

立法會
Legislative Council

LC Paper No. CB(1)1856/03-04
(These minutes have been seen
by the Administration)

Ref: CB1/BC/7/03

**Bills Committee on
Airport Authority (Amendment) Bill 2004**

**First meeting on
Friday, 7 May 2004, at 3:30 pm
in Conference Room A of the Legislative Council Building**

- Members present** : Hon SIN Chung-kai (Chairman)
Hon LEE Cheuk-yan
Dr Hon Eric LI Ka-cheung, GBS, JP
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Kam-lam, JP
Hon Howard YOUNG, SBS, JP
Hon Miriam LAU Kin-ye, JP
Hon Ambrose LAU Hon-chuen, GBS, JP
Hon LI Fung-ying, JP
Hon LEUNG Fu-wah, MH, JP
- Member absent** : Hon Abraham SHEK Lai-him, JP
- Public Officers
Attending** : Mr Martin GLASS
Deputy Secretary for Financial Services and the Treasury
- Mr Tommy YUEN
Principal Assistant Secretary for Financial Services and the
Treasury
- Mr Wilson FUNG
Deputy Secretary for Economic Development and Labour
- Mr Howard LEE
Principal Assistant Secretary for Economic Development
and Labour

Mr Jonothan ABBOTT
Senior Assistant Law Draftsman
Department of Justice

Mr Sunny CHAN
Senior Government Counsel
Department of Justice

Attendance by invitation : UBS Investment Bank

Mr Raja PARTHASARATHY
Director

Mr Elmahdi TAHRI
Global Transport Team

Mr Glenn FOK
Managing Director, Investment Banking
— Hong Kong

Clerk in attendance : Mr Andy LAU
Chief Council Secretary (1)2

Staff in attendance : Ms Kitty CHENG
Assistant Legal Adviser 5

Ms Connie SZETO
Senior Council Secretary (1)4

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I Election of Chairman

Members noted that Mr James TIEN had resigned from the Bills Committee.

2. Mr LEE Cheuk-yan, the member who had the highest precedence among members of the Bills Committee presided over the election of Chairman of the Bills Committee.

3. Proposed by Mr Howard YOUNG and seconded by Mr Fred LI, Mr SIN Chung-kai was elected Chairman of the Bills Committee. Mr SIN then took over the chair.

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II Meeting with the Administration

(File ref: FIN CR4/2/951/00

- The Legislative Council Brief issued by the Financial Services and the Treasury Bureau in March 2004
- LC Paper No. LS61/03-04 -- The Legal Service Division Reports
- LC Paper No. CB(1)1017/03-04(05) -- Information paper for the Economic Services Panel meeting held on 23 February 2004
- LC Paper No. CB(1)1154/03-04(01) -- Information paper for the Economic Services Panel meeting held on 2 March 2004
- LC Paper No. CB(1)1321/03-04 -- Minutes of the Panel meeting on 23 February 2004
- LC Paper No. CB(1)1685/03-04 -- Minutes of the Panel meeting on 2 March 2004
- LC Paper No. CB(1)1693/03-04 -- A background brief on the Bill
- LC Paper No. CB(1)1694/03-04(01) -- Letter dated 27 April 2004 from Assistant Legal Adviser to the Administration
- LC Paper No. CB(1)1694/03-04(02) -- The Administration's reply dated 5 May 2004 to the Assistant Legal Adviser)

4. The Bills Committee deliberated (index of proceedings attached at **Annex A**).

Invitation for public views

5. Members considered it not necessary to invite public views on the Bill.

Clause-by-clause examination of the Bill

6. Members went through the clauses and completed scrutiny of the Bill. The Administration also took members through the draft resolution paragraph by paragraph.

(Post meeting note: The marked-up copy of the Bill was tabled at the meeting and subsequently issued to members vide LC Paper No. CB(1)1761/03-04(01) on 10 May 2004.)

