

Companies Registration and Insolvency Administration

COMPANIES REGISTRY

Main Services: The Companies Registry (“the Registry”) is responsible for administering and enforcing the provisions of the Companies Ordinance and related legislation. Its primary functions include the registration of local and non-Hong Kong companies (i.e. companies incorporated outside Hong Kong which have established a place of business in Hong Kong); the registration of statutory returns and documents required by the various ordinances administered by the Registry; the provision of services for members of the public to inspect and obtain company information held on the various statutory registers; the deregistration of defunct solvent companies; and advising the Government on policy, regulatory and legislative issues regarding company law, related legislation and corporate governance.

As at March 31, 2016, there were 1,293,295 local companies on the register comprising 643 public, 12,832 guarantee and 1,279,820 private companies. The time required for online registration of a new local company is less than one hour. It takes four working days for applications delivered in hard copy form. As at March 31, 2016, 10,110 non-Hong Kong companies from 80 countries were registered. The time required for the registration of a non-Hong Kong company is 13 working days.

From January 1 to December 31, 2015, a total of 2,625,056 documents were received for registration, of which the most common were annual returns and forms notifying changes of the address of registered office, directors and company secretaries.

Members of the public can conduct searches on the current data of registered companies and digitised images of all registered documents at the Registry’s Cyber Search Centre (www.icris.cr.gov.hk), at the Registry’s company search mobile platform (www.mobile-cr.gov.hk), or at the Registry’s Public Search Centre on the 13th floor of the Queensway Government Offices, 66 Queensway, Hong Kong. Searches on five computerised indices can be conducted in either English or Chinese: The *company names index* helps one with the incorporation of new companies or changing company names; the *document index* is a record of all documents companies delivered to the Registry for registration; the *directors’ index* provides a list of all the directorships held by the directors and reserve directors of registered companies; the *register of disqualification orders* provides a record of all persons disqualified by the court to act as company directors or other office bearers, and the *register of charges* provides a list of the registered charges of a company and basic information on each charge.

Information available on the Registry’s

comprehensive computerised database includes basic company information such as the incorporation date and whether it is live or subject to winding up procedures together with additional information such as registered office address (for local companies), address of principal place of business in Hong Kong and particulars of authorized representatives (for registered non-Hong Kong companies), share capital, particulars of current director(s) and reserve director (if any), particulars of company secretary, particulars of receiver and manager and liquidators (if any), and a charges indicator.

Trading Fund Status: The Registry is a government department which operates on a trading fund basis; meaning that it is required to fund all its expenditure out of the revenue received.

The Registrar of Companies is the General Manager of the Companies Registry Trading Fund. She is accountable to the Permanent Secretary for Financial Services and the Treasury (Financial Services) for managing and operating the Registry’s business and achieving its performance targets and financial objectives. The trading fund’s annual report, containing the Director of Audit’s report on the accounts, is tabled in the Legislative Council each year.

Enhancement of Services and Future Development:

The Registry implemented an Integrated Companies Registry Information System (ICRIS) in two phases to fully computerise its core business activities and enable electronic delivery of services. Electronic search services developed under Phase I were launched on February 28, 2005. Phase II covered the development of a portal for electronic incorporation service. With the introduction of a one-stop electronic company incorporation and business registration service at the new “e-Registry” portal (www.eregistry.gov.hk) since March 2011, electronic Certificates of Incorporation and Business Registration Certificates can be issued in one go in less than 1 hour.

The Registry has launched a full scale electronic service for submission of annual returns and all specified forms at its e-Registry in March 2015. An Annual Return e-Reminder Service has also been available since August 2012. By using the above-mentioned online submission services, the registration process can be completed in less than 12 hours.

The Registry has enhanced its Company Search Mobile Service to provide full range of search services and functions in May 2016.

New Companies Ordinance: In mid-2006, the Government embarked on a comprehensive rewrite of the Companies Ordinance with a view to enhancing Hong Kong's status as an international commercial and financial centre and its competitiveness. The objectives of the exercise are to enhance corporate governance, facilitate business, ensure better regulation and modernise the law. In January 2011, the Companies Bill was introduced into the Legislative Council and it was passed in July 2012 to become the new Companies Ordinance. This was followed by enactment of 12 pieces of subsidiary legislation and three notices made under the new Ordinance. Except for those provisions identified in the Companies Ordinance (Commencement) Notice 2013, the new Ordinance came into operation on March 3, 2014.

The Companies Ordinance (Amendment of Eighth Schedule) Order 2012, which abolishes capital duty levied on local companies, came into operation on June 1, 2012.

