

CHAPTER 7

Financial Services and the Treasury Bureau Companies Registry

Work of the Companies Registry

**Audit Commission
Hong Kong
5 November 2025**

This audit review was carried out under a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee on 11 February 1998. The guidelines were agreed between the Public Accounts Committee and the Director of Audit and accepted by the Government of the Hong Kong Special Administrative Region.

Report No. 85 of the Director of Audit contains 8 Chapters which are available on our website (<https://www.aud.gov.hk>).



The Audit Commission website

Audit Commission
6th Floor, High Block
Queensway Government Offices
66 Queensway
Hong Kong

Tel : (852) 2867 3423
Fax : (852) 2824 2087
E-mail : enquiry@aud.gov.hk

WORK OF THE COMPANIES REGISTRY

Contents

	Paragraph
EXECUTIVE SUMMARY	
PART 1: INTRODUCTION	1.1 – 1.8
Audit review	1.9
General response from the Government	1.10
Acknowledgement	1.11
PART 2: PROVISION OF SERVICES	2.1
Performance pledges	2.2 – 2.14
Audit recommendations	2.15
Response from the Government	2.16
New inspection regime of the Companies Register	2.17 – 2.24
Audit recommendations	2.25
Response from the Government	2.26
Licence administration of money lenders	2.27 – 2.31
Audit recommendations	2.32
Response from the Government	2.33
Licence administration of trust or company service providers	2.34 – 2.40
Audit recommendation	2.41

	Paragraph
Response from the Government	2.42
PART 3: COMPLIANCE MONITORING	3.1
Companies Ordinance	3.2 – 3.10
Audit recommendations	3.11
Response from the Government	3.12
Money Lenders Ordinance	3.13 – 3.20
Audit recommendations	3.21
Response from the Government	3.22
Anti-Money Laundering and Counter-Terrorist Financing Ordinance	3.23 – 3.32
Audit recommendations	3.33
Response from the Government	3.34
PART 4: INFORMATION SYSTEM AND TECHNOLOGY APPLICATION	4.1
Revamping of Integrated Companies Registry Information System	4.2 – 4.20
Audit recommendations	4.21
Response from the Government	4.22
Use of artificial intelligence	4.23 – 4.29
Audit recommendations	4.30
Response from the Government	4.31

Appendices	Page
A : The Companies Registry: Organisation chart (extract) (31 March 2025)	62
B : Key workload statistics (2020-21 to 2024-25)	63
C : Targets and actual achievements of performance pledges (2019-20 to 2023-24)	64 – 66
D : Acronyms and abbreviations	67

WORK OF THE COMPANIES REGISTRY

Executive Summary

1. In 1993, the Companies Registry (CR) was established as a government department and began operating as a trading fund under the Trading Funds Ordinance (Cap. 430). The mission of CR includes providing customers with efficient, cost-effective and quality services and facilities to incorporate companies and to register and inspect company documents, and continuously reviewing and enhancing its services and facilities and undertaking effective enforcement, taking account of the best modern technology available. CR is mainly responsible for administering and enforcing the provisions of the Companies Ordinance (CO — Cap. 622) and related provisions of other ordinances. Its primary functions include the incorporation/registration of companies and several other types of entities, registration of statutory returns and documents, provision of search services to members of the public, and regulation of companies and other entities in Hong Kong. The Registrar of Companies is the General Manager of the Companies Registry Trading Fund (CRTF) and is responsible for managing and controlling CRTF, and accountable to the Financial Secretary for the operations of CRTF.

2. In accordance with the Trading Funds Ordinance, CR is required to achieve a reasonable return on the fixed assets employed. In 2024-25, CRTF achieved a rate of return on average net fixed assets of 13.8% and met the 5.8% target rate of return for the financial year. The Audit Commission (Audit) has recently conducted a review on the work of CR with a view to identifying areas for improvement.

Provision of services

3. *Room for improvement relating to performance pledges.* CR has formulated a set of performance pledges in relation to its services provided. Audit examination of the performance targets and actual achievements of the performance pledges from 2019-20 to 2023-24 revealed the following room for improvement (paras. 2.2 and 2.3):

Executive Summary

- (a) ***Some performance targets not met.*** CR could not meet some of its performance targets during the period. For example, the performance targets for the registration of general documents (delivery in hard copy form) were not met in 2020-21, 2022-23 and 2023-24 and those for the registration of charges were not met in 2020-21 and 2022-23 (para. 2.4); and
- (b) ***Lack of documentary records to justify the proposed adjustments to performance pledges.*** According to CR, the performance pledges in relation to its services provided are reviewed annually and any proposal to adjust the service standards or performance targets is submitted to the Registrar of Companies for approval. Audit examined the approval records for performance pledges from 2020-21 to 2024-25 and found that the documentary records to justify the proposed adjustments to the service standards and performance targets were not maintained and provided for management's consideration (paras. 2.8 and 2.9).
4. ***New inspection regime of the Companies Register (hereinafter referred to as the Register).*** The Register maintained by CR contains personal information available for public inspection. With a view to striking a reasonable balance between protecting personal information and allowing adequate public access to necessary personal information in the Register, a new inspection regime under CO has been fully implemented since December 2023 (para. 2.17). Audit examination found the following areas for improvement:
- (a) ***Need to take proactive approach to conduct periodic reviews on eligibility of user accounts subscribing to Withheld Information (WI) or Protected Information (PI) search services.*** Under the new inspection regime, designated types of specified persons (e.g. liquidators) or their authorised representatives subscribing to WI/PI search services can apply for disclosure of WI/PI electronically at the e-Services Portal (see para. 10) through their user accounts. Audit examination revealed that as of August 2025, among the 5,794 user accounts subscribing to WI/PI search services with subscription date on or before 31 March 2025, 102 user accounts were no longer holding valid trust or company service provider (TCSP) licences required for subscribing to WI/PI search services (paras. 2.18 and 2.19); and

Executive Summary

- (b) ***Long time taken in processing applications for withholding PI.*** Since the full implementation of the new inspection regime in December 2023, data subjects can apply to CR for withholding from public inspection their PI contained in documents registered with CR. Audit examination of the 4,827 applications for withholding PI from public inspection processed by CR from December 2023 to March 2025 revealed that the average processing time was 133 days (ranging from 1 day to 365 days). In particular, the processing time of 1,167 (24% of 4,827) applications were over 180 days (paras. 2.17 and 2.22).
5. ***Inconsistent information on money lenders disseminated to public.*** According to the Money Lenders Ordinance (MLO — Cap. 163), the Registrar of Money Lenders (the role is presently performed by the Registrar of Companies) shall maintain a Register of Money Lenders for public inspection. In this connection, CR publishes lists of licensed money lenders on its website for public inspection. After the launch of the e-Services Portal in December 2023, members of the public can also access the e-Search services on the e-Services Portal to conduct searches electronically on the Register of Money Lenders. In August 2025, Audit selected samples of money lenders to cross-check the particulars of money lenders from e-Search results against that of the lists published on CR’s website, and found various cases with inconsistent information on money lenders disseminated to the public, as follows:
- (a) ***Information of licensed money lenders not consistent.*** Audit sample check of 20 licensed money lenders as at 31 July 2025 found that the licence expiry dates and/or licence numbers shown on the e-Search result were not consistent with that shown on the list of existing money lenders licenses published for 3 (15%) licensed money lenders; and
- (b) ***Status of expired money lenders licences not consistent.*** Audit sample check of 20 expired money lenders licences with licences expired between April and July 2025 found that the licence status of 4 (20%) expired money lenders licences were shown as “valid” on the e-Search result but appeared as “expired” on the list of expired money lenders licences as at 31 July 2025 published (paras. 2.27 to 2.30).
6. ***Large number of TCSP licensees submitted applications after renewal due dates.*** According to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO — Cap. 615), a TCSP licence renewal application must be made

Executive Summary

at least 60 days before the licence is due to expire (i.e. renewal due date) if the licensee wishes to continue to carry on the trust or company service business upon the expiry of the licence. Otherwise, the licensee has to apply for a new TCSP licence. Audit examination found that of the 3,357 new applications for TCSP licences received from 2020-21 to 2024-25:

- (a) 568 new applications were submitted within 60 days after the renewal due dates (i.e. before the expiry of the previous licences). In particular, there were time gaps between the expiry dates of the previous licences and the commencement dates of the new licences for 398 (70% of 568) new applications, ranging from 1 day to 302 days; and
- (b) 327 new applications were submitted within 60 days after the expiry dates of the previous licences with the time gaps between the expiry dates of the previous licences and the commencement dates of the new licences ranging from 21 to 384 days.

With a view to mitigating the risk of unlicensed TCSP activities after expiry of the TCSP licences, CR needs to step up efforts to encourage TCSP licensees to submit renewal applications before renewal due dates (paras. 2.35 to 2.37 and 2.40).

Compliance monitoring

7. ***Requirement for delivery of annual returns.*** A company registered under CO is required to deliver its annual return within 42 days after the company's return date. An annual registration fee is payable by a company on delivery of its annual return to CR. Audit analysed the compliance by companies for delivery of annual returns and found that:

- (a) ***Need to continue efforts in monitoring and enhancing compliance with requirement for delivery of annual returns by companies.*** As at 30 June 2025, in the period from 2020 to 2024, the annual number of companies which delivered the annual returns late ranged from 48,878 to 57,212, representing about 4% to 5% of companies required to deliver annual returns in corresponding year, and the annual number of companies which did not deliver the annual returns ranged from 107,906 to 134,293, representing about 9% to 11% of companies required to deliver annual returns in corresponding year (paras. 3.4 and 3.5); and

Executive Summary

- (b) ***Scope for improvement on taking actions against companies defaulting in delivery of annual returns.*** Of the 198,011 companies which did not deliver annual returns in 2024, 77,017 (39%) companies had not delivered annual returns to CR for at least five consecutive years. According to CR, if the company in default is a first offender, CR will issue a Notice of Compound Offer (NCO) in writing to the company that prosecution will be instituted against the company unless the company pays the compound fee and delivers the outstanding annual return together with the requisite annual registration fee within 28 days. 140 defaulting private companies will be randomly selected on a weekly basis for issuance of NCOs. Audit analysed the records of NCOs issued to private companies from 2020 to 2024 and found that:
- (i) ***Planned number of NCOs issued to private companies not met.*** While CR planned to issue 4,200 to 7,420 NCOs to private companies in default per year, only 1,869 to 4,145 NCOs (representing 45% to 56% of the planned number) were issued per year; and
 - (ii) ***Low compliance rate on NCOs issued.*** Even though NCOs were issued to the defaulting companies, there were still 47% to 53% of companies which did not deliver the annual returns after receiving NCOs per year (paras. 3.7 and 3.9).
8. ***Risk-based approach for supervision of licensed money lenders.*** According to MLO, a person carrying on business as a money lender in Hong Kong must obtain a money lender licence. CR is responsible for monitoring licensed money lenders' compliance with MLO and the licensing conditions in the money lender licences. CR has been monitoring the licensed money lenders' compliance through conducting onsite inspections and offsite monitoring. CR adopts a risk-based approach for its supervision of licensed money lenders. Commencing in November 2022, periodic risk profiling exercises are conducted on all licensed money lenders to determine the priority and level of supervisory engagement for each licensed money lender (paras. 3.13 to 3.15). Audit examination found the following areas for improvement:
- (a) ***Need to complete annual risk profiling exercises on licensed money lenders on time.*** There were delays in completing the annual risk profiling exercises. In one round of exercise, there was a delay of 14 months in

Executive Summary

completing it. Consequently, there was a delay in commencing the following round of exercise, which was still in progress as at 30 June 2025. For these two rounds of exercises with delays in completion, the results of the previous round of exercise were used to determine the risk levels of licensed money lenders. Consequently, the risk levels of the licensed money lenders may not be accurately reflected for appropriate level of supervision in a timely manner (paras. 3.16 and 3.17); and

- (b) ***Need to consider reviewing risk profile of new licensed money lenders upon granting of first money lenders licences.*** The current practice of determining the priority and level of supervisory engagement for each licensed money lender in batches during the annual risk profiling exercises will lead to delays in determining the risk profiles of new licensed money lenders, which may hinder effective monitoring. For example, the risk profiles of new licensed money lenders with new applications for money lenders licences received after the cut-off time for conducting the annual risk profiling exercise would not be reflected until the completion of next annual risk profiling exercise. Therefore, these new licensed money lenders may not be subject to any routine onsite monitoring during the intervening period (para. 3.18).

9. ***Onsite inspections of TCSP licensees.*** According to AMLO, a person carrying on a trust or company service business in Hong Kong must obtain a TCSP licence and comply with the relevant requirements of AMLO, conditions of TCSP licences and other requirements promulgated by CR (para. 3.23). Audit examined CR records and found that:

- (a) ***Need to stipulate in internal guidelines the timeframe for issuing warning letters to TCSP licensees.*** According to CR's internal guidelines, for minor deficiencies identified during onsite inspections, a warning letter will be issued to the TCSP licensee to inform the licensee about the deficiencies and the remedial actions to be taken, and the timeframe for remediation. While the internal guidelines have not specified the time allowed to issue a warning letter after an onsite inspection, Audit examination found that in 2024-25, CR took an average of 854 days (ranging from 237 to 1,389 days) to issue the 31 warning letters (paras. 3.25 and 3.26); and
- (b) ***Need to expedite TCSP Licensing System enhancements to incorporate Alert List.*** To support the licensing and enforcement work, CR makes use

Executive Summary

of the TCSP Licensing System and the Alert List to process TCSP applications, supervise TCSP licensees and identify unlicensed TCSPs. The Alert List includes information of persons and companies under investigation or with conviction under AMLO and referrals by law enforcement agencies and other sections in CR, etc. Audit noted that the Alert List was maintained in the form of a spreadsheet protected by a shared password. The absence of an audit trail function might expose the Alert List to risks of unauthorised modification. With a view to addressing the security issue of the Alert List, in June 2022, CR committed to carry out a study on system enhancements to incorporate the List into the TCSP Licensing System. However, after a lapse of three years, there had been no progress on the system enhancements as of June 2025 (paras. 3.29 to 3.31).

