

立法會
Legislative Council

LC Paper No. CB(1) 1627/02-03
(These minutes have been seen
by the Administration)

Ref: CB1/BC/6/01/2

Bills Committee on Companies (Amendment) Bill 2002

**Minutes of the seventeenth meeting
held on Thursday, 24 April 2003, at 4:30 pm
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Eric LI Ka-cheung, JP
Hon NG Leung-sing, JP
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai
Hon Miriam LAU Kin-yee, JP
Hon Henry WU King-cheong, BBS, JP
- Member absent** : Hon Albert HO Chun-yan
Hon CHAN Kwok-keung
Hon Emily LAU Wai-hing, JP
- Public officers attending** : Financial Services and the Treasury Bureau

Mr Esmond LEE
Principal Assistant Secretary for Financial Services and
the Treasury (Financial Services)⁴

Mr Arthur AU
Assistant Secretary for Financial Services and the
Treasury (Financial Services) (4)¹

Companies Registry

Mr G W E JONES
Registrar of Companies

Mr Edward LAU
Secretary
Standing Committee on Company Law Reform

Ms D SILKSTONE
Registry Solicitor

Department of Justice

Mr J E GUNTER
Senior Assistant Law Draftsman

Mr Vidy CHEUNG
Senior Government Counsel

Clerk in attendance : Miss Becky YU
Chief Assistant Secretary (1)1

Staff in attendance : Miss Monna LAI
Assistant Legal Adviser 7

Mrs Mary TANG
Senior Assistant Secretary (1)2

I Confirmation of minutes

LC Paper No. CB(1) 1453/02-03 -- Minutes of the meeting held on 3 April 2003

The minutes of meeting held on 3 April 2003 were confirmed.

II Meeting with the Administration

(LC Paper No. CB(1) 1454/02-03(01) -- List of follow-up actions arising from the discussion on 3 April 2003

LC Paper No. CB(1) 1454/02-03(02) -- Administration's response to the list of follow-up actions arising from the discussion on 3 April 2003

LC Paper No. CB(1) 1454/02-03(03) -- Third batch of draft Committee Stage amendments

LC Paper No. CB(1) 1509/02-03 -- Marked-up copy of the Bill (as at 23 April 2003)

2. The Committee deliberated (Index of proceedings attached at **Annex A**).
3. The Administration was requested to -
 - (a) clarify the difference between a directors' resolution and a written record referred to in new section 153C;
 - (b) advise whether there was a need to change the articles of the company, such as articles based on Table A of the Companies Ordinance (Cap. 32), if the number of directors fell to one;
 - (c) provide a paper explaining the consequences, including civil liability, of auditors in the event of non-compliance with new section 161B(9). To also set out in the paper overseas experiences and auditing guidelines on disclosure of particulars in the companies' accounts for quasi-loans and credit transactions to officers, particularly to shadow directors; and
 - (d) respond to the Hong Kong Society of Accountants' further submission regarding new sections 158(10)(a) and 161B.
4. Members agreed to the following schedule of meetings-
 - (a) Tuesday, 20 May 2003, at 8:30 am; and
 - (b) Friday, 30 May 2003, at 8:30 am
5. There being no other business, the meeting ended at 6:30 pm.

Council Business Division 1
Legislative Council Secretariat
7 May 2003

**Proceedings of the meeting of the
Bills Committee on Companies (Amendment) Bill 2002
Meeting on Thursday, 24 April 2003, at 4:30 pm
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 – 000059	Chairman	Confirmation of minutes of the meeting held on 3 April 2003 (LC Paper No. CB(1) 1453/02-03)	
000060 – 000138	Chairman	Administration's response to list of follow-up actions arising from the discussion at the meeting on 3 April 2003 (L C Paper No. CB(1) 1454/02-03(02))	
000139- 000647	Chairman Administration	(a) Speech for the resumption of Second Reading debate on the Bill (b) Return on allotments (c) Punishment	
000648 – 000933	Chairman Administration ALA7	(d) Committee stage amendments to clause 26	The Clerk to write to Mr Winston POON, SC regarding the Administration's position on clause 26
000934 – 001056	Chairman Administration	(e) New section 114AA	
001057 – 001903	Chairman Administration ALA7	(f) New clause 44	
001904 – 003023	Chairman Administration	Clause-by-clause examination Clauses 44 to 54	

Time marker	Speaker	Subject(s)	Action required
003024 – 003933	Chairman Administration Ms Miriam LAU ALA7	Clause 55 Section 153C - Written record of decision of sole director of private company	The Administration to clarify the difference between a directors' resolution and a written record referred to in new section 153C; and to advise whether there was a need to change the articles of the company, such as articles based on Table A of the Companies Ordinance (Cap. 32), if the number of directors fell to one
003934 – 003959	Chairman Administration	Clause 56 - Secretary	
004000 – 004440	Chairman Administration ALA7 Mr Henry WU	Clause 57 - Removal of directors	
004441 – 005106	Chairman Administration	Deferral of discussion on clauses 58 to 60 regarding prohibition of loans to directors pending the Administration's response	

Time marker	Speaker	Subject(s)	Action required
005107 – 010948	Chairman Administration Ms Miriam LAU Mr Eric LI ALA7	Clause 61 - Register of directors and secretaries Hong Kong Society of Accountant's concern about the repeal of section 158(10)(a) to dispense with the requirement for companies to disclose information on shadow directors which would make it difficult for auditors to perform their duty under new section 161B(9)	The Administration to provide a paper explaining the consequences, including civil liability, of auditors in the event of non-compliance with new section 161B(9). To also set out in the paper overseas experiences and auditing guidelines on disclosure of particulars in the companies' accounts for quasi-loans and credit transactions to officers, particularly to shadow directors; and to respond to the Hong Kong Society of Accountants' further submission regarding new sections 158(10)(a) and 161B
010949 – 011005	Chairman Administration	Clause 62 - Register to keep an index of directors	
011006 – 012135	Chairman Administration ALA7 Mr Eric LI Ms Miriam LAU	Clause 63 - Particulars in accounts of loans to officers Request for separate voting on new section 161B(9) and concern about cost implications as well as difficulties in complying with requirements under section 161B	
012136 – 012308	Chairman Administration Mr Eric LI	Civil liability of auditors in the event of non-compliance with new section 161B(9)	
012309 – 012947	Chairman Administration	Clauses 64 to 65	

Time marker	Speaker	Subject(s)	Action required
012948 – 013215	Chairman Administration Mr Eric LI	Clause 66 Section 165 - Provisions as to liability of officers and auditors The purchasing of insurance for auditors under new section 165(3)(b)	
013216 – 015011	Chairman Administration Ms Miriam LAU	Clauses 67 to 89	
015012 – 015041	Chairman Mr Eric LI Administration	Schedule of meetings	
015042 – 015413	Chairman Administration	Next meeting on 6 May 2003 to continue with clause-by-clause examination from clause 90 onwards	

Council Business Division 1
Legislative Council Secretariat
7 May 2003