

## TRANSLATIONS OF EIGHT TYPICAL INSOLVENCY CASES PUBLISHED BY THE SUPREME PEOPLE'S COURT OF CHINA ON 31 MARCH 2020

Zhang Yang, Andrew Godwin and Stacey Steele\*



In this post, we provide translations into English of summaries of “eight typical insolvency cases” issued by the Supreme People’s Court on 31 March 2020. The translations were prepared by Mr Yang ZHANG and reviewed by A/Professor Andrew Godwin and A/Professor Stacey Steele.

Mr Yang ZHANG spoke to A/Professor Stacey Steele about the Chinese Government’s response to COVID-19 from an insolvency law perspective in an [interview](#) that we published in June 2020. In the interview, they discussed the cases which were published in the “Typical Case Area” of the “Court Information” [section](#) of the Supreme People’s Court’s [official website](#). Mr Zhang is writing an article with A/Professor Andrew Godwin and A/Professor Steele which analyses the characteristics of the cases

and what their publication tells us about China’s response to the COVID-19 pandemic. The increased number of filings and quick response of the Supreme People’s Court suggests that COVID-19 could be a turning point for bankruptcy law in China in relation to key issues, including the use of restructuring procedures for corporate rescue purposes and the ongoing role of the government and the courts. The article is part of their larger collaborative research project looking at the use of guiding cases (指导性案例) and typical cases (典型案例) by courts in China.

### Typical Cases of Civil and Commercial matters Concerning the Resumption of Work and Production During the Period of National Courts Supporting and Guaranteeing Epidemic Prevention and Control (2nd batch)

(全国法院服务保障疫情防控期间关于复工复产的民商事典型案例 (第二批))

Published by the Supreme People’s Court of China on 31 March 2020

(中国最高人民法院2020年3月31日发布来源自中国最高人民法院网)

See: <http://www.court.gov.cn/zixun-xiangqing-224381.html>

---

\* Mr Yang ZHANG is a Visiting Research Scholar (September 2019 to September 2020) at the Asian Law Centre and PhD candidate at Wuhan University Law School. A/Professor Andrew Godwin and A/Professor Steele are Associate Directors of the Asian Law Centre.

## **Case No.1 Compromise<sup>1</sup> Case of Guangdong Xingangxing Cement Co., Ltd**

### **案例1 广东新港兴混凝土有限公司和解案**

#### **a. Brief Background**

Guangdong Xingangxing Cement Co., Ltd. (hereinafter referred to as “Xingangxing Company”) is mainly engaged in processing business. Its own business orders have been stable and its industrial foundations have been solid. Due to the high cost of borrowed funds and the break in the capital chain caused by accumulated borrowings, its inability to pay off debts when due has led to lawsuits. Some bank accounts, assets, and mechanical equipment have been seized or frozen, and business operations face major difficulties.

The People’s Court of Shunde District, Foshan City, Guangdong Province, during the process of handling the company’s series of enforcement cases, guided the company into bankruptcy liquidation proceedings in accordance with the law on 19 March 2019, and then transferred the company to a compromise procedure. In January 2020, the Xingangxing Company’s creditors’ meeting passed a draft compromise agreement proposed by the debtor, and it became legally effective after the court ruled to approve it.

After the occurrence of the coronavirus epidemic (COVID-19), the normal production and operation of Xingangxing Company were affected, and there was temporary difficulty in paying off debts in accordance with the compromise agreement, so it submitted a request to the court to change the implementation plan in the existing compromise agreement. The debt originally scheduled to be settled at the end of March 2020 was changed so that 50% of the original plan was settled, with 25% of the debt under the original plan to be settled at the end of April and May respectively, and the subsequent debts to be implemented on schedule. With reference to the voting procedure in the draft compromise agreement, the court organized a meeting of creditors to vote on the proposal for the implementation of the change in the compromise agreement proposed by the debtor. After the vote by the creditors’ at the meeting, the court ruled on 16 March 2020 to approve the amended compromise agreement implementation plan.

