

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1396/17-18  
(These minutes have been seen  
by the Administration)

Ref : CB1/BC/7/17/2

**Bills Committee on Companies (Amendment) Bill 2018**

**Minutes of the second meeting on  
Tuesday, 19 June 2018, at 9:00 am  
in Conference Room 1 of the Legislative Council Complex**

**Members present** : Hon Christopher CHEUNG Wah-fung, SBS, JP  
(Chairman)  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon WONG Ting-kwong, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Kenneth LEUNG  
Hon CHUNG Kwok-pan  
Dr Hon Junius HO Kwan-yiu, JP  
Hon CHAN Chun-ying

**Members absent** : Hon James TO Kun-sun  
Hon Starry LEE Wai-king, SBS, JP  
Hon Dennis KWOK Wing-hang

**Public officers attending** : Ms Winnie NG Ching-ching, JP  
Deputy Secretary for Financial Services and the  
Treasury (Financial Services)

Mr TE Chi-wang  
Principal Assistant Secretary for Financial Services and  
the Treasury (Financial Services) 6

Miss Jeanne FUNG Yuen-sin  
Assistant Secretary for Financial Services and the  
Treasury (Financial Services)(6)1

Ms Ada CHUNG Lai-ling, JP  
Registrar of Companies

Mrs Karen HO LAU Kar-kam  
Consultant (Company Law)  
Companies Registry

Ms Ellen CHAN Wai-ling  
Deputy Principal Solicitor (Company Law Reform)  
Companies Registry

Mr Alan CHONG Ka-ning  
Senior Government Counsel  
Department of Justice

**Attendance by : Deputations  
invitation**

The Hong Kong Institute of Chartered Secretaries

Mr FU Yat-hung David  
President

Hong Kong Institute of Certified Public Accountants

Ms NG Christina Yoke-wan  
Director

**Clerk in attendance :** Ms Connie SZETO  
Chief Council Secretary (1)4

**Staff in attendance :** Ms Wendy KAN  
Assistant Legal Adviser 6

Miss Sharon LO  
Senior Council Secretary (1)9

Ms Sharon CHAN  
Legislative Assistant (1)4

Ms Vivian CHAN  
Clerical Assistant (1)4

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**I Meeting with the Administration and deputations**

Meeting with the Administration and deputations

*Submissions from deputations attending the meeting*

(LC Paper No. CB(1)1128/17-18(02) — Submission from Hong Kong Institute of Certified Public Accountants (English version only)

LC Paper No. CB(1)1128/17-18(03) — Submission from The Hong Kong Institute of Chartered Secretaries (English version only)

LC Paper No. CB(1)1139/17-18(02) — Speaking note of Mr FU Yat-hung David, President of The Hong Kong Institute of Chartered Secretaries (Chinese version only)

*Submissions from deputations not attending the meeting*

(LC Paper No. CB(1)1128/17-18(04) — Submission from The Chinese Manufacturers' Association of Hong Kong (Chinese version only)

LC Paper No. CB(1)1128/17-18(05) — Submission from Association of Women Accountants (Hong Kong) Limited (English version only)

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- LC Paper No. CB(1)1128/17-18(06) — Submission from Baker Tilly Hong Kong Limited (English version only)
- LC Paper No. CB(1)1128/17-18(07) — Submission from Edwin Yeung & Company (CPA) Limited (English version only)
- LC Paper No. CB(1)1128/17-18(08) — Submission from Li, Tang, Chen & Co (English version only)
- LC Paper No. CB(1)1128/17-18(09) — Submission from Nexia Charles Mar Fan Limited (English version only)
- LC Paper No. CB(1)1128/17-18(10) — Submission from Patrick Wong C.P.A. Limited (English version only)
- LC Paper No. CB(1)1128/17-18(11) — Submission from The Society of Chinese Accountants & Auditors (English version only)
- LC Paper No. CB(1)1128/17-18(12) — Submission from Ting Ho Kwan & Chan (English version only)
- LC Paper No. CB(1)1139/17-18(01) — Submission from Kenny Tam & Co. Certified Public Accountants (English version only)

The Chairman welcomed representatives of the Administration and deputations to the meeting, and reminded the deputations that their written submissions and views presented at the meeting would not be covered by the protection and immunities provided under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382).

