

OFFICIAL REPORT OF PROCEEDINGS**Meeting of 23rd January 1963****PRESENT:**HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

SIR ROBERT BROWN BLACK, GCMG, OBE

HIS EXCELLENCY LIEUTENANT-GENERAL, SIR REGINALD HACKETT HEWETSON,
KCB, CBE, DSO

COMMANDER BRITISH FORCES

THE HONOURABLE CLAUDE BRAMALL BURGESS, CMG, OBE

COLONIAL SECRETARY

THE HONOURABLE MAURICE HEENAN, QC

ATTORNEY GENERAL

THE HONOURABLE JOHN CRICHTON McDOUALL

SECRETARY FOR CHINESE AFFAIRS

THE HONOURABLE JOHN JAMES COWPERTHWAITTE, OBE

FINANCIAL SECRETARY

THE HONOURABLE ALLAN INGLIS, CMG

DIRECTOR OF PUBLIC WORKS

DR THE HONOURABLE DAVID JAMES MASTERTON MacKENZIE, CMG, OBE

DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE KENNETH STRATHMORE KINGHORN

DIRECTOR OF URBAN SERVICES

THE HONOURABLE PETER DONOHUE

DIRECTOR OF EDUCATION

THE HONOURABLE DHUN JEHANGIR RUTTONJEE, OBE

THE HONOURABLE FUNG PING-FAN, OBE

THE HONOURABLE RICHARD CHARLES LEE, OBE

THE HONOURABLE KWAN CHO-YIU, OBE

THE HONOURABLE KAN YUET-KEUNG, OBE

THE HONOURABLE WILLIAM CHARLES GODDARD KNOWLES

THE HONOURABLE SIDNEY SAMUEL GORDON

THE HONOURABLE LI FOOK-SHU, OBE

MR ANDREW McDONALD CHAPMAN (*Deputy Clerk of Councils*)

MINUTES

The minutes of the meeting of the Council held on 9th January 1963 were confirmed.

PAPERS

THE COLONIAL SECRETARY, by Command of His Excellency the Governor, laid upon the table the following papers: —

<i>Subject</i>	<i>LN No</i>
Sessional Papers, 1963: —	
No 4—Annual Report by the Commissioner of Rating and Valuation for the year 1961-62.	
No 5—Annual Report by the Controller of Stores and Sand Monopoly for the year 1961-62.	
No 6—Annual Report by the Registrar of Trade Unions for the year 1961-62.	
Statement on Government's Policy on the Re-organization of the Structure of Primary and Secondary Education.	
Report of the Brewin, Trust Fund Committee on the Administration of Brewin Trust Fund for the year ending 30th June, 1962.	
Merchant Shipping Ordinance, 1953.	
Report made in accordance with Section 115(1).	
Registration of Persons Ordinance, 1960.	
Registration of Persons (Re-registration) (No. 2) Order, 1961	2
Registration of Persons Ordinance, 1960.	
Registration of Persons (Re-registration) (No 3) Order, 1963	3

He said: In so doing, I would in particular invite attention to the statement of Government policy on the re-organization of the structure of primary and secondary education. The principles underlying this proposed re-organization have been endorsed by the Board of Education and preparations to implement it will now begin.

This is an important document and has far-reaching implications, social no less than educational. It merits careful reading not only by those concerned with education but also by members of the community at large.

PUBLIC MARKET (AMENDMENT) BY-LAWS, 1963

MR K. S. KINGHORN moved the following resolution: —

Resolved that the Public Market (Amendment) By-laws, 1963, made by the Urban Council on the 8th day of January, 1963, under section 80 of the Public Health and Urban Services Ordinance, 1960, be approved.

He said: Sir, the purpose of the Public Market (Amendment) By-laws, 1963, is to include power in the Public Market By-laws, 1960, to prohibit a person convicted of an offence under the Dangerous Drugs Ordinance from carrying on business or being employed in any public market. It is also proposed to provide that notice of prohibition may be served on an offender within 90 days after conviction or release from prison, and also to limit the period of prohibition to a maximum of two years from date of service of the notice.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

WELLS AND WATER STORAGE (AMENDMENT) BY-LAWS, 1963

MR K. S. KINGHORN moved the following resolution: —

Resolved that the Wells and Water Storage (Amendment) By-laws, 1963, made by the Urban Council on the 8th day of January, 1963, under section 26 of the Public Health and Urban Services Ordinance, 1960, be approved.

He said: Sir, the purpose of the Wells and Water Storage (Amendment) By-laws, 1963, is, firstly, to remove an ambiguity in the principal by-laws by making it clear that the lid or cover of a well, water storage tank or cistern must be kept closed, except when an operation such as cleaning is being carried out which requires the lid to be taken off.

A second amendment will rescind the exclusion of wells in Shek O Village from a prohibition against the use of well water for drinking (or similar) purposes without permission from the Urban Council. The recent cholera outbreaks made it clear that control of individual wells is essential and that, on health grounds, it is undesirable to exempt groups of wells in any area.

Permits for wells in Shek O Village will be dealt with on an individual basis before these amendments come into force on 1st March of this year.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

FOOD BUSINESS (AMENDMENT) BY-LAWS, 1963

MR K. S. KINGHORN moved the following resolution: —

Resolved that the Food Business (Amendment) By-laws, 1963, made by the Urban Council on the 8th day of January, 1963, under section 56 of the Public Health and Urban Services Ordinance, 1960, be approved.

He said: Sir, the purpose of the Food Business (Amendment) By-laws, 1963, is explained very clearly in the Explanatory Note, to which I have nothing to add.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

COMPANIES (AMENDMENT) BILL, 1963

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance further to amend the Companies Ordinance, Chapter 32."

