GUIDE

Changing a shareholder in Hong Kong

How shares in a Hong Kong company are transferred: which documents are prepared, in what order, when stamp duty is paid and what changes in the registers after the deal.

2 or 30 days

to present the sale documents for stamp duty: 2 days if the deal is made in Hong Kong, 30 days if outside it

7 days

to update the significant controllers register after the company becomes aware of the change

2 documents

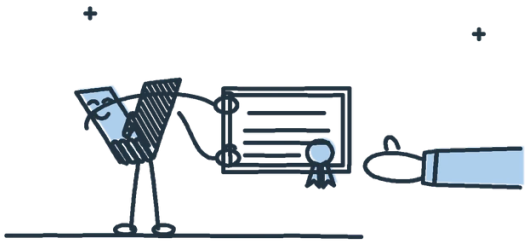
the instrument of transfer and the bought and sold notes — presented to the IRD to pay stamp duty

No filing

no separate notice to the Companies Registry: the new membership appears in the next annual return

A share transfer is more than signatures. The deal has to follow the company's articles, the shares have to be valued, the stamp duty paid on time and the registers updated. A mistake at any step means a penalty or a dispute over who the owner is.

The main rule: a signed contract is not enough. The buyer becomes the owner of the shares once entered in the register of members, and the entry is made on documents with the stamp duty paid.



When a shareholder changes

Typical situations. The deal structure and the set of documents depend on the situation.

Selling a stake to a partner

One member leaves, another buys their shares. Other members often have the right to buy the stake first — the articles show this.

Selling the whole company

The new owner gets all the shares — usually together with a change of director. Both sets of documents are then prepared.

A new partner or investor

A partner buys some shares from the current owner. Increasing the capital is a different procedure: an allotment of new shares.

Transfer within the family

Shares pass to a relative — by sale or gift. Gifts have their own valuation rules and duty payment deadlines.

Within a group of companies

Shares pass between companies of the same group — for example, in a holding restructuring.

Parties in different countries

The seller and buyer do not need to meet: signatures are witnessed — in Hong Kong or remotely.

Deal documents

What is prepared before signing and what is updated after it.



Instrument of transfer

the transfer deed

Signed by the seller and the buyer; their signatures are witnessed. Presented to the IRD to pay stamp duty.



Bought and sold notes

notes of the sale and purchase

Signed together with the instrument of transfer and also presented to the IRD to pay the duty.



Directors' and members' resolutions

if the articles require them

Approving the transfer and entering the new shareholder. Signed together with the transfer documents.



Articles, register of members, share records

checked before the deal

Transfer restrictions and pre-emption rights are in the articles. The register and share records confirm that the seller actually owns the shares.

The parties' taxes. Hong Kong has no capital gains tax: gains on selling shares held as an investment are usually not taxed. If buying and selling shares is a business for the seller, the gain may be subject to profits tax. The consequences in the seller's country of residence are worth checking before the deal.

The share transfer process

Three stages — before the deal, signing and after the deal. The duty payment deadlines run from signing.

BEFORE THE DEAL

1 Checking the articles and registers
Transfer restrictions, pre-emption rights, whether directors' approval is needed. Checking the register of members and share records.

2 KYC of the new shareholder
Identity document, proof of address and, where needed, source of funds. Documents online, check by video call.

3 Valuing the shares
The value of the stake from the latest accounts: net assets multiplied by the stake transferred. It is compared with the deal price.

SIGNING

4 Resolutions
Approving the transfer, if the articles require it, and entering the new shareholder.

5 Transfer documents
The instrument of transfer and the bought and sold notes are completed from the deal details.

6 Signing before witnesses
The seller's and buyer's signatures on the instrument of transfer are witnessed — at the office in Hong Kong or remotely.

AFTER THE DEAL

7 Stamp duty to the IRD
2 days if the deal is made in Hong Kong, 30 days if outside it. Once paid, the documents are stamped.

8 Register of members and share documents
The new shareholder is entered in the register; the old share documents are cancelled and new ones prepared.

9 Significant controllers register
Updated within 7 days if a significant controller changes.

Stamp duty: when, and on what amount

- Duty is paid on a sale of shares. By law it falls on both sides; who actually transfers the money is up to the parties.
- It is charged on the higher of two amounts: the deal price or the value of the shares per the company's accounts.
- If the audited accounts are more than 6 months old, the IRD asks for management accounts made up to a date no earlier than 3 months before the transfer.
- Once paid, the document carries a dated Stamp Office stamp and a "Stamp duty paid" mark.



Basis: Stamp Duty Ordinance (Cap. 117). The final duty is determined by the IRD from the deal documents and the company's accounts.

What changes after the deal

Register of members
and share documents

The new shareholder is entered in the register. New share documents for the buyer and, if only some shares are sold, for the seller's remaining stake.

Significant controllers register
within 7 days

If a member with more than 25% of the shares or votes changes. Basis: Companies Ordinance (Cap. 622).

Companies Registry
no separate filing

The new membership is shown in the next annual return. If the director also changes — notice within 15 days.

The company's bank
updates its records

The bank updates its owner details and checks the new shareholder.

Common mistakes

1. **The duty payment deadline is missed.** The duty multiplies — the longer the delay, the more it grows.
2. **The articles were not checked.** Pre-emption rights or directors' approval were not observed — the transfer may be challenged.
3. **The deal is treated as done once signed.** Without the duty paid, the transfer is not entered in the register — formally, the buyer does not become a shareholder.
4. **Out-of-date accounts.** Management accounts may be needed to value the shares.
5. **The controllers register and the bank were forgotten.** The register is updated within 7 days, and the bank is told about the new owner.

We will check the deal documents

We will review your company's articles and registers and advise on the share transfer process and stamp duty deadlines.

Message us on WhatsApp

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Change of shareholder

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