

**City University of Hong Kong**  
**Course Syllabus**

**offered by School of Law**  
**with effect from Semester A 2019/20**

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**Part I Course Overview**

**Course Title:** Company Law II

**Course Code:** LW5657

**Course Duration:** One semester

**Credit Units:** 3

**Level:** P5

**Medium of Instruction:** English

**Medium of Assessment:** English

**Prerequisites:**  
(Course Code and Title) LW5656 Company Law I

**Precursors:**  
(Course Code and Title) Nil

**Equivalent Courses:**  
(Course Code and Title) LW6104E Company Law II

**Exclusive Courses:**  
(Course Code and Title) Nil

## Part II Course Details

### 1. Abstract

This course aims to build upon basic company law knowledge through a review of the law, policy and practice in relation to equity and debt financing of companies, and the external administration of companies (receivership, liquidation etc).

### 2. Course Intended Learning Outcomes (CILOs)

(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

No.	CILOs	Weigh ting	DEC related learning outcomes		
			A1	A2	A3
1.	Describe and explain principles of company law dealing with corporate financing and external administration.	20%	✓		
2.	Apply principles of company law to solve legal problems involving corporate financing and external administration of companies by: <ul style="list-style-type: none"> <li>• analysing cases</li> <li>• interpreting statutes</li> <li>• conducting independent research on the law and relevant legal issues</li> <li>• marshalling arguments clearly, logically, coherently and effectively, both orally and in writing.</li> </ul>	30%	✓	✓	
3.	Research, analyse and critically evaluate: <ul style="list-style-type: none"> <li>• legal principles and doctrines in company law dealing with corporate financing and external administration in light of both doctrinal coherence and in relation to the policy objectives of the law</li> <li>• the implications of the above principles and doctrines of company law in facilitating or limiting the achievement of a business's commercial or other goals and in balancing the competing interests of the investors, creditors, managers, employees and the public.</li> </ul>	50%	✓	✓	✓
		100%			

A1: Attitude

*Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.*

A2: Ability

*Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to self-life problems.*

A3: Accomplishments

*Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.*

### 3. Teaching and Learning Activities (TLAs)

(TLAs designed to facilitate students' achievement of the CILOs.)

TLA	Brief Description	CILO No.			Hours/week (if applicable)
		1	2	3	
Reading of cases, statutes and other material, and research	<ul style="list-style-type: none"> <li>Students will acquire knowledge of the substantive rules of company law dealing with corporate finance and external administration. This would be through both set readings and other materials acquired through the student's own research.</li> </ul>	✓			
	<ul style="list-style-type: none"> <li>Students will learn and evaluate conceptual and policy issues in company law dealing with corporate finance and external administration through multimedia or other presentations. This would be through both set readings and other materials acquired through the student's own research.</li> </ul>			✓	
Lectures	<ul style="list-style-type: none"> <li>Students will receive guidance on their reading and research through multimedia or other presentations.</li> </ul>	✓			
	<ul style="list-style-type: none"> <li>Students will be introduced to issues and concerns and aspects of the operation of the substantive rules of company law dealing with corporate finance and external administration.</li> </ul>			✓	
Several lectures will include small group / interactive sessions	<ul style="list-style-type: none"> <li>Students will analyse cases, interpret statutes, and may need to research issues of company law dealing with corporate finance and external administration.</li> <li>Students will apply relevant legal analysis to case study situations, thereby developing issue recognition, problem solving and application skills.</li> <li>Students will present arguments orally and may need to provide written submissions.</li> </ul>		✓		
	<ul style="list-style-type: none"> <li>Students will scrutinise, analyse and evaluate issues and concerns in the field of company law dealing with corporate finance and external administration through group discussions</li> </ul>			✓	

### 4. Assessment Tasks/Activities (ATs)

(ATs are designed to assess how well the students achieve the CILOs.)

