

<b>Subject Code</b>	AF5510
<b>Subject Title</b>	Corporate Governance
<b>Credit Value</b>	3
<b>Level</b>	5
<b>Normal Duration</b>	1 semester
<b>Pre-requisite / Co-requisite/ Exclusion</b>	None
<b>Role and Purposes</b>	This subject provides students with an understanding and application of all aspects, and the related nature, of best practices in corporate governance. It contributes to the achievement of the MSc BM Programme Outcomes by enabling students to <u>apply the concepts of corporate governance (Outcome 1), think critically and creatively within the domain of general management's responsibilities with design thinking (Outcome 2), prepare and reflect for new settings (Outcome 4), demonstrate a global outlook and an understanding (Outcome 5) and identify as well as resolve ethical issues in the context of general management and corporate social responsibility (Outcomes 6)</u> under local and international corporate governance system.
<b>Subject Learning Outcomes</b>	On successfully completing this subject, students will be able to: <ul style="list-style-type: none"> <li>(a) <u>explain the theoretical basis for corporate governance;</u></li> <li>(b) <u>identify and analyse business ethics issues pertaining to corporate governance;</u></li> <li>(c) <u>interpret the corporate governance system and best practices of Hong Kong companies especially the listed companies;</u></li> <li>(d) <u>identify the features of and evaluate the corporate governance system of PRC companies by reference to corporate governance systems of other developed jurisdictions; and</u></li> <li>(e) <u>critically evaluate the effectiveness of the Hong Kong corporate governance system in protecting the interests of the investing public, the members and the creditors of Hong Kong companies.</u></li> </ul>
<b>Subject Synopsis/ Indicative Syllabus</b>	<p><b>General</b>  Historical development of the system of corporate governance. Corporate governance reports/principles/codes. Agency framework for evaluation of alternative corporate governance system. The role of the Companies Registry, the Stock Exchange and the Securities and Futures Commission in the corporate governance system of Hong Kong and PRC companies. Relationship between accounting quality, auditing and corporate governance.</p> <p><b>Business Ethics</b>  Ethical principles in business. Corporate and individual responsibilities. Ethical dilemmas. Whistle blowing. Individual and corporate standards of behaviour. Corporate codes of conduct. Professional ethics. Ethics and environment. Social responsibility. Stakeholders' interests. Insider trading. Conflict of interests. Disclosure of interests in securities. Disclosure of corporate information. Ethics and international business.</p>

	<p><b>Directors</b> The position, power, responsibilities and ethical issues of directors, non-executive directors and independent non-executive directors. Duties under the Companies Ordinance, the Listing Rules, the Securities and Futures Ordinance and the Codes of Takeovers and Mergers and Share Repurchases. Qualification and disqualification of directors. Appointment and vacation of office. Remuneration, loans and compensation for loss of office. Restrictions on securities dealings. Insider dealing. CEO duality.</p> <p><b>Board Committees</b> The roles of audit committee, remuneration committee and nomination committee.</p> <p><b>Secretary</b> Qualifications, appointment and vacation of office. Duties, responsibilities and ethical issues. The role of the secretary in the corporate governance system.</p> <p><b>Auditor</b> The position, duties, responsibilities and ethical issues of auditors. Appointment, termination and vacation of office. Access to corporate information. The role of the auditor in the corporate governance system. Audit quality. Auditors' independence and non-audit services. Role of Financial Reporting Council.</p> <p><b>Disclosure of Information</b> Disclosure of information in interim accounts and annual reports. Contents of director's report. Notifiable and connected transactions. Disclosure of interests in shares and debentures. Disclosure of directors' dealings in securities. Voluntary disclosures.</p> <p><b>Rights of Shareholders</b> 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><b>Corporate Governance in the PRC</b> The position, power, duties, responsibilities and ethical issues of directors, managers and the supervisory committee. The role of the directors, independent directors, managers, secretaries and the supervisory committee in the corporate governance system of the PRC. Qualification and disqualification of directors, managers, secretaries and members of the supervisory committee. The role and functions of China Securities Regulatory Commission.</p>
<p><b>Teaching/Learning Methodology</b></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. Guest speakers from professional bodies will be invited to provide students with workshops that can enhance students' technical skills in the corporate secretaryship and corporate administration.</p>