III Any other business

7. Members supported the Bill and agreed to report to the House Committee on 21 May 2004, recommending the resumption of the Second Reading debate on the Bill at

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the Council meeting on 9 June 2004. Members noted that the deadline for giving notice of Committee Stage amendments would be 31 May 2004.

8. There being no other business, the meeting ended at 4:00 pm.

Council Business Division 1
Legislative Council Secretariat
18 May 2004

**Proceedings of the first meeting of the Bills Committee on
Airport Authority (Amendment) Bill 2004
Friday, 7 May 2004, at 3:30 pm
in Conference Room A of the Legislative Council Building**

| Time marker | Speaker | Subject(s) | Action required |
|---|-----------------------------------|---|-----------------|
| <i>Agenda Item I – Election of Chairman</i> | | | |
| 000000 – 000039 | Mr LEE Cheuk yan | Election of Chairman | |
| <i>Agenda Item II – Meeting with the Administration</i> | | | |
| 000040 – 000135 | Chairman | Opening remarks | |
| 000136 – 000515 | Administration | <p data-bbox="603 728 957 788"><u>Briefing on the Bill</u> (File ref : FIN CR4/2/951/00)</p> <p data-bbox="603 824 1157 958">The Bill's objects were to provide for a mechanism for the reduction of Airport Authority (AA)'s capital and the return of AA's equity capital to Government</p> <p data-bbox="603 994 1157 1160">The Administration's intention to move a resolution in the Council for implementing the restructuring of capital and the return of \$6 billion equity capital to Government after passage of the Bill</p> | |
| 000516 – 000840 | Mr CHAN Kam-lam Administration | <p data-bbox="603 1202 1157 1294">The Administration's confirmation that the return of the equity capital would not affect AA's ability to pay dividends to Government</p> <p data-bbox="603 1330 1157 1422">The capital restructuring proposal would bring about a one-off capital revenue to Government</p> | |
| 000841 – 001059 | Ms LI Fung-ying Administration | <p data-bbox="603 1471 1157 1563">Appropriateness of pitching the debt to equity ratio of AA at 1:2 instead of the current of 1:4</p> <p data-bbox="603 1599 1157 1800">The Administration's advice that a 1:2 debt to equity ratio was in line with that adopted by most commercial enterprises. It could help improve the capital structure of AA whilst keeping AA's interest or finance charges at acceptable level</p> <p data-bbox="603 1836 1157 2033">The Administration's emphasis that the capital restructuring proposal would enhance the valuation of AA and prepare for its privatization in future but the proposal would not preempt the arrangements for privatization</p> | |

| Time marker | Speaker | Subject(s) | Action required |
|---|-----------------------------------|--|------------------------|
| 001100 – 001352 | Mr Howard YOUNG Administration | Support for the capital restructuring proposal The Administration's undertaking to brief and consult the Panel on Economic Services on new developments on the privatization proposal | |
| 001353 – 001618 | Mrs Selina CHOW | Support for the capital restructuring proposal Issues relating to the privatization proposal should be discussed in the context of the privatization bill | |
| 001619 – 002114 | Mr LEUNG Fu-wah Administration | Means for AA to raise funds for payment of \$6 billion equity capital to Government Concern over the impact of additional interest or finance charges on AA The Administration's advice that given the current low interest rate environment, AA's financial strength and credit ratings should not be unduly affected by the \$6 billion borrowing | |
| 002115 – 002746 | Chairman Administration | <u>Clause-by-clause examination of the Bill</u> Clause 2(2) - Proposed section 23(6) of the Airport Authority Ordinance (AAO) - The provision provided for the reduction of AA' capital by means of a resolution passed by the Council Clause 2(2) - Proposed section 23(7) of AAO - The provision provided for other ancillary matters to be specified in the resolution, including the capital so reduced be returned to Government and that shares issued by AA to the value of the capital returned be cancelled | |
| <i>Agenda Item III – Any other business</i> | | | |
| 002747 – 002955 | Chairman | Submission of report to House Committee and resumption of Second Reading debate | |