

LW5657: COMPANY LAW II

Effective Term

Semester A 2025/26

Part I Course Overview

Course Title

Company Law II

Subject Code

LW - Law

Course Number

5657

Academic Unit

School of Law (FL)

College/School

School of Law (FL)

Course Duration

One Semester

Credit Units

3

Level

P5, P6 - Postgraduate Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

LW5656 Company Law I

Precursors

Nil

Equivalent Courses

LW4657 Company Law II, LW6104E Company Law II (only applicable to students who completed LW6104E before Sem A 2019/20)

Exclusive Courses

Nil

Part II Course Details

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).

Course Intended Learning Outcomes (CILOs)

CILOs	Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1 Describe and explain principles of company law dealing with corporate financing and external administration.	20	x		
2 Apply principles of company law to solve legal problems involving corporate financing and external administration of companies by: - analysing cases - interpreting statutes - conducting independent research on the law and relevant legal issues - marshalling arguments clearly, logically, coherently and effectively, both orally and in writing.	30	x	x	
3 Research, analyse and critically evaluate: - 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 - 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.	50	x	x	x

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 real-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.

Learning and Teaching Activities (LTAs)

5	Small group discussion/ interactive sessions	<ul style="list-style-type: none"> - Students will analyse cases, interpret statutes, and may also conduct their own research on issues of company law dealing with corporate finance and external administration. - Students will apply relevant legal analysis to case study situations, thereby developing issue recognition, problem solving and application skills. - Students will present arguments orally and may need to provide written submissions. 	2	1
6		<ul style="list-style-type: none"> - 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 	3	
7		<ul style="list-style-type: none"> # Students will evaluate the utility and limitations of GenAI tools for generating answers to legal problems, and apply critical analysis to GenAI outputs in legal contexts. Students will apply their legal knowledge to correct/amend/improve AI-generated outputs to craft a work product that is fit for purpose. 	2, 3	

Assessment Tasks / Activities (ATs)

	ATs	CILO No.	Weighting (%)	Remarks ("- for nil entry)	Allow Use of GenAI?
1	Contribution toward Knowledge Building	1, 2, 3	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.	Yes
2	Presentation	2, 3	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.	Yes

Continuous Assessment (%)

30

Examination (%)

70

Examination Duration (Hours)

2

Minimum Continuous Assessment Passing Requirement (%)

0

Minimum Examination Passing Requirement (%)

40

Additional Information for ATs

Examination:

- 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.

The use of Generative AI tools is only allowed as specified in instructions provided by the course leaders for contribution toward knowledge building and presentation. The use of Generative AI tools is not allowed in Examination.

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

Applicable to students admitted from Semester A 2022/23 to Summer Term 2024 To pass this course students must obtain an aggregate mark of 50% and a minimum of 50% in each of the continuous assessment and the examination elements of the assessment.

Applicable to students admitted before Semester A 2022/23 and in Semester A 2024/25 and thereafter

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.

To ensure fair and comprehensive assessment of students' course performance, the pass mark requirement for the CA component will be waived for courses with a CA component equal to or less than 30%. This means students only need to achieve the pass marks for the final exam component AND the overall mark to pass the course. Continuous assessment for this purpose means those ways in which students are assessed otherwise than by the end of semester 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.

Assessment Rubrics (AR)

Assessment Task

Examination (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

1.1 Perspicacity in identifying the nature of the legal issue/s implicated

1.2 Sophistication in analysis

Excellent

(A+, A, A-) High

Good

(B+, B, B-) Significant

Fair

(C+, C, C-) Moderate

Marginal

(D) Basic

Failure

(F) Inadequate

Assessment Task

Presentation (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

- 2.1 Depth of research
- 2.2 Synthesis and argument

Excellent

(A+, A, A-) High

Good

(B+, B, B-) Significant

Fair

(C+, C, C-) Moderate

Marginal

(D) Basic

Failure

(F) Inadequate

Assessment Task

Contribution toward Knowledge Building (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

- 3.1 Preparedness and contribution
- 3.2 Ability to work in groups

Excellent

(A+, A, A-) High

Good

(B+, B, B-) Significant

Fair

(C+, C, C-) Moderate

Marginal

(D) Basic

Failure

(F) Inadequate

Assessment Task

Examination (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

- 1.1 Perspicacity in identifying the nature of the legal issue/s implicated
- 1.2 Sophistication in analysis

Excellent

(A+, A, A-) High

Good

(B+, B) Significant

Marginal

(B-, C+, C) Moderate

Failure

(F) Inadequate

Assessment Task

Presentation (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

2.1 Depth of research

2.2 Synthesis and argument

Excellent

(A+, A, A-) High

Good

(B+, B) Significant

Marginal

(B-, C+, C) Moderate

Failure

(F) Inadequate

Assessment Task

Contribution toward Knowledge Building (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

3.1 Preparedness and contribution

3.2 Ability to work in groups

Excellent

(A+, A, A-) High

Good

(B+, B) Significant

Marginal

(B-, C+, C) Moderate

Failure

(F) Inadequate

Part III Other Information

Keyword Syllabus

- 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.

