



22 February 2018

Dear Valuable Client,

**Keeping a Significant Controllers Register (“SCR”)  
[Companies (Amendment) Ordinance 2018]**

First of all, we would like to extend to you our warmest regards on this special day of the Lunar New Year. May the Year of the Dog bring you prosperity, good health and good luck. Kung Hay Fat Choy!

*Amendment to Companies Ordinance*

As you may well be aware of the Hong Kong Companies (Amendment) Ordinance (Cap 622) 2018 (“the Amendment CO”) requiring companies incorporated in Hong Kong (other than listed companies) to keep a SCR effective from 1 March 2018, we are pleased to advise further in this matter as below. A notice recently dispatched by the Companies Registry (“CR”) to each company incorporated in Hong Kong is addressing the same requirements. We trust you have received the similar copy of the notice which is enclosed for your reference only.

*What is New?*

The Amendment CO has imposed additional requirements on each incorporated company to:

- a. keep a SCR at the Company’s registered office or a prescribed place;
- b. identify the Company’s significant controllers, including giving notices and obtaining their required particulars;
- c. keep the required particulars in the SCR up-to-date; and
- d. make the SCR accessible by law enforcement officers upon demand.

A guideline on the keeping of SCR (“the Guideline”) is issued by the Registrar of Companies under section 24 of the Companies Ordinance to provide guidance on the operation of the new requirements.

Chapter 3 of the Guideline defines who a Significant Controller is. Details of the definitions are set out under attached Schedule 1. For your attention, according to section 11.3 (Chapter 11) of the Guideline, any shares held by a nominee for a beneficiary and over 25% of the issued shares of the Company, the particulars of the beneficiary must be entered into the SCR.

According to section 2.7 (Chapter 2) of the Guideline, each Company must designate at least one person as its representative to provide assistance relating to the Company’s SCR to law enforcement officer. It further defines the criteria of who can be a designated representative. Details of the criteria are set out under attached Schedule 2.

Chapter 9 of the Guideline sets out the non-compliance offences. Details of the offences are set out under attached Schedule 3.



*We offer ourselves to be your Designated Representative*

According to another guideline on Licensing of Trust or Company Service Provider (“TCSP”) issued by the CR, our firm is eligible to act as the designated representative.

*Clients - we are acting as your company secretary*

As our firm acts as the company secretary, we are pleased to offer ourselves to assist you in the compliance of keeping a SCR. Please indicate your intention to appoint us using the enclosed reply slip. Upon receiving your reply, our corporate officer will immediately follow up with the formality of appointment while at the same time creating the SCR records instantly from our existing well-organized documentation deck, and proceeding with obtaining the identification of significant controllers from you. Our designated officer will contact you shortly for the arrangement.

*Clients - we are not acting as your company secretary*

If you would like to appoint us to assist you in the compliance of keeping a SCR, we are pleased to offer our services to you, please use the enclosed reply slip to inform us of your decision.

*Completing and returning the “reply slip” to us*

We look forward to receiving your reply for our immediate action, and shall be grateful if you could return the reply slip in word file to us not later than 1 March 2018.

*Contacting us for any enquires*

If you have any questions concerning any of the above, please do not hesitate to contact our liaison manager or our manager of Corporate Services Team, Ms Annie Ling at “annie.ling@chengcosec.com.hk” or direct line 852-39620511.

Once again, we wish you a Happy, Healthy and Prosperous Chinese New Year!

Yours sincerely,

For and on behalf of  
Cheng & Cheng Corporate Services Limited  
/encl

[如需要中文版本，請與我們聯繫。]

**Schedule 1**  
**Chapter 3 of the Guideline**  
**Who is a Significant Controller of a Company?**

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

- a) The person holds, directly or indirectly, more than 25% of the issued shares in the company;
- b) The person holds, directly or indirectly, more than 25% voting rights in the company;
- c) The person holds, directly or indirectly, the right to appoint or remove a majority of the board of directors of the company;
- d) The person has the right to exercise, or actually exercises, significant influence or control over the company; or
- e) 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 relation to the company.

*[Chapter 10 of the Guideline further defines the conditions for significant control.]*

**Schedule 2**  
**Chapter 2.7 of the Guideline**  
**Qualification of a Designated Representative**

A company's designated representative must be one of the following:

- a) A member, director or an employee of the company who is natural person resident in Hong Kong.
- b) An accounting professional, a legal professional or a Trust or Company Services Provider ("TCSP") licensee as defined in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance Cap 615 ("AMLO").
- c) An accounting professional under the AMLO means a certified public accountant or a certified public accountant (practicing), as defined by section 2(1) of the Professional Accountants Ordinance Cap 50.
- d) A legal professional under the AMLO means a solicitor as defined by section 2(1) of the Legal Practitioners Ordinance Cap 159 ("LPO") or a foreign lawyer as defined by section 2(1) of the LPO.
- e) A TCSP licensee under the AMLO means a person licensed under the AMLO to carry out trust or company services business in Hong Kong.

**Schedule 3**  
**Chapter 9 Offence of Non-Compliance**

*Offence by the Company*

Failure to comply with the obligations of keeping a SCR is a criminal offence. The company and every responsible person of the company are liable to a fine at level 4 (i.e. maximum HK\$25,000). Where applicable, there is a further daily fine of HK\$700.

*Offence by the notice addressees*

A person who has received a notice relating to the SCR issued by a company must comply with the requirements stated in the notice within 1 month from the date of the notice, failure to comply with so is criminal offence, the person is liable to a fine at level 4 (HK\$25,000)

*Offence for false statement*

If any person knowingly or recklessly makes a statement or provides any information in a reply to a company's notice, which is misleading, false or deceptive in any material particular in the SCR, the person commits an offence and is liable to a fine of HK\$100,000 or HK\$300,000 and imprisonment for 6 months or 2 years.