

**City University of Hong Kong
Course Syllabus**

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

Part I Course Overview

Course Title:	Theoretical Corporate Finance
Course Code:	EF8082
Course Duration:	1 semester
Credit Units:	3
Level:	R8
Medium of Instruction:	English
Medium of Assessment:	English
Prerequisites: <i>(Course Code and Title)</i>	Nil
Precursors: <i>(Course Code and Title)</i>	EF8070 Advanced Microeconomics
Equivalent Courses: <i>(Course Code and Title)</i>	Nil
Exclusive Courses: <i>(Course Code and Title)</i>	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		
			A1	A2	A3
1.	Explain the various areas of theoretical corporate finance research.	40%	√	√	√
2.	Apply skills in developing theoretical research questions and methodologies, and evaluating and interpreting theoretical research in corporate finance area, and increase ability to discover and identify new theoretical research topics.	40%	√	√	√
3.	Demonstrate how to 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 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)

LTA	Brief Description	CILO No.			Hours/week (if applicable)
		1	2	3	
Lectures	Students will engage in lecture activities that illustrate important corporate finance theories and models.	√	√	√	Equivalent of 2.5 hours lecture and discussions per week
Peer discussions of frontier research papers	Students will investigate and discuss with peers the cutting-edge research works of theoretical corporate finance, with guidance and structure provided by the instructor.		√	√	Equivalent of 0.5 hours per 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

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. 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.					
3. Examination	Demonstrate good understanding of the various financial economics theories and models that were taught in the course.					

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. 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	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.				
3. Examination	Demonstrate good understanding of the various financial economics theories and models that were taught in the course.				

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>