Discussion

2. The Bills Committee received views from two deputations attending the meeting, and noted the 10 written submissions provided by organizations which had not attended the meeting (Index of proceedings attached at **Appendix**).

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## II Clause-by-clause examination of the Bill

(LC Paper No. CB(1)1128/17-18(01) — Letter dated 14 June 2018 from the Legal Service Division to the Administration)

### Other relevant papers

(LC Paper No. CB(3)488/17-18 — The Bill

File Ref: CO/2/2C(2018) — Legislative Council Brief

LC Paper No. LS53/17-18 — Legal Service Division Report

LC Paper No. CB(1)1005/17-18(01) — Marked-up copy of the Companies (Amendment) Bill 2018 prepared by the Legal Service Division (Restricted to members only)

LC Paper No. CB(1)1005/17-18(02) — Background brief prepared by the Legislative Council Secretariat)

### Discussion

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

## III Any other business

### Meeting arrangement

4. The Chairman said that the Bills Committee had completed clause-by-clause examination of the Companies (Amendment) Bill 2018 ("the Bill"). The Administration indicated that it planned to resume the Second Reading debate on the Bill in the 2018-2019 legislative session, and would inform members on the proposed resumption date in due course.

5. The Bills Committee noted that the Administration would provide the following documents for members' consideration after the meeting:

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- (a) Administration's response to the views raised by deputations at the meeting and in their submissions;
- (b) Administration's response to the Legal Service Division's letter dated 14 June 2018; and

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- (c) Administration's draft amendments to the Bill.

*(Post meeting note: The Administration's written responses were issued to members vide LC Paper Nos. CB(1)1351/17-18(01) and (02) on 27 August 2018.)*

6. Noting the Administration's explanation that its proposed amendments to the Bill were textual and technical in nature, Mr Kenneth LEUNG and Mr WONG Ting-kwong suggested that if members did not raise issues for discussion after perusing the Administration's responses and its proposed amendments to the Bill, no further meeting would be held. The Bills Committee agreed.

7. There being no other business, the meeting ended at 10:11 am.

Council Business Division 1  
Legislative Council Secretariat  
14 September 2018

**Proceedings of the second meeting of  
the Bills Committee on Companies (Amendment) Bill 2018  
on Tuesday, 19 June 2018, at 9:00 am  
in Conference Room 1 of the Legislative Council Complex**

Time Marker	Speaker	Subject(s)	Action Required
<b>Agenda item I — Meeting with the Administration and deputations</b>			
<b>Presentation of views by deputations and the Administration's responses</b>			
000418 – 000826	Chairman	Introductory remarks	
000827 – 001313	Chairman The Hong Kong Institute of Chartered Secretaries	Presentation of views [LC Paper No. CB(1)1128/17-18(03)]	
001314 – 001551	Chairman Hong Kong Institute of Certified Public Accountants ("HKICPA")	Presentation of views [LC Paper No. CB(1)1128/17-18(02)]	
001552 – 001910	Chairman Administration	<p>The Administration's initial responses to deputations' views as follows –</p> <p>(a) the views indicated a general support for the Companies (Amendment) Bill 2018 ("the Bill"), in particular the amendments to expand the scope for simplified reporting which would allow more small and medium-sized enterprises to benefit from the reporting exemption (i.e. enabling the enterprises to prepare simplified financial statements and subject enterprises to less stringent requirements in the preparation of auditors' and directors' reports) and reduce their compliance costs;</p> <p>(b) with regard to the request for reviewing the size criteria qualifying for the reporting exemption, the Bill aimed to expand the types of companies falling within the reporting exemption and did not propose amending the size criteria which were developed during the exercise</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>to rewrite the predecessor Companies Ordinance (Cap. 32) ("predecessor CO"); and</p> <p>(c) it was proposed in the Bill that a holding company could provide the names of the directors of all of its subsidiaries in its directors' report, on its website, or by keeping a list at its registered office available for inspection by its members. Such arrangements could strike a balance among enhancing corporate transparency, protecting the interests of members of the companies and reducing compliance costs.</p>	
001911 – 002411	Chairman Mr Kenneth LEUNG Administration HKICPA	<p>In response to Mr LEUNG's enquiry on the requirement for a holding company to disclose the names of the directors of all its subsidiaries, the Administration advised that –</p> <p>(a) currently, the new Companies Ordinance (Cap. 622) ("new CO") required a holding company to list the names of the directors of its subsidiaries in the directors' report; and</p> <p>(b) considering the compliance burden of large corporate groups, the Bill proposed alternatives for a holding company to comply with the disclosure requirement by allowing it to provide such information in its website, or to keep a list at its registered office.</p> <p>In reply to Mr LEUNG, Ms Ng of HKICPA confirmed that the proposed Schedule 1 to the new CO already reflected the latest accounting standards prescribed in the Hong Kong Financial Reporting Standards and the Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard as promulgated by HKICPA.</p> <p>The Administration added that there were provisions under the new CO requiring companies to prepare their financial statements in accordance with the accounting standards applicable to those statements.</p>	



