Syllabus for Business Associations

1. Outline and comparison of different types of business associations
   - sole proprietorship
   - partnership
   - registered company

2. Partnerships
   - nature of partnerships – their legal status, powers and characteristics
   - creation of partnerships
   - rights and duties of the partners inter se – rights and obligations arising in contract; fiduciary duties of partners
   - rights and duties of the partners vis-a-vis third parties – liabilities of partners to third parties in contract and tort; authority of partners to bind the partnership in transactions with third parties
   - introduction to dissolution

3. Formation of a company
   - incorporation and registration
   - problems relating to incorporation
   - types of companies

4. Nature of a company
   - separate corporate personality
   - limited liability doctrine – liability of members limited by shares or limited by guarantee
   - doctrines of piercing or lifting the corporate veil

5. Corporate constitution, authority and attribution
   - contractual effect of the company’s constitution
   - enforcement of the company’s constitution
   - ability of companies to alter the memorandum and articles, and restrictions under the general law and the Companies Ordinance; enforceability of shareholder agreements to alter the articles
   - corporate liability
   - corporate capacity
   - corporate attribution

6. Membership
   - subscribers to the memorandum
   - registration of members
   - membership in companies with share capital: issues and transfers of shares
   - rights of members
7. Management and Control
   • the board of directors
   • the members’ general meeting
   • powers conferred by the Companies Ordinance
   • powers conferred by the articles of association
   • authority of directors to bind the company vis-a-vis third parties and agent authority
   • and indoor management rule
   • scope of control of the board by the members in general meeting

8. Duties of Directors
   • directors as fiduciaries
   • acting bona fide in the interests of the company
   • exercising powers for proper purposes
   • avoiding conflicts of interest – conflict rule, profit rule, misappropriation rule
   • acting with due care, skill and diligence – duties in equity and under the common law
   • forgiveness authorisation and enforcement
   • requirements of the Companies Ordinance

9. Shareholders and Shareholder Rights and Remedies: Shareholders Control over the Running of the Company
   • proper plaintiff and irregularity principles – rule in Foss v Harbottle
   • derivative actions on behalf of the company – fraud on the company exception to the
     proper plaintiff principle; the statutory derivative action
   • members’ personal rights of action under the general law; equitable restrictions on the
     powers of the majority in general meeting
   • statutory remedy in relation to unfairly prejudicial conduct
   • winding up on the just and equitable grounds
   • protection of class rights under the company's constitution and under the Companies
     Ordinance
   • statutory injunctions

10. Corporate Insolvency and Liquidation
    • Types of winding up: compulsory winding up by the court and members’ or creditors’
      voluntary winding up
    • Insolvency and other grounds for winding up
    • Effect of a winding up order
    • Process of winding up
    • Functions and powers of the liquidator
    • Assets available for distribution; re-opening of antecedent transactions
    • Distributions and priorities
    • Unfair Preferences
    • Dissolution
Recommended Reading List for Business Associations

**Hong Kong Texts**


**UK/General Texts**


**Sources**

Partnership Ordinance (Cap.38)
Companies Ordinance (Cap.622) & Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32)
Bankruptcy Ordinance (Cap. 6)
Hong Kong cases
UK cases