Section I

Syllabuses of Subjects offered by School of Accounting & Finance (AF)
Subject Code : AF2108
Subject Title : Financial Accounting
Level : 2
Credits : 3
Mode of Study : Lectures 28 hours
           : Tutorials 14 hours
Pre-requisites : None
Assessment : Coursework 50%
           : Final Examination 50%
Minimum Pass Grade : Coursework (D)
                    : Final Examination (D)

ROLE AND PURPOSE

This subject introduces the discipline of financial accounting. It enables students to apply basic financial theories, analyze financial reports and understand the operation of financial markets. It also contributes to the development of their IT skills and ethical understanding.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Appreciate the role and importance of accounting information in assisting decision-making in a business context.
- Undertake the work involved in the recording, processing, summarizing and reporting phases of the accounting cycle.
- Understand the assumptions, principles and conventions underlying financial accounting processes.
- Apply basic analytical tools for the interpretation of financial statements.

INDICATIVE CONTENT

The Business and Accounting Environment
Different types of businesses, their common objectives and basic features. The environmental variables that affect the recording and reporting of financial information. The need for accounting as a basis for decision making. Ethical considerations in financial reporting.

The Financial Accounting Framework
Accounting Principles and Concepts
Fundamental accounting concepts and other accounting principles that underlie the preparation of financial statements.

Company Accounting

Analysis and Interpretation of Financial Statement
Need for analysis and interpretation of financial statements. Interpretation techniques including ratio analysis and cash flow statement. Calculation and interpretation of basic financial ratios. Limitations of ratio analysis.

TEACHING/LEARNING APPROACH
A two hour mass lecture will be conducted each week to initiate students into the ideas, concepts and techniques of the topics in the syllabus, which is then reinforced by a one hour tutorial designed to consolidate and develop students’ knowledge through discussion and practical problem solving. A case study requiring the application of computer software to handle financial data will be assigned and assessed.

INDICATIVE READING
The Statements of Standard Accounting Practice, Hong Kong Institute of Certified Public Accountants.

STAFF RESPONSIBLE
Francis Lam
Subject Code : AF2110
Subject Title : Management Accounting 1
Level : 2
Credits : 3
Mode of Study : Lectures 28 hours
            : Tutorials 14 hours
Pre-requisites : None
Assessment : Coursework 50%
             : Final Examination 50%
Minimum Pass Grade : Coursework (D)
                    : Final Examination (D)

ROLE AND PURPOSE

This subject will equip students with an enhanced understanding of management accounting concepts and techniques and an ability to generate cost information. It will also provide them with an understanding of the uses and limitations of cost information in planning, control and decision making. Management accounting will be treated as an interdisciplinary subject in its context as an information and decision support system within an organization. The subject will also enable students to develop critical thinking, analytical skills, entrepreneurial attributes and ethical awareness in the management accounting context.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand and critically apply the appropriate techniques to generate cost information to help management in organizational planning and control.
- Recognize the role of relevant cost information and its contribution to management and organizational performance.
- Evaluate issues from a management accounting perspective and suggest appropriate responses to aid management decision-making processes.

INDICATIVE CONTENT

Managerial Accounting and the Business Environment

Cost Concepts and Cost Classification
Cost and management accounting terms. Cost objectives. Management process and its
implication for the management accountant.

**Cost Estimation and Cost-Volume-Profit Analysis**
Different methods in cost estimation: High-Low method and basic understanding of regression method. Understanding assumptions behind the cost-volume-profit analysis. Different methods in computing the break-even point. Relationship between CVP and cost planning.

**Job Costing**

**Activity Based Costing**

**Budgeting**

**Quality Cost Management**
Costs of Quality. Reporting Quality Costs. Quality Cost Information and Decision Making Controlling Quality Costs including Choosing the Quality Standards, Types of Quality Performance Reports and Using Quality Reports for Control. Quality as a strategic consideration.

**Relevant Costs for Decision Making and Pricing**
The decision making process (to include strategic consideration). Cost concepts for decision making (including opportunity cost concept). Applications of relevant costs in different settings including make-or-buy decisions, add-or-drop product lines or segments decisions, special-order decisions, further process decisions, and utilization of constrained resources. Pricing policies and strategies for products and services. The product life cycle.

**Performance Measurement and Transfer Pricing**

**An Overview of Strategic Issues in Management Accounting**
TEACHING/LEARNING APPROACH

There will be one lecture of two hours per week that will be structured to guide and promote students' understanding of relevant concepts and management accounting practices. In addition, there will be one tutorial of one hour per week. The tutorials will adopt a student-centered approach, including case analysis, electronic assignments, newspaper reports, reflective journals on videos and professional articles for discussion and team-presentation. Students will be assessed through these modes and a final examination.

INDICATIVE READING

Recommended Textbooks


References


Selected readings from professional journals and current news reports will be provided to students during the course.

STAFF RESPONSIBLE

TBA
ROLE AND PURPOSE

- To provide students with an understanding of the ways in which accounting information are formulated and to apply it in a business world.

- To enable students to identify the uses and limitations of cost and accounting information in decision-making.

- To equip students with managerial accounting concepts and techniques for decision-making, planning and controlling activities.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Describe the role and importance of management and financial accounting information in assisting decision-making in a business environment.

- Identify assumptions, principles and conventions underlying financial reports.

- Apply cost and accounting information to aid managerial decision-making.

- Evaluate issues with the aid of accounting information and suggest appropriate responses to enhance management and organizational performance.

INDICATIVE CONTENT

Framework of Financial Reporting
Need for information in capital markets, basic financial statements, accounting cycle:
capturing economics events; accruals and deferrals; reporting financial results, role of the auditor.

**Elements of Financial Statements**

*Merchandising activities, financial assets, inventories and cost of goods sold, plant and intangible assets, liabilities, equities, income and changes in retained earnings, cash flow statement.*

**Analysis and Interpretation of Financial Statements**

Financial ratios, financial statement analysis, measuring business performance, globalization and foreign currency transactions.

**Managerial Accounting Information**

Accounting systems for measuring costs: Job order cost systems and overhead allocations, process costing, costing and value chain.

**Planning, control and analysis**

Standard costing and budget, inventory planning and control, cost-volume-profit analysis, incremental analysis.

**TEACHING/LEARNING APPROACH**

A two hour mass lecture will be conducted each week to initiate students into the ideas, concepts and techniques of the topics in the syllabus, which is then reinforced by a one hour tutorial designed to consolidate and develop students’ knowledge through discussion and practical problem solving. The tutorials will adopt a student-centered approach, including case analysis, assignments, newspaper report, journals, and professional articles for discussion and team-presentation.

**INDICATIVE READING**


Jones, M. Accounting for Non-Specialists. Wiley.

Selected readings from professional journals and current news reports will be provided to students during the course.
STAFF RESPONSIBLE

KP Yuen
ROLE AND PURPOSE

This subject builds upon Economics and provides students with a basic grasp of the functions, operations and roles of different financial markets and institutions.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Identify the underlying economic and institutional forces shaping the international and local financial services industry;
- Describe the role and operations of the major financial institutions in Hong Kong;
- Explain the role of various financial markets in the delivery of financial services and products to personal and business clients; and
- Outline the main characteristics of the domestic and international regulatory framework in which financial institutions and markets operate.

Another outcome of this subject is to enable students to assess the impact of the changing financial environment, both domestic and international, upon the operations and business strategy of financial institutions in Hong Kong.

INDICATIVE CONTENT

Financial Services and the Economy
Economic sectors, financial markets, and financial flows, organizations of the financial services industry.

Financial Markets and Financial Institutions
Types of financial markets and their development. Types of financial institutions. Financial flows; Financial instruments. Financial services industry in Hong Kong. Structure and contribution to the financial sector; their operations, competitiveness and synergies.
Regulating Financial Market and Institutions
Theories and rationale underlying regulations; Protection of investors and stakeholder rights; Impact of regulations; Different regulatory authorities. Regulatory frameworks of the financial sector in Hong Kong.

Trends in Financial Services Industry in Hong Kong
Developments and trends of international regulation of financial services industry. The impacts of technology. Export of financial services to the Chinese Mainland.

TEACHING/LEARNING APPROACH
Teaching will include lectures and seminars. Lectures will be used to introduce topics and outline the underlying concepts. Seminars will discuss some current issues in the local and international financial markets and institutions. Students may be required to undertake a group project and present a report on a topic within the subject area.

INDICATIVE READING


Hong Kong Government. Hong Kong Yearbook, latest edition.


STAFF RESPONSIBLE
M.K. Leung
ROLE AND PURPOSE

This subject provides a disciplinary foundation for the study of law and is designed to introduce principles of Hong Kong Business Law. It will provide students with an appreciation of the law as a framework for commercial activities. It will also integrate ethical principles with a knowledge of legal concepts, principles and procedures. Students will be helped to think critically and creatively in order to resolve or avoid legal problems and to craft legal arguments. They will also understand the differences between legal systems found globally and learn to use IT effectively in the area of Business Law.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand the legal issues likely to arising in the day to day world of business.
- Be familiar with, and appropriately use, the online Bilingual Laws Information System to research Hong Kong Laws.
- Use the Hong Kong Judiciary website to find and download relevant case law.
- Follow and appreciate future legal developments in commercial law.

INDICATIVE CONTENT

Sources of Law and the Hong Kong Legal System
Legal framework including the nature of law and custom. The Basic Law, common law equity and judicial precedent. The importance of legislation in the business environment and statutory interpretation. The role and jurisdiction of the Hong Kong civil and criminal courts. Tribunals and alternative methods of dispute resolution.

The Law of Contract
Sale and Supply of Goods

Law of Commercial Associations

Employment Law
Jurisdiction of MECAB, the Labour Tribunal and the courts in labour disputes. Contracts of service compared with contracts for service. Classification of employees. Rights and liabilities of employers, employees and independent contractors. Termination of employment contracts. Legal and ethical issues of discrimination and sexual harassment.

Tort

TEACHING/LEARNING APPROACH
The lectures will explain and emphasise key concepts and will assist students in the assimilation of basic legal theory, together with its practical application to the business environment. Lectures will provide further analysis of the topics contained in the syllabus with particular emphasis on practical examples, and discussions of how the law effects business decisions. Lectures will be conducted in an interactive manner requiring prior preparation, and class participation by students.

Seminars will be problem based and promote student participation in the learning process, through discussion and application of law to facts. Students may also be expected to prepare relevant legal documents likely to be encountered in business. The emphasis throughout seminars will be on the practical application of legal theory. Seminars will reinforce topics, which have been dealt with more generally in the lecture. Teaching staff are encouraged to undertake a teaching and learning approach that will allow students to integrate their legal knowledge with that of other disciplines in the business field.

INDICATIVE READING

Further Reading
Fisher, M., Contract Law in Hong Kong: Cases and Commentary, Hong Kong Sweet & Maxwell, 1996


http://www.justice.gov.hk

**Law Reports**
Hong Kong Law Reports
Hong Kong Law Reports and Digest
Hong Kong Cases
All England Law Reports
Weekly Law Reports
Appeal Cases
Final Court of Appeal Cases
HK Electronic Citations

**STAFF RESPONSIBLE**

Ms Margaret Liddle
Ms Susan Leung
Subject Code : AF2601
Subject Title : Introduction to Economics
Level : 2
Credits : 3
Mode of Study : Lectures 28 hours
           Seminars 14 hours
Pre-requisites : None
Assessment : Coursework 50%
             Final Examination 50%
Minimum Pass Grade : Coursework (D)
                    Final Examination (D)

ROLE AND PURPOSE

This subject equips students with analytical skills that are necessary for the understanding of economic issues from both micro and macro perspectives. It provides the conceptual framework to analyze business decisions and to understand how values are created through the production and exchange of goods and services. Studying this subject will also help develop students’ critical thinking for their life-long learning.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand the issues involved in the allocation of scarce resources for individual economic agents and the economy as a whole.
- Conduct economic analysis of the behaviour of firms and markets.
- Appraise the issues relating to the macroeconomy and analyze the effectiveness of government economic policy.
- Apply relevant economic knowledge to enhance their understanding of other business subjects.

INDICATIVE CONTENT

The Scope of Economic Analysis
Concept of scarcity and opportunity cost. Nature of economic science.

Demand, Supply and the Price Mechanism

Market Structure

**National Income Accounting and Determination**

**Fiscal Policy and Monetary Policy**
Roles of government spending and taxation. Demand for money. Banking system and the money creation process. Determination of interest rate. Central banking and monetary policy. Theories of unemployment and inflation.

**The International Economy**
International exchange and gains from trade. Trade restrictions. The foreign exchange market and alternative exchange rate regimes.

**TEACHING/LEARNING APPROACH**
Lectures focus on the introduction and explanation of key economic concepts, with specific reference to current economic issues wherever appropriate.

Seminars provide students with the opportunity to deepen their understanding of the concepts taught in lectures and to apply the theories to the analysis of real-life economic issues. The activities in seminars include student presentations and discussions of problems sets and case studies.

A variety of assessment tools will be used, including presentations, case studies, written reports, tests and examination designed to develop critical thinking as well as analytical and communication skills.

**INDICATIVE READING**

*Recommended Textbook*

*References*


**STAFF RESPONSIBLE**

Y.C. Chan
Esther Shea
Subject Code : AF2602
Subject Title : Global Economic Environment
Level : 2
Credits : 3
Mode of Study : Lectures 28 hours
Seminars 14 hours
Pre-requisites : None
Assessment : Coursework 50%
Final Examination 50%
Minimum Pass Grade : Coursework (D)
Final Examination (D)

ROLE AND PURPOSE
This subject aims to provide students with an overview of global business environment and to
develop students’ ability to analyze the impact of globalization on international business, trade
and investment. The subject helps the students to develop a global outlook and an
understanding of cultural diversity. It provides a foundation for related higher level subjects in
economics/finance, marketing/international business and China business studies. Leading-
edge theories of international economics/business and current issues (including ethical
issues) in globalization are covered in the subject to strengthen students’ knowledge on the
development of the global economic environment.

LEARNING OUTCOMES
On successfully completing this subject, students will be able to:

- Recognize the increasing integration of the world economy.
- Develop the ability to assess international economic, financial and ethical issues.
- Evaluate the effect of political and cultural differences on international business.
- Analyze the current trends of trade and investment in the global economy.
- Apply the principles of foreign exchange to analyze problems and opportunities in
  international trade.
- Assess the strategies and behaviours of multinational companies.

INDICATIVE CONTENT

Globalization
Main forces and drivers of globalization. Concerns of globalization. The changing nature of
international business in response to the changing global economy.

Country Differences
The nature of economic, political and legal systems for different countries. The determinants of economic growth and development. The nature of economic transformation and social culture. Ethical issues in international business.

**Cross-Border Trade**
International trade and national competitive advantage. Instruments of trade policy. The case of government intervention. Evolution of the world trading framework and the creation of the WTO.

**Cross-Border Investment and Regional Economic Integration**
Foreign direct investment in the world economy. Economic and political debate surrounding regional economic integration. Free trade agreements in different regions.

**Global Money System**
Functions and nature of foreign exchange market. Workings of the international monetary system. Financial crises and crisis management by the International Monetary Fund (IMF).

**Competing in a Global Marketplace**

**TEACHING/LEARNING APPROACH**
Lectures are designed to provide general outlines of key concepts of the subject and to provide guidance on further readings and applications. Videos are used occasionally to facilitate teaching.

Seminars are designed to provide the environment for discussions on some current issues and critical analysis of the subject materials. Group presentations of assigned exercises and case studies are held in the seminars.

A variety of assessment tools will be used, including case studies, in-class exercises, group projects and presentations, debates, quizzes and term tests, to develop students' critical thinking, analytical skills, teamwork, and oral and written communication skills.

**INDICATIVE READING**

**Recommended Textbook**

**References**


**STAFF RESPONSIBLE**
P.L. Lam
Alice Shiu
Subject Code : AF3108
Subject Title : Accounting for Not-for-Profit Organisations
Level : 3
Credits : 3
Mode of Study : Seminars 42 hours
Pre-requisites : Intermediate Accounting 2 (AF3111)
Assessment : Coursework 50%
               Final Examination 50%
Minimum Pass Grade : Coursework (D)
                    Final Examination (D)

ROLE AND PURPOSE

Governmental and not-for-profit organization accounting is explored. Topics covered include objectives and principles of accounting for governmental entities, differences between business and governmental accounting, accounting for the general fund, special revenue funds, capital projects funds, debt service funds, general fixed asset and long-term debt account groups, proprietary funds, and accounting for colleges and universities and other not-for-profit organizations. The impact of FASB and GASB standards on governmental and not-for-profit accounting is studied.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Account for state and local governments.
- Appraise the nature of budgeting in state and local governments.
- Evaluate the various types of funds and the policies pertaining to each fund.
- Account for nonprofit organizations, including colleges and universities and healthcare organizations.
- Prepare the financial statements of state and local governments and nonprofit organizations.
- Understand the financial condition of state and local governments and nonprofit organizations and, in the long run, formulate appropriate methods to account for them.

INDICATIVE CONTENT

Accounting for Governmental Entities
Accounting for Other Non-profit Organizations
General Introduction. Accounting for Colleges and Universities. Accounting for Health Care Entities.

TEACHING/LEARNING APPROACH

The three hours per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

INDICATIVE READING

Recommended Textbook

References


STAFF RESPONSIBLE

Sarah Cheng
ROLE AND PURPOSE

This subject focuses on the asset side of the balance sheet, and also covers the conceptual framework of accounting and the accounting process. It is the first of a two-part series in Intermediate Accounting. The two subjects, Intermediate Accounting 1 and Intermediate Accounting 2, together provide the foundation for students to advance to higher level subjects in financial accounting.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Demonstrate a thorough understanding of the conceptual framework of financial reporting, concepts and techniques of accounting.
- Evaluate current accounting practice in light of the conceptual framework.
- Apply generally accepted accounting principles to situations involving the preparation of financial statements.
- Extend and refine the conceptual understanding and practical application skills in corporate financial accounting.
- Understand and critically evaluate financial statements.

INDICATIVE CONTENT

Foundations of Financial Accounting
The conceptual framework of accounting. The accounting cycle and the financial reporting process. The balance sheet, the statement of income and retained earnings, and the statement of cash flows.

Operating Activities of a Business
Investing Activities of a Business
Investments in non-current operating assets. Investments in debt and equity securities.

TEACHING/LEARNING APPROACH

In the lectures, the general principles of the syllabus topic will be presented and developed, together with guidance on further reading and activities.

In the tutorials, students will develop and apply the general principles of the topic in student-centred activities, including student presentations and discussions.

INDICATIVE READING

Recommended Textbook

References


*The Statements of Standard Accounting Practice*, Hong Kong Society of Accountants.

STAFF RESPONSIBLE

Cheong H. Yi
Subject Code : AF3111
Subject Title : Intermediate Accounting 2
Level : 3
Credits : 3
Mode of Study : Lectures 28 hours
           : Tutorials 14 hours
Pre-requisites : Intermediate Accounting 1 (AF3110)
Assessment : Coursework 50%
             : Final Examination 50%
Minimum Pass Grade : Coursework (D)
                     : Final Examination (D)

ROLE AND PURPOSE
This subject focuses on the liabilities and equity side of the balance sheet. It is the second of a two-part series in Intermediate Accounting. The two subjects, Intermediate Accounting 1 and Intermediate Accounting 2, together provide the foundation for students to advance to higher level subjects in financial accounting.

