

**Bills Committee on
Companies (Amendment) Bill 2002**

**List of follow-up actions arising from the discussion
at the meeting on 9 January 2003**

- (1) To inform whether there were cases where the current definition of “shadow director” is insufficient. Without prejudice to the intent of enhancing corporate governance, the Administration should review the definition taking into account overseas practices, particularly those in Australia.
- (2) To provide information on the recommendation of the UK’s Company Review Steering Group regarding the applicability of the provisions relating to quasi-loans in the UK Companies Act to a private company. To also advise the time-frame within which the UK Government will make a decision on such a recommendation.
- (3) To review the propriety of extending the definition of “credit transaction” under new section 157H(7) to cover a tenancy agreement in respect of a property between a company and its directors, unless the payments made under such an arrangement are way below the market value. To also review the drafting of part (b) of the Chinese version of the definition to ensure consistency with that of the English one.
- (4) To re-consider the transaction limit of \$500,000 under new section 157HA(8) as this was set in 1970s. To also provide information on the similar transaction limit under the UK Companies Act.
- (5) To advise the number and details of enforcement actions taken against non-compliance of section 98(3). To also provide an undertaking that the Companies Registry will endeavour to expedite computerization with a view to tackling the difficulty in obtaining updated information on membership of companies, particularly on changes of shareholders of private companies.
- (6) To make it a statutory requirement for the sole member and director of a one-member company to appoint a person to act in the place of director upon his death and provide details on the ways such appointment would be made. Reference can be made to section 201F of the Corporations Act 2001 in Australia.
- (7) To advise the extent to which the company’s auditor could, *as far as he is reasonably able to do so*, include in their reports loans to shadow directors whom they have no knowledge of and provide the legislative intent of section 161B(6).
- (8) To consult the Hong Kong Society of Accountants on new section 165(3)(b).