At present, the debt that should be paid off at the end of March in accordance with the amended proposed plan has been paid. Xingangxing Company has now resolved the debt of the company by 170 million CNY in one package through bankruptcy compromise, maintaining the company’s production capacity of nearly 100 million CNY, and successfully resumed work and production on 27 February 2020. Production and operation order is running normally, and production capacity has gradually recovered.

#### **b. Typical Meaning**

In this case, the court made full use of the “enforcement-to-bankruptcy” working mechanism to actively guide the enterprise into the bankruptcy process.<sup>2</sup> After the application for bankruptcy was accepted, it was converted into a compromise procedure in a timely manner on the basis of the specific situation of the enterprise, instead of simply conducting bankruptcy liquidation of the enterprise, thereby maximizing the rescue of the enterprise, and protecting the interests of creditors. In this regard, it provides a good model for the rescue of such enterprises.

Compared with the court’s enforcement procedures that focus on protecting the interests of individual creditors, the value orientation of the bankruptcy system is to ensure that all creditors are fairly compensated. Through a series of measures such as suspension of enforcement in the bankruptcy law, the procedure has provided breathing space to the enterprise and enabled the enterprise to resolve the corporate debt crisis in one package under the bankruptcy protection mechanism. This not only ensures that the interests of the creditors that hold mortgages are not affected, but also creates opportunities for the proper repayment of debts to other creditors.

In addition, in circumstances where the new coronavirus epidemic has an adverse impact on the implementation of the compromise agreement, the court ruled to approve the amended compromise agreement implementation plan by referring to the draft compromise agreement voting procedure to ensure the smooth implementation of the agreement and thus preventing the enterprise from facing bankruptcy liquidation again due to the impact of the epidemic.

<sup>1</sup> 和解 is also sometimes translated as “settlement”.

<sup>2</sup> In these typical cases, the term “enforcement-to-bankruptcy” refers to the court’s decision to convert an enforcement proceeding brought by an individual creditor into a bankruptcy proceeding for the benefit of all creditors. It is not an official procedure under the Enterprise Bankruptcy Law, but reflects the flexibility built into the Law which allows for transfer as between proceedings by the court.

## **Case No.2 Reorganization Case of Jiangsu Panyu Technology Co., Ltd**

### **案例2 江苏磐宇科技有限公司重整案**

#### **a. Brief Background**

Jiangsu Panyu Technology Co., Ltd. (hereinafter referred to as “Panyu Company”) was established in January 2005. It is a medical device manufacturing enterprise with many advanced qualifications and patents. As a result of the liquidity crisis caused by the poor management of the company, the Intermediate Court of Nantong City, Jiangsu Province ruled that it should enter bankruptcy proceedings on 17 August 2017.

Since Panyu Company’s market access qualifications are scarce resources, it is difficult to maximize the enterprise value and creditor’s interests simply through bankruptcy liquidation procedures. After communicating with creditors, the administrator formulated a draft reorganization plan. After the creditors’ meeting passed the vote on 29 July 2019, the court ruled to approve the plan and Panyu Company entered the implementation period of the reorganization plan.

After the outbreak of the new coronavirus epidemic (COVID-19) in January 2020, Panyu Company’s implementation of the reorganization plan as scheduled was significantly affected. At the same time, there was a significant shortage of medical masks for epidemic prevention. Jiangsu Provincial Drug Administration temporarily authorized Panyu Company to manufacture medical masks. This made it the only company in the urban area of Nantong that was producing N95 medical protective masks.

In order to ensure the effective supply of medical masks for the epidemic prevention departments, and at the same time to avoid the failure to implement the reorganization plan on time and cause the company to be declared bankrupt, the court made a ruling based on the application of the administrator and extended the implementation period of Panyu Company’s reorganization plan.

After approval by the relevant government departments, Panyu Company resumed work in February 2020, producing 20,000 to 30,000 N95 masks per day. Since then, the court has actively coordinated with Nantong Development and Reform Commission and the Bureau of Industry and Information Technology to repair Panyu Company’s credit problems, provided Panyu with access to production raw materials, and created new opportunities for the successful reorganization of the company.

