

# Syllabuses of Subjects offered by School of Accounting & Finance (AF)

## C O N T E N T S

*\*The most updated subject syllabuses are available on web.*

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<b>Subject Code</b>	:	AF2108	
<b>Subject Title</b>	:	Financial Accounting	
<b>Level</b>	:	2	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	None	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	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.
- Understand the basic concept of ethics in a business context and how to analyze and solve accounting related ethical dilemma using a simple framework.
- 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 equation and double entry bookkeeping system. Differences between cash and accrual bases of accounting. Preparation of journals, ledger accounts, trial balance and basic financial statements. Prepayments and accruals. Valuation of debtors, stock and fixed assets. Quality of earnings and earnings management. Control of cash through bank reconciliation statement.

### Accounting Principles and Concepts

Fundamental accounting concepts and other accounting principles that underlie the preparation of financial statements.

### **Company Accounting**

Features of the corporate form of business ownership. Rights and obligations of interested parties. Issues relating to company accounts. Preparation of financial statements of a company. Corporate governance issues in financial reporting.

### **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**

Weygandt, J.J., D.E. Kieso and P.D. Kimmel, *Financial Accounting*, 5th Edition, Wiley, 2005.

Horngren C.T., W.T Harrison and L.S. Bamber, *Accounting*, 6th Edition, Prentice Hall, 2005.

Warren C.S., J.M. Reeve and P.E. Fess, *Financial Accounting*, 9th Edition, South-Western, 2005.

Libby, R., P. Libby and D.G. Short, *Financial Accounting*, 4th Edition, McGraw-Hill, 2004.

Williams, J.R., S.F. Haka, M.S. Bettner and R.F. Meigs, *Financial Accounting*, 11th Edition, McGraw-Hill, 2003.

Wild, J.J., *Financial Accounting*, 2nd Edition, McGraw-Hill, 2003.

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

### **SUBJECT CO-ORDINATOR**

SUN Sunny

<b>Subject Code</b>	:	AF2110	
<b>Subject Title</b>	:	Management Accounting 1	
<b>Level</b>	:	2	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	None	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	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

The work of management and the need for managerial accounting information. Comparison of financial and managerial accounting. Expanding role of managerial accounting. Organisational mission, goals and strategies. Organisational structures and the role of a management accountant in enhancing corporate governance. Code of professional ethics.

### 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. Margin of safety. Operating Leverage.

### **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.

### **Job Costing**

Cost System Design. Description the building block concept of costing systems. Approach to job costing. Distinction between actual costing and normal costing. Cost accumulation system and cost objectives. Stock valuation. Pre-determined overhead recovery rate. Service and operation departments cost allocation.

### **Budgeting**

Master budget and its usefulness to organizations. Zero-based budgeting. Incremental budgeting. Fundamental budgetary behavior.

### **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.

### **Performance Measurement**

Decentralisation and responsibility centers. Segment Reporting and Profitability. Performance measures including Return on Investment, Residual Income and Economic Value Added<sup>®</sup>. The Balanced Scorecard. Financial and Non-Financial Measures of Performance and Outcomes. Identification and Linking Performance Measures to Strategy.

### **An Overview of Contemporary Issues in Management Accounting**

Value-chain analysis. Activity-based costing. Target costing. Just-in-time management and its effects on inventory, plant layout, quality control and cost management system. Total quality management. Process reengineering.

## **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***

Garrison, R.H., E.W. Noreen and P.C. Brewer, *Managerial Accounting*, 12th Edition, McGraw-Hill, 2007.

Managerial Accounting (Customised Edition), McGraw-Hill, 2007\*.

### ***References***

Hilton, R.W., Maher, M.W. and F.H. Selto, *Cost Management: Strategies for Business Decisions*, 3rd Edition, McGraw-Hill, 2006.

Blocher, E.J., K.H. Chen and T.W. Lin, *Cost Management: A Strategic Emphasis*, 3rd Edition, McGraw Hill, 2005.

Hansen, D.R. and M.M. Mowen, *Management Accounting*, 7th Edition, Thomson Learning – South Western Publishing, 2005.

Horngren, Datar and Foster *Cost Accounting: A Managerial Emphasis*, 12th Edition, Prentice Hall.

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

\* Only required for students who are going to take both Management Accounting 1 & 2 (AF2110 & AF3112).

## **SUBJECT CO-ORDINATOR**

YUEN Susana  
LEE Heather

<b>Subject Code</b>	:	AF2111	
<b>Subject Title</b>	:	Accounting for Decision Making	
<b>Level</b>	:	2	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	None	
<b>Exclusions</b>	:	AF2108 Financial Accounting	
		AF2110 Management Accounting 1	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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**

Williams, J., S. Haka and M.S. Bettner, *Financial and Managerial Accounting: The Basis for Business Decisions*, McGraw Hill.

Horngren, C.T., W.T. Harrison and L.S. Bamber, *Accounting*, Prentice Hall.

Horngren, C.T., G.L. Sundem and W.O. Stratton, *Introduction to Management Accounting*, Prentice Hall.

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

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

**SUBJECT CO-ORDINATOR**

SO Musetta

<b>Subject Code</b>	:	AF2303	
<b>Subject Title</b>	:	Financial Services Environment	
<b>Level</b>	:	2	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	None	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## ROLE AND PURPOSE

The subject provides foundation knowledge for other financial services subjects and develops the student's understanding of the environment in which Hong Kong financial institutions operate, and how the environment impacts upon the industry and vice versa.

## LEARNING OUTCOMES

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

- Describe the different types of financial markets and institutions operating in Hong Kong, their structure and activities;
- Describe the financial markets and their features;
- Explain the role of various financial markets in the delivery of financial services;
- Examine the major financial services and products to personal and business clients;
- Outline the main characteristics of the domestic and international regulatory framework in which financial institutions and markets operate and discuss the implications for customers and service providers;
- Examine the key strategic issues facing the industry; and
- 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. Current situation and importance of financial services industry in Hong Kong. Functions of financial intermediaries.

### Financial Markets and Financial Institutions

Overview of major financial markets in Hong Kong, their development, structure and competitiveness. Features of authorized institutions, insurance companies, pension funds, investment funds, stockbrokers, personal financial planning institutions in Hong Kong.

### Financial Services and Products in Hong Kong

Characteristics of the mainstream services and products provided by authorized institutions, insurance companies, pension funds, investment funds, stockbrokers, and personal financial planning institutions.

### **Regulation of the Financial Services Industry**

Rationale for government regulation of financial services industry. Regulatory framework of the financial sector in Hong Kong. Regulatory authorities including SFC, HKEx, HKFI, HKMA, and MPFSA. Investor protection. Depositor Protection. Overview of major financial services legislation in Hong Kong.

### **Trends in Financial Services Industry in Hong Kong**

Developments and trends of international and regional regulation of financial services industry. Impact of technology, QFII, QDII and CEPA on the industry.

### **TEACHING/LEARNING APPROACH**

Teaching will include lectures and seminars. Lectures will be used to introduce the underlying concepts. Seminars will be used to discuss some current issues affecting 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.

Brighthouse, David, *The Financial Services Environment*, Latest Edition, Financial World Publishing.

Dietrich, J. Kimball, *Financial Services and Financial Institutions, Value Creation in Theory and Practice*, Latest Edition, Prentice Hall International Editions.

Hong Kong Securities and Futures Commission, *Quarterly Bulletin and Annual Report*, Latest Edition.

Hong Kong Monetary Authority, *Quarterly Bulletin and Annual Report*, Latest Edition.

Hong Kong Monetary Authority, Guide to Hong Kong Monetary and Banking Terms  
[http://www.info.gov.hk/hkma/eng/public/ghkmbt/ghkmbt\\_b.htm](http://www.info.gov.hk/hkma/eng/public/ghkmbt/ghkmbt_b.htm)

Hong Kong Exchanges and Clearing Company Limited, Investor Education, Frequently Asked Questions, Chapter 4, Securities Products  
<http://www.hkex.com.hk/invedu/faq/fagsehk.htm>

**Relevant Material from the Following Internet Sources:**

The Hong Kong Monetary Authority: <http://www.info.gov.hk/hkma>

Office of the Commissioner of Insurance: <http://www.oci.gov.hk>

The Securities and Futures Commission: <http://www.hksfc.org/hk>

Hong Kong Exchanges and Clearing Company Limited: <http://www.hkex.com.hk>

Hong Kong Investment Funds Association: <http://www.hkifa.org>

The Mandatory Provident Fund Schemes Authority: <http://www.mpfahk.org/>

**SUBJECT CO-ORDINATOR**

LEE John W.S.

<b>Subject Code</b>	:	AF2504	
<b>Subject title</b>	:	Introduction to Business Law	
<b>Level</b>	:	2	
<b>Credits</b>	:	3	
<b>Mode of study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Prerequisites</b>	:	None	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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

Essentials of a valid contract. Reasons for invalid or unenforceable contracts. Privity of contract. Terms of contract. Exclusion clauses with special reference to contracts for the sale of goods. Discharge of contract and remedies. Electronic contract law.

### Sale and Supply of Goods

The nature of goods. Implied terms. Transfer of property and risk. Retention of title clauses. Sale by non-owner. Rights and remedies of seller and buyer. Definition and application of contracts for the supply of services. Implied terms. Exclusion clauses.

## **Law of Commercial Associations**

Agency relationships. Nature of corporate personality. Comparison between partnerships and incorporated 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.

\* Logistics students will not study this topic. It will be replaced with CIF, FOB contracts and carriage of goods.

## **Tort**

Negligence. Professional liability for careless misstatements. Duty of care. Breach of duty of care. Neighbour principle. Consequential damage and remoteness. Calculus of risk and remedies. Ethical responsibility for words and conduct.

## **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 affects 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**

Srivastava, D.K., *Business Law in Hong Kong*, Sweet & Maxwell, 2002.

Stott, V., *An Introduction to Hong Kong Business Law*, Longman Asia, 3rd Edition, 2001.

\* Chan, F.H., *Shipping and Logistics Law: Principles and Practice in Hong Kong*, Hong Kong University Press, 2002.

## **Further Reading**

Wright, C, W. McAuliffe and A. Gamros, *Internet Law in Hong Kong*, Sweet & Maxwell Asia, Hong Kong 2003.

Shum, C., *General Principles of Hong Kong Law*, 3rd Edition, Hong Kong Longman, 1998

Wesley, Smith, P., *Introduction to the Hong Kong Legal System*, 2nd Edition, Hong Kong University Press, 1998.

Sihombing, J., *Goods: Sales and Securities*, 3rd Edition, Hong Kong University Press, 1997

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

Wickens, R., *Professional Liability*, Hong Kong University Press, 3rd Edition, 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

### **SUBJECT CO-ORDINATOR**

LIDDLE M.  
LEUNG Susan

<b>Subject Code</b>	:	AF2601	
<b>Subject Title</b>	:	Introduction to Economics	
<b>Level</b>	:	2	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	None	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	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. Relation with other subject disciplines.

### **Demand, Supply and the Price Mechanism**

The law of demand. Elasticity of demand. The law of supply. Production and cost. Price control.

### **Market Structure**

Perfect competition. Monopoly. Oligopoly and game theory. Cases of market failure.

### **National Income Accounting and Determination**

Major macroeconomic issues. Concepts and approaches to national income accounting. Aggregate expenditure and national income 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.

Tutorials 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 tutorials include student presentations and discussions of problems sets and case studies.

**INDICATIVE READING*****Recommended Textbook***

Parkin, Michael, *Economics*, 8th Edition, Addison Wesley, 2008.

***References***

Frank, Robert H. and Ben S. Bernanke, *Principles of Economics*, 3rd Edition, McGraw Hill, 2007.

Mankiw, N. Gregory, *Principles of Economics*, 4th edition, Thomson South-Western, 2007.

**SUBJECT CO-ORDINATOR**

CHAN Y.C.

<b>Subject Code</b>	:	AF2602	
<b>Subject Title</b>	:	Global Economic Environment	
<b>Level</b>	:	2	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	None	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	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.
- Understand that there is an ethical dimension to many business decisions and be aware of the social consequences of their decisions.
- 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 behaviors 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

The organization of international business. Principles of international business strategy. Global expansion, competitive pressures and strategic choices.

## 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***

Hill, Charles W.L., *Global Business Today*, 4th Edition, New York: McGraw-Hill/Irwin, 2005.

### ***References***

Daniels, J.D., L.H. Radebaugh and D.P. Sullivan, *International Business: Environments and Operations*, 11th Edition, London: Prentice-Hall, 2005.

Hill, Charles W.L., *International Business – Competing in the Global Marketplace*, 5th Edition, New York: McGraw-Hill/Irwin, 2004.

