

By fax and hand delivery

28 May 2003

Ms. Becky Yu
Clerk to Bills Committee
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Ms. Yu

Bills Committee on Companies (Amendment) Bill 2002

Thank you for your letter of 9 May 2003.

“conditional sales agreement”

In our view, the proposed definition of “*conditional sales agreement*”, as drafted, can be interpreted to include the fairly standard terms of an agreement for sale and purchase whereby part of the purchase price is to be paid by instalments and the balance on completion when title of the property is to be transferred, notwithstanding that the purchaser is not given possession of the property before completion.

This is because in the proposed definition the words “(notwithstanding that the buyer is to be in possession of the goods or land)” :

1. do not exclude a situation where the buyer is not given possession of the land before title is transferred;
2. but suggest that a “*conditional sales agreement*” covers two situations :
 - (i) where the buyer is not to be given possession before transfer of title;
 - (ii) alternatively, notwithstanding that the buyer is in fact given possession before transfer of title.

If the legislative intent is that “*conditional sales agreement*” should only cover situations where the buyer is given possession before payment of the full purchase price, this should be specifically provided.

Yours sincerely

Louis Loong
Secretary General