Assessment Tasks/Activities	CILO No.			Weigh ting	Remarks
	1	2	3		
Continuous Assessment:				30%	
Contribution toward Knowledge Building: 15%					
Students' ability to describe and explain substantive rules of company law will be tested by the above assessment tasks/activities.	✓				
Students' ability to research, analyse and resolve problems, and to communicate arguments orally and in writing will be tested.		✓			
Students' ability to analyse and critically evaluate, and to communicate arguments orally and in writing will be tested.			✓		

Presentation: 15% Students' ability to research, collect data and decipher primary and secondary materials, and to analyse and critically evaluate issues in company law, and to communicate arguments in writing will be tested.			✓		
Examination: (duration: 2 to 3 hours , if applicable)	70%				
Students' ability to apply the principles of company law to given situations, to resolve problems, and to communicate arguments in writing will be tested.		✓			
Students' ability to analyse and critically evaluate, and to communicate arguments in writing will be tested.			✓		
				100%	

**Grading of Student Achievement:** Standard (A+ A A- ... F)

To pass this course students must obtain an aggregate mark of 40% and a minimum of 40% in each of the continuous assessment and the examination elements of the assessment. Continuous Assessment for this purpose means those ways in which students are assessed otherwise than by the end of session examination.

The portion of the overall mark allocated to performance/participation in inter-active in class activities will be assessed on the quality of the participation. Assessment criteria for those activities, their nature and their timing will be set out in the study guide/course manual and will be further expanded upon by the course leader.

To enable the full benefit to be obtained from this course, students should attend all of the classes and activities.

Assessment will be formative to enable students to demonstrate their capacity to understand, analyse and apply rules and principles and summative to assess ability to synthesise primary and secondary material to solve novel problems.

## 5. Assessment Rubrics

*(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)*

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
1. Examination	1.1 Perspicacity in identifying the nature of the legal issue/s implicated	High	Significant	Moderate	Basic	Inadequate
	1.2 Sophistication in analysis	High	Significant	Moderate	Basic	Inadequate
2. Presentation	2.1 Depth of research	High	Significant	Moderate	Basic	Inadequate
	2.2 Synthesis and argument	High	Significant	Moderate	Basic	Inadequate
3. Contribution toward Knowledge Building	3.1 Preparedness and contribution	High	Significant	Moderate	Basic	Inadequate
	3.2 Ability to work in groups	High	Significant	Moderate	Basic	Inadequate

### **Part III Other Information** (more details can be provided separately in the teaching plan)

#### **1. Keyword Syllabus**

(An indication of the key topics of the course.)

- Financing corporate enterprises.
- Share capital.
- Public issues of securities and official listing.
- Borrowing and loan capital.
- Security for loans and charges.
- Creditor remedies, including receivership.
- Corporate rescue processes.
- Liquidation.

#### **Detailed Syllabus:**

- Financing corporate enterprises – an overview. Background to Hong Kong as a financial centre. Debt and Equity.
- Share capital: the issue of equity and equity type securities, types of share, rights issues and subscription agreements; the rules of maintenance of share capital, reduction of capital, financial assistance, purchase of own shares, reorganizations. Problems on transfer.
- Public issue: requirements of the Companies Ordinance, disclosure obligations, contents of prospectuses and defective information.
- Official listing: minimum requirements, preparation for flotation, procedures and requirements. Continuing obligations and raising additional capital.
- Borrowing and loan capital: money, debt, credit, security; loans and borrowing; loan facilities and loan agreements, security and creditor protection covenants, debt securities – an examination of various types, their uses and purposes.
- Security for loans, types of charge, registration of charges and priorities, typical protection clauses and their efficacy, eg negative pledge and automatic crystallization.
- Creditor remedies, including receivership.
- Corporate failure: causes and effects.
- Corporate rescue processes.
- Liquidation (an overview of the winding-up procedure and its consequences, including the re-opening of antecedent transactions and the role of the liquidator) and dissolution.

