

5 April 2000

Ms. Leung Siu-kum
Clerk to Bills Committee
Legislative Council Secretariat
Hong Kong Special Administrative Region
of the People's Republic of China
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Madam,

Bills Committee on Companies (Amendment) Bill 2000

We refer to your letter of 7 March 2000.

We note that one of the major amendments in the Companies (Amendment) Bill 2000 is the addition of a new Part IVB setting out the procedures which would enable a company in financial difficulty to be put into the hands of a provisional supervisor for the purpose of the provisional supervisor preparing a proposal to creditors of the company for voluntary arrangements in respect of the company. Whilst the company is under the control of the provisional supervisor, proceedings against the company may be stayed, e.g. applications for winding-up the company or for enforcing security over the company's properties.

We are in support of the amendments on corporate rescue as they provide a mechanism whereby arrangements could be made to assist business to survive, in whole or in part, as a going concern than simply for it to be wound-up. We note that these provisions are not applicable to exchange companies and clearing houses. Now that Hong Kong Exchanges and Clearing Limited (HKEx) has been recognised as the recognised exchange controller of the Exchanges and clearing houses under the Exchanges & Clearing Houses (Merger) Ordinance, we think it may be appropriate to add HKEx or a recognised exchange controller to the list of companies to which the corporate rescue procedures would not apply (Section 168V).

If you wish to discuss this matter further with us, please do not hesitate to let us know.

Yours faithfully,
For and on behalf of
Hong Kong Exchanges and Clearing Ltd.

Mary Kao
Chief Executive Office