

**City University of Hong Kong**  
**Course Syllabus**

**offered by Department of Economics and Finance**  
**with effect from Semester A 2023/24**

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**Part I Course Overview**

<b>Course Title:</b>	International Financial Management
<b>Course Code:</b>	EF5143
<b>Course Duration:</b>	1 semester
<b>Credit Units:</b>	3
<b>Level:</b>	P5
<b>Medium of Instruction:</b>	English
<b>Medium of Assessment:</b>	English
<b>Prerequisites:</b> <i>(Course Code and Title)</i>	Nil
<b>Precursors:</b> <i>(Course Code and Title)</i>	EF5042 Corporate Finance and EF5050 Derivatives and Risk Management
<b>Equivalent Courses:</b> <i>(Course Code and Title)</i>	Nil
<b>Exclusive Courses:</b> <i>(Course Code and Title)</i>	Nil

## Part II Course Details

### 1. Abstract

This course aims to provide a framework for analysing financial decisions relating to international risk management, financing, and investment. These are decisions faced by chief financial officers (CFOs) who aim to maximize firm value, and by investment bankers, analysts or fund managers who aim to determine the value of the firm given its financial decisions. The course also aims to enable students to apply the international framework to understanding issues and solving problems in real-world settings independently.

### 2. Course Intended Learning Outcomes (CILOs)

(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

No.	CILOs	Weighting (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	A2	A3
1.	Understand the impact of the international environment on firm value and propose managerial actions in order to take advantage of opportunities and in order to avoid the costs of adverse market conditions.	20%	√	√	√
2.	Evaluate the impact of the firm's risk management policy on firm value and construct appropriate hedging policy under different scenarios.	30%	√	√	√
3.	Determine the impact of the firm's financing policy on firm value and design the optimal financing policy in international framework.	15%	√	√	√
4.	Understand the impact of international tax laws on firm value and choose optimal policies to minimize the tax burden in international setting.	10%	√	√	√
5.	Determine the impact of foreign direct investment on firm value.	10%	√	√	√
6.	Evaluate international portfolio investment decisions and design optimal investment strategies for firms under different scenarios.	15%	√	√	√
		100%			

A1: Attitude

*Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.*

A2: Ability

*Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to self-life problems.*

A3: Accomplishments

*Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.*

### 3. Teaching and Learning Activities (TLAs)

(TLAs designed to facilitate students' achievement of the CILOs.)

TLA	Brief Description	CILO No.				Hours/week (if applicable)
		1	2	3	4	
Lectures	Lecturer encourages students to think critically and logically by asking students to respond to questions and getting students to solve the problems by themselves rather than the lecturer giving out the solutions without engaging students.	√	√	√	√	-
In-class discussion	In class, discussions are highly encouraged as it would enhance students' communication skills, critical thinking and develop students' creative and innovative abilities.	√	√	√	√	-
Problem sets	To enhance students' understanding of lecture materials and to allow students to perform analyses on banking and global issues using relevant databases. This is important to develop students' abilities and skills to discover and innovate. BankScope is among the most important databases for financial and banking analysis.	√	√	√	√	-
Essays	Written essay assignments bring out the creative elements of students, lead them to organize their work and think critically, and provide them opportunities to innovate by putting forward solutions and suggestions to address problems.  Possible written essay assignments (students are also welcome to pick-up their own topics): 1. Should China liberalise the capital account? 2. Should HKD de-peg from USD and peg to CNY or to a basket of currency? 3. Should Greece leave the Eurozone? 4. Ethical issues in China's banking and securities industry? 5. Comparison of the differences in regulatory structure between China and the US.	√	√	√	√	-

### 4. Assessment Tasks/Activities (ATs)

(ATs are designed to assess how well the students achieve the CILOs.)

Assessment Tasks/Activities	CILO No.						Weighting	Remarks
	1	2	3	4	5	6		
Continuous Assessment: <u>50</u> %								
Coursework (in-class discussion, problem sets, essays, etc.)	√	√	√	√	√	√	50%	-
Examination: <u>50</u> % (duration: 3 hours , if applicable)								
Final Examination	√	√	√	√	√	√	50%	-
							100%	

**Students are required to pass both coursework and examination components in order to pass the course.**

## 5. Assessment Rubrics

*(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)*

Applicable to students admitted in Semester A 2022/23 and thereafter

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B)	Marginal (B-, C+, C)	Failure (F)
Problem sets	Ability to solve and analyse in-class or take-home exercises on course materials	Demonstrate in-depth understanding of course materials	Demonstrate good understanding of course materials	Demonstrate some understanding of course materials	Barely able to demonstrate an understanding of course materials
Essays	Analysis and presentation skills	Excellent analysis and presentation skills to demonstrate in-depth understanding of the role of foreign exchange rates in banking, business or policy decisions	Good analysis and presentation skills to demonstrate good understanding of the role of foreign exchange rates in banking, business or policy decisions	Marginally acceptable analysis and presentation skills to demonstrate some understanding of the role of foreign exchange rates in banking, business or policy decisions	Poor analysis and presentation skills and is barely able to demonstrate an understanding of the role of foreign exchange rates in banking, business or policy decisions
Final Exam	Mastery of course materials	Demonstrate in-depth understanding of course materials	Demonstrate good understanding of course materials	Demonstrate some understanding of course materials	Barely able to demonstrate an understanding of course materials

Applicable to students admitted before Semester A 2022/23

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
Problem sets	Ability to solve and analyse in-class or take-home exercises on course materials	Demonstrate in-depth understanding of course materials	Demonstrate good understanding of course materials	Demonstrate reasonable understanding of course materials	Demonstrate some understanding of course materials	Barely able to demonstrate an understanding of course materials
Essays	Analysis and presentation skills	Excellent analysis and presentation skills to demonstrate in-depth understanding of the role of foreign exchange rates in banking, business or policy decisions	Good analysis and presentation skills to demonstrate good understanding of the role of foreign exchange rates in banking, business or policy decisions	Reasonable analysis and presentation skills to demonstrate reasonable understanding of the role of foreign exchange rates in banking, business or policy decisions	Marginally acceptable analysis and presentation skills to demonstrate some understanding of the role of foreign exchange rates in banking, business or policy decisions	Poor analysis and presentation skills and is barely able to demonstrate an understanding of the role of foreign exchange rates in banking, business or policy decisions
Final Exam	Mastery of course materials	Demonstrate in-depth understanding of course materials	Demonstrate good understanding of course materials	Demonstrate reasonable understanding of course materials	Demonstrate some understanding of course materials	Barely able to demonstrate an understanding of course materials

### **Part III Other Information** (more details can be provided separately in the teaching plan)

#### **1. Keyword Syllabus**

The institutional framework; Spot markets; Arbitrage; Forward contracts and forward rates; Other foreign exchange contracts; Exchange rate determination theories; Capital market models; Exposure measurement and management; Hedging; International tax and cash management; Investment project analysis; International company valuation; Foreign direct investment decisions; International portfolio investment decisions

#### **2. Reading List**

##### **2.1 Compulsory Readings**

*(Compulsory readings can include books, book chapters, or journal/magazine articles. There are also collections of e-books, e-journals available from the CityU Library.)*

1. Eun & Resnick, *International Financial Management* (McGraw-Hill), latest edition

##### **2.2 Additional Readings**

*(Additional references for students to learn to expand their knowledge about the subject.)*

1. Krugman, P., Obstfeld, M. and Melitz, M., *International Economics: Theory and Policy* (Pearson Higher Education), latest edition.