

立法會
Legislative Council

LC Paper No. CB(1)2581/11-12
(These minutes have been seen
by the Administration)

Ref : CB1/BC/3/10/2

Bills Committee on Companies Bill

**Minutes of the eighteenth meeting held on
Friday, 4 November 2011, at 8:30 am
in Conference Room 2A of Legislative Council Complex**

Members present : Hon Paul CHAN Mo-po, MH, JP (Chairman)
Hon Starry LEE Wai-king, JP (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon James TO Kun-sun
Dr Hon Philip WONG Yu-hong, GBS
Hon Abraham SHEK Lai-him, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Prof Hon Patrick LAU Sau-shing, SBS, JP

Members absent : Hon Albert HO Chun-yan
Hon Miriam LAU Kin-yee, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP

Public officers attending : **Agenda item I**
Mr John LEUNG, JP
Deputy Secretary for Financial Services and the
Treasury (Financial Services)

Mr Maurice LOO
Principal Assistant Secretary for Financial Services
and the Treasury (Financial Services)

Ms Rita HO
Registry Solicitor
Companies Registry

Mrs Karen HO
Deputy Principal Solicitor (Company Law Reform)
Companies Registry

Ms Phyllis MCKENNA
Deputy Principal Solicitor (Company Law Reform)
Companies Registry

Mr CHUNG Wai-tim
Solicitor (Company Law Reform)
Companies Registry

Mr Edward TYLER
Senior Assistant Law Officer (Civil Law)
Department of Justice

Ms Natalie WONG
Senior Government Counsel
Department of Justice

Miss Selina LAU
Senior Government Counsel
Department of Justice

Mr Ken FUNG
Government Counsel
Department of Justice

Clerk in attendance : Ms Sharon CHUNG
Senior Council Secretary (1)4

Staff in attendance : Mr KAU Kin-wah
Senior Assistant Legal Adviser 3

Mr Timothy TSO
Assistant Legal Adviser 2

Mr Simon CHEUNG
Senior Council Secretary (1)9

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I Meeting with the Administration

Clause-by-clause examination of the Bill

- (LC Paper No. CB(1)34/11-12(05) -- Comparison Table for Part 4 -- Share Capital
- LC Paper No. CB(1)225/11-12(01) -- Administration's response to issues raised by members at the meeting on 11 October 2011 relating to Part 2 and Part 3 of the Companies Bill
- LC Paper No. CB(1)225/11-12(02) -- Comparison Table for Part 5 -- Transactions in relation to Share Capital
- LC Paper No. CB(3)412/10-11 -- The Bill (Part 4 and Part 5))

Other relevant papers

- (File Ref: CBT/17/2C -- Legislative Council Brief
- LC Paper No. LS26/10-11 -- Legal Service Division Report
- LC Paper No. CB(1)1406/10-11(01) -- Paper on Companies Bill prepared by the Legislative Council Secretariat (Background brief)
- LC Paper No. CB(1)1879/10-11(03) -- Administration's paper on Part 2 and Part 12 of the Companies Bill

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- LC Paper No. CB(1)2756/10-11(03) -- Comparison Table for Part 2 -- Registrar of Companies and Companies Register
- LC Paper No. CB(1)2066/10-11(01) -- Administration's paper on Part 4 and Part 5 of the Companies Bill
- LC Paper No. CB(1)2439/10-11(04) -- Administration's response to issues raised by members at the meeting on 19 May 2011 in relation to Parts 4, 5 and 9
- LC Paper No. CB(1)2636/10-11(02) -- Administration's response to issues raised by members at the meetings on 6 May and 17 June 2011 in relation to Parts 5, 6, 9 and 13
- LC Paper No. CB(1)2756/10-11(02) -- Administration's response to issues raised by members at the meeting on 8 July 2011 relating to Part 5)

The Bills Committee deliberated (Index of proceedings attached at the **Appendix**).