Wild, J.J., K.L. Wild and J.C.Y. Han, *International Business*, 3rd Edition, N.J.: Prentice Hall, 2004.

Rugman, A.M. and R.M. Hodgetts, *International Business*, 3rd Edition, New York: Prentice-Hall/Financial Times, 2003.

Stiglitz, Joseph, *Globalization and Its Discontent*, London: Penguin Books, 2002.

**SUBJECT CO-ORDINATOR**

SHIU Alice

<b>Subject Code</b>	:	AF3108
<b>Subject Title</b>	:	Accounting for Not-for-Profit Organisations
<b>Level</b>	:	3
<b>Credits</b>	:	3
<b>Mode of Study</b>	:	Seminars 42 hours
<b>Pre-requisites</b>	:	AF3111 Intermediate Accounting 2
<b>Assessment</b>	:	Coursework 50%
		Final Examination 50%
<b>Minimum Pass Grade</b>	:	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

General Introduction. Financial Reporting for State and Local Governments. Budgetary Accounting and Classification. General and Special Revenue Funds. General Fixed Assets and Capital Projects Funds. General Long-term Debt and Debt Service Funds. Business-Type Activities of State and Local Governments. Fiduciary Funds - Agency and Other Funds. Trust Funds and Pension Plans.

### 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***

Granof, M.H., *Core Concepts of Government and Not-for-Profit Accounting*, 1st Edition, Wiley, 2003.

### ***References***

Granof, M.H., *Government and Not-for-Profit Accounting: Concepts and Practices*, 2nd Edition, Wiley, 2001.

Razek, J.R., M.R. Ives and G.A. Hosch, *Introduction to Governmental and Not-For-Profit Accounting*, 5th Edition, Prentice Hall, 2003.

Wilson, E.R., S.C. Kattelus and L.E. Hay, *Accounting for Governmental and Nonprofit Entities*, 12th Edition, McGraw-Hill/Irwin, 2001.

## **SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF3110	
<b>Subject Title</b>	:	Intermediate Accounting 1	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	Financial Accounting (AF2108) <i>OR</i> equivalent	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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 successful completion of 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 accounting principles and standards.
- Apply generally accepted accounting principles to situations.
- Extend and refine the conceptual understanding and practical application skills in corporate financial accounting.

## 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

The revenue/receivables/cash cycle. Notes receivables and current assets. Complexities of revenue recognition. Earnings management. Cost of goods sold and inventory valuation.

### 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***

Chow, L., S. Kan, C. Tsui and D. W. Taylor, *Advanced Financial Accounting in Hong Kong*, 5th Edition, Longman, 2006.

### ***References***

Kieso, D.E., J.J. Weygandt and T.D. Warfield, *Fundamentals of Intermediate Accounting*, Wiley, 2006.

Alfredson, K., K. Leo, R. Picker, P. Pacter and J. Radford, *Applying International Accounting Standards*, Wiley, 2005.

Deegan, C., *Australian Financial Accounting*, 4th Edition, McGraw-Hill, 2005.

Hui, W.F. and P.H. Ng, *Accounting in Hong Kong: Regulatory Framework and Advanced Accounting Practice*, SCOPE, City University of Hong Kong, 2004.

Stice, E.K., J.D. Stice and F. Skousen, *Intermediate Accounting*, 15th Edition, Thomson Learning, 2004.

Taylor, S. and N. Hall, *Hong Kong GAAP: A Practical Guide to Generally Accepted Accounting Practice*, 3rd Edition, Sweet & Maxwell, 2004.

Hong Kong Institute of Certified Accountants (HKICPA), *Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards*.  
(Available at the HKICPA website: <http://www.hkicpa.org.hk/index.php>)

## **SUBJECT CO-ORDINATOR**

LAM Francis

<b>Subject Code</b>	:	AF3111	
<b>Subject Title</b>	:	Intermediate Accounting 2	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	AF3110	Intermediate Accounting 1
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	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, employee benefit and other employee compensation issues and provisions and contingencies.

### **OTHER DIMENSIONS OF FINANCIAL REPORTING**

Topic such as earnings per share.

## **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 discussions.

## **INDICATIVE READING**

### ***Recommended Textbook***

Deegan, *Australian Financial Accounting*, 4<sup>th</sup> Edition, McGraw-Hill Australia, 2006.

Tsui, C., L. Chow, D.W. Taylor and S. Panchapakesan, *Advanced Financial Accounting in Hong Kong*, 5th Edition, Longman, 2006.

### ***References***

Stice, J.D., E.K. Stice and K.F. Skousen, *Intermediate Accounting*, 16th Edition, Thomson South-Western, 2006.

Elliott B. and J. Elliott, *Financial Accounting and Reporting – International Edition*, FT Prentice Hall, 10th edition, 2006.

Alfredson, Leo, Picker and Radford, *Applying International Accounting Standards*, 1st edition, 2005, John Wiley & Sons Australia, Ltd.

*Hong Kong Financial Reporting Standards*, Hong Kong Institute of Certified Public Accountants.

## **SUBJECT CO-ORDINATOR**

CHAN Philip

<b>Subject Code</b>	:	AF3112	
<b>Subject Title</b>	:	Management Accounting 2	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	AF2110	Management Accounting 1
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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

Process costing systems – FIFO and Weighted Average Costing Approaches. Treatment of Transferred-In Goods. Normal and abnormal losses. Continuous and discrete losses. Operation Costing.

### Joint-Product Costs and By-Product Costing

General characteristics. Accounting for joint-product costs. Accounting for by-product. Effects of joint-product costs on cost control, decision making, and product strategy. Joint provision of services.

### **Service Department Cost Allocation**

Reasons for service department cost allocation. Allocation bases. Methods of allocating service department costs.

### **Activity Based Costing**

Understanding cost drivers. Distinctive features of activity based costing. Costing of a product under a refined costing system. Service department costing: an activity approach.

### **Standard Costing and Variance Analysis**

Standard Costs – Management by Exception. Setting standard costs. Flexible budgets. Variance analysis. Variable overhead variances. Fixed overhead variances. Variance investigation and evaluation of controls based on standard costs.

### **Transfer Pricing**

Impact on performance measures. The transfer pricing problems. Optimal transfer pricing. Alternative transfer-pricing methods. Cost and benefits of transfer pricing.

### **Innovative Inventory and Production Management Techniques**

Buying or producing and carrying inventory. Economic ordering quantity and economic production run. Understanding and managing production activities and costs: just-in-time systems, flexible manufacturing systems and computer integrated manufacturing. Theory of constraints. Product Life-cycle cost management.

### **Capital Budgeting Decisions**

Capital budgeting – planning investments. Discounted cash-flows. Preference decisions-ranking of investment projects. Other approaches to capital budgeting decisions. Post-audit of investment projects.

## **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***

Garrison, R.H., E.W. Noreen and P.C. Brewer, *Managerial Accounting*, 11th Edition, McGraw-Hill, 2006.

Managerial Accounting (Customised Edition), McGraw-Hill, 2006.

### ***References***

Hilton, R.W., Maher, M.W. and F.H. Selto, *Cost Management: Strategies for Business Decisions*, 3rd Edition, McGraw-Hill, 2006.

Blocher, E.J., K.H. Chen and T.W. Lin, *Cost Management: A Strategic Emphasis*, 3rd Edition, McGraw Hill, 2005.

Hansen, D.R. and M.M. Mowen, *Management Accounting*, 7th Edition, Thomson Learning – South Western Publishing, 2005.

Horngren, Datar and Foster *Cost Accounting: A Managerial Emphasis*, 12th Edition, Prentice Hall.

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

**SUBJECT CO-ORDINATOR**

SU Nancy

<b>Subject Code</b>	:	AF3210	
<b>Subject Title</b>	:	Hong Kong Tax Framework	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	Financial Accounting (AF2108) OR equivalent	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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 and administration.

### 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 basic source principles and concepts, assessment and deduction rules, depreciation allowance, and loss relief.

### Taxation on Total Income for Individuals

Personal assessment and computation of tax liabilities.

### **Tax Management**

Introduction to anti-avoidance legislation and tax planning opportunities. Social responsibility of a tax professional.

### **TEACHING/LEARNING APPROACH**

There will be one lecture of two hours per week, which will be structured to secure students' understanding of relevant taxation law and principles. In addition, there will be one tutorial of one hour per week in order to reinforce students' understanding and application of law and principles to practical situations.

### **INDICATIVE READING**

#### ***Recommended Textbook***

Smith, D.G. and A. Macpherson, *Hong Kong Taxation: Law and Practice*, Latest Edition, The Chinese University Press.

*Inland Revenue Ordinance (Chapter 112) and Inland Revenue Rules*, Updated Edition and Amendments, Hong Kong SAR Government.

#### ***References***

CCH, *Hong Kong Master Tax Guide*, Latest Edition, CCH Asia Pte Limited.

Lee, D. and C.M. Ho, *Advanced Taxation in Hong Kong*, Latest Edition, Longman Asia Ltd.

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

Inland Revenue Department: <http://www.info.gov.hk/ird/>

Laws of Hong Kong: <http://www.justice.gov.hk/Home.htm>

### **SUBJECT CO-ORDINATOR**

NG Christina

<b>Subject Code</b>	:	AF3211	
<b>Subject Title</b>	:	Accounting Information Systems	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminar/Laboratory	42 hours
<b>Pre-requisites</b>	:	MM2421	Information Technology for Business
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## ROLE AND PURPOSE

Information technology is transforming the business world. Very often, companies rely on an Accounting Information System (AIS) for information and internal control. As a result, accountants, auditors and even business managers should understand the design and functioning of the AIS. This course equips business students, in particular accounting and finance students, with the fundamental AIS knowledge that they need in order to succeed in their career.

## 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 the information systems so as to understand, evaluate, and design them,
- Design and implement information systems using database application software,
- Analyze company-wide business processes and their modeling,
- Appraise the controls required for computer-based information systems,
- Understand the systems development life cycle and AIS development strategies.

Students are expected to develop sense of teamwork and professionalism, along with interpersonal and leadership skills. Furthermore, students should have an appreciation of lifelong learning as it relates to information technologies. 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 the AIS in the company value chain. Overview of the five major transaction cycles. Give-to-get exchanges within transaction cycles. Transaction processing: the data processing cycle within AIS. Ledgers, chart of accounts, journals. Computer-based storage concepts. Batch and on-line processing.

## **Information Systems Documentation Techniques**

Documentation techniques used to understand, evaluate, and design information systems. Preparation and interpretation of data flow diagrams. Interpretation of document flowcharts relating to internal control. Differences between data flow diagrams and document flowcharts.

## **Data Management**

File-based vs. relational database management systems. Fundamental of database systems. Relational databases: types of attributes in tables, different relationships and use of queries. Database design using Entity-Relationship (E-R) diagram and Resource, Event and Agent (REA) data model. Implementing E-R diagram and REA data model using relational database. The REA approach to business process modeling.

## **Business Processes**

Core business processes such as the sales order entry, shipping, billing and accounts receivable and cash collections within the revenue cycle. Core business processes such as the ordering goods, receiving and storing goods and paying for goods within the expenditure cycle. Electronic Data Interchange (EDI). The general ledger and reporting system. Financial Reporting using the Extensible Business Reporting Language (XBRL).

## **Controlling Accounting Information System**

Overview of control concepts. COSO's internal control framework: the internal environment of a company, control activities, risk assessment, information and communication, and monitoring. Threats and controls in the revenue and expenditure transactions cycles, as well as in the general ledger and reporting system activities.

## **Systems Development**

Systems Development Life Cycle (SDLC). The role of accountants in SDLC. Feasibility analysis. Behavioral aspects of change. Systems analysis. Development strategies for AIS software: external acquisition vs. internal development. End-user computing. Benefits and risks of IT outsourcing. Business process reengineering. Systems implementation and conversion.

## **TEACHING/LEARNING APPROACH**

This course will use an integrative approach that combines lectures, exercises, case studies and computer laboratory work within a three-hour session. Students have opportunity to gain hand on experience in using certain software applications. Take home computer work are assigned for students to apply the concepts they learned in class.

## **INDICATIVE READING**

Glenn, O., *Using Quickbooks Pro for accounting 2004*, Thomson/South-Western, 2005.

Lee, S.S.P. and G.K.H. Li, *Information Technology Applications in Accounting*, The Hong Kong Association of Accounting Technician, 2004.

Li, D.C., *Computerized Accounting Using MYOB*, McGraw-Hill Education (Asia), 2004.

Perry, J.T. and G.P. Schneider, *Building Accounting Systems Using Access 2003*, South-Western College Publishing, 2004.