Information system and technology application

10. ***Revamping of Integrated Companies Registry Information System (ICRIS)***. CR has implemented ICRIS since 2005 to fully computerise its core business activities and enable electronic delivery of services. To remain responsive to evolving business needs and meet public expectations for more stable, secured and efficient services, CR launched the revamped ICRIS together with a new single integrated online platform known as the e-Services Portal in December 2023 (paras. 1.8 and 4.2). Audit examination found the following areas for improvement:

- (a) ***Need to keep in view and take measures to improve e-take-up rate for e-Filing services.*** With the e-Services Portal, users can access e-Filing services through the e-Services Portal to deliver forms and documents in electronic form to the Registrar of Companies. When developing the revamped ICRIS in June 2021, the e-take-up rate for e-Filing services (i.e. the percentage of all electronic documents received out of all electronic and paper documents received during the reporting period) was projected at 70% in Year 1 (assuming 2024) and 100% in Year 10 (assuming 2033) after the launch of the system. However, CR had not conducted any review on the e-take-up rate for e-Filing services since the launch of the revamped ICRIS, and the actual e-take-up rate was 26% in 2024-25, which was far below the projected rate of 70% (paras. 4.3 to 4.6); and

Executive Summary

- (b) ***Need to rectify deficiencies of optical character recognition (OCR) in revamped ICRIS.*** In response to a recommendation from its information technology planning study in 2016, CR launched a Shareholder Information Database (SIDB) in August 2022 by engaging service providers for designing, implementing and maintaining SIDB with the use of OCR technology to capture shareholder information from document image of the forms submitted by companies, and verifying, correcting and updating shareholder information extracted via OCR to ensure continuous SIDB updates. The service agreements with the service providers were expected to end by the launch of the revamped ICRIS, which was December 2023. However, the OCR function in the revamped ICRIS demonstrated unsatisfactory performance with low data accuracy, particularly affecting the processing of annual returns which constituted over 50% of forms requiring data processing by CR and the extraction of shareholder information therefrom. This resulted in significant backlogs in the registration of general documents. Audit examination found that CR discontinued OCR processing for annual return forms in the revamped ICRIS in January 2024, and requested one of the service providers of SIDB to assist in clearing the backlogs at a total cost of \$798,000 (paras. 4.17 and 4.18).
11. ***Chatbot of CR.*** In June 2021, CR launched a new chatbot on its website to answer customer enquiries by using artificial intelligence technology. The chatbot analyses inputted text to understand users' needs and find suitable information for the users (para. 4.23). Audit examination found the following areas for improvement:
- (a) ***Need to improve performance of chatbot.*** Chatbot users have been prompted to rate the chatbot's performance upon closing their chat sessions. Users who express any level of dissatisfaction are further asked to indicate reasons for their dissatisfaction from a set of pre-defined reasons. While CR expected that over 80% of the chatbot users would rate the chatbot's performance as satisfied or higher, Audit reviewed the survey results on the performance of chatbot collected from August 2021 to June 2025 and found that of the 9,006 responses received:
- (i) only 3,779 (42%) responses were of satisfied or higher rating, falling 38 percentage points short of the expected level; and

Executive Summary

- (ii) among the remaining 5,227 (58%) responses with dissatisfied or lower ratings, 2,177 responses were of extremely dissatisfied rating, and the most common reasons for dissatisfaction were “ability to understand queries” and “clarity of responses” (paras. 4.25 and 4.26); and
- (b) *Need to consider expanding scope of services provided by chatbot.* Currently, the chatbot has been trained to find information relating to incorporation and major statutory filing of local limited companies only. Other types of questions, such as questions on electronic search services are currently not included in the chatbot’s service scope (para. 4.28).

Audit recommendations

12. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has *recommended* that the Registrar of Companies should:**

Provision of services

- (a) **draw on the experience gained from the implementation of new services and new specified forms for better manpower and service planning in future, and endeavour to meet the performance pledges (para. 2.15(a));**
- (b) **maintain proper documentary records to justify the proposed adjustments to the service standards and performance targets of performance pledges (para. 2.15(c));**
- (c) **take a proactive approach to conduct periodic reviews on the eligibility of user accounts subscribing to WI/PI search services (para. 2.25(a));**
- (d) **continue the efforts in completing the processing of applications for withholding PI from public inspection as soon as possible (para. 2.25(b));**
- (e) **ascertain the reasons for the inconsistent information on money lenders disseminated to the public by the e-Search services and CR’s website (para. 2.32(a));**

Executive Summary

- (f) take measures to ensure that the information on the Register of Money Lenders is accurate and up-to-date for public inspection (para. 2.32(b));
- (g) step up efforts to encourage TCSP licensees to submit renewal applications before renewal due dates (para. 2.41);

Compliance monitoring

- (h) continue the efforts in monitoring and enhancing compliance with the requirement for delivery of annual returns by companies (para. 3.11(a));
- (i) make further efforts in meeting the planned number of NCOs to be issued to private companies (para. 3.11(b));
- (j) evaluate the effectiveness of existing follow-up actions and consider the need of stepping up measures in following up with the companies defaulting in delivery of annual returns (para. 3.11(c));
- (k) complete the annual risk profiling exercises on licensed money lenders on time to avoid further delays in future (para. 3.21(a));
- (l) consider reviewing the risk profile of the new licensed money lenders upon granting of the first money lenders licences (para. 3.21(b));
- (m) stipulate in CR's internal guidelines the timeframe for issuing warning letters to TCSP licensees after receiving legal advice (para. 3.33(a));
- (n) expedite the TCSP Licensing System enhancements to incorporate the Alert List (para. 3.33(b));

Information system and technology application

- (o) keep in view the e-take-up rate for e-Filing services and take measures to improve the rate (para. 4.21(a));

Executive Summary

- (p) **rectify the deficiencies of OCR in the revamped ICRIS as soon as possible (para. 4.21(e));**
- (q) **improve the performance of chatbot taking into consideration the reasons for dissatisfaction from chatbot users (para. 4.30(a)); and**
- (r) **consider expanding the service of chatbot to a wider scope to address users' different needs (para. 4.30(b)).**

Response from the Government

13. The Registrar of Companies agrees with the audit recommendations.

PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

Background

1.2 On 1 May 1993, the Companies Registry (CR) was established as a government department to take over the functions of the Companies Division of the then Registrar General's Department (Note 1). On 1 August 1993, CR began operating as a trading fund (Note 2) under the Trading Funds Ordinance (Cap. 430) upon the passage of a resolution by the Legislative Council. In accordance with the Trading Funds Ordinance, CR is required to meet expenses incurred in the provision of services out of its income and achieve a reasonable return on the fixed assets employed as determined by the Financial Secretary. The mission of CR includes:

- (a) providing customers with efficient, cost-effective and quality services and facilities to incorporate companies and to register and inspect company documents; and
- (b) continuously reviewing and enhancing its services and facilities and undertaking effective enforcement, taking account of the best modern technology available.

Note 1: *Following enactment of the Registrar General (Establishment) (Transfer of Functions and Repeal) Ordinance (Cap. 439), CR was created as an independent agency on 1 May 1993 and the Registrar General's Department ceased to exist from that date.*

Note 2: *Trading funds are distinct accounting entities established under the Trading Funds Ordinance (Cap. 430) for the provision of specific government services. While remaining as part of the Government, they are allowed greater financial and operational flexibilities to run their operations as businesses with a view to improving the quality of services and responding to customer demands.*

Introduction

Governance and organisational structure of CR

1.3 The Registrar of Companies is the General Manager of the Companies Registry Trading Fund (CRTF). The Registrar of Companies manages and controls CRTF in accordance with the Trading Funds Ordinance and is accountable to the Financial Secretary for the operations of CRTF. Detailed management arrangements and responsibilities are set out in a Framework Agreement (Note 3) between the then Secretary for Financial Services and the Registrar of Companies (as head of CR and the General Manager of CRTF). Annually, CR should submit to the Secretary for Financial Services and the Treasury a Corporate and Business Plan, setting CR's development and work plans for the next five years, for approval. The approved Corporate and Business Plan serves as a basis for the evaluation of CR's performance.

1.4 As at 31 March 2025, CR had 543 staff members, comprising civil servants and contract staff. An extract of the organisation chart of CR as at 31 March 2025 is at Appendix A.

Key services provided by CR

1.5 CR is mainly responsible for administering and enforcing the provisions of the Companies Ordinance (CO — Cap. 622) and the related provisions of other ordinances (e.g. the Money Lenders Ordinance (MLO — Cap. 163) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO — Cap. 615)). Its primary functions include the incorporation/registration of companies and several other types of entities, registration of statutory returns and documents, provision of search services to members of the public, and regulation of companies and other entities in Hong Kong. The key services provided by CR include:

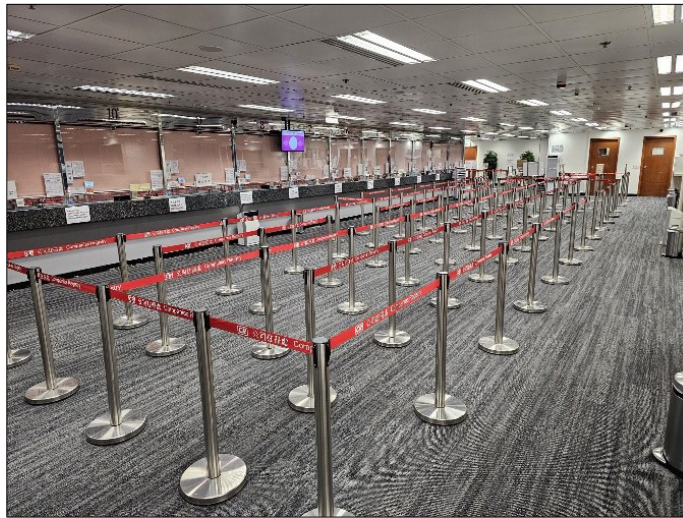
- (a) ***Incorporation/registration of companies and other entities.*** CR provides services for incorporation or registration of companies, limited partnerships, limited partnership funds, open-ended fund companies, trust companies and registered trustees corporations;

Note 3: *The Framework Agreement came into effect in June 1993. It is reviewed by the Secretary for Financial Services and the Treasury in consultation with the Registrar of Companies every three years.*

- (b) **Registration of documents.** CR registers all documentation required by various ordinances governing companies and other entities. Service counters are set up to provide customers with services on receipt of documents and applications in hard copy form (see Photograph 1);

Photograph 1

Service counters located at the Queensway Government Offices



Source: CR records

- (c) **Public access to information.** CR provides the public with services to search for the information on companies and other entities held by it;
- (d) **Regulatory compliance.** CR is responsible for ensuring compliance by companies and other entities and their officers with their obligations under relevant ordinances;
- (e) **Administering the licensing of money lenders.** CR is responsible for processing applications and renewals for money lenders licences and maintaining a register of money lenders for inspection by members of the public under MLO;

Introduction

- (f) *Administering the licensing regime of trust or company service providers.* CR is responsible for administering the licensing regime for trust or company service providers (TCSPs) under AMLO (Note 4); and
- (g) *Policy development.* CR advises the Government on policy, regulatory and legislative issues regarding company law and related legislation.

As at 31 March 2025, there were 1,471,689 local companies and 15,346 non-Hong Kong companies registered on the Companies Register (hereinafter referred to as the Register). In 2024-25, a total of 3,250,478 documents were received for registration, of which the most common were annual returns, incorporation documents and forms for notifying changes of the address of registered office, directors and company secretaries. The summary of key workload statistics of CR from 2020-21 to 2024-25 is shown at Appendix B.

Financial performance

1.6 CR provides its services in accordance with the self-financing principle. It is the Government's policy that fees charged by the Government should in general be set at levels adequate to recover the full cost of the public services provided. Currently, there are around 320 fees charged by CR. The incorporation fees, annual registration fees, and search and copying fees charged accounted for over 80% of CR's total revenue in 2024-25.

1.7 Under the Trading Funds Ordinance, the Registrar of Companies shall manage CRTF with an objective of achieving a reasonable return on the fixed assets employed as determined by the Financial Secretary. According to the Financial Services and the Treasury Bureau (FSTB), the rate of return is calculated as total comprehensive income (excluding interest income) divided by its average net fixed

Note 4: *A new licensing regime was introduced in March 2018 under AMLO to regulate TCSPs. Under the licensing regime, TCSPs are required to apply for a licence from the Registrar of Companies before they can provide trust or company services as a business in Hong Kong. A TCSP licence is valid for three years.*

assets (ANFAs — Note 5). Table 1 shows the financial performance of CRTF from 2020-21 to 2024-25.

Table 1
Financial performance of CRTF
(2020-21 to 2024-25)

	2020-21	2021-22	2022-23	2023-24	2024-25
	(\$ million)				
Revenue (Note 1) (a)	540	461	552	615	701
Operating costs (b)	413	433	470	534	564
Profit from operations (c) = (a) – (b)	127	28	82	81	137
Other income (Note 2) (d)	28	7	31	73	64
Total comprehensive income for the year (e) = (c) + (d)	155	35	113	154	201
ANFAs (Note 3) (f)	463	556	708	907	996
Rate of return on ANFAs (Note 4) (g) = [(e) – (d)] ÷ (f) × 100%	27.3%	5.1%	11.6%	8.9%	13.8%
Target rate of return on ANFAs	5.7%	5.7%	5.8%	5.8%	5.8%

Source: Audit Commission analysis of CR records

Note 1: As one of the relief measures to support enterprises and safeguard jobs, the registration fees for all annual returns (except for those delivered late) had been waived for two years from 1 October 2020 to 30 September 2022 as determined by the Financial Secretary.

Note 2: Other income represented interest income.

Note 5: *ANFAs is the average of the net fixed assets at the beginning and at the end of the financial year. Fixed assets for this purpose include property, plant and equipment, and intangible assets (e.g. computer systems) only.*

Table 1 (Cont'd)

Note 3: According to CR, the increase in ANFAs over the years was mainly due to the additions of intangible assets, which mainly comprised the system development costs and computer software licences arising from the revamping of the Integrated Companies Registry Information System (ICRIS) (see para. 1.8).

Note 4: Compared with 2020-21, the decrease in the rate of return on ANFAs in 2024-25 was mainly attributable to the increase in operating costs (e.g. staff cost, depreciation and amortisation, ICRIS maintenance costs and information technology related expenses) and the increase in ANFAs over the years (see Note 3 above).

