

Fax: 2869 6794

7 November 2001

Clerk to Bills Committee
Bills Committee on Companies
(Corporate Rescue) Bill
Legislative Council
8 Jackson Road
Central, Hong Kong

Attn: Rosalind MA

Dear Rosalind,

Bills Committee on Companies (Corporate Rescue) Bill
Follow-up to meeting on 22 October 2001

Thank you for your letter of 23 October 2001, extending an invitation for further views to be submitted on the trust account arrangement concerning debts and liabilities owing by virtue of the Employment Ordinance. On this, the Consumer Council does not have any views to offer.

We would, however, like to take up a point raised by Ms. Susie HO at the meeting. Ms. HO said that the Bill does not intend to prohibit issue of pre-paid coupon during the moratorium period. It would be up to the provisional supervisor to decide and the provisional supervisor would be held responsible for his/her decision. At the same meeting, we heard representations made against holding the provisional supervisor liable for his/her acts.

If such views were accepted, practically no safeguard will be afforded to the unwary consumer public. Under Section 1 of Part 4 Schedule 4 of the Bill, the provisional supervisor will be indemnified out of the property of the company unless in the case of misconduct or negligence. It is hard to envisage the issue of pre-paid coupon amounting to misconduct or negligence so a provisional supervisor may easily resort to such issue without misgiving. This is especially so since issuing pre-paid coupons to raise funds from consumers is a form of unsecured credit much more accessible than obtaining loans from financial institutions.

We urge honourable members of the bills committee to take into account the vulnerable position of consumers and to prohibit companies under rescue to issue pre-paid coupons if corresponding safeguards such as trust accounts are not extended to protect consumers.

Thank you for your kind attention,

Yours sincerely,

Mrs. CHAN WONG Shui
Chief Executive

c.c. Ms. Susie HO - FSB (Fax: 2528 3345)