Companies Registry External Circular No.1/2014
Commencement of the new Companies Ordinance (Cap.622)

By Companies Registry
Monday, January 6, 2014

This circular is to announce **the commencement of the new Companies Ordinance, Chapter 622 of the Laws of Hong Kong ("the new CO"), with effect from 3 March 2014**. The 12 pieces of subsidiary legislation which provide for the relevant technical and procedural matters in the new CO will also come into operation on the same day.

The commencement of the new CO represents a new chapter in corporate regulation in Hong Kong. The main objectives of the new CO are to enhance corporate governance, facilitate business, ensure better regulation and modernise the law with a view to strengthening Hong Kong's competitiveness as a corporate domicile and enhancing its status as a major international business and financial centre. Highlights of some of the major changes which concern the administration and operation of a company are set out as follows:

(a) Restricting Corporate Directorship in Private Company
With a view to enhancing the accountability of directors, every private company is required to have at least one director who is a natural person. A six-month grace period from 3 March 2014, i.e. the commencement of the new CO, will be given for companies registered under Cap. 32 for compliance with the new requirement and delivery of notifications of changes of directors (Form ND2A) to the Registrar of Companies ("the Registrar") for registration as appropriate.

(b) Simplifying Company Administration and Procedures
With a view to facilitating business, the new CO streamlines company administration and procedures by, for example, making the use of corporate seal optional; allowing companies to dispense with Annual General Meetings with unanimous shareholders' consent; permitting a general meeting to be held at more than one location using electronic technology etc.

(c) Facilitating Simplified Reporting
The new CO allows companies that meet specified size criteria to prepare simplified financial statements and directors' reports. A larger private company that does not meet the specified size criteria will also be entitled to prepare simplified financial statements and directors' reports if its size does not exceed a higher threshold provided that members of the company holding 75% of the voting rights so resolve and no member objects.

(d) Abolishing Par Value for Shares
The new CO adopts a mandatory system of no-par for shares of all companies and retires the concept of par value for all shares. This is in line with international trends to provide companies with more flexibility in structuring their share capital. Deeming provisions are provided in the new CO to ensure a smooth transition for existing companies.

(e) Abolishing Memorandum of Association
To modernise the law, the requirement for companies to have a memorandum of association is abolished under the new CO and only articles of association are required. Information currently contained in the memorandum and required under the new CO will have to be included in the articles. Provisions of the memorandum of companies registered under Cap. 32 will be deemed to be provisions of their articles.

(f) Ensuring Accuracy of Information on the Companies Register
The new CO clarifies the powers of the Registrar in relation to the keeping of the Companies Register, such as rectifying typographical or clerical errors and requiring a company to resolve any inconsistency or provide updated information. The new law also introduces a statement of capital to be included in a specified form to be delivered to the Registrar whenever there is a change to the share capital of a company to ensure that the Companies Register contains up-to-date information on a company's share capital.

Hong Kong and Vietnam sign second protocol to comprehensive agreement on avoidance of double taxation

By ird.gov.hk
Monday, January 13, 2014

The Secretary for Financial Services and the Treasury, Professor K C Chan, today (January 13) in Hong Kong signed on behalf of the Government the Second Protocol to the Agreement between the Hong Kong Special Administrative Region of the People's Republic of China and the Socialist Republic of Vietnam for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income. The Vice Minister of Finance, Vietnam, Mr Do Hoang Anh Tuan, signed on behalf of the Vietnamese Government.

The second protocol upgrades the Exchange of Information Article in the Agreement to the 2004 version of the Organisation for Economic Co-operation and Development. The Article requires the contracting parties, upon receiving a request for information, to exchange information even when there is no domestic tax interest involved. The second protocol will come into force after the completion of ratification procedures and notification by both sides. In the case of Hong Kong, an order is required to be made by the Chief Executive in Council under the Inland Revenue Ordinance. The order is subject to negative vetting by the Legislative Council.

Details of the Second Protocol to the Agreement for the Avoidance of Double Taxation between Hong Kong and Vietnam can be found on the Inland Revenue Department website at (www.ird.gov.hk/eng/pdf/Protocol_Vietnam_HongKong.pdf).

Trade ties to expand: CE

By news.gov.hk
Wednesday, January 15, 2014

Hong Kong will begin formal negotiations for a Free Trade Agreement with the Association of Southeast Asian Nations early this year, Chief Executive CY Leung says.

With the Central Government’s support, Hong Kong has secured consent to pursue the agreement with ASEAN, which provides an impetus for regional economic growth in East Asia.

The Government has proposed a scope for these negotiations, in addition to expanding trade links on other fronts, including a proposed increase in the number of Hong Kong’s Economic & Trade Offices in Asia.

It will also set up more trade offices and regional liaison units on the Mainland, to support trade and tourism links. Liaison units will be set up under Beijing and Shanghai kEconomic & Trade Offices this year and next year respectively, while another will be set up under the Wuhan Economic & Trade Office when it starts operating in the second quarter of this year.