Recent developments

1.8 ***Launch of revamped information system.*** CR has been making extensive use of information technology to support the provision of efficient and high quality electronic services. In order to establish a fully computerised CR, CR has implemented ICRIS in phases since 2005 to fully computerise its core business activities and enable electronic delivery of services. Over the years, ICRIS has been enhanced from time to time to cater for legislative and procedural changes and to provide a wide range of electronic services, including registration of companies, registration of statutory returns and documents, and public search services, etc. To remain responsive to evolving business needs and meet public expectations for more stable, secured and efficient services, CR embarked on a development project entitled “The Next Generation of ICRIS for CR” (i.e. the revamped ICRIS) in late 2018. In December 2023, the revamped ICRIS was rolled out together with the e-Services Portal, which is a single integrated online platform that allows customers to access round-the-clock electronic services of CR, such as electronic document submission and search services, by a single logon to the e-Services Portal instead of using different websites and user accounts. According to CR, the key benefits for the revamped ICRIS included:

- (a) increased range of electronic channels;
- (b) enhanced customer value-added services; and
- (c) enriched e-Search services.

Audit review

1.9 In May 2025, the Audit Commission (Audit) commenced a review on the work of CR (Note 6). The audit review has focused on the following areas:

- (a) provision of services (PART 2);
- (b) compliance monitoring (PART 3); and
- (c) information system and technology application (PART 4).

Audit has found room for improvement in the above areas and has made a number of recommendations to address the issues.

General response from the Government

1.10 The Registrar of Companies agrees with the audit recommendations.

Acknowledgement

1.11 Audit would like to acknowledge with gratitude the full cooperation of the staff of CR during the course of the audit review.

Note 6: *In view of the official secrecy provisions of MLO and the confidentiality provisions of AMLO, the audit review on the administration of the licensing regimes for money lenders and TCSPs (see para. 1.5(e) and (f)) is restricted to the review of relevant guidelines and the information in the form of summary compiled by staff of CR.*

PART 2: PROVISION OF SERVICES

2.1 This PART examines the work of CR in providing services, focusing on:

- (a) performance pledges (paras. 2.2 to 2.16);
- (b) new inspection regime of the Register (paras. 2.17 to 2.26);
- (c) licence administration of money lenders (paras. 2.27 to 2.33); and
- (d) licence administration of TCSPs (paras. 2.34 to 2.42).

Performance pledges

2.2 CR aims to provide customers with efficient, cost-effective and quality services. In this connection, CR has formulated a set of performance pledges in relation to its services provided. For each year, an annual performance pledge booklet would be published by CR showing its performance targets and achievements. The targets and actual achievements of the performance pledges from 2019-20 to 2023-24 are shown at Appendix C.

Room for improvement relating to performance pledges

2.3 Audit examination of the performance targets and actual achievements of the performance pledges from 2019-20 to 2023-24 revealed the following room for improvement:

- (a) some performance targets not met (see paras. 2.4 and 2.5);
- (b) some performance targets with persistent over-achievement (see paras. 2.6 and 2.7);
- (c) lack of documentary records to justify the proposed adjustments to performance pledges (see paras. 2.8 to 2.11);

- (d) services coverage under a performance pledge not clearly defined for public (see paras. 2.12 and 2.13); and
- (e) performance pledges for new services provided not formulated (see para. 2.14).

Some performance targets not met

2.4 Audit examination found that from 2019-20 to 2023-24, CR could not meet some of its performance targets (see Table 2), as follows:

- (a) the performance targets for the registration of general documents (delivery in hard copy form) were not met in 3 (i.e. 2020-21, 2022-23 and 2023-24) of the 5 years (see item (a));
- (b) the performance targets for the registration of charges were not met in 2020-21 and 2022-23 (see item (b)); and
- (c) the performance target for the acknowledgment of receipt of application for deregistration of companies was not met in 2022-23 (see item (c)).

Provision of services

Table 2

**Performance targets not met
(2019-20 to 2023-24)**

Service	Service Standard (Note)	Target (%)	Actual achievements (%)				
			2019-20	2020-21	2021-22	2022-23	2023-24
Registration of general documents							
(a) Delivery in hard copy form	5 days	90	90	87	92	81	81
Registration of charges							
(b) Registration of charges	7 days	90	98	72	96	84	99
Deregistration of companies							
(c) Acknowledge receipt of application	5 days	95	97	98	98	88	N.A.
	4 days		N.A.	N.A.	N.A.	N.A.	97

Source: CR records

Note: According to CR, days in service standard represent working days. The service standard for delivery in hard copy form excludes the day of delivery. The service standard for delivery in electronic form is calculated from the time of e-submission.

2.5 **Need to draw on experience gained and endeavour to meet performance pledges.** According to CR, in case of failure in meeting any performance pledges, the relevant responsible division will provide the reason for the failure in a monthly report, and submit to management for review in the subsequent month. Audit examination of the monthly reports submitted to the management for the years from 2020-21 to 2023-24 revealed that the underachievement was mainly attributable to the following:

- (a) for items (a) and (b) in Table 2 in 2020-21 and items (a), (b) and (c) in Table 2 in 2022-23, the performance pledges could not be met as longer time was taken to process documents received during the periods of special work arrangement due to the outbreak of the coronavirus disease (COVID-19) epidemic;

- (b) for item (a) in Table 2, in 2022-23, longer time was taken to process revised specified forms containing usual residential addresses and full identification numbers (hereinafter referred to as Protected Information (PI)) reported in new PI sheets following the implementation of Phase 2 of the new inspection regime (see para. 2.17). There was also a significant increase in the number of intakes of specified forms reporting the change of correspondence address of directors during the period; and

- (c) for item (a) in Table 2, in 2023-24, CR revised all specified forms which were required to be delivered to CR for registration due to operational changes (e.g. the launch of the revamped ICRIS). During the 6-month transitional period, staff members of CR were required to process both old and new versions of the specified forms which involved different system requirements and work procedures. As such, longer time was taken to process the relevant forms. In addition, during the first few months after the launch of the revamped ICRIS, staff members of CR reported intermittent service interruptions for both public services and internal processing.

Audit considers that CR needs to draw on the experience gained from the implementation of new services and new specified forms for better manpower and service planning in future, and endeavour to meet the performance pledges.

Some performance targets with persistent over-achievement

2.6 Apart from the performance targets that were not met as mentioned in paragraph 2.4, Audit found that from 2019-20 to 2023-24, CR has persistently over-achieved many of the other performance targets, for example:

- (a) while the performance target for the change of names of local companies delivered in electronic form has been set at 1 hour for 90% applications, the actual achievements ranged from 97% to 100% (see item (d)(ii) in Appendix C);

- (b) while the performance targets for the registration and change of name of open-ended fund companies have both been set at 3 working days for 90% applications, the actual achievements ranged from 99% to 100% (see items (c) and (e) in Appendix C); and

Provision of services

- (c) for both online and onsite search, while their performance targets for supply of certified copies of search results and supply of certificates have been set at 3 hours and 6 hours respectively for 95% applications, the actual achievements ranged from 99% to 100% (see items (k), (l), (n) and (o) in Appendix C).

2.7 *Need to review performance pledges with persistent over-achievement and raise the standards for continuous service enhancement.* As stipulated in Civil Service Bureau Circular No. 7/2009 on Performance Pledges in the Civil Service, when setting performance pledges:

- (a) the performance pledges should be challenging enough to drive continuous improvement in performance, while being realistic and achievable to bureaux and departments; and
- (b) in cases of persistent over-achievement, bureaux and departments should consider reviewing the pledges and raising the standards for continuous service enhancement.

With a view to further improving its service quality, CR needs to review the performance pledges with persistent over-achievement and consider raising the standards for continuous service enhancement.

Lack of documentary records to justify the proposed adjustments to performance pledges

2.8 According to CR, the performance pledges in relation to its services provided are reviewed annually when preparing the annual performance pledge booklet. Any proposal to adjust the service standards or performance targets is submitted to the Registrar of Companies for approval. Audit noted that the following performance pledges have been adjusted or formulated from 2019-20 to 2023-24:

- (a) the service standard for registration of non-Hong Kong companies (see item (b) in Appendix C) has been adjusted from 10 to 9 working days since 2023-24;

- (b) the performance target for registration of general documents (delivery of specified forms in electronic form) (see item (g) in Appendix C) has been adjusted from 90% to 95% of applications since 2020-21;
- (c) the service standard for acknowledgement of receipt of application for deregistration of companies (see item (i) in Appendix C) has been adjusted from 5 to 4 working days since 2023-24; and
- (d) the performance pledge for registration of limited partnership funds (i.e. 4 working days — see item (r) in Appendix C) has been formulated since 2021-22.

2.9 *Need to maintain proper documentary records to justify the proposed adjustments to performance pledges.* Audit examined the approval records for performance pledges from 2020-21 to 2024-25 and found that the documentary records to justify the proposed adjustments to the service standards and performance targets were not maintained and provided for management’s consideration.

2.10 In September 2025, CR informed Audit that:

- (a) during the annual review of the performance pledges, it had always aimed to raise existing standards and establish new ones for any new or additional services; and
- (b) any proposed adjustments to the existing performance pledges submitted to the management for approval must either be based on a demonstrated record of over-achievement or must be new performance pledges that were estimated to be achievable.

2.11 In Audit’s view, it is important for management of CR to consider the rationale of any proposed adjustments, and to maintain proper documentary records to justify the proposed adjustments to the service standards and performance targets of performance pledges.

Services coverage under a performance pledge not clearly defined for public

2.12 Registration of general documents is one of the key services provided by CR in which the documents can be delivered to CR in either hard copy or electronic form (see items (f) and (g) in Appendix C). Based on CR's internal processing means, documents submitted are generally classified into the following two categories:

- (a) ***System-check documents.*** Registration of certain general documents can be automatically done by the revamped ICRIS if the data therein captured from e-submission or by manual input or optical character recognition (OCR) can pass all the pre-set validation rules in the system. If the captured data fails any of the validation rules, the case would be routed for manual checking by case officers; and
- (b) ***Manual-check documents.*** For other general documents, manual checking by case officer is required before registering the documents.

2.13 Audit found that while the General Registration Section of CR was responsible for registering 64 specified forms, CR has only included the system-check documents (i.e. 15 specified forms) in the calculation of the actual achievement of the registration of specified forms with delivery in electronic form (see item (g) in Appendix C). In Audit's view, to prevent confusion by the public and to enhance the transparency in its performance, CR needs to provide a clearer definition of the services coverage under the performance pledge in relation to the registration of specified forms with delivery in electronic form.

Performance pledges for new services provided not formulated

2.14 As stipulated in Civil Service Bureau Circular No. 7/2009 on Performance Pledges in the Civil Service, performance pledges should cover all departmental services that have a public interface, with focus on performance measures most valued by customers, reflecting the latest customer needs while having regard to the present day's operational circumstances. In recent years, CR has started to provide some new services to the public, for example, since the commencement of Phase 2 of the new inspection regime in October 2022 and up to 31 March 2025 (see paras. 2.17 and 2.18), there were:

- (a) 5,234 applications for subscription to Withheld Information (WI) or PI search services processed by CR; and
- (b) 832,901 WI/PI searches through the e-Services Portal user accounts subscribed to WI/PI search services (see para. 4.3(c)).

Given the substantial demand for the above-mentioned services, there is merit for CR to consider formulating performance pledges for its new services provided.

Audit recommendations

2.15 **Audit has *recommended* that the Registrar of Companies should:**

- (a) **draw on the experience gained from the implementation of new services and new specified forms for better manpower and service planning in future, and endeavour to meet the performance pledges;**
- (b) **review the performance pledges with persistent over-achievement and consider raising the standards for continuous service enhancement;**
- (c) **maintain proper documentary records to justify the proposed adjustments to the service standards and performance targets of performance pledges;**
- (d) **provide a clearer definition of the services coverage under the performance pledge in relation to the registration of specified forms with delivery in electronic form with a view to preventing confusion by the public and enhancing the transparency in CR's performance; and**
- (e) **consider formulating performance pledges for new services provided by CR.**

Response from the Government

2.16 The Registrar of Companies agrees with the audit recommendations. She has said that CR will:

Provision of services

- (a) continue to closely monitor the meeting of performance pledges through better manpower and service planning in future;
- (b) review the performance pledges with persistent over-achievement with a view to further improving the service quality and consider raising the standards for continuous service enhancement in the formulation of performance pledges for 2026-27;
- (c) clearly set out the justifications for proposed adjustments to service standards and performance targets of performance pledges when seeking approval from the management to facilitate future reference and maintain proper documentary records;
- (d) review the notes to the performance pledges in the formulation of performance pledges for 2026-27 to provide a clearer definition of the services coverage of the performance pledge in relation to the registration of specified forms with delivery in electronic form with a view to preventing confusion by the public and enhancing the transparency in CR's performance; and
- (e) continue to monitor the introduction of new performance pledges for new services provided.

New inspection regime of the Companies Register

2.17 The Register maintained by CR contains personal information available for public inspection. Such personal information includes, among other data, the usual residential addresses and full identification numbers of directors of companies, and full identification numbers of company secretaries and some other individuals (e.g. liquidators and provisional liquidators). With a view to striking a reasonable balance between protecting personal information and allowing adequate public access to necessary personal information in the Register, a new inspection regime under CO has been fully implemented in three phases. The key changes under the new inspection regime are as follows:

- (a) **Phase 1.** From 23 August 2021, companies may replace usual residential addresses of directors with their correspondence addresses, and replace full identification numbers of directors and company secretaries with their

partial identification numbers on their own company registers (see para. 3.2) for public inspection;

- (b) **Phase 2.** From 24 October 2022, the usual residential addresses and full identification numbers (i.e. PI) would be replaced with correspondence addresses and partial identification numbers for public inspection. PI contained in documents filed for registration after commencement of this phase would not be provided for public inspection. Specified persons (e.g. data subjects, liquidators, public officers, solicitors and certified public accountants (practising)) can apply to CR for access to PI of directors and other individuals for the purpose of the performance of their functions; and
- (c) **Phase 3.** From 27 December 2023, data subjects can apply to CR for withholding from public inspection their PI contained in documents registered with CR (hereinafter referred to as WI). Specified persons can apply to CR for access to WI of directors and other individuals for the purpose of the performance of their functions.

Need to take proactive approach to conduct periodic reviews on eligibility of user accounts subscribing to WI/PI search services

2.18 Designated types of specified persons (e.g. liquidators, public officers, solicitors and certified public accountants (practising)) or their authorised representatives subscribing to WI/PI search services can apply for disclosure of WI/PI electronically at the e-Services Portal through their user accounts (see para. 4.3(c)). According to CR, once the designated types of specified persons or their authorised representatives have successfully subscribed to WI/PI search services, any applications for disclosure of WI/PI would undergo automatic processing in the system without involving manual workflow. To apply for subscription to WI/PI search services, applicants should submit certified true copy of the supporting documents (e.g. identification documents of the applicant and evidence of the capacity of the applicant) to CR for review and approval.

