

Subject Code	AF5302
Subject Title	Finance for Multinational Corporations
Credit Value	3
Level	5
Normal Duration	One Semester
Pre-requisite / Co-requisite/ Exclusion	Pre-requisite: Completion of 5 core subjects (including AF5326 Managerial Finance)
Role and Purposes	The subject builds on the basic principles of finance and put them under an international context. The focus lies on the financial decision making of a multinational corporation and the special problem it will face. It contributes to the achievement of PgDPA / MPA Programme Outcomes by enabling students to <u>possess in-depth knowledge in financial management for decision making</u> in an international context, <u>apply the knowledge of theory into practice</u> by formulating management policy and strategies in multinational corporations and demonstrate the <u>ability to make professional decision in financial management</u> (Programme Outcome 5).
Subject Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> (a) <u>explain the characteristics of multinational companies and the respective techniques</u> used for risk hedging and international arbitrage ; (b) <u>apply appropriate techniques and tools</u> for hedging currency risks and interest rates risks; (c) <u>evaluate the various financing alternatives available</u> in international financial markets for both financing and hedging purposes; (d) <u>identify and analyze factors</u> relating to foreign direct investment decisions; and (e) <u>advise managers</u> on how to deal with business transactions in a global perspective.
Subject Synopsis/ Indicative Syllabus	<p>Introduction Characteristics of multinational corporations. Features of multinational financial management.</p> <p>Foreign Exchange market and Exchange Rate Determination Spot and forward markets. Exchange rate determination. International monetary system and the currency board system in Hong Kong. Parity conditions in international finance and arbitrage.</p>

	<p>Currency Risk Management Different types of currency exposures. Use of hedging methods including money market hedge, currency forward, currency futures and currency options contract.</p> <p>Cash Management of Multinational Corporations Centralisation vs. decentralisation. Cash mobilisation techniques. Netting.</p> <p>Financing Decisions of Multinational Corporation Utilisation of internal transfer mechanisms by multinational corporations. International financial markets vs. domestic financial markets. Optimal capital structure and estimation of cost of capital.</p> <p>Swaps Interest rate and currency swaps. Different uses of swaps. Risks of using swaps.</p>																																																												
<p>Teaching/Learning Methodology</p>	<p>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.</p>																																																												
<p>Assessment Methods in Alignment with Intended Learning Outcomes</p>	<table border="1" data-bbox="527 1024 1450 1556"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks</th> <th rowspan="2">% weighting</th> <th colspan="6">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th>d</th> <th>e</th> <th></th> </tr> </thead> <tbody> <tr> <td>Class participation</td> <td>10%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> </tr> <tr> <td>Mid-term Test</td> <td>15%</td> <td></td> <td>√</td> <td>√</td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Group project</td> <td>25%</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Final examination</td> <td>50%</td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> </tr> <tr> <td>Total</td> <td>100%</td> <td colspan="6"></td> </tr> </tbody> </table> <p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p>Class participation – Students are expected to actively participate discussion both in the classroom and through Blackboard.</p> <p>Individual assignment/quiz – Testing students’ subject knowledge as well as financial tools and techniques.</p>							Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d	e		Class participation	10%	√	√	√	√	√		Mid-term Test	15%		√	√		√		Group project	25%	√	√	√		√		Final examination	50%		√	√	√	√		Total	100%						
Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)																																																											
		a	b	c	d	e																																																							
Class participation	10%	√	√	√	√	√																																																							
Mid-term Test	15%		√	√		√																																																							
Group project	25%	√	√	√		√																																																							
Final examination	50%		√	√	√	√																																																							
Total	100%																																																												

	<p>Group project – Cover all topics. Especially helping students to develop an understanding of global perspective of international business.</p> <p>Final examination – 3 hours close book examination with questions covering all the intended learning outcomes.</p> <p>Note: To pass this subject, students are required to obtain Grade D or above in BOTH the Continuous Assessment and Examination components. In addition, the specific requirements on individual assessment components discussed above could be adjusted based on the pedagogical needs of subject lecturers.</p>	
<p>Student Study Effort Expected</p>	<p>Class contact:</p>	
	<ul style="list-style-type: none"> ▪ 13 weeks of three-hour seminar 	<p>39 Hrs.</p>
	<p>Other student study effort:</p>	
	<ul style="list-style-type: none"> ▪ Class preparations, reading subject materials/textbook, assignments and group discussions 	<p>78 Hrs.</p>
	<p>Total student study effort</p>	<p>117 Hrs.</p>
<p>Reading List and References</p>	<p>Shapiro, A.C., <i>Multinational Financial Management</i>, latest edition, Wiley.</p> <p>Eun, C.S. and B.G. Resnick, <i>International Finance</i>, latest edition, McGraw Hill.</p> <p>Eiteman, D.K. A.I. Stonehill and M.H. Moffet, <i>Multinational Business Finance</i>, latest edition, Addison Wesley.</p>	