

The Issues on Enterprise Bankruptcy Legislation

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I. Drafting Status

- (I) Necessity
- (II) Drafting work commenced in the year of 1994
- (III) The NPC Standing Committee has considered it twice up to now.
- (IV) Basically, consensus has been reached on the content of the draft, other than several problems.
- (V) Knowledge of Bankruptcy Law: the law is not a law on bankruptcy, but a law dealing with the aftermaths of bankrupt enterprises after the “enterprises” have gone into “bankruptcy.”

II. Several Major Issues

- (I) The issue on applicable scope: this law is applicable to the bankruptcy of all corporate enterprises and is not applicable to personal bankruptcy.
- (II) The issue on the boundary of bankruptcy: in case of being unable to pay off the due debts or being insolvent
- (III) The issue on administrators: the introduction of administrator system, and the appointment and change of administrators
- (IV) The issue on debtors’ property: debtors’ property is not equivalent to insolvent property
- (V) The issue on creditors’ meetings:
- (VI) The issue on enterprise reorganization and conciliation
- (VII) The issue on the order of priority for repayment: priority is given to workers’ claims
- (VIII) The issue on insolvency of financial institutions: as a whole, this law is applied
- (IX) The issue on the application of this law by partnership enterprises and individually owned enterprises: in accordance with relevant legal provisions
- (X) The issue on cross-border insolvency