Re-exports up 3.6%

By news.gov.hk
Thursday, January 16, 2014

The volume of Hong Kong's goods re-exports increased 3.6% year-on-year for November, while that of domestic exports dropped 10.4%, the Census & Statistics Department announced today.

Taken together, the volume of total goods exports increased 3.4%, while the volume of goods imports rose 4.8%.

Goods re-exports' prices rose 2.7% year-on-year, whereas those of domestic exports dipped 0.1%. Taken together, total goods exports' prices increased 2.6%. Concurrently, goods imports prices rose 1.7%.

Comparing the first 11 months of 2013 with the same period in 2012, Hong Kong's goods re-exports' volume increased 3.5%, whereas that of domestic exports dropped 9.6%. Taken together, total goods exports' volume increased 3.2%. Concurrently, the goods imports' volume rose 4.2%

During the same 11-month period, goods re-exports' prices increased 1.2%, while those of domestic exports increased 2.3%. Taken together, total goods exports' prices increased 1.2%. Concurrently, goods imports' prices rose 0.8%.

Comparing the three-month period ending November 2013 with the preceding three months on a seasonally-adjusted basis, total goods exports' volume increased 6.0%. Within this total, re-exports' volume rose 6.2%, whereas that of domestic exports dropped 4.5%. Concurrently, goods imports' volume increased 6.3%.

HSBC predicts faster GDP growth for HK

By rthk.hk
Friday, January 17, 2014

Analysts at banking giant HSBC said on Thursday that they expected Hong Kong's gross domestic product to grow faster in 2014 to 3.7 percent, from 2.9 percent last year. The Co-Head of Asian Economics Research at the bank, Frederic Neumann, cited low interest rates, a slight pickup in trade volumes, and more activity in the financial sector for the optimism. He also said there were positive signs in the Chief Executive C Y Leung's Policy Address.

The bank's other head of Asian Economics Research and its Chief Economist for Greater China, Qu Hongbin, said tourists from mainland China will play a major role in accelerating economic growth in Hong Kong.

Mr Qu also said he expected concrete reforms in China in the coming year. He said measures set out during the Third Plenum would see growth remain steady in 2014 with the pace of growth picking up the year after. Mr Qu said that he expected China to take steps to make its currency fully convertible.

HK-Swiss business ties enhanced

By news.gov.hk
Saturday, January 25, 2014

Secretary for Commerce & Economic Development Gregory So continued his visit to Zurich today, promoting Hong Kong as a place for Swiss firms to do business.

At a business luncheon, Mr So spoke about opportunities for Hong Kong and Switzerland to strengthen co-operation, especially in the areas of innovation, science and technology.

He said Hong Kong serves as a foothold for Switzerland in Mainland and Asia markets, and highlighted business-focused aspects of the 2014 Policy Address.

Mr So also visited the Swiss Federal Institute of Technology and the Technopark Zurich, and will attend an informal ministerial gathering of the World Trade Organisation in Davos.

Total imports edge up

By news.gov.hk
Monday, January 27, 2014

Hong Kong's total goods imports' value in December recorded a 1.8% year-on-year increase while total exports remained virtually unchanged.

The Census & Statistics Department said today the value of total goods exports - re-exports and domestic exports - remained virtually unchanged from a year earlier at $310.9 billion, after a year-on-year increase of 5.8% in November.

Within this total, re-exports' value increased 0.1% to $306.3 billion, while domestic exports' value fell 7.9% to $4.6 billion. Goods imports' value rose 1.8% over a year earlier to $365.2 billion, after a 5.2% year-on-year increase in November.

A visible trade deficit of $54.4 billion, equivalent to 14.9% of goods imports' value, was recorded in December.

For 2013 as a whole, total goods exports' value rose 3.6% over 2012. Within this total, re-exports' value rose 3.8%, while domestic exports' value dropped 7.6%. Goods imports' value rose 3.8%.

A visible trade deficit of $501 billion, equivalent to 12.3% goods imports' value, was recorded last year.

Comparing the fourth quarter of 2013 with the preceding quarter on a seasonally adjusted basis, total goods exports' value rose 6.5%. Within this total, re-exports' value rose 6.6%, while domestic exports' value fell 0.6%. Goods imports' value rose 6.1%.

Renminbi deposits up 4%

By news.gov.hk
Thursday, January 30, 2014

Renminbi deposits in Hong Kong rose 4% to RMB860.5 billion in December while overall foreign-currency deposits grew 2.2%, the Monetary Authority says.

The authority said total deposits grew 1.2% for the month, while Hong Kong-dollar deposits edged up 0.2%. Total renminbi remittance for cross-border trade settlement amounted to RMB469.6 billion.

Total loans and advances were virtually unchanged. Loans for use in Hong Kong fell 0.5%, while loans for use outside Hong Kong grew 1%. The Hong Kong-dollar loan-to-deposit ratio rose to 82.1% at the end of December, up from 81.3% a month before.

Seasonally-adjusted Hong Kong-dollar M1 declined 1.1% from November, but expanded 9.3% year-on-year. Seasonally-unadjusted Hong Kong-dollar M3 edged up 0.2% during the month, and rose 5.7% from a year earlier.