

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

15 October 2002

The Clerk
Bills Committee on the
Companies (Amendment) Bill 2002
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong

By Fax: 2869 6794

Dear Sirs

The Companies (Amendment) Bill 2002

I have reviewed the provisions of the Companies (Amendment) Bill 2002. In general, I support most of the recommendations made in the "Report of the Standing Committee on Company Law Reform on the Recommendations of a Consultancy Report of the Review of the Hong Kong Companies Ordinance" dated February 2000. I would like to make the following comments:

1. Reducing threshold for shareholders' proposals

I support the reduction of threshold to 2.5% of the voting rights or 50 shareholders. This will give the minority shareholders more protection and participation.

2. Allowing companies to insure directors and officers (clause 66)

I have reservation on SCCLR's recommendation that a company should be allowed to obtain insurance for directors and officers to cover their liabilities to the company and other expenses incurred in defending any proceedings taken against them for negligence, default, breach of duty and breach of trust (including fraud). This kind of protection is too wide for the directors who have fiduciary responsibility towards the company and the shareholders.

Yours sincerely

Amy Yung
Islands District Council Member