- Admin 2. The Bills Committee requested the Administration to provide written responses to the following concerns/requests --

Clause 114 -- Section 112 not to apply to certain cases

- (a) to consider limiting the scope of clause 114 to a company which (i) has a licence under clause 98, and (ii) is exempted from tax under section 88 of the Inland Revenue Ordinance;

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Clause 135 -- Exercise by directors of power to allot shares or grant rights

- (b) to consider stating expressly the *mens rea* of "knowingly" in clause 135(4) to bring it in line with section 549(4) of the United Kingdom Companies Act 2006;

Clause 159 -- Publication requirements

- (c) to consider the Law Society of Hong Kong's suggestion that the Hong Kong Exchanges and Clearing Limited ("HKEx") should be required to publish a listed company's notice for issue of a new share certificate to replace a lost certificate on its webpage instead of following the requirements in clause 159(5);

Clause 176 -- Notifying class members of variation

- (d) to clarify whether (i) the 14-day notice period and (ii) the means of communication by which notifications under this clause could be effected were consistent with the practices regarding similar matters under the Listing Rules of HKEx;

Clause 191 -- Merger relief

- (e) to provide the reason for setting the 90% threshold under clause 191(1);
- (f) to provide the views expressed by professional bodies in previous consultations on the provisions on merger relief;
- (g) to advise on the remedies available for aggrieved minority shareholders under a merger;

Section 27 of Schedule 10 -- Fee exemption for existing companies that increase their issued share capital

- (h) to improve the drafting of section 27(3)(b) so as to clarify the meaning of "any other existing company";

Clause 213 -- Public notice of reduction of share capital

Clause 256 -- Public notice of payment of share capital

- (i) to review whether the timeframe specified in the clauses for

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publishing a relevant notice in the Gazette was adequate;

Clauses 218 and 261 -- Company to deliver copy of order of Court to Registrar

- (j) to review the period (14 days) for documents to be delivered to the Registrar for registration under these clauses and other similar provisions in the Companies Bill ("CB") with a view to facilitating business operation and maintaining a consistent requirement throughout the Bill;

Clause 271 -- Prohibition on financial assistance for acquisition of shares or for reducing or discharging liability for acquisition

- (k) to review the drafting of clause 271(1) so as to improve clarity of the words "the company".

The use of notes in clauses 155, 175, 205, and section 27(2) of Schedule 10

- (l) to review the use of examples in the notes under these clauses taking into account the legal status and application of the examples, and the appropriateness of including these examples in the provisions instead of notes;

The phrase "for this purpose"/"for that purpose"

- (m) to consider reviewing the use of "for this purpose"/"for that purpose" in clauses 167(5), 222(3) and 222(5) with a view to achieving clarity and consistency in drafting with similar provisions throughout CB; and

The phrase "any of those names"

- (n) to review the meaning of "any of those names" in clauses 240(4), 243(5), 247(5) and 250(5) to improve the clarity of the clauses.

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II Any other business

3. The Chairman reminded members that the next meeting of the Bills Committee would be held on Friday, 11 November 2011 at 8:30 am to meet with the Administration.

4. There being no other business, the meeting ended at 12:45 pm.

Council Business Division 1
Legislative Council Secretariat
14 September 2012

Bills Committee on Companies Bill

**Proceedings of the eighteenth meeting
on Friday, 4 November 2011, at 8:30 am
in Conference Room 2A of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
000502-000715	Chairman	Opening remarks	
<u>Follow-up actions for the meeting held on 11 October 2011 relating to Part 2 and Part 3 of the Companies Bill (LC Paper No. CB(1)225/11-12(01))</u>			
000716-001212	Administration Mr Andrew LEUNG	Briefing on the paper on supplementary information about clause 43 (Registrar must make Companies Register available for public inspection) (paragraphs 2 and 3 of the paper) Discussion on clause 43	
001213-002906	Administration	Briefing on the paper (paragraphs 4 to 11 and the Annex) -- (a) Division 7 of Part 2 of the Companies Bill ("CB")(Materials in Companies Register unavailable for public inspection); (b) Clause 58 -- Immunity (c) Clause 98 -- Registrar's licence to dispense with "Limited" etc. (d) Clause 112 -- Transaction or act binds company despite limitation in articles etc. (e) Clause 113 -- Transaction or act involving directors or their associates is voidable (f) Clause 114 -- Section 112 not to apply to certain cases	
002907-	Chairman	Discussion on Division 7 of Part 2 of CB,	

