Answers

Fundamentals Level – Skills Module, Paper F4 (HKG) Corporate and Business Law (Hong Kong)

December 2013 Answers

- 1 The question invites the candidates to demonstrate their knowledge of the concept of human rights covered in the International Covenant on Civil and Political Rights ('the ICCPR') and the enforceability of the ICCPR in the Hong Kong Special Administrative Region ('the HKSAR').
 - (a) The enforceability of the ICCPR is through the enactment of the Bill of Rights Ordinance (Cap 383) ('the BRO') prior to the year of 1997, together with the entrenchment of the BRO by the Basic Law ('the BL') after the year of 1997.

The intention for the enactment of the BRO was to incorporate provisions of the ICCPR as applied to the HKSAR into the laws of the HKSAR. The provisions of the BRO set out the individual rights of the citizens of the HKSAR, which are almost identical to those being stated in the ICCPR.

Article 39 of the BL provides, among others, that the provisions of the ICCPR as applied to the HKSAR shall remain in force and be implemented through the laws of the HKSAR after the year of 1997.

In addition, Article 8 of the BL provides that the laws in force in the HKSAR prior to 1997 shall be maintained, except for those which contravene BL, and subject to any amendment by the legislature, i.e. the Legislative Council, of the HKSAR.

With the combined effect of Articles 8 and 39 of the BL, the ICCPR, through the BRO, may be said to have been entrenched by the BL. As such, it has the same legal status as other provisions of the BL and shall continue to be the law of the HKSAR after the passing of sovereignty of Hong Kong back to China in year of 1997.

(b) It should be noted at the outset that the BRO sets out the human rights, in terms of civil and political rights of the residents of the HKSAR ('the residents') with the incorporation of the provisions in ICCPR as applied to the HKSAR.

The following is a description of the scope of rights of the residents being protected under the BRO.

To begin with, the residents are entitled to the rights stated in the BRO regardless of their colour, race or creed. The residents have the right to life, the right not to be deprived of their liberties, the right to have the liberty of movement, the right of peaceful assembly, the right of the freedom of peaceful assembly and association, the right to have the freedom of thought, conscience and religion, the right to have the freedom of opinion and expression, and the rights of the minority shall be protected.

Under the BRO, the residents have the liberty and security of person, i.e. there shall be no arbitrary arrest or detention. There shall be no slavery or servitude. The residents enjoy the right of persons being charged with, or convicted of, criminal offences, for example, the right to maintain silence.

The residents shall not be subject to torture or inhumane treatment. There shall be no criminal offence or penalty which takes effect retrospectively. Every resident is equal before the law and the courts and have equal protection under the law. The residents are entitled to have their case to be dealt with in a fair and public hearing. There shall be no imprisonment for breach of contract.

The BRO also gives residents the right of marriage, family and of children. It also provides for the protection of privacy, family, home, correspondence, honour and reputation, etc.

2 The question invites the candidates to show their knowledge of the tests adopted by the court in distinguishing a contract of service from a contract for services.

It should be noted at the outset that the two types of contracts represent two different kinds of working relationships. A contract of service creates an employment relationship whereas the parties to a contract for services are independent contractors.

The Employment Ordinance (Cap 57) does not define what an employment contract is about. As such, the decisions from the courts have to be considered for the purpose of determining the nature of the contractual relationship between the parties in question.

Whether a contract is a contract of service or a contract for services is a question of fact. In *Ferguson v John Dawson & Partners* (1976) UK, it was held that, in relation to the actual relationship between the contracting parties, even the express intention of the parties regarding the nature of their contractual relationship could not be conclusive.

To determine the relationship, three different tests have been employed by the courts. These are the control test, the integration test and the multiple or economic test.

Control test

To apply the test, the courts ask whether one party to the contract has control over the other in the carrying out of their duties, i.e. whether one party can tell or instruct the other not only what to do but also how to do it. If the answer is 'yes', then the contract is a contract of service. In such a case, the party giving instructions is the employer and the other is the employee: *Mersey Docks & Harbour Board v Coggins & Griffiths (Liverpool) Ltd* (1947) UK.

The test is based on the fact that the employer has more knowledge and skill than the employees. Hence, it would be difficult to apply the control test when an employer is not an expert and does not have the knowledge and skill being possessed by the employees occupying the post in question.

Integration test

To overcome the difficulty, the integration test has been employed when an employee cannot be said to be under the control of the employer by reason of the employee's possession of that kind of degree and skill which the employer does not have.