Time Marker	Speaker	Subject(s)	Action Required
002412 – 002840	Chairman Mr CHAN Chun-ying Administration	<p>Mr CHAN's enquiry as follows –</p> <p>(a) whether the Administration would consider standardizing the manner for a holding company to list the names of the directors of its subsidiaries; and</p> <p>(b) the Administration's plan to review the size criteria for the reporting exemption and the relevant timetable.</p> <p>The Administration responded that –</p> <p>(a) the new CO only required holding companies to list the names of the directors of their subsidiaries;</p> <p>(b) the proposed amendments in the Bill had already taken into account the views and technical issues raised by stakeholders since commencement of the new CO; and</p> <p>(c) the Administration would keep the implementation of the new CO, including the size criteria, under review on an on-going basis.</p>	
<b>Agenda item II — Clause-by-clause examination of the Bill</b>			
002841 – 003948	Chairman Administration Mr Kenneth LEUNG Assistant Legal Adviser 6 ("ALA6")	<p><b>Companies (Amendment) Bill 2018</b></p> <p><b>Part 1</b></p> <p><b>Preliminary</b></p> <p><u>Clause 1 – Short title and commencement</u></p> <p><b>Part 2</b></p> <p><b>Amendments to Companies Ordinance</b></p> <p><u>Clause 2 – Companies Ordinance amended</u></p> <p><u>Clause 3 – Section 2 amended (interpretation)</u></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p><u>Clause 4 – Section 5 amended (dormant company)</u></p> <p><u>Clause 5 – Part 1, Division 4 heading amended (interpretation of this Ordinance: holding company and subsidiary, and parent undertaking and subsidiary undertaking)</u></p> <p><u>Clause 6 – Section 16 repealed (parent undertaking and subsidiary undertaking)</u></p> <p><u>Clause 7 – Section 76 amended (language of articles)</u></p> <p><u>Clause 8 – Section 81 substituted</u></p> <p><i>81. Company name</i></p> <p><u>Clause 9 – Section 88 amended (alteration by special resolution or ordinary resolution)</u></p> <p><u>Clause 10 – Section 124 amended (company may have common seal etc.)</u></p> <p><u>Clause 11 – Section 142 amended (return of allotment)</u></p> <p><u>Clause 12 – Section 171 amended (notice of alteration of share capital)</u></p> <p><u>Clause 13 – Section 173 amended (notice of redenomination)</u></p> <p><u>Clause 14 – Section 175 amended (notice of reconversion)</u></p> <p><u>Clause 15 – Section 180 amended (varying class rights)</u></p> <p><u>Clause 16 – Section 182 amended (disallowance or confirmation of variation by Court)</u></p> <p><u>Clause 17 – Section 184 amended (notifying Registrar of variation)</u></p> <p><u>Clause 18 – Section 188 amended (varying class rights)</u></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p><u>Clause 19 – Section 190 amended (disallowance or confirmation of variation by Court)</u></p> <p><u>Clause 20 – Section 201 amended (statement of capital)</u></p> <p><u>Clause 21 – Section 224 amended (registration of return if no application to Court)</u></p> <p><u>Clause 22 – Section 225 amended (registration of return if application to Court)</u></p> <p><u>Clause 23 – Section 227 amended (creditors entitled to object to reduction of share capital)</u></p> <p><u>Clause 24 – Section 230 amended (registration of order, minute and return)</u></p> <p><u>Clause 25 – Section 232 amended (liability to creditors omitted from list of creditors)</u></p> <p><u>Clause 26 – Section 270 amended (return of share redemption or buy-back)</u></p> <p><u>Clause 27 – Section 275 amended (prohibition on financial assistance for acquisition of shares or for reducing or discharging liability for acquisition)</u></p> <p><u>Clause 28 – Section 316 amended (return of allotment)</u></p> <p><u>Clause 29 – Section 337 amended (consequences of contravention of section 335 or 336)</u></p> <p><u>Clause 30 – Section 351 amended (obligation to keep copies of instruments creating charges)</u></p> <p><u>Clause 31 – Section 356 amended (Financial Secretary may make regulations for purposes of this Division)</u></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p><u>Clause 32 – Section 357 amended (interpretation)</u></p> <p><u>Clause 33 – Section 359 amended (company falling within reporting exemption)</u></p> <p><u>Clause 34 – Section 360 amended (conditions specified for section 359(1)(c)(iii) and (2)(c)(ii))</u></p> <p><u>Clause 35 – Section 364 amended (group of small private companies)</u></p> <p><u>Clause 36 – Section 365 amended (group of eligible private companies)</u></p> <p><u>Clause 37 – Section 366 amended (group of small guarantee companies)</u></p> <p><u>Clause 38 – Section 366A added</u></p> <p><i>366A. Mixed group</i></p> <p>In response to Mr LEUNG's enquiry, the Administration advised that non-Hong Kong body corporates that carried on any business as specified below could not benefit from the reporting exemption –</p> <p>(a) banking business;</p> <p>(b) business in any regulated activity within the meaning of the Securities and Futures Ordinance (Cap. 571);</p> <p>(c) insurance business otherwise than solely as an agent; and</p> <p>(d) trade or business that accepted loans of money at interest or repayable at a premium.