LEARNING OUTCOMES
On successfully completing this subject, students will be able to:

- Apply and critically evaluate the accounting standards generally accepted in accounting for the major items on the liabilities and equity side of the balance sheet.
- Extend and refine the conceptual understanding and practical application skills in corporate financial accounting.
- Build up analytical skills, critical and creative thinking on key accounting issues in a more global context.

INDICATIVE CONTENT

Financing Activities of a Business
Accounting for debt financing and equity financing.

Additional Activities and Common Disclosures of a Business
Topics such as accounting for leases, income taxes, pension and other employee compensation issues, derivatives, contingencies, segment reporting, and interim financial reports.

Other Dimensions of Financial Reporting
Topics such as earnings per share, accounting changes and error corrections.
TEACHING/LEARNING APPROACH

In the lectures, the general principles of the syllabus topic will be presented and developed, together with guidance on further reading and activities.

In the tutorials, students will develop and apply the general principles of the topic in student-centred activities, including student presentations and discussions.

INDICATIVE READING

Recommended Textbook

References


The Statements of Standard Accounting Practice, Hong Kong Society of Accountants.

STAFF RESPONSIBLE

Ben-Hsien Bao
ROLE AND PURPOSE

- To familiarize students with basic costing knowledge in costing systems and methods.
- To equip students with cost and management accounting problem solving skills.
- To enable students to apply knowledge in costing methods, cost system design, budgeting, and breakeven analysis etc. in decision making.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand the cost classification, accumulation, and estimation approaches and techniques.
- Evaluate the considerations and issues in cost and management accounting system design.
- Able to identify and prepare cost information for accounting purposes.
- Develop critical thinking, analytical skills and ethical awareness in the management accounting context.

INDICATIVE CONTENT

Process Costing

Joint-Product Costs and By-Product Costing
Service Department Cost Allocation
Reasons for service department cost allocation. Allocation bases. Methods of allocating service department costs.

Absorption and Marginal Costing
Differences between absorption and marginal costing. Effect of changes in production and sales level on profit. Use of information for external reporting and internal decision making.

Relevant Costs for Decision Making
Relevant costing and ethical behavior. Activity resource usage model. Activity-based costing and functional-based considerations. Advanced applications of relevant costs in Different Settings, including decentralized units, services and non-profit organizations. Decision making under uncertainty. Qualitative considerations

Standard Costing and Variance Analysis

Innovative Inventory and Production Management Techniques

Capital Budgeting Decisions

TEACHING/LEARNING APPROACH
A two-hour mass lecture will be conducted each week to initiate students into the ideas, concepts and techniques of the topics in the syllabus, which is then reinforced by a one-hour tutorial designed to consolidate and develop students’ knowledge through discussion and practical problem solving.

INDICATIVE READING

Recommended Textbooks


References


Selected readings from professional journals and current news reports will be provided to students during the course.

**STAFF RESPONSIBLE**

Patrick Leung
ROLE AND PURPOSE

This subject provides students with a basic knowledge of the Hong Kong taxation system and its operation. It imparts students with a fundamental understanding of the principles of taxation and of the current law and practice relating to taxation of individuals, partnerships and corporations in Hong Kong.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:
- Apply tax principles to determine the tax liabilities for individuals, partnerships and corporations in Hong Kong.
- Effectively interpret tax statutes, analyse practical tax problems and apply tax rules.
- Evaluate legal arguments in tax cases and present one’s own arguments in a reasoned manner.
- Formulate and advise on basic tax mitigation arrangements.
- Recognise the social responsibility of a tax professional.

INDICATIVE CONTENT

Tax system and administration in Hong Kong
Introduction to Hong Kong tax system. Tax administration. Offences and penalties.

Taxation on property
Scope of charge and computation of property tax in Hong Kong.

Taxation on employment and office income
Scope of charge and computation of salaries tax in Hong Kong for individuals and married persons.

Taxation of business income
Scope of charge and computation of profits tax in Hong Kong for individuals, partnerships and corporations, including source of profits principles, deduction principles, basis period, depreciation allowance, and loss relief.

**Taxation on total income for individuals**  
Personal assessment and computation of tax liabilities.

**Tax management**  
Anti-avoidance legislation. Tax planning opportunities. Social responsibility of a tax professional.

**TEACHING/LEARNING APPROACH**

The three hours of seminar per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to interact actively with their instructors and other classmates.

**INDICATIVE READING**

*Recommended Textbook*

*Inland Revenue Ordinance (Chapter 112) and Inland Revenue Rules*, Revised Edition and Amendments, Hong Kong Special Administrative Region Government.

*References*


CCH, *Hong Kong Revenue Legislation (updated)*, CCH Asia Pte Limited.


The Laws of Hong Kong: [http://www.justice.gov.hk/Home.htm](http://www.justice.gov.hk/Home.htm)

**STAFF RESPONSIBLE**

Samuel Chan
Subject Code : AF3211
Subject Title : Accounting Information Systems
Level : 3
Credits : 3
Mode of Study : Seminar/Laboratory 42 hours
Pre-requisites : Information Technology for Business (MM2421)
Assessment : Coursework 100%
Minimum Pass Grade : Coursework (D)

ROLE AND PURPOSE

Information technology is transforming the accounting profession. Very often, companies rely on an accounting information system (AIS) for information and internal control. As a result, accountants and auditors must understand the design and functioning of the AIS. This course helps accounting students to acquire the fundamental AIS knowledge that they must have to succeed in their chosen field.

LEARNING OUTCOMES

On successfully completing this subject, students should be able to:

- evaluate the strategic value of AIS in terms of how it supports business strategies and competitiveness of an organization,
- document information systems so as to appraise the effectiveness of internal control,
- design and implement information systems using database application software,
- analyze company-wide business processes and their modeling,
- evaluate the impact of electronic commerce on the way business is conducted,
- appraise the controls required for computer-based information systems,
- formulate strategies in the systems development life cycle.

Students are expected to develop sense of teamwork and professionalism, along with better developed interpersonal and leadership skills. Furthermore, students should have an appreciation of lifelong learning as it relates to technology and information systems. Ethical use of information systems is also expected from students at the end of the course.

INDICATIVE CONTENT

Foundation
Overview of AIS and its subsystems. The role of accountants relating to information systems. Identify and evaluate the strategic value of AIS. Value Chain analysis. Ways in which AIS is changing the work environment. The use of information for different types of decision-making. Linkage between AIS and business strategy. Overview of transaction cycles.
Information Systems Documentation Techniques
Documentation techniques used to understand, evaluate, and design information systems. Preparation and interpretation of data flow diagrams. Interpretation of different kinds of flowchart. Guidelines of preparing data flow diagrams and flowcharts.

Relational Database, Data Modelling, and Database Design

Business Processes
Core business processes such as the order entry/sales process, the billing/account receivable/cash receipt process, and the purchasing/accounts payable/cash disbursement process. Technologies for implementing these business processes, and the improvement of these processes by ERP systems. The general ledger, financial reporting, and management reporting systems. The REA approach to business process modelling. Business process reengineering.

Electronic-Commerce Systems

Control of AIS
Risks and threats to an AIS. Definition of internal control. The control environment. Effect of computer-based information system on traditional control activities. Principles of system reliability. General control framework.

Systems Development

TEACHING/LEARNING APPROACH
This course will use an integrative approach that combines seminars and laboratory work to enhance the learning experience. Assignments and laboratory exercises are used to illustrate the concepts and also give students opportunities to apply the theories they learned into practical situations.

INDICATIVE READING

Recommended Textbook
References

MYOB User Manual


STAFF RESPONSIBLE
David Li
Gerry Li
Subject Code : AF3312  
Subject Title : Bank Credit Management  
Level : 3  
Credits : 3  
Mode of Study : Lectures 28 hours  
Seminars 14 hours  
Pre-requisites : Business Finance (AF3313)  
Assessment : Coursework 50%  
Final Examination 50%  
Minimum Pass Grade : Coursework (D)  
Final Examination (D)  

ROLE AND PURPOSE

Building on the foundation studies in Accounting and Finance the subject aims to equip the students with an understanding of various aspects of the nature and management of credit and associated risks relevant to banks.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand the nature of bank lending activities and credit risk;
- Apply the principles of good lending in assessing credit propositions from bank customers;
- Conduct credit analysis the purpose of bank lending; and  
- Assess, modify and justify loan proposals from borrowers.

Students will be able to formulate lending propositions taking into account borrowers’ specific financial needs, legal regulation on bank credit and social responsibility of the lending institutions.

INDICATIVE CONTENT

An introduction to the nature of bank lending
The nature of bank lending and credit risk. Purposes and principles of credit analysis. Sources of information available for bank credit analysis. Steps taken by banks in dealing with lending propositions.

Types of bank credit facilities and their features
**Evaluation of financing propositions**
Feasibility of projects. Risk analyses, e.g. resources, marketing, completion, operation ... etc. Country risk. Evaluation of the types and amount of finance required. Analyses of off-balance sheet items. Analyses of non-quantitative data, e.g. management quality, appropriateness of technology, motivation, political / social variables. Legal aspects and valuation of securities. Viability of repayment scheme / funds flow.

**Analysis of financial information for lending propositions**

**Monitor & control of loan account**

**Credit risk management**
Loan policies of banks. Traditional methods of managing credit risk of loan portfolios. Credit risk modelling such as Altman’s Z-score model and KMV’s model. Credit risk management with the application of securitization and credit derivatives.

**TEACHING/LEARNING APPROACH**
A combination of lectures and seminars will be used. Problem based case studies will be part of teaching and relevant software will be used such as Balance Sheet Analysis and Excel. Specialists from the private and public sectors will be invited to deliver lectures / conduct workshops and group discussions. Student assignments will emphasize on investigation and solution of problems in a holistic inter-disciplinary approach.

**INDICATIVE READING**

*Recommended Textbook*


*References*

BPP CIB Study Text, *Practice of Banking 2*.


Hough, V.H. *Accounting & Finance for the Lending Banker*, Oak Tree Press.


*Hong Kong Banking Ordinance*

*Hong Kong Monetary Authority, Lending Guidelines and various publications on bank lending activities.*

*Journal of Commercial Lending*

*Journal of Managerial Finance*

*The RMA Journal*

**STAFF RESPONSIBLE**

Bosco Yu
Subject Code : AF3313
Subject Title : Business Finance
Level : 3
Credits : 3
Mode of Study : Lectures 28 hours
           : Seminars 14 hours
Pre-requisites : Financial Accounting (AF2108) or equivalent
Assessment : Coursework 40%
             : Final Examination 60%
Minimum Pass Grade : Coursework (D)
                    : Final Examination (D)

ROLE AND PURPOSE

This subject aims to provide a solid and rigorous introduction to the basic fundamentals of finance. Topics covered in the module provide students with a foundation for other subjects and a foundation of professional-specific skills and knowledge. Students are expected to learn and understand Business Finance in the context of integrated business environment. They will be able to analyse the financial function in business and its strategic role in corporate management. They will also develop strong analytical skills and critical thinking.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Describe the major function of financial managers;
- Compare investment appraisal techniques and understand the limitations of those techniques;
- Evaluate the various sources of finance available in Hong Kong;
- Examine the factors affecting capital structure and dividend policy and their effect on the cost of capital;
- Interpret the key characteristics of working capital and its individual elements; and
- Demonstrate how risk and uncertainty affects investment returns.

INDICATIVE CONTENT

Introduction
Firm’s goals and objectives. Time value of money.

Valuation of Securities
 Shares and bonds.

Cost of Capital
Definition and component of cost of capital. Introduction to weighted average cost of capital.

**Capital Investment Techniques**

**Investment Decisions under Uncertainty**
Mean-variance rule. Sensitivity analysis and simulation.

**Portfolio Theory**
Efficient frontier. The capital market line. Market price for risk. Beta measurement. The security market line. Limitation of CAPM.

**Sources of Finance**

**Working Capital Management**

**TEACHING/LEARNING APPROACH**
Key issues related to each topic will be covered in mass lectures. Interpretation and application of concepts and techniques will be discussed and elaborated in tutorials. All students are expected to contribute to class discussion. A variety of assessment tools, including in-class exercises, presentations, quizzes, etc. will be used. The assessments are designed to develop the analytical and communications skills of the students and the ability of applying the knowledge covered in this subject.

**INDICATIVE READING**


**STAFF RESPONSIBLE**
Arnold Cheng
ROLE AND PURPOSE

This subject builds upon Economics and Finance studies to offer students the opportunity to extend their knowledge of the financial system.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Classify and compare key differences in the regulatory structures and roles of the principal financial institutions and markets;
- Understand and analyse the movements of interest rates and funds in financial markets;
- Assess the development of the financial markets and the institutions in Hong Kong and other major developed countries with respect to their importance to the financial system; and
- Examine the rationale for financial regulation and its impact in the financial markets.

The subject also trains students to appraise the implications, including ethical considerations, of current developments on the financial systems of the major economies in the world.

INDICATIVE CONTENT

Nature/Function of Financial Markets
The nature and functions of financial markets; the institutionalisation of savings; analysis of intersectoral flow-of-funds; determination of interest rate level and the term structure of interest rates.

Financial Markets
Financial markets in different types of financial systems; development of the markets; market participants and their activities; the impact of regulations on the financial markets and protection of the public.
Financial Institutions
Banks and nonbank financial institutions; their structure and contribution to the financial sector; their activities and legal and factual limitations; protection of the public and the impact of regulations.

Regulation of the Financial System
Theories and rationale underlying regulations; development of the regulatory framework in different financial systems; government and quasi-government regulatory bodies; the purpose of their formation and their mode of formations; their powers, development through time and current problems; deregulation of the financial markets.

TEACHING/LEARNING APPROACH
Teaching will include lectures and seminars. Lectures will be used to introduce topics and outline the underlying concepts. Seminars will discuss various aspects and current issues in the financial markets and institutions in different financial systems. Students may be required to submit and present a term paper or a mini project report on a topic within the subject area.

INDICATIVE READING

Recommended Textbook

References
Santomero A.M. and D.F. Babbel, Financial Markets, Instruments, and Institutions, Irwin,


**Journals/ Magazines**

Asian Finance
Asiamoney
Bank of England Quarterly Bulletin
Banking World (Hong Kong)
BIS Publications / Reports
Financial Management
Hang Seng Economic Monthly
Hong Kong Stock Exchange Monthly Bulletin
Hong Kong Stock Exchange Fact Book
Hong Kong Monetary Authority Quarterly Bulletin
Hong Kong Monetary Authority Monthly Statistical Bulletin
Hong Kong Monetary Authority Annual Report
Journal of Banking and Finance
Journal of Financial Markets
OECD publications
Pacific Basin Journal of Finance
US Federal Reserve Bank Publications/ Reports

**STAFF RESPONSIBLE**

Bosco Yu
Subject Code : AF3315
Subject Title : Foreign Exchange and Finance of International Trade
Level : 3
Credits : 3
Mode of Study : Lectures 28 hours
Seminars 14 hours
Pre-requisites : None
Assessment : Coursework 50%
Final Examination 50%
Minimum Pass Grade : Coursework (D)
Final Examination (D)

ROLE AND PURPOSE

Students’ learning of this subject builds on Level 2 subjects in Economics and Financial Services. The purpose of the module is to develop students’ awareness of financial aspects of foreign trade and foreign exchange. The module provides a useful complement to Financial Institutions and Markets, and Management of Financial Institutions.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Evaluate importance of spot and futures foreign exchange markets in international trade and international financial transactions;
- Compare the techniques that could be used by corporations to manage foreign exchange risk;
- Examine the documents used in international trade;
- Prioritise risks contained in the main methods of payment for exporters and importers and examine their possible solutions; and
- Compare and evaluate methods of financing of international trade.

Other learning outcomes relating to PolyU strategic objective 1 are:

Integrate business ethics into practical international trade strategies.

Demonstrate how knowledge acquired in this subject could be used in a trading company or in the bills department of a commercial bank.

INDICATIVE CONTENT

An Overview of International Trade
An overview of terms of payment. Documents used in international trade.
Documentary Credits
Operations of a documentary credit. Liabilities of various parties in a documentary credit. Types of credit. The importance of documents in documentary credits. Uniform Customs and Practice of Documentary Credits.

Documentary Collections

Finance of International Trade
Methods of international settlement through banks. Finance for exporters and importers. Non-financial services for exporters and importers.

Foreign Exchange

TEACHING/LEARNING APPROACH
Lectures are used for imparting theoretical information and they are supplemented by seminars. In the seminars students will have the opportunity to examine complete sets of actual shipping documents in order to understand the practice and importance of rules on international trade.

INDICATIVE READING

Recommended Textbook

References

International Chamber of Commerce, Uniform Customs and Practice for Documentary Credits, ICC Publication No. 500.


Euro Money, Video Cassette: Documentary Letters of Credit: Parts I and II.

Euro Money, Video Cassette: An Introduction to Foreign Exchange, Advanced Foreign Exchange: Parts I and II.

International Chamber of Commerce, Case Studies on Documentary Credits under UCP 500.


**STAFF RESPONSIBLE**

John Lee
ROLE AND PURPOSE

This optional module builds on subjects such as Economics and Quantitative Methods. It introduces students to alternative types of investment, analysis of investment products and portfolio management. It is a complement to modules in Financial Markets and Institutions, Securities Regulation, Risk Management, Principles of Insurance, and Management of Financial Institutions.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Explain the different types of securities and their risk and return profiles;
- Understand the security analysis and portfolio analysis process;
- Plan, manage and review client portfolios according to customer profile and needs in order to recommend and justify appropriate types of savings and investment;
- Recognize ethical and environmental issues that they might face in real world situations;
- Demonstrate an ability to recognize, analyze, and deal with global issues relating to investments.

INDICATIVE CONTENT

Portfolio Theory

CAPM and Performance Evaluation

Index Models, APT and Market Efficiency

August 2005
**Equity Valuation**  
DDM. DCF. Relative Valuation

**Fixed-Income Securities**  
Bond Prices and Yields. Term Structure of Interest Rates. Forward Rates.

**Fixed-Income Portfolio Management**  
Duration and Interest Rate Risk. Convexity. Immunization. Active Bond Management

**Introduction to Derivatives**  

**TEACHING/LEARNING APPROACH**

The three hours per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

**INDICATIVE READING**

**Recommended Textbook**  

**References**  

**STAFF RESPONSIBLE**

John Lee
Subject Code : AF3317
Subject Title : Risk Management
Level : 3
Credits : 3
Mode of Study : Lectures 28 hours  
Seminars 14 hours
Pre-requisites : None
Assessment : Coursework 50%
Final Examination 50%
Minimum Pass Grade : Coursework (D)
Final Examination (D)

ROLE AND PURPOSE

This subject builds on basic finance concepts and gives students an understanding of how a business can identify, measure and control its risks.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand the role of risk management in business firms
- Understand the cultural effects on cross-border risk management
- Use all tools to identify, measure and control risk exposure related to operation, financing and investment in a global market

INDICATIVE CONTENT

Risk and risk management

Contemporary risk management

Basic Concepts of Risk Management

Risk Identification

Risk Evaluation

Risk Control

Applications of Risk Management
TEACHING/LEARNING APPROACH

Research project
Assignment
Presentation
Class discussion

INDICATIVE READING

Recommended Textbook


References


STAFF RESPONSIBLE

Louis Cheng
**ROLE AND PURPOSE**

This subject aims to provide students with general knowledge of insurance both in principle and in practice. It is designed to help students understand the theory, the practical operation procedures, and the major products of insurance. After successful completion of this course, students should be able to use insurance as a tool for financial consultation to manage personal and/or group assets. This course provides a complement to the course Foundation of Financial Planning.