Under the test, the courts ask whether one party has become an integral part of the business organisation of the employer, i.e. whether the party is part and parcel of the organisation as opposed to being an accessory to it. Hence, in *Cassidy v Ministry of Health* (1951) UK, it was held that a skilled surgeon was an employee of the Ministry of Health when the surgeon was selected and integrated into the organisation by the Ministry even though the Ministry could not have control over the surgeon.

In O'Kelly v Trusthouse Forte plc (1983) UK, the court held that, to apply the test, it was relevant to consider whether the person was restricted in his working place, whether he was under any obligation to work and whether any agreement regarding holidays and hours of work had been agreed. However, the test is difficult to apply when, for example, the worker has to provide their own working equipment.

The economic reality test

The economic reality test is the most recent test adopted by the courts in determining the issue. The test looks at the economic reality behind the relationship.

To apply the test, the courts ask whether the workers have been working on their own account. If the answer is 'yes', then the contract is one for services. The workers are then independent contractors. If the answer is 'no', then the contract is a contract of service and the workers are employees.

A list of factors will be considered by the courts in applying the test. These factors include:

- The degree of control by the employer.
- The extent of financial risk which the workers have to take.
- The ownership of the tools and equipment.
- Whether the workers employed their own helpers.
- Regularity in the method of payment of wages and the working hours.
- The existence of a mutuality of obligations, i.e. whether the employer has a duty to provide work and the employee has a duty to accept it.

If it is still uncertain as regards the actual relationship between the parties after considering all those factors, the court will then take into consideration the parties' own views as expressed by the label to the related contract about the relationship.

- 3 The question invites the candidates to show their knowledge of the concepts relating to the law of tort.
 - (a) The concept of causation in tort is about whether the tortious act by the wrong doer should be excluded from the events which contributed to the occurrence of the loss suffered by the victim of the tort.

Causation does not concern the allocation of legal responsibility, i.e. the extent of the victim's damage for which the person committing the tort should be responsible, which is a question to be determined by considering the remoteness of damage.

In determining the issue of causation, the question to ask is whether the tortious act is a cause, i.e. not the only cause, which materially increases the risk of the damage suffered by the victim.

To determine if the tortious act is such a cause, the court adopts the 'but for' test. According to the test, the court asks the question: had it not been for the tortious act, would the victim have suffered from the damage in question? If the answer to the question is yes, then the tortious act is a cause of the damage suffered by the victim. Since particular facts of the case will be considered in deciding the issue, the issue of causation is essentially a question of fact.

(b) Even if a tortious act is a cause to the damage in question, the person committing the tort will not be required to compensate for the damage of the victim unless the damage in question is not too remote, i.e. the damage which the victim seeks compensation for is that kind or type of damage which the victim is legally entitled to be compensated for.

The aim of the rule governing remoteness of damage is not to determine the amount of compensation to be awarded, i.e. the quantum of the damages, which is a question which will only be considered after the issue of remoteness of damage has been answered positively.

Under the rule, the damage in question is not too remote if the damage is of such a kind or type which a reasonable man should have foreseen by the time of the commission of tort in question. As such the test is an objective one: *Oversea Tankship* (*UK*) *Ltd* v *Morts Dock* & *Engineering Co Ltd*, the *Wagon Mound* (1961) UK. In the *Wagon Mound* case, the Privy Council emphasised that it was the foresight of the reasonable man which alone could determine responsibility.

- 4 The question invites the candidates to demonstrate their knowledge of the authority of partners of a partnership and the circumstances under which the partners of a firm are liable for the act of a partner to the firm.
 - (a) The authority of a partner may either be express or implied. Express and implied authority are referred to as actual authority collectively.

Express authority is the authority granted to the partners under the partnership agreement. Whether a partner has express authority to perform an act depends on the construction of the partnership agreement in question.

Implied or usual authority refers to the authority which is necessary to carry out that kind of business being carried on by the partnership in the usual way. Hence, the scope of implied or usual authority has to be determined in the light of the nature of the particular kind of business and the normal practices adopted by those engaging in that kind of business in question. Whether a partner has implied authority to do the act in question is therefore a question of fact.

(b) The acts of every partner who does any act for carrying on in the usual business of the kind carried on by the firm of which they are a member bind the firm and the other partners, unless the partner so acting has in fact no authority to act for the firm in the particular matter, and the person with whom they are dealing either knows that they have no authority or does not know or believe them to be a partner: s.7 Partnership Ordinance (Cap 38)('PO'). Hence, even though the partner in question does not have the express authority to perform an act, the act is still binding on the other partners: s.7 PO.