Shelly G., *Microsoft Office Access 2003: comprehensive concepts and techniques*, Thomson/Course Technology, 2004.

Arens, A.A., *Systems understanding aid*, 5th Edition, Armond Dalton, 2001.

Gelinas, U.J. Jr., S.G. Sutton and J. Hunton, *Accounting Information Systems*, Latest Edition, South-Western Publishing.

Bodnar, G.H. and W.S. Hopwood, *Accounting Information Systems*, Latest Edition, Prentice Hall.

Hall, J.A., *Accounting Information Systems*, Latest Edition, South-Western College Publishing.

*MYOB Premier user guide*, Latest Version, MYOB Hong Kong.

Romney, M.B. and P.J. Steinbart, *Accounting Information Systems*, Latest Edition, Prentice Hall.

Selected articles from professional and academic journals.

### **SUBJECT CO-ORDINATOR**

LI Daivd

<b>Subject Code</b>	:	AF3312	
<b>Subject Title</b>	:	Bank Credit Management	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	AF3313	Business Finance
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	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**

Credit lines and their fit with customer need. Current account overdraft and revolving line of credit. Term facilities and their fit with customer need. Fully drawn loan. Mortgage. Bridging loans. International bank lending. Loan syndication. Project finance. Differences between personal and business lending.

### **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**

The role and use of financial information. Going vs gone concern. Analysis and interpretation of financial information from different financial statements. Financial ratios. Assessment of financial strengths and weakness of borrowers for the purpose of bank lending.

### **Monitor and Control of Loan Account**

Objectives and procedures of monitor & control of loan account. Loan classification and causes of problem loans. Indicators of problem loans. Prevention and approaches in handling problem loans.

### **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***

Fraser, L.M. and A. Ormiston, *Understanding Financial Statements*, 7th Edition, Prentice Hall, 2003.

Rouse, C.N., *Banker's Lending Techniques*, 2nd Edition, CIOB, 2002.

### ***References***

Koch, T.W. and S.S. MacDonald, *Bank Management*, 5th Edition, Dryden, 2003.

Gibson, C.H., *Financial Reporting Analysis*, 8th Edition, South-Western, 2001.

Checkley, K. and K. Dickinson, *Problem Loans – A Banker's Guide*, Euromoney, 2000.

Coyle, B., *Corporate Credit Analysis*, CIB Publishing, 2000.

Rouse, C.N., *Applied Lending Techniques*, 2nd Edition, CIOB, 1999.

Caouette, J.B., E.I. Altman, and P. Narayanan, *Managing Credit Risk – the Next Great Financial Challenge*, Wiley, 1998.

Terry, B. J., *The International Handbook of Corporate Finance*, CIOB, 1997.

HKIOB, *The Lending Cases in Hong Kong*, 1995.

Bourke, P. and B. Shanmugam, *An Introduction to Bank Lending*, Addison Wesley, 1990.

Reed, E.W. and E.K. Gill, *Commercial Banking*, 4th Edition, Prentice Hall, 1989.

Clements J.H. and L.S. Dyer, *Balance Sheets and the Lending Banker*, Europa, 1986.

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*

## **SUBJECT CO-ORDINATOR**

YU Bosco

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

Payback. Accounting rate of returns. Internal rate of returns. Net present value. Comparisons of discounted cash flows techniques. Projects with different lives and investment outlay. Capital rationing. Replacement decisions.

**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**

Ross, S.A., R.W. Westerfield and B. Jordan, *Essentials of Corporate Finance*, 4th Edition, Irwin/McGraw-Hill, 2003.

Van Horne, J.C., *Financial Management and Policy*, 12th Edition, Prentice Hall, 2002.

Van Horne, J.C. and J.M. Wachowicz, *Fundamentals of Financial Management*, 11th Edition, Prentice Hall, 2001.

Brealey, R.A. and S.C. Myers, *Principles of Corporate Finance*, 6th Edition, McGraw Hill, 2000.

**SUBJECT CO-ORDINATOR**

WONG Antonio

<b>Subject Code</b>	:	AF3314	
<b>Subject Title</b>	:	Financial Institutions and Markets	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	AF3313 Business Finance	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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***

Miskin, F.S. and S.G. Eakins, *Financial Markets and Institutions*, 5/e, Addison Wesley Longman, 2006.

Saunders, A. and M.M. Cornett, *Financial Markets and Institutions – a modern perspective*, 3/e, McGraw Hill, 2006.

Rose, P.S. and Marquis, M.H., *Money and Capital Markets – Financial Institutions and Instruments in a Global Marketplace*, 9/e, McGraw Hill, 2006.

### ***References***

Madura, J., *Financial Markets and Institutions*, 7/e, South-Western, 2006.

Valdez, S., *An Introduction to Global Financial Markets*, 4/e, Palgrave, 2003.

Fabozzi F.J., F. Modigliani, F.J. Jones and M.G. Ferri, *Foundations of Financial Markets and Institutions*, 3/e, Prentice Hall, 2002.

Levich, R.M., *International Financial Markets – Prices and Policies*, 2/e, McGraw Hill, 2001.

Santomero A.M. and D.F. Babbel, *Financial Markets, Instruments, and Institutions*, Irwin, 2001.

Low Chee-Keong ed., *Financial Markets in Hong Kong*, Springer, 2000.

McGuinness, P.B., *A Guide to the Equity Markets of Hong Kong*, OUP, 1999.

Arshadi, N. and G.V. Karels, *Modern Financial Intermediaries & Markets*, Prentice Hall, 1997.

Young, L.S.F. and R.C.P. Chiang, *The Hong Kong Securities Industry*, The Hong Stock Exchange, 1997.

Crane, et al, *The Global Financial System – A Functional Perspective*, Harvard Business School, 1995.

## ***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

## **SUBJECT CO-ORDINATOR**

YU Bosco

<b>Subject Code</b>	:	AF3315	
<b>Subject Title</b>	:	Foreign Exchange and Finance of International Trade	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	None	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## ROLE AND PURPOSE

This subject examines the theory and practice of international trade and foreign exchange and trains students to explain methods of payment for imports and exports, documentation and shipping terms, international payment systems, sources of finance for exports, and foreign currency hedging techniques.

## LEARNING OUTCOMES

On completion of the subject, students should be able to:

- Examine INCOTERMS and documents used in international trade;
- Evaluate and manage the risks in international trade;
- Discuss the methods of payment involving documentary credits and documentary collections and apply the underlying international practice and rules governing those methods of payment;
- Compare and evaluate different sources of finance for exports;
- Analyse how spot and forward foreign exchange markets work and evaluate their importance in international trade;
- Assess the arguments for and against the management of foreign exchange risk;
- Compare the techniques, both internal and external, used by corporations to manage foreign exchange risk;
- Integrate business ethics into practical international trade strategies; and
- Apply the above knowledge in providing practical solutions to international trade problems.

## INDICATIVE CONTENT

### An Overview of International Trade

An overview of needs of importers and exporters. Identify and manage risks associated with international trade. Terms of payment. Major shipping terms (Incoterms).

### **Documentary Credits**

Operations of a documentary credit. Roles and liabilities of various parties to a documentary credit. Types and uses of documentary credit. The importance of documents in documentary credits. Uniform Customs and Practice for Documentary Credits (ICC 600).

### **Documentary Collections**

Operations of a documentary collection. The legal and practical position regarding the duties of various parties to a documentary collection. Risks to exporters and importers. Uniform Rules for Collections (ICC 522).

### **Finance of International Trade**

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

### **Foreign Exchange**

Quotation of exchange rates. Spot rates and forward rates. Managing transaction, translation and economic exposure. Foreign exchange hedging strategies.

## **TEACHING/LEARNING APPROACH**

Lectures are used for imparting theoretical principles. In the seminars students will have the opportunity to examine actual documents used in documentary credits and documentary collections in order to understand the practice of uniform rules and customs for international trade.

## **INDICATIVE READING**

### ***Recommended Textbook***

Cowdell and Hyde, *International Trade Finance*, 8th Edition, Financial World Publishing, 2003.

### ***References***

Steiner Bob, *Foreign Exchange and Money Markets: Theory, Practice and Risk Management*, Butterworth-Heinemann, 2002.

Hong Kong Export Credit Insurance Corporation, *Protect Yourself against Export Risk*, Latest Edition.

International Chamber of Commerce, *Uniform Customs and Practice for Documentary Credits*, ICC Publication No. 600, 2007.

International Chamber of Commerce, *Uniform Rules for Collections*, ICC Publication No. 522.

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*.

International Chamber of Commerce, *Managing Exchange Rate Risks*, ICC Publication No. 549.

International Chamber of Commerce, *Guide to Documentary Credit Operations*, ICC Publication No. 515.

**SUBJECT CO-ORDINATOR**

LEE John W.S.

<b>Subject Code</b>	:	AF3316	
<b>Subject Title</b>	:	Investments	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lecture/Seminar	42 hours
<b>Pre-requisites</b>	:	AF3313 Business Finance	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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

Risk and Expected Return. Portfolio Risk. Benefits of Diversification.

### CAPM and Performance Evaluation

Efficient Frontier. Asset Allocation. Separation Theorem. Capital Asset Pricing Model. Performance Measures. Market Timing.

### Index Models, APT and Market Efficiency

Index Models. APT. Efficient Market Hypothesis. Market Anomalies. Equity Trading Strategies.

### 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**

Option Payoffs at Expiration. Option Strategies. Option Valuation. Futures Contracts and Strategies. Futures Pricing.

**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***

Bodie, Z., A. Kane and A. Marcus, Investments, 6th Edition, The McGraw-Hill Companies, Inc., 2005.

***References***

Elton, Edwin J. and Martin J. Gruber, Modern Portfolio Theory and Investment Analysis, 6th Edition, John Wiley & Sons, Inc., 2003.

**SUBJECT CO-ORDINATOR**

LEE Hing-wah

<b>Subject Code</b>	:	AF3317	
<b>Subject Title</b>	:	Risk Management	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	AF3313 Business Finance	AND
		AMA2101 Quantitative Methods for Business	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## ROLE AND PURPOSE

This optional module builds on material in Economics, Quantitative Methods, Managerial Economics and Business Law to give the students an insight into how a business can identify and measure its loss exposures and select appropriate tools for the management of that exposure. This subject is to prepare the students to establish the body of knowledge necessary for independent risk management analysis and decision-making.

## LEARNING OUTCOMES

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

- Understand the principles of risk management in relation to Economics, corporate Finance, investment, and corporate governance
- Understand the role of risk management in business firms
- Use all tools to identify, measure and control risk exposures related to operation, financing and investment in a global market

## INDICATIVE CONTENT

### Introduction to Risk

Definition of Risk. Various concepts of risk and uncertainty. Classifications of Risks

### Introduction to Risk Management

Definition of Risk Management. Importance of Risk Management. Risk management process and Risk control tools. Risk Management Today. Crisis Management.

### Basic Concepts of Risk Management

Introduction. Economic Theories. Financial Theories.

### Risk Identification

Risk identification. Identification of Risk Exposures. Risk Identification Methodologies. Risk Identification Tools.

## **Risk Evaluation**

Importance of Risk Exposures. Risk Measurement. Value at Risk.

## **Risk Control**

An Introduction of Risk Control. Reasons for Risk Control. The Relationship between Risk Control and Risk Evaluation. The Relationship between Pre-event Risk Control and Post-event Risk Financing. Risk Control Tools.

## **Applications of Risk Management**

Portfolio risk management. Case studies.

## **TEACHING/LEARNING APPROACH**

Lectures will be used to provide theoretical concepts. During seminar sessions, students will be required to apply the theory to solve risk management problems in the real world.

## **INDICATIVE READING**

Marthinsen, John E., *Risk Takers: Uses and Abuses of financial Derivatives*, Pearson Addison-Sesley, 2005.

Lam, James, *Enterprise Risk Management: From Incentives to Controls*, John Wiley & Sons, 2003.

鄭子云，司徒永富著，企業風險管理，商務印書館(香港)有限公司，2001年(CS)。

Skipper, Harold D., *International Risk and Insurance: An Environmental – Managerial Approach*, Irwin/McGraw-Hill, 1998.

Smithson, Charles W., *Managing Financial Risk-A Guide To Derivative Products, Financial Engineering and Value Maximization*, 3rd Edition, Irwin McGraw-Hill ,1998.

Williams, Smith & Young, *Risk Management and Insurance*, 8th Edition, Irwin McGraw-Hill, 1998 (WSY).

Jorion, Philippe, *Value at Risk: the new benchmark for controlling market risk*, Irwin Professional Pub 1997.