Time marker	Speaker	Subject(s)	Action required
004556	Senior Assistant Legal Adviser 3 ("SALA3") Administration Mr Andrew LEUNG Prof Patrick LAU	<p>clauses 98 and 114</p> <p>Members' concern that the definition of "exempted company" in clause 114(4) might not reflect the Administration's intent for clause 114 to apply only to charitable bodies</p> <p>Request for the Administration to consider limiting the scope of clause 114 to a company which (a) has a licence under clause 98, and (b) is exempted from tax under section 88 of the Inland Revenue Ordinance</p>	The Administration to take action as in paragraph 2(a) of the minutes
<p><u>Clause-by-clause examination of the Bill</u> <u>Part 4 of the Bill (LC Paper No. CB(1)34/11-12(05))</u></p>			
004557- 005410	Chairman Assistant Legal Adviser 2 ("ALA2") Administration Mr Andrew LEUNG	<p><u>Clause 135 -- Exercise by directors of power to allot shares or grant rights</u> <u>Clause 136 -- Allotment of shares or grant of rights with company approval</u></p> <p>Discussion on the clauses</p> <p>Members' concern that the omission of "knowingly" in clause 135(4) would lower the prosecution threshold under this clause</p> <p>Request for the Administration to consider stating expressly the <i>mens rea</i> of "knowingly" in clause 135(4) to bring it in line with section 549(4) of the United Kingdom Companies Act 2006</p> <p>Mr Andrew LEUNG's remarks that the Administration should provide a paper to compare the penalties for various offences under the Companies Ordinance ("CO") and the Companies Bill ("CB") as requested by members at previous meetings</p>	The Administration to take action as in paragraph 2(b) of the minutes
005411- 010100	Administration Chairman Mr Andrew LEUNG	<p><u>Clause 137 -- Return of allotment</u> <u>Clause 196 -- Statement of capital</u> <u>Clause 138 -- Registration of allotment</u> <u>Clause 139 -- Issue of share certificate on allotment</u></p> <p>Briefing on the above clauses</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>Mr Andrew LEUNG's enquiry on the penalties for contravention of clause 196</p> <p>The Chairman's remarks that the Administration's paper on penalties should provide justifications for the changes to the existing provisions in CO</p>	
010101-010239	Administration	<p><u>Clause 140 -- Order of Court for delivery of share certificate</u></p> <p><u>Clause 141 -- Validation by Court of issue or allotment</u></p> <p><u>Clause 142 -- General prohibition of commissions, discounts and allowances</u></p> <p><u>Clause 143 -- Permitted commissions</u></p> <p>Briefing on the above clauses</p>	
010240-010646	Administration SALA3 Chairman Mr WONG Ting-kwong	<p><u>Clause 144 -- Capital may be applied in writing off certain expenses and commission</u></p> <p>Discussion on the transitional arrangements in respect of clause 144</p>	
010647-010814	Administration	<p><u>Clause 145 -- Requirement for instrument of transfer</u></p> <p><u>Clause 146 -- Registration of transfer or refusal of registration</u></p> <p>Briefing on the above clauses</p>	
010815-011021	Administration ALA2	<p><u>Clause 147 -- Order of Court for registration</u></p> <p>The Administration's briefing on the clause</p> <p>ALA2 seeking clarification on the liability for a company which contravened the requirement under clause 147(2)</p>	
011022-011655	Administration ALA2	<p><u>Clause 148 -- Transfer by personal representative</u></p> <p><u>Clause 149 -- Certification of transfer</u></p> <p><u>Clause 150 -- Issue of share certificate on transfer</u></p> <p><u>Clause 151 -- Order of Court for delivery of share certificate</u></p>	

Time marker	Speaker	Subject(s)	Action required
		<p><u>Clause 152 -- Compensation regarding forged share transfers</u> <u>Clause 153 -- Registration or refusal of registration</u> <u>Clause 154 -- Order of Court for registration</u> <u>Clause 155 -- Pre-emption rights in relation to transmission by law</u> <u>Clause 156 -- Evidence of grant of probate etc.</u></p> <p>Briefing on the above clauses</p> <p>ALA2's enquiry on the legal status of the example cited in the note under clause 155(1)</p> <p>The Administration's response that the notes in the context of CB had no legal effect</p>	
011656-012304	Administration Chairman ALA2	<p><u>Clause 157 -- Interpretation</u> <u>Clause 158 -- Application for new certificate</u> <u>Clause 159 -- Publication requirements</u> <u>Clause 160 -- Issue of new certificate</u></p> <p>The Chairman's request for the Administration to consider the Law Society of Hong Kong's suggestion that the Hong Kong Exchanges and Clearing Ltd ("HKEx") should be required to publish a listed company's notice referred to in this clause on HKEx' webpage instead of following the requirements in clause 159(5)</p>	The Administration to take action as in paragraph 2(c) of the minutes
012305-012959	Administration	<p><u>Clause 161 -- Public notice of issue of new certificate</u> <u>Clause 162 -- Orders of Court for rectification of the register</u> <u>Clause 163 -- Liability if rectification cannot be ordered</u> <u>Clause 164 -- Applicant to pay expenses</u> <u>Clause 165 -- Permitted alteration of share capital</u> <u>Clause 166 -- Notice of alteration of share capital</u></p> <p>Briefing on the above clauses</p>	
013000-	Administration	<u>Clause 167 -- Redenomination of share capital</u>	