Likewise, provided that a partner has express authority to perform the act in question, the act is binding on the partnership and all the partners even though the act is not done in carrying on the partnership business in the usual way.

However, the partners of a partnership may limit the scope of their authorities by a partnership agreement. In such a case, the act being done by any partner in contravention of the agreement is not binding on the firm with respect to persons having notice of the agreement: s.10 PO.

5 The question invites the candidates to show their knowledge of the duties of the auditors of a company and the removal of the auditors under the Companies Ordinance (Cap 32) ('CO').

(a) Statutory duties of auditors

When auditors of a company perform their duties, the auditors are required to make reports to the members of the company on the accounts examined by them, and on every balance sheet, every profit and loss account and all group accounts laid before the company in a general meeting during their office: s.141(1) CO.

When auditors prepare the reports, they are under the duty to carry out such investigations as to enable the forming of an opinion as to:

- (i) whether proper books of account have been kept by the company and proper returns adequate for the audit have been received from branches of the company not visited by the auditor; and
- (ii) whether the company's balance sheet and (unless it is framed as a consolidated profit and loss account) profit and loss account are in agreement with the books of account and returns.

If the auditor is of the opinion that proper books of account have not been kept by the company or that proper returns adequate for the audit have not been received from branches not visited by the auditor, or if the balance sheet and (unless it is framed as a consolidated profit and loss account) profit and loss account are not in agreement with the books of account and returns, the auditor must state that fact in their report: s.141(4) CO.

Common law duties of auditors

At common law, auditors are required to act honestly and to exercise their duties with reasonable care and skill.

In general, auditors of a company owe their duties to the company as a whole. However, the auditors may also be liable to third parties for any misstatement they made: *Hedley, Byrne & Co Ltd v Heller & Partners Ltd* (1964) UK.

(b) To remove auditors during their office, a company must pass an ordinary resolution to that effect by members of the company in a general meeting: s.131(6) CO.

Before the meeting is held, a notice relating to the meeting must be served with the auditor.

To pass an ordinary resolution, the members attending the meeting and voting for the resolution must be more than those attending and voting against it.

Where the resolution is to be passed in the annual general meeting of the company, the meeting has to be called by a notice of not less than 21 days: ss.114(1)-(2) CO.

The notice must state the intention of the company to propose the resolution. A notice of not less than 14 days is required for the resolution to be passed in an extraordinary general meeting.

If the resolution is passed by a public company, the notice about the resolution must be served with the Company Registrar within 14 days afterwards.

- 6 The question tests the candidates' knowledge of the formation of a company and the important documents of a company.
 - (a) In respect of an association, a certificate of incorporation being issued by the Registrar of Companies is conclusive evidence that all the requirements of the Companies Ordinance (Cap 32) ('CO') in respect of the registration of the association as a company have all been duly complied with and that the association is a company authorised to be registered and duly registered under s.18 CO.

The importance of a certificate of incorporation is that the company comes into existence on the date shown on the certificate.

(b) The memorandum and articles of association can be said to be the constitution of a company. While the provisions of the memorandum focus on the external affairs of a company, the matters as stated in the articles concentrate on the internal matters of a company.

However, the memorandum and the articles of association are not of equal status. Whenever there is conflict between the two, it is the memorandum of association which is to prevail.

Under s.23 Companies Ordinance (Cap 32) ('CO'), once the memorandum and the articles of association are registered, they have the effect of being binding on the company and its members to the same extent as if they have been signed by each of the members of the company. Provisions of the two documents impose duties on all the members of the company to observe all the terms in them.

Section 23 CO in effect turns the memorandum as well as the articles of associations into contracts between the company and each of its members, and contracts among each of the members themselves.

Both the memorandum and the articles of association are not static in that they are subject to change by the members in general meetings.

7 The question invites the candidates to demonstrate their knowledge of the main differences between a voluntary liquidation and a compulsory liquidation.

As regards the commencement of the liquidation process, in general, a voluntary liquidation is commenced by the directors of the company concerned. This might be done, for example, because the directors no longer consider it appropriate to keep the company in existence for the purpose of carrying on its business operations.

A compulsory liquidation, by contrast, is commenced by order of the court upon the application of a third party, such as a creditor or a shareholder, in circumstances where the directors might not wish the company to be dissolved.

In relation to the administration of the liquidation process, the differences between the two relate mainly to the degree of external supervision in the liquidation process.