</p> <p>ALA6 explained that the Bill proposed to replace the current three different sets of conditions specified for the purposes of section 359(2)(c)(ii) of the new CO (i.e. the conditions prescribed under the current section 360(2)(a), (b) and (c) of the new CO) with only one set of conditions as set out in</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>the proposed section 360(2)(a) and (b) of the new CO (i.e. clause 34 of the Bill). She advised that members might consider seeking clarification from the Administration on the reason(s) for proposing such a change.</p> <p>The Administration explained that –</p> <p>(a) under the new CO, if a group of companies was not qualified as a group of small private companies because not every company in the group was qualified as a small private company, the holding company might still be eligible for the reporting exemption if members holding at least 75% of the voting rights in each relevant company in the group agreed to adopt simplified reporting and no member objected;</p> <p>(b) it was proposed in the Bill that the adoption of simplified reporting should only require a resolution by members holding at least 75% of the voting rights in the holding company; and</p> <p>(c) clause 34 of the Bill proposed to amend section 360(2) to reflect the above changes.</p>	
003949 – 004724	Chairman Administration Mr Kenneth LEUNG	<p><u>Clause 39 – Section 367 amended (financial year)</u></p> <p><u>Clause 40 – Section 368 amended (accounting reference period)</u></p> <p><u>Clause 41 – Section 369 amended (primary accounting reference date)</u></p> <p><u>Clause 42 – Section 379 amended (directors must prepare financial statements)</u></p> <p><u>Clause 43 – Section 380 amended (general requirements for financial statements)</u></p> <p><u>Clause 44 – Section 383 amended (notes to financial statements to contain information on directors' emoluments etc.)</u></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p><u>Clause 45 – Section 385 amended (place where register mentioned in section 384 must be kept)</u></p> <p><u>Clause 46 – Section 388 amended (directors must prepare directors' report)</u></p> <p><u>Clause 47 – Section 390 amended (contents of directors' report: general)</u></p> <p><u>Clause 48 – Section 407 amended (auditor's opinion on other matters)</u></p> <p><u>Clause 49 – Section 412 amended (rights in relation to information)</u></p> <p><u>Clause 50 – Section 415 amended (avoidance of provisions protecting auditor from liability)</u></p> <p><u>Clause 51 – Section 432 amended (exception to section 430)</u></p> <p><u>Clause 52 – Section 436 amended (requirement in connection with publication of financial statements etc.)</u></p> <p><u>Clause 53 – Section 450 amended (Financial Secretary may make regulation regarding revision of financial statements etc.)</u></p> <p><u>Clause 54 – Section 452 amended (Financial Secretary may make other regulations)</u></p> <p><u>Clause 55 – Section 481 amended (minutes of directors' meetings)</u></p> <p><u>Clause 56 – Section 482 amended (minutes as evidence)</u></p> <p><u>Clause 57 – Section 517 amended (payment for loss of office)</u></p> <p><u>Clause 58 – Section 525 amended (exception for small payment)</u></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p><u>Clause 59 – Section 555 amended (company's duty to notify auditor of proposed written resolution)</u></p> <p><u>Clause 60 – Section 559 amended (company's duty to notify members and auditor that written resolution has been passed)</u></p> <p><u>Clause 61 – Section 575 amended (duty to give notice of general meeting to auditor)</u></p> <p><u>Clause 62 – Section 588 amended (general rules on votes)</u></p> <p><u>Clause 63 – Section 610 amended (requirement to hold annual general meeting)</u></p> <p><u>Clause 64 – Section 619 amended (place where records must be kept)</u></p> <p><u>Clause 65 – Section 621 amended (records as evidence of resolutions etc.)</u></p> <p><u>Clause 66 – Section 622 amended (registration of and requirements relating to certain resolutions, etc.)</u></p> <p><u>Clause 67 – Section 650 amended (particulars of company secretaries to be registered)</u></p> <p><u>Clause 68 – Section 659 amended (requirement to disclose company name, etc.)</u></p> <p><u>Clause 69 – Section 678 amended (interpretation)</u></p> <p><u>Clause 70 – Section 681 amended (horizontal amalgamation)</u></p> <p><u>Clause 71 – Section 700 amended (offeror may be required to buy out minority shareholders)</u></p> <p>In response to Mr LEUNG's enquiry, the Administration advised that two or more subsidiaries of a company might amalgamate (i.e. horizontal amalgamation) through the</p>	

