



26 February 2018

(BY e-mail or fax)

Dear Clients:

**Significant Controller Register (SCR)
(Keeping Requirements and Practical Implications in the Coming Days)**

With effect from 1 March 2018, Hong Kong Private and Limited by Guarantee Companies all are required to keep a SCR, other than Register of Members and Register of Directors, in order to fulfil Hong Kong's international obligations. This SCR is not required to disclose in the public records of Companies Registry, BUT COPIES OR INSPECTION of such SCR maybe demanded by law enforcement officers of Government departments, including

- Companies Registry
- Inland Revenue Department
- Customs and Excise Department
- Immigration Department
- Securities and Futures Commission
- Hong Kong Monetary Authority
- Hong Kong Police Force
- Insurance Authority
- Independent Commission Against Corruption

We must call attention that any failure to comply with the SCR requirements is a criminal offence and companies should consider the practical implications arising from operation nature and ownership status in compliance with the SCR requirements, together with other new local laws and international regulations development in the coming days, including-

- Inland Revenue (Amendment) (No. 6) Bill 2017 – Transfer Pricing
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO)
- Base Erosion and Profit Shifting (BEPS) of Organisation for Economic Co-operation and Development (OECD)
- Tax Compliance for US Assets and Beneficiaries
- Tax Compliance for business operations in Mainland China

Free of charges : Citizen's Secretarial Services Limited acting as Company Secretary

Although the SCR are not covered by our retaining services of acting as Company Secretary for Hong Kong companies, we would like to assure our relevant clients having proper compliance to the new laws in identification, giving notice, documentation proof and place of keeping SCR. Furthermore, these proper compliances will affect our subsequent obligations as a company service provider

under the new licensing regime of AMLO and will affect our subsequent obligations in advisory and auditing services (e.g. audit qualification for any non-compliance to SCR), if any. Unless the client would rather seek in-house or other professional advices, our staff members are ready to assist the setting up the SCR free of charges for all eligible clients during the period from 1 February 2018 onwards. Free of charges assistance will also be given immediately to new Company Secretary retaining service, even the service commencement date maybe half year after the SCR effective date 1 March 2018.

HK\$1,500 or more for SCR's normal charges

For any other new client or former client of retaining service expired before 1 February 2018, we could provide the SCR setting up service at HK\$1,500 or more depending on the complication in assessment and documentation preparation. Discount of HK\$500 maybe given to clients which have already engaged us to prepare Annual Return 2017.

HK\$1,000 for Designated Representative

The amended Hong Kong Companies Ordinance also demands each company must have at least one Designated Representative to assist and liaise the law enforcement officer of the above mentioned nine departments. The Designated Representative can be member, director or employee of the company, who is a natural person residing in Hong Kong. Subject to our assessment and acceptance, we can provide Designated Representative service at an annual charge of HK\$1,000 under licensing regime or accounting professional status.

We are in the middle of assisting clients to comply with the new compliance requirements. If you have any queries on the circumstances of your company, please contact our staff member. At last but not least, we would like to remind significant controllers that they may need to seek professional advices on personal and business obligations to the company's affairs after the setting up of the SCR.

Yours faithfully

T. K. Lo & Company