(<http://www.gsm.uci.edu/~jorion/>)

Fink, Steven, *Crisis Management, Planning for the Inevitable*, American Management Association, 1986.

## **SUBJECT CO-ORDINATOR**

LI Wei

<b>Subject Code</b>	:	AF3318	
<b>Subject Title</b>	:	Principles of Insurance	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	None	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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 contracts.

### **INDICATIVE READING**

#### ***Recommended Textbook***

Rejda, George E., *Principles of Risk Management and Insurance*, 8th Edition, Addison-Wesley, 2003

#### ***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.

Harrington, Scott E. and Gregory R. Niehaus, *Risk Management and Insurance*, Irwin McGraw-Hill, 1999.

Williams, C. Arthur Jr., Michael L. Smith and Peter C. Young, *Risk Management and Insurance*, Irwin McGraw-Hill, 1998.

Bowers, Gerber, Hickman, Jones, and Nesbitt, *Actuarial Mathematics*, Society of Actuaries, 1997.

Vaughan, Emmett J., *Risk Management*, John Wiley & Sons Inc., 1997.

### **SUBJECT CO-ORDINATOR**

LI Wei

<b>Subject Code</b>	:	AF3320	
<b>Subject Title</b>	:	E-Finance	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	None	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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

Evolution of e-finance. Delivery channel strategies and development. Comparative e-finance developments.

### B2B and B2C E-Finance

The role of financial services companies in providing content, context and infrastructure for the e-commerce market place and impact of the electronic delivery channels. B2B e-finance. 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**

*E-Finance A New Approach to Financial Sector Development?* World Bank Discussion Paper No. 431, 2002.

*E-Commerce*, 1st Edition, Rayport, McGraw-Hill, 2001.

*Electronic Finance: An Overview of the Issues*, BIS Papers No 7, 2001.

*Electronic Commerce: Security, Risk Management and Control* by Greenstein, Marilyn and Todd Feinman, McGraw Hill, 2000.

**SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF3321	
<b>Subject Title</b>	:	Global Financial Markets	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	AF2303	Financial Services Environment
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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 Derivative Securities.

## LEARNING OUTCOMES

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

- Appreciate the role and functions of global financial markets in facilitating international capital movement and 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 analyze 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 these different markets in the global marketplace and the interactions amongst them.

### **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; 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 group basis on a topic within the subject area.

### **INDICATIVE READING**

#### ***Recommended Textbook***

Rose, P.S., *Money and Capital Markets – Financial Institutions and Instruments in a Global Marketplace*, 9<sup>th</sup> edition, McGraw Hill, 2006.

Levich, R. M., *International Financial Markets – Prices and Policies*, 2<sup>nd</sup> Edition, McGraw Hill, 2001.

#### ***References***

Valdez, S., *Introduction to Global Financial Markets*, 5<sup>th</sup> Edition, Palgrave Macmillan, 2007.

Miskin, F.S. and S.G. Eakins, *Financial Markets and Institutions*, 5<sup>th</sup> Edition, Addison Wesley Longman, 2006.

Hull, J., *Fundamentals of Futures and Options Markets*, 5<sup>th</sup> Edition, Prentice Hall, 2005.

Saunders, A. and M.M. Cornett, *Financial Markets and Institutions – a modern perspective*, 2<sup>nd</sup> Edition, McGraw Hill, 2004.

#### ***Journals/ Magazines***

*Asian Finance*

*Bank of England Quarterly Bulletin*

*Banking World (Hong Kong)*

*BIS Publications / Reports*

*Financial Management*

*Hang Seng Economic Monthly*

*Hong Kong Monetary Authority Quarterly 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*

**SUBJECT CO-ORDINATOR**

LEUNG M. K.

<b>Subject Code</b>	:	AF3507	
<b>Subject Title</b>	:	Company Law	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	AF2504	Introduction to Business Law
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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**

Insider dealing provisions. The role of the Stock Exchange. Powers and functions of the Securities and Futures Commission. Powers and duties of the Financial Secretary.

### **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***

Stott V., *Hong Kong Company Law*, Hong Kong: Pitman, 10th Edition, 2003.

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***

Sealey, L.S., *Cases and Materials in Company Law*, Butterworths, 7th Edition, 2001.

Smart P. Sd. J, Kathrine L, Anna Y.M.T., *Hong Kong Company Law: Cases, Materials and Comments*, Butterworths Asia, 1997.

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

### **SUBJECT CO-ORDINATOR**

CHAN Stephen

<b>Subject Code</b>	:	AF3508	
<b>Subject Title</b>	:	Employment Law	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	AF2504	Introduction to Business Law
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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**

Contracting-out of statutory obligations. Rights. Duties of employer/employee. Remuneration, maternity rights, sickness benefits.

### **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 affects 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**

*Hong Kong Employment Manual*, Butterworths Asia, 2000.

Michael J. Downey (ed.) *Hong Kong Employment Law Manual*, Hong Kong Institute of Human Resource Management and Employment Law International (HK) Ltd, 1997.

### **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  
<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

## **SUBJECT CO-ORDINATOR**

LIDDLE Margaret

<b>Subject Code</b>	:	AF3510	
<b>Subject Title</b>	:	Securities Regulation	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	AF3507	Company Law
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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 rationale 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**

*Halsbury's Laws of Hong Kong*, Volume 14. 2003.

Securities and Futures Ordinance 2002.

*Hong Kong Company Secretarial Practice Manual*, Sweet & Maxwell, 1997 (loose leaf – updated).

The Hong Kong Stock Exchange, *Guide for Directors of Listed Companies*, 1995.

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

Kwan, Y.K., *A Guide to the Securities and Futures Ordinance*, Hong Kong Stock Brokers Association

Stott, V., *Hong Kong Company Law*, Hong Kong: Longman, 10th Edition.

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.

## **SUBJECT CO-ORDINATOR**

CHAN Stephen

<b>Subject Code</b>	:	AF3511	
<b>Subject Title</b>	:	Aspects of Insolvency Law	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	AF3507	Company Law
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	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 and 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***

Stott V., *Hong Kong Company Law*, 10th Edition, Hong Kong: Pitman, 2003.

Ong C.A., *Hong Kong Bankruptcy Law Handbook*, 2nd Edition, Butterworths Asia, 2001.

## **References**

Fletcher, Ian F., *Law of Insolvency*, 3rd Edition, Sweet & Maxwell, 2002.

Tomansic, R. and Little, *Insolvency Law & Practice*, FT Law & Tax Asia Pacific, Hong Kong, 1997.

## **Legislation**

The Bankruptcy Ordinance (Cap. 6).

The Bankruptcy Rules.

The Companies Ordinance (Cap. 32).

The Companies Winding Up Rules.

## **SUBJECT CO-ORDINATOR**

CHAN Stephen

<b>Subject Code</b>	:	AF3512	
<b>Subject Title</b>	:	International Business Law	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	AF2504	Introduction to Business Law
<b>Assessment</b>	:	Coursework	60%
		Final Examination	40%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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 Bank International Monetary Fund (IMF), Asian Development Bank (ADB) and United Nations Conference on Trade and Development (UNCTAD), United Nations 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.

August, R., *International Business Law: Text, Cases and Readings*, Prentice Hall, 2000.

Qureshi, A.H., *International Economic Law*, Sweet & Maxwell, 1999.

Muchlinski, P.T., *Multinational Enterprises and the Law*, Blackwell, 1999.

Odeke, Ademuni, *Law of International Trade*, Sweet & Maxwell, 1997.

Wilde, K.C.D.M., *International Transactions: Trade and Investment, Law and Finance*, The Law Book Company Limited, 1993.

## **SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF3601	
<b>Subject Title</b>	:	Managerial Economics	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	Introduction to Economics (AF2601) or equivalent	
<b>Assessment</b>	:	Coursework	100%
<b>Minimum Pass Grade</b>	:	Coursework	D

## 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

Theories of rational consumer behaviour and their links to marketing practice. Elasticity and market structure. Estimation and forecasting of demand. Empirical estimation of costs and cost drivers.

### **Competitive Structure and Strategy**

Textbook models of market structure. The structural analysis of industries. Elements of business strategy.

### **Pricing Decisions and Non-price Competition**

Pricing decisions in theory and in practice. Pricing of new products. Non-price competition: the marketing mix, advertising budget, marketing channels, and the location decision.

### **Government in the Marketplace**

Alternative concepts of competition and monopoly power. The rationale of competition policy. Alternative regulatory regimes. Privatisation and deregulation.

## **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***

Davies, H. and P.L. Lam, *Managerial Economics: An Analysis of Business Issues*, 3rd Edition, London: Prentice Hall, 2001.

### ***References***

Keat, P.G. and P.K.Y. Young, *Managerial Economics: Economic Tools for Today's Decision Makers*, 4th Edition, New Jersey: Prentice-Hall, 2003.

Baye, Michael R., *Managerial Economics and Business Strategy*, 4th Edition, New York: McGraw-Hill, 2003.

## **SUBJECT CO-ORDINATOR**

LAM P.L.

<b>Subject Code</b>	:	AF3602	
<b>Subject Title</b>	:	Hong Kong Economy	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	Introduction to Economics (AF2601) or equivalent	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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**

Pattern of growth. Structural changes of the economy. The service sector. The factor markets. Changes in the components of aggregate demand.

### **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**

Unemployment. Immigration policy and trend. Income distribution and economic growth. Hong Kong labour market development. Labour Mobility. Changes in the local labour market composition.

## **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**

Li, Kui-wai (2006) The Hong Kong Economy: Recovery and Restructuring, McGraw Hill.

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.

## **SUBJECT CO-ORDINATOR**

MOK Vincent

<b>Subject Code</b>	:	AF3603
<b>Subject Title</b>	:	Economic Development of the PRC
<b>Level</b>	:	3
<b>Credits</b>	:	3
<b>Mode of Study</b>	:	Lectures 28 hours Seminars 14 hours
<b>Pre-requisites</b>	:	AF2601 Introduction to Economics
<b>Assessment</b>	:	Continuous Assessment 100%
<b>Minimum Pass Grade</b>	:	Coursework D

## 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***

Lin, Justin Yifu, et al, *The China miracle: development strategy and economic reform*, Hong Kong Centre for Economic Research and the International Center for Economic Growth by the Chinese University Press, Hong Kong, 2003.

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).

Xu Xinpeng, *How Integrated Have Chinese Provinces Been?*, *China Economic Review*, 13(2/3): 116-133, 2002.

Lloyd, Peter and Xiao-guang Zhang (eds.), *China in the Global Economy*, Edward Elgar, pp. 145-164, 2000.

Woo, Wing Thye, *The Debate on Understanding China's Economic Growth*, (with Jeffrey Sachs) in Eric Maskin and Andras Simonovits (ed.), *Planning, Shortage, and Transformation: Essays in Honor of Janos Kornai*, MIT, 2000.

Wu, Harry X., *Measuring China's GDP level and growth performance: Alternative estimates and the implications*, *Review of Income and Wealth*, Series 46 (4), 2000.

Xu Xinpeng, 'Export Similarity and the Pattern of East Asian Development', in Lloyd, Peter and Xiao-guang Zhang (eds.) *China in the Global Economy*. Edward Elgar, pp. 145-164, 2000. (with Ligang Song).

Young, Alwyn, *The Razor's Edge: Distortions and Incremental Reform in the People's Republic of China*, *Quarterly Journal of Economics*, 115, 1091-1135, 2000.

Naughton, Barry, *How Much Can Regional Integration Do to Unify China's Markets?*, paper for Conference on Policy Reform in China, Stanford University, 1999.

Lardy, N.R., *China's unfinished Economic Revolution*, Washington D.C., The Brookings Institution, 1998.

World Bank, *China 2020: Development Challenges in the New Century* (World Bank, Washington, DC), 1997.

Naughton, Barry, *Growing Out of the Plan: Chinese Economic Reform 1978-1993*, Cambridge, Cambridge University Press, 1996.

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.

World Bank, *China: Internal Market Development and Regulation* (World Bank, Washington, DC), 1994.

World Bank, *China: Reform and the Role of the Plan in the 1990s* (World Bank, Washington, DC), 1992.

Lardy, N.R., *Foreign Trade and Economic Reform in China, 1978-1990*, Cambridge, Cambridge University Press, 1992.

Zhong, P., *Ten years of Economic Reform: Process, Current Situation, Problems and Prospects*, Henan, Henan People's Press, 1990. (in Chinese).

Zhao, D., *An Economic History of the People's Republic of China*, Vol. 1 (1949-66) and Vol. 2 (1967-84), Henan, Henan People's Press, 1989. (in Chinese)

*China Economic Review*, various issues.

