

Creditors May Apply for Bankruptcy Liquidation of Debtors without Clear Property Status

Chinese version China's Supreme People's Court (the Court) decided that beginning on August 18, if creditors apply for bankruptcy liquidation of debtors whose personnel are missing or whose property status is not clear, and if the rules governing the corporate bankruptcy are met, the people's courts must accept the application.

The Court clarified in its reply to related issue (Fashi[2008]10) that after the courts decide to hear the aforementioned bankruptcy cases, they must appoint a manager to pursue and collect the debtors' property in line with related rules under the corporate bankruptcy law. If after the liquidation conducted according to law, the debtors have not property for allotment, the courts then must announce the bankruptcy of the debtors and the conclusion of the bankruptcy procedures. Within 2 years after the conclusion of the procedures, if the debtors are detected to have property to be recovered according to law or other property to be allocated, the creditors may request the courts for additional allotment.

If related personnel of the debtors fail to perform statutory obligations, the people's courts may investigate their legal liabilities in line with related laws and regulations.

(Source: Supreme People's Court)

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