

**香港工業總會**  
**Federation of**  
**Hong Kong Industries**

13 May 2004

Financial Services Branch  
Financial Services and the Treasury Bureau  
Government Secretariat  
15/F, Admiralty Centre, Tower 1  
18 Harcourt Road  
Hong Kong

(Attention: Ms Shirley Lam)

Dear Ms Lam,

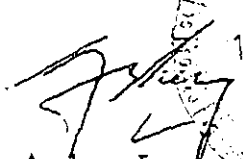
**Consultation on Statutory Derivative Action  
in the Companies (Amendment) Bill 2003**

①  
Thank you for your letter of 22 April 2004 inviting our views on the above subject.

We have carefully reviewed the consultation paper and found the Government's proposals on statutory derivative action (SDA) in order. It is our view that by keeping in line with international practice, the proposals have managed to strike a right balance between the interests of minority shareholders and those of a company. Moreover, the proposed mechanism for avoiding abuse of the process by way of a leave application is considered by us as sensible and essential to the proper functioning of the system.

To conclude, we support the Government's proposed amendments to the Bill as laid down in the present form in the consultation paper, and trust that the introduction of SDA will help improve Hong Kong's corporate governance.

Yours sincerely,

  
Andrew Leung  
Chairman