#### **b. Typical Meaning**

This case is a typical case where the court extended the implementation period of the reorganization plan in accordance with the law so as to avoid the epidemic affecting the enterprise and causing the failure of the reorganization of the enterprise, and to support the production of anti-epidemic materials. In the case of corporate reorganization, the debtor should strictly implement the reorganization plan, but if the original reorganization plan cannot be implemented on schedule as a result of adjustments to national policies, legal amendments or other objective reasons, the debtor or administrator may apply to revise the reorganization plan.

In this case, the coronavirus epidemic occurred during the implementation of the reorganization plan. As a result of this unpredictable, unavoidable, and insurmountable objective phenomenon, the court extended the execution period of the reorganization plan according to law to avoid bankruptcy liquidation as a result of the failure of reorganization caused by acts of force majeure and the loss of the opportunity to save the enterprise.

At the same time, in the face of the many difficulties in reorganizing and restoring the enterprise’s credit, the court gave full play to the role of coordination between the court and the government during the bankruptcy proceedings, and coordinated and handled the restoration of the enterprise’s credit. This laid the foundation for the further smooth implementation of the reorganization plan for the bankrupt enterprise and also maintained the production capacity of the reorganization enterprise to produce medical masks and other epidemic prevention materials, and adjusted to the needs of the public interest in fighting the epidemic. This was a successful case in which legal and social effects were organically unified.

## **Case No.3 Reorganization Case of Zhejiang Yuansheng Pharmaceutical Chain Co., Ltd**

### **案例3 浙江源生医药连锁有限公司重整案**

#### **a. Brief Background**

On 5 November 2019, the Kaihua County People's Court of Zhejiang Province ruled to accept the reorganization case of Zhejiang Yuansheng Pharmaceutical Chain Co., Ltd. When entering the reorganization process, the pharmaceutical company no longer had the ability to operate independently. Eleven of the 36 stores under the company's management were closed. The remaining stores also ran out of stock and faced closure. More than 100 pharmacy employees were confronted with unemployment.

After accepting the case, in order to maintain the operating value of the enterprise, the court decided in accordance with legal procedures that the enterprise should continue business. On the basis of the investigation and evaluation of the operational status of the pharmaceutical company, the administrator, after public tender and selection, handed over all the existing stores of the pharmaceutical company to Kaihua Yiniantang Pharmaceutical Co., Ltd through the means of a custody operation.<sup>3</sup> The original employees continued to work in their positions, and 23 stores (spread across eight communities and six towns in the county) resumed operations in January 2020.

Since the outbreak of the coronavirus epidemic at the end of January, the custodian operators have actively responded to the national emergency protection requirements; 23 stores have opened their doors in a stable and orderly manner and committed to sales at a fair price. They have fulfilled the social responsibility of pharmaceutical companies with practical actions and effectively guaranteed the residents' daily prevention and protection needs.

#### **b. Typical Meaning**

This case is a typical case of using the custodian method to maintain the continuous operation of the enterprise during the reorganization procedure, and effectively guaranteed the supply of epidemic prevention products during this epidemic. Before the first creditors' meeting was held, after seeking opinions from major creditors, the court decided in accordance with the law that the debtor should continue to operate and that the effective productivity of the enterprise should be maintained.

In response to the debtor's special business model of an enterprise-based pharmaceutical company, the court guided the administrator to invite suitable investors to participate in the reorganization negotiation through a public tender, and actively used the custodian method to effectively promote the preservation and increase in value of the debtor's property and protect the legal rights of the parties involved in the bankruptcy case. And during the special period of fighting the epidemic, it has made active contributions to meeting the residents' demand for drugs and maintaining social stability.

