

立法會
Legislative Council

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**A note on Mr. David Webb's comments on Legal Service Division Report
on the Companies (Amendment) Bill 2002 dated 28 January 2002**

In the Legal Service Division Report (LS50/01-02) on the Companies (Amendment) Bill ("the Bill") dated 28 January 2002, Members' attention is drawn to certain proposed amendments in the Bill which may cause concern and need to be looked at in more detail. One of these is the proposal to allow the removal of directors by ordinary resolution under clause 57 as it may affect the readiness of directors to make hard decisions which are unpalatable to investors. The matter is raised because Members may wish to consider -

- (a) whether the proposal would have such an effect in case the directors are faced with a course of action that in their judgment may be in the interest of the company but for some reason may not be popular with some shareholders; and
- (b) if so, whether it should be further considered.

2. Mr David Webb has in his submission on the Bill dated 26 September 2002 stated his view very strongly that a director's decisions which are unpalatable to a majority of shareholders are generally decisions which are not in their best interest. This is a case of interest for Members and merits further consideration.

Prepared by

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