

立法會
Legislative Council

LC Paper No. CB(1) 69/02-03
(These minutes have been seen
by the Administration)

Ref: CB1/BC/6/01/2

Bills Committee on Companies (Amendment) Bill 2002

Minutes of Second meeting
held on Friday, 4 October 2002, at 8:30 am
in Conference Room B of the Legislative Council Building

- Members present** : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Hon Albert HO Chun-yan
Hon NG Leung-sing, JP
Hon CHAN Kwok-keung
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai
Hon Miriam LAU Kin-yee, JP
Hon Emily LAU Wai-hing, JP
Hon Henry WU King-cheong, BBS, JP
- Members absent** : Dr Hon David CHU Yu-lin, JP
Hon Eric LI Ka-cheung, JP
- Public officers attending** : Mr Esmond LEE
Acting Deputy Secretary for Financial Services and the
Treasury (Financial Services) 2
- Mr Arthur AU
Assistant Secretary for Financial Services and the
Treasury (Financial Services) (Companies) 1
- Mr G W E JONES
Registrar of Companies
- Mr J S BUSH
Secretary, Standing Committee on Company Law
Reform

Ms D SILKSTONE
Registry Solicitor

Mr J E GUNTER
Senior Assistant Law Draftsman

Ms Anastasia KWONG
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 of previous meeting
(LC Paper No. CB(1) 2449/01-02 -- Minutes of meeting on 24 July 2002)

The minutes of the meeting held on 24 July 2002 were confirmed.

- II Meeting with the Administration**
(LC Paper No. CB(1) 2340/01-02(02) -- Letter dated 27 June 2002 from the Law Society of Hong Kong on the Bill
- LC Paper No. CB(1) 2547/01-02(01) -- Submission from the Hong Kong Association of Banks
- LC Paper No. CB(1) 2547/01-02(02) -- Submission from the Faculty of Business, City University of Hong Kong enclosing with it the “Guidelines for Good Corporate Governance Practice” formulated by the Pacific Economic Cooperation Council
- LC Paper No. CB(1) 2592/01-02 -- Submission from the Hong Kong General Chamber of Commerce

LC Paper No. CB(1) 2604/01-02	--	Submission from Mr David WEBB
LC Paper No. CB(1) 2610/01-02(01)	--	Submission from the Chinese General Chamber of Commerce
LC Paper No. CB(1) 2610/01-02(02)	--	Submission from Mr Clement SHUM, Department of Accounting and Finance, Lingnan University
LC Paper No. CB(1) 2622/01-02(01)	--	Submission from the Stephenson Harwood & Lo
LC Paper No. CB(1) 2622/01-02(02)	--	Submission from the Baker & McKenzie
LC Paper No. CB(1) 2622/01-02(03)	--	Submission from the Consumer Council
LC Paper No. CB(1) 2622/01-02(04)	--	Submission from the Hong Kong Institute of Company Secretaries
LC Paper No. CB(1) 2622/01-02(05)	--	Submission from the Securities and Futures Commission
LC Paper No. CB(1) 2622/01-02(06)	--	Summary of deputations' concerns
LC Paper No. CB(1) 2622/01-02(07)	--	Administration's response to CB(1) 2340/01-02(02) and CB(1) 2547/01-02(01))

2. The Committee deliberated (Index of proceedings attached at **Annex A**).
3. The Administration was requested to -
 - (a) provide a cross-referencing table showing the relative clauses in the Bill which cover amendments to different sections of the Companies Ordinance (Cap. 32) as a result of the recommendations of the "Report of the Standing Committee on Company Law Reform on the Recommendations of a Consultancy Report of the Review of the Hong Kong Companies Ordinance" (the SCCLR report);
 - (b) advise the different phases of implementation of the SCCLR report. The paper should include the recommendations to be implemented in each phase, the studies conducted/to be conducted to enhance corporate governance and the cost incurred for each study/consultation exercise;
 - (c) provide a copy of the consultation document on corporate governance published in July 2001 and a paper on the phases of implementation of the recommendations therein;

- (d) advise the number of limited companies in Hong Kong which were formed by guarantee with a share capital and the effect of new section 4(4) on these companies; and
- (e) respond to the submissions of deputations.

4. There being no other business, the meeting ended at 10:25 am

Legislative Council Secretariat

17 October 2002

**Proceedings of the meeting of the
Bills Committee on Companies (Amendment) Bill 2002
Meeting on Friday, 4 October 2002, at 8:30 am
in Conference Room B of the Legislative Council Building**

Time	Speaker	Subject(s)	Action required
000000 - 000055	Chairman	Confirmation of minutes of the meeting held on 24 July 2002 (LC Paper No. CB(1) 2449/01-02)	
000055 - 000110	Chairman Clerk	Submissions from deputations	
000110 - 002915	Chairman Administration Mr Albert HO	Background and purpose of the Bill. The four phases of implementation of the "Report of the Standing Committee on Company Law Reform on the Recommendations of a Consultancy Report of the Review of the Hong Kong Companies Ordinance" (the SCCLR report)	The Administration to provide a cross-referencing table showing the relative clauses in the Bill which covered amendments to different sections of the Companies Ordinance (Cap. 32) (CO) as a result of the recommendations of the SCCLR report
002915 - 003425	Mr SIN Chung-kai Administration	Actions taken by the Government in the light of the Enron incident	
003425 - 003758	Mr Albert HO	Frustration over the piecemeal and fragmented approach in the revamp of CO	
003758 - 004142	Administration	Justifications for the phased approach in implementing changes to CO	

004142 - 004555	Mr Albert HO Administration	Consistency of changes in the different phases of implementation	
004555 - 005150	Chairman Administration	Problems arising from the death of the sole shareholder and director of one-person company	
005150 - 005247	Ms Miriam LAU Administration	Need for sole proprietor of an unincorporated company such as a taxi- owner to make a will and to appoint executors	
005247 - 005746	Mr Albert HO Administration Chairman	Rationale behind permitting the formation of one-person company given the risk involved	
005746 - 010713	Mr Henry WU Chairman Administration	Definition and effect of “shadow director”	
010713 - 011012	Ms Miriam LAU Administration	Liability of shadow directors	
011012 - 011240	Chairman Administration	Definition of “manager”	
011240 - 012225	Mr CHAN Kam- lam Administration Chairman	Repealing the right to resort to court under section 8 of CO	
012225 - 012346	Ms Emily LAU Chairman	Administration’s proposed course of action to improve corporate governance	The Administration to provide a copy of the consultation document on corporate governance published in July 2001 and a paper on the phases of implementation of the recommendations therein

012346 - 013628	Chairman Mr Albert HO Administration Ms Emily LAU	Phases of implementation of SCCLR report and the need for LegCo to be consulted on policy decisions	The Administration to advise the different phases of implementation of the SCCLR report. The paper should include the recommendations to be implemented in each phase, the studies conducted/to be conducted to enhance corporate governance and the cost incurred for each study/consultation exercise
013628 - 014341	Ms Emily LAU Administration	Cost of the Consultancy Report of the Review of CO	
014525 - 015110	Ms Miriam LAU Administration	Need for streamlining of CO as an overly-regulated business environment would deter investments	
015110 - 015234	Chairman Administration	Prohibiting the incorporation of a company limited by guarantee with a share capital	The Administration to advise the number of limited companies in Hong Kong which were formed by guarantee with a share capital and the effect of new section 4(4) on these companies
015234 - 015555	Chairman	Summary of deputations' views at LC paper No. CB(1) 2622/01-02(06)	The Administration to provide written response to deputations' views

Note : The audio records of the above proceedings are kept at the LegCo Library