**LEARNING OUTCOMES**

On successfully completing this subject, students will be able to:

- Understand what insurance is, why insurance works and how to determine insurance needs;
- Understand insurance operation: functions of insurance, insurance markets, insurance regulation and financial assessment and know how insurance works along with its practical operation procedures;
- Be familiar with major insurance products, such as life insurance, health insurance, property and liability insurance; and
- Evaluate various kinds of insurance plans as well as the contract selection criteria from a cost-benefit point of view.

Another outcome is to use insurance as a tool for personal financial consultation to manage personal and/or group assets; and

Prepare students to further their studies in personal financial planning.

**INDICATIVE CONTENT**

**Introduction to Insurance and Risk**

Principles of Risk: introduction to risk, insurance and risk
Principles of Insurance: fundamental legal principle, analysis of insurance contracts

**Property and Liability Insurance**

Personal property and liability insurance, liability risk and personal property and liability insurance, homeowners insurance, automobile insurance, personal accident, travel, major illnesses

**Commercial Property Insurance**

Commercial property, commercial liability insurance, crime insurance and surety bonds

**Life and Health Insurance**

Life insurance, fundamentals of life insurance, types of life insurance, life insurance contractual provisions, choosing life insurance, applications of life insurance, annuities and individual retirement accounts, individual health insurance and disability insurance

**The Insurance Industry**

The insurance company, types of insurance and marketing systems, insurance company operations, insurance pricing

**Insurance Regulations**

Government regulation, industry self regulation, other legal regulation

**TEACHING/LEARNING APPROACH**

Lectures will be used to provide theoretical concepts. During seminar sessions, students will be required to apply the theory to solve practical situations relating to insurance contacts.

**INDICATIVE READING**

**Recommended Textbook**


**References**

Insurance Intermediaries Quality Assurance Examination Scheme Study Notes 1: Principle and Practice, Published by Office of Insurance Commissioner, Hong Kong, 2001.

Insurance Intermediaries Quality Assurance Examination Scheme Study Notes 2: Long-term Insurance, Published by Office of Insurance Commissioner, Hong Kong, 2001.

Insurance Intermediaries Quality Assurance Examination Scheme Study Notes 3: General Insurance, Published by Office of Insurance Commissioner, Hong Kong, 2001.


**STAFF RESPONSIBLE**

Wei Li
ROLE AND PURPOSE

This subject reviews the current and potential developments in exchanges and trading systems, payment systems and financial institutions and analyzes their implications for consumers, financial service providers and governments.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Identify the role of changing technology in the financial services industry;
- Clarify the issues involved in providing financial services on the Internet in light of current developments;
- Revise the traditional trading and payment models in the era of the electronic enterprise; and
- Examine the implications of the developments in E-Finance for consumers, financial services providers and regulatory authorities.

Students can achieve PolyU strategic objective 1 by:

Illustrating strengths and weaknesses of developing E-Finance services from the managerial perspective of financial institutions; and

Identifying and designing products, processes and strategies for financial institutions to increase profitability of employing Internet-enabled business systems and practices.

INDICATIVE CONTENT

Development of E-Finance
B2B and B2C E-Finance

New Business Models
New financial services business models, multiple delivery channel strategies versus direct channel strategies.

Impacts of E-Finance
Impacts of e-finance developments on financial markets, financial intermediation, payment system, and regulatory authorities.

TEACHING/LEARNING APPROACH
Lectures will provide theoretical concepts and seminars will emphasize on practical applications. On-line information will be extensively used in both lectures and seminars.

INDICATIVE READING

References


STAFF RESPONSIBLE
Arnold Cheng
John Lee
ROLE AND PURPOSE

This subject builds upon Economics and Finance studies to offer students the opportunity to extend their knowledge of the global financial markets. It acts as a complement to the modules Foreign Exchange and Finance of International Trade, Monetary and Financial Systems, Management of Financial Institutions, Investment and Introduction to Derivative Securities.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Have a unified framework for understanding international financial intermediaries;
- Deal with complex problems associated with capital movement and international investment decision making;
- Demonstrate a systematic understanding of the main institutions and procedures of international trading operations with specific references to the equity, bond and foreign exchange markets; and
- Critically analyse the effect of government policies on the operation of international financial markets,

Learning outcomes to enhance the all-round development of students include:

Identifying a range of strategies and actions facing various decision-makers derived from the development of the global financial markets; and

Determining how financial services can be fully utilized in the international context.

INDICATIVE CONTENT

Financial Markets in a Global Marketplace
The foreign exchange and Eurocurrency markets; the international money and capital markets; the international derivative markets; the development, the activities, the roles and the functions of the different markets in the global marketplace and the interaction amongst the different markets.

**Activities of Financial Institutions in the Global Financial Markets**

International asset portfolios and activities of institutional investors in the global financial markets; international banking and credit; the global debt problem; international financing; measuring and managing the risk in international financial positions.

**Regulation of the Global Financial Markets**

Theories and rationale underlying regulations; development of the regulatory framework in different financial systems; government and quasi-government regulatory bodies such as the Bank for International Settlements (BIS) and the International Organization of Securities Commissions (IOSCO); the purpose of their formation and their mode of formations; their powers, development through time and current problems; deregulation of the financial markets.

**TEACHING/LEARNING APPROACH**

Teaching will include lectures and seminars. Lectures will be used to introduce topics and outline the underlying concepts. Seminars will discuss various aspects and current issues in the financial markets and institutions in different financial systems. Students may be required to submit and present a term paper or a mini project report on a topic within the subject area.

**INDICATIVE READING**

**Recommended Textbook**


**References**


**Journals/ Magazines**

Asian Finance
Bank of England Quarterly Bulletin
Banking World (Hong Kong)
BIS Publications / Reports
Financial Management
Hang Seng Economic Monthly
Hong Kong Stock Exchange Fact Book
Hong Kong Monetary Authority Quarterly Bulletin
Hong Kong Monetary Authority Monthly Statistical Bulletin
Hong Kong Monetary Authority Annual Report
Journal of Banking and Finance
Journal of Financial Markets
Journal of Global Financial Markets
OECD publications
Pacific Basin Journal of Finance
US Federal Reserve Bank Publications/ Reports

STAFF RESPONSIBLE

Bosco Yu
ROLE AND PURPOSE

The subject builds upon the general principles of business law studies at level 2 and in particular focuses on business associations in the form of a registered company. The purpose of the subject is to focus on those aspects of company law which are of particular significance and relevance to the accountancy profession and also to focus on the interaction of company law and business practices.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand the principles of Hong Kong Company Law relevant to the discipline of accountancy.
- Appreciate the laws applying to companies which are established overseas but establish a place of business in Hong Kong.
- Appraise the various means by which a company may raise capital and provide security for its lending
- Critically evaluate the roles and responsibilities of officers of the company and also of shareholders
- Appreciate the regulatory framework applying to private and public companies and appraise its effectiveness

INDICATIVE CONTENT

Formation of a Company
The process of formation and the documentation required. The legal nature of corporation and the doctrine of separate legal entity. The significance of the memorandum and articles of association. Overseas companies regulation in Hong Kong.

Share and Loan Capital
Types of share capital and methods of raising and re-organising share capital including prospectuses and the legal responsibilities of promoters. Debt financing from a corporation’s perspective. Company debentures and registration.

**Officers of the Company**
Appointment and removal of directors and company secretary; powers and duties of directors and company secretary. Disclosure requirements.

**Limitation and Control of Company**
Types of company’s meetings and their significance. The role and function of auditors and inspectors. The protection of minority members.

**External Regulation of Companies**

**TEACHING/LEARNING APPROACH**
Legal principles and concepts will be introduced through lectures. In seminars, students will be required to analyse and apply the legal principles to various issues involving companies in the form of case study.

**INDICATIVE READING**

**Recommended Textbook**

Students are advised to obtain a copy of the Companies Ordinance (Cap.32) from the Government Stationer or download an electronic copy from BLIS.

**References**


*Lipton & Herzberg’s Understanding Hong Kong Company Law*, Law Book Company, 1996.

**STAFF RESPONSIBLE**

Mark Williams
Vanessa Stott
ROLE AND PURPOSE

This elective subject is designed to provide students with an understanding of the legal framework for employment in Hong Kong SAR. In addition, the course aims to provide knowledge of legal concepts, principles and procedures as they apply in the employment context. It further aims to assist students in formulating appropriate solutions and strategies for employment related problems. This elective complements Human Resource Management subjects and any other aspect of business involving responsibility for the employment of staff.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Comprehend in depth the principal sources of employment law in Hong Kong.
- Analyse employment-related problems by reference to the legal principles and so determine the possible solutions / outcomes.
- Draft an employment contract which satisfies the Labour Department criteria and meets legislative standards.
- Evaluate the employer’s duty in respect to health and safety in the workplace.
- Formulate strategies for the elimination of discrimination and harassment.
- Follow and appreciate future legal developments in employment law.

INDICATIVE CONTENT

Legal Framework and Institutions
Hong Kong employment legislation. Role and functions of the Labour Department, Equal Opportunities Commission and the Labour Tribunal.

Employment relationship
Distinction between employees and independent contractors. Employees excluded from some or all of the provisions of the Employment Ordinance. Apprenticeships – their nature and form,
the legal consequences for employers, minors and parents of minors.

**Discrimination: gender, disability, and family status**
Definitions provided in the legislation. The legal grounds which the plaintiff must substantiate for bringing a successful action. The rights and remedies afforded to employees and employers under discrimination legislation.

**Form and terms of employment contracts**

**Trade unions**
Membership and activity, industrial action.

**Health and safety at work**
The duties of employers and employees under legislation and at common law, legal exemptions and remedies. Compensation for employment related injuries and diseases.

**Disciplinary action and termination of employment**
The legal obligations of employers in relation to staff appraisal and references. The legal grounds for staff dismissal. Remedies for unfair dismissal. Severance payments and long service payments. The role and function of the Mandatory Provident Fund (MPF). The rights and liabilities accruing to employers, employees and fund managers under the MPF.

**TEACHING/LEARNING APPROACH**

The lectures will explain and emphasise key legal concepts of employment law and will assist students in the assimilation of basic legal theory, together with its practical application to the workplace. Lectures will provide further analysis of the topics contained in the syllabus with particular emphasis on practical examples, and discussions of how employment law effects business and managerial decisions. Lectures will be conducted in an interactive manner requiring prior preparation, and class participation by students.

Seminars will be problem based and promote student participation in the learning process through discussion, case analysis and problem solving. Problems and cases will be based on practical real life employment law issues in Hong Kong. Students may also be expected to prepare employment and service contracts. The emphasis throughout seminars will be on the practical application of legal theory. Seminars will reinforce topics, which have been dealt with more generally in the lecture. Teaching staff are encouraged to undertake a teaching and learning approach that will allow students to integrate their previously acquired business law knowledge with employment law knowledge and that of other disciplines in the business field.

**INDICATIVE READING**


*Further Reading*
Kevin Williams, *An Introduction to Hong Kong Employment Law*, Oxford University Press
1990.

**Legislation**
The Laws of Hong Kong
Halsbury’s Annotated Ordinances

**Law Reports**
Hong Kong Law Reports
Hong Kong Law Reports and Digest
Hong Kong Cases
All England Law Reports
Weekly Law Reports
Appeal Cases
Final Court of Appeal Cases
HK Electronic Citations

**STAFF RESPONSIBLE**

Margaret Liddle
<table>
<thead>
<tr>
<th>Subject Code</th>
<th>AF3510</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject Title</td>
<td>Securities Regulation</td>
</tr>
<tr>
<td>Level</td>
<td>3</td>
</tr>
<tr>
<td>Credits</td>
<td>3</td>
</tr>
<tr>
<td>Mode of Study</td>
<td>Lectures 28 hours</td>
</tr>
<tr>
<td></td>
<td>Seminars 14 hours</td>
</tr>
<tr>
<td>Pre-requisites</td>
<td>Company Law (AF3507)</td>
</tr>
<tr>
<td>Assessment</td>
<td>Coursework 50%</td>
</tr>
<tr>
<td></td>
<td>Final Examination 50%</td>
</tr>
<tr>
<td>Minimum Pass Grade</td>
<td>Coursework (D)</td>
</tr>
<tr>
<td></td>
<td>Final Examination (D)</td>
</tr>
</tbody>
</table>

**ROLE AND PURPOSE**

This subject builds on the foundation provided by Aspects of Corporate Law. It focuses on the laws and regulations governing companies which offer their securities for sale to the public and, in particular, the regulation of companies listed on the Stock Exchange of Hong Kong.

**LEARNING OUTCOMES**

On successfully completing this subject, students will be able to:

- Understand the regulatory framework in Hong Kong securities markets
- Appreciate the rational for, and the extent to which, the regulation of fund raising activities by corporations
- Understand the legal framework applying to listed companies
- Appraise the concept of market misconduct in Hong Kong
- Understand the extent to which the laws protect the investing public.
- Critically evaluate the effectiveness and efficiency of the legal framework in promoting and maintaining a financially sound, honest and fair capital market in Hong Kong.

**INDICATIVE CONTENT**

**General**
Constitutional division of powers, purpose and sources of securities regulation. Legal aspects of the securities clearing system. Types and legal incidence of securities.

**Duties of Officers of Company**
The position, power and responsibilities of directors and officers under the general law and statute and extra-statutory regulation. Qualification and disqualification of directors. Restrictions on dealings in securities.
The Distribution of Securities and the Flotation of Companies
The differences between right issue and public issue. The methods of offering securities to the public. The function and purpose of prospectus. Investors remedies for misrepresentation in prospectus. The organization of the Hong Kong Stock Exchange and its function and powers in the listing of companies. The purpose and objective of the listing rules and regulatory rules of the Stock Exchange. The organization and function of the Hong Kong Futures Exchange.

The Legal Process of Company Expansion and Restructuring
The nature of takeover, amalgamation, and merger. Regulation on company takeover and repurchase of own company shares. Consequences of non-compliance with the rules.

Regulation of Market Intermediaries
The function of dealers, investment advisers and representative in the capital market. Statutory control on dealers, investment advisers and representatives. Common law and statutory liabilities for malpractice.

The Securities and Futures Commission
The organization of the Securities and Futures Commission, and its role in the capital market.

Hong Kong Monetary Authority (“HKMA”)
The role and function of the HKMA in maintaining currency stability, ensuring safety and stability of the banking system and promoting the efficiency, integrity and development of the financial system.

Mandatory Provident Fund Schemes (MPFA)
The role and function of MPFA in overseeing the operation of the provident fund schemes and retirement schemes.

Hong Kong Securities Clearing Company Limited (“HKSCC”)
The function of HKSCC and the central clearing and settlement system of Hong Kong.

Hong Kong Futures Exchange Limited (“HKFE”)
HKFE and operation of Hang Seng Index Futures, Hang Seng Index options and other futures products trading.

TEACHING/LEARNING APPROACH
Students will attend two lectures and one seminar each week. The first lecture will take the traditional form of presentation of the general principles of the syllabus topic. The second lecture will be kept flexible, but with particular emphasis on the following; to reinforce the content of the first lecture (when necessary), lectures by experienced practitioners from the relevant industry and holding forum on topical issues related to the subject.
The earlier seminars will be spent on discussing seminar questions set on specific areas of the law to ensure the understanding of the conceptual and practical aspects of the law, and will place strong emphasis on student participation. In the later seminars the students will be required to give presentations relating to the assignment.

**INDICATIVE READING**


McMahon and Murphy, *The Essential Guide to The Hong Kong Takeovers and Share Repurchase Codes*, 1993.


Securities and Futures Ordinance 2002

Halsbury’s Laws of Hong Kong, volume 14. 2003

Extensive reference will be made to law reports, relevant journals, government policy papers, and rules of regulatory bodies, (such as the Securities and Futures Commissions, the Stock Exchange of Hong Kong Limited and the Hong Kong Monetary Authority) and legislation.

**STAFF RESPONSIBLE**

Stephen Chan
**Subject Code**: AF3511  
**Subject Title**: Aspects of Insolvency Law  
**Level**: 3  
**Credits**: 3  
**Mode of Study**: Lectures 28 hours  
Seminars 14 hours  
**Pre-requisites**: Company Law (AF3507)  
**Assessment**: Coursework 50%  
Final Examination 50%  
**Minimum Pass Grade**: Coursework (D)  
Final Examination (D)

### ROLE AND PURPOSE

This subject is specifically designed for students studying in the Faculty of Business. Today it is generally recognized that a strong and advance insolvency regime does not only create and protect confidence in the business community but it also has an important role in the economic recovery process of any jurisdiction in serious economic recession. However, the extent of its success depends very much on the commercial community and, particularly, the professionals' understanding of how the highly technical and complex insolvency rules operate to balance the interest of the insolvent debtor, the creditor and the public.

Thus the purpose of the subject is to equip the students with the fundamentals of the law and practice relating to the insolvency of individuals and corporations. It is expected that at the end of the course the students will thoroughly understand their role in the existing insolvency regime and understand the legal issues and problems surrounding the insolvency of individuals and corporations, and cross-border insolvencies and how they may be resolved under the current legal framework.

### LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand Hong Kong's insolvency regime for both individuals and for companies.
- Critically appraise the process of being adjudicated bankrupt and the consequences of such an order.
- Appreciate the alternative voluntary procedure / scheme of arrangement of a debtor's affairs.
- Critically appraise the process of winding up a company, the role of the liquidator and the dissolution of companies.
- Understand the issues arising in cross border insolvency.
- Appreciate the need for reform of insolvency law and understand the various form such reform may take.
INDICATIVE CONTENT

Introduction to Hong Kong Insolvency Legal Framework
Purpose of Insolvency Law. Nature of Insolvency, Bankruptcy and Liquidation.

Individual Insolvency
Bankruptcy Administration: Courts; Official Receiver; and Trustees. Alternative procedure to bankruptcy. Bankruptcy proceedings: the statutory demand; bankruptcy petition; the hearing; bankruptcy order; and proof of debts. Consequential effect of bankruptcy over person and property of bankrupt. Criminal law and bankruptcy.

Corporate Insolvency
Liquidation Administration: Courts; Official Receiver; Liquidator; Registrar of Companies; and the Financial Secretary. Distinction between voluntary and compulsory liquidation. Corporate rescue and alternative to liquidation. The process of compulsory winding up: winding up petition; consequences of petition; the hearing; winding up order; and proof of debts. Consequences of winding of order and subsequent proceedings on the corporate entity and property. The process of voluntary winding by members and creditors. Consequences on directors and others.

Cross Border Insolvencies
Classification of types of insolvency regimes: e.g. the United Kingdom, the United States and the People’s Republic of China. Legal and practical problems relating to recovery of debts and enforcement of securities in different insolvency regime. Legal and practical problems of competing jurisdictions in parallel insolvency proceedings.

Reforms
Overview of future reforms of Insolvency Laws from the domestic and international perspectives.

TEACHING/LEARNING APPROACH

The lectures will explain the emphasize the fundamental principles and will assist students in the application of the legal principles in the practical environment. Lectures will constantly use practical examples to show the important role and function of professional accountants in the field of individual and corporate insolvency.

The seminars will promote student participation in the learning process through discussion and case analysis. The emphasis throughout seminars will be on the practical application of legal theory.

