

**THE UNIVERSITY OF HONG KONG**  
**FACULTY OF BUSINESS AND ECONOMICS**  
**FINA3318- China's Financial System and Markets**

<b>GENERAL INFORMATION</b>			
Instructor: Prof. Zou, Joe Hong, Professor of Finance, CPA, Investment Analyst Email: hongzou@hku.hk Office: KK 835 Phone: 3917 7785  Pre-requisites: FINA1310 (Corporate Finance)			
<b>Students who have studied or are taking <i>ECON2226 Chinese Economy</i> or other courses with a heavy focus on Chinese economy and market are advised not to take this course.</b>			
The course is seminar based needing students to play a significant role in active class participations. There will be no tutorials.			
<b>COURSE DESCRIPTION</b>			
This course is to examine and analyze the financial markets in China. The purpose is to help students form an understanding of the current state of major financial institutions, instruments, and regulations in the Chinese financial market. Particular emphasis is placed on the role of the financial system on the development and reform of economy in China. Some current financial issues and trends will also be discussed.			
<b>COURSE OBJECTIVES</b>			
1. To help students understand the development and practices in China's financial system and markets 2. To provide students with knowledge about the relevant policies and regulations in China 3. To develop students for the further progress of China's financial system and markets			
<b>FACULTY GOALS</b>			
Goal 1: Acquisition and internalization of knowledge of the programme discipline Goal 2: Application and integration of knowledge Goal 3: Inculcating professionalism and leadership Goal 4: Developing global outlook Goal 5: Mastering communication skills Goal 6: Cultivating leadership			
<b>COURSE LEARNING OUTCOMES</b>			
<b>Course Learning Outcomes</b>		<b>Aligned Faculty Goals</b>	
CLO1 Describe the key elements of China's financial system and markets		Goals 1, 2, 5	
CLO2 Analyze select industry, market and regulatory practices in China		Goals 2, 3, 5, 6	
<b>COURSE TEACHING AND LEARNING ACTIVITIES</b>			
<b>Course Teaching and Learning Activities</b>		<b>Expected Study Hours</b>	<b>Study Load (% of study)</b>
T&L1. Lectures		36	30%
T&L2. Projects		36	30%
T&L3. Case-based study and analysis		48	40%
Total		120	100%
<b>Assessment Methods</b>	<b>Brief Description (Optional)</b>	<b>Weight</b>	<b>Aligned Course Learning Outcomes</b>

A1. Class participation	In-class discussions, case analysis	30%	CLO 1, 2
A2. Quiz	Individual analysis	30%	CLO 1, 2
A3. Final report	A research report on a chosen topic on the financial markets in China	40%	CLO 1, 2
	Total	100%	

In A1, students need to analyze assigned questions and cases using the knowledge learned in groups.

In A2, students need to apply related knowledge to some given questions in an individual-based quiz.

In A3, student groups need to select a related topic for research. Some sample topics will be provided for reference.

## STANDARDS FOR ASSESSMENT

### Course Grade Descriptors

A+, A, A-	Student consistently demonstrates a thorough grasp of the subject
B+, B, B-	Student frequently demonstrates a substantial grasp of the subject
C+, C, C-	Student demonstrates a reasonable grasp of the subject
D+, D	Student demonstrates acceptable grasp of the subject
F	Student fails to demonstrate a grasp of the subject

**Assessment Rubrics for Each Assessment** (Please provide us the details in a separate file if the space here is not enough)

### Assessment Task: Class participation

A+, A, A-	Candidates consistently contribute to class discussion of assigned topic, demonstrated the ability to introduce and analyze the topic with excellent insights and strong arguments.
B+, B, B-	Candidates frequently contribute to class discussion of assigned topic, demonstrated the ability to introduce and analyze the topic with good insights and logical arguments.
C+, C, C-	Candidates at times contribute to class discussion of assigned topic, demonstrated the ability to introduce and analyze the topic with good insights and valid arguments.
D+, D	Candidates occasionally contribute to class discussion of assigned topic, demonstrated a limited ability to introduce and analyze the topic with some fair insights and arguments.
F	Little participation and evidence of the ability to introduce and analyze the topic with relevant insights and arguments

### Assessment Task: Mid-term quiz

Same as Course Grade Descriptors

### Assessment Task: Final report

A+, A, A-	Candidates consistently demonstrated the ability to identify a very important and very interesting issue to analyze, and a thorough grasp of the subject as evidenced by an exceptionally astute analysis and synthesis, and strong problem solving ability.
B+, B, B-	Candidates frequently demonstrated the ability to identify an important and interesting issue to analyze, and a substantial grasp of the subject as evidenced by a good analysis and synthesis, and good problem solving ability.
C+, C, C-	Candidates demonstrated the ability to identify a reasonably important and interesting issue to analyze, and a fair grasp of the subject as evidenced by a reasonable analysis and synthesis, and fair problem solving ability.
D+, D	Candidates demonstrated the ability to identify a relevant issue to analyze, and a limited

	grasp of the subject as evidenced by a relevant but limited analysis and synthesis.
F	Little evidence of the ability to identify a relevant issue to analyze, and little evidence of the familiarity with the subject matter; weak analysis; little relevant use of knowledge.

### COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

1. Overview of China's financial system
2. China's stock markets
3. China's monetary policies
4. Foreign exchange policies and operations
5. China's bond markets
6. Shadow banking
7. China's real estate market
8. FinTech in China

### REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.)

Handouts from the course instructor. It is your responsibility to download and print handout before the corresponding class meeting.

#### *Required reading:*

Amstad, Marlene, Guofeng Sun, and Wei Xiong, 2020, *The Handbook of China's Financial System* (the book can be downloaded for free from university library by searching "JSTOR The Handbook of China's Financial System" in the library catalogue), Hereafter, it is referred to as Amstad et al. (2020) or the Handbook.

Guest lectures delivered by the invited industry professionals

#### *Recommended readings:*

Allen, Franklin, Jun Qian, and Meijun Qian, 2018. A review of China's Institutions. Available at SSRN: <http://dx.doi.org/10.2139/ssrn.3269018>

Carpenter, Jennifer N., and Robert F. Whitelaw, 2018. The Development of China's Stock Market and Stakes for the Global Economy. *Annual Review of Financial Economics*, Vol. 9, pp. 233-257. Available at SSRN: <https://ssrn.com/abstract=3095976>

Hu, Xing Grace, Jun Pan, and Jiang Wang, 2019, Chinese Capital Markets: An Empirical Overview, Working Paper, HKU and MIT.

Qian, Yiming and Ritter, Jay R. and Shao, Xinjian, 2021, Initial Public Offerings Chinese Style. Available at SSRN: <https://ssrn.com/abstract=3682089> or <http://dx.doi.org/10.2139/ssrn.3682089>

Song, Zheng, and Wei Xiong, 2018, Risks in China's Financial System, *Annual Review of Financial Economics* 10, 261-286.

Zou, Hong, Jason Xiao, 2006, The Financing Behavior of Listed Chinese Firms. *The British Accounting Review* 38, 239-258.

Zou, Hong, Sonia Wong, Clement Shum, Jun Xiong, 2008, Controlling-Minority Shareholder Incentive Conflicts and Directors' and Officers' Liability Insurance: Evidence from China. *Journal of Banking & Finance* 32, 2636-2645.

Cao, Feng and Xuan, Yuhai and Yuan, Rongli and Zou, Hong, Governance by One-Lot Shares (2020). Available at: <https://ssrn.com/abstract=3691593>

Lin, C., Wan, K., Zheng, Y., Zou, H., 2021. Credit Risk Modeling Using Nontraditional Data: The Experience of Ping An One Connect Bank. Asia Case Research Center business case (21/708C).

The following news websites provide rich updates on China's financial markets and economy:

- 1) <https://www.caixinglobal.com/> or <http://www.caixin.com/> (Chinese)
- 2) <http://scmp.com>
- 3) <https://www.ft.com/stream/dd3cc5a2-d14b-4b78-811c-89c387497476> or <http://www.ftchinese.com/> (Chinese)

#### MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE

- ✓ conducting mid-term survey in addition to SETL around the end of the semester
- ✓ Online response via Moodle site ✓ Others: \_\_\_email reply to queries\_\_\_(please specify)

#### COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)

##### 1. *Class Attendance*

Attendance at ALL meetings of the course is expected. **This course is not a standard and traditional course, but seminar based;** I only introduce the basic institutional knowledge and then involve students' active participation into class discussions, news sharing, case analysis, and guest lectures. **A significant assessment weighting is given to various in-class activities including case studies. Therefore, different from traditional courses, students need to play a significant role in class.**

##### 2. *No Make-Up Tests*

No early or late test will be given. A make-up test will only be given under exceptional circumstance with the University's special written permission.

##### 3. *Mobile Phones or Pagers*

Referring to university policy, the use of mobile phones or pagers is not allowed in lecture theatres or classrooms.

##### 4. *HKU policies on plagiarism and academic honesty apply.*

#### ADDITIONAL COURSE INFORMATION (e.g. e-learning platforms & materials, penalty for late assignments, etc.):

Moodle course