*Journal of Comparative Economics*, various issues.

## **SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF3604	
<b>Subject Title</b>	:	Monetary and Financial Systems	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Tutorials	14 hours
<b>Pre-requisites</b>	:	Introduction to Economics (AF2601) OR equivalent	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## ROLE AND PURPOSE

This subject provides students with the knowledge about the functioning of the monetary and financial systems in the economy. The subject is built on the application of economic concepts 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 and operations of the banking system.
- 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

Economic analysis of risk and uncertainty. Risk-return tradeoff.

### Money and Interest Rates

What is money? Concept and behaviour of interest rate. Risk and term structure of interest rates.

### Banking system and Monetary Policy

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

**Monetary Theory**

Theories of demand for money. Transmission mechanisms of monetary policy. Monetary and fiscal policy in the IS-LM model. Theory of rational expectation.

**Financial Markets**

Nature of financial markets and financial intermediation. Economic analysis of financial structure. The role of transaction cost and asymmetric information. Money and capital markets. Derivatives markets. Concept of market efficiency.

**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. The tutorials involve small groups of students working on a series of presentations and problem set solving. Students are also required to discuss findings from published research articles.

**INDICATIVE READING*****Recommended Textbook***

Mishkin, Frederic S., *The Economics of Money, Banking, and Financial Markets*, 8th Edition, Addison-Wesley, 2007.

***References***

Publications of Hong Kong Monetary Authority.

Publications of the U.S. Federal Reserve Bank.

The Journal of Money, Credit and Banking.

**SUBJECT CO-ORDINATOR**

CHAN Y.C.

<b>Subject Code</b>	:	AF3605	
<b>Subject Title</b>	:	Contemporary China	
<b>Level</b>	:	3	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	None	
<b>Assessment</b>	:	Continuous Assessment	100%
<b>Minimum Pass Grade</b>	:	Coursework	D

## 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.usc.cuhk.edu.hk/> (大學服務中心) (香港中文大学)

<http://www.chinainfobank.com> (中國資訊行)

<http://www.mofcom.gov.cn> (商務部)

<http://www.cei.gov.cn> (中國經濟信息網)

<http://www.drcnet.com> (國務院發展研究中心)

<http://www.cass.net.cn> (中國社會科學院)

<http://www.info.gov.hk> (香港政府網)

<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

OECD (2003) *China in the World Trade*, London, Kogan Page.

*China Review*, various issues, Hong Kong: The Chinese University Press.

Lieberthal, Kenneth, (1995), *Governing China*, New York: W.W. Norton & Co., Inc.

Nolan, Peter (1993), *State and Market in the Chinese Economy- Essays on Controversial Issues*, London: Macmillan.

Sung, Yun-Wing (1991), *The China-Hong Kong Connection*, Cambridge: Cambridge University Press.

The World Bank (1997), *China 2020: Development Challenges in the New Century*.

Lau,P.K. (ed.) (1994 – 1997 Editions), *Economic Trends of China*, Hong Kong: The Commercial Press.

**SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF4106	
<b>Subject Title</b>	:	Advanced Financial Accounting	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF3111	Intermediate Accounting 2
<b>Assessment</b>	:	Coursework	40%
		Final Examination	60%
<b>Minimum Pass Grade</b>	:	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

Different types of business combination. Corporate expansion and accounting for business combinations.

### Changes in Capital Structure

Reduction in share capital. Reconstruction of capital of companies.

### Consolidation of a Group of Companies

Formation of a group. Features of consolidation. The reporting entity and consolidated financial statements. Consolidation of wholly owned subsidiaries and partially owned subsidiaries. Consolidation of a vertical group and a mixed group of companies. Reporting intercorporate investments in common stock. Consolidation as of the date of acquisition. Consolidation following acquisition. Intercorporate transfers of noncurrent assets. Intercompany inventory transactions and intercompany indebtedness. Equity method of accounting. Proportional consolidation. Group cash flow statement.

### 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.

### **Changes in Group Structure**

Reconstruction of groups. Merger and acquisition accounting. Reverse acquisitions.

### **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**

Larsen, E.J., *Modern Advanced Accounting*, 9th Edition, McGraw-Hill, 2003.

Elliott, B. and J. Elliott, *Financial Accounting and Reporting*, 7th Edition, Prentice Hall, 2003.

Baker, R.E., V.C. Lembke and T.E. King, *Advanced Financial Accounting*, 5th Edition, McGraw-Hill, 2002.

Tsui, C., L. Chow, D. Taylor and S. Panchapakesan, *Advanced Financial Accounting in Hong Kong*, 4th Edition, Longman, 2002.

Taylor, S. and N. Hall, *Hong Kong GAAP: A Practical Guide to Generally Accepted Accounting Practices*, 2nd Edition, Sweet & Maxwell Asia, 2001.

Stein, N.D., *Preparation of Consolidated Accounts*, Financial Training Publications Ltd., 1991.

Aileen Pierce and Niamh Brennan, *Principles and Practice of Group Accounts*, Thomson Learning.

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

### **SUBJECT CO-ORDINATOR**

LEE Heather

<b>Subject Code</b>	:	AF4107	
<b>Subject Title</b>	:	Financial Statement Analysis II	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF4107	Financial Analysis I
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## ROLE AND PURPOSE

The purpose of this course is to provide the students with advanced tools to analyze and exploit information in corporate financial statements. Students are furthermore provided with an opportunity to apply their skills by valuing firms in various sectors using earnings based and free cash flows-based valuation models from the point of view of a “sell-side analyst”. The framework developed in this course intends to enhance the analytical skills of students interested in investment analysis and fund management.

## LEARNING OUTCOMES

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

- Deepen the ability to analyze how financial statement information captures and reflects the critical factors of risk and success in the competitive environment and strategy of firms.
- Apply a variety of state-of-the art accounting based valuation techniques, including free cash flows, residual income, and valuation multiples.
- Apply the valuation models to different industry sectors, including the valuation of new economy companies.

## INDICATIVE CONTENT

### Analysis of Financial Statements

Business Activities and Financial Statements of Different Industry Sectors – including the Analysis of the Statement of Shareholders’ Equity, the Analysis of the Balance Sheet, Income Statement and Cashflow Statement, and the Analysis of Growth and Sustainable Earnings

### Forecasting and Valuation Analysis

The Value of Operations and the Evaluation of Enterprise Price-to-Book Ratios and Price-Earnings Ratios and Full-Information Forecasting, Valuation and Business Strategy Analysis

### Accounting Analysis and Valuation

Analysis on Creating Accounting Value and Economic Value

### Business Analysis Applications – Sector Valuation

Industry-Specific Accounting and Valuation Issues: High Technology Firms, Banks, Insurers, Airlines, Pharamceuticals, Telecoms, Restaurants, Retailers etc.

## **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***

Penman, S., *Financial Statement Analysis and Security Valuation*, International Edition, McGraw-Hill, 2007.

### ***References***

Palepu, K.G. and P.M. Healy, *Business Analysis and Valuation: Text and Cases*, IFRS Edition, Thomson South-Western, 2007.

Wild, J.J., and L. Bernstein, *Financial Statement Analysis*, 9th Edition, Irwin McGraw Hill, 2007.

Stickney, C.P., P.R. Brown and J.M. Wahlen, *Financial Reporting and Statement Analysis: A Strategic Perspective*, South-Western College, 5th edition, 2004.

Assigned Journal Articles: *The Wall Street Journal*, *The South China Morning Post*, Business Section.

## **SUBJECT CO-ORDINATOR**

LAI Karen

<b>Subject Code</b>	:	AF4108
<b>Subject Title</b>	:	Issues in Management Accounting
<b>Level</b>	:	4
<b>Credits</b>	:	3
<b>Mode of Study</b>	:	Seminars 42 Hours
<b>Pre-requisites</b>	:	AF2110 Management Accounting 1 and AF3112 Management Accounting 2 and AF3211 Accounting Information Systems
<b>Assessment</b>	:	Coursework 40% Final Examination 60%
<b>Minimum Pass Grade</b>	:	Coursework D Final Examination D

## ROLE AND PURPOSE

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

Corporate objectives. Current situation analysis. Performance benchmarking. Strategy alternatives. Evaluation of achievements. Congruency with objectives. Nature of strategic planning. Analyzing proposed new programs. Analyzing on-going programs. Strategic planning processes. Control for differentiated strategies.

### Activity Based Costing and Activity Based Management

Assigning servicing department costs to activities. Activity cost drivers. Process-value analysis including process re-engineering. Using ABC for pricing and analyzing customer profitability. Product substitution. Redesign products. Improve process and operation strategy. Financial-based versus activity-based responsibility accounting

### **Cost Based Decision Making**

Target costing. Value engineering. Functional Analysis. Kaizen costing. Life-cycle costing. Other costing tools. Environmental, salvage and disposal costs.

### **Performance Measurement, Management Control and Strategic Alignment**

Decentralization and globalization on performance measurement. The Balanced Scorecard. Financial measures of performance. Technical shortcomings of financial measures. Measuring customer, internal business process and employee performance. Linking performance measures to strategy and strategic alignment.

### **Productivity Measurement and Control**

Productive Efficiency. Partial Productivity Measurement. Total Productivity Measurement – Profile and Profit-Linked Measurement. Measuring Changes in Activity and Process Efficiency.

### **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***

Merchant, K. and Van der Stede, W., *Management Control Systems*, Prentice-Hall, 2003.

Simons, R., *Performance Measurement and Control Systems for Implementing Strategy*, Text and Cases, Harvard Business School, Prentice-Hall, 2000.

Cooper, R. and R.S. Kaplan, *The Design of Cost Management Systems – Text and Cases*, 2nd Edition, Prentice-Hall, 1999.

Ashton, D., Hopper, T. and Scapen, R.W., *Issues in Management Accounting*, 2nd Edition, Prentice – Hall, 1995.

Young, S.M., *Readings in Management Accounting*, 3rd Edition, Prentice-Hall, 2001.

Selected articles from the professional journals.

**SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF4109	
<b>Subject Title</b>	:	International Accounting	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF4106	Advanced Financial Accounting
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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.
- Evaluate the need for internationalization of accounting standards.
- Make a comparative analysis of accounting systems in various countries.
- Assess the impact of diversity of accounting practices on international financial analysis.

## INDICATIVE CONTENT

### Overview

Meaning of international accounting. Reasons for internationalization of accounting. Classification of world accounting practices.

### Comparative Accounting Systems

Comparison of accounting and reporting practices among several developed countries, e.g. USA, UK, Germany, Netherland and Japan.

### Foreign Currency Translation

Country practices. Conceptual issues of translation methods.

### International Financial Disclosure and Analysis

Accounting measurement and accounting disclosure. National differences in selected disclosure practices. Special problems of international financial analysis.

### International Standards and Organisations

Pressures for internationalization of accounting standards. Applicability of international standards. Major organizations involved in internationalization of accounting standards, e.g. IASC, IOSCO, and EU.

## **TEACHING/LEARNING APPROACH**

The three hours per week will be used flexibly by the instructor for seminar-based teaching, case studies and discussion. To maximize benefits, students are expected to develop and apply their understanding and knowledge on international accounting through a combination of research, presentations, individual and group projects.

## **INDICATIVE READING**

### ***Recommended Textbook***

Choi, F.D.S. and G.K. Meek, *International Accounting*, Latest Edition, Prentice Hall,

Nobes, C. and R. Parker, *Comparative International Accounting*, Latest Edition, Prentice Hall.

### ***References***

Doupnik, T. and H. Perera, *International Accounting*, Latest Edition, McGraw-Hill

Epstein, B.J. and A.A. Mirza, *IAS: Interpretation and Application of International Accounting Standards*, Wiley, Latest Edition.

Radebaugh, L.H., S.J. Gray and E.L. Black, *International Accounting and Multinational Enterprises*, Latest Edition, Wiley.

## **SUBJECT CO-ORDINATOR**

TAM CY

<b>Subject Code</b>	:	AF4216	
<b>Subject Title</b>	:	Auditing and Assurance 1	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	14 hours
		Seminars	28 hours
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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***

Gul, F., *Hong Kong Auditing – Economic Theory and Practice*, City University of Hong Kong Press.

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

### **SUBJECT CO-ORDINATOR**

LAU Thomas

<b>Subject Code</b>	:	AF4217	
<b>Subject Title</b>	:	Auditing and Assurance 2	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF4216	Auditing and Assurance 1
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	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***

Arens A.A. and J.K. Loebbecke, *Auditing: An Integrated Approach*, Latest Edition, Prentice Hall.

Lau, P.T.Y. and A.H. Millichamp, *Hong Kong Auditing*, Latest Edition, Pilot Publishing Company Ltd.

