



Patron  
Ms. Doreen Steidle  
Consul General of Canada in Hong Kong

4 February 2010

Division 4, Financial Services Branch  
Financial Services and the Treasury Bureau  
15/F Queensway Government Offices  
66 Queensway, Hong Kong

Dear Officer,

**Re: Comments on the Consultation Paper about the  
Review of Corporate Rescue Procedure Legislative Proposals**

Please note our comments in regards to the captioned topic and kindly accept our apologies for the delay of submission:

1. Yes, it simplifies the procedure in a less costly way.
2. We opine the provisional supervision should be initiated by an ordinary resolution of shareholders rather than initiated by directors alone. Moreover, the statement of affairs is prepared by directors. Thus it should be submitted to the shareholders' meeting that decides to appoint a provisional supervisor.
3. In addition, the notice of appointment should be sent to the last known address of the creditors and other stakeholders.
4. Forty-five to sixty days is appropriate.
5. Yes, we support an extension of six months from the commencement of provisional supervision, subject to approval by the creditors at a meeting of creditors.
6. Yes, even though the cost is higher, it balances the benefits of undue delay.
7. Yes.
8. Not for the time being.
9. We opt for Alternative A as it provides better protections to employees among the three options.
10. The MPF scheme contributions should be treated in the same way as the employees' arrears of wages and other outstanding entitlements under the EO under the option to be adopted.

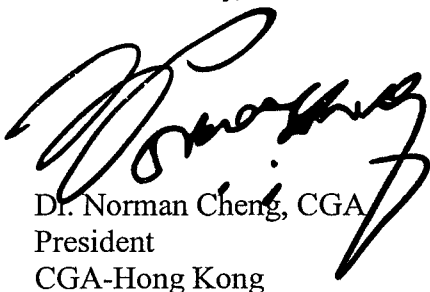


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11. Disagree, if non practising accountants can take up the appointment, we cannot see why law graduates and accountants recognised in other jurisdiction but residing in Hong Kong cannot. Thus, we opine that a consistent approach should be adopted, i.e. EITHER both practising certificated legal and accounting professionals may take the appointment OR both non-practising certificated legal and accounting professionals may take up the appointment.
12. If accounting without a practising certificate can take up the appointment, we opine that all qualified accountants in other jurisdictions residing in Hong Kong should also be eligible to take up the appointment, not only members of the HKICPA and its recognised bodies.
13. Yes, we agree.
14. Yes.
15. Yes, it is consistent with international rules.
16. Yes.
17. No, it is vague as the word "substantially" is not well-defined. It should be defined by a percentage of the assets which are evaluated under a defined valuation method.
18. Yes.
19. The headcount test should be retained to protect the minority interest.

Thank You.

Yours faithfully,



Dr. Norman Cheng, CGA  
President  
CGA-Hong Kong