

立法會
Legislative Council

LC Paper No. CB(1) 2063/02-03
(These minutes have been seen
by the Administration)

Ref: CB1/BC/6/01/2

Bills Committee on Companies (Amendment) Bill 2002

**Minutes of the twentieth meeting
held on Friday, 30 May 2003, at 8:30 am
in Conference Room B of the Legislative Council Building**

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

Miss Mandy POON
Legislative Assistant 4

I. Meeting with the Administration

- (LC Paper No. CB(1) 1800/02-03(01) -- List of follow-up actions arising from the discussion on 20 May 2003
- LC Paper No. CB(1) 1800/02-03(02) -- Administration's response to CB(1) 1800/02-03(01)
- LC Paper No. CB(1) 1800/02-03(03) -- Fourth batch of draft Committee Stage amendments
- LC Paper No. CB(1) 1800/02-03(04) -- Submission from the Law Society of Hong Kong dated 19 May 2003 (English version only)
- LC Paper No. CB(1) 1800/02-03(05) -- Submission from the Law Society of Hong Kong dated 27 May 2003 (English version only)
- LC Paper No. CB(1) 1800/02-03(06) -- Submission from the Real Estate Developers Association of Hong Kong dated 28 May 2003 (English version only)
- LC Paper No. CB(1) 1815/02-03(01) -- Marked-up copy of the Bill (as at 27 May 2003))

The Committee deliberated (Index of proceedings attached at **Annex A**).

2. The Administration was requested to review the definition of “conditional sale agreement” to make it clear that taking possession of property before full payment of purchase price was prohibited and to ascertain the impact of the proposed revision.

3. Members agreed to the following schedule of meetings -

- (a) Friday, 6 June 2003, at 10:45 am;
- (b) Monday, 9 June 2003, at 10:45 am;
- (c) Tuesday, 10 June 2003, at 8:30 am; and
- (d) Thursday, 12 June 2003, at 10:45 am

4. There being no other business, the meeting ended at 10:30 am.

Council Business Division 1
Legislative Council Secretariat
24 June 2003

**Proceedings of the meeting of the
Bills Committee on Companies (Amendment) Bill 2002
Meeting on Friday, 30 May 2003, at 8:30 am
in Conference Room B of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 – 000510	Chairman Administration Mr Eric LI	Reference to letter dated 29 May 2003 from the Hong Kong Society of Accountants (LC Paper No. CB(1) 1845/02-03(01)) on the need for a company to keep an internal register of directors	
000511 –004017	Chairman Ms Miriam LAU Mr Eric LI Mr Albert HO ALA7	The requirement for shadow directors to make disclosure for the purposes of section 161B under new section 161C(2A); the need for retention of section 158(10)(a); and the propriety of imposing duty on auditors to disclose loans and quasi-loans made to shadow directors and credit transactions entered into for shadow directors in audit accounts under section 161B(9)	
004018 - 005739	Chairman Administration Mr Eric LI Mr Albert HO Ms Emily LAU Ms Miriam LAU	Civil consequence in breach of section 161B(9); and members' stance on imposing duty on auditors to disclose loans and quasi-loans made to shadow directors and credit transactions entered into for shadow directors under section 161B(9)	

Time marker	Speaker	Subject(s)	Action required
005740 - 005937	Chairman Mr Albert HO Mr Eric LI	The Administration's intention to retain section 158(10)(a); to extend section 161B(9) to cover credit transactions and quasi loans made to shadow directors by companies; and to introduce a new requirement under section 161C(2A) for shadow directors to make disclosure for the purposes of section 161B	
005938 - 010002	Chairman Administration	Members' acceptance of retention of section 158(10)(a)	
010003 - 012319	Chairman ALA7 Administration Ms Miriam LAU Mr Eric LI	Discussion on the Administration's response to the concerns raised at the meeting on 20 May 2003 (LC Paper No. CB(1) 1800/02-03(02)) - Conditional sale agreement and submissions on the subject from the Law Society of Hong Kong, the Real Estate Developers Association, and the Hong Kong Bar Association (LC Paper Nos. CB(1) 1800/02-03(05) and (06) and CB(1) 1845/02-03(02) respectively)	
012320 - 013010	Chairman ALA7 Administration Mr Eric LI	The definition and application of conditional sale agreement in the United Kingdom and the implications of prohibiting such agreements	

Time marker	Speaker	Subject(s)	Action required
013011 – 014841	Chairman Mr Eric LI ALA7 Administration Mr Albert HO Ms Miriam LAU	Whether conditional sale agreements should extend to sale of land and need for clarity on the types of transactions to be prohibited	
014842 – 015403	Chairman Mr Albert HO Mr Eric LI Ms Miriam LAU Administration	Reference to Law Society's letter (LC Paper No. CB(1) 1800/02-03(05)) on conditional sale agreements	
015404 - 015931	Chairman Ms Emily LAU Ms Miriam LAU Mr Albert HO	Need for clarity in the definition of conditional sale agreement such that this would only apply to transactions where possession of goods or land was given before full payment was made	The Administration was requested to review the definition of "conditional sale agreement" to make it clear that taking possession of property before full payment of purchase price was prohibited and to ascertain the impact of the proposed revision.
015932 - 020543	Chairman Members Clerk ALA7	Schedule of meetings	