Time Marker	Speaker	Subject(s)	Action Required
		court-free procedure so long as the merging companies were Hong Kong companies.	
004725 – 005034	Chairman Administration Mr Kenneth LEUNG	<p><u>Clause 72 – Section 761 amended (conditions for granting application)</u></p> <p><u>Clause 73 – Section 773 amended (effect of restoration on bona vacantia property or right)</u></p> <p><u>Clause 74 – Section 774 amended (interpretation)</u></p> <p><u>Clause 75 – Section 776 amended (certain non-Hong Kong companies must apply for registration)</u></p> <p><u>Clause 76 – Section 777 amended (registration of non-Hong Kong company)</u></p> <p><u>Clause 77 – Section 778 amended (company must notify Registrar of addition, change or cessation of name or translation of name)</u></p> <p>Mr LEUNG sought clarification on the difference between "Roman script" and "Latin alphabet".</p> <p>The Administration explained that there were views that "Roman script" referred to a word and might not include a character. In order to better reflect the policy intent, it was proposed in the Bill to require the name of a non-Hong Kong company to be in characters of the "Latin alphabet" instead of being in "Roman script" (i.e. clauses 75, 76 and 77 of the Bill).</p>	
005035 – 005548	Chairman Administration ALA6	<p><u>Clause 78 – Section 789 amended (company must deliver accounts for registration)</u></p> <p><u>Clause 79 – Section 792 repealed (non-Hong Kong company must state names, place of incorporation, etc.)</u></p> <p><u>Clause 80 – Section 803 amended (service of process or notice)</u></p>	