INDICATIVE READING

Recommended Textbook

References


Legislation
The Bankruptcy Ordinance (Cap. 6).
The Bankruptcy Rules.
The Companies Ordinance (Cap. 32).
The Companies Winding Up Rules.

STAFF RESPONSIBLE
Stephen Chan
Vanessa Stott
ROLE AND PURPOSE

This subject provides an overview of international economic institutions and their role regulating international economic affairs. Secondly, the module addresses a range of specific legal issues relevant to international business transactions. In addition to providing students’ with substantive knowledge, this module also fosters students’ awareness on the importance of international business law in relation to Hong Kong and China’s economic development and welfare as well as the impact of international economic law on individual business transactions.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Identify and evaluate the roles of both international economic organizations, especially the UN and WTO, and regional trade organizations such as ASEAN, APEC, EU, NAFTA
- Evaluate the consequences of accession to WTO,
- Understand the importance of international economic agreements and their impact on the regulation of individual international economic transactions.
- Appreciate the importance of defining which set of international or national legal rules apply to individual international business transactions especially in relation to contracts, torts, unfair trade practices and intellectual property rights.
- Critically evaluate the substantive principles of law in relation to intellectual property rights, consumer protection, international sales of goods, and trans-national dispute resolution, whether by mediation, arbitration or litigation.

INDICATIVE CONTENT

International Economic Organizations
Legal frameworks, constitutions and functions of (1) United Nations, including the World Banks International Monetary Fund (IMF), Asian Development Banks (ADB) and United Nations Conference on Trade And Development (UNCTAD), United Nation Conference on
International Trade Law (UNCITRAL); (2) The World Trade Organization including the General Agreement on Tariffs and Trade (GATT), General Agreement on Trade and Services (GATS) and the agreement on Trade Related Aspects of Intellectual Property (TRIPS), and agreement on Trade Related Investment Measures (TRIMS) including relevant international economic legal instruments.

Regional Trade Organizations
Legal frameworks, constitutions and functions of Association of South East Asian Nations (ASEAN), Asia Pacific Economic Conference (APEC), the European Union (EU), and North American Free Trade Agreement (NAFTA)

Jurisdiction
The importance of the terms in which substantive legal rules govern particular international business transactions; international agreements related to choice of law and forum; choice of law provision in contracts, and application of law rules related to non-contractual legal relationships.

Intellectual Property right
Outline of international rules relevant to patents, copyrights, trademarks and unfair competition.

Consumer Protection
International rules related to protection of consumers in relation to contracts, torts, and products liability.

International Sales of Goods
Considerations of the provisions of the UN Convention of International Sales of Goods (CISG) and the impact on contractual relationship between businesses engaged in the international trade in goods.

Dispute Resolutions
International provisions for substantive rules in private dispute resolutions including mediation, arbitration and litigation.

Impact of International Economic Regulation
Impact of international legal rules as implemented by domestic legislation on individual international business transactions, carry out and engage in by Hong Kong and China based business; impact of international agreement on China-related trade, including accession of China to WTO, and the CEPA agreement on Hong Kong business.

TEACHING/LEARNING APPROACH
The lectures will explain and emphasise the key legal concepts and legal provisions in the context of economic change whilst seminars will provide a forum for further discussion and illustration of the legal principles and their application primarily problem based techniques.

INDICATIVE READING
Braithwaite, J. and P. Drahos, Global Business Regulation, Cambridge University Press,
2000.


**STAFF RESPONSIBLE**

Vanessa Stott
Mark Williams
ROLE AND PURPOSE

This subject builds on students’ knowledge at Level 2 to develop their ability to apply economic analysis to business decision-making. The subject provides students with an enhanced foundation for other related higher level subjects in economics/finance, marketing/international business and China business studies.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Apply economic analysis to major categories of business decision.
- Evaluate the role which theory can play in the process of decision-making, including its limits and its relationship to business practice.

Studying this subject will also help develop students’ critical thinking, and oral and written communication skills.

INDICATIVE CONTENT

Introduction
The definition and scope of managerial economics. The use of economic models for business decision-making purposes.

Business Objectives
Assumption of profit-maximisation and the applications of the simple model of profit-maximisation. “Managerial” and “behavioural” criticisms.

Organisational Structures
Transaction cost analysis and alternative governance structures of business activities. Mergers and acquisitions. The growth of multinationals and global strategy.
Demand and Costs

Competitive Structure and Strategy
Textbook models of market structure. The structural analysis of industries. Elements of business strategy.

Pricing Decisions and Non-price Competition

Government in the Marketplace

TEACHING/LEARNING APPROACH
The lectures are used to explain the key points involved in the analysis of each decision, providing a basic structure for the programme. Group discussions are held in lectures and seminars. Games are played to illustrate some concepts in economics. The seminars involve small groups of students reporting on a series of activities carried out outside and inside the classroom.

INDICATIVE READING

Recommended Textbook

References


STAFF RESPONSIBLE
P.L. Lam
ROLE AND PURPOSE

This subject addresses various up-to-date issues concerning our local economy. Topic-specific lectures will provide students with different analytical frameworks for examining the economic structure and the development of various economic sectors in Hong Kong. This course also provides a foundation for the study of regional/global integration and development between Hong Kong, the Asia-Pacific region and the world.

LEARNING OUTCOMES

On successfully completing this course, students will be able to:

• Have a clear understanding of the structure of the Hong Kong economy and its role in the regional and global economic development.
• Critically analyse issues in various aspects of the local economy, for instance, industrial and trade development, the financial structure, regulation of industries, labour market development, and public policies.
• Capable of identifying strengths and weaknesses of the Hong Kong economy, and designing appropriate policy alternatives.

Studying this subject will also help develop students’ critical thinking, and oral and written communication skills.

INDICATIVE CONTENT

The Economic Structure of Hong Kong

Industrialisation and Market Structures
Industrial development and changes in market structures. Growth and diversification of firms. Competition policy. Regulation of monopolies.
The Monetary System of Hong Kong
The currency system of Hong Kong. Monetary policy in Hong Kong. The banking system of Hong Kong.

Hong Kong as a Financial Centre
Financial markets. Favourable factors for the development of Hong Kong into a world financial centre. Problems and future prospects of Hong Kong as a world financial centre.

The Public Sector
Sources of government revenues. Pattern of government expenditure. Fiscal policy in Hong Kong.

Trade and International Relations
Pattern of trade development. Trade relations with the world, especially with China and the countries in the region. Protectionism and international trade organisations, e.g. WTO. Regional economic cooperation.

Labour Market

TEACHING/LEARNING APPROACH
Lectures are given on the topics of the syllabus. For each topic, relevant economic theories are introduced, with applications being made specifically to the economy of Hong Kong.

Activities in seminars: Students are required to conduct research on assigned topics and make presentations in the seminars. These topics are related to current economic issues of the local economy, e.g. trade development, financial development, government policies, and other current issues.

INDICATIVE READING


This course draws heavily on contemporary comments and analysis to be found in journal articles and papers. Various assigned readings will be distributed to students during lectures, or will be put on reserve in the university library.

STAFF RESPONSIBLE
Stephen Luk
Vincent Mok
ROLE AND PURPOSE

This subject is designed to provide students with a general understanding of China’s economic development since 1949 and economic reform since 1978, which are important background relevant to China business. More importantly, it is to prepare students with a deep understanding of current issues that are central to the understanding of the operational environment of China business.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand the fundamental economic forces that have shaped the economic performance of China;
- Analyze key economic issues in Chinese economy and in particular their business implications.

Studying this subject will also help develop students’ critical thinking and strengthen their global outlook.

INDICATIVE CONTENT

Economic development of the PRC in 1949-77
Heavy industrialisation strategy and the Soviet-style central planning; nationalisation of industry; collectivisation of agriculture; state pricing and planned resource allocation; rural-urban disparities; egalitarianism and closeness; state monopoly on foreign trade and the fixed foreign exchange regime.
Reform and opening up of the PRC since 1978
Economic transition towards a market system; shift from import-substitution to export-orientation development; shift from administrative to law and regulatory control; decollectivisation of agriculture; privatisation and liberalisation of the state owned enterprises; change of the relationship between the central and local governments; development of commodity and factor markets; open up to foreign trade.

Current Issues in Chinese economy and Business
Reliability of the Chinese GDP statistics; sustainability of rapid economic growth; price reform and regional integration in China; financial system; income inequality; labour market; balance of payment and Renminbi exchange rate.

TEACHING/LEARNING APPROACH
This subject will be taught in both lecture and seminar formats. Students are required to do projects on topics assigned and to participate actively in discussions in the class.

INDICATIVE READING

Recommended Textbook
There is no prescribed textbook. Lecture summaries and supplementary notes will be distributed from time to time. Books that are on the list of essential readings and additional references will be placed in Student's Reserve Section of the University Library. A detailed list of essential readings and additional references is provided at the end of each topic in the course outline.

References
China Economic Review, various issues.

Journal of Comparative Economics, various issues.


Rana, Pradumna B. and Naved Hamid (eds), *From centrally planned to market economies, the Asia approach* (Volume 2- People’s Republic of China and Mongolia), Oxford University Press, 1996.


吳敬璉 (Wu Jinglian), 轉軌中國 (Zhuan gui Zhongguo), 成都: 四川人民出版社, 2002 (Publisher Chengdu : Sichuan ren min chu ban she, 2002).


**STAFF RESPONSIBLE**

Xinpeng Xu
Subject Code : AF3604
Subject Title : Monetary and Financial Systems
Level : 3
Credits : 3
Mode of Study : Lectures 28 hours
Seminars 14 hours
Pre-requisites : Introduction to Economics (AF2601) or equivalent
Assessment : Coursework 70%
Final Examination 30%
Minimum Pass Grade : Coursework (D)
Final Examination (D)

ROLE AND PURPOSE

This subject provides students with the knowledge about the functioning of the monetary and financial system in the economy. The subject is built on the application of economic concept to analyse issues relating to money supply and demand, interest rates, and financial markets and institutions.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand the importance of risk-return tradeoff in financial economics.
- Analyse the determinants of interest rates.
- Appreciate the importance of the banking system in the economy.
- Examine the implication of monetary policy.
- Evaluate the role and understand the functioning of various financial markets and institutions.

Studying this subject will also help develop students’ critical thinking and analytical skills.

INDICATIVE CONTENT

Basis of Financial Economics

Money and Interest Rates
What is money? Concept and behaviour of interest rate. Risk and term structure of interest rate.

Banking system and Monetary Policy
Economic analysis of banking system. The money supply process. Central banking. Tools and conduct of monetary policy.
Monetary Theory

Financial Markets

Financial Institutions
Banking and non-banking institutions. Regulation of financial institutions.

TEACHING/LEARNING APPROACH
The lectures are used to explain the basic concepts related to this subject. Group discussions are held in both lectures and seminars. Games will be used to help students to facilitate their learning. The seminars involve small groups of students working on a series of presentations. Each small group is also expected to work on one empirical project under the guidance of the instructor.

INDICATIVE READING

Recommended Textbook

References

Beecham, Julian, Monetary and Financial System in Hong Kong, Hong Kong Institute of Bankers, Second edition, 1998.

Hong Kong Monetary Authority, Quarterly Bulletin.

The Journal of Money, Credit and Banking.

Publications of the Federal Reserve Bank in the U.S.

STAFF RESPONSIBLE
Y.C. Chan
Andy Chui
ROLE AND PURPOSE

This subject gives students an overall view of the geographical, political, economic, legal, cultural and social situations in China. The objective is guide the students to know more about the current development of China and to develop their ability to observe and to analyze changes under rapid reforms and open-door policies, and the impact of those changes on China and her place in the world today.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand a wide range background knowledge about China, including political and legal system, economic and social development, and sustainable development;
- Recognize the business environment in China and opportunities for our students;
- Explore the Mainland market;
- Analyze the current issues about China

INDICATIVE CONTENT

Geographical Environment
Geographical, including natural and infrastructure environment of different regions in China. Regional economic performance and development. Demographic profile and management system.

Factor endowment: allocation of natural resources; provision of infrastructure such as transport, communication, energy, etc.

Political and Legal Environment in Transition
Introduction to the political structure. Impacts of changes in institutional structure that may affect business investment under political and economic reforms, i.e. the inter-relations of party, state, local government, enterprise and individual. Foreign policy.
The legal framework and law enforcement: operation of the legal system; laws and regulations relating to China business; law enforcement in China.

**Economic Environment**
Sequential economic reforms since 1978. Major macro-economic profile. Agricultural and industrial reforms and development. Fiscal and monetary reforms and policies. The open-door policy and strategy in the development of foreign trade, foreign direct investment and financial activities. The development of economic relations between Hong Kong and the Mainland since the 70's. China's accession to WTO.

**Cultural and Social Aspects**
Cultural and social Aspects: labour force and employment, labour migration, labour market; distribution of income, social services, social security system, changes in social value, attitude, institutional structure and their impacts on economic performance.

**TEACHING/LEARNING APPROACH**
This is an introductory course on China. A general introduction on topics related to the syllabus will be given in lecture. Students are expected to learn to catch up with the development in China by self-learning through sources of information available in the library, publications, media and websites. Students are expected to be able to discuss the current issues about China. In addition to lectures and readings, students will be required to do group project reports on the study.

**INDICATIVE READING**

**Polyu Library**
China Collection

**Useful Websites**
- [http://www.chinainfobank.com](http://www.chinainfobank.com) (中國資訊行)
- [http://www.drcnet.com](http://www.drcnet.com) (國務院發展研究中心)
- [http://www.cass.net.cn](http://www.cass.net.cn) (中國社會科學院)
- [http://www.wto.org](http://www.wto.org) (世界貿易組織網)

**Official Publications**
China Statistical Yearbook
Statistical Yearbooks and almanac of different localities and organizations
China’s Customs Statistics (monthly) 中國海關統計 (月刊)

**Journals, Periodicals and Newspapers**
In Chinese:
Jingji Yanjiu (Economic Research Journal (monthly)) 經濟研究 (中國社會科學院經濟研究所)
Zhongguo Gongye Jingji (China Industrial Economy (monthly)) 中國工業經濟 (中國社會科學院工業經濟研究所)
Chinese Rural Economy (monthly) 中國農村經濟 (中國社會科學院農村發展研究所)
China Daily

In English:
Australian Journal of Chinese Affairs
China Business Review
China Economic Review
The China Quarterly
Chinese Economic Studies
Journal of Contemporary China
Journal of Chinese Studies
Modern China
The China Business Review
China Review, various issues, Hong Kong: The Chinese University Press.

STAFF RESPONSIBLE

P.K. Lau
Subject Code : AF4106
Subject Title : Advanced Financial Accounting
Level : 4
Credits : 3
Mode of Study : Seminars 42 hours
Pre-requisites : Intermediate Accounting 2 (AF3111)
Assessment : Coursework 40%
              Final Examination 60%
Minimum Pass Grade : Coursework (D)
                     Final Examination (D)

ROLE AND PURPOSE

This subject provides students with the knowledge of accounting practices of group of companies, and foreign currency translation of individual companies as well as group of companies.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Contrast the different types of business combinations.
- Analyse the accounting issues and evaluate the feasibility of reconstruction.
- Prepare group accounts.
- Appreciate the accounting issues of consolidation.
- Identify the accounting issues of foreign currency translation.

INDICATIVE CONTENT

Business Combination

Changes in Capital Structure
Reduction in share capital. Reconstruction of capital of companies.

Consolidation of a Group of Companies
of the date of acquisition. Consolidation following acquisition. Intercorporate transfers of noncurrent assets. Intercompany inventory transactions and intercompany indebtedness.

**Multinational Accounting**
Foreign currency transactions and financial instruments. Translation of foreign entity financial statements. Different methods of foreign currency translation. Accounting practices of foreign currency translation for individual companies and group of companies.

**TEACHING/LEARNING APPROACH**

The three hours per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

**INDICATIVE READING**

*Recommended Textbook*

*References*


*The Hong Kong Financial Reporting Standards*, Hong Kong Society of Accountants.

**STAFF RESPONSIBLE**

Michael Firth
ROLE AND PURPOSE

This subject aims to introduce an analytical framework for carrying out business analysis and valuation by using information provided in financial statements. It is primarily designed for accountancy students who wish to qualify as a professional user of financial statements at an entry level.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Develop a framework for analysis that sets accounting and financial analysis in the context of competitive strategies adopted by a company.
- Apply the analytical framework to specific decision contexts like securities analysis, credit analysis, merger and acquisition analysis, and corporate financing policies analysis.

INDICATIVE CONTENT

A Framework for Business Analysis

Business Strategy Analysis
Actual and potential competition. Sources of competitive advantages. Achieving and sustaining competitive advantage.

Accounting Analysis

Financial Analysis

Prospective Analysis
Forecasting. Seasonality and interim forecasts. Accounting-based valuation techniques.

Business Analysis Applications
Equity security analysis. Credit analysis and distress prediction. Mergers and acquisitions. Corporate financial policies.

TEACHING/LEARNING APPROACH
The three hours per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

INDICATIVE READING

Recommended Textbook

References


Assigned Journal Articles.


STAFF RESPONSIBLE
Michael Firth
Subject Code : AF4108
Subject Title : Issues in Management Accounting
Level : 4
Credits : 3
Mode of Study : Seminars 42 Hours
Pre-requisites : Management Accounting 1 (AF2110)
Management Accounting 2 (AF3112)
Accounting Information Systems (AF3211)
Assessment : Coursework 40%
Final Examination 60%
Minimum Pass Grade : Coursework (D)
Final Examination (D)

ROLE AND PURPOSE

(a) To enable students to apply the principles and techniques covered in Management Accounting 1 and 2 to solve strategic management decisions.

(b) To enable students to apply information technology to the design of management information systems and to make aware of the current computer technology in management accounting practices.

(c) To adopt an interdisciplinary approach that requires students’ appreciation and application of theories from other disciplines, such as economics, management, organizational studies and psychology, to management accounting practices and issues.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Perceive and formulate alternatives for strategic management decisions.
- Design and evaluate information systems for planning, control and performance measurement.
- Familiarize with the recent global development in management accounting techniques as tools for management control and decision making.

INDICATIVE CONTENT

Strategic Management Accounting Approach
Activity Based Costing and Activity Based Management

Cost Based Decision Making

Performance Measurement, Management Control and Strategic Alignment

Productivity Measurement and Control

Incentive and Compensation Systems
The expectancy view of behaviour. Intrinsic and extrinsic rewards. Tying rewards to performance. Important attributes of compensation systems. The agency model.

Management Control System Design
The nature of management control systems. The management control environment and process. Contingency approach to system design. Computer technology in management control system design.

TEACHING/LEARNING APPROACH
Using active and problem-based learning approaches, a three-hour seminar will be conducted each week to develop students' knowledge through case analyses, discussions, presentations and team projects. This subject adopts “real-life” organisation-based cases in teaching. Through case analysis and presentation, students are provided with the ambiguous issues and problems found in actual organisations, enabling them to apply management accounting theory to these problems. This approach encourages students to think in terms of management accounting theory as a way of conceptualising problems and prescriptions for management accounting systems design. Computer laboratory sessions will be organized to provide students' hands-on experience in retrieving information from management accounting information systems for planning, control and decision making. Practitioners will also be invited as guest speakers to share their experiences and insights in the current management accounting practices.

INDICATIVE READING

Recommended Textbook
Kaplan, R.S. and A.A. Atkinson, Advanced Management Accounting, 3rd Edition, Prentice-
Hall, 1998.

**References**


Selected articles from the professional journals.