Time marker	Speaker	Subject(s)	Action required
013541	ALA2	ALA2's suggestion for the Administration to consider reviewing the use of "for this purpose" in clause 167(5) with a view to achieving clarity and consistency in CB	The Administration to take action as in paragraph 2(m) of the minutes
013542-013853	Administration	<u>Clause 168 -- Notice of redenomination</u> <u>Clause 169 -- Reconversion of stock into shares</u> <u>Clause 170 -- Notice of reconversion</u> <u>Clause 171 -- Application of Subdivision</u> <u>Clause 172 -- Rights attached to shares</u> <u>Clause 173 -- Classes of shares</u> <u>Clause 174 -- Description of shares of different classes</u> Briefing on the above clauses	
013854-014208	Administration ALA2 Chairman	<u>Clause 175 -- Varying class rights</u> ALA2's enquiry on the legal status of the example in the note Request for the Administration to review the use of examples in this clause and clause 155	The Administration to take action as in paragraph 2(l) of the minutes
014209-014826	Administration Mr Andrew LEUNG Chairman Mr WONG Ting-kwong	<u>Clause 176 -- Notifying class members of variation</u> Members' concerns that (a) the 14-day notice period under the clause and (b) the means of communication by which notifications under this clause could be effected should be consistent with the practices regarding similar matters under the Listing Rules of HKEx Request for the Administration to provide written response to the above concerns	The Administration to take action as in paragraph 2(d) of the minutes

Time marker	Speaker	Subject(s)	Action required
014827-014906	Administration	<p><u>Clause 177 -- Disallowance or confirmation of variation by Court</u></p> <p>Briefing on the clause</p>	
014907-014948	Administration Mr Andrew LEUNG	<p><u>Clause 178 -- Delivery of order of Court to Registrar</u></p> <p>Mr Andrew LEUNG's enquiry about the timeframe of 14 days for a company to deliver a copy of the Court order made under clause 177 to the Registrar of Companies ("the Registrar")</p>	
014949-015800	Administration ALA 2 Mr WONG Ting-kwong Chairman Mr James TO	<p><u>Clause 179 -- Notifying Registrar of variation</u></p> <p>Discussion on the penalties for offences under the clause</p> <p>The Administration's remarks that it would provide a paper on the details of the exercise conducted to align the penalties for offences under CB, including the rationale for the changes to be introduced, comparison of the penalties for offences with those in CO, and comparison with the penalties for comparable offences in other ordinances</p>	
015801-020008	Administration	<p><u>Clause 180 -- Application of Subdivision</u> <u>Clause 181 -- Rights of members</u> <u>Clause 182 -- Classes of members</u> <u>Clause 183 -- Varying class rights</u> <u>Clause 184 -- Notifying class members of variation</u> <u>Clause 185 -- Disallowance or confirmation of variation by Court</u> <u>Clause 186 -- Delivery of order of Court to Registrar</u> <u>Clause 187 -- Notifying Registrar of variation</u> <u>Clause 188 -- Variation includes abrogation</u> <u>Clause 189 -- Interpretation</u></p> <p>Briefing on the above clauses</p>	
020009-021310	Administration Mr James TO Chairman	<p><u>Clause 190 -- Group reconstruction relief</u> <u>Clause 191 -- Merger relief</u> <u>Clause 192 -- Merger relief: meaning of 90%</u></p>	

