

LW6134E: CHINESE AND COMPARATIVE COMPANY LAW

Effective Term

Semester B 2024/25

Part I Course Overview

Course Title

Chinese and Comparative Company Law

Subject Code

LW - Law

Course Number

6134E

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

Nil

Precursors

Nil

Equivalent Courses

LW5534

Exclusive Courses

LW6534E

Part II Course Details

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.

Course Intended Learning Outcomes (CILOs)

CILOs		Weighting (if app.)	DEC-A1	DEC-A2	DEC-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.		x	x	x
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.		x	x	x
3	Describe the roles, rights and responsibilities of directors, shareholders, creditors and other stakeholders, and identify the legal remedies for violations of such rights.		x	x	x
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.		x	x	x
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.		x	x	x
6	understand Chinese Company Law and securities regulation in China's distinctive political, economic, and social contexts		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)

LTAs		Brief Description	CILO No.	Hours/week (if applicable)
1	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.	1, 2, 3, 4, 5, 6	3 hours/week
2	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, 2, 3, 4, 5, 6	1hour/week
3	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.	1, 2, 3, 4, 5, 6	20 minutes for each group

Assessment Tasks / Activities (ATs)

	ATs	CILO No.	Weighting (%)	Remarks (e.g. Parameter for GenAI use)
1	Class Participation	1, 2, 3, 4, 5, 6	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 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.

2	Coursework assignment/ project report	1, 2, 3, 4, 5, 6	30	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 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.
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Continuous Assessment (%)

40

Examination (%)

60

Examination Duration (Hours)

3

Additional Information for ATs

Exam: The use of Generative AI tools is not allowed.

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.

Assessment Rubrics (AR)

Assessment Task

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

Criterion

Listening comprehension to demonstrate attentive participation in class and understanding of the reading materials;

Comments are pointed to the questions and demonstrate insightful and critical thinking;

Demonstration of ability to make original contribution in arguments

Excellent

(A+, A, A-) Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.

Good

(B+, B, B-) Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.

Fair

(C+, C, C-) Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.

Marginal

(D) Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.

Failure

(F) Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature.

Assessment Task

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

Criterion

Demonstration of comprehension of principles, theories and concepts.

Demonstration of ability to identify legal issues.

Application of knowledge to specific problems and discussion questions.

Application of research, writing and / or communication skills.

Ability to engage in argument-based analysis.

Aptitude for formulating innovative solutions to designated fact-based questions.

Excellent

(A+, A, A-) Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.

Good

(B+, B, B-) Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.

Fair

(C+, C, C-) Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.

Marginal

(D) Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.

Failure

(F) Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature.

Assessment Task

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

Criterion

Demonstration of comprehension of principles, theories and concepts.

Demonstration of ability to identify legal issues.

Application of knowledge to specific problems and discussion questions.

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(C+, C, C-) Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.

Marginal

(D) Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.

Failure

(F) Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature.

Assessment Task

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

Criterion

Listening comprehension to demonstrate attentive participation in class and understanding of the reading materials;

Comments are pointed to the questions and demonstrate insightful and critical thinking;

Demonstration of ability to make original contribution in arguments

Excellent

(A+, A, A-) High

Good

(B+, B) Significant

Marginal

(B-, C+, C) Moderate

Failure

(F) Inadequate

Assessment Task

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

Criterion

Demonstration of comprehension of principles, theories and concepts.

Demonstration of ability to identify legal issues.

Application of knowledge to specific problems and discussion questions.

Application of research, writing and / or communication skills.

Ability to engage in argument-based analysis.

Aptitude for formulating innovative solutions to designated fact-based questions.

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Failure

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Assessment Task

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

Criterion

Demonstration of comprehension of principles, theories and concepts.

Demonstration of ability to identify legal issues.

Application of knowledge to specific problems and discussion questions.

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Ability to engage in argument-based analysis.

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Excellent

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Marginal

(B-, C+, C) Moderate

Failure

(F) Inadequate

Part III Other Information

Keyword Syllabus

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).

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.

- a. History, Concepts, Principles and Framework:
 - i. The concept of companies understood from Chinese and global perspectives;
 - ii. The development of company law in China: the legal, economic, and political foundations of the making of PRC Company Law and its Revisions;
 - iii. Principles of company law in China and globally
 - iv. CSR and ESG
 - v. The concepts of legal persons and legal personality
 - vi. Types of companies in China as compared to other jurisdictions
- b. Companies in the World of Business Organizations in China
 - i. The world of business organizations in China in a comparative light
 - ii. Partnerships
 - iii. State-owned enterprises
 - iv. Collective enterprises
 - v. Rural Cooperative Associations
 - vi. Foreign invested enterprises
 - vii. Trusts
 - viii. Shareholding Cooperative Corporations
- c. Incorporation: Company Formation and Capital Rules

- i. Regulation of entry: the theoretical frameworks for corporate incorporation
 - ii. Requirements for incorporating companies in China: the movement from a restrictive approach to enabling approach
 - iii. Registered capital, and capital maintenance rules in Chinese and comparative law
 - iv. The special case of various interests entities (VIEs)
- d. Corporate Governance: Theories, global perspectives, and the governance structure in Chinese law
 - i. Theoretical perspectives on corporate governance
 - ii. Global perspectives of models of corporate governance
 - iii. The evolution of corporate governance structure in Chinese Company Law
 - iv. The dual-governance structure in China's SOEs
 - v. The legal nature of articles of association
- e. Shareholders' Rights
 - i. Shareholders' collective rights and individual rights
 - ii. Shareholders' informational rights
 - iii. Shareholders' voting rights
 - iv. Shareholders' rights to transfer equity interests/shares
 - v. Shareholders's rights to receive dividends
 - vi. Shareholders' lawsuits: direct and derivative action
- f. Duties of Directors, Supervisors and Executives
 - i. The respective roles and qualifications of directors, supervisors, and senior executives in corporate governance in China
 - ii. The evolution of the relationship between directors and supervisors
 - iii. Fiduciary duties
 - iv. Related Party Transactions
- g. Special Rules for State-owned Enterprises, Foreign-invested Companies, and Listed Companies
 - i. Wholly state-owned enterprises
 - ii. Foreign Investment Law and foreign-invested companies
 - iii. Listed companies
- h. Contractual Arrangements in Company Law: The Case of VAM (Valuation Adjustment Mechanisms)
- i. Corporate Finance and Securities Law
 - i. Public Offering of Shares (including IPO)
 - ii. Listing and Trading of Shares
 - iii. Inside Trading, Market Manipulation, and Misrepresentation ;
- j. Fundamental Corporate Changes
 - i. What constitutes fundamental changes in corporate structure?
 - ii. Mergers and Acquisitions
 - iii. Takeover of Listed Companies

Reading List

Compulsory Readings

	Title
1	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.

2	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.
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Additional Readings

	Title
1	Andreas Cahn and David Donald, Comparative Company Law: Text and Cases on the Laws Governing Corporations in Germany, the UK and the USA (2nd edition) (Cambridge University Press 2018)
2	Reiner Kraakman, et al, The Anatomy of Corporate Law: A Comparative and Functional Approach, 3rd ed. (Oxford University Press, 2017)
3	Legislation lists
4	PRC Company Law
5	PRC Securities Law
6	The Companies Ordinance of Hong Kong (Cap. 32)
7	Delaware General Corporation Law
8	Model Business corporation Act