#### **2. Reading List**

Text(s):

Stefan Lo & Charles Qu, *Law of Companies in Hong Kong*, 2<sup>nd</sup> ed (Sweet & Maxwell. 2015)

Books:

- Vanessa Stott, *Hong Kong Company Law*, Longman, Hong Kong (12th edition)
- Philip Smart, Katherine Lynch, Anna Tam, *Hong Kong Company Law: Cases, Materials and Comments*, Butterworths, Hong Kong, 1997
- *Hong Kong Company Law Handbook: Companies Ordinance*, Butterworths, Hong Kong
- Mayson S, French D, Ryan C, *Mayson, French & Ryan on Company Law*, Blackstone, London (latest edition)
- Davies P, Gower and Davies' *Principles of Modern Company Law*, Sweet and Maxwell, London (latest edition)
- Pennington R, *Pennington's Company Law*, Butterworths, London (latest edition)

- Farrah J and Hannigan B, *Farrar's Company Law*, Butterworths, London, (latest edition)
- Sealy L, *Cases and Materials in Company Law*, Butterworths, London, (8th edition)
- Hicks A and Goo S H, *Cases and Materials on Company Law*, Oxford University Press, Oxford (latest edition)
- Morse G, *Partnership Law*, Blackstone, London (latest edition)
- Banks L R, *Lindley and Banks on Partnership*, Sweet and Maxwell, London (latest edition)
- Ferran E, *Principles of Corporate Finance*, Oxford University Press, Oxford, 2008
- Low C K, ed, *Financial Markets in Hong Kong*, Springer, Singapore, 2000
- McGuinness P, *A Guide to the Equity Markets of Hong Kong*, Oxford University Press, Oxford, (latest edition)
- Sin K F, *Building Project Finance in Hong Kong*, 2nd ed, Butterworths, Hong Kong, 1999
- Sabine M, *Corporate Finance: Flotations, Equity Issues and Acquisitions*, Butterworths, London (latest edition)
- Rutterford R and Montgomerie R, *Handbook of UK Corporate Finance*, Butterworths, London (latest edition)
- Goode R, *Commercial Law*, Butterworths, London, (latest edition)
- Goode R, *Legal Problems of Credit and Security*, Sweet and Maxwell, London, (latest edition)
- McCormack G, *Registration of Company Charges*, Sweet and Maxwell, London, 1994
- Goode R, *Principles of Corporate Insolvency Law*, Sweet and Maxwell, London, 1997
- Hadden T, *Company Law and Capitalism*, 2nd ed, Weidenfeld & Nicolson, London, 1977

#### Looseleaf services:

- *Company Law in Hong Kong – Practice and Procedure*, Sweet and Maxwell, Hong Kong
- *Hong Kong Company Law: Legislation and Commentary*, Butterworths, Hong Kong
- *Hong Kong Company Law and Practice*, CCH, Singapore
- *The Law of Loans and Borrowing*, Sweet and Maxwell, London

#### Specialist law reports on company law:

- *Butterworths Company Law Cases (BCLC)*
- *British Company Cases (BCC)*
- *Australian Company Law Cases (ACLC)*
- *Australian Corporations and Securities Reports (ACSR)*

#### Law journals specialising in company and business law:

- *Australian Journal of Corporate Law (Aust Jnl of Corp Law)*
- *Company and Securities Law Journal (C & SLJ)*
- *The Company Lawyer (Co Law)*
- *Journal of Business Law (JBL)*

#### Law reform papers:

- *Companies Law Revision Committee, First Report: Protection of Investors, 1971; Second Report: Company Law, 1973*

- Consultancy Report Review of the Hong Kong Companies Ordinance (Pascutto Report) 1997
- Standing Committee on Company Law Reform Report on Pascutto Report 2000
- Standing Committee on Company Law Reform Consultation Paper on the Proposals made in Phase I of the Corporate Governance Review 2001
- Standing Committee on Company Law Reform Consultation Paper on the Proposals made in Phase II of the Corporate Governance Review 2003
- Annual Reports of the Standing Committee on Company Law Reform
- Report of the Review Committee on Insolvency Law and Practice (the Cork Report) London 1982
- The Law Reform Commission of Hong Kong issued three Reports as part of its Insolvency Law Review between 1995 and 1999 on Bankruptcy, Corporate Rescue and Insolvent Trading, and the Winding-up Provisions of the Companies Ordinance respectively.

Online Resources:

- Companies Registry, <http://www.info.gov.hk/cr>
- Securities and Futures Commission, <http://www.hksfc.org.hk>
- Hong Kong Stock Exchange, <http://www.hkex.com.hk/index.htm>