## **Case No.4 Reorganization Case of Anshun Shuncheng Market Development Co., Ltd**

### **案例4 安顺市顺成市场开发有限公司重整案**

#### **a. Brief Background**

Anshun Shuncheng Market Development Co., Ltd. (hereinafter referred to as "Shuncheng Company") was incorporated on 11 March 2013. Its Xixiu industrial park agricultural product wholesale market project (Anshun Agricultural Trade Center) is the largest A-level wholesale market for fruits and vegetables in Anshun city. It has played an indispensable role as the "vegetable basket" project for the citizens living in Anshun. Since 2016, Shuncheng Company has been unable to pay off a large amount of debt due to poor management and a break in the capital chain. Upon the application of creditors, the Intermediate People's Court of Anshun City, Guizhou Province ruled on 30 July 2019 to accept the reorganization of Shuncheng Company.

After entering the reorganization procedure, according to the administrator's investigation of Shuncheng Company's property and business affairs, the court in accordance with the law allowed Shuncheng Company to continue to operate, maintained its retail shop rent, greenhouse rent, vehicle parking fee and other income, all of which was used to pay employee salaries and improve the second phase project. Later, with the frequent coordination of the court, the administrator formally took over Anshun Agricultural Trade Center on 1 January 2020, thereby restoring the cash flow and hematopoietic functions of Shuncheng Company, which created conditions for the further reorganization of Shuncheng Company.

<sup>3</sup> The term 'custody' is not a term of art in Chinese bankruptcy law. In this context, the arrangement appears to involve a third party taking custody of the enterprise and managing it pursuant to a delegation from the administrator.

During the epidemic prevention and control period, Anshun Agricultural Trade Center was the only centralized place in Anshun where agricultural producers were allowed to operate, but it was also a high-risk area for virus transmission. In this regard, the court organized the administrator in advance, and invited relevant personnel of the chamber of commerce and government departments to a coordination meeting that was convened for advance prevention and control, and to guide the administrator to formulate the “*Anshun City Agricultural Wholesale Market Epidemic Prevention and Control Work Plan*” and “*Anshun City Agricultural Products Wholesale Market Coronavirus Outbreak Protection Brochure*”. The court also issued “*Tips for Bankruptcy Administrators during Epidemic Prevention and Control*”, continued to conduct in-depth investigations on epidemic prevention and control, safety management, asset management, etc. At the same times as ensuring the smooth progress of reorganization, the stable supply of local agricultural products during the epidemic period was guaranteed.

## **b. Typical Meaning**

This case is a typical case of giving full play to judicial functions, actively rescuing enterprises in difficulty, and guaranteeing the people’s livelihood. After entering a difficult situation, Shuncheng Company entered the reorganization procedure in a timely manner to effectively achieve bankruptcy protection and maintain its continuous operation. The smooth takeover of Anshun Agricultural Trade Center not only played an important role in stabilizing prices and safeguarding people’s livelihood during epidemic prevention and control, but also provided an important basis for the reorganization of Shuncheng Company.

At the beginning of the reorganization of Shuncheng Company, the creditors lacked understanding, believing that the bankruptcy of an enterprise was equivalent to the death of the enterprise. However, with the advancement of the reorganization procedures in accordance with the law and the stable transition to the administration rights of Anshun Agricultural Trade Center, coupled with the testing during the epidemic, the value of the reorganization system in saving the enterprise was effectively demonstrated, and Shuncheng’s reorganization procedures were understood and supported by creditors, governments, chambers of commerce, etc., which created a good foundation for the next step of reorganization work.

## **Case No. 5 Reorganization Case of Shandong Wanxin Tire Co., Ltd**

### **案例5山东万鑫轮胎有限公司重整案**

#### **a. Brief Background**

Shandong Wanxin Tire Co., Ltd. (hereinafter referred to as “Wanxin Tire”) filed an application for bankruptcy to the Intermediate People’s Court of Zibo City, Shandong Province on the grounds that it could not pay debts when due and was clearly unable to pay the huge amount of interlocking guaranteed debts. On 8 March 2018, the court ruled to accept Wanxin Tire’s bankruptcy case; on 29 July 2019, the court ruled that Wanxin Tire should be transferred from liquidation to reorganization on the basis of the debtor’s application; on 12 December 2019, the court ruled to approve Wanxin’s draft reorganization plan. According to the reorganization plan, the reorganization investor needed to invest 325 million CNY in reorganization funds, and the implementation period of the reorganization plan would be 100 days.

