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CB(1) 42/02-03(01)

Your Ref.: CB1/BC/6/01

11th October 2002

Clerk to the Bills Committee,
Legislative Council,
Legislative Council Building,
8 Jackson Road, Central,
Hong Kong.

Dear Sir,

Companies (Amendment) Bill 2002

By reviewing the Companies (Amendment) Bill 2002, we would like to give our submissions on the Bill for consideration by the appropriate Bills Committee.

We support the amendments as mentioned in the said Bill except the following points which we highlight herewith for re-consideration:-

Clause 2 – Section 2(2)

For Section 2(2) which mentions that a person shall not be considered to be a shadow director of a company by reason only that the directors or a majority of the directors of the company act on advice given by him in a professional capacity, we consider that a clear definition of the term of “professional capacity” is encouraged.

Clause 4 – Mode of forming incorporated company (Section 4)

We share with the view of amending Section 4(1) to permit the formation of a company by one person as it can simplify the procedures in forming a company and also it is more flexible in practice. However, this practice is more risky than that before as there is only one person be liable to the matters of the Company. If the only director and shareholder of the company cannot be contacted by the Registrar of Companies or other authorities of the H.K.S.A.R. or other interested parties, that would lead to more unnecessary work of the Registrar of Companies.

..... to be cont'd

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Clause 13 – Return as to allotments (Section 45)

Clause 31 – Duties of company with respect to issue of certificates (Section 70)

We agree with the amendments to Section 45 to shorten the period for filing a return of allotments from 8 weeks to 1 month. However, for the amendments to Section 70 to change the time-limit for the completion of a transfer of shares by a public company from 2 months to 10 business days, we consider that the time-limit is too tight when comparing with the amendments to Section 45. We consider that the time-limit be extended to 15 business days or one month may be more suitable.

Clause 63 – Particulars in accounts of loans to officers, etc. (Section 161B)

For Section 161B(12)(a) which mentions a term “a person connected with a director of the company”, as there has been no definition of this term, we consider that a clear definition is encouraged and that may help to reduce any confusion in interpreting the term in practice.

Yours faithfully,
W. H. LAM & COMPANY