



COMMISSIONER FOR LABOUR

勞工處處長 箋札

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2 February 2010

Secretary for Financial Services and the Treasury
(Attn: Mr John Leung)
Financial Services and the Treasury Bureau
15/F, Queensway Government Offices
66 Queensway
Hong Kong

Dear Mr Leung,

**Consultation Paper on Review of
Corporate Rescue Procedure Legislative Proposals**

I wish to thank you and your colleagues for briefing Members of the Labour Advisory Board (LAB) on 4 November 2009 on the captioned subject. On behalf of the LAB, I would like to convey to you our views on the subject.

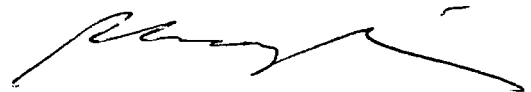
The LAB is supportive of the Government's initiative of introducing a corporate rescue procedure for companies with long-term viability but facing short-term financial difficulty to restructure their business and finance. Members are also of the view that a mechanism should be in place to guard against abuse of the procedure.

For the proposals relating to the handling of employees' outstanding entitlements, Members have the following specific comments:

- The common interests of employers and employees should be taken into account and the optimal proposal for corporate rescue should be

- The ambit of the Fund should remain unchanged. In this regard, the LAB has reservations on Alternative B as under this proposal the ambit of the Fund would have to be expanded to cover creditors' voluntary winding-up cases arising out of unsuccessful corporate rescue procedures. Exclusion of voluntary winding-up cases from the ambit of the Fund is key to forestalling abuse. The LAB is concerned that reversing this would open a floodgate for abuse of the Fund.
- As an alternative to the proposals in the consultation paper, an Employee Member suggests that employers should be required to make partial payment of the employees' entitlements (say, 50% of the limits of the Fund) prior to the commencement of the provisional supervision, while the remaining amount should be settled as soon as practicable having regard to the corporate rescue situation. No LAB Member raised any objection to, or other views on, this proposal.

Yours sincerely,



(Mrs Cherry Tse)
Commissioner for Labour
and Chairman, Labour Advisory Board