

CONTENTS

<i>Foreword to the Third Edition</i>	v
<i>Foreword to the Second Edition</i>	vii
<i>Foreword to the First Edition</i>	ix
<i>Preface to the Third Edition</i>	xi
<i>Preface to the Second Edition</i>	xiii
<i>Preface to the First Edition</i>	xv
<i>About the Authors</i>	xvii
<i>Table of Abbreviations</i>	xxv
<i>Table of Cases</i>	xxvii
<i>Table of Legislation</i>	xxxvii
Chapter 1: Introduction	1
1.1 What is Insolvency?.....	1
1.2 The Role of the Insolvency Practitioner	1
1.3 The Insolvency Regime in Hong Kong	6
1.4 Types of Winding Up.....	7
1.5 Dissolution.....	8
1.6 Other Introductory Points	11
Chapter 2: Members' Voluntary Liquidation	13
2.1 Introduction	13
2.2 Main Features	13
2.3 Procedure	15
2.4 Company Becomes Insolvent Post-Resolution.....	18
2.5 Effect of a Members' Voluntary Liquidation on Directors	19
2.6 The Liquidator: Vacancy in Office, Resignation & Removal.....	19
2.7 Duties of the Liquidator.....	20
2.8 Section 237 Arrangements (Reconstructions)	21
Chapter 3: Creditors' Voluntary Liquidation	23
3.1 Introduction	23
3.2 General.....	23
3.3 Meeting of Members (Shareholders).....	24
3.4 Convening a Meeting of Creditors (Section 241).....	25
3.5 Conduct of the Section 241 Creditors' Meeting	26
3.6 Business of Creditors' Meeting	29
3.7 The Committee of Inspection	32
3.8 Special Procedure for Voluntary Liquidation under Section 228A	35

Chapter 4: Compulsory Liquidation	39
4.1 Introduction	39
4.2 Section 177(1): The Grounds.....	40
4.3 Who May Present a Winding-Up Petition?	47
4.4 The Petition.....	50
4.5 Before the Hearing of the Petition.....	51
4.6 The Hearing.....	56
4.7 Post-Hearing.....	61
4.8 Liquidator's (and Special Manager's) Appointment	64
4.9 First Meetings (Section 194).....	67
4.10 Summary Cases (Section 227F)	67
4.11 Regulating Orders (Section 227A).....	69
4.12 Staying the Winding Up	70
4.13 Interaction between Compulsory Liquidation, Voluntary Liquidation and Receivership.....	71
4.14 Conversion of Compulsory Liquidation to CVL.....	74
Chapter 5: Liquidators' Duties	77
5.1 Liquidators: Ethical Considerations	77
5.2 Liquidators' General Powers	83
5.3 Other Powers	85
5.4 Removal of Liquidators.....	87
5.5 Summary.....	91
Chapter 6: Liquidators' Investigations and Litigation Funding	93
6.1 Introduction	93
6.2 Insolvency Guidance Notes.....	93
6.3 Liquidator's Investigations – Some Practical Guidance.....	96
6.4 Private Examination (Section 221).....	105
6.5 Public Examination (Section 222).....	109
6.6 Misfeasance Proceedings (Section 276).....	110
6.7 Litigation Funding by Third Parties	113
6.8 Summary.....	117
Chapter 7: Voidable Transactions and Fraudulent and Insolvent Trading	119
7.1 Introduction	119
7.2 Unfair Preferences	119
7.3 Transactions at an Undervalue.....	126
7.4 Extortionate Credit Transactions (Section 264B).....	127
7.5 Floating Charges (Section 267).....	127
7.6 Summary and Comparison Table.....	129
7.7 Fraudulent Conveyances.....	129
7.8 Fraudulent Trading: Introduction.....	131