During the implementation of the reorganization plan, the outbreak of the coronavirus epidemic (COVID-19) brought severe challenges to the normal production of Wanxin Tire and the smooth implementation of the reorganization plan. In order to effectively respond to the challenges of the epidemic situation, the court guided the administrator to formulate the “*Opinions concerning Legal Issues Related to the Enterprise’s Epidemic Situation*” in response to the laws and policies in connection with the epidemic situation, provided legal support for the reorganization of the enterprise, guided the administrator to overcome the work closure obstacles, coordinated with the local government so that on February 25, the company completed the formalities for resumption of work, which enabled the company to successfully complete 39,000 orders for that month and maintain its market reputation.

To help reorganization investors overcome the difficulty of recovering funds due to the epidemic, the court coordinated reorganization investors to pay the remaining 195 million CNY of reorganization funds on schedule based on the prepayment of 130 million CNY, ensuring the smooth implementation of the reorganization plan. In addition, according to the “*Notice on Properly Handling Labor Relations during the Prevention and Control of Pneumonia Outbreaks of Coronavirus Infections*” by the Ministry of Human Resources and Social Affairs, the company paid about 250,000 CNY vacation subsidies in the form of paid leave during the outbreak, which stabilized the workforce.

At present, Wanxin Tire’s procurement, production and sales are being carried out normally. There are 1,000 people on duty, and there are 105,000 orders in hand. It is expected that the monthly order volume will be maintained at about 120,000 in the future, and the daily production capacity of all-steel tires will remain at around 4,000. In addition, in the face of the shortage of government anti-epidemic materials, Wanxin Tire reorganization Investors

donated 1 million CNY to the Huantai County Red Cross Society as an enterprise seeking investment in Tangshan Town of Huantai County for the fight against the epidemic.

### **b. Typical Meaning**

This case is a typical case where the court actively guided the troubled enterprise to resume production and resume work during the coronavirus epidemic so as to ensure the smooth implementation of the reorganization plan. During the implementation of the reorganization plan, the enterprise encountered COVID-19 and the court guided the administrator to formulate “Opinions on Legal Issues During the Enterprise’s Epidemic Situation”, assisted the enterprise to resume production and resume work, ensured the payment of funds for the reorganization, stabilized the workforce in accordance with regulations, and ensured the smooth implementation of the reorganization plan.

Through the Wanxin Tire reorganization case, 180,673.67 square meters of land and 238,552.70 square meters of factory buildings were reactivated, and more than 1.3 billion CNY of debt was repaid in accordance with the law, making positive contributions to the conversion of new and old kinetic energy and helping high-quality development.

## ***Case No. 6 Reorganization Case of Jiangsu Suchun Wine Industry and related companies***

### **案例6 江苏苏醇酒业有限公司及关联公司合并重整案**

#### **a. Brief Background**

Jiangsu Suolu Wine Industry Co., Ltd. was originally a joint-stock enterprise producing liquor and disinfectant. Due to changes in market conditions and poor management, it became insolvent. The Suining County People’s Court of Jiangsu Province ruled on 25 June 2018 that the enterprise and its two related companies should be subject to substantive merger and bankruptcy reorganization. On 2 December 2019, the court ruled to approve the enterprise’s reorganization plan and allocated a supervision period of two months.

During the supervision period, it was a critical period of local epidemic prevention and control. In order to ensure the smooth implementation of the reorganization plan, the court repeatedly made on-the-spot visits to supervise and review the ownership changes, project audits, environmental remediation, and labor organization that were implemented during the enterprise reorganization plan and assisted to resolve issues in a timely manner. At the same time, the court carried out comprehensive follow-up on the work to restore the enterprise credit records, obtain bank loans, etc., and effectively eliminated the concerns of the enterprises, and fully promoted the safe production, legal operation and sufficient supply of enterprises, and ensured that the epidemic prevention materials would help fight the epidemic as soon as possible.