Gul, F., *Hong Kong Auditing – Economic Theory and Practice*, City University of Hong Kong Press.

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

## **SUBJECT CO-ORDINATOR**

HO Sandra

<b>Subject Code</b>	:	AF4218	
<b>Subject Title</b>	:	Financial Reporting Framework in China	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	None	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## ROLE AND PURPOSE

This subject aims to provide students with a basic accounting framework of the mainland China. After completing this subject, students are expected to obtain basic concepts laws and practices of financial reporting and auditing in the mainland China. They are also provided an insight into the recent development of accounting and auditing and appreciation of the contemporary related issues in the mainland China.

## LEARNING OUTCOMES

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

- Analyze financial reporting framework in the context of accounting and auditing framework for PRC firms and foreign-invested entities operating businesses in the mainland China.
- Evaluate the laws and practices and the consequences of various types of accounting and auditing reporting for PRC firms and foreign-invested businesses.

## INDICATIVE CONTENT

### Financial Reporting Framework

Basics of financial accounting in the mainland China. Financial statement and reporting requirement for listed and non-listed state-owned enterprises. Regulatory framework of financial reporting, establishments of accounting standards, and recent accounting reform.

### Practices of Auditing

Auditing practices and framework in the mainland China. Contemporary issues in auditing, including recent CPA firm ownership reform and independent auditing standards.

### Contemporary Accounting Issues in the Mainland China

Contemporary accounting and auditing issues mainly related to listed companies in China (such as earnings management, audit quality, etc.).

## **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 experience actively with their instructors and other classmates.

## **INDICATIVE READING**

### ***Recommended Textbook***

Tang, Y.W., L. Chow and B.J. Cooper, *Accounting and Finance in China: A Review of Current Practice*, 5th Edition, Hong Kong, Sweet & Maxwell Asia, 2003.

### ***References***

Selected journal articles, rulings, regulations, reports, cases and newsletters.

## **SUBJECT CO-ORDINATOR**

DU Jun

<b>Subject Code</b>	:	AF4220	
<b>Subject Title</b>	:	Forensic Accounting	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF4201 Auditing	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass</b>	:	Coursework	D
		Final Examination	D

## 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***

Albrecht, Steve, W., C.C. Albrecht and C.O. Albrecht, *Fraud Examination*, 2nd Edition, Thomson.

[http://websites.swlearning.com/cgi-wadsworth/course\\_products\\_wp.pl?fid=M2b&product\\_isbn\\_issn=032430160X&discipline\\_number=400](http://websites.swlearning.com/cgi-wadsworth/course_products_wp.pl?fid=M2b&product_isbn_issn=032430160X&discipline_number=400)

### ***References***

*Beasley, Mark, Frank Buckless, Steven Glover and Douglas Prawitt, Auditing Cases: An Interactive Learning Approach, Latest Edition, Prentice Hall.*

*Knapp, Michael, C., Contemporary Auditing: Issues and Cases, Latest Edition, Thomson.*  
[http://www.swlearning.com/accounting/knapp/auditing\\_5e/knapp.html](http://www.swlearning.com/accounting/knapp/auditing_5e/knapp.html)

Kwok, B.K.B., *Accounting Irregularities in Financial Statements: A Definitive Guide for Litigators, Auditors and Fraud Investigators*. Gower Publishing.  
<http://books.global-investor.com/books/22088.htm?ginPtrCode=00000&identifier=>

KPMG, 2003 Fraud and Misconduct Diagnostic Survey: Hong Kong, KPMG, 2003.

PricewaterhouseCoopers, *Economic Crime Survey 2003*, PricewaterhouseCoopers, 2003.

PricewaterhouseCoopers, *Economic Crime Survey 2003: Asia Pacific*, PricewaterhouseCoopers, 2003.

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

*Rezaee, Zabihollah, Financial Statement Fraud, John Wiley and Sons Inc., 2002.*

### **OTHER RESOURCES**

Journal of Forensic Accounting: <http://edwardspub.com/journals/JFA/consider.html>

Association of Certified Fraud Examiners: <http://www.cfenet.com/home.asp>

Forensic Accountants' Society of North America: <http://www.fasna.org/>

### **SUBJECT CO-ORDINATOR**

LAU Thomas

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

Purposes and classification of taxation. Jurisdictional bases for taxing persons and property. Source of business and property income. Computation of income.

### Taxation of Inbound and Outbound Investments

Concept of permanent establishment. Forms of investments. Non-residents persons. Equity versus loan financing. Withholding taxes on investment income and profit repatriation. Double taxation reliefs. Tax treaty. Tax Sparing. Tax incentives.

### **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**

Basic tax planning principles and mitigation strategies. Tax avoidance devices: re-invoicing, transfer pricing, tax haven companies, treaty shopping, use of trusts and holding companies. Thin capitalization rules. Controlled foreign corporation rules. Harmful tax practices. General and special 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***

CCH, *Hong Kong Master Tax Guide*, Latest Edition, CCH Asia Pte Limited.

Smith, D.G. and A. Macpherson, *Hong Kong Taxation: Law and Practice*, Latest Edition, The Chinese University Press.

*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***

Doggart, C., *Tax Havens and Their Uses*, 10th Edition, London: UK, Economist Intelligence Unit, 2002.

Halkyard, A.J., J. VanderWolk and Wilson W.S. Chow, *Hong Kong Tax Law: Cases and Materials*, 3rd Edition, Butterworths Asia, 2001.

OECD, *Taxation and Electronic Commerce: Implementing the Ottawa Taxation Framework Conditions*, Paris, OECD, 2001.

OECD, *Harmful Tax Competition: An Emerging Global Issue*, Paris, OECD, 1998.

McFadden, M., K. Stonestreet, G. Broadway and A. Ellison (ed.), *Hong Kong Tax Planning Manual*, Vol. 1-2, THC Press Limited, 1997.

Ernst & Young, *Taxation in Hong Kong*, 8th Edition, Longman Asia Limited, 1996 (out of print).

Arnold, B.J. and M.J. McIntyre, *International Tax Primer*, Latest Edition, The Hague: The Netherlands, Kluwer Law International.

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

Ginsberg, A.S., *Tax Havens*, NYIF, Simon & Schuster, 1991.

The Inland Revenue Department: <http://www.info.gov.hk/ird>

The Laws of Hong Kong: <http://www.justice.gov.hk/Home.htm>

### **SUBJECT CO-ORDINATOR**

FUNG Teresa

<b>Subject Code</b>	:	AF4222	
<b>Subject Title</b>	:	China Tax Framework	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	Financial Accounting (AF2108) <i>OR</i> equivalent	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## ROLE AND PURPOSE

This subject aims to provide students with a wide range taxation framework of the mainland China. After completing this subject, students are expected to obtain basic concepts, principles and practices of taxation in the 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 the 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 the 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

Forms of business establishment in China. Current tax structure and types of tax. Structure of PRC tax laws and regulations. Structure of PRC tax administrative system. Tax collection and administration law and implementing rules.

### Corporate Income Tax and Tax Incentives

Forms of business presence of foreign investment in China. Scope of charge – foreign invested enterprises and domestic enterprises. Assessment and exemptions. Applicable tax rates. Preferential tax treatments. Tax incentives – location and industry. Tax holidays. Unification of corporate income taxes. Tax reforms.

### **Individual Income Tax**

Scope of charge. Types of income. Non-taxable benefits. Deductions. Applicable tax rates. Tax reforms.

### **Turnover Tax System**

Scope of taxation – value added tax, business tax and consumption tax. Exemption and reliefs. Determination of taxable amount. Calculation of tax liabilities. Applicable tax rates. Turnover tax administration. Tax refunds on export. Tax reforms.

### **Transfer Pricing Rules**

Transfer pricing audits. Rules and regulations. Target transactions and target enterprises. Audit adjustments and methods. Defense pricing strategy. Recent developments.

### **Double Taxation Arrangement**

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

### **Other Types of Taxes and Issues**

Land value appreciation tax. Real estate tax. Urban land and house tax. Vehicle and vessel license tax. Stamp tax. Deed tax. Motor vehicle acquisition tax. Resource tax. New proposed taxes and their feasibility – social security tax, share transaction tax and estate duty.

### **Other Special Forms of Investment**

Representative offices. Contract manufacturing vs. import processing. Chinese holding companies. Investment headquarters. Investments in free trade zones and bonded areas. Export processing zones.

### **Strategic Tax Planning**

Tax minimization and tax avoidance. Tax audits and penalty. Tradeoff between tax factors and non-tax factors. Planning opportunities for expatriates. Planning opportunities for foreign invested enterprises. Anti-treaty shopping.

## **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***

*Deloitte Touche Tohmatsu, China Master Tax Guide, 3rd Edition, Singapore, CCH Asia Pte Limited, 2005.*

### ***References***

Coudert Brothers LLP, *China Tax and Customs Law Guide (Updated)*, Singapore, CCH Asia Pte Limited, 2001.

Chan, K.H. and L. Chow, *International Transfer Pricing in China*, Hong Kong, Sweet & Maxwell Asia, 1998.

Cho, S. (eds.), *Taxation Reforms in China*, The Hong Kong Polytechnic University, 1998.

Wang, X., *Taxation in China 1997/98*, FT Law & Tax Asia Pacific, 1997.

VanderWolk, J. (eds.), *Avoiding Double Taxation in Hong Kong and China*, Asia Law & Practice Ltd., 1996.

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

Gensler, H. (eds.), *China Tax Manual*, Asia Law & Practice Ltd., 1995.

VanderWolk, J., *Practical China Tax Planning* (Updated), Hong Kong, Sweet & Maxwell Asia, 1995.

CCH International, *China Laws for Foreign Business*, Volume 1-3 (Updated), CCH Australia, 1985.

Gensler, H. and J. Yang, *A Guide to China's Tax & Business Laws*, Latest Edition, Hong Kong, Sweet & Maxwell Asia.

Moser, M.J., *China Tax Guide*, Latest Edition, Hong Kong, Oxford University Press.

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

## **SUBJECT CO-ORDINATOR**

WONG Percy

<b>Subject Code</b>	:	AF4323	
<b>Subject Title</b>	:	International Finance	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF3313 Business Finance	
<b>Assessment</b>	:	Coursework	45%
		Final Examination	55%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## ROLE AND PURPOSE

This module builds on the basic principles of finance and put them under an international context. The aim is to introduce students to various international financial markets and instruments, and examine their implications for financial management.

## LEARNING OUTCOMES

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

- Understand the functions and characteristics of various markets and instruments in international finance;
- Understand how different exchange rate systems (especially Hong Kong's currency board system) function;
- Appreciate the sources of risks in international transactions;
- Manage and hedge those risks;
- Understand how the international debt and equity markets can be utilized by companies and investors.

## INDICATIVE CONTENT

### Introduction

Characteristics of multinational corporations. Features of multinational financial management.

### The Foreign Exchange Market

Exchange rate defined. Spot and forward markets. Interest rate parity relationships.

### Exchange Rate Systems

Fixed vs. Floating exchange rates. How to maintain a fixed exchange rate? Pros and cons of fixed exchange rates. How does Hong Kong's currency board work?

### Exchange Rate Determination

Using the interest rate parity relationship. Purchasing Power Parity considerations. Current account considerations. Fundamental approach. Technical approach. Forecasting performance of professional forecasters.

**Foreign Exchange Risk Management**

The Instruments: Foreign exchange futures and options. Transaction exposure. Economic exposure. Long-term interest rate and currency risk management. The use of swaps.

**International Financial Markets: The Manager's Perspective**

International capital structure and the cost of capital. International corporate governance.

**International Financial Markets: The Investor's Perspective**

International portfolio investments. The benefits of international diversification. The effects of exchange rate movements. Home bias in portfolio holdings.

**International Capital Budgeting**

The NPV and the real options approaches

**Multinational Cash Management**

Transfer pricing

**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**

Bodie, Z., A. Kane, and A.J. Marcus, *Essentials of Investments*, 6<sup>th</sup> Edition, McGraw-Hill, 2007.

Eun, C.S. and B.G. Resnick, *International Financial Management*, 4<sup>th</sup> Edition, McGraw-Hill, 2007.

Eiteman, D.K., A.I. Stonehill, and M.H. Moffet, *Multinational Business Finance*, 11<sup>th</sup> Edition, Addison Wesley, 2007.

Shapiro, A.C., *Multinational Financial Management*, 8<sup>th</sup> Edition, Wiley, 2006.

**SUBJECT CO-ORDINATOR**

CHUE Timothy K.