He said: Sir, cases have occurred, for example, that of Peony House (West Block) Ltd., which have emphasised the inadequacy of the present statutory powers governing the investigation of the affairs of a company. As the law stands at present, inspectors may be appointed to investigate the affairs of a company only in the cases prescribed under either section 134 or section 136 of the Companies Ordinance. This means that inspectors may be appointed—

- (a) by the Court on the application of a proportion of the members of a company determined according to the nature of the company; and
- (b) by a special resolution of the company itself.

In these circumstances, timely intervention to protect the interests of those who may be affected by mismanagement of the affairs of a company is most difficult. It is considered that the public will be afforded better protection if companies registered under the Companies Ordinance are made subject to a similar degree of investigation as are companies incorporated in the United Kingdom. The importance of having effective powers of investigation requires that the provision of such powers be dealt with separately from the current full-scale revision of the Companies Ordinance which must inevitably take a long time.

Accordingly, Sir, this Bill seeks to repeal the present sections relating to the investigation of a company's affairs and to replace them with provisions broadly similar to those which prevail in the United Kingdom. The new sections introduced by clause 8, which provide for investigation

and govern inspection of the affairs of a company are based on sections 164 to 171 and section 175 of the United Kingdom Companies Act, 1948. A comparative table annexed to the statement of objects and reasons shows in detail the extent of any material departure from the United Kingdom Act and I will therefore confine myself to mentioning that under the proposed legislation the Hon. Financial Secretary will exercise in Hong Kong the authority to appoint inspectors which in the United Kingdom is exercised by the Board of Trade. A further distinction is that contrary to the position in the United Kingdom the Financial Secretary in Hong Kong will not be obliged to appoint an inspector when a company has passed a resolution to that effect. However, the existing provisions of section 136 of the Ordinance permitting a company to appoint its own inspectors by special resolution are retained in the new section 137A.

Sir, opportunity has been taken to introduce certain further amendments to the principal Ordinance, the need for which has been long apparent. Clause 3 in repealing section 8 of the principal Ordinance makes new provision for the alteration of the objects of a company. The proposed new section 8 follows section 5 of the United Kingdom Companies Act, 1948 and is designed to facilitate alteration of the objects of a company by dispensing with the need for confirmation by the Court in every case. However a change in the company's objects is subject to challenge before the Courts. Clause 5 of the Bill amends section 65 of the principal Ordinance to bring that section into line with section 74 of the Companies Act, 1948 and so dispenses with the requirement as to the numbering of shares where all the issued shares of a company, or all the issued shares of a particular class, are fully paid up and rank *pari passu* for all purposes. Clause 2 introduces a definition of the expression "printing" in order to preclude the registration of typed copies of Memoranda and Articles of Association.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons

The "Objects and Reasons" for the Bill were stated as follows: —

The purpose of this Bill is to amend the Companies Ordinance, Chapter 32 (the principal Ordinance) by replacing sections 134 to 137 with new sections based on sections 164 to 171 and section 175 of the Companies Act, 1948, of Great Britain. The new sections authorize the Financial Secretary to appoint an inspector to investigate the affairs of a company in the circumstances set forth in the proposed new sections 134

and 134A, and to exercise in relation to companies certain other powers. The new sections also set out the powers and duties of inspectors so appointed. Under the Companies Act, 1948, this power is vested in the Board of Trade. The power of a company to appoint an inspector is retained by section 137A. A Comparative Table is annexed to these Objects and Reasons, which shows the extent, if any, to which there are departures from sections 164 to 171 and section 175 of the Companies Act, 1948.

2. The opportunity has been taken to repeal section 8 of the principal Ordinance and to replace it by a new section that introduces the provisions of section 5 of the Companies Act, 1948 (clause 3). The main change will be that permitted alterations of objects will no longer require confirmation by the court in every case. A special resolution altering a company's objects may, however, be challenged within twenty-one days after its passing, in which case the court will have power to annul the alteration or to confirm it in whole or in part.

3. The opportunity has also been taken to introduce into the principal Ordinance the provisions of section 74 of the Companies Act, 1948, dispensing with the necessity for the numbering of a company's shares, or a class of them, where all the shares, or all the shares of that class, as the case may be, are fully paid up and rank *pari passu* for all purposes (clause 5).

4. By clause 2, a definition of "printed" has been inserted to ensure that all copies of memorandum and articles of association are printed and not typed.

ROAD TRAFFIC (AMENDMENT) BILL, 1963

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Road Traffic Ordinance, 1957."

He said: Sir, doubts have arisen as to the scope of the regulation making powers afforded under section 3 of the principal Ordinance. Accordingly, this Bill is designed to clarify such powers with particular regard to the making of regulations providing for the imposition of fees for parking, the removal of vehicles which offend against the Ordinance or regulations made thereunder and for the payment of fees for such removal.

Sir, under clause 1, the Bill, if enacted, will have retrospective effect to the date of commencement of the principal Ordinance.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons

The "Objects and Reasons" for the Bill were stated as follows: —

This Bill seeks to amend section 3 of the Road Traffic Ordinance, 1957 to remove doubts as to the validity of the Road Traffic (Parking and Waiting) Regulations, 1958. This Bill, if enacted, shall be deemed to have come into operation upon the commencement of the Road Traffic Ordinance, 1957.

ADJOURNMENT

HIS EXCELLENCY THE GOVERNOR: — Well, gentlemen, that concludes the business for today. When is it your pleasure that we should meet again?

THE ATTORNEY GENERAL: — I suggest this day three weeks, Sir.

HIS EXCELLENCY THE GOVERNOR: — Council stands adjourned until this day three weeks.