**STAFF RESPONSIBLE**

Patrick Leung  
Susana Yuen
ROLE AND PURPOSE

This subject aims to broaden students' perspective by highlighting the great diversity of accounting practices across countries and the consequent issues facing multinational companies, regulators and investors.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Identify the impact of environmental factors on the evolution of the accounting system of a country.
- Outline the distinguishing features of each of the major clusters of accounting practices.
- Assess the impact of diversity of accounting practices on international financial analysis.
- Evaluate the need for internationalization of accounting standards.

INDICATIVE CONTENT

Overview

Comparative Accounting Systems
Comparison of accounting and reporting practices among several developed countries, e.g. USA, UK, Germany, France and Japan.

Foreign Currency Translation

International Financial Disclosure and Analysis
Accounting measurement and accounting disclosure. Evolution of MNC’s disclosure. Segmental reporting. Special problems of international financial analysis.
International Standards and Organisation
Pressures for internationalization of accounting standards. Applicability of international standards. Major organizations involved in internationalization of accounting standards, e.g. IASC, IOSCO, and EC.

TEACHING/LEARNING APPROACH
The three hours per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

INDICATIVE READING

Recommended Textbook


References


STAFF RESPONSIBLE
Ben-Hsien Bao
ROLE AND PURPOSE

This subject examines the role of auditing in financial reporting and corporate governance. It focuses on the purpose of auditing and assurance, the importance of auditor independence as well as the techniques and procedures in carrying out financial statement audits. The agency theory is used to explain the demand for auditing and corporate governance and the related issues in both the Global and Asian settings are investigated.

LEARNING OUTCOMES

Upon completing this subject, the students will have learnt:

- The economic demand for auditing and assurance in financial reporting and the reasons for the requirement on auditor’s independence and professional ethics.
- The objectives and processes of audit planning, risk assessment, internal control evaluation, tests of transactions and balances, conducting analytical reviews and completing and reporting financial report audits.

The subject is practice orientated. Students completing the subjects will also be able to apply the knowledge learnt above to the audit of company financial statements in a supervised manner.

INDICATIVE CONTENT

Auditing and Assurance
Auditing, corporate governance and institutions; agency theory and the economic demand for auditing; auditor independence and professional ethics; responsibilities and legal liabilities of auditors; auditing standards

Audit planning, Materiality, Audit Risk, Sample Testing and Evidence
Engagement planning and its importance, the assessment of materiality and audit risk, the audit-risk model, sample testing and evidential matters.
Internal Control
Corporate governance and internal controls; evaluating internal controls; effects of information technology on internal control system and audit testing.

Auditing the Financial Statements
Audit methods and approaches, the audit of the transactions and balances, performing analytical review and completing the financial statement audit.

Reporting
Audit qualifications and different types of audit reports.

TEACHING/LEARNING APPROACH

The subject uses a mix mode of teaching with a weekly one-hour lecture and two-hour seminar. Lecturing is to be shared by the teaching team with each team member responsible for his/her chosen specialism. Seminars are conducted in the form of group discussion of materials covered in the lectures and related case-study based workshops. Guest lectures by practitioners are to be conducted to keep students abreast of practical development in the accounting and auditing professions.

Seminars allow for better learning through discussion, analytical thinking, and knowledge sharing. They also serve the objective of enhancing students’ oral communication skill. A practice-oriented group assignment is also used to facilitate group learning, written communication and application of knowledge learnt. Internet based materials are used both for teaching and student assignment purposes.

Students are evaluated by the insightfulness of knowledge learnt and their initiatives in knowledge application. Assessment is by participation in class discussion and workshops, completing practice oriented assignments, and written examination(s).

INDICATIVE READING

Recommended Textbook

All relevant Hong Kong Standard on Auditing and Professional Ethics issued by the HKICPA.

STAFF RESPONSIBLE

Ferdinand A Gul
Gerald Chau
Thomas Lau
Phyllis Mo
Musetta So
Subject Code : AF4217
Subject Title : Auditing and Assurance 2
Level : 4
Credits : 3
Mode of Study : Seminars 42 hours
Pre-requisites : Auditing and Assurance 1 (AF4216)
Assessment : Coursework 100%
Minimum Pass Grade : Coursework (D)
Final Examination (D)

ROLE AND PURPOSE

This subject provides students with an in-depth knowledge of auditing and assurance services and extends students’ knowledge to other assurance and related services provided by auditors. The subject also aims at sensitizing students to the current issues affecting auditing and assurance services.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Have an in-depth knowledge of auditing;
- Understand other assurance and related services provided by auditors;
- Keep abreast of the current development in auditing and corporate governance
- Apply the knowledge learnt in conducting assurance in a supervised manner.

INDICATIVE CONTENT

Advance Audit Topics
Audit issues related to auditing conglomerate companies including group entities, related parties, reliance on other auditors and experts; audit issues related to manufacturing corporations and small business enterprises.

Assurance of Other Historical Financial Statements
Audit of interim financial statements; compilation and review of financial statements.

Other Assurance Services
Due diligence; Business investment and fraud investigation; Profit and cash-flow forecasts; IPOs.

Assurance on Non-Financial Information
Internal audit (including operational audit and performance audit); ISO audit; reporting on an entity’s internal control over financial reporting.
Current Issues
Current trend and development in auditing such as audit committee and other corporate governance matters.

TEACHING/LEARNING APPROACH

The three hours per week classes will be used flexibly by the instructor for discussion of concepts and their applications with students and for carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and their classmates.

INDICATIVE READING

Recommended Textbook


All relevant Statements of Auditing Standards and Professional Ethics issued by HKSA.

STAFF RESPONSIBLE

Gerald Chau
Thomas Lau
Phyllis Mo
ROLE AND PURPOSE

This subject aims to provide students with a fundamental understanding of the regulatory framework of financial reporting and auditing profession in the Mainland.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Obtain basic concepts, principles and practices of financial accounting and auditing in the Mainland of China.
- Have an insight into the recent development and contemporary issues of financial accounting and auditing in China.
- Build up analytical skills, critical and creative thinking on key China accounting issues in a more comparative and global context.

INDICATIVE CONTENT

Accounting Framework in China

Auditing Framework in China
TEACHING/LEARNING APPROACH

The three hours per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

INDICATIVE READING

Recommended Textbook


Yang, J. and J. Yang, Chinese Accounting: Theories and Practices (Handbook of Chinese Accounting), 2002 (or latest publication), Hong Kong, Oxford University Press.

Additional relevant materials from books, journals or other sources

STAFF RESPONSIBLE

Ben Hsien Bao
Phyllis Mo
ROLE AND PURPOSE

Accounting fraud and earnings manipulation have attracted high profile attention globally and have shaken the foundations of the capital market and financial reporting. Students entering the accounting profession are challenged with re-establishing the confidence of the investors and promoting ethics and integrity in the workplace. It is thus important for them to have a thorough knowledge on the nature, prevention and detection of financial statement fraud.

This subject examines the various aspects of fraud prevention and detection, including the sociology of fraud, elements of fraud, types of fraud relating to accounting information, use of control to prevent fraud, and methods of fraud detection.

LEARNING OUTCOMES

This course is devoted to financial reporting fraud and related issues that will be of interest to students entering the accounting profession. On completing the course, the students will have:

- Learned the antecedents and consequences of fraud and economic crime in our society
- Developed a general understanding of the role of the accounting profession in preventing and detecting fraud.
- Explored ways of fraud prevention and detection
- Acquired an ability to recognize conditions signalling financial statement fraud
- Appreciated development in the field of investigative and forensic accounting in CPA firms

The course has the broader objective of contributing to students’ professional development, including competencies in both written and oral communication, logical reasoning, problem solving, and critical thinking.

INDICATIVE CONTENT

Financial Reporting and Fraud
The relationship between financial reporting structure, earnings management and fraudulent accounting. Fraud schemes and audit failures.
Types of Fraud
The taxonomy of economic crimes. The fraud triangle focuses in assessing fraud – incentive, opportunity and rationalization. Definition of financial statement fraud. Economic crime survey reports and a perspective on recent fraud cases.

Fraud Realization, Prevention and Detection
Organizational considerations in controlling fraud – corporate governance, audit, and assurance. The legal and regulatory frameworks / agencies in fraud prevention and detection.

Fraud Examination
Fraud examiners – their roles and functions. The nature and characteristics of forensic and investigative assignments

Information Technology and Fraud
Introduction to the impact of information technology on financial statement fraud. Using Computer-based Analysis Techniques for Fraud Detection.

TEACHING/LEARNING APPROACH
General principles of the syllabus topic will be presented and developed during the three hours per week seminars, together with guidance on further reading and activities. The seminars may also be used for the presentation and discussion of leading cases.

In the seminars, students will develop and apply the general principles of the topic in student-centred activities, including role-plays, student presentations and discussions.

INDICATIVE READING

Recommended Textbook


http://www.swlearning.com/accounting/knapp/auditing_5e/knapp.html
References
Kwok, B.K.B., Forensic Accountancy, Butterworths, 2002


Robertson, Jack C., Fraud examination for managers and auditors, FEMA, 2003.

Other Resources
Association of Certified Fraud Examiners: http://www.cfenet.com/home.asp
Forensic Accountants’ Society of North America: http://www.fasna.org/

STAFF RESPONSIBLE

Thomas Lau
Subject Code : AF4221
Subject Title : Strategic Tax Planning and Management
Level : 4
Credits : 3
Mode of Study : Seminars 42 hours
Pre-requisites : Hong Kong Tax Framework (AF3210)
Assessment : Coursework 50%
Final Examination 50%
Minimum Pass Grade : Coursework (D)
Final Examination (D)

ROLE AND PURPOSE

The purposes of this subject are to impart students the knowledge of the tax concepts, principles and techniques that underline corporate and individual tax planning at an advanced level. It will discuss the commonly used tax avoidance devices and the related anti-avoidance rules and practices in Hong Kong and in selected countries which have close economic ties with Hong Kong.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Appreciate and apply advanced aspects of the corporate and individual tax laws, rules and practices in the Hong Kong context to real life scenarios, taking into account also the latest development of the tax laws in the neighboring tax regimes that may affect tax planning decisions on cross-border investment and trading.
- Provide advice on the impact of changes in tax laws and tax cases on business transactions, organizations and individuals with particular reference to Hong Kong situation.
- Appreciate the development of international tax principles and practices and how it impinges on business structures and transactions that are organized on a global basis. Identify tax planning opportunities that may arise therefrom and integrate appropriate tax strategies in corporate and personal business planning decisions.

INDICATIVE CONTENT

Taxation concepts and principles

Taxation of inbound and outbound investments
Concept of permanent establishment. Forms of investments. Non-residents persons. Equity

**Taxation on instruments, wealth and individuals**
Scope of charge, assessment, exemptions and tax planning opportunities of Hong Kong stamp duty and Hong Kong estate duty. Tax planning for individuals and expatriates working in Hong Kong.

**Strategic corporate tax planning – principles, practices and anti-avoidance provisions**

**Current issues in taxation**
Electronic commerce and latest taxation development in other Asian Pacific countries.

**TEACHING/LEARNING APPROACH**
The three hours of seminar per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

**INDICATIVE READING**

**Recommended Textbook**


*Inland Revenue Ordinance (Chapter 112)* and *Inland Revenue Rules*, Revised Edition and Amendments, Hong Kong Special Administrative Region Government.

*Estate Duty Ordinance (Chapter 111)*, Revised Edition and Amendments, Hong Kong Special Administrative Region Government.

*Stamp Duty Ordinance (Chapter 117)*, Revised Edition and Amendments, Hong Kong Special Administrative Region Government.

**References**

CCH, *Tax Planning and Compliance in Asia (updated)*, CCH Asia Pte Limited.


The Laws of Hong Kong: [http://www.justice.gov.hk/Home.htm](http://www.justice.gov.hk/Home.htm)

**STAFF RESPONSIBLE**

Daniel Cheung
Stella Cho
### Subject Code
AF4222

### Subject Title
China Tax Framework

### Level
4

### Credits
3

### Mode of Study
Seminars
42 hours

### Pre-requisites
Financial Accounting (AF2108) or equivalent

### Assessment
<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coursework</td>
<td>50%</td>
</tr>
<tr>
<td>Final Examination</td>
<td>50%</td>
</tr>
</tbody>
</table>

### Minimum Pass Grade
<table>
<thead>
<tr>
<th>Component</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coursework</td>
<td>(D)</td>
</tr>
<tr>
<td>Final Examination</td>
<td>(D)</td>
</tr>
</tbody>
</table>

### ROLE AND PURPOSE
This subject aims to provide students with a wide range taxation framework of Mainland China. After completing this subject, students are expected to obtain basic concepts, principles and practices of taxation in Mainland China. They are expected to apply the tax knowledge in their business operations and investment decisions in China. They are also provided an insight into the recent development of tax reform and an appreciation of the contemporary tax issues in Mainland China.

### LEARNING OUTCOMES
On successfully completing this subject, students will be able to:

- Analyze various tax scenarios and prepare tax computations for individual and foreign-invested entities operating business in Mainland China.
- Evaluate the tax consequences of various types of structure of business transactions and provide professional advice on the China tax system and its operation and the China tax implications on individuals and business entities.
- Formulate and appraise basic tax planning ideas and strategies in relation to individual and business transactions in order to minimize their explicit tax liabilities or enhance their tax efficiency and effectiveness.

### INDICATIVE CONTENT
**Overview of PRC Taxation System and Tax Administration**

**Corporate Income Tax and Tax Incentives**

Individual Income Tax

Turnover Tax System

Transfer Pricing Rules

Double Taxation Arrangement
Application of Memorandum of Understanding between the Mainland China and the HKSAR for the Avoidance of Double Taxation. Extension of the Memorandum and reforms.

Other Types of Taxes and Issues

Other Special Forms of Investment

Strategic Tax Planning

TEACHING/LEARNING APPROACH

The three hours of seminar per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

INDICATIVE READING

Recommended Textbook
References


Economic Intelligence Unit, *China Hand - Investing, Licensing and Trading Conditions in the P.R.C.*, Volume 1-2 (Updated), Hong Kong, EIU, 1995.


*Selected journal articles, tax rulings, regulations, case and newsletters.*

STAFF RESPONSIBLE

Daniel Cheung
Stella Cho
Percy Wong
Subject Code: AF4223
Subject Title: Analysis and Design of Accounting Information Systems
Level: 4
Credits: 3
Mode of study: Seminars 42 hours
Pre-requisites: Accounting Information Systems (AF3211) and Information Technology for Business (MM2421)
Assessment: Coursework 50%
            Final Examination 50%
Minimum Pass Grade: Coursework (D)
            Final Examination (D)

ROLE AND PURPOSE

This subject is primarily designed for accounting students to master the techniques of systems analysis and design, and the development, management and control of database systems. It is designed with particular focus on the accounting applications within business organizations.

LEARNING OUTCOMES

On successful completion of this subject, the student will be able to:

- Understand the roles of an accountant in a systems development project;
- Analyze the strengths and weaknesses of the systems development approaches and methodologies used by the systems personnel;
- Evaluate the security and control levels of an accounting information systems; and
- Communicate effectively and efficiently with systems professionals and business users in relation to systems development.

INDICATIVE CONTENT

Systems Development Approaches
Systems development life cycle (SDLC); waterfall model; rapid prototyping

Requirements Analysis and Specification for Accounting Systems
Process of determining and structuring requirements; traditional and modern methods for requirements determination

Structural Analysis and Design for Business and Accounting Processes
Identifying business and accounting processes for reengineering; process modeling; conceptual data modeling; alternative design strategies; human interface design; database design
**Systems Implementation**
Systems coding, testing, and operation; systems documentation; user training and support

**Project Management**
Initiating, planning, executing, and closing down the project; representing and scheduling project plans

**Overview of Accounting Database Systems**
Files versus databases; logical and physical views of data; data dictionary

**Database Modeling**
Relational database model; entity-relationship (E-R) diagram

**Database Design**
Functional dependencies and primary keys; database normalization

**Database Management System (DBMS) Languages for Accounting Databases**
Data definition language (DDL); data manipulation language (DML); data query language (DQL)

**Security and Controls of Database Systems**
Information systems threats; control concepts; control environment

**TEACHING/LEARNING APPROACH**

Seminars are used to discuss the key concepts and issues related to the topics listed above. These may be supplemented by assignments, small projects, and a mid-term test when appropriate. Students are required to learn how to use the relevant software, e.g. ACCESS and ORACLE, in developing accounting systems.

**INDICATIVE READING**


**STAFF RESPONSIBLE**

Pak Lok Poon
### Subject Code
AF4224

### Subject Title
Information Systems Audit and Control

### Level
4

### Credits
3

### Mode of study
Lectures / Seminars 42 hours

### Pre-requisites
Accounting Information Systems (AF3211)

### Assessment
Coursework* 40%
Final Examination 60%

*Hands-on experience (e.g. use of a commercial computer audit software package) will be provided if possible.

### Minimum Pass Grade
Coursework (D)
Final Examination (D)

---

### ROLE AND PURPOSE

The main purpose of this subject is to introduce the various concepts, approaches, and techniques of auditing information systems (IS) and information technologies (IT), as well as the application of IT in auditing. This subject is particularly useful for those students who want to pursue a career in IT auditing or IT security administration.

### LEARNING OUTCOMES

On successfully completing this subject, the student will be able to:

- Understand the relationship between IT auditing and general auditing, and the roles of an IT auditor in the Audit Department as well as the whole business organization.
- Evaluate and apply the various types of IT audits and their associated auditing concepts and techniques.
- Apply IT to improve the efficiency of general audit reviews.

### INDICATIVE CONTENT

**IT Audit Management**
Overview of IT auditing. IT security policy. Relationship between IT auditing and general auditing. Staffing the IT audit function. Professional IT audit standards and training. Risk analysis and management.

**Auditing IT Applications**

**Auditing the IT Infrastructure**
Auditing the computer installation. Review of systems software, data communications...
networks, and distributed systems.

**Using IT in Auditing**
Audit automation and its cost justification. Overview of computer assisted audit techniques (CAATs) and its applications.

**Contingency Planning and Disaster Recovery**
Reducing the contingency risk. Disaster recovery plan and its testing. Insurance.

**Computer Fraud and Abuse**

**TEACHING/LEARNING APPROACH**
Lectures will be used to discuss the key concepts and issues related to each topic. These are supplemented by seminars that focus on the application of concepts and techniques introduced in the lectures.

**INDICATE READING**


Selected articles from professional journals such as Information Systems Audit and Control Journal.

**STAFF RESPONSIBLE**
Pak Lok Poon
ROLE AND PURPOSE

This subject has a “realistic” objective, that is, to help the accounting students understand how information systems help managers make business decisions. Because of this, the subject is structured from a cognitive processes and decision-making perspective, and it concentrates on issues that emphasize managerial applications and the implication of decision support technology on those issues. This subject will cover contemporary issues and the emerging trends of information systems such as enterprise resource planning (ERP) systems, data warehouse, and data mining, etc.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Recognise the value and importance of information systems in the context of decision-making in organisations;
- Evaluate different categories of management and decision support systems;
- Understand the managerial applications and the implication of decision support technologies;
- Appraise the recent development of contemporary information systems for decision-making purpose.

INDICATIVE CONTENT

Introduction to Information Systems for Decision Making
Decision-making and information systems. Concepts, categories, and supporting technologies of management and decision support systems.