2.19 ***Some user accounts might have ceased holding the capacity eligible for WI/PI search services.*** Audit examination of the 5,794 user accounts subscribing to WI/PI search services with subscription date on or before 31 March 2025 found that some user accounts might have ceased holding the capacity eligible for WI/PI search

Provision of services

services. For example, of the 5,794 user accounts, 1,916 (33%) user accounts were owned by TCSP licensees which were holding the capacity of designated non-financial businesses and professions to subscribe to WI/PI search services. Audit examination revealed that as of August 2025:

- (a) 102 (5% of 1,916) user accounts were no longer holding valid TCSP licences; and
- (b) in particular, the TCSP licensees of 15 (15% of 102) user accounts were dissolved or ceased to exist.

2.20 In September 2025, CR informed Audit that:

- (a) an applicant to the subscription to the WI/PI search services had the obligation to notify CR of his/her cessation to be the type of specified persons reported in his/her application; and
- (b) it was stated in the Terms and Conditions in the application for subscription to the WI/PI search services that “where the applicant has ceased to be the only type of persons stipulated under the user account, the applicant shall forthwith notify the Registrar of Companies of the cessation whereupon the applicant’s subscription to the WI/PI search services shall be terminated immediately.”

In Audit’s view, while applicants are obliged to notify CR of his/her cessation to be the type of specified persons reported, there is a need for CR to take a proactive approach to conduct periodic reviews on the eligibility of user accounts subscribing to WI/PI search services, in particular for those owned by TCSP licensees.

Need to continue efforts in completing the processing of applications for withholding PI from public inspection

2.21 As mentioned in paragraph 2.17(c), since the implementation of Phase 3 of the new inspection regime in December 2023, data subjects can apply to CR for withholding from public inspection their PI contained in documents registered with CR. According to CR’s internal guidelines, upon receipt of an application to withhold PI from public inspection, the processing officer of CR should check the application

form, supporting documents and the document images of the registered documents to be masked. If the application is not in order, the processing officer should contact the applicant for clarification and the case should be brought up after two weeks for follow-up.

2.22 ***Long time taken in processing applications for withholding PI.*** Since the implementation of Phase 3 of the new inspection regime in December 2023 and up to 31 March 2025, 4,827 applications for withholding PI from public inspection had been processed by CR. Audit examination of the processing time for these applications revealed that the average processing time was 133 days (ranging from 1 day to 365 days). In particular, the processing time of 1,167 (24% of 4,827) applications were over 180 days. Audit sample check of 20 applications with processing time over 180 days found that the main reasons for the long time taken were as follows:

- (a) the average time taken in case assignment upon receipt of applications was 12 days (ranging from 5 to 21 days);
- (b) the average time taken by case officers to commence case processing upon case assignment was 140 days (ranging from 16 to 252 days);
- (c) of the 13 applications which required additional information from applicants to process, the average time taken by CR to obtain the additional information from applicants was 112 days (ranging from 2 to 212 days); and
- (d) the average time taken by CR to process the applications (e.g. masking the document images of the registered documents) was 79 days (ranging from 2 to 218 days).

2.23 In September 2025, CR informed Audit that:

- (a) since the commencement of Phase 3 of the new inspection regime, the number of applications for withholding PI from public inspection had increased drastically from March to August 2024, which had been beyond the handling capacity of the team responsible for processing the applications;

Provision of services

- (b) a number of officers in the PI team had been deployed to assist in clearing the backlog situation in the General Registration Section since April 2024 when the performance pledge for the registration of general documents was far from satisfactory. Manpower had been redeployed to expedite the processing of applications for withholding PI from public inspection since late 2024. All the backlog in the applications for withholding PI had been cleared since April 2025; and
- (c) as at September 2025, it took about 1 to 2 weeks to complete processing upon receipt of an application.

2.24 In Audit's view, to achieve the aim of striking a balance between protecting personal information and allowing adequate public access to necessary personal information in the Register, it is important to protect data subject's personal information in a timely manner. While noting that CR has taken measures to expedite the processing of applications for withholding PI from public inspection, CR needs to continue its efforts in completing the processing of such applications as soon as possible.

Audit recommendations

- 2.25 **Audit has *recommended* that the Registrar of Companies should:**
- (a) **take a proactive approach to conduct periodic reviews on the eligibility of user accounts subscribing to WI/PI search services, in particular for those owned by TCSP licensees; and**
 - (b) **continue the efforts in completing the processing of applications for withholding PI from public inspection as soon as possible.**

Response from the Government

2.26 The Registrar of Companies agrees with the audit recommendations. She has said that CR will:

- (a) take a more proactive approach to conduct periodic reviews on the eligibility of user accounts subscribing to WI/PI search services, especially on those users who hold TCSP licences; and
- (b) continue its efforts to complete the processing of applications for withholding PI from public inspection in a timely manner.

Licence administration of money lenders

2.27 According to MLO, a person carrying on business as a money lender in Hong Kong must obtain a money lender licence. Under the licensing regime for money lenders, the Registrar of Money Lenders (the role is presently performed by the Registrar of Companies), is responsible for, among others, processing applications for money lenders licences, licence renewals and maintaining a Register of Money Lenders (Note 7) for public inspection. As at 31 March 2025, there were 2,083 licensees on the Register of Money Lenders. In 2024-25, there were 130 new licences granted and 2,027 licences renewed.

Inconsistent information on money lenders disseminated to public

2.28 According to MLO, the Registrar of Money Lenders shall maintain a Register of Money Lenders for public inspection. In this connection, CR publishes lists of licensed money lenders on its website for public inspection, for example:

- (a) list of existing money lenders licensees;
- (b) list of applications for money lenders licences;
- (c) list of expired money lenders licences; and
- (d) list of dismissed or withdrawn applications for money lenders licences.

Note 7: *As stipulated in MLO, the Registrar of Money Lenders shall establish and maintain a register in which he shall cause to be kept particulars, other than specified particulars, of applications for the grant or renewal of licences, licences which are in force or have been revoked or suspended and such other matters as he thinks fit.*

Provision of services

2.29 After the launch of the revamped ICRIS and the e-Services Portal in December 2023, members of the public can also access the e-Search services on the e-Services Portal to conduct searches electronically on the Register of Money Lenders.

2.30 In August 2025, Audit selected samples of money lenders to cross-check the particulars of money lenders from e-Search results against that of the lists published on CR's website (see para. 2.28), and found various cases with inconsistent information on money lenders disseminated to the public, as follows:

- (a) ***Information of licensed money lenders not consistent.*** Audit sample check of 20 licensed money lenders as at 31 July 2025 found that the licence expiry dates and/or licence numbers shown on the e-Search result were not consistent with that shown on the list of existing money lenders licenses published (see para. 2.28(a)) for 3 (15%) licensed money lenders;
- (b) ***Information of applications not consistent or not found.*** Audit sample check of 20 applications for money lenders licences as at 31 July 2025 found that the licence status of 1 (5%) application was shown as “expired” on the e-Search result but appeared as “application in progress” on the list of applications for money lenders licences published (see para. 2.28(b)). In addition, the record of another (5%) application could not be found on the e-Search page;
- (c) ***Status of expired money lenders licences not consistent.*** Audit sample check of 20 expired money lenders licences with licences expired between April and July 2025 found that the licence status of 4 (20%) expired money lenders licences were shown as “valid” on the e-Search result but appeared as “expired” on the list of expired money lenders licences (see para. 2.28(c)) as at 31 July 2025 published; and
- (d) ***Status of dismissed or withdrawn applications not consistent.*** Audit examination of the 2 money lenders licence applications withdrawn between April and July 2025 found that the licence status of 1 (50%) withdrawn application was shown as “application in progress” on the e-Search result but shown as “application withdrawn” on the list of dismissed or withdrawn applications for money lenders licences (see para. 2.28(d)) as at 31 July 2025 published.

2.31 In Audit's view, inconsistencies of CR's public records would cause confusion to the public. CR needs to ascertain the reasons for the inconsistent information on money lenders disseminated to the public by the e-Search services and its website, and take measures to ensure that the information on the Register of Money Lenders is accurate and up-to-date for public inspection.

Audit recommendations

- 2.32 **Audit has recommended that the Registrar of Companies should:**
- (a) **ascertain the reasons for the inconsistent information on money lenders disseminated to the public by the e-Search services and CR's website; and**
 - (b) **take measures to ensure that the information on the Register of Money Lenders is accurate and up-to-date for public inspection.**

Response from the Government

2.33 The Registrar of Companies agrees with the audit recommendations. She has said that CR:

- (a) has already identified the reasons for the inconsistent information and remedial actions have been taken to rectify the information; and
- (b) will review the existing mechanism in updating the information on the Register of Money Lenders and on CR's website, and take measures to ensure that the information on the Register of Money Lenders is accurate and up-to-date for public inspection.

Licence administration of trust or company service providers

2.34 The licensing regime for TCSPs was introduced in March 2018 under AMLO. Under the licensing regime, TCSPs are required to apply for a licence from the Registrar of Companies before they can provide trust or company services as a

Provision of services

business in Hong Kong. A TCSP licence is valid for three years. As at 31 March 2025, there were 6,900 licensees on the Register of TCSP Licensees.

Large number of TCSP licensees submitted applications after renewal due dates

2.35 According to AMLO, a TCSP licence renewal application must be made at least 60 days before the licence is due to expire (i.e. renewal due date) if the licensee wishes to continue to carry on the trust or company service business upon the expiry of the licence. If the licence expires before the determination of the application for renewal, unless the application is withdrawn or the licence is revoked or suspended, the licence will remain in force until it is renewed, or if it is not renewed, until the decision not to renew takes effect.

2.36 According to the TCSP guidelines published by CR, if a TCSP licensee does not apply for renewal of TCSP licences on or before the renewal due date, the licensee has to apply for a new TCSP licence if it still wishes to carry on a trust or company service business in Hong Kong. After expiry of the previous licence and before the granting of a new licence, the licensee must cease carrying on the trust or company service businesses.

2.37 Audit examination found that of the 3,357 new applications for TCSP licences received from 2020-21 to 2024-25, 895 (27%) new applications were submitted by previous licensees within 60 days after the renewal due dates or within 60 days after the expiry dates of their previous licences. Audit analysed these 895 new applications and found that (see Table 3):

Table 3

**Ageing analysis on new applications submitted
by previous licensees after renewal due dates
(2020-21 to 2024-25)**

Number of days	Number of new applications
<i>(a) After renewal due dates (but before expiry of previous licences)</i>	
1 to 30	365 (41%) } 568 (63%)
31 to 60	203 (22%) }
<i>(b) After expiry dates of previous licences</i>	
1 to 30	251 (29%) } 327 (37%)
31 to 60	76 (8%) }
Total	895 (100%)

Source: Audit analysis of CR records

- (a) 568 (63% of 895) new applications were submitted within 60 days after the renewal due dates (i.e. before the expiry of the previous licences). Audit further examination found that:
- (i) 170 (30% of 568) new applications were granted with new licences on or one day after the expiry dates of the previous licences (i.e. no time gap between the expiry dates of the previous licences and the commencement dates of the new licences); and
 - (ii) there were time gaps between the expiry dates of the previous licences and the commencement dates of the new licences for 398 (70% of 568) new applications. The average time gap was 51 days (ranging from 1 day to 302 days); and
- (b) 327 (37% of 895) new applications were submitted within 60 days after the expiry dates of the previous licences with the time gaps between the expiry dates of the previous licences and the commencement dates of the new licences ranging from 21 to 384 days.

Provision of services

2.38 Since TCSP licensees must cease to carry on the trust or company service businesses after expiry of the previous licence and before the granting of a new licence, their business operations might be interrupted. There might be risks that some of them might continue to carry on businesses after expiry of their previous licences.

2.39 In September 2025, CR informed Audit that:

- (a) among the 895 new applications as mentioned in paragraph 2.37, 550 applications were submitted by licensees with their previous TCSP licences approved in the first licensing cycle (i.e. between 2018 and March 2021), while 345 applications were approved in the second licensing cycle (i.e. between April 2021 and March 2024);
- (b) the reason for the large number of new applications submitted in the first licensing cycle was possibly due to the fact that the licensees were not familiar with the requirements of AMLO when renewing their first licences; and
- (c) with its efforts in implementing additional measures to remind licensees on the deadline of submitting renewal applications (e.g. through presentations in seminars or certificate courses organised by professional bodies), the timeliness of submitting renewal applications had been improved significantly in the second licensing cycle.

2.40 While CR would perform checking on TCSP licensees who had failed to meet the renewal due dates and issue warning letters to licensees carrying on trust or company service businesses without licences during the time gaps, there is a need for CR to step up efforts to encourage TCSP licensees to submit renewal applications before renewal due dates with a view to mitigating the risk of unlicensed TCSP activities after expiry of the TCSP licences.

Audit recommendation

2.41 **Audit has *recommended* that the Registrar of Companies should step up efforts to encourage TCSP licensees to submit renewal applications before renewal due dates with a view to mitigating the risk of unlicensed TCSP activities after expiry of the TCSP licences.**

Response from the Government

2.42 **The Registrar of Companies agrees with the audit recommendation. She has said that CR will explore measures to step up efforts to remind TCSP licensees to submit renewal applications before the renewal due dates.**

PART 3: COMPLIANCE MONITORING

3.1 This PART examines the work of CR in ensuring the compliance in relation to the provisions and obligations imposed on all companies and other entities, licensed money lenders and TCSP licensees under relevant ordinances, focusing on:

- (a) CO (paras. 3.2 to 3.12);
- (b) MLO (paras. 3.13 to 3.22); and
- (c) AMLO (paras. 3.23 to 3.34).

Companies Ordinance

3.2 ***Obligations under CO.*** A company (e.g. a private company and a registered non-Hong Kong company) and its officers must comply with various provisions and fulfil the obligations under CO. These obligations include the timely disclosure and reporting of specified information about the company, its officers and shareholders, etc., and any changes in such information to the Registrar of Companies so that members of the public can have ready access to the latest information of the company kept by the Registrar. Other requirements under CO include displaying company names at the registered offices and keeping company registers (e.g. register of members and register of directors) at the registered offices or at places other than the registered offices. If a company fails to comply with the requirements of CO, the company and every responsible person of the company shall be liable to prosecution and, if convicted, default fines.

