

# City University of Hong Kong

## Course Syllabus

offered by School of Law  
with effect from Semester A 2024/25

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### Part I Course Overview

<b>Course Title:</b>	<u>Chinese and Comparative Company Law</u>
<b>Course Code:</b>	<u>LW6134E</u>
<b>Course Duration:</b>	<u>One semester</u>
<b>Credit Units:</b>	<u>3</u>
<b>Level:</b>	<u>P6</u>
<b>Medium of Instruction:</b>	<u>English</u>
<b>Medium of Assessment:</b>	<u>English</u>
<b>Prerequisites:</b> <i>(Course Code and Title)</i>	<u>Nil</u>
<b>Precursors:</b> <i>(Course Code and Title)</i>	<u>Nil</u>
<b>Equivalent Courses:</b> <i>(Course Code and Title)</i>	<u>LW5534</u>
<b>Exclusive Courses:</b> <i>(Course Code and Title)</i>	<u>LW6534E</u>

## Part II Course Details

### 1. Abstract

This course delves into the key aspects of company law and securities regulation in China, based on the newly amended PRC Company Law effective from July 2024. It also references the corporate and securities laws of major common law and civil law jurisdictions, including the United Kingdom, the United States, Hong Kong, Singapore, and Germany. The curriculum covers topics such as company formation, corporate finance, corporate governance, shareholders' rights, stock issuance and initial public offerings (IPOs), mergers and acquisitions, and the regulation of capital markets in China. The teaching methodology is learning-centric, aimed at equipping students with the essential knowledge, skills, and competencies to understand and apply company law in practical contexts. Key issues concerning corporate law and securities regulation will be discussed within the framework of China's legal, business, and policy environments during the reform period.

### 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.)*

The course entails a thorough examination of statutory laws, case studies, practical work products, and academic literature. Beyond merely grasping theoretical concepts and legal regulations, the course is structured to cultivate analytical and problem-solving abilities. These skills can be applied to devising solutions for real-world cases and suggesting legislative reforms to China's corporate and securities law framework, considering the country's distinctive political, economic, legal, cultural, and historical backgrounds.

The teaching methods of this course aims to create a student-centred learning environment

By the end of the course, the students shall be able to:

No.	CILOs	Weighting (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	A2	A3
1.	Describe the legal framework governing companies and explain the structure and key characteristic of the Chinese corporate law, as well as, the fundamental principles and concepts of the Company Law in a comparative texts.		√	√	√
2.	Identify the key legal issues relating to the procedures of incorporate a business in China, as well as to corporate finance and corporate governance.		√	√	√
3.	Describe the roles, rights and responsibilities of directors, shareholders, creditors and other stakeholders, and identify the legal remedies for violations of such rights.		√	√	√
4.	Cultivating critical thinking abilities and engaging in discussions with fellow students, researchers, and legal professionals about company law issues in both academic and practical settings.		√	√	√
5.	Engage in independent legal research on subjects pertaining to Chinese company law and securities regulation, and enhance problem-solving abilities to implement company law rules and principles in practical situations.		√	√	√
6.	understand Chinese Company Law and securities regulation in China's distinctive political, economic, and social contexts		√	√	√

**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.*

**3. Learning and Teaching Activities (LTAs)**

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

LTA	Brief Description	CILO No.						Hours/week (if applicable)
		1	2	3	4	5	6	
Lectures	Students will engage in formal lectures to in weekly formal lectures to gain knowledge about company and securities law and receive training on critical legal skills.	√	√	√	√	√	√	3 hours/week
Group projects	Students will collaborate in groups to tackle projects that involve either resolving a legal problem or suggesting a legislative change. This will be achieved through thorough research and vigorous group discussions. Each group will jointly write a group report.	√	√	√	√	√	√	1 hour/week
Presentation	Each student group will make a presentation of their collaborative research project in class to showcase their communication skills, teamwork, and comprehension of corporate law issues.	√	√	√	√	√	√	20 minutes for each group