<b>Subject Code</b>	:	AF4324
<b>Subject Title</b>	:	Financial Planning
<b>Level</b>	:	4
<b>Credits</b>	:	3
<b>Mode of Study</b>	:	Lectures 28 hours Seminars 14 hours
<b>Assessment</b>	:	Coursework (Assignment and tests): 50% Research Project: 30% Assignment: 10% Attendance: 5% Participation: 5% Final Examination (3-hour unseen examination): 50%
<b>Minimum Pass Grade</b>	:	Coursework D Final Examination D

## 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
  - Overview of Financial Planning Profession
  - The CFP Mark
  - Future Development of Financial Planning
2. Principles of Financial Planning
  - Basic Concept
  - Subject Areas of Personal Financial Planning Process
  - An Overview of Financial Planning Process
  - Theories of Ethics
  - Practicing Ethics and Professional Responsibilities
3. Understanding the Economic and Financial Environment
  - Macroeconomics Factors
  - Financial Market Overview
  - Hong Kong Regulations Related to Financial Planning
4. Planning Components and Life Cycle Analysis
  - Cash Flow Management
  - Tax Planning
  - Risk Management and Insurance Planning
  - Introduction to Investment Planning
  - Short-term and Medium Term Investment Planning
  - Retirement Planning
  - Estate Planning
  - 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

Kapoor, Dlabay and Hughes, *Personal Finance*, Irwin, July 2000.

Gitman and Joehnk, *Personal Financial Planning*, 8th Edition, Dryden Press, 1999.

Ernst & Young's Personal Financial Planning Guide: *Take Control of Your Future and Unlock the Door to Financial Security*, John Wiley & Sons, 1995.

b) Laws and Regulation of Hong Kong

HKEX website [www.hkex.com.hk/rulereg/rulereg.htm](http://www.hkex.com.hk/rulereg/rulereg.htm)

HKSFCA website (Ordinance) [www.hksfc.org/eng/reg/ordinan.htm](http://www.hksfc.org/eng/reg/ordinan.htm)

HKSFCA website (Regulations) [www.hksfc.org/eng/reg/cod\\_guid.htm](http://www.hksfc.org/eng/reg/cod_guid.htm)

c) IFPHK Licensee Standards

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

George, *Business Ethics*, 4th Edition, Prentice Hall, 1995.

Bear and Maldonado-Bear, *Free Markets, Finance, Ethics, and Law*, Prentice Hall, 1994.

Green, *The Ethical Manager: A New Method for Business Ethics*, Macmillan, 1994.

d) Basic Concepts

CCH Asia Pte Limited, *Hong Kong Master Tax Guide*, 9th Edition, 2000,

George, Rejda, *Principles of Risk Management and Insurance*, 6th Edition, Addison Wesley, 1998.

Bodie, Kane and Marcus, *Essential of Investments*, 3rd Edition, Irwin, 1998.

Williams, Smith and Young, *Risk Management and Insurance*, 8th Edition, 1998.

Burton T. Beam and John J. McFadden, *Employee Benefits*, 5th Edition, Irwin, 1998.

Leimberg, Stephen R. and John J. McFadden, *The tools and techniques of employee*

*Benefit and Retirement Planning*, The National Underwriter Company, Cincinnati, Ohio,  
1997.

Everett T. Allen, Joseph J. Melone, Jerry S. Rosenbloom, Jack L. Vanderhei, *Pensions,  
Profit-Sharing, and Other Deferred Compensation Plans*, 8th Edition, 1997.

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

**SUBJECT CO-ORDINATOR**

CHENG Louis

<b>Subject Code</b>	:	AF4325
<b>Subject Title</b>	:	Wealth Management
<b>Level</b>	:	4
<b>Credits</b>	:	3
<b>Mode of Study</b>	:	Seminars 42 hours
<b>Pre-requisites</b>	:	Any ONE of the finance theory related subjects [Business Finance (AF3313), Financial Institutions and Markets (AF3314), Investments (AF3316), Corporate Finance (AF4320), Financial Planning (AF4324)]
<b>Assessment</b>	:	Coursework 50% Final Examination 50%
<b>Minimum Pass Grade</b>	:	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**

**The Wealth Management Profession**

**Professional and Ethical Standards of Wealth Management**

**Principles of Financial Planning and Wealth Management**

**Personal Profiling and Risk Profiling**

**Investment Techniques**

**Asset Allocation Strategies**

**Measuring Total Wealth**

## TEACHING/LEARNING APPROACH

### Research project:

The students are required to form groups of 4-5 members each to conduct a research project related to wealth management or investment analysis. A research report of 10-15 pages and a presentation are expected.

### Assignment:

Individual/group essays on recent wealth management topics. Essays should be about 5-6 pages using font size of Times New Roman 12.

## INDICATIVE READING

### Textbook

Study Manual – Wealth Management, Theory and Practice by Louis Cheng 2005.

### References

Hallman, G. Victor and Jerry S. Rosenbloom, *Personal Financial Planning*, 7th Edition, McGraw-Hill, 2003.

Katz, Deena B., *Deena Katz's Tools and Templates for Your Practice: For Financial Advisors, Planners, and Wealth Managers*, Bloomberg, 2001.

Cooper, Evan, *Attract and Retain the Affluent Investor: Winning Tactics for Today's Financial Advisor*, Dearborn Trade Publishing, 2001.

Rattiner, Jeffrey H., *Getting Started as a Financial Planner*, Bloomberg Pr, 2000.

Katz, Deena B., *Deena Katz on Practice Management: For Financial Advisors, Planners, and Wealth Managers*, Bloomberg, 1999.

Evensky, Harold R., *Wealth Management: The Financial Advisor's Guide to Investing and Managing Your Client's Assets*, McGraw-Hill, 1996.

Levin, Ross, *The Wealth Management Index: The Financial Advisor's System for Assessing & Managing Your Client's Plans & Goals*, McGraw-Hill, 1996.

## SUBJECT CO-ORDINATOR

CHENG Louis

<b>Subject Code</b>	:	AF4326	
<b>Subject Title</b>	:	Fixed Income Securities	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF3313 Business Finance and AF4320 Corporate Finance	
<b>Assessment</b>	:	Coursework	50%
		Final examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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

Bond Price Arithmetic. Treasury Bills, Notes, Bonds and Strips. Organization of Government Bond Markets. Spot Rates, Par Rates and Forward Rates. Eurodollar Deposits and Eurodollar Futures. Interest Rate Swaps. Constructing Zero Curves.

### Risk Management

Measures of Price Sensitivity. Simple Hedging Strategies using Futures. Over the Counter Interest Rate Claims and the Black Model.

### Pricing Interest Rate Claims

Theories of the Term Structure. Arbitrage Free Pricing. Single Factor Models for Pricing Interest Rate Claims. Term Structure Modeling. Risk Management of an Interest Rate Book.

### 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.

Fabozzi, F., *Bond Markets, Analysis and Strategies*, Prentice Hall.

Tuckman, B., *Fixed Income Securities*, Wiley.

Garbade, *Fixed Income Analysis*, MIT Press.

## **SUBJECT CO-ORDINATOR**

CHAN Raymond

<b>Subject Code</b>	:	AF4328	
<b>Subject Title</b>	:	Mergers and Acquisitions	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF3313 Business Finance and AF4320 Corporate Finance	
<b>Assessment</b>	:	Coursework	50%
		Final examination	50%
<b>Minimum Pass Grade</b>	:	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**

Weston, J. Fred, Mark L. Mitchell and J. Harold Mulherin, *Takeovers, Restructuring & Corporate Governance*, 4th Edition, Prentice Hall, 2003.

Sudi Sudarsanam, *Creating Value from Mergers and Acquisitions: The Challenges*, Prentice Hall, 2003.

Lang, Larry H.P., *Cases of Mergers and Acquisitions in Hong Kong*, Prentice Hall, 2000.

Norman, David and Denise Jong, *M&A: mergers and acquisitions in Hong Kong*, THC Press, 2000.

Gaughan, Patrick A., *Mergers, Acquisitions and Corporate Restructuring*, 2nd Edition, John Wiley and Sons, 1999.

**SUBJECT CO-ORDINATOR**

YIM Derek

<b>Subject Code</b>	:	AF4330	
<b>Subject Title</b>	:	Portfolio Management	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF3316 Investments	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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**

Fabozzi, Frank J., Investment Management, 2nd Edition, Prentice-Hall, Inc., 1999.

Farrell, James L., Jr., Portfolio Management: Theory and Application, 2nd Edition, The McGraw-Hill Companies, Inc., 1997.

## **SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF4331	
<b>Subject Title</b>	:	Business Valuation	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF4320	Corporate Finance
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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**

McKinsey & Company, Inc., Tom Copeland, Tim Koller, and Jack Murrin, *Valuation: Measuring and Managing the Value of Companies*, 3rd Edition, John Wiley & Sons, Inc, 2000.

**SUBJECT CO-ORDINATOR**

LAI Karen

<b>Subject Code</b>	:	AF4332	
<b>Subject Title</b>	:	Corporate Risk Management	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF4317	Derivative Securities
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	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**

Deventer, Donald van and Kenji Imai, *Credit Risk Models and the Basel Accords*, 1st Edition, John Wiley & Sons, Inc., 2003.

Butler, Cormac, *Mastering Value at Risk*, 1st Edition, The Prentice Hall Companies, Inc., 1999.

Caouette, John B., Edward I. Altman, and Paul Narayanan, *Managing Credit Risk*, 1st Edition, John Wiley & Sons, Inc., 1998.

## **SUBJECT CO-ORDINATOR**

CHUNG Alan

<b>Subject Code</b>	:	AF4333	
<b>Subject Title</b>	:	Applied Financial Modeling	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Seminars	42 hours
<b>Pre-requisites</b>	:	AF4320 Corporate Finance or AF3316 Investments	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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**

Benninga, Simon, *Financial Modeling*, 2nd Edition, the MIT Press, 2001.

## **SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF4509	
<b>Subject Title</b>	:	Business Law of the PRC	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	None	
<b>Assessment</b>	:	Coursework	60%
		Final Examination	40%
<b>Minimum Pass Grade</b>	:	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-investment 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 and 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 to 1999; 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***

Feng, P., *Intellectual Property in China*, Sweet & Maxwell, 2003.

Wang, C., *Introduction to Chinese Law*, Sweet & Maxwell, 2001.

Zhou, Z., *Chinese Banking Law and Foreign Financial Institutions*, The Hague, Boston, Kluwer Academic Publishers, 2001.

Chen, A.H.Y., *An Introduction to the Legal System of the People's Republic of China*, Butterworths, 1998.

Zhong, J. and M. Williams, *Foreign Trade Contract Law in China*, Sweet & Maxwell, 1998.

Mo, J., *Arbitration Law in China*, Sweet and Maxwell, 1997.

Tokley, I.A. and T. Ravn, *Banking Law in China*, Sweet & Maxwell, 1997.

Brahm, L. and S.X.M. Lu, *Banking and Finance in China*, Butterworths, 1996.

### **References**

Chow, D.C.K., *The Legal system of the People's Republic of China in a Nutshell*, St Paul, Thonson/West, 2003.

Laurenceson, J., *Financial Reform and Economic Development in China*, Cheltenham: Northampton MA, 2003.

Kong, Q., *China and the World Trade Organisation: a Legal Perspective*, World Scientific, New Jersey, 2002.

Ling, B., *Contract Law in China*, Sweet and Maxwell, 2002.

Randall Peerenboom, *China's Long March toward Rule of Law*, Oxford University Press, 2002.

Studwell, Joe, *The China Dream*, Atlantic Monthly Press, 2002.

Supachai Panitchpakdi and Mark Clifford, *China and the WTO*, Wiley, 2002.

Chang, Gordon G., *The Coming Collapse of China*, Random House, 2001.

### **SUBJECT CO-ORDINATOR**

WILLIAMS Mark  
LU Haitian

<b>Subject Code</b>	:	AF4510	
<b>Subject Title</b>	:	Law and Practice of Banking	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	AF2504	Introduction to Business Law
<b>Assessment</b>	:	Coursework	60%
		Final Examination	40%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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**

The legal definition of a bank. The definition of a customer. Express and implied contractual terms. Rights and duties of the bank and customer. The banking systems and anti money-laundering legislation.

### **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***

Amin, V., *Bankers' Securities: A Legal and Practical Guide*, CIB/Bankers Books, Latest Edition.

Chan, B.C.S., *Hong Kong Banking Law and Practice*, HKIB, Vol. 1 & 2, 2000.

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

Ong CA, *Legal Decisions Affecting Banks in Hong Kong*, CIOB, 1995.

Ong C.A., J. Lee and Others, *Law and Practice of Banking in Hong Kong*, CIOB, 1993.