During this period, the court also answered legal questions about labor and employment encountered by the enterprise during the epidemic, and provided legal opinions and suggestions to the enterprise on how to regulate and legally produce and operate during the epidemic. A few days ago, the enterprise produced 110 tons of disinfectant per day. Since the deployment of the epidemic prevention and control work, it has supplied more than 2,000 tons of disinfectant to the front line of the epidemic prevention, which greatly eased the demand for materials for the first line of epidemic prevention.

#### **b. Typical Meaning**

This case is a typical case that brings full play to the judicial functions and helps the enterprise in difficulty to restore its production and operation capabilities. The court approved the enterprise to carry out trial production during the reorganization period, and made every effort to ensure the rebirth of the enterprise and to ensure that the bankruptcy reorganization and the enterprise trial production were carried out in parallel to ensure a seamless linkage with, and the smooth transition of, the bankruptcy reorganization.

During the supervision period, the court involved itself deeply in the enterprise in light of the needs of epidemic prevention, and solved problems to enable the enterprise to resume production. It reflected the people’s court’s judicial responsibility during the epidemic prevention and control period, and created an efficient and high-quality business environment for the development of private enterprises, especially small and medium-sized enterprises (SMEs), deploying detailed judicial services to provide enterprises with judicial protection to resume production.

## **Case No.7 Execution to Bankruptcy Case of Sichuan Southwest Medical Equipment Co., Ltd**

### **案例7四川西南医用设备有限公司执转破产案**

#### **a. Brief Background**

Sichuan Southwest Medical Equipment Co., Ltd. (hereinafter referred to as “Southwest Company”) is a professional enterprise integrating medical X-ray machine development, production, sales, after-sales service and consulting. Since 2014, affected by market changes and the overall loss of the enterprise group, Southwest Company’s production and operation have been in difficulty. It has a direct debt of about 760 million CNY and has provided guarantees for about 450 million CNY of creditors. More than 300 creditors of various types are known.

During the process of compulsory enforcement, Southwest Company took the initiative to apply to the court for “enforcement-to-bankruptcy” procedure. The People’s Court of Chengdu High-tech Industrial Development Zone of Sichuan Province transferred the case for review in time from the perspective of achieving fair compensation for all creditors and accepted the case in September 2019 and placed the company into bankruptcy protection. After the outbreak of the coronavirus epidemic (COVID-19), a company from outside Sichuan Province hoped to use the Southwest Company’s dust-free workshop to produce protective masks, while the medical X-ray machine market continued to be active.

The court comprehensively judged the necessity and feasibility of the cooperation under the epidemic prevention and control, and the positive impact of the resumption of work and production on attracting potential investors to restructure the enterprise. On the day of the application by Southwest Company on February 3, the court approved in writing the provision of a dust-free workshop for cooperative production of protective masks, and the resumption of its production of medical X-rays. Since the resumption of production, Southwest has produced a total of more than 2.3 million protective masks, and overseas orders for nearly one million CNY of medical X-ray machines are under negotiation. Due to the positive impact of the resumption of work and production, two willing investors have made a proposal to the administrator of Southwest to indicate their intention to participate in the reorganization and investment plan.

#### **b. Typical Meaning**

This case is a typical case of making full use of the “enforcement-to-bankruptcy” mechanism for bankruptcy protection of enterprises, and by maintaining production and operation, creating conditions for the rebirth of enterprises in trouble. By virtue of initiating the “enforcement-to-bankruptcy” working mechanism, the court will transfer enterprises that meet the grounds for bankruptcy from individual enforcement procedures to bankruptcy procedures in a timely manner. This will not only help to effectively solve the problem of difficult implementation, but also help to place enterprises facing difficulty in bankruptcy protection in a timely manner.