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

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

Assessment Tasks/Activities	CILO No.						Weighting	Remarks
	1	2	3	4	5	6		
Continuous Assessment: 40%								
Class Participation	√	√	√	√	√	√	10%	While generally students are not encouraged to rely on AI, they are permitted to use GenAI for assignment completion. The pedagogical objectives limit the use of AI to three specific purposes:  1. Utilizing AI instead of traditional search engines to gather sources; 2. Developing the skills to pose questions to AI that effectively prompt useful answers; 3. Garnering inspiration from the points of
Coursework assignment/project report	√	√	√	√	√	√	30%	

										knowledge/ideas/thoughts generated by AI.  Students are strictly prohibited from directly incorporating sentences or expressions produced by Gen AI into their assignments. This would be viewed as plagiarism. When AI has been utilized in their work, it is crucial that students acknowledge this fact.
Examination: 60% (duration 3 hours)										The use of Generative AI tools is not allowed.
										100%

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

Students must obtain a minimum mark of 40% in both continuous assessment and examination and an overall mark of 40% in order to pass the course.

When University facilities and resources are available, students are required to take a computer-based examination in computer labs. During the examination, students are blocked from access to files, programmes and the Internet.

Applicable to students admitted from Semester A 2022/23 to Summer Term 2024

Students must obtain a minimum mark of 50% in both continuous assessment and examination and an overall mark of 50% in order to pass the course.

When University facilities and resources are available, students are required to take a computer-based examination in computer labs. During the examination, students are blocked from access to files, programmes and the Internet.

## 5. Assessment Rubrics

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

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

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
Class Participation	<p>Listening comprehension to demonstrate attentive participation in class and understanding of the reading materials;</p> <p>Comments are pointed to the questions and demonstrate insightful and critical thinking;</p> <p>Demonstration of ability to make original contribution in arguments</p>	Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.	Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.	Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.	Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.	Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature.
Coursework Assignment	<p>Demonstration of comprehension of principles, theories and concepts.</p> <p>Demonstration of ability to identify legal issues.</p> <p>Application of knowledge to specific problems and discussion questions.</p> <p>Application of research, writing and / or communication skills.</p> <p>Ability to engage in argument-based analysis.</p> <p>Aptitude for formulating innovative solutions to designated fact-based</p>	Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.	Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.	Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.	Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.	Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature.

	questions.					
Examination	<p>Demonstration of comprehension of principles, theories and concepts.</p> <p>Demonstration of ability to identify legal issues.</p> <p>Application of knowledge to specific problems and discussion questions.</p> <p>Application of research, writing and / or communication skills.</p> <p>Ability to engage in argument-based analysis.</p> <p>Aptitude for formulating innovative solutions to designated fact-based questions.</p>	<p>Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.</p>	<p>Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.</p>	<p>Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.</p>	<p>Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.</p>	<p>Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature.</p>

Applicable to students admitted from Semester A 2022/23 to Summer Term 2024

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B)	Marginal (B-, C+, C)	Failure (F)
Class Participation	<p>Listening comprehension to demonstrate attentive participation in class and understanding of the reading materials;</p> <p>Comments are pointed to the questions and demonstrate insightful and critical thinking;</p>	High	Significant	Moderate	Inadequate

	Demonstration of ability to make original contribution in arguments				
Coursework Assignment	<p>Demonstration of comprehension of principles, theories and concepts.</p> <p>Demonstration of ability to identify legal issues.</p> <p>Application of knowledge to specific problems and discussion questions.</p> <p>Application of research, writing and / or communication skills.</p> <p>Ability to engage in argument-based analysis.</p> <p>Aptitude for formulating innovative solutions to designated fact-based questions.</p>	High	Significant	Moderate	Inadequate
Examination	<p>Demonstration of comprehension of principles, theories and concepts.</p> <p>Demonstration of ability to identify legal issues.</p> <p>Application of knowledge to specific problems and</p>	High	Significant	Moderate	Inadequate

	<p>discussion questions.</p> <p>Application of research, writing and / or communication skills.</p> <p>Ability to engage in argument-based analysis.</p> <p>Aptitude for formulating innovative solutions to designated fact-based questions.</p>				
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## **Part III Other Information** (more details can be provided separately in the teaching plan)

### **1. Syllabus**

#### **1.1 Keyword Syllabus**

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

Companies; Company law/corporate law; Comparative company law; business organizations; company formation/incorporation; corporate governance; shareholders' rights; shareholders litigation; corporate directors, supervisors, and executives; fiduciary duties; related-party transactions; corporate finance; initial public offering (IPO); mergers and acquisitions (M&A).

#### **1.2 Detailed Syllabus**

All the topics outlined below may not be examined in any given semester. The course leader may choose to concentrate on comparative study of a selected number of topics outlined in the list.

