

**City University of Hong Kong
Course Syllabus**

**offered by Department of Economics and Finance
with effect from Semester B 2020 /21**

Part I Course Overview

Course Title: Advanced Corporate Finance

Course Code: EF8081

Course Duration: 1 semester (39 hours)

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) EF5042 Corporate Finance, EF5052 Investments

Equivalent Courses:
(Course Code and Title) EF5142 Advanced Corporate Finance

Exclusive Courses:
(Course Code and Title) Nil

Part II Course Details

1. Abstract

This course aims to provide students with in-depth understanding of some major topics in corporate finance. Topics covered include several theories of capital structure, market anomalies, investment banking and securities issuance, leverage buyouts, private equity valuation, venture capital term sheets, syndicated loans, investment banking innovations, and credit default swaps.

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.	Students should be able to understand the financial theories on capital structure and propose appropriate capital structure decision for firms.	25%	√	√	
2.	Students should be able to understand the market anomalies of stock returns and contrast with the predictions from the theories.	15%	√	√	
3.	Student should be familiar with the process of IPOs, SEOs, go private transactions.	15%	√	√	
4.	Students should be able to apply private equity valuation techniques.	15%	√	√	
5.	Students should be able to use derivatives to value merge and acquisition transactions.	20%	√	√	√
6.	Students should be able to calculate the fees for the credit default swap products.	10%	√	√	√
		100%			

* If weighting is assigned to CILOs, they should add up to 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	4	5	6	
Lecture	To provide students the concepts guide students to think critically and logically.	√	√	√	√	√	√	
Problem set / project / mid-term	Students are expected to apply the knowledge they acquired in class to solve some problems from simulated cases and scenarios.	√	√	√	√	√	√	
Final Exam	The final examination which covers the topics in lectures and coursework will reflect the learning outcomes of the course.	√	√	√	√	√	√	

4. Assessment Tasks/Activities (ATs)

Assessment Tasks/Activities	CILO No.						Weighting*	Remarks
	1	2	3	4	5	6		
Continuous Assessment: <u>50%</u>								
Problem set/ project/ mid-term exam/ others	√	√	√	√	√	√	50%	
Examination: <u>50%</u> (duration: 3-hour, if applicable)								
Final Exam	√	√	√	√	√	√	50%	
							100%	

* The weightings should add up to 100%.

5. Assessment Rubrics

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
1. Problem set/ project/ mid-term exam/ others	Demonstrate the understanding of the course materials by completing problem solving questions / project / questions in the mid-term.	Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.	Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.	Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.	Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.	Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature.
2. Final Exam	Demonstrate the understanding of the course materials by passing the final examination paper which is in alignment with the CILOs.	Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.	Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.	Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.	Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.	Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature.

Part III Other Information

1. Keyword Syllabus

Capital Structure
Market Anomalies
IPOs and SEOs
Going Private and Leveraged Buyouts
Private Equity
Term Sheet Valuation
Syndicated Loan
Nikkei Put Warrants
Credit Default Swaps

2. Reading List

2.1 Compulsory Readings

1.	<i>Corporate Finance</i> by Richard Brealey, Stewart Myers and Franklin Allen, McGraw Hill (eighth edition, 2006)
2.	Pinegar and Wilbricht (1989), <i>Financial Management</i> and Kamath (1997), <i>Financial Review</i> .
3.	“Yes, you can beat the market”, April 3, 1995, <i>Fortune</i> 44.
4.	“Investment banking and securities issuance”, Chapter 9, <i>Handbook of the Economics of Finance</i> , Jay Ritter
5.	<i>Investment Banks, Hedge Funds and Private Equity: A New Paradigm</i> , by David Stowell, Elsevier.

2.2 Additional Readings

Nil