Time Marker	Speaker	Subject(s)	Action Required
		<p><u>Clause 81 – Sections 805A and 805B added</u></p> <p>805A. <i>Requirement to disclose non-Hong Kong company's name etc.</i></p> <p>805B. <i>Criminal consequences of failure to make required disclosures</i></p> <p><u>Clause 82 – Section 810 amended (Registrar must not register without resolution declaring amount of guarantee)</u></p> <p><u>Clause 83 – Section 837 amended (member or debenture holder may require hard copy)</u></p> <p><u>Clause 84 – Section 877 amended (magistrate's warrants)</u></p> <p><u>Clause 85 – Schedule 1 amended (parent undertakings and subsidiary undertakings)</u></p> <p><u>Clause 86 – Schedule 3 amended (specified qualifying conditions for sections 361 to 366)</u></p> <p><u>Clause 87 – Schedule 4 amended (accounting disclosures)</u></p> <p><u>Clause 88 – Schedule 5 amended (contents of directors' report: business review)</u></p> <p><u>Clause 89 – Schedule 7 amended (offences in respect of which proceedings not instituted under certain conditions)</u></p> <p><b>Part 3</b></p> <p><b>Amendments to Companies (Disclosure of Company Name and Liability Status) Regulation</b></p> <p><u>Clause 90 – Companies (Disclosure of Company Name and Liability Status) Regulation amended</u></p> <p><u>Clause 91 – Section 2 amended (interpretation)</u></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>ALA6 explained that –</p> <p>(a) clause 91 of the Bill proposed to amend the definition of "registered name" under section 2(1) of the Companies (Disclosure of Company Name and Liability Status) Regulation (Cap. 622B) ("the Regulation") so as to allow a company which had both an English name and a Chinese name, to display at places (e.g. its registered office) and to state in its website and documents (e.g. its business letters), only its English name or Chinese name in accordance with sections 3 and 4 of the Regulation; and</p> <p>(b) clause 8 of the Bill, on the other hand, proposed to amend section 81 of the new CO to the effect that if a company had both an English name and a Chinese name, its articles of association must state both the English name and the Chinese name.</p> <p>ALA6 advised that members might consider seeking clarification from the Administration on the reason(s) for providing different requirements regarding company names.</p> <p>The Administration advised that –</p> <p>(a) the policy intent of the amendments was to enable a company to use either its English or Chinese name for purposes other than in its articles of association, e.g. the company's common seal, its business cards and stationaries, etc.; and</p> <p>(b) if a company had both English and Chinese names, its articles of association must state both names as the articles were an important document for the company concerned.</p> <p><u>Clause 92 – Section 4A added</u></p> <p>4A. <i>Display of English and Chinese names registered for limited company</i></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>In response to ALA6's enquiry, the Administration said that the proposed new section 4A of the Regulation should apply to a company instead of a limited company as presently drafted. The Administration would propose amendment to rectify the matter.</p> <p><u>Clause 93 – Section 7 amended (offences)</u></p>	
005549 – 010014	Chairman Administration Mr Kenneth LEUNG	<p><b>Part 4</b></p> <p><b>Amendment to Companies (Accounting Standards (Prescribed Body)) Regulation</b></p> <p><u>Clause 94 – Companies (Accounting Standards (Prescribed Body)) Regulation amended</u></p> <p><u>Clause 95 – Section 2 amended (prescribed body)</u></p> <p><b>Part 5</b></p> <p><b>Amendments to Companies (Directors' Report) Regulation</b></p> <p><u>Clause 96 – Companies (Directors' Report) Regulation amended</u></p> <p><u>Clause 97 – Section 2 amended (interpretation)</u></p> <p><u>Clause 98 – Section 3 amended (directors' interests)</u></p> <p><b>Part 6</b></p> <p><b>Amendments to Companies (Summary Financial Reports) Regulation</b></p> <p><u>Clause 99 – Companies (Summary Financial Reports) Regulation amended</u></p> <p><u>Clause 100 – Section 2 amended (interpretation)</u></p> <p><u>Clause 101 – Section 3 amended (form and contents of summary financial report: general)</u></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p><b>Part 7</b></p> <p><b>Amendments to Companies (Revision of Financial Statements and Reports) Regulation</b></p> <p><u>Clause 102 – Companies (Revision of Financial Statements and Reports) Regulation amended</u></p> <p><u>Clause 103 – Section 2 amended (interpretation)</u></p> <p><u>Clause 104 – Section 19 amended (rights of person preparing auditor's report on revised financial statements)</u></p> <p><u>Clause 105 – Section 20 amended (offences relating to section 19)</u></p> <p>Mr LEUNG sought details regarding clause 105 of the Bill. The Administration explained that –</p> <p>(a) at present, the penalty level for an offence relating to revised financial statements and reports (i.e. maximum period of imprisonment for 12 months) was lower than the corresponding offence relating to the original financial statements and reports (i.e. maximum period of imprisonment for 2 years);</p> <p>(b) during the scrutiny of the subsidiary legislation made under the new CO, the then Subcommittee concerned requested the Administration to review and remove the inconsistency in the penalty levels relating to financial statements and reports in the next legislative exercise;</p> <p>(c) clause 105 of the Bill sought to align the penalty levels for the relevant offences in (a) above to a maximum period of imprisonment for 2 years; and</p> <p>(d) there was no prosecution relating to the revised financial statements and reports since commencement of the new CO.</p>	