3.3 ***CR's enforcement actions.*** The Registrar of Companies is responsible for enforcing provisions of CO and is delegated with the authority to prosecute cases of non-compliance. The Registrar may issue summonses against defaulting companies which have failed to deliver or are late in delivering their statutory returns within the prescribed time periods.

Room for improvement relating to delivery of annual returns by companies

3.4 ***Requirement for delivery of annual returns.*** A company registered under CO is required to deliver its annual return (Note 8) within 42 days after the company's return date. An annual registration fee is payable by a company on delivery of its annual return to CR. For late delivery of an annual return, a higher annual registration fee is payable.

3.5 ***Need to continue efforts in monitoring and enhancing compliance with requirement for delivery of annual returns by companies.*** Audit analysed the compliance by companies for delivery of annual returns from 2020 to 2024 and found that as at 30 June 2025 (see Table 4):

Note 8: *An annual return is a return, in a specified form, containing the particulars of a company such as the address of the registered office, shareholders, directors, company secretary, etc. as at the made up date of the return.*

Compliance monitoring

Table 4

**Compliance of delivery of annual returns by companies
(2020 to 2024)**

Compliance	Number of companies required to deliver annual returns in corresponding year				
	2020	2021	2022	2023	2024
Annual returns delivered within statutory time limit (i.e. 42 days after return date) (a)	1,043,760 (85%)	1,051,896 (87%)	1,069,673 (86%)	1,050,837 (86%)	1,049,932 (85%)
Annual returns delivered late (i.e. beyond 42 days after return date) (b)	57,212 (5%)	48,878 (4%)	49,819 (4%)	57,156 (5%)	51,764 (4%)
Annual returns not delivered as at 30 June 2025 (c)	130,973 (10%)	110,601 (9%)	118,101 (10%)	107,906 (9%)	134,293 (11%)
Sub-total (d) = (b)+(c)	188,185 (15%)	159,479 (13%)	167,920 (14%)	165,062 (14%)	186,057 (15%)
Total (e) = (a)+(d)	1,231,945 (100%)	1,211,375 (100%)	1,237,593 (100%)	1,215,899 (100%)	1,235,989 (100%)

Source: Audit analysis of CR records

Remarks: According to CR, the number of companies required to deliver annual returns in Table 4 had excluded some types of companies, for example, companies which were dormant and companies undergoing deregistration process or winding up proceedings.

- (a) the annual number of companies which delivered the annual returns late (i.e. beyond 42 days after the companies' return dates) ranged from 48,878 to 57,212, representing about 4% to 5% of companies required to deliver annual returns in corresponding year (see item (b) in Table 4); and

- (b) the annual number of companies which did not deliver the annual returns ranged from 107,906 to 134,293, representing about 9% to 11% of companies required to deliver annual returns in corresponding year (see item (c) in Table 4).

3.6 According to CR, the primary responsibility of delivering annual returns to CR within the statutory time limit rests with the individual companies. Failure to notify, furnish and disclose information as required under CO may affect the integrity of the Register and compromise the Registrar of Companies' statutory duty to maintain the Register for the benefit of the public who rely on the timely disclosure of the information being registered. In September 2025, CR said that it had implemented various administrative measures to explain and promote compliance, and assist companies to comply with statutory obligations including:

- (a) setting up a thematic section on "Compliance" on CR's website which provided information on the obligation of a company and its officers;
- (b) publication of information pamphlets (e.g. "Annual Return of a Local Public Company or a Company Limited by Guarantee" and "Filing Requirements of a Local Limited Company after Incorporation");
- (c) issuance of half-yearly reminders to major customers on statutory requirements under CO, in particular for the delivery of annual returns; and
- (d) attaching a pamphlet giving general information on filing requirements to each certificate of incorporation issued by CR and providing relevant information by electronic means to companies which were incorporated electronically.

Given that about 13% to 15% of companies failed to deliver annual returns within the statutory time limit annually in the period from 2020 to 2024, Audit considers that CR needs to continue the efforts in monitoring and enhancing compliance with the requirement for delivery of annual returns by companies.

Scope for improvement on taking actions against companies defaulting in delivery of annual returns

3.7 Audit examination of CR records found that of the 198,011 companies which did not deliver annual returns in 2024, 77,017 (39%) companies had not delivered annual returns to CR for at least five consecutive years. According to CR, the following actions will be taken by CR against the companies defaulting in delivery of annual returns:

- (a) ***Compound Offer Regime.*** Under the Compound Offer Regime (Note 9), if the company in default (i.e. failure to deliver annual returns within the statutory time limit) is a first offender, CR will issue a Notice of Compound Offer (NCO) in writing to the company that prosecution will be instituted against the company unless, within 28 days from the date of the notice, the company pays the amount of \$600 as compound fee and delivers the outstanding annual return together with the requisite annual registration fee. If the company accepts the compound offer and delivers the outstanding annual return with the requisite annual registration fee, no prosecution will be initiated against it. According to CR, owing to the sheer volume of private companies and manpower constraints, only 140 defaulting private companies will be randomly selected from the revamped ICRIS on a weekly basis for issuance of NCOs (Note 10). For the remaining types of companies (e.g. public companies), NCOs will be issued to all of these

Note 9: *In 2014, to further expand the repertoire of measures to encourage due compliance with filing obligations and to optimise the use of judicial resources, CO introduced a new power for the Registrar of Companies to compound, at her discretion, specified offences. In compounding an offence, the Registrar will give a notice to a company in breach to offer it an opportunity to rectify the default by paying an amount of \$600 to the Registrar as a compound fee and remedying the breach constituting the offence within a specified period. If the company accepts and complies with the terms of the notice, no prosecution will be initiated against it for that offence.*

Note 10: *Some companies are excluded in the selection process, namely:*

- (a) *companies which are dormant;*
- (b) *companies which are undergoing striking off process, deregistration process or winding up proceedings;*
- (c) *companies which have records of letters of cessation of registered office; and*
- (d) *companies which are under complaint status.*

companies which fail to deliver annual returns. If the company in default is a repeated offender, CR will issue a Notice to File demanding for delivery of its outstanding annual returns within 28 days from date of the Notice to File. Failure to comply with the Notice to File will give rise to criminal proceedings without further notice; and

- (b) ***Striking off name of company not in operation or carrying on business.*** According to CO, the Registrar of Companies may strike the name of a company off the Register where the Registrar has reasonable cause to believe that the company is not in operation or carrying on business (e.g. not filing annual returns or found not located at the registered office reported during CR's routine inspection). The company shall be dissolved when its name is struck off the Register. According to CR, names of 37,103 companies not in operation or carrying on business had been struck off from the Register in 2024-25. In this connection, the revamped ICRIS is equipped with a function to identify companies with overdue annual returns for the last two consecutive years automatically. If the pre-set criteria in the revamped ICRIS are satisfied (e.g. not having any prosecution proceeding document filed in previous calendar year and outstanding court fines), a striking off case would be created automatically in the revamped ICRIS for the concerned company to commence the striking off process.

3.8 In September 2025, CR informed Audit that:

- (a) striking off actions had not been taken against the 77,017 companies mentioned in paragraph 3.7 due to various reasons. The main reasons included:
- (i) striking off process was withheld due to objections received from the Inland Revenue Department or third party; and
 - (ii) striking off process was suspended because of outstanding court fine; and
- (b) it would conduct an exercise to review the status of all those companies to consider if any follow-up actions could be taken to restart striking off actions where appropriate.

Compliance monitoring

3.9 Audit analysed the records of NCOs issued to private companies which failed to deliver annual returns from 2020 to 2024 (see Table 5) and found that:

Table 5

**Analysis on the number of NCOs issued to private companies
(2020 to 2024)**

Year	Number of weeks (a)	Number of NCOs issued		
		Planned		Actual
		Per week (b)	Per year (c) = (a) × (b)	Per year (d)
2020	30 (Note)	140	4,200 (100%)	1,869 (45%)
2021	52	140	7,280 (100%)	4,005 (55%)
2022	41 (Note)	140	5,740 (100%)	3,203 (56%)
2023	52	140	7,280 (100%)	3,872 (53%)
2024	53	140	7,420 (100%)	4,145 (56%)

Source: Audit analysis of CR records

Note: According to CR, the exercise on issuing NCOs to private companies was suspended temporarily due to the outbreak of COVID-19 epidemic.

- (a) **Planned number of NCOs issued to private companies not met.** While CR planned to issue 4,200 to 7,420 NCOs to private companies in default per year from 2020 to 2024, Audit found that only 1,869 to 4,145 NCOs (representing 45% to 56% of the planned number) were issued per year. In response to Audit's enquiry regarding the reasons for fewer number of NCOs issued, in August 2025, CR informed Audit that prior to issuing NCOs, CR officers would review the defaulting companies' statuses and filing positions (including whether special resolution for declaring company dormant or application for deregistration, etc. have been lodged) to determine whether issuing NCOs is appropriate; and

- (b) ***Low compliance rate on NCOs issued.*** Even though NCOs were issued to the defaulting companies, there were still 47% to 53% of companies which did not deliver the annual returns after receiving NCOs per year from 2020 to 2024.

3.10 In view of the substantial number of companies failing to deliver annual returns within the statutory time limit annually, Audit considers that CR needs to:

- (a) make further efforts in meeting the planned number of NCOs to be issued to private companies; and
- (b) evaluate the effectiveness of existing follow-up actions (e.g. compound offers and striking off process) and consider the need of stepping up measures in following up with the companies defaulting in delivery of annual returns.

Audit recommendations

3.11 **Audit has recommended that the Registrar of Companies should:**

- (a) **continue the efforts in monitoring and enhancing compliance with the requirement for delivery of annual returns by companies;**
- (b) **make further efforts in meeting the planned number of NCOs to be issued to private companies; and**
- (c) **evaluate the effectiveness of existing follow-up actions (e.g. compound offers and striking off process) and consider the need of stepping up measures in following up with the companies defaulting in delivery of annual returns.**

Response from the Government

3.12 The Registrar of Companies agrees with the audit recommendations. She has said that CR will:

Compliance monitoring

- (a) continue its efforts to monitor and promote compliance with the requirement for delivery of annual returns, bearing in mind that it is the responsibility and obligation of a company and its officers to observe and comply with the requirement for delivery of annual returns under the relevant provisions of CO;
- (b) perform system enhancement on the selection criteria of defaulting private companies for issuing NCOs to meet the planned number of NCOs to be issued (i.e. 140 per week); and
- (c) continue to monitor the progress of existing follow-up actions against companies which are in default of delivering annual returns and will evaluate the need for any stepping up measures to follow up with those companies in default.

Money Lenders Ordinance

3.13 According to MLO, a person carrying on business as a money lender in Hong Kong must obtain a money lender licence. Money lending business is regulated by MLO and the licensing conditions in the money lender licence imposed by the Licensing Court. CR is responsible for monitoring licensed money lenders' compliance with MLO and the conditions imposed by the Licensing Court when carrying on their money lending business (Note 11). CR has been monitoring the licensed money lenders' compliance through conducting:

- (a) onsite inspections to ensure that licensed money lenders have appropriate systems and measures in place for their business operations; and

Note 11: *Apart from CR, the Licensing Court and the Hong Kong Police Force also have respective roles to play under the regulatory regime for money lenders. The Licensing Court is responsible for determining applications for and granting of money lenders licences, as well as imposing licensing conditions in money lenders licences. On the other hand, the Hong Kong Police Force is responsible for enforcing MLO, including carrying out examination of applications for money lenders licences and renewal of licences, and investigating complaints against money lenders. It is committed to combating the relevant crimes, such as carrying on business as money lenders without a licence, illegal or improper debt collection activities and lending money at an interest rate exceeding the statutory limit, etc.*

- (b) offsite monitoring including reviewing money lending advertisements, and regular regulatory filings and returns from licensed money lenders.

As at 31 March 2025, there were 2,083 licensed money lenders. In 2024-25, CR conducted onsite inspections on 541 licensed money lenders and inspected 320 money lending advertisements.

3.14 ***Risk-based approach for supervision of licensed money lenders.*** CR adopts a risk-based approach for its supervision of licensed money lenders. Under the risk-based approach, supervisory engagement is graduated according to the money laundering and/or terrorist financing risks presented by the licensed money lenders. Periodic risk profiling exercises are conducted on all licensed money lenders to determine the priority and level of supervisory engagement for each licensed money lender. In other words, licensed money lenders of higher risk levels are subject to more intensive monitoring.

3.15 ***Conduct of annual risk profiling exercises.*** According to CR, it conducts risk profiling exercises to review the risk profiles of licensed money lenders on an annual basis (Note 12), and such exercise commenced in November 2022. Under the annual risk profiling exercise, the risk profiles of licensed money lenders whose applications or renewal applications received by CR during a specific period will be reviewed on a batch basis with the risk profiles of licensed money lenders assigned in one go.

Need to complete annual risk profiling exercises on licensed money lenders on time

3.16 Audit examined the various rounds of annual risk profiling exercises conducted by CR since November 2022 and found that there were delays in completing the annual risk profiling exercises as follows:

Note 12: *In addition to the official secrecy provisions of MLO (see Note 6 to para. 1.9), according to CR, specific details in relation to the annual risk profiling exercises cannot be disclosed in the Audit Report as the disclosure of the details may compromise the effectiveness of the enforcement and supervisory actions.*

Compliance monitoring

- (a) in one round of exercise, there was a delay of 14 months in completing it; and
- (b) consequently, there was a delay in commencing the following round of exercise, which was still in progress as at 30 June 2025.

3.17 Audit noted that for the two rounds of exercises with delays in completion as mentioned in paragraph 3.16, the results of the previous round of annual risk profiling exercise were used to determine the risk levels of licensed money lenders. Consequently, the risk levels of the licensed money lenders may not be accurately reflected for appropriate level of supervision in a timely manner. For example:

- (a) the risk levels of the licensed money lenders who submitted applications or renewal applications for money lenders licences after the cut-off time for conducting the annual risk profiling exercises might not be accurately reflected until the completion of the next annual risk profiling exercise; and
- (b) the risk levels of the licensed money lenders may be adjusted upward or downward in an annual risk profiling exercise, delays in completing the annual risk profiling exercises may give rise to mismatched monitoring intensity (i.e. supervisory engagement — see para. 3.14).

