

**City University of Hong Kong  
Course Syllabus**

**offered by Department of Economics and Finance  
with effect from Semester A in 2019/2020**

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**Part I Course Overview**

**Course Title:** **Theoretical Corporate Finance**

**Course Code:** **EF8082**

**Course Duration:** **1 semester**

**Credit Units:** **3**

**Level:** **R8**

Arts and Humanities

**Proposed Area:**  
*(for GE courses only)*

Study of Societies, Social and Business Organisations

Science and Technology

**Medium of Instruction:** **English**

**Medium of Assessment:** **English**

**Prerequisites:**  
*(Course Code and Title)* **Nil**

**Precursors:**  
*(Course Code and Title)* **EF8070 Advanced Microeconomics**

**Equivalent Courses:**  
*(Course Code and Title)* **Nil**

**Exclusive Courses:**  
*(Course Code and Title)* **Nil**

## Part II Course Details

### 1. Abstract

The objective of the course is to present theoretical issues in theoretical corporate finance and to develop students' analytical skills and economic/business sense of the corporate finance through lectures, problem assignments, reading assignments, projects and discussions.

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

No.	CILOs	Weighting (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	A2	A3
1.	Present students to various areas of theoretical corporate finance research.	40%	√	√	√
2.	Enhance students' skills in developing theoretical research questions and methodologies, and evaluating and interpreting theoretical research in corporate finance area, and increase their ability to discover and identify new theoretical research topics.	40%	√	√	√
3.	Conduct literature search through hands-on practice.	20%	√	√	√
		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)

TLA	Brief Description	CILO No.			Hours/week (if applicable)
		1	2	3	
Lectures, in-class discussions, assignments	Discuss and illustrate the various corporate finance theories and models.	√	√	√	Equivalent of 2.5 hours lecture and discussions per week
Discovery based project work	Discover, through a project, the current performance of previously proposed theoretical corporate finance models.		√	√	Equivalent of 0.5 hr/week

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

Assessment Tasks/Activities	CILO No.			Weighting	Remarks
	1	2	3		
Continuous Assessment: <u>40</u> %					
Homework assignments, discussions	√	√	√	10%	
Discovery based project				30%	
Examination: <u>60</u> % (duration: 3 hours, if applicable)					
Examination	√	√	√	60%	
				100%	

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

## 5. Assessment Rubrics

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
1. Homework assignments, discussions	Demonstrate the ability to apply the financial economics theories and models to tackle the problem solving questions and assignments as assigned.	High	Significant	Moderate	Basic	Not even reaching marginal levels
2. Discovery based project	Demonstrate the capability to discover, through a project, the performance of selected asset pricing models.	High	Significant	Moderate	Basic	Not even reaching marginal levels
3. Examination	Demonstrate good understanding of the various financial economics theories and models that were taught in the course.	High	Significant	Moderate	Basic	Not even reaching marginal levels

## Part III Other Information

### 1. Keyword Syllabus

Capital Structure; Agency Costs; Informational Asymmetries and Signaling; Payout Policy; Contracting and Allocation of Control; Debt Contract Design; Going Public; Going Private; Mergers and Acquisitions.

### 2. Reading List

#### 2.1 Compulsory Readings

1.	de Matos, Joao Amaro, 2001, Theoretical Foundations of Corporate Finance, Princeton University Press.
2.	Tirole, Jean. 2006. The Theory of Corporate Finance, Princeton University Press.

#### 2.2 Additional Readings

1.	<i>Journal of Finance</i>
2.	<i>Journal of Financial Economics</i>
3.	<i>Review of Financial Studies</i>
4.	<i>Journal of Financial and Quantitative Analysis</i>