The Decision Making Process and Decision Makers
Phases of the decision-making process: intelligence, design, choice, and implementation. Technology support for decision-making. Decision making styles: cognitive and decision.
Decision Support Systems (DSS)
Nature and characteristics of DSS. Components of DSS: data management, model management, user interface, knowledge-based management. Group decision support and groupware technologies.

Business Intelligence Systems

Enterprise Information Systems

Intelligent Decision Support Systems

TEACHING/LEARNING APPROACH
Seminars are used to discuss the key concepts and issues related to the topics listed above. These may be supplemented by assignments, case presentations and discussions, and a mid-term test when appropriate. The material will be presented in the context of available relevant software packages capable of demonstrating the use of these systems.

INDICATIVE READINGS


STAFF RESPONSIBLE

Gerry Li
ROLE AND PURPOSE

This course is designed to familiarize students with business and technology elements of electronic commerce. The main purpose of this subject is to introduce finance and accounting students what Electronic Commerce (EC) is; how it is being conducted and managed; and its major opportunities, limitations, issues, and risks.

LEARNING OUTCOMES

Upon completion of the course the student should be able to:

- understand EC and applications for business
- identify the organizational needs of EC
- determine hardware and software infrastructure for EC
- formulate security policy needed in a given EC environment
- evaluate the international, legal, ethical and tax-related issues involving EC

Upon completion, students should have developed a sense of appreciation of Internet technology and the desire to pursue lifelong learning. Through group project, students should have developed teamwork and interpersonal skills.

INDICATIVE CONTENT

Introduction

Business Strategies for Electronic Commerce
strategies. Electronic Data Interchange. Supply Chain Management. Electronic Marketplaces and Portals. Integration of enterprise resources planning (ERP) and EC

**The environment of Electronic Commerce**

**Technologies for Electronic Commerce**
Web server basics – software and hardware. Electronic commerce software.

**Security threats to E-Commerce**
Internet security issues. Intellectual property threats. Threats to the security of client computers, communication channels and server computers. Implementing electronic commerce security.

**Payment systems for electronic commerce**
Payment cards, electronic cash, electronic wallets, store-value cards

**TEACHING/LEARNING APPROACH**
Seminars are used to discuss the key concepts and issues related to the topics listed above. These may be supplemented by assignments, projects, and a mid-term test when appropriate.

**INDICATIVE READING**


**STAFF RESPONSIBLE**
David Li

August 2005
ROLE AND PURPOSE

The primary objective of the subject is to introduce students to the theory and practice of derivative securities.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand the issues in pricing, hedging, and arbitrage in the derivative securities markets.
- Various derivative products, including exotic over-the-counter derivatives, are investigated and analyzed.
- Understand how corporate financial managers manage foreign currency risk in global financial markets.

INDICATIVE CONTENT

Options

Futures and Forwards

Other Derivatives
Foreign currency derivatives. Swaps and other interest rate agreements.
TEACHING/LEARNING APPROACH

The three hours per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

INDICATIVE READING

Prescribed Text

Supplemental and Background Reading


Journals
Journal of Futures Markets
Journal of Derivatives

Derivatives Quarterly
Review of Derivatives Research
Financial Analysts Journal

STAFF RESPONSIBLE

Richard Chung
ROLE AND PURPOSE

This subject will complement students’ knowledge acquired in relevant subjects relating to banking and finance, or China studies. Topics covered in this subject will provide a focused study of the financial system on the Chinese Mainland and its relationship with Hong Kong.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Explain the basic rationale behind the financial reforms and the institutional arrangements of financial institutions and markets in the PRC;
- Analyse the changes in the monetary policy in the PRC and evaluate their effects on business decisions; and
- Evaluate the differences and the links between the financial systems on the Chinese Mainland and in Hong Kong, and the ensuing policy and business implications.

Learning outcomes related to attributes for all-roundness of students are:

Recognizing importance of social, political and cultural considerations in the development of financial system in the PRC; and

Developing strategies for foreign financial institutions to set up their businesses in China is another attribute for all-roundness of our students.

Providing very good opportunities for students to improve their biliteracy and tri-lingualism.

INDICATIVE CONTENT

Financial System Before and After the 1979 Reform
Mono-bank system modelled on the former Soviet Union. Cash plan and credit plan.

**Roles and Functions of the Financial Institutions and Markets**

**Constraints Faced by the Financial System**

**Financial Cooperation Between Mainland and Hong Kong**
Financial Institutions from Hong Kong in China. Business with Chinese financial institutions in Hong Kong: borrowing and trading in securities market. Role of Chinese financial institutions in Hong Kong. Prospects for Hong Kong as an international financial centre.

**TEACHING/LEARNING APPROACH**
Keynote lectures will be used for introducing the rationale behind and institutional arrangements of the financial markets and institutions in the PRC. Attention will be drawn to the possible limitations on the applicability of the prevailing theories of banking and finance in the PRC.

Students will be required to keep up with the fast changing financial system in the PRC through readings in the current periodicals and newspapers. They will be split into small subgroups writing and presenting an analytical report on issues relating to banking and finance in the PRC.

**INDICATIVE READING**


Almanac of China’s Finance and Banking
Almanac / Year book of China’s Insurance
Almanac People’s Bank of China Annual Report
The China Quarterly
China Information
Journal of Contemporary China

STAFF RESPONSIBLE

M. K. Leung
ROLE AND PURPOSE

This module builds on the knowledge acquired from Business Finance (AF3313) and proceeds further to consider more advanced financial issues of a corporation.

LEARNING OUTCOMES

On completion of this module, students should be able to:

- understand the role and functions of securities markets;
- make complicated investment decisions; and
- apply modern corporate finance theories in financial planning.

INDICATIVE CONTENT

Corporate Governance
Firm’s goals. Agency problems and costs. Directors compensation schemes.

Fisher Separation Theorem

Efficient Market Hypothesis
Definition. Different forms of efficient market. Implications for corporate financial decisions. Anomalies.

Long-term Financing in Hong Kong Capital Market
Types of equity and debt securities traded. Issuing methods.

Capital Structure
Theories of capital structure. MM propositions and arbitrage process. Financial distress.
Valuation and Capital Budgeting for the Levered Firms
Cost of capital (review). Beta and leverage. APV approach.

Dividend Policy

Derivatives and Financial Risk Management
Options, warrants, convertibles and futures. Concept and applications of hedging with derivatives.

Mergers and Corporate Restructuring

TEACHING/LEARNING APPROACH
The three hours per week will be used flexibly by the instructor for discussing key finance concepts and their applications with students and carrying out other learning activities with them. To maximize benefits from class contact, students are encouraged to share their views actively with their instructors and other classmates.

INDICATIVE READING


STAFF RESPONSIBLE
Steven Wang
Subject Code : AF4321
Subject Title : Case Study in Finance
Level : 4
Credits : 3
Mode of Study : Seminars  42 hours
Pre-requisites : Business Finance (AF3313) and Corporate Finance (AF4320)
Assessment : Coursework  50%
             Final Examination  50%
Minimum Pass Grade : Coursework (D)
                     Final Examination (D)

ROLE AND PURPOSE

This subject deals with the application of finance theories to cases of financial policy.

LEARNING OUTCOMES

On successfully completing the subject, students will be able to:

- integrate and expand upon the concepts they have learnt in earlier courses, such as business strategy, marketing management, business las, accounting principles, investment banking etc.
- apply the knowledge to the solution of realistic business problems.
- think critically as rigorous discussion will happen on every meeting in order to brainstorm creative ideas in applying financial theories in real life cases.
- have global outlook and cultural awareness in cross border transaction happening in takeover deals and negotiation.
- get a feel of the American, European and Asian classic cases in finance which should enhance students' vision of global integration of financial policy
- develop some leadership skills through the presentation and discussion in the stimulated "board" and "committee" setting.

INDICATIVE CONTENT

Introduction to the Course
Financial Analysis Basics
Optimal Capital Structure
Cost of Capital Concepts
Valuation and Capital Budgeting

Payout Policy


Derivative Instruments and Risk Management

Financing Decisions and Tactics: Convertibles

Initial Public Offering (IPO)

Hostile Takeovers

Valuing Projects

TEACHING/LEARNING APPROACH

Cases form the core of the course. The cases require not only an orderly use of the principles of finance, but also an imaginative application of the principles of business strategy. The format of the class will also stress the importance of group cooperation and decision-making. Cases in this course are presented in a particular fashion. Eight groups will be formed at the beginning of the semester. Two of these groups will be responsible for the case presentation on days that cases are assigned. The first group (the “Committee”) is the group that presents the case to the class. The presentation includes making policy recommendations and providing solutions to the questions. The responsibility of the second group (the “Board”) is to critique the Committee’s presentation and motivate class discussion. During the Committee’s presentation, for instance, the members of the Board question the Committee about their approach and recommendations. Members of the audience will also participate in the discussion of the case.

INDICATIVE READING

Kester, Fruhan, Piper and Ruback, Case Problems in Finance, Irwin, 1997.


STAFF RESPONSIBLE

Derek Yim
ROLE AND PURPOSE

This subject builds upon Financial Markets and Institutions to provide students the framework for comprehending and thinking critically about the management of assets and liabilities of financial institutions and for applying the techniques of financial planning and management. The purpose is to train students to create and implement successful financial strategies across all types of financial intermediaries.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Identify the sources of value created by financial institutions;
- Evaluate critically the management of assets and liabilities of financial institutions;
- Identify the principal risks that financial institutions face, and justify how financial institutions go about managing these risks;
- Assess financial institution performance; and
- Determine pricing decisions of financial institutions;

Students are also trained to prepare financial planning strategies for major types of financial institutions.

INDICATIVE CONTENT

Roles of financial institutions in the financial system

Methods of assessing performance of financial institutions

Strategic planning for financial institutions

Pricing of financial services
Capital management
Credit risk management

**Interest risk management**

Market risk management
Functions of futures, options, and swap contracts
Managing risks off the balance sheet
Cash and liquidity management
Liability management
Foreign exchange risk management
Sovereign risk

**TEACHING/LEARNING APPROACH**

Lectures will be used to discuss concepts and issues arising in respect of the management of financial institutions. Case studies will be used in seminars to reinforce students’ learning by illustrating that techniques discussed in lectures have application to real-life problems. Students will be asked to analyze and provide solutions to cases which should reflect understanding and ability of applying the knowledge covered in this module.

**INDICATIVE READING**

*Recommended Textbook*

*References*


**STAFF RESPONSIBLE**

Arnold Cheng
John Lee
ROLE AND PURPOSE

This module builds on the basic principles of finance and put them under an international context. The focus lies on the financial decision making of a multinational corporation and the special problems it will face.

LEARNING OUTCOMES

On successfully completing this subject, students will be able:

• to understand the characteristics of multinational companies and the respective techniques used for risk hedging and international arbitrage;
• to consider techniques and tools for hedging currency risks and interest rates risks;
• to examine the various financing alternatives available in international financial markets and the use of interest rates and currency swaps for both financing and hedging purposes; and
• to consider factors relating to foreign direct investment decisions and the appraisal techniques that can be applied.
• to provide a global perspective of international business transactions.

INDICATIVE CONTENT

Introduction
Characteristics of multinational corporations. Features of multinational financial management.

Foreign Exchange market and Exchange Rate Determination
Spot and forward markets. Exchange rate determination. Linked exchange rate system in Hong Kong. Parity conditions in international finance and arbitrage.
Currency Risk Management
Different types of currency exposures. Use of hedging methods including money market hedge, currency forward, currency futures and currency options contract.

Interest Rate Risk Management
Impact of interest rate changes. Measurement of interest rate exposure. Duration analysis. Use of hedging methods including forward rate agreement, interest rate futures, caps, floors and collars.

Cash Management of Multinational Corporations
Centralisation vs. decentralisation. Cash mobilisation techniques. Netting.

Financing Decisions of Multinational Corporation

Swaps
Interest rate and currency swaps. Different uses of swaps. Risks of using swaps.

Multinational Capital Budgeting
Project cash flows vs. parent cash flows. Use of NPV analysis. Issues arising from political risks.

TEACHING/LEARNING APPROACH
The three hours per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

INDICATIVE READING


STAFF RESPONSIBLE
Wilson Tong
ROLE AND PURPOSE

This subject explores all major personal financial planning issues that a financial planner encounters. It presents a model of effective money management. All of the latest financial planning tools and techniques are included.

LEARNING OUTCOMES

This course is designed to prepare individuals who intend to be a financial planner. Topics including the major steps of financial planning process and all the job knowledge requirement of CFP will be covered.

On successfully completing this subject, students will be able to:

Understand the principles of financial planning in relation to Economics, Accounting, and Finance
Conduct individual financial planning;
Evaluate financial goals for individuals;
Identify discrepancies between financial resources and needs;
Recommend appropriate financial actions to meet the needs; and
Monitor an integrated financial plan;
Help students to develop all-roundedness skills by integrating interpersonal skills, communication skills, and subject knowledge through group research project and presentation.
INDICATIVE CONTENT

I  Fundamental Concepts of Financial Planning

1  An Overview of the Financial Planning Profession
   1. Overview of Financial Planning Profession
   2. The CFP Mark
   3. Future Development of Financial Planning

2  Principles of Financial Planning
   1. Basic Concept
   2. Subject Areas of Personal Financial Planning Process
   3. An Overview of Financial Planning Process
   4. Theories of Ethics
   5. Practicing Ethics and Professional Responsibilities

3  Understanding the Economic and Financial Environment
   1. Macroeconomics Factors
   2. Financial Market Overview
   3. Hong Kong Regulations Related to Financial Planning

4  Planning Components and Life Cycle Analysis
   1. Cash Flow Management
   2. Tax Planning
   3. Risk Management and Insurance Planning
   4. Introduction to Investment Planning
   5. Short-term and Medium Term Investment Planning
   6. Retirement Planning
   7. Estate Planning
   8. The Concept of Life-Cycle Analysis

II  The Financial Planning Process

5  Step 1: Establishing Client-planner Relationship
   1. Establishing Client-planner Relationship
   2. Communication Techniques for Financial Planning
   3. Relationship Positioning
   4. Marketing Your Financial Planning Practice
   5. Application

6  Step 2: Gathering Client Data and Determining Goals and Expectations
   1. Collecting client information
   2. Data collection forms
   3. Confidentiality and Importance of keeping client’s data
   4. Overview of Financial objectives
   5. Determining reasonable financial objectives

7  Step 3: Determining the Client’s Current Financial Status
   1. Background of client’s financial status and the Macro-economic environment
   2. Statement of Assets and Liabilities
   3. Cash Flow Statement Analysis
4. Financial Ratio Analysis
5. Applications and Practices

8 Step 4: Developing and Presenting the Financial Plan
   1. Importance of developing the financial plan
   2. Formation of financial plan
   3. Investment strategies
   4. Importance of a written plan
   5. Basic elements of a financial plan
   6. Format of a financial plan
   7. Presenting the financial plan
   8. Coping with changes to recommendations

9 Step 5 & 6: Implementing and Monitoring the Financial Plan
   1. Action Plan
   2. Implementing the financial plan
   3. Maintaining records
   4. Monitoring client’s needs
   5. Strategic review
   6. Communication and disputes

III Application and Conclusion

10 The Concept of Total Life Planning
    1. The Meaning of Financial Planning and Total Life Planning
    2. Total Life Planning
    3. Conclusion

11 Cases, Application and Conclusion
    1. Case on Personal Financial Plan
    2. IT and Software Application
    3. Application Corner
    4. Conclusion

TEACHING/LEARNING APPROACH

Research project:

Consumer Survey or Client Interview
The students are required to form groups of 5-member team to conduct a consumer survey on the demand for financial planning or a client interview project. A research report of 10-15 pages and a presentation of 10 minutes are expected.

Assignment:

Individual essay on the transition of insurance professionals: From product selling to financial planning. An essay of 5 pages using font size of Times New Roman 12.

Presentation
Class discussion
INDICATIVE READING

Textbook:

Module 1: Foundation of Financial Planning, IFPHK 2003

References:

a) Financial Planning


b) Laws and Regulation of Hong Kong

HKEX website www.hkex.com.hk/rulereg/rulereg.htm

HKSFC website(Ordinance) www.hksfc.org/eng/reg/ordinan.htm

HKSFC website(Regulations) www.hksfc.org/eng/reg/cod_guid.htm

c) IFPHK Licensee Standards

Garratt and Robinson, Ethics for Beginners, Icon, 1996.


d) Basic Concepts


Ernst & Young, *Taxation in Hong Kong*, Longman, 1996.

**STAFF RESPONSIBLE**

Louis Cheng
Subject Code : AF4325
Subject Title : Wealth Management
Level : 4
Credits : 3
Mode of Study : Lectures 28 hours  
Seminars 14 hours
Pre-requisites : Any ONE of the finance theory related subjects  
AF3313 - Business Finance,  
AF3314 - Financial Institutions and Markets,  
AF3316 - Investments,  
AF4320 - Corporate Finance,  
AF4324 - Financial Planning, or equivalent.

Assessment : Coursework (Assignment and tests) 50%  
Research Project: 30%  
Assignment: 10%  
Attendance: 5%  
Participation: 5%  
Examination (3-hour unseen examination) 50%
Minimum Pass Grade : Coursework (D)  
Final Examination (D)

ROLE AND PURPOSE

This subject examines the basic principles and skills for wealth management. It covers all the important concepts for a financial planner and a wealth manager on managing the financial wealth for individual clients.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

Understand the principles of wealth management in relation to Economics, Accounting, and Finance  
Understand the comprehensive view of wealth management  
Conduct a six-step evaluation process  
Understand how to conduct risk profiling  
Understand various aspects of asset allocation strategies  
Help students to develop all-roundedness skills by integrating interpersonal skills, communication skills, and subject knowledge through group research project and presentation.

INDICATIVE CONTENT

1. The Wealth Management Profession  
   1.1. The Concept of Wealth Management
1.2. The Role of Wealth Manager

2. Basic Principles of Wealth Management
   2.1. Principles of Financial Planning and Wealth Management
   2.2. Code of Ethics and Professional Responsibilities
   2.3. Application Corner

3. Integrating Planning Components into Life Cycle Analysis
   3.1. Basic Concepts Of Planning Components
      3.1.1. Cash Flow Management And Consumption Planning
      3.1.2. Insurance Planning
      3.1.3. Tax Planning
      3.1.4. Investment Planning
      3.1.5. Retirement Plan
      3.1.6. Estate Planning
   3.2. Personal Profiling
   3.3. Relating Planning Components and Life Cycle Analysis

   4.1. Soft Skills For Wealth Managers
      4.1.1. Effective Communication
      4.1.2. Determining Goals
      4.1.3. Managing Client’s Expectations
   4.2. Step 1: Establishing Client-Planner Relationship
   4.3. Step 2: Gathering Client Data and Determining Goals and Expectations
   4.4. Step 3: Determining the Client’s Current Financial Status
   4.5. Step 4: Developing and Presenting the Financial Plan
   4.6. Step 5 & 6: Implementing and Monitoring the Financial Plan

5. Personal Profiling and Risk Profiling
   5.1. Personal Profiling
   5.2. Comparing Utility-Based and Psychometric Instruments
   5.3. Developing an Effective Risk-Profiling Questionnaire
   5.4. Matching the Risk Profile with an Appropriate Portfolio

6. Investment Techniques
   6.1. Financial Markets
   6.2. Valuation Models
   6.3. Fundamental and Technical Analysis
   6.4. Stock Selection and Market Timing

7. Asset Allocation Strategies
   7.1. Portfolio Performance Measurement
   7.2. Active And Passive Strategies
   7.3. Asset Allocation And Optimization Strategy
   7.4. Manager Selection And Evaluation
   7.5. Active Versus Passive Strategies
   7.6. Choosing The Right Benchmarks
8. Total Wealth Index

9. Case, Application, and Conclusion
   9.1. Case on Wealth Management
   9.2. IT and Software Application
   9.3. Application Corner
   9.4. Conclusion

TEACHING/LEARNING APPROACH

Research project
Presentation
Class discussion

INDICATIVE READING

Recommended Textbook and References


STAFF RESPONSIBLE

Louis Cheng
ROLE AND PURPOSE

This course is concerned with fixed income securities and interest rate risk management. Fixed income securities account for about two thirds of the market value of all securities that are outstanding in the world. Understanding this type of instruments is hence essential in the investment world.