After the Southwest Company entered the bankruptcy proceedings, the court abandoned the idea of solving problems through bankruptcy alone; instead, it accurately identified the grounds for bankruptcy, and grasped the window for the tight supply of protective materials during the epidemic in a timely manner. For the purpose of maximizing the interests of creditors and maximizing the value of debtors’ assets, and social effects, the Southwest Company was permitted to cooperate in the production of protective masks and continue the production and operation of medical X-ray machines, creating a valuable cash flow for the enterprise, which not only effectively alleviated the shortage of local medical protective materials but also improved the value and possibility of corporate reorganization, and potential investors were successfully attracted to offer “olive branches”, creating positive conditions for the next step of corporate rejuvenation.

## **Case No.8 Liquidation Case of Yinjing Medical Technology (Shanghai) Co., Ltd**

### **案例8 银京医疗科技（上海）股份有限公司清算案**

#### **a. Brief Background**

Yinjing Medical Technology (Shanghai) Co., Ltd. (hereinafter referred to as “Yinjing Company”) was established on 15 April 1999 and is an enterprise specializing in medical supplies. Since 2018, a large number of creditors have filed lawsuits due to the company’s internal management issues and the failure to go public, which resulted in a break in the company’s capital chain. Because Yinjing Company could not pay off its debts when due, creditors applied to Shanghai Bankruptcy Court for bankruptcy liquidation of Yinjing Company. On 13 August 2019, the Shanghai Bankruptcy Court ruled to accept the case and appointed an administrator.

Although Yinjing Company entered the bankruptcy liquidation procedure, the company still held the qualification to produce medical materials and had 350,000 masks in stock. After the outbreak of the coronavirus epidemic

(COVID-19), the market was very short of anti-epidemic materials such as masks. The court guided the administrator to formulate an emergency disposal plan for the masks in accordance with the requirements of major property dispositions, and in light of the relevant resolution of the “virtual meeting voting mechanism” adopted at the first creditors meeting, the administrator quickly delivered the emergency disposal plan to creditors via email, telephone, and the creditor WeChat group. No creditor objected within the limited time that was available.

The court further guided the administrator to adopt a multi-channel information technology approach to publicly release the sale information of the masks in stock. As of 7 pm on 23 January 2020, the implementation of the disposal plan was completed. After that, the court continued to strengthen its guidance to the administrator to actively seek partners, use Yinjing Company’s medical material production qualifications and pipelines to resume production, and increase the value of debt assets and the ratio of debt repayment through continuing its operations.

After many contacts, the administrator and a partner company prepared a cooperation draft concerning the resumption of mask production by Yinjing Company, and submitted it to the creditors’ meeting for approval on February 10, and the court approved it in a timely manner. On February 13, Yinjing’s mask production line was resumed, with a maximum output of five million per month. At present, the administrator is still promoting the expansion of production with the partner company. On the basis of the existing two production lines, it is trying to add new production lines as soon as possible.

### **b. Typical Meaning**

This is a typical case emphasizing the value of the bankruptcy legal system and creating conditions for enterprises to resume production in accordance with the Enterprise Bankruptcy Law on the basis of fully protecting the interests of creditors. Combining the business characteristics and production qualifications of the enterprise, the court’s starting point were measures that were conducive to epidemic prevention and control and restored the vitality of the enterprise. By strengthening the communication mechanisms between the government and the court, the role of the administrator to find an investor was fully realized, which allowed Yinjing Company to introduce a third party within 10 days and quickly restore the mask production line. At the same time, in accordance with Article 15 of ‘*Judicial Interpretation III of the Enterprise Bankruptcy Law*’ concerning the major asset disposal requirements, the administrator submitted the mask disposal plan to the creditors meeting by the “non-on-site meeting voting mechanism”, which not only provided support for epidemic prevention and control work, but also improved the debtor’s property value and debt repayment ratio. Such measures fully realize the corporate bankruptcy legal system to maintain the function of business operations, and are of great help to achieve win-win outcomes for multiple parties; namely, the debtor, creditors and society.