

**Transcript of remarks by SFST at media session after the meeting of
the Task Force on Economic Challenges**

Thursday, January 22, 2009

Following is the transcript of remarks (English portion) by the Secretary for Financial Services and the Treasury, Professor K C Chan, at a media session after the meeting of the Task Force on Economic Challenges at Conference Hall, Central Government Offices New Annexe, Central, today (January 22):

Reporter: You said the Government would be revisiting the (corporate) rescue plan. Could you elaborate the sort of areas the rescue plan will be looking into and when will it be ready?

Secretary for the Financial Services and the Treasury: The corporate rescue plan that we introduced a few years ago did not get enacted by the Legislative Council due to various concerns from the various interest groups. Now what we have decided to do is to take a look again at the previous proposal. We will also study the recent changes introduced in other common law jurisdictions with similar rescue packages. Then we will go out there and consult again. We will talk to the labour group, we will talk to the professionals, we will talk to the business sector and the banking sector and really try to see if we can figure out a way forward, given the experience from the last consultation as well as from the recent experience from overseas. We hope to put together something that everyone can at least agree on. Then we will bring out a consultation document.

Reporter: You said that one of the measures could give business a bit of breathing space to help them get through the process to get money from creditors. By doing this, are you implying that maybe there is a problem with getting money from creditors right now? Maybe the loan guarantee scheme is not enough for many business.

Secretary for the Financial Services and the Treasury: No. What I meant to say, what I was saying was that when a company is in financial difficulty, they get an alternative to go for liquidation. The other alternative is to go for moratorium, with negotiations on re-arrangements of financial affairs so they can actually put themselves on a sound financial footing and go on. So that part is the essence of the corporate rescue package. Every stakeholder can come together and agree on a procedure whereby companies can re-arrange, re-organise themselves. So it has nothing to do with the credit concerns you've mentioned.

(Please also refer to the Chinese portion of the transcript.)

Ends