

**THE UNIVERSITY OF HONG KONG**  
**FACULTY OF LAW**  
**2021 – 2022**

**LLB Law of Contract I (LLAW1001) Examination**

**Date: December 15, 2021**

**Time: 2:30 pm – 4:30 pm**

**Please read the following instructions carefully before you begin.**

**Instructions**

1. This examination consists of one question, comprising two sub-parts, (a) and (b). All sub-parts are weighted equally. You have two hours for the examination, inclusive of reading time. Please allocate as much time to each sub-part as you deem appropriate.
2. Please write your answers legibly in the examination booklets provided. Start the answer to each sub-part on a new booklet. Please mark clearly on the cover of each booklet whether your answer is for subpart (a) or subpart (b). Failure to do so may result in your examination being partially graded.
3. No discussion is permitted during the examination. You may refer to any written or printed materials, including the textbook, lecture slides and class notes. You may not use any electronic device, including but not limited to laptops and phones.

## Question 1

Private tutoring is a highly competitive industry in Hong Kong. Vincent “Four Eyes” Wong is a celebrity tutor who has his own learning centre called X-Treme Learning. X-Treme Learning, is located on a high floor of Altesse, a modern building on Queen’s Road Central, in the heart of Hong Kong’s business district. Through the centre, Vincent offers group lessons in mathematics to prepare students for Hong Kong’s university entrance examination. Other less well-known tutors are also employed by X-Treme Learning to conduct tutorials for subjects such as physics and economics.

The lease for X-Treme Learning’s premises commenced on 1 June 2019. The lease agreement provided for a monthly rental of \$200,000 for the first two years. The agreement also gave X-Treme Learning the option to renew the lease for an additional two years at an increased rate of \$240,000 per month, the option to be exercised “by notice in writing”. Throughout 2020, X-Treme Learning’s business declined significantly due to the pandemic. In March 2021, Vincent informed the landlord that X-Treme Learning would be vacating the premises unless the rent was reduced. The landlord told Vincent that if he exercised the option to renew the lease, he, the landlord would offer a 30% reduction on the rent for one year. Vincent then formally wrote to the landlord to extend the lease. Although Vincent posted this letter in April 2021, the letter never reached the landlord. Nevertheless, X-Treme Learning continues to operate out of its premises in Altesse and has been making regular rental payments to the landlord.

In August 2021, Vincent embarked on a marketing campaign to promote his courses, launching a “5 Or Nothing” promotion whereby students who did not achieve a score of 5 on their examination would be entitled to a refund. This promotion was advertised in newspapers and on social media advertisements. Vincent featured prominently in these advertisements, dressed in a laboratory coat and wearing a pair of heavy-duty goggles. No other tutors appeared in the promotional materials. The advertisements stated at the bottom, in small print, that terms and conditions applied. They did not state where these terms and conditions could be found.

Prospective students who contacted X-Treme Learning did receive a four-page welcome booklet featuring Vincent on its front cover, flanked by other members of the teaching staff. The booklet informed students that they had to “attend at least six uninterrupted months of lessons and complete all assigned homework during that period” to qualify for the “5 or Nothing” promotion. The booklet also told students that “while every effort will be made to ensure the quality of teaching delivered by X-Treme Learning, the availability of any one instructor at any time is not guaranteed”. “X-Treme learning reserves the right in its sole discretion to assign any member of the teaching staff to conduct any particular class or lesson.” The booklet was printed in both Cantonese and English, in 12-point font. Students who wished to enroll under the “5 or Nothing” promotion had to provide a form of personal identification and pay a deposit of one month’s fees. No other step was required.

The marketing campaign was by all measures a success. Between August and September 2021, hundreds of new students enrolled in X-Treme Learning Centre. Things, however, started to get messy. In November 2021, Vincent suddenly took ill and was ordered by doctors to rest for a month. As there were no other tutors in X-Treme Learning Centre who could teach mathematics, Vincent was forced to employ a fresh graduate from Pokfulam University to take over his classes. Students complained as they had been charged premium rates—over \$1,000 an hour—for the courses that were supposed to be taught by Vincent. There was also unhappiness about whether students had to submit both compulsory and optional homework to be eligible for the “5 or Nothing” promotion. Vincent clarified that both kinds of homework had to be completed. Some students had only done the compulsory homework, believing it to be all the promotion required. They accused Vincent of breaking his earlier promises.

In December 2021, the landlord wrote to Vincent, congratulating him on his commercial success and notifying him that as X-Treme Learning’s business had improved, the full rent of \$240,000 would be due starting January 2022.

**Vincent has come to you for legal advice.**

- (a) Advise X-Treme Learning on its legal rights and obligations in relation to the lease. *For the purposes of this question, you may ignore any formality requirements applicable to leases.***
- (b) Advise X-Treme Learning on the legal claims the students may have and the defenses available, if any. *There is no need to discuss remedies.***

**End of Paper**