In a compulsory liquidation, there is a need for the outside involvement of the court and of creditors, whereas a voluntary liquidation may more easily be handled with little external involvement.

In a voluntary liquidation, the company itself appoints the liquidator. In a compulsory liquidation, the court appoints the liquidator. In a voluntary liquidation, the creditors and contributories of a company are generally not involved in the administration of the liquidation. In a compulsory liquidation, the liquidator is required to appoint a committee of inspectors, which consists of the company's creditors and contributories, and to report to such committee regularly about the status of the liquidation. The liquidator is also required to seek for directions from the committee.

A compulsory liquidation is under the general supervision of the court, to whom the liquidator is required to report from time to time. In addition, the Official Receiver has general supervisory powers over liquidators in compulsory liquidations.

In a compulsory liquidation, the court may remove and replace the liquidator. In a voluntary liquidation, in addition to the court, the company itself also has the power to remove and replace the liquidator.

8 The question invites the candidates to show their knowledge of some fundamental concepts relating to contract law.

To begin with, for the creation of a contract, there must be an offer from the offeror, an acceptance of the offer by the offeree, an exchange of considerations by the contracting parties, and the intention of the parties to create a legal relationship.

There should be no doubt that the order from Sam to Phone Ltd was an offer from Sam to Phone Ltd for the purchase of the mobile phone of a particular model. As such, there would have been a contract between Sam and Phone Ltd had Phone Ltd accepted Sam's order.

It is settled law that an acceptance must correspond with the terms of the offer for a contract to be validly made. Where an offer is accepted by the offeree with terms different from the offer, the acceptance amounts to a counter-offer from the offeree and the offeree becomes the offeror of the counter-offer. In such a case, the original offer is regarded to have been rejected. Once an offer is rejected, the offer is no longer available for further acceptance: *Hyde* v *Wrench* (1840) (UK).

The wrong phone was delivered to Sam by Phone Ltd. Hence, by reason of what has been mentioned, the order from Sam should be regarded as being rejected by Phone Ltd and the parcel, which contained the wrong phone, could be treated as a counter-offer from Phone Ltd to Sam. As such, Sam was under no duty to pay the price of the wrong phone unless Sam accepted the counter-offer from Phone Ltd.

At issue is therefore whether Sam did accept the counter-offer from Phone Ltd by reason of the fact that Sam opened the parcel.

An offer cannot be accepted unless it has been communicated to the offeree prior to its acceptance: $R \ v \ Clarke \ (1927) \ UK$. Since the wrong phone was inside the parcel and Sam had no idea about the counter-offer until he opened the parcel, the mere fact that Sam opened the parcel could not be regarded as an acceptance by Sam of the counter-offer. At most, Sam's act of opening the parcel could only be regarded as the communication of the counter-offer to Sam by Phone Ltd.

It follows that there was no contract between Sam and Phone Ltd over the sale and purchase of the phone. As such, Sam may well be advised that he is not contractually bound to pay the price of the phone.

9 The question invites the candidates to show their knowledge of the concepts of separate legal entity and lifting the corporate veil in company law.

The relationship between a company and its members was fully explained by Lord Macnaughten in his judgement in Salomon v Salomon & Co Ltd (1897) UK:

'. . . The company is at law a different person altogether from the subscribers to the memorandum; and, though it may be that after incorporation the business is precisely the same as it was before, and the same persons are managers, and the same hands receive the profits, the company is not in law the agent of the subscribers or trustee for them. Nor are the subscribers as members liable, in any shape or form, except to the extent and in the manner provided by the [Ordinance].'

A duly incorporated company is therefore a persona at law. It has a separate legal entity. Its existence is independent of the death or change in the identities of its shareholders. The company, with its own name, may enter into contracts, hold property, take legal action, commit crime and tort, and therefore can sue and be sued. Subject to other statutory provisions, a company is now treated as a natural person: s.5A Companies Ordinance (Cap 32).

Under the concept of separate legal entity, the shareholders or directors of a company are protected by the corporate veil and not liable for the acts done under the name of the company even though they are the decision makers or wrong doers in reality.

However, in appropriate cases, the court may disregard the principle of separate legal entity and lift the corporate veil when it would be unjust to apply the principle. By lifting the corporate veil, the court identifies the members or the directors of the company with the company, treats them as the same person and makes the members or the directors liable for the acts done under the name of the company.

The court has lifted the corporate veil when a company is formed as a sham for the purpose of evading the members' or the directors' legal obligations.

