

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

**Follow-up Actions arising from the Discussion
at the Meetings on 30 May and 3 June 2003**

Introduction

This paper sets out the outcome of the follow-up actions arising from the discussion at the meetings on 30 May 2003 and 3 June 2003.

Meeting on 30 May 2003

(a) Definition of Conditional Sale Agreement¹

2. In response to the Bills Committee's concern, we have amended the proposed definition of conditional sale agreement to mean an agreement for the sale of goods or land under which -

- (a) the purchase price or part of it is payable by instalments;
- (b) the property in the goods or land is to remain in the seller until such conditions as to the payment of instalments or otherwise as may be specified in the agreement are fulfilled; and
- (c) the buyer is (notwithstanding such reservation of property) entitled to possession of the goods or land prior to the fulfillment of such conditions.

3. As to the impact of the proposed revision, the effect of the revised definition is that in selling a property to its director etc, a company cannot confer the director etc with the right to take possession of the property prior to the payment of the full price. Given that the company should still be able to sell a property to its director save for the possession of the property prior to the payment of the full price, we do not expect that this would pose any major difficulty to either companies or their directors. In any event, this sort of property transaction (where the buyer can take

¹ For the sake of consistency with the UK Companies Act and the Rules of the High Court (Cap 4A), we have adopted the term "conditional sale agreement" rather than "conditional sales agreement".

possession prior to the payment of full price of the property) is not common in the property market.

Meeting on 3 June 2003

(a) Inclusion of the filing requirements in respect of reserve director in specified form

4. The Registrar of Companies will set out the filing requirements in respect of reserve directors in the relevant specified form.

(b) Relevant provisions under the Electronic Transactions Ordinance (Cap. 553) regarding electronic records

5. Section 2(1) of the Electronic Transactions Ordinance (Cap 553) defines the term “electronic record” to mean a record generated in digital form by an information system, which can be -

- (a) transmitted within an information system or from one information system to another; and
- (b) stored in an information system or other medium.

**Financial Services Branch
Financial Services and the Treasury Bureau
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