LEARNING OUTCOMES

On successfully completing this subject, students will be able:

- to understand the theoretical pricing aspects of fixed income securities;
- to know the institutional features of the fixed income market;
- to appreciate the use of fixed income derivatives for interest rate management purposes.

INDICATIVE CONTENT

The Basic Products


Risk Management


Pricing Interest Rate Claims

Corporate Securities and Credit Risk
Corporate Bonds and Credit Risk. Credit Derivatives.

Mortgages and Their Derivatives
Mortgages and Mortgage Backed Securities. Special Topics – Emerging market debt.

TEACHING/LEARNING APPROACH
The three hours per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

INDICATIVE READING
Sundaresan, S., Fixed Income Markets and Their Derivatives, South Western.
Tuckman, B., Fixed Income Securities, Wiley.
Garbade, Fixed Income Analysis, MIT Press.

STAFF RESPONSIBLE
Alan Chung
Subject Code : AF4328
Subject Title : Mergers and Acquisitions
Level : 4
Credits : 3
Mode of Study : Seminars 42 hours
Pre-requisites : Business Finance (AF3313) and Corporate Finance (AF4320)
Assessment : Coursework 50%
Final examination 50%
Minimum Pass Grade : Coursework (D)
Final Examination (D)

ROLE AND PURPOSE
This subject aims to provide a theoretical framework as well as practical knowledge on mergers and acquisitions.

LEARNING OUTCOMES
On successfully completing this subject, students will be able to:

- appreciate the economic functions played by M&A activities and the importance of capital markets in supporting such activities;
- examine various valuation methods used in M&A process;
- understand the regulatory framework governing M&A-related activities in Hong Kong;
- assess the strategies and tactics of different forms of takeovers and acquisitions, offers and defences; and
- enhance their global outlook and cultural awareness in cross-border takeover deals and negotiations

INDICATIVE CONTENT

Overview of Mergers and Acquisitions
Types of acquisitions; dynamics of the M&A process; merger theories and empirical evidence.

Takeover Regulation in Hong Kong
Substantial shareholding; Takeovers Code; Securities Ordinance; Companies Ordinance; SEHK Listing Rules.

Valuation Issues
Valuation methodologies; valuation of target firms; valuation issues for the offeror.
Structuring M&A Deals
Consideration; method of payment; impact of financial strategy.

Bid Strategies and Tactics
Choice of offer consideration and conditions; management and board considerations/

Takeover Defences
Resistance motives; defense strategies; impact and cost of strategies; right of minority shareholders.

TEACHING/LEARNING APPROACH
The 3-hour seminar per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities. To maximize benefits, students are encouraged to participate actively in the discussions and share their views with their peers. This course also places a lot of emphasis on team work. Students will be organized into teams and assigned to work on problem sets and real-life case studies.

INDICATIVE READING


STAFF RESPONSIBLE
Peter Lam
ROLE AND PURPOSE

This subject is designed to provide students with understanding of portfolio management and mutual fund industry. A balance between theories and applications, particularly in the Hong Kong securities market, is emphasized.

LEARNING OUTCOMES

Upon completion of this subject, students will be able to:

- understand the nature of various institutional investors and how they operate;
- grasp active and passive portfolio management techniques for stocks and bonds;
- evaluate fund performance.

INDICATIVE CONTENT

Review of Basic Investment and Asset Pricing Concepts
Diversification; optimal asset allocation; CAPM; and APT.

Institutional Investors and Their Objectives
Asset/Liability Management, Insurance Companies, Pension Funds; Investment Companies; Depository Institutions.

Common Stock Analysis and Portfolio Management
Equity indexing; Style management; Using of index futures and equity options in investment management.

Fixed Income Analysis and Bond Portfolio Management
Bond pricing; Valuation of bonds with embedded options; Bond portfolio management strategies; Liability funding strategies; using interest rate derivatives in investment management.
Asset Allocation and Performance Evaluation
Measuring and evaluation performance.

TEACHING/LEARNING APPROACH

The three hours per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

INDICATIVE READING


STAFF RESPONSIBLE

Li Jiang
ROLE AND PURPOSE

This subject is built on an understanding of foundation knowledge in corporate finance. It aims to introduce the core principles and techniques for valuing different kinds of businesses. This will also provide a solid foundation for students to advance further into the field of business valuation as investment analysts. The subject contents cover various principles, issues and techniques relating to business valuation in a comprehensive and focused manner.

LEARNING OUTCOMES

Upon completion of this subject, students will be able to:

- identify factors for consideration in different valuation processes;
- discuss key principles and specific techniques for assessing values of businesses in different context;
- consider new issues and apply new techniques for valuing companies in emerging businesses.

INDICATIVE CONTENT

Essential Principles and Valuation Techniques
The equities market; meaning of value; common techniques used in valuation (e.g. ratio analysis, DCF, FME, capitalisation of dividends, asset-based valuation, WACC, CAPM) of business and securities.

The Company and its Industry
Private or public firms; sources of information; sector analysis; analysis of management and company performance reporting.

Application of Valuation Principles
Management structure; historical financial performance, segmental information; analysis of
assets and liabilities; projection of earnings; special valuation situations.

**Other Factors affecting Valuations**
Impact of accounting treatments; taxation; regulatory requirements; dilution and new issues.

**Valuation of Business under Special Situations**
Special nature of industries; valuing synergy; corporate control; leveraged buyouts and takeovers; re-organisation and restructure.

**Other Valuation Techniques**
Special equity analysis (e.g. charting, QA); break-up valuation; Economic Value Added (EVA).

**Valuing New Economy**
The characteristics of new economy; the business models of new economy; the supply and demand for new economy stocks; valuation methods for new economy companies; IPO of new economy stocks.

**TEACHING/LEARNING APPROACH**
Concepts and key issues will be introduced through lectures; opportunities to review research studies and interpret research results will be provided with through discussion and presentation.

**INDICATIVE READING**

**STAFF RESPONSIBLE**
Justin Law
Subject Code : AF432
Subject Title : Corporate Risk Management
Level : 4
Credits : 3
Mode of Study : Lecture/Seminar 32 hours
Workshop 10 hours
Reading and Self-study 42 hours
Assignment/Project 28 hours
Preparation for seminar/workshop 28 hours
Total 140 hours
Pre-requisites : Derivative Securities (AF4317)
Assessment : Coursework 50%
Final Examination 50%
Minimum Pass Grade : Coursework (D)
Final Examination (D)

ROLE AND PURPOSE

This subject is to prepare finance professionals to establish the body of knowledge necessary for independent risk management analysis and decision-making.

LEARNING OUTCOMES

Upon completion of this subject, students will be able to understand three major areas of risk and their respective management techniques:

- Market Risk Management
- Credit Risk Management
- Operational and Integrated Risk Management

INDICATIVE CONTENT

Market Risk Management
Why Value at Risk (VAR) is a preferred measure to quantify market risk; the identification of different types of risk factors for financial instruments; introductions of different VAR methods and their applications.

Credit Risk Management
What are credit risks and the different kind of credit risks; how to measure default risk from corporate bond yield spread; credit exposure of different financial instruments; application of credit derivatives to exchange credit risk between institutions.
Operational and Integrated Risk Management
Why operation risk is an important cause of financial losses; risk capital use as a value at risk (VAR) measure; G-30 Report as the best practices reporting; firm wide risk management as a total risk approach.

TEACHING/LEARNING APPROACH
This course emphasize the understanding of various financial market instruments' impact on a firm/institution's risk profile and how the market risk can be quantified by the Value at Risk (VAR) approach. Real life situations will be used as case studies. Different sources of risks are also discussed in detail using quantitative and qualitative approaches.

INDICATIVE READING


STAFF RESPONSIBLE
Alan Chung
ROLE AND PURPOSE

This course studies how to build numerical models of finance using Excel. Students will learn how to use theoretical results and solve financial models numerically.

LEARNING OUTCOMES

Upon completion of this subject, students will be able to use Excel spreadsheet to solve empirical problems related to:

- business valuation
- optimal portfolio selection
- the applications of capital asset pricing model, interest rates models, and option pricing models.

INDICATIVE CONTENT

Business Valuation
Estimation of cost of capital (WACC), projection of future cash flows, and estimation of terminal value.

Optimal Portfolio Selection
Calculation of the variance-covariance matrix, construction of efficient frontier.

Capital Asset Pricing Model
The capital market line and the security market line, estimation of beta.

Option Pricing Theory
Binomial option pricing model and Black-Scholes option pricing formula.

Bond Pricing
Duration, immunization strategies, and term structure models.
TEACHING/LEARNING APPROACH

The three hours per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities with them. To maximize benefits, students are encouraged to share their views and experiences actively with their instructors and other classmates.

INDICATIVE READING


STAFF RESPONSIBLE

Alan Chung
Subject Code : AF4509
Subject Title : Business Law of the PRC
Level : 4
Credits : 3
Mode of Study : Lectures 28 hours
            Seminars 14 hours
Pre-requisites : None
Assessment : Coursework 60%
             Final Examination 40%
Minimum Pass Grade : Coursework (D)
                   Final Examination (D)

ROLE AND PURPOSE

This subject introduces students to the legal system and business law of the PRC. The first part of the course concerns China’s legal framework and institutions and promotes a critical assessment of the function of its legal and political structures. The second part of the course focuses on legal aspects of domestic and foreign-invested enterprises, and other related trade and investment practices, in the context of China’s political, economic and legal developments since the “open door” policy which began in 1978 and China’s entry to the WTO.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Explain the background to the "open door" policy of 1978 and its contribution to China’s modernisation
- Critically evaluate China’s legal system and appreciate the role of its judicial personnel
- Understand China’s business and trade legal frameworks with regard to both its domestic sector and foreign invested enterprises
- Understand the major aspects of China’s foreign trade and banking systems and their role in the development of its economy
- Critically evaluate China’s laws relating to intellectual property
- Understand the development of the various methods of dispute resolution and the factors governing the choice of process utilised by business when commercial disputes arise in China.

INDICATIVE CONTENT

The Law-making System
Organs and process of law-making at central and local levels; defects and reform of the law-making system.
The Judicial System
The court structure; the trial system; appointment of judges; influence of the Chinese Communist Party; the legal profession; defects and reform of the judicial system.

Domestic Business Organizations
Sole proprietorship; partnership; limited liability companies; joint stock companies; function ad reform of capital markets.

Law Relating to Foreign Investment
Sino-equity joint ventures; sino-cooperative joint ventures; wholly foreign-owned enterprises.

Contract Law
History of contract law 1949 to1999; the new unified contract law 1999; comparisons with Hong Kong common law.

Legal Aspects of China's Foreign Trade
Administration of foreign trade; imports to China; exports from China; customs control; commodity inspection; certificates of origin, and the impact of WTO membership.

Banking and Finance
China's banking system; state commercial banks; banks with foreign investment; foreign exchange administration; exchange control over foreign-funded enterprises; solvency and reform of domestic banking system.

Intellectual Property
Copyright protection; patent law; trademark law; infringement and remedies.

Dispute Resolution
Mediation; conciliation; arbitration involving foreign parties; arbitration organs; hearings and proceedings, enforcement of arbitral awards.

TEACHING/LEARNING APPROACH
The lectures will present and explain the topics covered in the syllabus, including the key legal developments and the major statutory provisions, in the context of political and economic change.

Seminars are for student-centred activities such as presentations and further discussion concerning the principles and knowledge acquired in lectures. Seminars will also provide an opportunity for students to develop problem solving skills.

INDICATIVE READING

Recommended Textbook


**References**


**STAFF RESPONSIBLE**

Susan Leung
Mark Williams
ROLE AND PURPOSE

The subject builds on students' knowledge acquired in business law and explains the legal aspects and practice relating to a wide range of daily banking operations. The legal nature of the various instruments commonly used in banking transactions will be considered in depth with a view to understanding the complexities of domestic and international banking.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Appreciate the development and complexity of Hong Kong's banking industry
- Understand the legal principles governing the daily banking operations of commercial banks
- Appraise the implications of differing types of customers transacting business with bankers
- Understand the legal nature of all forms of negotiable instrument and all forms of security – including guarantees, indemnities and charges
- Appraise the consequences of money laundering and evaluate the various forms of control
- Make sound business decisions based on their knowledge of the bank customer relationship

INDICATIVE CONTENT

The Banker/Customer Relationship
Types of Customer
The opening and the conduct of accounts in credit and debit for individuals, joint customers, executors, administrators and trustees, minors, sole proprietors, partnerships, companies, solicitors, unincorporated clubs etc. Effect of death, insolvency, mental disorder, and legal processes on a customer's account.

Banking Operations
Payment by cheques and other instruments. The rights and duties of the various parties of negotiable instruments. Statutory protection of collecting and paying banker. The Hong Kong cheque clearing and settlement systems. Electronic banking and its legal impact.

Securities for Advances
Creation and enforcement of individuals' and companies' securities including: stocks and shares; land and buildings; guarantees; debentures; book debts; fixed deposit receipts; insurance policies; gold and goods.

TEACHING/LEARNING APPROACH
Lectures will be used mainly for introducing to students the application of theoretical legal principles to real life banking operations. Banking practices will be considered in detail and members of the banking profession will be invited to contribute to the subject.

Seminars will, through case studies and problem based learning, encourage critical analysis of the course materials and promote debate on current related issues.

INDICATIVE READING

Recommended Textbook


Ko S.H., *Law & Practice of Banking Services in Hong Kong*, City University, Hong Kong. 1998.


References


STAFF RESPONSIBLE

Stephen Chan
Vanessa Stott
ROLE AND PURPOSE

This course will examine the impact of electronic services upon the basic concepts of business law already learnt. It will also introduce other legal issues relevant to users, managers and providers of e-services and information.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand the impact of the continuing developments in the technology of commerce on the law relating to business
- Understand the different approaches taken to governing e-business in different jurisdictions
- Explain the law of defamation in the context of e-business
- Appraise the intellectual property issues arising in e-business
- Understand the criminal laws applying to the abuse of e-business systems.
- Formulate solutions to new problems for businesses brought about by the global nature of Internet transactions

INDICATIVE CONTENT

National and International laws

Impact of electronic transactions in relation to contract law
Formation of electronic contracts. Legal effect of electronic/digital signatures. Electronic
records of contracts.

**Impact of electronic services in relation to negligence**
Liabilities in relation to on-line advice services.

**Principles of defamation**
Basic legal principles of the tort of defamation and problems for information service providers.

**Law of intellectual property and Electronic technology**
Domain names, infringement of trade marks and copyright, passing off.

**Data privacy**
Legal framework relating to the protection of personal and business data. SPAM.

**Criminal law issues**

**New developments in e-commerce**
Alternative payment systems suitable to the electronic format: electronic cash, virtual banks.

**TEACHING/LEARNING APPROACH**
Lectures will be used mainly to introduce the essential principles of each subject in the syllabus.

Seminars will deal with the application of the principles to practical situations by the use of case studies. Students will be expected to prepare answers to the case studies and actively participate in the discussions.

**INDICATIVE READING**
Electronic Transaction Ordinance.
Personal Data (Privacy) Ordinance.
STAFF RESPONSIBLE

Vanessa Stott
Mark Williams
**Subject Code**: AF4512  
**Subject Title**: Corporate Governance and Compliance  
**Level**: 4  
**Credits**: 3  
**Mode of Study**: Lectures / Seminars 42 hours  
**Pre-requisites**: Company Law (AF3507)  
**Assessment**:  
- Coursework: 50%  
- Final Examination: 50%  
**Minimum Pass Grade**:  
- Coursework: (D)  
- Final Examination: (D)

**ROLE AND PURPOSE**

This subject provides students with a sound knowledge of the legislative and regulatory framework of companies registered in Hong Kong and an understanding of the importance of the corporate governance system.

**LEARNING OUTCOMES**

On successfully completing this subject, students will be able to:

- Demonstrate an understanding of the corporate governance system in Hong Kong.
- Understand the role and responsibilities of directors, secretary and auditors in the corporate governance system.
- Appreciate the various compliance requirements and their application to current issues and cases.
- Evaluate critically the effectiveness of these statutory provisions and regulations in protecting the interest of the investing public, members and creditors of a company.
- Formulate codes of ethics and codes of best practice in relation to the further development of corporate governance.

**INDICATIVE CONTENT**

**Corporate governance system**
The historical development of the system of corporate governance. The role of the Companies Registry, the Stock Exchange and the Securities and Futures Commission in the corporate governance system of Hong Kong companies.

**Business ethics**
Ethics and business. Ethical dilemmas. Corporate responsibility. Corporate standard of behaviour and corporate codes of conduct.

**Incorporation of companies**
The practice and procedures for incorporation of companies.

**Share capital**
Classes of securities issued by companies, sources and methods of raising new capital, alteration of capital, reduction of capital, repurchase of shares, allotment of shares, transfer and transmission of shares, voting and other rights, variation of rights and disclosure of substantial ownership.

**Share registration practice and transfer and transmission procedures**
Share registration practice and transfer and transmission procedure, upkeep of statutory books, court orders, personal representative, power of attorney and procedures for issuing replacement share certificates for listed and unlisted companies.

**Accounts and annual general meeting**
Basic requirements of company accounts. Contents of directors’ reports. Practical work of a company secretary before, during and after an annual general meeting. Annual returns.

**Directors**

**Secretary**
The duties, responsibilities and qualification of secretaries for listed and unlisted companies. Secretary’s appointment, resignation and removal.

**Auditors**
The duties, responsibilities and qualifications of auditors. Auditors’ appointment, termination and vacation of office.

**Law and procedures of company meetings**
The law relating to meetings of companies. Types of company meetings include general and class meetings, board and committee meetings and meetings in winding up. The conduct and management of company meetings, notices, agenda, quorum, ordinary and special resolutions, voting, polls, proxies, adjournment, powers and duties of chairman, practical work of the company secretary before, during and after meetings.

**Listing Rules and their application**
Hong Kong Stock Exchange dealing procedures. Procedure for admission of securities to listing, continuing obligations and reporting requirements of listed companies including notifiable transactions.

**Amalgamation, reconstructions and takeovers**
Procedures involved in cases of major changes to a company’s ownership or business, amalgamation, acquisitions and reconstructions, schemes of arrangement and takeovers.

**Loan capital and registration of charges**
Liquidation
Procedures and practice in respect of winding up, appointment, duties powers and qualifications of liquidators and dissolution of companies.

Oversea Companies
Initial registration under Part XI of the Companies Ordinance, Stock Exchange listing, continuing obligation to file accounts, annual returns and report changes in documents registered, termination of registration and winding up of oversea companies.

