

立法會
Legislative Council

LC Paper No. CB(1) 124/02-03
(These minutes have been seen
by the Administration)

Ref: CB1/BC/6/01/2

Bills Committee on Companies (Amendment) Bill 2002

Minutes of third meeting
held on Tuesday, 15 October 2002, at 2:30 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 Albert HO Chun-yan
Hon Eric LI Ka-cheung, JP
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
- Attendance by invitation** : Ms Susie HO
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

Representatives from Organizations

Mr David WEBB
Editor of Webb-site.com

Mr LAM Wai-hay
Certified Public Accountant of W. H. LAM & Company

Ms LAM Wai-yee
Audit Manager of W. H. LAM & Company

Ms Amy YUNG Wing-sheung
Islands District Councillor

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 Meeting with deputations and the Administration

Meeting with deputations

Mr David WEBB

W H LAM & Company

LC Paper No. CB(1) 42/02-03(01) -- Submission from the Company

Islands District Council

LC Paper No. CB(1) 42/02-03(02) -- Submission from
Ms Amy YUNG Wing-sheung,
Islands District Council member

Written submissions from organizations not attending the meeting

LC Paper No. CB(1) 2340/01-02(02) -- Submission from the Law Society
of Hong Kong

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) 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) 2645/01-02 -- Submission from the Federation of
Hong Kong Industries

LC Paper No. CB(1) 2658/01-02 -- Submission from the Society of
Chinese Accountants & Auditors

LC Paper No. CB(1)42/02-03(03) -- Submission from the Hong Kong
Society of Accountants

LC Paper No. CB(1)64/02-03(02) -- Submission from Mr Peter
TASHJIAN, Managing director of
Institute of Professional
Development

Meeting with the Administration

LC Paper No. CB(1) 42/02-03(04)	--	Assistant Legal Adviser 7's letter dated 9 October 2002 to the Administration
LC Paper No. CB(1) 42/02-03(05)	--	List of follow-up actions arising from the discussion on 4 October 2002
LC Paper No. CB(1) 42/02-03(06)	--	Administration's response to CB(1) 42/02-03(05)
LC Paper No. CB(1) 42/02-03(07)	--	Administration's response to summary of deputations' concerns
LC Paper No. CB(1) 42/02-03(08)	--	Consultation document on corporate governance published in July 2001
LC Paper No. CB(1)64/02-03(01)	--	Recommendations arising from Review of Companies Ordinance and Corporate Governance Review

2. The Committee deliberated (Index of proceedings attached at **Annex A**).
3. The Administration was requested to -
 - (a) advise the rationale behind pitching the threshold for requisitionists at 2.5% of the voting rights or 50 shareholders and the practical effect of the proposed reduction, particularly in respect of the costs incurred from convening the meeting to consider the proposals, with reference to past cases;
 - (b) provide a table showing the proposed time frames for implementing the remaining 45 items arising from the recommendations in the "Report of the Standing Committee on Company Law Reform on the Recommendations of a Consultancy Report on the Review of the Hong Kong Companies Ordinance" which require legislative amendments or further study. The table should also include the latest progress of each item; and
 - (c) confirm that the right to resort to court under section 8 of the Companies Ordinance (Cap. 32) had never been invoked.
4. There being no other business, the meeting ended at 4:30 pm.

**Proceedings of the meeting of the
Bills Committee on Companies (Amendment) Bill 2002
Meeting on Tuesday, 15 October 2002, at 2:30 pm
in Conference Room A of the Legislative Council Building**