Audit considers that CR needs to complete the annual risk profiling exercises on licensed money lenders on time to avoid further delays in future.

Need to consider reviewing risk profile of new licensed money lenders upon granting of first money lenders licences

3.18 The current practice of determining the priority and level of supervisory engagement for each licensed money lender in batches during the annual risk profiling exercises will lead to delays in determining the risk profiles of new licensed money lenders, which may hinder effective monitoring, as follows:

- (a) the risk profiles of new licensed money lenders with new applications for money lenders licences received after the cut-off time for conducting the annual risk profiling exercise would not be reflected until the completion

of next annual risk profiling exercise. Therefore, these new licensed money lenders may not be subject to any routine onsite monitoring during the intervening period; and

- (b) in particular, a money lender licence is valid for 12 months only, some of the licensed money lenders may have already quitted from the money lending business at the time when CR completes the annual risk profiling exercise. For example, for a new application received after the cut-off time for conducting the annual risk profiling exercise and granted with a money lender licence for 12 months, if the concerned licensed money lender decides not to renew its money lender licence, it would have quitted from the money lending business before CR completes the next annual risk profiling exercise. In other words, it would not be assigned with any risk level, and hence may not be subject to any routine onsite monitoring during its entire licensing period. This poses a question on the appropriateness of level of supervision on these licensed money lenders.

In Audit's view, CR needs to consider reviewing the risk profile of the new licensed money lenders upon granting of the first money lenders licences.

Scope for improvement on onsite inspections of licensed money lenders

3.19 According to CR's internal guidelines for compliance inspection, the main purpose of onsite inspection is to ascertain the compliance of licensed money lenders with the licensing conditions in their money lenders licences. The target inspection cycle for each licensed money lender is based on its risk level determined by annual risk profiling exercises (see para. 3.14). For a case with non-compliance (Note 13) identified during onsite inspection, the inspection officer will:

Note 13: *Examples of non-compliance identified during onsite inspection include:*

- (a) *failure to state the borrower's reply as to whether or not the borrower has entered into or signed any agreement with any third party;*
- (b) *failure to keep record showing that explanation was given to the borrowers of all the terms of the loan agreement; and*
- (c) *failure to keep any record to show that an assessment has been carried out on the intending borrower's or borrower's ability to make repayments under the loan agreement affordably.*

Compliance monitoring

- (a) issue a rectification order specifying the non-compliance identified and the corresponding deadline for rectification;
- (b) conduct a follow-up inspection in two months generally after issuing the rectification order (Note 14). If non-compliance with the same licensing conditions has not been rectified within the deadline, a warning letter will be issued; and
- (c) conduct another follow-up inspection in two months generally after issuing the warning letter. If the non-compliance is still not rectified after issuing the warning letter, the case will be escalated for considering the next course of action (e.g. application to the Licensing Court to revoke or suspend any licence granted by the Licensing Court).

3.20 In 2024-25, CR issued 248 rectification orders and 13 warning letters for non-compliance identified during onsite and follow-up inspections on licensed money lenders respectively, of which 191 follow-up inspections were required. Audit examined CR records and found that:

- (a) *Need to consider specifying timeframe for issuing rectification orders or warning letters in CR's internal guidelines.* CR took an average of:
 - (i) 2.5 months (ranging from 1 day to 476 days) to issue the 248 rectification orders after onsite inspections; and
 - (ii) 3 months (ranging from 21 to 178 days) to issue the 13 warning letters after follow-up inspections.

While timely remediation of non-compliance identified during onsite and follow-up inspections is crucial for licensed money lenders to carry on money lending business in a proper manner, Audit found that CR's internal guidelines for compliance inspection have not specified the time allowed to issue a rectification order or warning letter after onsite and follow-up

Note 14: *For non-compliance with specific licensing conditions, instead of conducting a follow-up inspection, the rectification order will stipulate a deadline for rectification and require the licensed money lender to provide documentary evidence in support for rectification of deficiency within the deadline.*

inspections. In Audit's view, CR needs to consider specifying the timeframe for issuing rectification orders or warning letters after onsite and follow-up inspections in its internal guidelines; and

- (b) ***Need to review timeframe stipulated in CR's internal guidelines for conducting follow-up inspections.*** Of the 191 follow-up inspections conducted, 131 (69%) were conducted more than two months after the issuance of rectification orders or warning letters, with an average of 3.3 months (ranging from 61 to 195 days). In September 2025, CR informed Audit that:
- (i) the two-month duration in its internal guidelines (see para. 3.19(b) and (c)) was not a strict timeline for the conduct of a follow-up inspection but was an indication of the expected time in general; and
 - (ii) in determining the timeline for a follow-up inspection, there were various factors that would affect the date for the follow-up inspection (e.g. the availability of the responsible person, the activity level of the money lenders, etc.).

With a view to ensuring that follow-up inspections are conducted in a timely manner, Audit considers that CR needs to review the timeframe stipulated in its internal guidelines for conducting follow-up inspections, taking into account past experience and the factors affecting their timeliness.

Audit recommendations

- 3.21 **Audit has recommended that the Registrar of Companies should:**
- (a) **complete the annual risk profiling exercises on licensed money lenders on time to avoid further delays in future;**
 - (b) **consider reviewing the risk profile of the new licensed money lenders upon granting of the first money lenders licences;**

Compliance monitoring

- (c) **consider specifying the timeframe for issuing rectification orders or warning letters after onsite and follow-up inspections in CR's internal guidelines; and**
- (d) **review the timeframe stipulated in CR's internal guidelines for conducting follow-up inspections, taking into account past experience and the factors affecting their timeliness.**

Response from the Government

3.22 The Registrar of Companies agrees with the audit recommendations. She has said that CR will:

- (a) review the timeline and monitor the completion of the annual risk profiling exercises accordingly to avoid further delays in future;
- (b) review the existing risk profiling exercise and consider assigning a preliminary risk level to each new licensed money lender upon the granting of its first licence;
- (c) review the internal guidelines for compliance inspections and consider specifying the timeframe for the issue of rectification orders or warning letters after inspections; and
- (d) review the internal guidelines in respect of the timeline for conducting follow-up inspections in light of practical experience and other circumstantial factors affecting the timing of follow-up inspections.

Anti-Money Laundering and Counter-Terrorist Financing Ordinance

3.23 According to AMLO, a person carrying on a trust or company service business in Hong Kong must obtain a TCSP licence and comply with the relevant requirements of AMLO, conditions of TCSP licences and other requirements promulgated by CR. CR has established the Registry for Trust and Company Service Providers (hereinafter referred to as the Registry for TCSPs) to administer the

licensing regime for TCSPs and supervise TCSP licensees. CR has been monitoring TCSP licensees' compliance through conducting:

- (a) onsite inspections to ascertain whether they are complying or have complied with, or are likely to comply with the requirements set out in AMLO and guidelines promulgated by CR; and
- (b) offsite monitoring including conducting desk-based review of the regular regulatory filings and returns from TCSP licensees.

As at 31 March 2025, there were 6,900 licensed TCSPs. In 2024-25, CR conducted 1,130 onsite inspections on TCSP licensees.

3.24 ***Risk-based approach for supervision of TCSP licensees.*** Similar to the supervision of licensed money lenders (see para. 3.14), CR adopts a risk-based approach for its supervision of TCSP licensees. CR undertakes periodic risk profiling exercises on all TCSP licensees (Note 15) to evaluate and track the money laundering and/or terrorist financing risk profile of individual TCSP licensees for determining their priority and level of supervisory engagement. In other words, TCSP licensees of higher risk levels are subject to more intensive monitoring.

3.25 ***Onsite inspections of TCSP licensees.*** Pursuant to AMLO, all TCSP licensees are subject to onsite inspections by CR to ascertain whether they are complying or have complied with, or are likely to comply with the requirements set out in AMLO and guidelines promulgated by CR. According to CR's internal guidelines for supervision of TCSPs:

- (a) for minor deficiencies identified during onsite inspections, a warning letter will be issued to the TCSP licensee to inform the licensee about the deficiencies and the remedial actions to be taken, and the timeframe for remediation. CR will follow up with the licensee concerned including conducting follow-up inspections on the licensee to ensure the timely

Note 15: *In addition to the confidentiality provisions of AMLO (see Note 6 to para. 1.9), according to CR, specific details in relation to the risk profiling exercises cannot be disclosed in the Audit Report as the disclosure of the details may compromise the effectiveness of the enforcement and supervisory actions.*

Compliance monitoring

implementation of remedial actions, and that the identified deficiencies are effectively addressed by the licensee concerned;

- (b) for contravention of AMLO, the Registrar of Companies may consider imposing disciplinary actions (i.e. publicly reprimand the licensee, order the licensee to take remedial action and/or order the licensee to pay a pecuniary penalty) or instigating prosecution against the licensee; and
- (c) for cases where the Registrar of Companies is no longer satisfied that the TCSP licensee is fit and proper to carry on a trust or company service business, the Registrar may suspend or revoke the licence, or decide not to renew the licence when the licence expires.

Need to stipulate in internal guidelines the timeframe for issuing warning letters to TCSP licensees

3.26 Audit examined CR records and noted that in 2024-25, 31 warning letters were issued to TCSP licensees due to deficiencies identified during onsite inspections. While CR's internal guidelines for supervision of TCSPs have not specified the time allowed to issue a warning letter after an onsite inspection (see para. 3.25), Audit examination found that CR took an average of 854 days (ranging from 237 to 1,389 days) to issue the 31 warning letters.

3.27 In response to Audit's enquiry regarding the reasons for the long time taken in issuing warning letters after onsite inspection, in August 2025, CR informed Audit that:

- (a) in general, if deficiency or non-compliance was identified during onsite inspection:
 - (i) the inspection officer usually explained the shortcomings to the TCSP licensee during the confirmation/statement-taking process, and the licensee could take remedial action immediately (e.g. submitting revised policy statements to the inspection officer shortly after the inspection); and

- (ii) the case would still be submitted to the legal officer for consideration of taking disciplinary action at the same time;
- (b) when the legal officer decided not to take further action against the TCSP licensee, CR would issue the warning letter to notify the licensee, and remind it to strictly comply with all the statutory obligations of a TCSP licensee under AMLO and the related guidelines in the future; and
- (c) in response to an internal review conducted in July 2025, issuing warning letters to the TCSP licensees has been set as within three months after legal advice is made.

3.28 While noting that CR has set the time allowed for issuing warning letters after legal advice is made in July 2025 (see para. 3.27(c)), such timeframe is not documented in CR's internal guidelines for supervision of TCSPs. With a view to ensuring that warning letters are issued in a timely manner, Audit considers that CR needs to stipulate in its internal guidelines the timeframe for issuing warning letters to TCSP licensees after receiving legal advice.

Need to expedite TCSP Licensing System enhancements to incorporate Alert List

3.29 To support the licensing and enforcement work, CR makes use of the following system and database for processing TCSP applications, supervision of TCSP licensees and identification of unlicensed TCSPs:

- (a) ***TCSP Licensing System.*** It supports the processing of TCSP applications, and recording the particulars of applicants and TCSP licensees and the results of compliance interviews and inspections; and
- (b) ***Alert List.*** It is a list maintained by CR which includes information of persons and companies under investigation or with conviction under AMLO and referrals by law enforcement agencies and other sections in CR, etc., and information of high-risk jurisdictions published by international anti-money laundering and counter-financing of terrorism organisations.

Compliance monitoring

3.30 Audit noted that the Alert List, despite its importance, confidentiality and sensitivity, was maintained in the form of a spreadsheet and protected using a shared password. According to CR, around 20 CR officers in the Registry for TCSPs had the right of access to the Alert List, with 8 of them having the right to edit the Alert List.

3.31 The absence of an audit trail function might expose the Alert List to risks of unauthorised modification, including potential removal of adverse records to favour applicants. With a view to addressing the security issue of the Alert List, in June 2022, CR committed to carry out a study on the system enhancements to incorporate the List into the TCSP Licensing System. However, Audit found that:

- (a) after a lapse of three years since June 2022 and up to June 2025, there had been no progress on the system enhancements to incorporate the Alert List into the TCSP Licensing System; and
- (b) from 2022 to June 2025, the password of the Alert List had been changed only once in June 2025.

3.32 Upon enquiry, in July 2025, CR informed Audit that it had instructed its system contractor to conduct an assessment on the system enhancement with a view to incorporating the Alert List and relevant search functions into the TCSP Licensing System with access control for individual officers and audit trail function in June 2025. Subject to the result of the assessment, an implementation schedule would be determined. Audit considers that the delayed system enhancements may expose the sensitive Alert List to potential risks of unauthorised access and modification, CR needs to expedite the TCSP Licensing System enhancements to incorporate the Alert List.

Audit recommendations

3.33 **Audit has recommended that the Registrar of Companies should:**

- (a) **stipulate in CR's internal guidelines the timeframe for issuing warning letters to TCSP licensees after receiving legal advice; and**

- (b) **expedite the TCSP Licensing System enhancements to incorporate the Alert List.**

Response from the Government

3.34 The Registrar of Companies agrees with the audit recommendations. She has said that CR will:

- (a) stipulate in its internal guidelines the timeframe for issuing warning letters to TCSP licensees after receiving legal advice (i.e. within three months) as endorsed in the internal review conducted in July 2025; and
- (b) expedite the system enhancements to incorporate the Alert List.

PART 4: INFORMATION SYSTEM AND TECHNOLOGY APPLICATION

4.1 This PART examines the work of CR relating to information system and technology application, focusing on:

- (a) revamping of ICRIS (paras. 4.2 to 4.22); and
- (b) use of artificial intelligence (paras. 4.23 to 4.31).

Revamping of Integrated Companies Registry Information System

4.2 ***Revamping of ICRIS.*** ICRIS, which was the core information system of CR since its first launch in 2005, had been enhanced over the years to cater for legislative and procedural changes and to provide a wide range of electronic services (Note 16), including registration of companies, registration of statutory returns and documents, and public search services, etc. To remain responsive to evolving business needs and meet public expectations for more stable, secured and efficient services, CR embarked on a development project for revamping ICRIS in late 2018. In December 2023, CR launched the revamped ICRIS together with a new single integrated online platform known as the e-Services Portal to enhance its business operations. The development cost of this project amounted to \$542 million.

