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C2/1/57(04) Pt.6  
CB1/BC/18/02

18 May 2004

Ms Katie Yip  
Secretary  
The Hong Kong Association of Banks  
Room 525  
Prince's Building  
Central  
Hong Kong

Dear Ms Yip,

**Bills Committee on  
Companies (Amendment) Bill 2003**

Thank you for your letter of 7 May 2004. We write to respond to the query raised in your letter.

Let me clarify our policy intent. A non-Hong Kong company which is registered under Part XI of the Companies Ordinance is only obliged to register a charge under one of the following situations –

- (a) when it creates a charge on property in Hong Kong;
- (b) when it acquires property in Hong Kong that is subject to charge.

Where a non-Hong Kong company has property outside of Hong Kong over which it creates a charge and then brings that property into Hong Kong, there is no obligation to register such a charge.

We propose to add a new Section 91(2) to clarify the above policy intent. Section 91(1) and 91(2) will read as follows –

“91(1) This Part extends to charges on property in Hong Kong of a non-Hong Kong company registered under Part XI that are created, and to charges on property in Hong Kong that is acquired, by the company.

91(2) Notwithstanding subsection (1), this part does not extend to charges on property in Hong Kong of a non-Hong Kong company registered under Part XI if the relevant property was not in Hong Kong at the time the charge was created by the company, or at the time it was acquired by the company subsequent to the creation of the charge.”

We would be most grateful for your views on our proposed CSAs by 19 May 2004 since we intend to respond to the Bills Committee at its meeting on 20 May 2004. Should you have any queries, please feel free to contact us.

Yours sincerely,

( Shirley Lam )  
for Secretary for Financial Services  
and the Treasury

c.c.

R of C (Attn : Mr G W E Jones & Ms Dorothy Silkstone)  
Clerk to Bills Committee (Attn : Ms Anita Sit)