#### ***References***

Chan, S., *Butterworths Hong Kong Banking Law Handbook*, Butterworths, 2003.

Tokley, I., *Hong Kong Banking and Practice*, Butterworths, 2000.

Roebuck, D., *Banking Law in Hong Kong: Cases and Materials*, Butterworths Asia, 1995.

Hyde, D., *Branch Banking Law and Practice*, London, CIOB, 1993.

Roebuck, D., *Law Relating to Banking in Hong Kong*, Hong Kong University Press, 1993.

### **SUBJECT CO-ORDINATOR**

CHAN Stephen

<b>Subject Code</b>	:	AF4511	
<b>Subject Title</b>	:	E-Business Law	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	AF2504	Introduction to Business Law
<b>Assessment</b>	:	Coursework	60%
		Final Examination	40%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## 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

International and Supra-national organizations concerned with e-business law: the United Nations, European Union, the USA. The development of Hong Kong and the PRC's e-business laws. Consumer protection – product liability. Jurisdiction – choice of laws, conflict of 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**

Abuse of the Internet system. Fraud, impersonation and forgery of information and documents. Obscene articles. Criminal damage. Gambling.

## **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**

Wright and Mc Auliffe, *Internet law in Hong Kong*, Sweet and Maxwell, 2003.

Baumer and Poindexter, *Cyberlaw and E-Commerce*, 2002.

Stephenson and Kwan, *Cyberlaw in Hong Kong*, Butterworth, 2001.

Akdeniz, Walker and Weil, *The Internet, Law and Society*, Longman, 2000.

Bainbridge, *Introduction to Computer Law*, Longman, 4th Edition, 2000.

Pendleton, M. et al, *E-commerce & the Law for Hong Kong*, THC Press Ltd., 2000.

York Stephen, *E-commerce: A guide to the law of electronic business*, Butterworths, 1999.

Electronic Transaction Ordinance.

Personal Data (Privacy) Ordinance.

## **SUBJECT CO-ORDINATOR**

DEVA Swati

<b>Subject Code</b>	:	AF4512	
<b>Subject Title</b>	:	Corporate Governance and Compliance	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures/Seminars	42 hours
<b>Pre-requisites</b>	:	AF3507 Company Law	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	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**

The duties and responsibilities of directors and their alternates. Qualification and disqualification of directors. Appointment of directors and alternate directors, tenure and vacation of office, remuneration, loans and compensation for loss of office, disclosure of interests, executive directors and non-executive independent 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**

Types of debentures. Procedures for issuing debentures including listing of debentures on the Stock Exchange. Registration of charges, maintaining and inspection of register of charges. Release of charges.

### **Liquidation**

Procedures and practice in respect of winding up, appointment, duties powers and qualifications of liquidators and dissolution of companies.

### **Overseas 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 overseas 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*

Cheng, P.W., H.S. Sum and K.T. Yuen, *The Hong Kong Company Secretary's Handbook: Practice and Procedure*, 6th Edition, Longman, 2003.

### *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.

*Company Secretarial Practice: The Manual of Chartered Secretaries and Administrators*, ICSA Publishing Ltd.

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 [www.corpgov.net](http://www.corpgov.net)

Laws on line [www.justice.gov.hk](http://www.justice.gov.hk)

Companies Registry [www.info.gov.hk/cr](http://www.info.gov.hk/cr)

Hong Kong Stock Exchange [www.hkex.com.hk](http://www.hkex.com.hk)

Securities & Futures Commission [www.hksfc.org.hk](http://www.hksfc.org.hk)

Official Receiver's Office [www.info.gov.hk/oro](http://www.info.gov.hk/oro)

## SUBJECT CO-ORDINATOR

LAM Daniel

<b>Subject Code</b>	:	AF4603
<b>Subject Title</b>	:	International Economic Relations of the PRC
<b>Level</b>	:	4
<b>Credits</b>	:	3
<b>Mode of Study</b>	:	Lectures 28 hours Seminars 14 hours
<b>Pre-requisites</b>	:	Contemporary China (AF3605) or equivalent
<b>Assessment</b>	:	Continuous Assessment 100%
<b>Minimum Pass Grade</b>	:	Coursework D

## 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***

OECD, *China in the World Trade*, London, Kogan Page, 2003.

Wei, J.W. and others (eds.), *The Globalization of the Chinese Economy*, UK, Edward Elgar Publishing Ltd., 2002.

Richardson, Martin (ed), *Globalization and International Trade Liberalization, Continuity and Change*, UK, Edward Elgar Publishing Ltd., 2000.

The World Bank, *China, Foreign Trade Reform*, Washington D.C., 1994.

Lardy, N.R., *Foreign Trade and Economic Reform in China, 1978-90*, Cambridge, Cambridge University Press, 1992.

Sung, Y.W., *The China-Hong Kong Connection*, Cambridge, Cambridge University Press, 1991.

### ***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

## **SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF4604
<b>Subject Title</b>	:	Foreign Direct Investment in China
<b>Level</b>	:	4
<b>Credits</b>	:	3
<b>Mode of Study</b>	:	Lectures 28 hours Seminars 14 hours
<b>Pre-requisites</b>	:	AF2601 Introduction to Economics or International business subjects or equivalent
<b>Assessment</b>	:	Continuous Assessment 100%
<b>Minimum Pass Grade</b>	:	Coursework D

## 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)***

Huang, Yasheng, *Selling China: Foreign Direct Investment During the Reform Era*, Cambridge University Press, 2003.

Cassidy John F., *Japanese Direct Investment in China: Locational Determinants and Characteristics*, East Asia (New York, N.Y.), Routledge, 2002.

Wei, Yingqi and Xiaming Liu, *Foreign Direct Investment in China: Determinants and Impact*, Edward Elgar Pub, 2001.

Yan, Aimin and Yadong Luo, *International Joint Ventures: Theory and Practice*, Armonk, New York, London: M.E. Sharpe, 2001.

Fu, Jun, *Institutions and Investments: Foreign Direct Investment in China during an Era of Reforms*, Ann Arbor: The University of Michigan Press, 2000.

Yan, Yanni, *International Joint Ventures in China: Ownership, Control and Performance*, London: Macmillan Press Ltd.; New York: St. Martin's Press, Inc, 2000.

## **References**

OECD, *Foreign Direct Investment in China: Challenges and Prospects for Regional Development*, Publisher: Organization for Economic Co-operation and Development (OECD), 2002.

Fung, Hung-Gay and Kevin H. Zhang (eds.), *Financial Markets and Foreign Direct Investment in Greater China*, M.E. Sharpe, 2001

Du Pont, Michael, *Foreign Direct Investment in Transitional Economies: A Case Study of China and Poland*, Palgrave Macmillan, 2000.

Luo, Yadong Luo, *Multinational Corporations in China: Benefiting from Structural Transformation*, Copenhagen Business School Press, 2000.

Luo, Yadong Luo, *Strategy, Structure, and Performance of MNCs in China*, Quorum Books, 2000.

Wu, Yanrui (ed.), *Foreign Direct Investment and Economic Growth in China*, Asia Pacific Press, 1999.

Klaus Meyer, *Direct Investment in Economies in Transition*, Cheltenham [England]; Northampton Ma, Edward Elgar, 1998.

Roger Strange, Jim Slater, and Limin Wang, *Trade and Investment in China: The European Experience*, London; New York, N.Y. Routledge, 1998.

Qu, Tao and Green, Milford B., *Chinese Foreign Direct Investment: A Subnational Perspective on Location*, Ashgate Pub Co., 1997.

Wang, Yongjun, *Investment in China: A Question and Answer Guide on How to Do Business*, AMACOM, American Management Association, New York, 1997.

Lan, Ping, *Technology Transfer to China Through Foreign Direct Investment*, Avebury, 1996.

Davies, H. (ed.) *China Business: Context and Issues*, Hong Kong, Longman. 1995.

Grub, Phillip Donald and Jian Hai Lin, *Foreign Direct Investment in China*, Greenwood Publishing Group 1991,

Khan, Za and Zafar Shah Khan, *Pattern of Direct Foreign Investment in China* World Bank Discussion Paper Series: No 130, World Bank, 1991,

## **SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF4605	
<b>Subject Title</b>	:	Hong Kong – China Business	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	Introduction to Economics (AF2601) or equivalent	
<b>Assessment</b>	:	Coursework	50%
		Final Examination	50%
<b>Minimum Pass Grade</b>	:	Coursework	D
		Final Examination	D

## ROLE AND PURPOSE

This subject is designed to give students an overall view of the business environment in China and it accounts for Hong Kong's position as the “gateway” between China and the rest of the world.

## LEARNING OUTCOMES

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

- Analyse the nature and development of the business environment in China
- Command a view of the role of Hong Kong in China’s economy and the business implications for Hong Kong companies and other Western firms.

## 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. The effects of the reform process on trade. China’s trading institutions and its trade policy regime. International technology transfers to China.

### 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.

### Aspects of China Business

The nature of the firm in China, alternative forms of enterprise and their changing importance. The importance of the law in the process of reform. The role of “*guanxi*” in a high-context transitional economy. The development of technology. Distribution systems and the emergence of a retail market. Managing Sino-foreign joint ventures.

## **TEACHING/LEARNING APPROACH**

Lectures will provide an overview of the conceptual frameworks and expound major case studies for illustration of concepts, show video-tapes, hold quizzes and may invite guest speakers. Seminar work will include the analysis of academic papers and the evaluation of current issues.

## **INDICATIVE READING**

Nolan, P., *China at the Crossroads*, Polity Press, 2004.

Lane, K. and Y. Luo, (eds.) *China 2000: Emerging Business Issues*, CA, Sage Publications, 1999.

## **SUBJECT CO-ORDINATOR**

MOK Vincent

<b>Subject Code</b>	:	AF4606	
<b>Subject Title</b>	:	Economic Development of Asia-Pacific Countries	
<b>Level</b>	:	4	
<b>Credits</b>	:	3	
<b>Mode of Study</b>	:	Lectures	28 hours
		Seminars	14 hours
<b>Pre-requisites</b>	:	Introduction to Economics (AF2601) or equivalent	
<b>Assessment</b>	:	Coursework	100%
<b>Minimum Pass Grade</b>	:	Coursework	D

## 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***

Xu, Xinpeng and Ligang Song, *Export Similarity and Pattern of East Asia Development*, in Peter Lloyd and Xiao-guang Zhang (eds.) *China in the World Economy*, Edward Elgar, 2000.

Kuo, Shirley W.Y. and Christina Y. Liu, *The Development of the Economy of Taiwan*, *Asian-Pacific Economic Literature*. 36-49, 1999.

Radelet, S. and J. Sachs, *The East Asian Financial Crisis: Diagnosis, Remedies, Prospects*, *Brookings*, paper on Economic Activity, Volume 1, 1998.

Tongzon, Jose L., *The economies of Southeast Asia: the growth and development of ASEAN economies*, Cheltenham; Northampton, Mass: E. Elgar, 1998.

Song, Byung-Nak, *The Rise of the Korean Economy*, Oxford University Press, 1997.

Gillis, Malcolm, Dwight H. Perkins, Michael Roemer and Donald R. Snodgrass, *Economics of Development*, 4th Edition, New York: W. W. Norton & Company, 1996.

Paul Krugman of MIT, *The Myth of Asia's Miracle*, *Foreign Affairs*, 1994.

World Bank, *The East Asian Miracle: Economic Growth and Public Policy*, Oxford University Press, 1993.

Takatoshi Ito, *The Japanese Economy*, MIT Press, 1992.

**SUBJECT CO-ORDINATOR**

XU Xin-peng

<b>Subject Code</b>	:	AF4905
<b>Subject Title</b>	:	Project (Accountancy)
<b>Level</b>	:	4
<b>Credits</b>	:	3
<b>Mode of Study</b>	:	Project consultations
<b>Pre-requisites</b>	:	None
<b>Assessment</b>	:	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.

## **SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF4906
<b>Subject Title</b>	:	Project (Accounting and Finance)
<b>Level</b>	:	4
<b>Credits</b>	:	3
<b>Mode of Study</b>	:	Project consultations
<b>Pre-requisites</b>	:	None
<b>Assessment</b>	:	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 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.

## **SUBJECT CO-ORDINATOR**

<b>Subject Code</b>	:	AF4907
<b>Subject Title</b>	:	Project (Financial Services)
<b>Level</b>	:	4
<b>Credits</b>	:	3
<b>Mode of Study</b>	:	Project consultations
<b>Pre-requisites</b>	:	None
<b>Assessment</b>	:	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 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 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 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.

## **SUBJECT CO-ORDINATOR**