

**Hong Kong University of Science and Technology**  
**School of Business and Management**  
**Department of Finance**

**FINA 533 – Investment and Finance in China**  
**Spring, 2006**

**I. COURSE DESCRIPTION**

This 8-session, 28-hour course offers a practical, “real world” understanding of foreign investment in China and how financing is used for trade and investment in China. It offers highlights of China’s development in finance since 1979, the beginning of the Open Policy. Through the “Current Events” portion of each class, the latest developments in investment and finance in China are discussed. The topics covered in the course will include: 1) China’s banking system; 2) foreign direct investment and alternatives to direct investment using actual cases; 3) trade and trade finance; 4) infrastructure finance; and 5) China’s stockmarkets and the process of listing a PRC company on the Stock Exchange of Hong Kong.

**II. THE INSTRUCTOR**

Dr. Laurence Franklin, Adjunct Professor of Finance, has been doing business in China since 1981, as a lawyer, commercial banker, investment banker, China advisor and equity investor. He has worked on more than 150 transactions in China and successfully completed 55 investments and financings, raising over US\$5 billion in funds for China projects.

Most recently, Larry worked for Hutchison Whampoa (China) Ltd., the China subsidiary of Hutchison Whampoa Ltd., as General Manager-Investments, directing a US\$ 500 million Venture Capital Fund making investments in Greater China, and as Head Legal Counsel. From 1989-1998, he held the position of Deputy Managing Director for AIA Capital Corp. (AIACC), the investment banking arm in Asia of the American International Group (AIG) and was actively involved in sourcing and structuring investments in the Asia region for AIACC’s US\$110 million Venture Capital Fund, as well as for AIG’s \$1.1 billion Infrastructure Fund. From 1981-1989, Larry worked for The First National Bank of Chicago (now part of JP Morgan), first as Asia Pacific Regional Counsel (1981-1985), and then as China Country Head (1985-1989).

Larry holds MBA and Juris Doctor degrees from Stanford University, and is a Certified Public Accountant. He has taught more than 100 MBA and EMBA level courses. In addition to his MBA teaching at HKUST, he has taught in the MBA programs at the Stanford, Chicago, MIT, Darden (U.Virginia), USC, UCLA, Tsinghua in Beijing and Manchester in the U.K. He has taught in the Executive MBA programs at HKUST (Beijing), Chicago, MIT, Kellogg-HKUST, Kellogg-Recanati (Israel), Kellogg-WHU (Germany), Kellogg-Schulich (Canada) and China-Europe International Business School (CEIBS) in Shanghai and Beijing.

Larry is honored to have received 49 Excellence in Teaching citations from the 49 MBA courses he has taught at HKUST. This *Investment & Finance in China* course was voted #2 (runner-up) Best Course among 40 Electives by the HKUST MBAs (2004), second only Larry’s other Elective course, *Venture Capital & Private Equity*.

Larry's publications include *Establishing a Holding Company in China*, a 30-page Chapter in *Obtaining PRC Approvals*, 300 pps., published by Euromoney's Asia Law & Practice, January, 2000.

### III. TOPICS FOR COURSE MEETINGS

Session One	China's Banking System
Session Two	Foreign Investment in China Part I
Session Three	Foreign Investment in China Part II
Session Four	Trade and Trade Finance
Session Five	Infrastructure Finance
Session Six	China's Stockmarkets and going IPO
Session Seven	Evaluation of Chinese IPOs in Hong Kong
Session Eight	Course Wrap-up and Final Examination

### IV. READINGS

There is no required text. There will be required Reading Materials for each session available in advance. In addition, a number of interesting texts and other Recommended reading materials will be put on reserve in the Library.

**Preparation for class is essential** if you want to benefit fully from the class session, which will tend to move swiftly and be highly interactive with and among the students. In evaluation whether or not to take this course, the coursework should be regarded as "medium", requiring 2-3 hours outside class for *each* contact hour in class.

You are expected to be a well-informed reader of the business press on China. At a minimum, this would include daily readings on China business in The Asian Wall Street Journal and The South China Morning Post, or Chinese language newspapers. Highly recommended periodicals include China Business Review, Far Eastern Economic Review, The Economist, Fortune and Business Week. We will spend 15 minutes or so at the beginning of each session discussing current China investment and finance items in the media.

### V. OFFICE HOURS

After class and by appointment. The best way to reach me is by email as shown below.

### VI. GRADING

Your grade is based on your participation in class (30%), written assignments (20%) and the final examination (50%). As there are only 8 sessions, it is recommended you attend and participate in all classes. The final exam will be short essay rather than numerical problem solving, and will be designed to test your common sense, your ingenuity and your ability to apply the substance of the course to new fact situations.

### VII. CONTACT INFORMATION

Telephone: 2358-7688  
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Email: [lcfran@ust.hk](mailto:lcfran@ust.hk)

Classroom (on campus): TBA  
Office: Room 5482  
Office Hours: By Appointment