Time	Speaker	Subject(s)	Action required
000000 - 000212	Chairman	Welcoming remarks	
000213 - 001223	Mr David WEBB	Expression of views on the Bill (Submission at CB(1) 2604/01-02)	
001224- 001529	W H LAM & Co	Expression of views on the Bill (Submission at CB(1) 42/02-03(01))	
001530 - 001749	Ms Amy YUNG, Island District Councillor	Expression of views on the Bill (Submission at CB(1) 42/02-03(02))	
001750 - 002700	Chairman, Ms Emily LAU, Mr David WEBB	Competitiveness of Hong Kong in the global financial market and the need to accelerate the pace of company reforms	
002701 - 003507	Chairman, Mr Albert HO, Mr David WEBB, Ms Amy YUNG, Mr W H LAM	Repealing right to resort to court under section 8 of Companies Ordinance (CO) and the abolition of private company corporate directors as suggested by the Consumer Council	

003508 - 004051	Chairman, Mr David WEBB	Costs for requisitioning meetings by shareholders	
004052 - 004400	Mr Albert HO, Mr David WEBB, Chairman Mr W H LAM	Problem of corporate succession arising from death of sole shareholder/ director of one-person company	
004401 - 004711	Ms Emily LAU, Mr David WEBB	Reference to Administration's response at LC Paper No CB(1) 42/02- 03(07) regarding expenses incurred from requisitioning meetings	
004712 - 005322	Chairman, Mr Albert HO, Mr Henry WU, Ms Amy YUNG, Mr David WEBB	Cost for requisitioning meetings as well as threshold for circulating proposals	
005323 - 010151	Chairman, Administration	Different phases of implementation of "The Report of the Standing Committee on company Reform on the recommendations of a Consultancy Report of the review of the Hong Kong companies Ordinance" (SCCLR report); coverage of CO on overseas companies registered in Hong Kong; reduction in the	

		threshold for shareholders' proposals; and relevance of recording the number of shareholders	
010152 - 010841	Chairman, Administration, Ms Amy YUNG, Mr Albert HO	Allowing companies to insure directors and officers	
010842 - 011309	Ms Miriam LAU, Administration, Chairman, Mr Albert HO	Difference between proposed section 165(3)(a) and (b)	
011310 - 011358	Administration, Chairman	The need to clearly define "professional capacity" as requested by Mr W H LAM	
011359 - 011513	Chairman, Administration	Clause 31 - Duties of company with respect to issue of certificates (section 70)	
011514 - 011633	Chairman, Administration, Mr Albert HO	Clause 63 - Particulars in accounts of loans to officers, etc (section 161B)	
011634 - 013546	Ms Emily LAU, Administration, Chairman, Ms Miriam LAU	Timetable for implementing recommendations in the SCCLR report and the progress of consultancy studies	The Administration to provide a table showing the proposed time frames for implementing the remaining 45 items arising from the recommendations in the SCCLR report which require legislative amendments or

			further study. The table should also include the latest progress of each item.
013547 - 013626	Ms Miriam LAU	Need for the introduction of a completely new CO to replace the existing one which had been overloaded with amendments	
013627 - 013806	Chairman, Mr David WEBB, Administration	Application of CO to overseas companies registered in Hong Kong	
013807 - 014812	Mr David WEBB, Ms Emily LAU, Administration	Need to make available extra resources to expedite the progress of company reforms	
014813 - 014907	Chairman, Administration	Rationale for reducing the threshold for shareholders' proposals from 5% of voting rights or 100 shareholders to 2.5% voting rights or 50 shareholders and the practical effect of the proposed reduction	
014908 - 015550	Chairman, Administration, Mr Albert HO	Need to prevent companies from imposing high costs for circulating shareholders' proposals	The Administration to advise the rationale behind pitching the threshold for requisitionists at 2.5% of the voting rights or 50 shareholders and the practical effect of the proposed reduction, particularly

			in respect of the costs incurred from convening the meeting to consider the proposals, with reference to past cases.
015551 - 015650	Mr Albert HO, Chairman, Administration	Whether the right to resort to court under section 8 of CO had ever been invoked	The Administration to confirm that the right to resort to court under section 8 of CO had never been invoked.
015651 - 020016	Chairman, Ms Emily LAU, Mr CHAN Kam-lam, Administration	Date of next meeting	

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

Legislative Council Secretariat

23 October 2002