In *Gilford Motor Co v Horne* (1933) UK, the defendant was employed by the plaintiff company as a managing director. Under the contract between the parties, the defendant was not allowed to solicit the customers of the plaintiff company after the defendant left the employment of the plaintiff company.

After leaving the company, the defendant formed a company, which, under the direction of the defendant, solicited the customers of the plaintiff company. The defendant's wife and the employee of the defendant's company were the only two shareholders of the defendant's company.

While the facts of the problem scenario can be distinguished from the *Gilford* case in that, instead of being husband and wife, Peter and Cindy are boyfriend and girlfriend. The material facts of the two cases are almost the same, i.e. the contact of the customers of Estate Agent Ltd by Cindy has been under the direction of Peter and the relationship between Peter and Cindy is a close one.

As such, the decision of the *Gilford* case should apply in this question. As such, probably, the court will lift the corporate veil of Peter's company and make Peter liable for breaching his employment contract with Estate Agent Ltd. The advice to Peter is that he may probably be liable for the damages claimed by Estate Agent Ltd.

10 The question invites the candidates to show their knowledge about the offence created by the Prevention of Bribery Ordinance (Cap 201) ('PBO').

Under s.9(1) PBO, an agent is guilty of an offence if they, without lawful authority or reasonable excuse, solicit or accept an advantage when conducting the affairs or business of the principal. The agent shall not be liable for the offence if the agent has the permission from the principal in so doing: s.9(4) PBO.

The permission must be given by the recipient's principal, not the offeror's principal. The permission may be sought from the principal by the agent as soon as reasonably possible after the agent's acceptance of the advantage so that the permission is to be effective for the purpose of the offence: s.9(5) PBO.

For private organisations, the 'employer', in the context of PBO, refers to the proprietor or the board of directors of a company. The 'employer' also includes authorised persons of the proprietor or the board of the company.

An agent is a person who acts for or is employed by the principal. Any person being appointed by a company to act for the business of the company is also an agent under PBO. Such an appointment needs not be a full-time one. It is immaterial whether the agent receives any salary or fee from the company.

An advantage, under s.2(1) PBO, means anything that is of value. Such a thing includes money, gift, commission, employment, service or favour. It should be noted the advantage does not include entertainment by way of the provision of food or drink for consumption on the occasion when it is provided, and of any other entertainment connected with, or provided at the same time as, such a provision.

Pursuant to s.9(2) PBO, the offeror of the advantage is also liable for the offence when the advantage is given in a scenario being caught under s.9(1) PBO.

Since David was an employee of Wong & Co and was assigned by Wong & Co to carry out the stock taking for Computer Ltd, David was an agent within s.9 PBO. Besides, the sum of HK\$20,000 also falls within the definition of advantage under s.2(1) PBO.

From the facts of the case, it seems quite clear that s.9 PBO has been satisfied when David received the sum of HK\$20,000 from the managing director without the permission from Wong & Co.

As such, David is liable for having committed the offence under s.9 PBO unless he has a defence acceptable by the court.

Pursuant to s.11(1) PBO, when an agent accepted any advantage, if the agent believed or suspected or had grounds to believe or suspect that the advantage was given as an inducement to or reward for or otherwise on account of the conduction of the affairs or business of the company, it shall be no defence that:

- the agent did not actually have the power, right or opportunity so to conduct the affairs or business;
- the agent accepted the advantage without intending to do so; or
- he did not in fact do so: s.11(1) PBO.

It follows from s.11(1) PBO that the offence is completed once an agreement of corruption, be it verbal or not, is reached at the parties.

From s.11(1) PBO, it can be a defence to the offence created under s.9 PBO if the agent did not believe or suspect or had no ground to believe or suspect that the advantage was given for the purpose as stated.

From the facts of the problem scenario, David made the promise that he 'would not make things difficult' for Computer Ltd after he received the money from the managing director. It seems quite clear that when David received the money, he knew that the money was given to him as an inducement or reward on account of the conduction of the affairs, i.e. the stock taking of Computer Ltd, and with the intention to do so: s.11(1) PBO. As such, the defence referred to in the foregoing paragraph is not available to David.

Though David had in fact no chance to conduct the stock taking when he was required to do things unrelated to the stock taking by Wong & Co, this cannot be a defence under s.11(1) PBO as he had already received the money.

The advice to David is that, probably, he has committed the offence under s.9 PBO.