Reading List

Compulsory Readings

Title	
1	Nil

Additional Readings

Title	
1	Text(s):
2	Stefan Lo & Charles Qu, Law of Companies in Hong Kong, Sweet & Maxwell (latest edition).
3	Books:
4	Vanessa Stott, Hong Kong Company Law, Longman, Hong Kong (12th edition)
5	Hong Kong Company Law Handbook: Companies Ordinance, Butterworths, Hong Kong
6	Mayson S, French D, Ryan C, Mayson, French & Ryan on Company Law, Blackstone, London (latest edition)
7	Davies P, Gower and Davies' Principles of Modern Company Law, Sweet and Maxwell, London (latest edition)
8	Pennington R, Pennington' s Company Law, Butterworths, London (latest edition)
9	Farrar J and Hannigan B, Farrar' s Company Law, Butterworths, London, (latest edition)
10	Sealy L, Cases and Materials in Company Law, Butterworths, London, (8th edition)
11	Hicks A and Goo S H, Cases and Materials on Company Law, Oxford University Press, Oxford (latest edition)
12	Morse G, Partnership Law, Blackstone, London (latest edition)

13	Banks L R, Lindley and Banks on Partnership, Sweet and Maxwell, London (latest edition)
14	Ferran E, Principles of Corporate Finance, Oxford University Press, Oxford, 2008
15	McGuinness P, A Guide to the Equity Markets of Hong Kong, Oxford University Press, Oxford, (latest edition)
16	Sabine M, Corporate Finance: Flotations, Equity Issues and Acquisitions, Butterworths, London (latest edition)
17	Rutterford R and Montgomerie R, Handbook of UK Corporate Finance, Butterworths, London (latest edition)
18	Goode R, Commercial Law, Butterworths, London, (latest edition)
19	Goode R, Legal Problems of Credit and Security, Sweet and Maxwell, London, (latest edition)
20	Looseleaf services:
21	Company Law in Hong Kong – Practice and Procedure, Sweet and Maxwell, Hong Kong
22	Hong Kong Company Law: Legislation and Commentary, Butterworths, Hong Kong
23	Hong Kong Company Law and Practice, CCH, Singapore
24	The Law of Loans and Borrowing, Sweet and Maxwell, London
25	Specialist law reports on company law:
26	Butterworths Company Law Cases (BCLC)
27	British Company Cases (BCC)
28	Australian Company Law Cases (ACLC)
29	Australian Corporations and Securities Reports (ACSR)
30	Law journals specialising in company and business law:
31	Australian Journal of Corporate Law (Aust Jnl of Corp Law)
32	Company and Securities Law Journal (C & SLJ)
33	The Company Lawyer (Co Law)
34	Journal of Business Law (JBL)
35	Law reform papers: https://www.cr.gov.hk/en/publications/reports/consultation-archive.htm ; https://www.cr.gov.hk/en/publications/standing/consultation.htm
36	Companies Law Revision Committee, First Report: Protection of Investors, 1971; Second Report: Company Law, 1973
37	Consultancy Report Review of the Hong Kong Companies Ordinance (Pascutto Report) 1997
38	Standing Committee on Company Law Reform Report on Pascutto Report 2000
39	Standing Committee on Company Law Reform Consultation Paper on the Proposals made in Phase I of the Corporate Governance Review 2001
40	Standing Committee on Company Law Reform Consultation Paper on the Proposals made in Phase II of the Corporate Governance Review 2003
41	Report of the Review Committee on Insolvency Law and Practice (the Cork Report) London 1982
42	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.
43	Consultations on the Rewrite of the Companies Ordinance (Cap. 32) (2007-2011)
44	Subsidiary Legislation for Implementation of the New Companies Ordinance – Phase Two Consultation (2012)
45	Annual Reports of the Standing Committee on Company Law Reform https://www.cr.gov.hk/en/publications/standing/annual-report-archive.htm
46	Online Resources:
47	Companies Registry, http://www.info.gov.hk/cr

48	Securities and Futures Commission, http://www.hksfc.org.hk
49	Hong Kong Stock Exchange, http://www.hkex.com.hk/index.htm