

LEGISLATIVE COUNCIL BRIEF

Companies Ordinance (Chapter 32)

**COMPANIES ORDINANCE (AMENDMENT OF
EIGHTH SCHEDULE) ORDER 2000**

INTRODUCTION

By virtue of section 360(3A) of the Companies Ordinance (Cap. 32)(the Ordinance), the Financial Secretary may amend the table of fees in the Eighth Schedule to the Ordinance. By virtue of section 3 of the Interpretation and General Clauses Ordinance (Cap. 1), the Financial Secretary is defined also to include the Secretary for the Treasury.

2. In exercise of the above authority, the Secretary for the Treasury has made the Companies Ordinance (Amendment of Eighth Schedule) Order 2000 (at Annex A) to amend the fees payable to the Registrar of Companies (the R of C) under the Ordinance.

BACKGROUND AND ARGUMENT

3. The Companies Registry (CR) was established as a trading fund department on 1 August 1993 with the objectives of providing efficient and effective government services while meeting its expenses and financing liabilities out of its income and achieving a reasonable return as determined by the Financial Secretary. One of the CR's major functions is to provide the public with search facilities regarding corporate information held by the department. Sections 305(1), 158C(2) and 333C(2) of the Ordinance provide for the inspection of documents and indices kept by the CR on payment of the fee required. The fees chargeable for the search services are prescribed in the Eighth Schedule to the Ordinance.

Database Expansion

4. At present, corporate information in documents submitted to and microfilmed by the CR can be accessed by the public through the purchase of a microfiche(s) containing the relevant microfilmed documents. However, the search by microfiche is labour intensive and time consuming. Given that one of the CR's aims is to continually improve the level and quality of search services through the use of computer systems, it has embarked on a database expansion project since 1996 with the objectives of -

- (a) increasing the key corporate information available for computer search by the public at the CR; and
- (b) providing a more efficient means for the public to obtain key company particulars from the CR.

5. With the completion of the database expansion exercise, additional information such as the registered office address, share capital structure and particulars of directors and secretaries for all registered companies is now recorded and kept up-to-date in the expanded computerized database. As a result, certain essential corporate particulars are being reorganized and re-classified to facilitate more efficient searches by the public. New search services will be introduced and some existing computer search functions will be re-classified into new search items to meet public needs.

6. Consequently, the R of C proposes to restructure some fee items in the Eighth Schedule to the Ordinance to cater for the new search services to be provided. The charging mechanism used to determine the proposed fee items is based on the existing levels for fees chargeable for similar search services in the CR. The R of C proposes that new search fees shall come into effect on 31 March 2000.

COSTING INFORMATION

7. The fees proposed are intended to cover the cost of maintaining the expanded database. The annual cost to be recovered at the 1999-2000 price level for maintaining the database is estimated at \$20.8 million. This consists mainly of the staff cost of the team responsible for updating the database, the amortization of the initial investment and the cost of capital.

EFFICIENCY INITIATIVES

8. Currently, the search process for corporate information by microfiche(s) requires customers to go through a number of steps before they can obtain the necessary data.

9. The proposed new and re-classified computerized search functions following the database expansion will enable the public to obtain the latest key corporate information instantly from a database which is continually updated by the CR's staff. Customers will be able to save considerable time by using the proposed computerized search facilities.

THE ORDER

10. The Order at **Annex A** involves four fee items, detailed as follows –

Supplying information on a company's particulars

Section 2(a) of the Order (i.e. new fee item (c)(ia))

This item is proposed for a new search function which provides the core information on a company consolidated from the database kept by the R of C. A fee of \$22 is proposed.

Expanded services in relation to the directors' index consequent on the bringing into effect of sections 158C(2) and 333C(2) of the Ordinance

Section 2(b) of the Order

Existing fee items (k) (for making a single search at \$11 of the index of directors) and (l) (for issuing at \$22 a print out of index of directors, showing all directorships held by a single person in companies incorporated in Hong Kong or registered under Part XI of the Ordinance) will be repealed and substituted by three proposed items (k)(i), (k)(ii) and (k)(iii).

The proposed fee item (k)(i) will be charged at a rate of \$11. The information available for search will be expanded from only listed companies to all companies.

The proposed fee item (k)(ii) will be charged at a rate of \$11. It provides a search function on the personal particulars of a single director of any one company – listed or non-listed – kept on the CR's register.

The proposed fee item (k)(iii) will be charged at a rate of \$22. This item concerns the provision of information on all directorships held by a director of any companies identified from the directors' index. Proposed item (k)(iii) will be an improved service over the service under the current item (l) because the information will be extracted from a database that is being continually updated and the data available for search will be expanded from only directors of listed companies to directors of all companies.

PUBLIC CONSULTATION

11. The CR Customer Liaison Group which comprises representatives of the relevant professional bodies and some principal customers are fully aware of the database expansion project and support the expanded search services.

BASIC LAW IMPLICATIONS

12. The Department of Justice advises that the proposed Order is consistent with the Basic Law.

HUMAN RIGHTS IMPLICATIONS

13. The Department of Justice advises that the proposed Order has no human rights implications.

BINDING EFFECT

14. The Order will not affect the current binding effect of the Ordinance.

FINANCIAL AND STAFFING IMPLICATIONS

15. It is anticipated that these proposals will generate in a full year additional revenue of \$20.8 million for the CR which will be used to meet the cost of maintaining the expanded database. As the scope of work for the existing team of staff responsible for the database project will not be changed, there are no staffing implications.

ECONOMIC IMPLICATIONS

16. The proposals, if implemented, should not have any adverse impact on the cost of doing business generally since there is no increase in the existing fee levels. Customers will continue to be given the choice of conducting a search by microfiche or by using the computerized search services.

PUBLICITY

17. A press release will be issued today. A spokesperson in the CR will be available to handle media enquiries. The CR will make necessary arrangements to notify the relevant professional bodies whose members are the core customers of the search service of the fee items under this proposal.

SUBJECT OFFICER

18. Mr Raymond WU, Assistant Secretary for Financial Services (Tel: 2527 3102).

COMPANIES ORDINANCE (AMENDMENT OF EIGHTH SCHEDULE)

ORDER 2000

(Made under section 360 (3A) of the
Companies Ordinance (Cap. 32))

1. Commencement

This Order shall come into operation on 31 March 2000.

**2. Table of Fees to be paid to
the Registrar of Companies**

Part V of the Eighth Schedule to the Companies Ordinance (Cap. 32) is amended -

(a) in paragraph (c), by adding -

“(iia) by virtue of section 305(1), any document kept by the
Registrar containing particulars relating to one company,
for each inspection..... \$22”;

(b) by repealing paragraphs (k) and (1) and substituting -

“(k) for inspecting, by virtue of section 158C(2) or 333C(2),
the index of directors kept by the Registrar -

(i) for each search of the list of directors of a
Company\$11

- (ii) for each search of the personal particulars of a director in a company..... \$11
- (iii) for each search showing all the directorships in companies incorporated in Hong Kong or registered under Part XI of the Ordinance held by a single person..... \$22”.

Secretary for the Treasury

17 January 2000

Explanatory Note

This Order amends the items of fee payable to the Registrar of Companies under the Companies Ordinance (Cap. 32) to provide for -

- (a) a new fee item charged for inspecting a document containing particulars of a company (section 2 (a)); and

- (b) the fees payable consequent on the bringing into effect of sections 158C(2) and 333C(2) of the Ordinance (section 2(b)).