4.3 ***E-Services Portal.*** The revamped ICRIS allows customers to access round-the-clock electronic services by a single logon to the e-Services Portal. Users can subscribe to the following electronic services under a single user account:

- (a) ***E-Filing services.*** Users can deliver forms and documents in electronic form to the Registrar of Companies;

Note 16: *Prior to the launch of the revamped ICRIS in December 2023, these electronic services were provided through different platforms, namely the Cyber Search Centre, the Company Search Mobile Service, the e-Registry and the CR e-Filing Mobile Application.*

- (b) *E-Search services.* Users can access to the public records kept by the Registrar of Companies online;
- (c) *Access to WI/PI search services.* Designated types of specified persons or their authorised representatives can apply for disclosure of WI/PI kept by the Registrar of Companies;
- (d) *Annual Return e-Reminder service.* It sends electronic notifications to the message boxes and registered email addresses of users for delivering annual returns; and
- (e) *E-Monitor service.* Users can subscribe to the service to monitor the filing position of a company.

Need to keep in view and take measures to improve e-take-up rate for e-Filing services

4.4 Since the launch of e-Services Portal in December 2023, users can access e-Filing services through the e-Services Portal. In order to promote the e-Services Portal, CR had implemented public awareness initiatives and distributed relevant information through multiple channels, including placing advertisements on digital platforms and conducting targeted presentations for business professionals and stakeholders.

4.5 According to the revamped ICRIS tender document, the initial estimated e-take-up rate for e-Filing services (i.e. the percentage of all electronic documents received out of all electronic and paper documents received during the reporting period) was projected at 26% in Year 1 and 41% in Year 10 after the launch of the system. CR reviewed its workload during the development of the revamped ICRIS and revised its projections upward to 70% in Year 1 (assuming 2024) and 100% in Year 10 (assuming 2033) in June 2021 after considering factors including:

- (a) more companies had turned to the use of electronic submissions due to the new mode of work under the outbreak of COVID-19 epidemic; and
- (b) wider use of the e-Filing services by companies and the public was further promoted by the reduction in fee payable for incorporation of companies

Information system and technology application

and registration of non-Hong Kong companies through electronic means under the Companies (Fees) (Amendment) Regulation 2020.

In view of the higher projected e-take-up rate, the workload requirement of the revamped ICRIS was re-estimated and substantial enhancement in the system capacity with additional resources and reinforced security protection was required, resulting in an incremental development cost of \$91 million for the revamped ICRIS.

4.6 *Actual e-take-up rate for e-Filing services far below projected rate.* Audit examination found that CR had not conducted any review on the e-take-up rate for e-Filing services since the launch of the revamped ICRIS in December 2023. Upon enquiry, in June and August 2025, CR informed Audit that:

- (a) the e-take-up rate for e-Filing services was 26% in 2024-25; and
- (b) while it did not have a definite timeline or implementation plan for mandatory electronic submission of its forms and other supplementary documents, CR's efforts were focused on boosting the e-take-up rate.

Audit noted that while CR had incurred a significant additional development cost in view of the revised projections on the e-take-up rate for e-Filing services, the actual e-take-up rate was only 26% in 2024-25, which was far below the revised Year 1 projected rate of 70%. In this connection, CR needs to keep in view the e-take-up rate for e-Filing services and take measures to improve the rate.

Need to take measures to improve subscription rate of Annual Return e-Reminder service

4.7 *Annual Return e-Reminder service.* Annual Return e-Reminder service is provided at the e-Services Portal free of charge. Electronic notifications for delivering annual returns will be sent by the system to the message boxes and registered email addresses of users. The following users can readily access the e-Services Portal through a hyperlink provided in the notifications for electronic submission of annual returns:

- (a) *Individual users.* Individual users of the e-Services Portal who have subscribed to e-Filing services and associated their accounts with relevant

companies may subscribe to the e-Reminder service to receive electronic notifications for delivering annual returns; and

- (b) ***Company users.*** For company users with subscription to e-Filing services, electronic notifications for delivering annual returns will be sent to them automatically.

4.8 Audit examination of the subscription statistics for Annual Return e-Reminder service revealed that of the 97,108 individual users of the e-Services Portal who have subscribed to e-Filing services and associated their accounts with relevant companies as at 31 December 2024, only 6,107 (6%) individual users had subscribed to the e-Reminder service.

4.9 In September 2025, CR said that:

- (a) in the previous version of ICRIS, having a company user account and its individual user account were the pre-requisites for submitting documents online on behalf of a company and reminders were sent to the company user account automatically. At that time, CR had received feedback from some customers expressing concerns about the high volume of e-Reminders received;
- (b) in the revamped ICRIS, having a company user account was no longer a pre-requisite for online document submission. Instead, individual company directors and secretaries registered with the e-Filing services could subscribe to the Annual Return e-Reminder service for his/her company by providing a dedicated email address. Nevertheless, CR had also received feedback from customers who found it more convenient to set alerts in their own systems or devices. This might explain the low subscription rate of the free Annual Return e-Reminder service though users of e-Filing services were well aware of the service; and
- (c) while it would continue to promote the Annual Return e-Reminder service, the subscription rate might not have a direct impact on the compliance rate on the delivery of annual returns.

Information system and technology application

Given that about 13% to 15% of companies failed to deliver annual returns within the statutory time limit each year from 2020 to 2024 (see Table 4 in para. 3.5), there may be merit for CR to take measures to improve the subscription rate of Annual Return e-Reminder service, thereby enhancing timely delivery of annual returns by companies and overall regulatory compliance.

Need to draw lessons from personal data leakage incident

4.10 ***Personal data leakage incident.*** In April 2024, during routine work, CR accidentally discovered that additional information, including personal data (Note 17), which was stored in the “hidden fields” of some of the search result pages of the e-Search services and the e-Filing pages of the e-Filing services, had been transmitted to users’ computers since the launch of the revamped ICRIS in December 2023. Although the additional personal data concerned was not directly displayed on the search result pages and e-Filing pages, it was exposed to the risk of access through web developer tool (Note 18) and robotic search (Note 19).

4.11 Upon discovery of the incident, CR had immediately suspended the e-Search services and the related e-Filing services for urgent system maintenance. Follow-up actions and improvement measures were implemented by CR after discovering the incident, including:

- (a) reporting the incident to FSTB, the Security Bureau, the then Office of the Government Chief Information Officer (currently known as the Digital Policy Office) and the Office of the Privacy Commissioner for Personal Data (PCPD);
- (b) issuing press release on 19 April 2024 and 3 May 2024 to inform the public of the suspension of the e-Search services due to the risk of personal information leakage and the personal data leakage incident respectively;

Note 17: *According to CR, personal data of about 110,000 individuals might have been affected. The additional personal data involved included names, Hong Kong Identity Card numbers, passport numbers, usual residential addresses, telephone numbers and email addresses.*

Note 18: *A web developer tool is a test tool built into the browser for use by web developers.*

Note 19: *A robotic search refers to a search request issued by a computer programme.*

- (c) notifying all individuals who might have been affected by the incident;
- (d) taking additional steps to review the programmes enhanced or developed by the system contractor to ensure that there had been no leakage of personal data; and
- (e) requesting the system contractor to engage an independent consultant at its own costs for a comprehensive review and audit on the revamped ICRIS.

4.12 ***Comprehensive review and audit results.*** According to the comprehensive review and audit completed by the independent consultant in December 2024, seven vulnerabilities with potential risk of personal data leakage were identified in the revamped ICRIS. The system contractor reviewed the transactions and systems logs and confirmed that no personal data was disclosed. The pertinent vulnerabilities were fixed by the contractor and verified by the independent consultant.

4.13 ***Investigation results.*** PCPD completed the investigation of the personal data leakage incident in March 2025 and considered that there was insufficient evidence to suggest that CR had failed to take all reasonably practicable steps to ensure that the personal data concerned was protected against unauthorised or accidental access, processing, erasure, loss or use in the incident. Moreover, PCPD advised CR to conduct regular and thorough reviews on any systems that process or disclose personal data to ensure that they would be free from other system design and security vulnerabilities.

4.14 ***Additional measures committed by CR.*** To prevent recurrence of similar incidents, CR had reviewed and updated its system maintenance plan, requiring the system contractor to provide verification result for each enhancement made to the system. Furthermore, the following additional measures were also committed by CR to enhance personal data protection:

- (a) implementing a web content filtering solution. The contract had been awarded and the implementation was expected to be completed by December 2025;
- (b) implementing an endpoint detection and response solution for enhancing CR's information system security. The preparation work for procurement

Information system and technology application

was in progress as at July 2025 and the implementation was scheduled for completion by December 2026; and

- (c) performing additional stress tests and security tests by independent third party for revamping ICRIS in future.

4.15 With a view to safeguarding personal data privacy and strengthening information security in the revamped ICRIS, Audit considers that CR needs to draw lessons from the personal data leakage incident and closely monitor the implementation progress of the information security related solutions.

Need to continue to exercise due care in handling documents with PI

4.16 To facilitate the implementation of Phase 2 of the new inspection regime of the Register in October 2022 (see para. 2.17), CR revised its forms so that PI are reported in the PI sheet attached to the main form. During a routine workflow in August 2024, CR identified that a PI sheet was incorrectly attached to the main form of a specified form and made available for public inspection through its e-Search services (see para. 4.3(b)). However, such PI sheet should only be disclosed to designated types of specified persons upon applications for disclosure of PI under the access to WI/PI search services at the e-Services Portal (see para. 4.3(c)). CR's further investigation revealed that a total of 41 specified forms containing personal data of 43 data subjects were involved in this incident (Note 20). In response to the incident, CR had immediately restrained the affected forms from public inspection and replaced them with corrected version. Follow-up actions and improvement measures were implemented by CR after the incident, including:

- (a) reporting the incident to FSTB, the Security Bureau, the Digital Policy Office and PCPD;
- (b) notifying all affected data subjects;

Note 20: *According to CR, among the 41 specified forms involved, while 21 specified forms with PIs had been subject to image record searches by the public, no report of data leakage case has been received since the discovery of the incident.*

- (c) performing system scanning to detect the occurrence of similar cases and restraining problematic forms from public inspection instantly after the scanning;
- (d) incorporating additional system validation rules in the registration processes so that all incorrect forms attached with PI sheets could be readily identified by the system before the forms are registered;
- (e) providing briefings and written instruction to its officers on the proper procedures on handling forms with PI sheets; and
- (f) reviewing and updating procedural manuals as appropriate.

PCPD completed its compliance check of this incident in February 2025 and decided not to proceed with any further actions. In Audit's view, CR needs to continue to exercise due care in handling documents with PI, including reminding its officers on the proper handling procedures to protect personal data from unauthorised access/loss, and conducting periodic reviews on the effectiveness of the relevant system validation rules and control mechanism.

Need to rectify deficiencies of OCR in revamped ICRIS

4.17 In response to a recommendation from its information technology planning study in 2016 to capture and convert shareholder information from paper or image format into searchable digital format, CR launched a Shareholder Information Database (SIDB — Note 21) in August 2022 by engaging service providers for:

Note 21: *According to CR, as many leading corporate registries around the world offer increasingly sophisticated shareholder based search services to customers and the public, CR also implemented SIDB to continuously update digitised shareholder information of local companies registered in Hong Kong. The shareholder information maintained in SIDB includes:*

- (a) shareholders' names and addresses;*
- (b) class and number of shares held;*
- (c) percentage of shares held in the class;*
- (d) total number of issued shares in a class; and*
- (e) dates of incorporation, annual return and shares allotment.*

Information system and technology application

- (a) designing, implementing and maintaining SIDB with the use of OCR technology to capture shareholder information from document image of the forms, including annual returns, submitted by companies; and
- (b) verifying, correcting, and updating shareholder information extracted via OCR, electronic files stored in CD/DVD-ROMs, and hardcopy shareholder lists to ensure continuous SIDB updates.

The service agreements with the service providers were expected to end by the launch of the revamped ICRIS, which was December 2023.

4.18 According to CR, the OCR function in the revamped ICRIS demonstrated unsatisfactory performance with low data accuracy (Note 22), particularly affecting the processing of annual returns which constituted over 50% of forms requiring data processing by CR and the extraction of shareholder information therefrom. This resulted in significant backlogs in the registration of general documents. Audit examination of CR records revealed that:

- (a) in January 2024, CR discontinued OCR processing for annual return forms in the revamped ICRIS. Subsequently, CR made a request to one of the service providers of SIDB to assist in clearing the backlogs; and
- (b) the total cost incurred for clearing the backlogs amounted to \$798,000.

4.19 In September 2025, CR informed Audit that:

- (a) while pre-launch testing yielded satisfactory results, the OCR function in the revamped ICRIS encountered performance issues in live operations which could be attributable to different factors in the submitted forms, for

Note 22: *The limitations of the OCR function in the revamped ICRIS include:*

- (a) inability to recognise characters of different font types and size;*
- (b) failure to process illegible handwritten text; and*
- (c) misidentification of characters from adjacent data fields.*

example, non-standardised font types and sizes, illegible handwriting and misaligned data fields;

- (b) the accuracy limitations were resulted from the technological deficiencies of OCR in handling varied scenarios, rather than any system design or programming issues attributable to the revamped ICRIS contractor; and
- (c) a proof-of-concept test on an artificial intelligence-based OCR solution was conducted with the support from the revamped ICRIS contractor and an artificial intelligence-based OCR solution provider with a view to improving OCR accuracy. Following satisfactory preliminary proof-of-concept testing, CR would proceed to arrange the adoption of the artificial intelligence-based OCR in the revamped ICRIS, including procurement and user acceptance testing prior to implementation.

4.20 Given that the deficiencies of OCR in the revamped ICRIS have caused operational inefficiencies, CR needs to rectify them as soon as possible.

Audit recommendations

4.21 **Audit has *recommended* that the Registrar of Companies should:**

- (a) **keep in view the e-take-up rate for e-Filing services and take measures to improve the rate;**
- (b) **take measures to improve the subscription rate of Annual Return e-Reminder service, thereby enhancing timely delivery of annual returns by companies and overall regulatory compliance;**
- (c) **draw lessons from the personal data leakage incident and closely monitor the implementation progress of the information security related solutions;**
- (d) **continue to exercise due care in handling documents with PI, including reminding CR officers on the proper handling procedures to protect personal data from unauthorised access/loss, and conducting periodic**

Information system and technology application

reviews on the effectiveness of the relevant system validation rules and control mechanism; and

- (e) **rectify the deficiencies of OCR in the revamped ICRIS as soon as possible.**

Response from the Government

4.22 The Registrar of Companies agrees with the audit recommendations. She has said that CR will:

- (a) monitor the e-take-up rate for e-Filing services and continue to explore measures to improve the e-take-up rate;
- (b) continue to promote the Annual Return e-Reminder service to improve the subscription rate of the service;
- (c) closely monitor the progress of implementation of information security related solutions and comply with the Digital Policy Office's latest security policy and guidelines;
- (d) continue to exercise due care in handling documents with PI by reminding its officers of proper handling procedures and conducting periodic reviews of system validation rules and control mechanism; and
- (e) continue to explore new technology and adopt artificial intelligence-based OCR solution to resolve the deficiencies of existing OCR solution for document processing.