**Assessment Methods in Alignment with Subject Learning Outcomes**

Assessment components include class discussions, presentations, written assignment/test and final examination. These components will require students to demonstrate their ability to identify and analyse business ethics issues and practices (Programme Outcome 1), explain the corporate governance theories and apply concepts and principles of corporate governance to current corporate governance practices in the working environment (Programme Outcome 2) and critically evaluate the effectiveness of both Hong Kong and PRC corporate governance systems (Programme Outcomes 3 and 7).

Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)					
		a	b	c	d	e	
1.Participation in discussion	10%	√	√	√	√	√	
2. Test	20%	√	√	√		√	
3. Presentation	20%	√	√	√		√	
4. Final examination	50%	√	√	√	√	√	
Total	100 %						

Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:

Participation in discussion allows students to freely share their views and experiences in achieving good corporate governance practices in the workplace.

Test/Presentation/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.

***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.***

**Student Study Effort Required**

Class contact:	
▪ 13 weeks of 3 hours seminar each	39 Hrs.
Other student study effort:	
Students are expected to prepare for the lectures/seminars, test, pre-assigned readings for discussion in class, group presentations and written report.	78 Hrs.
Total student study effort	117 Hrs.

**Reading List and  
References**

- Business Ethics, European Review*, Blackwell Publishing (updated).
- Fisher C. and Lovell A., *Business Ethics and Values – Individual, Corporate and International Perspectives*, latest edition, Prentice Hall.
- Crone A., and Matten D., *Business Ethics*, latest edition, Oxford University Press.
- De George, Richard T., *Business Ethics*, latest edition, Prentice Hall.
- Velasquez, Manuel G., *Business Ethics - Concepts and Cases*, latest edition, Prentice Hall.
- De Jonge, A., *Corporate Governance and China's H-Share Market*, latest edition, Edward Elgar.
- Erismann-Peyer, G., Steger, U., and Salzmann, O., *The Insider's view on Corporate Governance: The Role of the Company Secretary*, latest edition, Palgrave Macmillan.
- Ferrell, O.C., Fraedrich, J. and Ferrell L., *Business Ethics: Ethical Decision Making and Cases*, latest edition, Houghton Mifflin Company.
- Gul, F.A. and Tsui, S.L. Judy, *The Governance of East Asian Corporations: Post Asian Financial Crisis*, Palgrave Macmillan 2004.
- Corporate Governance – An International Review*, Blackwell.
- Cheng, P.W., H.S. Sum and K.T. Yuen, *The Hong Kong Company Secretary's Handbook: Practice & Procedure*, latest edition, Longman.
- Stott, V., *Hong Kong Company Law*, latest edition, Longman.
- Gu Minkang, *Understanding Chinese Company Law*, Hong Kong University Press, 2006.
- Hong Kong Ethics Development Centre, *Ethics in Management: A Resource Portfolio for Hong Kong Universities*.
- Journal of Business Ethics*, Kluwer Academic Publishers.
- Companies Ordinance*, Cap. 32 (and amendments) and all related rules, regulations & orders.
- Electronic Transactions Ordinance*, Cap. 553.
- Financial Reporting Council Ordinance*, Cap. 588.
- Guide for Directors of Listed Companies*, the latest edition, The Stock Exchange of Hong Kong Limited.
- Rules governing the Listing of Securities*, The Stock Exchange of Hong Kong Limited.
- Securities and Futures Ordinance*, Cap. 571.
- Hong Kong Codes on Takeovers and Mergers and Share Repurchases*.