



消費者委員會 CONSUMER COUNCIL

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PLEASE YOUR REF. CB1/BC/12/00  
PLEASE OUR REF. CC 1/108

7 September 2001

Clerk to Bills Committee on Companies (Corporate Rescue) Bill  
Legislative Council Secretariat  
3<sup>rd</sup> Floor, Citibank Tower  
3 Garden Road  
Central  
Hong Kong

Dear Sir,

**Companies (Corporate Rescue) Bill**

We refer to your letter dated 13<sup>th</sup> July 2001 and write to give our views on the Bill in the following.

We re-iterate our support in principle to the introduction of attempts to rescue companies in financial difficulty by means of provisional supervision by qualified persons, and also our concerns with incidental matters as set out in our previous submission to you (copy of letter dated 14<sup>th</sup> April 2000 is enclosed for your easy reference).

We would stress the vulnerable position of consumers in dealing with companies subject to rescue, either because they are not aware of the fact of attempted rescue or they do not fully appreciate the nature of provisional supervision. This could affect their decision as to whether to proceed in a transaction with the companies concerned (such as buying prepaid coupons). It is therefore important for the operations of corporate rescue to be widely publicized and for adequate warning to be incorporated into notices of provisional supervision to be published. Moreover, it may be necessary to protect unwary consumers by prohibiting issue of prepaid coupons during moratorium. Alternatively, payment towards prepaid coupons or other prepayments by consumers should be made payable into client's accounts separate from the working capital used for financing the operations of the relevant companies. We believe that the setting up of trust accounts will prove a commendable measure in the unfortunate event of winding up since dealing with large number of consumers as petty creditors can then be avoided.

消費者委員會



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來函編號 YOUR REF. CB1/BC/6/99  
 本函編號 OUR REF. CC 1/108

14 April 2000

Clerk to Bills Committee  
 Legislative Council  
 Legislative Council Building  
 8 Jackson Road  
 Central  
 Hong Kong

Dear Madam,

**Companies (Amendment) Bill 2000**

We refer to your letter dated 7<sup>th</sup> March 2000.

We would pledge our support in principle to the introduction of provisional supervision as it will be in consumers' interest for corporations to remain in business where it is profitable to do so. We also support the imposition of civil liabilities on directors and senior management of corporations responsible for insolvent trading. We consider it is conducive to proper conduct of businesses.

We are concerned with the vulnerable position of consumers with outstanding prepaid coupons purchased from corporations in financial crisis. Corporations might issue coupons to raise funds to ease financial crisis but eventually cannot avoid liquidation in which case the coupon holders become unsecured creditors ranking lowest in priority of repayment. We would therefore propose that some statutory safeguards be provided for consumers who purchase prepaid coupons from or make other prepayments to corporations. For instance, prepayments can be made strictly clients' money and the relevant money paid during provisional supervision may be put into a trust account to be refundable to consumers if the corporate rescue fails. In this connection, we note the priority proposed to be given to funds provided as operating capital during moratorium set out in section 168ZP of the Bill.

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