register is kept, and permit the officer to make a copy of the register.

A company will be required to enter into its SCR details of a person designated as its representative to provide assistance relating to the company's SCR to officers of the Companies Registry and law enforcement officers. The designated representative may be either:

- i) a natural person resident in Hong Kong who is a member, director or an employee of the company
- ii) an accounting professional, a legal representative, or a Trust or Company Service Provider licensee

¹ A law enforcement officer includes an officer of the Companies Registry, Customs and Excise Department, Hong Kong Monetary Authority, Hong Kong Police Force, Immigration Department, Inland Revenue Department, Insurance Authority, Independent Commission Against Corruption and Securities and Futures Commission