TEACHING/LEARNING APPROACH
Lectures emphasize concepts while seminars provide a forum for discussion on the application of concepts to current issues and cases.

INDICATIVE READING

Recommended Textbook

References
Companies Ordinance, Cap. 32 (and amendments) and all related rules, regulations & orders

Electronic Transactions Ordinance, Cap. 553

Securities and Futures Ordinance, Cap. 571

Rules governing the Listing of Securities, The Stock Exchange of Hong Kong Limited.

The Codes on Takeovers and Mergers and Share Repurchases, the Securities and Futures Commission.


The Hong Kong Institute of Company Secretaries, Hong Kong Company Secretarial Practice Manual, Sweet & Maxwell Asia.

Hong Kong Ethics Development Centre, Ethics in Management: A Resource Portfolio for Hong Kong Universities.

Corporate Governance
Laws on line
Companies Registry
Hong Kong Stock Exchange

-- www.corpgov.net
-- www.justice.gov.hk
-- www.info.gov.hk/cr
-- www.hkex.com.hk

August 2005
I - 159
Securities & Futures Commission -- www.hksfc.org.hk
Official Receiver's Office -- www.info.gov.hk.oro

STAFF RESPONSIBLE

Anna Sum
ROLE AND PURPOSE

The subject aims at providing students with both general understanding of the development and performance of China's foreign trade in a changing international trading environment since the late 1970s, especially after China's accession to WTO.

LEARNING OUTCOMES

Basic international trade theories and models and the foreign trade system will be introduced in classroom lectures. Students have to do individual or group projects. Guest speakers with practical experience in China trade will be invited to give lectures and to discuss with students on procedure and problems of import/export business.

On successfully completing this subject, students will be able to:

- Learn about the development and performance of China's foreign trade;
- Understand the reform of China's foreign trade and foreign investment policy;
- Examine and evaluate the impact of China's accession to WTO on the Chinese economy and her international economic relations;
- Explore the development and opportunities for investors from abroad, and for Hong Kong in particular, in the Chinese market

INDICATIVE CONTENT

Theories of international trade and FDI: a revision
Impact of international economic activities on economic development

The Chinese Economy in the world context
China's foreign policy; China's economic relations with the rest of the world; China's open-door policy

Reform of Foreign Trade and Foreign Direct Investment (FDI)
Reform and policy change of China’s foreign trade and investment; foreign trade organization structure and management: agents and trading corporations. Trade liberalization after WTO accession.

**Performance of China’s Foreign Trade and Investment**
Performance of foreign trade and FDI since 1978; Growth and direction of trade and market penetration in/with major trading countries/regions; FDI: policy and performance.

**Changes in International Trading Environment**
Industrial processing export, economic and processing zones; China's accession to WTO: Relaxation of trade restriction: tariff, quota, anti-dumping, other non-tariff trade barriers, and impacts on China's foreign trade and FDI performance.

**TEACHING/LEARNING APPROACH**
Basic international trade theories and the China's foreign trade system will be introduced in lecture. Students have to learn to collect and to analyse trade data and to do group project, as well as readings under guidance. Seminars are student-centred, with involvement of classmates in presentation and discussion.

**INDICATIVE READING**

*In English*


*In Chinese*
史曉麗著, *WTO 與中國外貿管理制度*, 北京, 中國法政大學出版社, 2002

唐海燕主編, *中國對外貿易概論*, 上海, 立信會計出版社, 2002

張聖翠, 趙維加著, *國際服務貿易法與中國*, 上海三聯書店, 1999

**Documents**
Compilation of the Legal Instruments on China’s Accession to WTO, Beijing: The Law Press.
GAC: China’s Customs Statistics

中國對外經濟貿易白皮書，1998 – 2003

劉向東著，中國對外經貿政策與改革縱覽，1998

STAFF RESPONSIBLE

P.K. Lau
ROLE AND PURPOSE

This subject is designed to equip business students with a sound understanding of the foreign direct investment (FDI) in China. It is not just a detailed account of the business functions of foreign-invested enterprises’ (FIEs) in China. Rather, it is an extensive examination of FIEs’ activities across major areas of business activities, which involves a coherent analysis of all such business functions in both domestic and international business contexts.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Understand the various patterns of FDI in China over time and across regions and industries, and their important business implications;
- Explain with the support of empirical evidence the causes of FDI in China in its specific institutional, policy and business settings;
- Based on the study of the established FIE cases in China, evaluate FIEs’ investment and strategic development decisions using the problem-based learning (PBL) approach.

Studying this subject will also help develop students’ critical thinking and strengthen students’ global outlook.

INDICATIVE CONTENT

Theories of FDI

FDI as one of the three alternatives of a firm’s international expansion. Determinants of FDI. Strategic alliance and entry mode of FDI in different business environments.
Patterns and Performance of FDI in China
Growth performance of FDI since the 1980s and its position in the national economy in terms of output, employment, capital stock, market share and trade.

Business implications of changes in volume and size of FDI projects, sources or country of origin, regional and industrial distribution of FDI, and ownership types of FIEs.

Determinants of FDI in China
Major demand- and supply-side issues in China’s specific institutional and policy settings, including factor costs, industrial structure, development and policy, institutional factors, and business cultural environment; changes in global trend of FDI and the WTO implications for FDI in China.

Theories of Joint Venture
Key issues in ownership structure and management control in joint ventures, including determinants of JV ownership structure and control; ownership-performance relationship: strengths and weaknesses of different JV ownership structures; ownership control and management control; determinants, structures and dimensions of management control and performance.

Case Studies with Problem-Based Learning (PBL) Approach
Focused on cases that deepen students’ understanding of the implications of entry mode choice, strategic alliance, ownership and management controls. Textbook cases or other established cases are discussed in lectures. Real-life and/or fictitious cases are used in PBL exercises.

TEACHING/LEARNING APPROACH
This subject will be taught in both lecture and seminar formats. The general principles of the syllabus topics will be presented and developed, together with guidance to readings and PBL activities. In seminars, students are required to apply the general principles of the topics to current FDI issues and PBL cases in presentations and discussions.

INDICATIVE READING

Recommended Readings (Selected chapters from the following publications)


Yan, Aimin and Yadong Luo, International Joint Ventures: Theory and Practice, Armonk, New


**References**


Grub, Phillip Donald and Jian Hai Lin, *Foreign Direct Investment in China*, Greenwood Publishing Group1991,


**STAFF RESPONSIBLE**

Harry X. Wu
Subject Code : AF4605
Subject Title : Hong Kong – China Business
Level : 4
Credits : 3
Mode of Study : Lectures 28 hours
Seminars 14 hours
Pre-requisites : Introduction to Economics (AF2601) or equivalent
Assessment : Coursework 100%
Minimum Pass Grade : Coursework (D)

ROLE AND PURPOSE
This subject addresses various business issues in China and Hong Kong. Its purpose is to ensure that the course takes sufficient account of Hong Kong's position as the "gateway" between China and the rest of the world.

LEARNING OUTCOMES
On successfully completing this course, students will be able to:

• Analyse the nature and development of the business environment in China.
• Evaluate the business implications for Hong Kong companies and other Western firms.

Studying this subject will also help develop students' critical thinking, and oral and written communication skills.

INDICATIVE CONTENT
External Economic Relations of the PRC
The direction and structure of trade flows between the PRC, Hong Kong and the rest of the world. The role of foreign direct investment into the PRC, and its pattern. The central importance of the Chinese diaspora. International technology transfers to China. China, Hong Kong and the WTO.

The Development of the Financial Sector in the PRC
Banking reform in China and its impact upon Hong Kong as an international financial centre. The development of financial markets in China.

Firms in China
The nature of the firms in China. Development and reform of various alternative forms of enterprises and their changing importance.
**Aspects of China Business**

**TEACHING/LEARNING APPROACH**
Keynote lectures will provide a traditional overview of the conceptual frameworks. Other lecture periods will be used to expound major case studies in illustration of the Keynote lectures, show video-tapes, hold quizzes and debates and invite guest speakers. Seminar work will include the analysis of academic papers, the evaluation of current issues, learning-to-learn activities, and problem-based activities.

**INDICATIVE READING**


**STAFF RESPONSIBLE**
Vincent Mok  
Mike Fung
ROLE AND PURPOSE

This subject is designed to provide students with a general understanding of (1) the key issues in economic development and (2) how major (selective) Asia-Pacific countries have dealt with these issues in their economic development. It aims to prepare students with a broad view of the economic development and economic integration of this region, and its business implications for Hong Kong, which are essential for students to face the challenges in the business world of the 21st century.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

• Understand the fundamental economic forces that have shaped the economic performance of the region.
• Analyse key economic issues in Asia Pacific countries and in particular their business implications.
• Command a broad view of the economic integration of Hong Kong with countries in the region, and its business implications for Hong Kong.

Studying this subject will also help develop students’ critical thinking, enhance a sense of social and national responsibility, and strengthen students’ global outlook.

INDICATIVE CONTENT

Hong Kong and the Asia Pacific economies: a regional perspective
The Asia Pacific economies: relative size and diversity; Growth and structural change; FDI flows; Intra-regional trade; ‘Group miracle’ and ‘group meltdown’?

Key Issues in Economic Development
Growth and development: the analytical framework; Growth accounting; Growth theory; Income Distribution; Labour market; Financial sector; Trade and development;
Macroeconomic Management; Industrial Policy; Population.

**Economic Development of Japan**
Economic growth; Macroeconomic Management; Labour market; Capital market; Industrial structure and industrial policy; Trade and development.

**Economic Development of South Korea**
Economic growth; Income distribution; Korean Management System; Financial market; Industrial structure and industrial policy; International trade.

**Economic Development of Taiwan**
Growth experience; Income distribution; Financial market; Industrial structure and industrial policy; Economic integration between Taiwan and Mainland China.

**Economic Development of Southeast Asian Countries**
Why did ASEAN economy grow so fast since 1970s? Income distribution; Labor market; Export-oriented industrialization; ASEAN economic integration.

**Economic Integration of Asia-Pacific Region and Its Business Implications for Hong Kong**
Economic integration of Asian-Pacific region through trade and investment; Hong Kong’ role in the region; Implications of the rise of greater Chinese economy. East Asian financial crisis; Road to recovery; What lessons can we learn?

**TEACHING/LEARNING APPROACH**

This subject will be taught in both lecture and seminar formats, emphasising key issues in the economic development of these countries, economic integration of the region and importantly, business implications for Hong Kong. The course work consists of two parts, first, students are required to work on issue- or country-focused, group-based seminar discussions, and second, each student should complete a project on a selected topic.

**INDICATIVE READING**

**Recommended Textbook**
There is no prescribed textbook. Lecture summaries and supplementary notes will be distributed from time to time. Books that are on the list of essential readings and additional references will be placed in Student's Reserve Section of the University Library.

**Key References**


**STAFF RESPONSIBLE**

Xinpeng Xu
Subject Code : AF4905
Subject Title : Project (Accountancy)
Level : 4
Credits : 3
Mode of Study : Project consultations
Pre-requisites : None
Assessment : Component Weighting 100% Continuous

Assessment of the project will be on the basis of the Project Report, using the following indicative criteria with weighting:

a) the effectiveness with which the Project Plan has been implemented, including the effectiveness of response to any unanticipated events: - 50%

b) the elegance and clarity of the analysis, particularly in respect of the validity of the conclusions, the value of any recommendations made and the awareness of the projects limitations: - 50%

The weightings are for indicative purpose only. Students will be informed that examiners are at liberty to be flexible in the allocation of marks.

The Project Report will be marked by the project supervisor and moderated by a second marker. Should a large discrepancy exist between the supervisor and the second marker, the subject leader will act as arbitrator, in consultation with appropriate staff having expertise relevant to the project.

Minimum Pass Grade : D

ROLE AND PURPOSE

The module is built on all the accounting, economics, business, logistics, and finance subjects within the Accountancy Programme. It provides an opportunity for the student to undertake an independent piece of research, integrating his/her knowledge and applying the skills acquired in all these subjects.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Integrate skills, knowledge and theory from a particular or a range of modules/disciplines in the accounting and related fields on his/her own under the guidance of a supervisor.
• Plan and undertake a rigorous academic investigation, present his/her findings in an orderly, reasoned and analytical manner and provide positive recommendations.

INDICATIVE CONTENT

Given the great variety of research topics that can be undertaken by individual students, there is certainly no definitive content of the research projects. Students however are expected to display their analytical abilities through the integration of the knowledge gained in the various disciplines of financial accounting, management accounting, auditing, taxation, finance, corporate governance, economics, law, and business. Alternatively, they can opt for a more specialised project covering a narrower field within a discipline with greater emphasis on rigour and precision of treatment.

The following are examples of possible project titles:

(a) Managerial use of private information: Company transactions versus insider trading.
(b) Investors’ behaviour on China’s stock markets.
(c) Factors affecting and improving audit judgment performance.
(d) Feasibility and equity of introducing sales tax in Hong Kong.
(e) Roles of corporate governance in monitoring financial reporting and earning management.
(f) How do taxes affect dividend-valuation?
(g) Earning opacity and market liquidity.
(h) Auditing, corporate governance and earnings quality.
(i) An evaluation of Balanced Scorecard as a strategic tool in public sector organizations in Hong Kong.
(j) The effect of adopting a specific financial accounting standard on reported earnings and stock price.
(k) Noise trading in emerging markets and the incorporation of firm-specific information.
TEACHING/LEARNING APPROACH

Students will be issued with a set of degree Project Guidance Notes which spell out the aims and objectives, format and rules and regulations governing the submission of a research report. Students are expected to meet with their supervisors for discussions on a regular basis on the progress of their project reports.

STAFF RESPONSIBLE

TBA
<table>
<thead>
<tr>
<th><strong>Subject Code</strong></th>
<th>AF4906</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subject Title</strong></td>
<td>Project (Accounting and Finance)</td>
</tr>
<tr>
<td><strong>Level</strong></td>
<td>4</td>
</tr>
<tr>
<td><strong>Credits</strong></td>
<td>3</td>
</tr>
<tr>
<td><strong>Mode of Study</strong></td>
<td>Project consultations</td>
</tr>
<tr>
<td><strong>Pre-requisites</strong></td>
<td>None</td>
</tr>
<tr>
<td><strong>Assessment</strong></td>
<td>Component Weighting 100% Continuous</td>
</tr>
</tbody>
</table>

Assessment of the project will be on the basis of the Project Report, using the following indicative criteria with weighting:

a) the effectiveness with which the Project Plan has been implemented, including the effectiveness of response to any unanticipated events :- 50%

b) the elegance and clarity of the analysis, particularly in respect of the validity of the conclusions, the value of any recommendations made and the awareness of the projects limitations: - 50%

The weightings are for indicative purpose only. Students will be informed that examiners are at liberty to be flexible in the allocation of marks.

The Project Report will be marked by the project supervisor and moderated by a second marker. Should a large discrepancy exist between the supervisor and the second marker, the subject leader will act as arbitrator, in consultation with appropriate staff having expertise relevant to the project.

| **Minimum Pass Grade** | D |

**ROLE AND PURPOSE**

The module is built on all the business, accounting and finance subjects within the Accounting and Finance Programme. It provides an opportunity for the student to undertake an independent piece of research, integrating his/her knowledge and applying the skills acquired in all these subjects.

**LEARNING OUTCOMES**

On successfully completing this subject, students will be able to:

- Integrate skills, knowledge and theory from a particular or a range of modules/disciplines in the accounting and finance disciplines on his/her own under the
guidance of a supervisor.

- Undertake an original investigation, present his/her findings in an orderly, reasoned and analytical manner and provide positive recommendations.

INDICATIVE CONTENT

Given the great variety of research topics that can be undertaken by individual students, there is certainly no definitive content of the research projects. Students however are expected to display their analytical abilities through the integration of the knowledge gained in the various disciplines of accounting, finance, investment and financial economics, law, marketing and China business. Alternatively, they can opt for a more specialised project covering a narrower field within a discipline with greater emphasis on rigour and precision of treatment.

The following are examples of possible project titles in the accounting and finance industry:

(a) The quality of reported earnings by firms in Hong Kong and mainland China
(b) The development of auditing profession in Hong Kong and mainland China
(c) Corporate governance of firms in Hong Kong and mainland China: a comparative study
(d) The financial strategies of firms in Hong Kong and China: a comparative view
(e) The application of financial derivatives in corporate risk management
(f) The pricing behaviour of the red-chips in Hong Kong
(g) An empirical study of agency costs of firms in Hong Kong
(i) The pricing efficiency of the stock market in Hong Kong
(j) Mutual funds performance
(k) The IPO market in Hong Kong

TEACHING/LEARNING APPROACH

Students will be issued with a set of degree Project Guidance Notes which spell out the aims and objectives, format and rules and regulations governing the submission of a research report. Students are expected to meet with their supervisors for discussions on a regular basis on the progress of their project reports.

STAFF RESPONSIBLE

TBA
Subject Code : AF4907
Subject Title : Project (Financial Services)
Level : 4
Credits : 3
Mode of Study : Project consultations
Pre-requisites : None
Assessment : Component Weighting 100% Continuous

Assessment of the project will be on the basis of the Project Report, using the following indicative criteria with weighting:

a) the effectiveness with which the Project Plan has been implemented, including the effectiveness of response to any unanticipated events: - 50%

b) the elegance and clarity of the analysis, particularly in respect of the validity of the conclusions, the value of any recommendations made and the awareness of the project's limitations: - 50%

The weightings are for indicative purpose only. Students will be informed that examiners are at liberty to be flexible in the allocation of marks.

The Project Report will be marked by the project supervisor and moderated by a second marker. Should a large discrepancy exist between the supervisor and the second marker, the subject leader will act as arbitrator, in consultation with appropriate staff having expertise relevant to the project.

Minimum Pass Grade : D

ROLE AND PURPOSE

The module is built on all the business, finance and financial services subjects within the Financial Services Programme. It provides an opportunity for the student to undertake an independent piece of research, integrating his/her knowledge and applying the skills acquired in all these subjects.

LEARNING OUTCOMES

On successfully completing this subject, students will be able to:

- Integrate skills, knowledge and theory from a particular or a range of modules/disciplines in the financial services industry on his/her own under the
• Undertake an original investigation, present his/her findings in an orderly, reasoned and analytical manner and provide positive recommendations.

INDICATIVE CONTENT

Given the great variety of research topics that can be undertaken by individual students, there is certainly no definitive content of the research projects. Students however are expected to display their analytical abilities through the integration of the knowledge gained in the various disciplines of banking, insurance, investment and finance economics, law, marketing and China business. Alternatively, they can opt for a more specialised project covering a narrower field within a discipline with greater emphasis on rigour and precision of treatment.

The following are examples of possible project titles in the financial services industry:

(a) Hong Kong as an international financial centre: challenges and prospects
(b) The development of the insurance industry in China
(c) An Overview of the H-share listing in Hong Kong
(d) The banking systems in Hong Kong and China: a comparative view
(e) Monetary policy practices in Hong Kong and China
(f) The pricing behaviour of the red-chips in Hong Kong
(g) The marketing strategies of the foreign banks in Hong Kong
(i) The stock market behaviour in Hong Kong
(j) Mutual funds performance
(k) The IPO market in Hong Kong

TEACHING/LEARNING APPROACH

Students will be issued with a set of degree Project Guidance Notes which spell out the aims and objectives, format and rules and regulations governing the submission of a research report. Students are expected to meet with their supervisors for discussions on a regular basis on the progress of their project reports.

STAFF RESPONSIBLE

TBA