7.9 Fraudulent Trading: Analysis.....	132
7.10 Insolvent Trading.....	132
7.11 Comparison of Fraudulent and Insolvent Trading.....	134
Chapter 8: The Asset Protection Regime	137
8.1 Introduction	137
8.2 Actions or Proceedings against the Company	138
8.3 Executions and Attachments.....	140
8.4 Distress	143
8.5 Post-commencement Dispositions: Section 182.....	144
8.6 Retention of Title	148
8.7 The Anti-Deprivation Principle	149
8.8 Liens – The Oasis v HAECO Case.....	150
8.9 Comparison of Compulsory Winding Up and CVL Provisions	153
Chapter 9: Proofs of Debt and Priority	155
9.1 Introduction	155
9.2 Debts For Which A Creditor May Prove	156
9.3 Debts That Are Not Provable in a Hong Kong Insolvency	158
9.4 Claiming for Interest.....	158
9.5 Proving for Voting and Dividend Purposes	160
9.6 Special Cases	160
9.7 Notice to Creditors to Prove.....	166
9.8 Rejection of Proofs of Debt.....	167
9.9 Expunging Proofs of Debt.....	168
9.10 Order of Payment.....	168
9.11 Summary of Proofs and Dividends.....	179
Chapter 10: Charges and Receivership	181
10.1 Introduction and Terminology	181
10.2 The Distinction Between Fixed and Floating Charges.....	183
10.3 Priority of Charges.....	184
10.4 Receivership: Outline	186
10.5 Duties and Powers of Receivers	188
10.6 Accounts	189
10.7 Contracts.....	189
10.8 Transfer of Businesses (Protection of Creditors) Ordinance (Cap 49).....	190
10.9 Distribution of Company's Assets	190
10.10 Checklist.....	190
Chapter 11: Corporate Rescue and Restructuring	193
11.1 Introduction	193
11.2 Workouts and the HKAB/HKMA Guidelines	196

11.3 Schemes of Arrangement.....	197
11.4 Recent Developments: Provisional Liquidation and Corporate Rescue.....	202
11.5 Provisional Supervision.....	205
Chapter 12: Directors' Disqualification	211
12.1 Introduction	211
12.2 Terms of a Disqualification Order under Part IVA	211
12.3 Grounds for a Disqualification Order	211
12.4 Procedure Regarding the 'Unfitness' Ground.....	215
12.5 Directors' Offences.....	217
Chapter 13: Liquidators' Remuneration	219
13.1 Introduction	219
13.2 Past Controversies: Maxwell and Peregrine.....	221
13.3 Lehman Brothers – Not Quite So Controversial	222
13.4 Current Position.....	226
Chapter 14: PRC Bankruptcy Law.....	229
14.1 Introduction	229
14.2 Problems with the Old Law	233
14.3 Scope of the EBL.....	233
14.4 Petitioning for Bankruptcy	235
14.5 The Independent Administrator	237
14.6 Remuneration of the Administrator	239
14.7 Creditors' Committee.....	239
14.8 Priority in Distribution.....	239
14.9 Avoidance Provisions	241
14.10 Reorganisation and Conciliation.....	242
14.11 Cross-Border Insolvency	244
14.12 Summary.....	245
Chapter 15: Cross-Border Insolvency.....	247
15.1 Introduction	247
15.2 Approaches for Resolving Cross-Border Insolvency Issues	248
15.3 Recognition of Foreign Insolvencies.....	249
15.4 Options Available to Foreign Representatives for Gathering Information and Protecting Assets of Foreign Debtors in Hong Kong	250
15.5 Options Available to Hong Kong Liquidators for Protecting Assets of Hong Kong Corporate Debtors Abroad.....	263
15.6 Corporate Group Insolvencies	265
15.7 Need for Legislative Reform	266
Appendix 1: Members' Voluntary Liquidation Checklist.....	269

Appendix 2: Insolvency Checklist and Prepack: Section 228A and Section 241 Creditors' Voluntary Liquidation	283
Appendix 3: Statutory Demand under Section 178(1)(A) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32).....	313
Appendix 4: Specimen Powers of a Provisional Liquidator Appointed pursuant to s 193	319
Appendix 5: Section 500 of HKICPA's Code of Ethics for Professional Accountants.....	327
Appendix 6: Insolvency Checklist Compulsory Liquidation.....	349
Appendix 7: Insolvency Guidance Notes	
Appendix 7A: Statement 1.600 Insolvency Guidance Note (1) – Scope (Effective for insolvency appointments made on or after 1 October 2005).....	379
Appendix 7B: Statement 1.601 Insolvency Guidance Note (2) – A Liquidator's Investigation into the Affairs of an Insolvent Company (Effective for insolvency appointments made on or after 1 October 2005).....	383
Appendix 7C: Statement 1.602 Insolvency Guidance Note (3) – Preparation of Insolvency Office-Holders' Receipts and Payments Accounts (Effective for insolvency appointments made on or after 1 October 2005)	389
Appendix 7D: Statement 1.603 Insolvency Guidance Note (4) – Disqualification of Directors – Statutory Reports (Effective for insolvency appointments made on or after 1 October 2005).....	397
Appendix 8: Official Receiver's Office – Panel A Rules: Rules for Admission of Firms and Persons for Taking-up Appointment of Liquidators or Special Managers in Non-Summary Court Winding-up Cases	403
Appendix 9: HKICPA Professional Diploma in Insolvency.....	427
Appendix 10: The BVI and Cayman Islands Insolvency Regime Summary.....	431
Index.....	439