

City University of Hong Kong
Course Syllabus

offered by Department of Economics and Finance
with effect from Semester A 2024/25

Part I Course Overview

Course Title:	Advanced Corporate Finance
Course Code:	EF5142
Course Duration:	1 semester
Credit Units:	3
Level:	P5
Medium of Instruction:	English
Medium of Assessment:	English
Prerequisites: <i>(Course Code and Title)</i>	Nil
Precursors: <i>(Course Code and Title)</i>	EF5042 Corporate Finance and EF5052 Investments
Equivalent Courses: <i>(Course Code and Title)</i>	FB5142 Advanced Corporate Finance or EF8081 Advanced Corporate Finance
Exclusive Courses: <i>(Course Code and Title)</i>	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)

(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

No.	CILOs	Weighting (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	A2	A3
1.	Explain the capital structure decisions of firms.		√	√	
2.	Explain market anomalies of stock returns.		√	√	
3.	Discuss the fundamental characteristics of IPOs, SEOs, go private transactions.		√	√	
4.	Apply private equity valuation techniques.		√	√	
5.	Apply derivatives to value merge and acquisition transactions.		√	√	√
6.	Calculate the fees for the credit default swap products.		√	√	√
		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 real-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. Learning and Teaching Activities (LTAs)

(LTAs designed to facilitate students' achievement of the CILOs.)

LTA	Brief Description	CILO No.						Hours/week (if applicable)
		1	2	3	4	5	6	
Lectures	Students will participate in lectures, including case studies, videos, various learning aids, etc., to learn and apply the key concepts in real-world situations.	√	√	√	√	√	√	
Class discussion	Students will discuss key arguments and concepts through interaction with others.	√	√	√	√	√	√	

4. Assessment Tasks/Activities (ATs)

(ATs are designed to assess how well the students achieve the CILOs.)

Assessment Tasks/Activities	CILO No.						Weighting	Remarks
	1	2	3	4	5	6		
Continuous Assessment: 50%								
Problem set/Computer project	√	√	√	√	√	√	50%	
Examination: 50% (duration: 3 hours)								
							100%	

5. Assessment Rubrics

(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)

Applicable to students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
1. Problem set / computer project		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		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.

Applicable to students admitted from Semester A 2022/23 to Summer Term 2024

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B)	Marginal (B-, C+, C)	Failure (F)
1. Problem set / computer project		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.	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		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.	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 (more details can be provided separately in the teaching plan)

1. Keyword Syllabus

(An indication of the key topics of the course.)

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

(Compulsory readings can include books, book chapters, or journal/magazine articles. There are also collections of e-books, e-journals available from the CityU Library.)

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

(Additional references for students to learn to expand their knowledge about the subject.)

Nil