- 1) History, Concepts, Principles and Framework:
  - a. The concept of companies understood from Chinese and global perspectives;
  - b. The development of company law in China: the legal, economic, and political foundations of the making of PRC Company Law and its Revisions;
  - c. Principles of company law in China and globally
  - d. CSR and ESG
  - e. The concepts of legal persons and legal personality
  - f. Types of companies in China as compared to other jurisdictions
- 2) Companies in the World of Business Organizations in China
  - a. The world of business organizations in China in a comparative light
  - b. Partnerships
  - c. State-owned enterprises
  - d. Collective enterprises
  - e. Rural Cooperative Associations
  - f. Foreign invested enterprises
  - g. Trusts
  - h. Shareholding Cooperative Corporations
- 3) Incorporation: Company Formation and Capital Rules
  - a. Regulation of entry: the theoretical frameworks for corporate incorporation
  - b. Requirements for incorporating companies in China: the movement from a restrictive approach to enabling approach
  - c. Registered capital, and capital maintenance rules in Chinese and comparative law
  - d. The special case of various interests entities (VIEs)
- 4) Corporate Governance: Theories, global perspectives, and the governance structure in Chinese law
  - a. Theoretical perspectives on corporate governance
  - b. Global perspectives of models of corporate governance
  - c. The evolution of corporate governance structure in Chinese Company Law
  - d. The dual-governance structure in China's SOEs
  - e. The legal nature of articles of association
- 5) Shareholders' Rights
  - a. Shareholders' collective rights and individual rights
  - b. Shareholders' informational rights

- c. Shareholders' voting rights
  - d. Shareholders' rights to transfer equity interests/shares
  - e. Shareholders's rights to receive dividends
  - f. Shareholders' lawsuits: direct and derivative action
- 6) Duties of Directors, Supervisors and Executives
- a. The respective roles and qualifications of directors, supervisors, and senior executives in corporate governance in China
  - b. The evolution of the relationship between directors and supervisors
  - c. Fiduciary duties
  - d. Related Party Transactions
- 7) Special Rules for State-owned Enterprises, Foreign-invested Companies, and Listed Companies
- a. Wholly state-owned enterprises
  - b. Foreign Investment Law and foreign-invested companies
  - c. Listed companies
- 8) Contractual Arrangements in Company Law: The Case of VAM (Valuation Adjustment Mechanisms)
- 9) Corporate Finance and Securities Law
- a. Public Offering of Shares (including IPO)
  - b. Listing and Trading of Shares
  - c. Inside Trading, Market Manipulation, and Misrepresentation
- 10) Fundamental Corporate Changes
- a. What constitutes fundamental changes in corporate structure?
  - b. Mergers and Acquisitions
  - c. Takeover of Listed Companies

## 2. Reading List

### 2.1 Class Readings

Students will be given a course pack comprising the most recent and relevant legal materials including statutes, regulations, policy papers, practitioners' notes, and scholarly writings. The pack for each week's class will be provided at least five days in advance on Canvas.

The compulsory textbook is Wang Jiangyu's *Company Law in China: Regulation of Business Organizations in a Socialist Market Economy*, published by Edward Elgar in 2014. You are not required to purchase the hardcopy of this book. CityU' eLibrary has subscribed to the electronic version of this book, which you can check online. It is supplemented by Huang Hui's *Securities and Capital Markets Law in China* (Oxford University Press 2015). Additional materials will be provided for each class to reflect the legal changes after the publication of the books. You may also find a compilation of bilingual version of the primary and second legislations of Chinese corporate and securities law on Canvas, together with a collection of articles of associations and bylaws (in English) of some representative Chinese companies including China Telecom, China Vanke, Bank of China, China Life, Air China, among others.

### 2.2 Recommended Readings

*(Additional references for students to learn to expand their knowledge about the subject.)*

Andreas Cahn and David Donald, Comparative Company Law: Text and Cases on the Laws Governing Corporations in Germany, the UK and the USA (2<sup>nd</sup> edition) (Cambridge University Press 2018)

Reiner Kraakman, et al, The Anatomy of Corporate Law: A Comparative and Functional Approach, 3<sup>rd</sup> ed. (Oxford University Press, 2017)

### **Legislation lists**

PRC Company Law

PRC Securities Law

The Companies Ordinance of Hong Kong (Cap. 32)

Delaware General Corporation Law

Model Business corporation Act