Time marker	Speaker	Subject(s)	Action required
		<p><u>equity holding</u></p> <p>Discussion on the above clauses</p> <p>Members' concerns about whether the requirement of "at least a 90% equity holding" under clause 191(1) was sufficient to protect the interest of minority shareholders</p> <p>Request for the Administration to provide --</p> <p>(a) the reason for the 90% threshold under clause 191(1);</p> <p>(b) the views expressed by professional bodies in previous consultations on the provisions on merger relief; and</p> <p>(c) the remedies available for aggrieved minority shareholders under a merger</p>	<p>The Administration to take action as in paragraphs 2(e) to 2(g) of the minutes</p>
021311-021541	Administration	<p><u>Clause 193 -- Relief may be reflected in company's statement of financial position</u></p> <p><u>Clause 194 -- Regulations</u></p> <p><u>Clause 195 -- Provision for different amounts to be paid on shares</u></p> <p><u>Clause 196 -- Statement of capital</u></p> <p><u>Clause 197 -- Notice of paid up capital</u></p> <p>Briefing on the above clauses</p>	
<i>Break (021542- 023019)</i>			
<p><u>Clause-by-clause examination of the Bill</u> <u>Part 4 of the Bill (LC Paper No. CB(1)34/11-12(05))</u></p>			
023020-023429	Administration	<p><u>Schedule 10</u> (Transitional and Saving Arrangements for Part 4) <i>Sections 13-42</i></p> <p>Briefing on the above clauses</p>	
023430-024100	ALA2 Administration Chairman	<p><u>Schedule 10</u> <i>Section 27 -- Fee exemption for existing companies that increase their issued share capital</i></p>	

Time marker	Speaker	Subject(s)	Action required
		<p>Discussion on the use of the note in section 27(2) and the meaning of "any other existing company" in section 27(3)(b)</p> <p>Request for the Administration to --</p> <p>(a) improve the drafting of section 27(3)(b) to clarify the meaning of "any other existing company"; and</p> <p>(b) review the appropriateness and application of the note in section 27(2)</p>	<p>The Administration to take action as in paragraphs 2(h) and 2(l) of the minutes</p>
024101-024616	Administration	<p><u>Clause 198 -- Interpretation</u> <u>Clause 199 -- Application of Division</u> <u>Clause 200 -- Solvency test</u> <u>Clause 201 -- Solvency statement</u> <u>Clause 202 -- Offences regarding solvency statement</u> <u>Clause 203 -- Power to modify solvency test by regulation</u> <u>Clause 204 -- Application of Division</u> <u>Clause 205 -- Permitted reductions of share capital</u></p> <p>Briefing on the above clauses</p>	
024617-024827	ALA2 Administration	<p><u>Clause 205 -- Permitted reductions of share capital</u></p> <p>Discussion on the use of a note which contained an example</p> <p>Request for the Administration to review the appropriateness of putting an example in a note vis-à-vis including it in the provision</p>	<p>The Administration to take action as in paragraph 2(l) of the minutes</p>
024828-025251	Mr Andrew LEUNG Administration	<p><u>Clause 200 -- Solvency test</u> <u>Clause 201 -- Solvency statement</u></p> <p>Enquiry about insolvent trading</p>	
025252-025808	Administration	<p><u>Clause 206 -- Procedure for a company to reduce its share capital</u> <u>Clause 207 -- Offence if share capital is</u></p>	

Time marker	Speaker	Subject(s)	Action required
		<p><u>reduced in contravention of Division Clause 208 -- Liability of members following reduction of share capital</u> <u>Clause 209 -- Reserves arising from reductions of share capital</u> <u>Clause 210 -- Special resolution for reduction of share capital</u> <u>Clause 211 -- Solvency statement for reduction of share capital</u> <u>Clause 212 -- Special resolution: exercise of voting rights</u></p> <p>Briefing on the above clauses</p> <p>Discussion on the timeframe of 15 days under clause 211(2) within which a special resolution for reduction of share capital must be passed after the date of the solvency statement</p>	
025809-030821	Administration Mr Andrew LEUNG Chairman Deputy Chairman ALA2	<p><u>Clause 213 -- Public notice of reduction of share capital</u> <u>Clause 214 -- Inspection of special resolution and solvency statement</u></p> <p>Discussion on clause 213 – the adequacy of the timeframe for publishing a notice of reduction of share capital in the Gazette (before the end of the week after the week in which the special resolution for reduction of share capital is passed)</p> <p>Request for the Administration to review the above timeframe</p>	The Administration to take action as in paragraph 2(i) of the minutes
030822-031409	Administration ALA2	<p><u>Clause 215 -- Application to Court by members or creditors</u> <u>Clause 216 -- Power of Court to adjourn proceedings</u> <u>Clause 217 -- Power of Court to confirm or cancel special resolution</u> <u>Clause 218 -- Company to deliver copy of order of Court to Registrar</u> <u>Clause 219 -- Registration of return if no</u></p>	