Time Marker	Speaker	Subject(s)	Action Required
010015 – 010152	Chairman Administration	<p><b>Part 8</b></p> <p><b>Amendments to Companies (Disclosure of Information about Benefits of Directors) Regulation</b></p> <p><u>Clause 106 – Companies (Disclosure of Information about Benefits of Directors) Regulation amended</u></p> <p><u>Clause 107 – Section 2 amended (interpretation)</u></p> <p><b>Part 9</b></p> <p><b>Amendments to Companies (Model Articles) Notice</b></p> <p><u>Clause 108 – Companies (Model Articles) Notice amended</u></p> <p><u>Clause 109 – Schedule 1 amended (model articles for public companies limited by shares)</u></p> <p><u>Clause 110 – Schedule 2 amended (model articles for private companies limited by shares)</u></p> <p><b>Part 10</b></p> <p><b>Amendments to Companies (Non-Hong Kong Companies) Regulation</b></p> <p><u>Clause 111 – Companies (Non-Hong Kong Companies) Regulation amended</u></p> <p><u>Clause 112 – Section 3 amended (particulars to be contained in application for registration)</u></p> <p><u>Clause 113 – Section 5 amended (company may include certified translation of domestic name: application for registration)</u></p> <p><u>Clause 114 – Section 6 amended (company may include certified translation of domestic name: change of domestic name)</u></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>Clause 115 – Section 9 amended <u>(particulars to be contained in annual return)</u></p> <p><b>Other proposed amendments</b></p> <p>The Administration remarked that it would propose technical amendments to clauses 34, 37 and 86 of the Bill.</p>	
010153 – 010906	Chairman Administration Mr Kenneth LEUNG	<p>The Chairman's enquiry as follows –</p> <p>(a) the reason(s) for proposing amendments to sections 5 and 224 of the new CO (i.e. clauses 4 and 21 of the Bill); and</p> <p>(b) the reason(s) for allowing a holding company to provide the names of the directors of all of its subsidiaries by only keeping a list at the holding company's registered office. Such an arrangement did not facilitate the access to the information by members of the public.</p> <p>The Administration advised that –</p> <p>(a) section 5(4) of the new CO made reference to section 344A of the predecessor CO which provided that a private company might pass a resolution to declare itself a dormant company; hence such a company was deemed to be a dormant company by section 344A of CO. The proposed amendment in section 5(4) of the new CO served to better reflect the meaning of section 344A of the predecessor CO;</p> <p>(b) the Chinese text of section 224(2)(c) of the new CO was amended to better reflect the meaning of the phrase "as at the time immediately after" in the English text; and</p> <p>(c) information on all companies, including the names of the directors of a holding company and all of its subsidiaries, was available on the Companies Register and accessible by members of the public.</p>	

<b>Time Marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
		In reply to Mr LEUNG, the Administration said that it had no plan to introduce further amendments to the new CO in the near future.	
<b>Agenda item III — Any other business</b>			
010907 – 011308	Chairman Mr Kenneth LEUNG Mr WONG Ting-kwong Administration	Meeting arrangement and concluding remarks	

Council Business Division 1  
Legislative Council Secretariat  
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