The Registry provides the secretariat to the Standing Committee on Company Law Reform (SCCLR). The principal function of the SCCLR is to advise the government on amendments to the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance to ensure that the relevant legislation meets the changing needs of the business community.

INSOLVENCY ADMINISTRATION

Structure: The Official Receiver's Office, headed by the Official Receiver (OR), was established on June 1, 1992 to take over the powers and perform the duties of the Insolvency Division of the then Registrar General's Department. The OR, when appointed by the court or creditors, will act as liquidator of companies ordered to be wound-up by the court under the Companies (Winding Up and Miscellaneous Provisions) Ordinance or as trustee-in-bankruptcy of individuals or partnerships declared bankrupt by the court under the Bankruptcy Ordinance.

The Official Receiver's Office consists of four divisions, namely, the Case Management Division, the Legal Services Division, the Financial Services Division and the Departmental Administration Division. The Case Management Division is staffed by insolvency grade officers who are responsible for the realisation and distribution of assets, monitoring the conduct of outside liquidators, and trustees and administration of the ordinances relating to winding-up and bankruptcy. The Legal Services Division is staffed by qualified legal officers who handle civil litigation, provide internal general legal advisory services, investigate and prosecute insolvency offenders, and apply for the disqualification of directors of insolvent companies. The Financial Services Division is staffed by treasury and accounting grade officers who perform financial and accounting investigations into insolvency cases, conduct

statutory audits of accounts and manage and invest insolvency monies. The Departmental Administration Division is staffed by Executive Officers, Official Languages Officers and clerical grade staff who provide general administration services to facilitate smooth functioning of the department.

Insolvency Services: Once a bankruptcy order is made by the court against an individual or a winding-up order is made against a company, the OR becomes the provisional trustee of the bankrupt's property or the provisional liquidator of the company respectively. For estates with estimated assets of not more than \$200,000 which represent the vast majority of insolvency cases, the OR may apply to the court for a summary procedure order and will become the trustee or the liquidator of the estates. For non-summary cases, a meeting of creditors and also of contributories (in case of compulsory winding-up) will be held to decide who will be appointed as trustee or liquidator. The OR charges her fees on the amount of assets realised and distributed to creditors, and also on the amount of funds invested. In 2015/2016, there were 9,296 bankruptcy orders and 299 winding-up orders made by the court.

The OR operates two contracting-out schemes for administration of bankruptcy or compulsory winding-up cases. The first scheme is for contracting out through a tender system debtor petition summary bankruptcy cases with estimated assets of not more than \$200,000. The other scheme is for contracting out also through a tender system summary compulsory winding-up cases with estimated realisable assets of not more than \$200,000.

The OR also takes proceedings under Part IVA of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to apply to court for orders against directors of insolvent companies with unfit conduct to disqualify them from being the director of a company. In 2015/2016, a total of 15 disqualification orders were issued by the court.

Efficiency Improvement and Future Development:

The Official Receiver's Office has pledged to provide in Hong Kong a high quality insolvency service on par with international standards. The objectives are to keep Hong Kong to the forefront as a major international financial centre and to ensure that the best possible services are provided to the public in an open and accountable manner in accordance with the performance standards and targets set.

Booklets containing the performance pledges of the Official Receiver's Office and information on bankruptcy, compulsory winding-up of companies and Individual Voluntary Arrangement are available to the public free of charge. There is also a Services Advisory Committee, comprising representatives of major users of the department's services. Its main function is to provide customer input and suggest improvements to the department's services.

The Official Receiver's Office utilises two major computer systems to assist in its management and data handling. The first is the Insolvency Estates Funds and Accounting System, which provides facility for case management activities and the accounting of estate funds and funds management through the production of enhanced reports and the fast retrieval of financial information; and the other is the Official Receiver's Office Management Information System which provides accurate and timely insolvency statistics and supports a bilingual public search facility. Since October 2002, on-line search for bankruptcy and compulsory winding-up information can be conducted over the Internet 24 hours a day.

Improvement of Corporate Insolvency Law: The Government has conducted a comprehensive review of the corporate insolvency provisions under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and prepared the Companies (Winding Up and Miscellaneous Provisions) (Amendment) Bill 2015, which was introduced to the Legislative Council in October 2015. The amendment bill seeks to increase protection of creditors, streamline the winding-up process and strengthen regulation under the winding-up regime. Besides improving the existing corporate insolvency provisions, the Government is proceeding with the formulation of legislative proposals for a new statutory corporate rescue procedure and insolvency trading provisions and plans to conduct further stakeholders' engagement in 2016.