Time marker	Speaker	Subject(s)	Action required
		<p><u>application to Court</u> <u>Clause 220 -- Registration of return if application to Court</u> <u>Clause 221 -- Special resolution and application to Court for confirmation of reduction of share capital</u> <u>Clause 222 -- Creditors entitled to object to reduction of share capital</u> <u>Clause 223 -- Offence in connection with creditors list</u></p> <p>ALA2's suggestion for the Administration to consider reviewing the use of "for that purpose" in clauses 222(3) and 222(5) with a view to achieving clarify and consistency in CB</p>	<p>The Administration to take action as in paragraph 2(m) of the minutes</p>
031410-031552	Administration ALA2	<p><u>Clause 224 -- Order of Court confirming reduction of share capital</u> <u>Clause 225 -- Registration of order, minute and return</u> <u>Clause 226 -- Certification of registration</u> <u>Clause 227 -- Liability to creditors omitted from list of creditors</u></p> <p>Briefing on the above clauses</p> <p>ALA2's remarks that in clause 227(3)(b), the word "contributors" would be amended to read "contributories" as agreed by the Administration</p>	
031553-032132	Administration ALA2	<p><u>Clause 228 -- Application of Division</u> <u>Clause 229 -- Issue of redeemable shares</u> <u>Clause 230 -- Terms, conditions and manner of redemption</u> <u>Clause 231 -- General power of company to buy back its own shares</u> <u>Clause 232 -- Retention and inspection of share buy-back contracts</u> <u>Clause 233 -- Share buy-back under general offer</u> <u>Clause 234 -- Share buy-back on recognized stock market or approved stock exchange</u> <u>Clause 235 -- Share buy-back otherwise than under section 233 or 234</u> <u>Clause 236 -- Exemptions</u></p>	

Time marker	Speaker	Subject(s)	Action required
		<p><u>Clause 237 -- No assignment of right to buy back own shares</u> <u>Clause 238 -- Release of right to buy back own shares</u> <u>Clause 239 -- Share buy-Back under contract</u> <u>Clause 240 -- Resolution authorizing contract: disclosure of contract details</u></p> <p>Briefing on the above clauses</p> <p>ALA2's suggestion for the Administration to consider reviewing the drafting of clause 240(4) to clarify the meaning of "any of those names" therein; and the same for clauses 243(5), 247(5) and 250(5)</p>	<p>The Administration to take action as in paragraph 2(n) of the minutes</p>
032133-033028	Administration	<p><u>Clause 241 -- Resolution authorizing contract: exercise of voting rights</u> <u>Clause 242 -- Variation of authorized contract</u> <u>Clause 243 -- Resolution authorizing variation: disclosure of details of variation</u> <u>Clause 244 -- Resolution authorizing variation: exercise of voting rights</u> <u>Clause 245 -- No assignment of right to buy back own shares</u> <u>Clause 246 -- Release of right to buy back own shares</u> <u>Clause 247 -- Resolution authorizing release: disclosure of details of release</u> <u>Clause 248 -- Resolution authorizing release: exercise of voting rights</u> <u>Clause 249 -- Variation of release of right to buy back own shares</u> <u>Clause 250 -- Resolution authorizing variation of release: disclosure of details of variation</u> <u>Clause 251 -- Resolution authorizing variation of release: exercise of voting rights</u> <u>Clause 252 -- Payment for redemption or buy-back</u> <u>Clause 253 -- Special resolution for payment out of capital</u> <u>Clause 254 -- Solvency statement for payment out of capital</u> <u>Clause 255 -- Special resolution: exercise of voting rights</u> <u>Clause 256 -- Public notice of payment out of capital</u></p>	