Fundamentals Level – Skills Module, Paper F4 (HKG) Corporate and Business Law (Hong Kong)

December 2013 Marking Scheme

- 1 The question invites the candidates to demonstrate their knowledge of the concept of human rights covered in the International Covenant on Civil and Political Rights (ICCPR) and the enforceability of the ICCPR in the Hong Kong Special Administrative Region.
 - (a) 3–4 At the top of this range are those providing a clear understanding and thorough treatment of the subject area being examined.
 - 0–2 Extremely poor answers which show either no or very little knowledge of the area.
 - (b) 5–6 Answers provide a clear understanding and thorough treatment of the subject areas being examined.
 - 3–4 Less thorough treatment of the question.
 - 0-2 Very weak answers with inadequate information or answers show little understanding of the topic being examined.
- 2 The question invites the candidates to show their knowledge of the tests adopted by the court in distinguishing a contract of service from a contract for services.
 - 8–10 Answers provide a thorough treatment of the question.
 - 5–7 Answers show an understanding of the question area but with little explanation.
 - 2–4 Answers show some knowledge.
 - 0-1 Extremely poor answers which show either no or very little knowledge of the area.
- 3 The question invites the candidates to show their knowledge of the concepts relating to the law of tort.
 - (a)–(b) 4–5 Answers provide a clear understanding and thorough treatment of the subject areas being examined.
 - 2–3 Less thorough treatment of the question. Towards the bottom of this range are those answers which have only a very brief explanation of the subject areas being examined.
 - 0-1 Very weak answers with inadequate information or answers show little understanding of the topic being examined.
- 4 The question invites the candidates to demonstrate their knowledge of the authority of partners of a partnership and the circumstances under which the partners of a firm are liable for the act of a partner to the firm.
 - (a)–(b) 4–5 Answers provide a clear understanding and thorough treatment of the subject areas being examined.
 - 2–3 Less thorough treatment of the question. Towards the bottom of this range are those answers which have only a very brief explanation of the subject areas being examined.
 - 0-1 Very weak answers with inadequate information or answers show little understanding of the topic being examined.
- 5 The question invites the candidates show their knowledge of the duties of the auditors of a company and the removal of the auditors under the Companies Ordinance (Cap 32).
 - (a) 5–6 Answers provide a clear understanding and thorough treatment of the subject areas being examined.
 - 3–4 Less thorough treatment of the question.
 - 0-2 Very weak answers with inadequate information or answers show little understanding of the topic being examined.
 - **(b)** 3–4 At the top of this range are those providing a clear understanding and thorough treatment of the subject area being examined.
 - 0–2 Extremely poor answers which show either no or very little knowledge of the area.

- **6** The question tests the candidates' knowledge of the formation of a company and the important documents of a company.
 - (a) 2–3 At the top of this range are those providing a clear understanding and thorough treatment of the subject area being examined.
 - 0-1 Extremely poor answers which show either no or very little knowledge of the area.
 - **(b)** 6–7 Answers provide a clear understanding and thorough treatment of the subject areas being examined.
 - 3–5 Less thorough treatment of the question.
 - 0-2 Very weak answers with inadequate information or answers show little understanding of the topic being examined.
- 7 The question invites the candidates to demonstrate their knowledge of the main difference between a voluntary winding up and a compulsory winding up.
 - 8–10 Answers provide a thorough treatment of the question.
 - 5–7 Answers show an understanding of the question area but with little explanation.
 - 2–4 Answers show some knowledge.
 - 0-1 Extremely poor answers which show either no or very little knowledge of the area.
- 8 The question invites the candidates to show their knowledge of some fundamental concepts relating to contract law.
 - 8–10 Answers provide a thorough treatment of the question.
 - 5–7 Answers show an understanding of the question area but with little explanation.
 - 2–4 Answers show some knowledge.
 - 0-1 Extremely poor answers which show either no or very little knowledge of the area.
- **9** The question invites the candidates to show their knowledge of the concepts of separate legal entity and lifting the corporate veil in company law.
 - 8–10 Answers provide a thorough treatment of the question.
 - 5–7 Answers show an understanding of the question area but with little explanation.
 - 2–4 Answers show some knowledge.
 - 0–1 Extremely poor answers which show either no or very little knowledge of the area.
- 10 The question invites the candidates to show their knowledge about the offence created by Bribery Ordinance (Cap 201).
 - 8–10 Answers provide a thorough treatment of the question.
 - 5–7 Answers show an understanding of the question area but with little explanation.
 - 2–4 Answers show some knowledge.
 - 0-1 Extremely poor answers which show either no or very little knowledge of the area.