Use of artificial intelligence

4.23 **Chatbot of CR.** In June 2021, CR launched a new chatbot on its website to answer customer enquiries anytime and anywhere by using artificial intelligence technology. The chatbot operates on natural languages processing and machine learning technologies which analyse inputted text to understand users' needs and find suitable information for the users. The development cost and enhancement cost of the chatbot amounted to \$1.1 million.

4.24 According to CR, the performance of the chatbot was primarily evaluated through natural languages processing log reviews with trainings to enhance the chatbot’s response accuracy. These trainings aimed to provide the chatbot with correct responses selected from existing chatbot intents whenever incorrect responses were identified during the natural languages processing log reviews. Since its launch in June 2021, three comprehensive reviews and training sessions had each been conducted in September 2023, February 2024 and October 2024, followed by subsequent monthly reviews.

Need to improve performance of chatbot

4.25 Since August 2021, chatbot users have been prompted to rate the chatbot’s performance upon closing their chat sessions by selecting one of the six pre-defined options (Note 23). Users who express any level of dissatisfaction are further asked to indicate reasons for their dissatisfaction from a set of pre-defined reasons. CR expected that over 80% of the chatbot users would rate the chatbot’s performance as satisfied or higher in the development proposal.

4.26 Audit reviewed the survey results on the performance of chatbot collected from August 2021 to June 2025 and found that of the 9,006 responses received:

- (a) only 3,779 (42%) responses were of satisfied or higher ratings, falling 38 percentage points short of the expected level; and
- (b) among the remaining 5,227 (58%) responses with dissatisfied or lower ratings, 2,177 (42% of 5,227) responses were of extremely dissatisfied rating. Audit analysis of the reasons for dissatisfaction on the performance of chatbot found that “ability to understand queries” and “clarity of responses” were the most common reasons (see Table 6).

Note 23: *The six pre-defined options are extremely dissatisfied, very dissatisfied, dissatisfied, satisfied, very satisfied and extremely satisfied.*

Table 6

**Analysis of reasons for dissatisfaction on performance of chatbot
(August 2021 to June 2025)**

Reason for dissatisfaction	Number of responses	Percentage
Ability to understand queries	3,030	58%
Clarity of responses	1,021	20%
Ease of use of interface	388	7%
Response time	264	5%
Reason not specified	1,471	28%

Source: Audit analysis of CR records

Remarks: Users can select one or more of the above reasons for dissatisfaction.

4.27 Audit considers that CR needs to improve the performance of chatbot taking into consideration the reasons for dissatisfaction from chatbot users.

Need to consider expanding scope of services provided by chatbot

4.28 Currently, the chatbot has been trained to help users find information relating to incorporation and major statutory filing of local limited companies (e.g. annual returns, changes of company name, registered office address and particulars of directors and company secretaries) only. However, other types of questions, such as questions on electronic search services and deregistration of companies are currently not included in the chatbot's service scope.

4.29 Considering that CR aims to provide quality services to customers using the modern technology, and given the gaining popularity of using artificial intelligence, Audit considers that there is merit for CR to consider expanding the service of chatbot to a wider scope to address users' different needs.

Audit recommendations

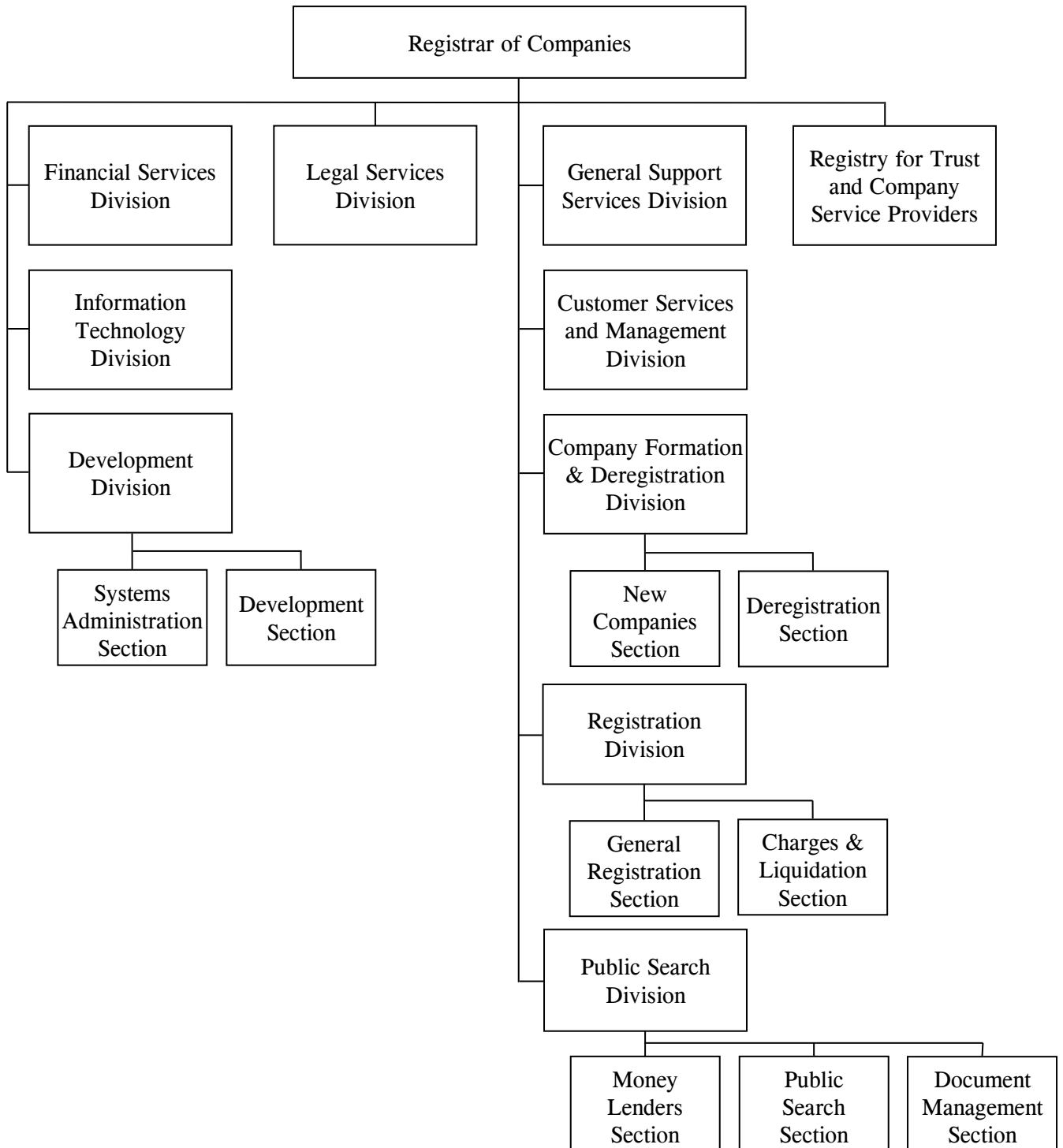
- 4.30 **Audit has *recommended* that the Registrar of Companies should:**
- (a) **improve the performance of chatbot taking into consideration the reasons for dissatisfaction from chatbot users; and**
 - (b) **consider expanding the service of chatbot to a wider scope to address users' different needs.**

Response from the Government

4.31 The Registrar of Companies agrees with the audit recommendations. She has said that CR will:

- (a) improve the performance of the existing chatbot on its website by integrating Large Language Model for the chatbot to better understand user queries and deliver more precise and contextually appropriate responses according to information in its website and scenarios; and
- (b) expand the scope of services of the chatbot progressively to cover all services provided by CR.

**The Companies Registry:
Organisation chart (extract)
(31 March 2025)**



Source: CR records

**Key workload statistics
(2020-21 to 2024-25)**

Service	2020-21	2021-22	2022-23	2023-24	2024-25
	(Number of cases)				
<i>Registration of new companies</i>					
Local companies	105,841	105,576	125,126	119,544	154,220
Registered non-Hong Kong companies	1,688	1,213	884	1,010	1,187
<i>Registration of general documents</i>					
Documents received	2,884,719	2,808,164	2,968,580	2,913,998	3,250,478
<i>Registration of charges</i>					
Charges received	15,791	18,936	17,320	11,763	12,083
<i>Company searches</i>					
Document image records/company particulars/directors index searches	5,735,162	5,771,286	5,650,347	5,744,733	6,369,284
<i>Licensing of money lenders</i>					
New applications received	462	200	200	144	155
Licences granted	381	284	210	138	130
Licences renewed	2,283	2,077	2,330	2,164	2,027
<i>Licensing of TCSPs</i>					
New applications received	506	939	432	561	919
Licences granted	487	804	446	486	824
Licences renewed (Note)	0	4,408	902	363	4,176
<i>Prosecution</i>					
Summonses issued	2,463	2,821	3,127	3,288	3,353

Source: CR records

Note: According to CR, the increase in the number of cases in 2021-22 and 2024-25 was because TCSP licences, first granted in 2018 (see Note 4 to para. 1.5(f)), were subject to renewal every three years.

Appendix C
(paras. 2.2, 2.6, 2.8,
2.12 and 2.13 refer)

**Targets and actual achievements of performance pledges
(2019-20 to 2023-24)**

Service	Service standard (Note 1)	Target (%)	Actual achievements (%)				
			2019-20	2020-21	2021-22	2022-23	2023-24
Registration of new companies							
(a) Local companies							
(i) delivery in hard copy form	4 days	95	99	98	99	99	98
(ii) delivery in electronic form	1 hour	90	99	99	99	96	94
(b) Non-Hong Kong companies	10 days	90	99	99	99	100	N.A.
	9 days		N.A.	N.A.	N.A.	N.A.	99
(c) Open-ended fund companies	3 days	90	100	100	100	99	99
Change of names of companies							
(d) Local companies							
(i) delivery in hard copy form	4 days	95	100	99	100	99	99
(ii) delivery in electronic form	1 hour	90	99	100	100	98	97
(e) Open-ended fund companies	3 days	90	— (Note 2)	100	— (Note 2)	— (Note 2)	100
Registration of general documents (Note 3)							
(f) Delivery in hard copy form	5 days	90	90	87	92	81	81
(g) Delivery of specified forms in electronic form (Note 4)	12 hours	90	100	N.A.	N.A.	N.A.	N.A.
		95	N.A.	100	100	100	99
Registration of charges							
(h) Registration of charges	7 days	90	98	72	96	84	99
Deregistration of companies							
(i) Acknowledge receipt of application	5 days	95	97	98	98	88	N.A.
	4 days		N.A.	N.A.	N.A.	N.A.	97

Appendix C
(Cont'd)
(paras. 2.2, 2.6, 2.8,
2.12 and 2.13 refer)

Service	Service standard (Note 1)	Target (%)	Actual achievements (%)				
			2019-20	2020-21	2021-22	2022-23	2023-24
<i>Online search on the internet</i>							
(j) Supply of image records of documents for download	5 minutes	95	99	99	97	96	100
(k) Supply of certified copies of search results	3 hours	95	100	100	99	100	99
(l) Supply of certificates	6 hours	95	100	100	100	100	100
<i>Onsite search at the e-Services Centre</i>							
(m) Supply of hard copies of search results	20 minutes	95	100	99	97	99	99
(n) Supply of certified copies of search results	3 hours	95	100	100	99	100	99
(o) Supply of certificates	6 hours	95	100	100	100	100	99
<i>Onsite delivery of documents in hard copy form</i>							
(p) Onsite delivery of documents in hard copy form (queuing time)	20 minutes	95	99	99	100	98	96
<i>Granting of TCSP licences</i>							
(q) Granting of TCSP licences	2.5 months	90	95	99	98	99	99
<i>Registration of limited partnership funds</i>							
(r) Registration of limited partnership funds	4 days	90	N.A. (Note 5)	N.A. (Note 5)	98	99	100

Appendix C
(Cont'd)
(paras. 2.2, 2.6, 2.8,
2.12 and 2.13 refer)

Source: CR records

Note 1: According to CR, days in service standard represent working days. The service standard for delivery in hard copy form excludes the day of delivery. The service standard for delivery in electronic form is calculated from the time of e-submission.

Note 2: According to CR, no application for the change of name for open-ended fund companies was received in 2019-20 and 2022-23. While there was one relevant application received in 2021-22, the performance pledge was not applicable as CR provided limited service to the public due to the outbreak of the coronavirus disease (COVID-19) epidemic during the period.

Note 3: General documents refer to documents which are processed by the General Registration Section of CR for registration (e.g. annual return and notice of change of company secretary and director (appointment/cessation)). As at 31 March 2025, the General Registration Section of CR was responsible for registering 89 types of documents.

Note 4: Specified forms in electronic form refer to the 15 forms specified by CR for use under CO which are submitted electronically, registration of which can be automatically processed by the revamped ICRIS.

Note 5: A new limited partnership fund regime was introduced on 31 August 2020 under the Limited Partnership Fund Ordinance (Cap. 637) to enable private funds to be registered in the form of limited partnerships in Hong Kong. The performance pledge for registration of limited partnership funds has been formulated since 2021-22.

Acronyms and abbreviations

AMLO	Anti-Money Laundering and Counter-Terrorist Financing Ordinance
ANFAs	Average net fixed assets
Audit	Audit Commission
CO	Companies Ordinance
CR	Companies Registry
CRTF	Companies Registry Trading Fund
FSTB	Financial Services and the Treasury Bureau
ICRIS	Integrated Companies Registry Information System
MLO	Money Lenders Ordinance
NCO	Notice of Compound Offer
OCR	Optical character recognition
PCPD	Office of the Privacy Commissioner for Personal Data
PI	Protected Information
SIDB	Shareholder Information Database
TCSPs	Trust or company service providers
WI	Withheld Information