Time marker	Speaker	Subject(s)	Action required
		<p><u>Clause 257 -- Inspection of special resolution and solvency statement</u> <u>Clause 258 -- Application to Court by members or creditors</u> <u>Clause 259 -- Power of Court to adjourn proceedings</u> <u>Clause 260 -- Power of Court to confirm or cancel special resolution</u></p> <p>Briefing on the above clauses</p>	
033029-033432	Administration Mr Andrew LEUNG	<p><u>Clause 261 -- Company to deliver copy of order of Court to Registrar</u></p> <p>Mr Andrew LEUNG's concern about the time limit (14 days), which was one day shorter than that in CO, for a company to deliver an office copy of the Court order made under clause 260 to the Registrar for registration</p> <p>Request for the Administration to review the time limit (14 days) for documents to be delivered to the Registrar for registration under this clause and other similar provisions in CB, e.g. clauses 218 and 285, with a view to facilitating business operation and maintaining a consistent requirement under CB</p>	The Administration to take action as in paragraph 2(j) of the minutes
033433-033702	Administration Mr Andrew LEUNG Chairman	<p><u>Clause 262 -- General prohibition on acquisition of own shares</u></p> <p>Discussion on the penalties for offences under the clause</p> <p>Request for the Administration to include information in the paper on the review of the offences and penalties under CB on (a) justifications for the changes to penalties introduced in CB; and (b) highlighting the penalties which would remain unchanged in CB</p>	
033703-033829	Administration	<p><u>Clause 263 -- No redemption or buy-back of unpaid or partly-paid shares</u> <u>Clause 264 -- Effect of redemption or buy-back</u></p>	

Time marker	Speaker	Subject(s)	Action required
		<p><u>Clause 265 -- Fresh issue of shares before redemption or buy-back</u></p> <p>Briefing on the above clauses</p>	
033830-034346	Administration ALA2 Mr Andrew LEUNG	<p><u>Clause 266 -- Return of share redemption or buy-back</u></p> <p>Discussion on the penalties for the offences under the clause</p>	
034347-034926	Administration Mr Andrew LEUNG Chairman	<p><u>Clause 267 -- Effect of company's failure to redeem or buy back</u></p> <p><u>Clause 268 -- Effect on winding up of company's failure to redeem or buy back</u></p> <p><u>Clause 269 -- Power to modify by regulation</u></p> <p><u>Clause 270 -- Interpretation</u></p> <p>Briefing on the above clauses</p> <p>Discussion on the requirement for a solvency statement on the winding up of a company</p>	
034927-035906	Administration Mr Ronny TONG Chairman	<p><u>Clause 271 -- Prohibition on financial assistance for acquisition of shares or for reducing or discharging liability for acquisition</u></p> <p>Discussion on the definition of "financial assistance" and whether certain restrictions should be retained on financial assistance for acquisition of shares</p> <p>(Examination of clauses 272 to 278 was deferred. Clauses 279 to 285, which are related to the statutory procedures for giving financial assistance, were examined first.)</p>	
035907-040750	Administration Chairman Mr Ronny TONG ALA2	<p><u>Clause 279 -- Financial assistance not exceeding 5% of shareholders funds</u></p> <p><u>Clause 280 -- Financial assistance with approval of all members</u></p> <p><u>Clause 281 -- Financial assistance by ordinary resolution</u></p> <p><u>Clause 282 -- Application to Court for restraining order</u></p> <p><u>Clause 283 -- Power of Court to adjourn application</u></p>	

Time marker	Speaker	Subject(s)	Action required
		<p><u>Clause 284 -- Power of Court to confirm or restrain giving of financial assistance</u> <u>Clause 285 -- Company to deliver copy of order of Court to Registrar</u> Briefing on the above clauses</p> <p>Discussion on the thresholds under clause 282 for members of a company to apply to the Court for restraining the giving of financial assistance</p>	
040751-041504	ALA 2 Chairman Administration Mr Ronny TONG	<p><u>Clause 271 -- Prohibition on financial assistance for acquisition of shares or for reducing or discharging liability for acquisition</u> <u>Clause 272 -- Consequences of failing to comply with Division</u></p> <p>The Administration's briefing on the above clauses</p> <p>Discussion on the drafting of clause 271</p> <p>Request for the Administration to review the drafting of clause 271(1) to clarify the meaning of "the company" therein</p>	The Administration to take action as in paragraph 2(k) of the minutes
041505-041525	Chairman	Date of next meeting	