

Subject Code	AF5520
Subject Title	Corporate Law
Credit Value	3
Level	5
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	None
Role and Purposes	This subject focuses on business associations in the form of registered companies (Hong Kong incorporated companies and companies registered here as non-Hong Kong companies). This subject contributes to the achievement of MCG Programme Outcomes by enabling students to <u>identify the legal aspects involved in company matters and the corporate governance system of Hong Kong companies, critically evaluate the rights and responsibilities of corporate officers, develop a critical corporate law insight through application of the laws and best practices in corporate decision making process and governance</u> (Outcome3).
Subject Learning Outcomes	On successfully completing of this subject, the students will be able to: <ul style="list-style-type: none"> (a) <u>identify and compare the laws govern different types of companies</u> registered in Hong Kong, whether incorporated here or overseas; (b) <u>critically evaluate the rights and responsibilities of officers</u> of the company (directors, managers, company secretary and auditor) and also of the shareholders; (c) <u>effectively interpret and apply the governing laws and regulations</u> on various means by which a company may raise capital through equity and / or debt finance; (d) <u>apply the laws and best practices in corporate decision making process, critically evaluate the latest legal reforms</u> in promoting better corporate governance, especially for listed companies; and (e) <u>compare and apply the procedures</u> in the event of restructuring and winding up solvent and insolvent companies; their implications on stakeholders and corporate governance.
Subject Synopsis/ Indicative Syllabus	<p>Legal Differences, Globalization and Ethical Aspects of Company Regulation Institutional differences between civil law and common law countries and how these may impinge on the rights and duties of investors and directors. Corporate governance models and trends in the world and in Hong Kong, Multinational corporations as conveyors of globalization, International regulatory framework of multinational corporations, Corporate social responsibility.</p> <p>Formation and Constitution Determinants of organizational form and effect of incorporation. Types of company. Comparison of registered companies with other forms of business</p>

	<p>organization. Companies registered in Hong Kong as 'non-Hong Kong' companies. Corporate groups and associated companies. Formation Procedures, Contents and effect of Articles of Association.</p> <p>Corporate Transactions Capacity of companies and the concept of agency as applied to companies. Promotion & Pre-incorporation contracts, Lifting the Corporate Veil, Protection of Outsiders, Maintenance of Capital: Buy Back, Capital Reduction & Financial Assistance.</p> <p>Corporate Finance and Protection of Investors Nature and types of shares. Methods of raising share capital. Flotation. Liabilities with respect to prospectuses. Allotment of shares. Underwriting and commission. Debt finance. Secured creditors. Creditors rights. Registration of charges. Priority of charges. Statutory devices for protection of investors.</p> <p>Dealings with Shares and Dividends Share transfers and transmission. Mortgages of shares. Redemption and purchase of own shares. Financial assistance for acquisition of shares. Variation of class rights. Disclosure of substantial shareholding. Declaration and payment of dividends. Capitalizing profits. Reserves.</p> <p>Corporate Management Appointment of directors. Removal, retirement and disqualification of directors. Authority and liabilities of directors and corporate officers. Duties of directors. Conflict of interests. Avoidance. Insider dealing. Appointment and functions of the company secretary. Appointment, powers and duties of auditors. Corporate liabilities.</p> <p>Meetings and Majority Control Conduct of general meetings and meetings of directors. Majority control. Duties of controlling shareholders. Protection of minority shareholders. Shareholders remedies.</p> <p>Restructuring, Receivership and Liquidation Reconstructions. Amalgamation. Schemes of Arrangement. Take-overs. Receivership. Functions of receivers and receiver-managers. Compulsory winding up. Voluntary winding up. Order of application of assets of insolvent companies. Preferential creditors: avoidance of transactions. Fraudulent trading. Dissolution.</p>			
<p>Teaching/Learning Methodology</p>	<p>Lectures will emphasize the concepts and the key issues and seminars will provide a forum for discussing applications of the concepts and the key issues. Cases/problems will therefore be used extensively. In addition to the application of concepts emphasis will be given to the identification of legal issues and the development of legal argument. While the doctrine of precedent may be familiar to the students taking this programme (from their earlier law studies), its application is, very often, not appreciated and students often have difficulty applying previous cases to the problems they are faced with.</p> <p>The cases/problems will also focus on the adequacy or otherwise of Hong Kong's existing regulatory regime, law reform, corporate governance and ethical issues. Comparisons will also be made with other jurisdictions.</p>			
<p>Assessment Methods in Alignment with Subject Learning Outcomes</p>	<table border="1" data-bbox="486 1982 1444 2060"> <tr> <td data-bbox="486 1982 798 2060">Specific assessment</td> <td data-bbox="798 1982 957 2060">%</td> <td data-bbox="957 1982 1444 2060">Intended subject learning outcomes to be assessed (Please</td> </tr> </table>	Specific assessment	%	Intended subject learning outcomes to be assessed (Please
Specific assessment	%	Intended subject learning outcomes to be assessed (Please		

	methods/tasks	weighting	tick as appropriate)					
			a	b	c	d	e	
	Class Exercises	25%	√	√	√	√	√	
	Class Participation	5%	√	√	√	√	√	
	Mid-term Test	20%	√	√	√	√		
	Final Examination	50%	√	√	√	√	√	
	Total	100%						
<p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p>Weekly class exercise is to train the student's ability to critically evaluate the ongoing legal reform in corporate governance (Programme Outcome 3). Students' ability to identify the ethical dimensions of corporate regulation will also be assessed in class exercises.</p> <p>Mid-term Test and Final Examination will provide assurance of the above learning outcomes.</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 Required	Class contact:							
	▪ 13 weeks of 3 hours seminar each							39 Hrs.
	Other student study effort:							
	▪ Textbook reading							39 Hrs.
	▪ Preparation for presentation & exams							39 Hrs.
	Total student study effort							117 Hrs.
Reading List and References	<p>Lo, Stefan HC & Qu, Charles Z, Law of Companies in Hong Kong. Latest edition, Sweet & Maxwell.</p> <p>Stott, Vanessa, <i>Hong Kong Company Law</i>, latest edition, Pearson.</p> <p>Cheng, Po Wah, et al, <i>The Hong Kong Company Secretary's Handbook: Practice & Procedure</i>, latest edition, Longman.</p> <p><i>Butterworths Hong Kong Company Law Handbook</i>, Lexis Nexis, Butterworths, latest edition.</p> <p>Smart, P., et al, <i>Hong Kong Company Law Cases, Materials and Comments</i>, Butterworths, latest edition.</p> <p><i>Companies Ordinance (CO)</i>, Chapter 622 of the Laws of Hong Kong.</p>							

	<p><i>Companies (Winding Up & Miscellaneous Provisions) Ordinance (C(WUMP)O)</i>, Chapter 32 of the Laws of Hong Kong.</p> <p><i>Securities and Futures Ordinance (SFO)</i>, Chapter 571 of the Laws of Hong Kong.</p> <p>Selected articles.</p> <p>Web sites: Bilingual Laws Information System (http://www.legislation.gov.hk) Companies Registry (http://www.cr.gov.hk) Department of Justice (http://www.doj.gov.hk) Securities and Futures Commission (http://www.sfc.hk) Hong Kong Exchange (http://www.hkex.com.hk) David Webb-Corporate Governance HK (http://www.webb-site.com)</p>
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