



## HONG KONG BAR ASSOCIATION

Secretariat: LG2 Floor, High Court, 38 Queensway, Hong Kong  
DX-180053 Queensway 1 E-mail: info@hkba.org Website: www.hkba.org  
Telephone: 2869 0210 Fax: 2869 0189

7 October 2015

Ms. Annette Lam  
Clerk to Bills Committee  
Bills Committee on Bankruptcy (Amendment) Bill 2015  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong.

Dear Ms. Lam,

### **Bills Committee on Bankruptcy (Amendment) Bill 2015 Administration's response to the Submission from Hong Kong Bar Association**

I refer to your letter of 6 October 2015.

Please find herewith the Further Comments of the Hong Kong Bar Association dated 7 October 2015 on the Financial Services and the Treasury Bureau's Response on the Bankruptcy (Amendment) Bill for the consideration of the Bills Committee.

Yours sincerely,

Paul Lam SC  
Vice Chairman

cc.

- The Hon. CHAN Kam-lam, SBS, JP (Chairman)
- The Hon. Dennis Kwok, Legislative Councillor (Legal)  
(Rm 813 Legislative Council Complex, 1 Legislative Council Road, Central, HK).
- Mr. Paul Wong, Financial Services and the Treasury Bureau  
(15/F Queensway Government Offices, Hong Kong).

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**HONG KONG BAR ASSOCIATION'S COMMENTS ON  
FSTB'S RESPONSE ON THE  
BANKRUPTCY (AMENDMENT) BILL 2015  
(RE REPLACEMENT OF THE ABSCONDEE REGIME)**

1. The Bar has submitted its comments on the Bankruptcy (Amendment) Bill 2015 (“the Bill”) in its paper dated 1 September 2015.
2. Recently, the Financial Services and the Treasury Bureau (“FSTB”) provided its response (“FSTB’s response”) to the Bar for comments.
3. The Bar has considered FSTB’s response and now makes the following submissions by following the sequence of the points set out in FSTB’s response.
4. Re Point 1, FSTB acknowledges that a bankrupt’s “physical presence” (as opposed to attendance via video conferencing, etc) at the initial interview is required. However, this has not been clearly addressed in the provisions of the Bill. FSTB’s response fails to explain why a proper definition of the phrase “initial interview” should not be set out in the Bill. The Bar repeats paragraph 7(1) of its paper.
5. Re Point 2, the Bar’s concern is whether a bankrupt’s failure to attend any other interview session (adjourned from the initial interview) will be caught under s.30AB(1)(b). FSTB agrees that “the bankrupt could dispute or be confused whether a subsequent meeting is a continual session of the initial interview or actually a separate meeting”; however, it goes on to say that the new

proposal is “a balancing act” without addressing how such a dispute or confusion (already recognised by FSTB in its response) could be alleviated. The Bar repeats paragraph 7(2) of its paper.

6. Re Point 3, the issue raised by the Bar is that given the serious consequences which may flow from a bankrupt’s failure to attend the initial interview, there should be clear provisions setting out how and when the notice of the interview should be served on the bankrupt. FSTB’s response is that there is flexibility under the new proposal when it comes to how the initial interview should be fixed. Nonetheless, in the absence of any requirements in the Bill as to how and in what manner the notice should be served, it would be difficult for the Court to assess whether the trustee in bankruptcy (“TIB”) has taken proper steps to bring the details of the initial interview to the attention of the bankrupt (given that an abscondee will always say “I got nothing!”). FSTB’s response fails to address this issue. The Bar repeats paragraph 8 of its paper.
  
7. Re Point 4, the Bar notes that under the new regime, the Court would apparently only make non-commencement orders and there is no clear provision empowering the Court to make any suspension orders<sup>1</sup>. In a situation where there is an inordinate delay in the TIB’s application for a non-commencement order but the Court eventually grants the order sought, there will be substantial prejudice caused to the bankrupt (who did not cause such delay). FSTB’s response is that in such a case, the Court may exercise its discretion in refusing to grant the order. However, it is sometimes not easy for the Court to make such a

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<sup>1</sup> See the Bar’s comments on s.30AC(2(b)) set out in footnote 3 at p.7 of its paper.

decision, particularly if the delay is not wholly attributable to TIB's fault. In the circumstances, if the Court is not merely left with an "all or nothing" choice between granting and not granting a non-commencement order and if it is given the power to specify when the "relevant period" will start to run, this will help minimise the unfairness which may be caused to a bankrupt if the situation mentioned above occurs. The Bar repeats paragraph 9 of its paper.

8. Re Point 5, the Bar queries if the new s.30A(10A) of the Bill is an appropriate transitional arrangement, in view of the likelihood that the present s.30A(10)(a) is held to be unconstitutional by the Court of Final Appeal. The Bar repeats paragraph 10 of its paper.
9. In conclusion, the Bar asks FSTB to reconsider the points raised in its paper dated 1 September 2015 before the Legislative Council Bills Committee resumes its deliberations on the Bill.

**Hong Kong Bar Association**

**Dated: 7 October 2015**