

Subject Code	AF5503
Subject Title	Corporate Governance, Disclosures and Implications
Credit Value	3
Level	5
Normal Duration	One Semester
Pre-requisite / Co-requisite/ Exclusion	None
Role and Purposes	This subject adopts the perspective of <i>a compliance officer of a local listed company</i> in addressing the issues of <i>corporate governance practised in Hong Kong</i> . It contributes to the achievement of the Programme Outcome by enabling students to <i>identify business ethics issues</i> pertaining to corporate governance, to apply the <i>concepts and principles of corporate governance</i> to current corporate governance practices in the working environment, and to critically <i>evaluate corporate governance systems of Hong Kong especially for Hong Kong listed companies</i>
Subject Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> a. identify and analyse business ethics issues pertaining to corporate governance; b. interpret the corporate governance system and best practices of Hong Kong companies, especially the listed companies; c. evaluate the criteria of listing in Hong Kong Stock market, and examine the effectiveness of monitoring framework governing the listing process; and d. critically evaluate the effectiveness of the Hong Kong corporate governance systems in protecting the interests of the investing public, the members, the creditors and the stakeholders of Hong Kong listed companies
Subject Synopsis/ Indicative Syllabus	<p>Overview Agency theory: separation of ownership and control; agency framework for evaluation of alternative corporate governance system; role of the Companies Registry, the Stock Exchange and the Securities and Futures Commission in the corporate governance system of Hong Kong listed companies.</p> <p>Business Ethics Corporate responsibility; ethical dilemmas; individual and corporate standards of behaviour; corporate codes of conduct; professional ethics; ethics and environment; social responsibility; stakeholders' interests; Conflict of interests. Insider trading. Disclosure of interests in securities and corporate information. Ethics and international business.</p> <p>Directors Role, power, duties, responsibilities and qualifications of executive and (Independent) non-executive directors of unlisted and listed companies; remuneration; loans and compensation; restrictions on securities dealings; insider dealing; CEO and Chairman duality.</p>

	<p>Board Committees The roles of audit committee, remuneration committee and nomination committee.</p> <p>Company Secretary Qualifications appointment and vacation of office of secretary of listed companies; duties and responsibilities; role of the secretary in the corporate governance regime.</p> <p>Auditor / Reporting Accountant Role, duties and responsibilities of auditors; appointment, termination and vacation of office; access to corporate information; role of auditors in the corporate governance system; audit quality; auditors' independence and non-audit services. Role of the Financial Reporting Council.</p> <p>Disclosure Requirements Disclosure requirements in interests in shares and debentures; quarterly, interim and annual reports; notifiable and connected transactions; loan transactions. Voluntary disclosures, Corporate Governance Report.</p> <p>Rights of Shareholders Access to corporate information. The law relating to meetings of shareholders. The conduct and management of general meetings: notice, agenda, quorum, ordinary and special resolutions, voting, polls, proxies, adjournment, powers and duties of chairman. Appointment and removal of directors. Protection of minority interests.</p> <p>Listing in the Hong Kong Stock Market Criteria of going public in the Hong Kong stock market. The role, duties and responsibilities of different parties involved in the listing process including the issuers, sponsors, lawyers, reporting accountants and other professional intermediaries, adequacy in disclosing information in Prospectus for the protection of public investor, etc., and dilemma between staying private and going public from corporate governance perspective</p>
<p>Teaching/Learning Methodology</p>	<p>Lectures emphasize concepts and key principles of corporate governance with reference to the practical application in the workplace. Seminars provide students with a forum for discussion on the application of concepts to current corporate governance practices in their working environment. Students are required to present cases, problems or articles in seminars.</p>

Assessment Methods in Alignment with Intended Learning Outcomes	Assessment components include class discussions, presentations, test and final examination.							
	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)					
			a	b	c	d		
	1. Test	20%	✓	✓				
	2. Presentation	20%	✓	✓	✓	✓		
	3. Participation in discussion	10%	✓	✓	✓	✓		
4. Final examination	50%	✓	✓	✓	✓			
Total	100 %							
	<p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p>Participation in discussion allows students to freely share their views and experiences in achieving good corporate governance practices in the workplace.</p> <p>Test / Presentations / Final examination requires students to: (a) understand and to apply the statutory and non-statutory regulations; (b) identify and to analyze business ethics issues and practices, (c) apply the concepts and principles of corporate governance to best practices with reference to other countries' best corporate governance practices and (d) critically evaluate the effectiveness of the Hong Kong/PRC corporate governance system.</p> <p>Note: To pass this subject, students are required to obtain Grade D or above in BOTH the Continuous Assessment and Examination components. In addition, the specific requirements on individual assessment components discussed above could be adjusted based on the pedagogical needs of subject lecturers.</p>							
Student Study Effort Expected	Class contact:							
	▪ Lectures / Seminars						39 Hrs.	
	Other student study effort:							
	▪ Students are expected to prepare for the lectures/seminars, test, pre-assigned readings for discussion in class and group presentations						100 Hrs.	
	Total student study effort						139 Hrs.	
Reading List and References	Bob Tricker, <i>Corporate Governance: Principles, Policies, and Practices</i>, latest edition, Oxford University Press.							

	<p>Larcker, David and Tayan, Brian, <i>Corporate Governance Matters: A Closer Look at Organizational Choices and Their Consequences</i>, latest edition, Pearson Education.</p> <p>De Jonge, A., <i>Corporate Governance and China's H-Share Market</i>, latest edition, Edward Elgar.</p> <p>Cheng, P.W., Sum, H. S., and Yuen, K. T., <i>The Hong Kong Company Secretary's Handbook: Practice & Procedure</i>, latest edition, Longman.</p> <p>Stott, V., <i>Hong Kong Company Law</i>, latest edition, Longman.</p> <p>Companies Ordinance, Cap. 622</p> <p>Companies (Winding Up and Miscellaneous Provisions) Ordinance, Cap 32</p> <p>Electronic Transactions Ordinance, Cap. 553.</p> <p>Financial Reporting Council Ordinance, Cap. 588.</p> <p><i>Guide for Directors of Listed Companies</i>, latest edition, The Stock Exchange of Hong Kong Limited.</p> <p><i>Rules governing the Listing of Securities</i>, The Stock Exchange of Hong Kong Limited.</p> <p><i>Securities and Futures Ordinance</i>, Cap. 571.</p> <p>The Best Corporate Governance Disclosure Award – Judges' Report, Hong Kong Institute of Certified Public Accountants, latest version</p> <p>A Guide on Better Corporate Governance Disclosure, Hong Kong Institute of Certified Public Accountants</p> <p>A practical guide to good governance: Directors' Induction, Hong Kong Institute of Chartered Secretaries</p>
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