

EF4313: CORPORATE FINANCE

Effective Term

Semester A 2022/23

Part I Course Overview

Course Title

Corporate Finance

Subject Code

EF - Economics and Finance

Course Number

4313

Academic Unit

Economics and Finance (EF)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

3

Level

B1, B2, B3, B4 - Bachelor's Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

CB3410 Financial Management or FB3410 Financial Management

Precursors

EF3333 Financial Systems Markets & Instruments

Equivalent Courses

Nil

Exclusive Courses

Nil

Part II Course Details

Abstract

This course aims to enable students to understand the financial decision making practice of corporations under different circumstances and the advanced techniques required by financial managers. The course also aims to enable students to apply financial principles and theories to understanding issues and solving problems in real-world settings independently.

Course Intended Learning Outcomes (CILOs)

| CILOs | | Weighting (if app.) | DEC-A1 | DEC-A2 | DEC-A3 |
|-------|---|---------------------|--------|--------|--------|
| 1 | Use Present Value to evaluate a real investment opportunity, a company or a division of a company in a wide range of situations; Consider the effects of financing methods on valuing business projects or firms. | 35 | x | x | |
| 2 | Evaluate the pros and cons of various short-term and long-term financing methods. | 30 | x | x | |
| 3 | Analyze the current issues and trends in the financing methods of corporations in major industrial countries as well as Hong Kong and other Asia-Pacific countries using real-world examples. | 25 | x | x | |
| 4 | Work and learn independently, plan, conduct and present an independent investigation with limited guidance. | 5 | | x | x |
| 5 | Communicate effectively in oral, written and electronic formats, using media formats widely found in business such as the preparation and presentation of reports. | 5 | | x | x |

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.

Teaching and Learning Activities (TLAs)

| TLAs | Brief Description | CILO No. | Hours/week (if applicable) | |
|------|-----------------------------------|--|----------------------------|-------------------------|
| 1 | Seminars and in-class discussions | Students are encouraged to think critically and logically in responding to questions and discussing issues of real-world examples. | 1, 2, 3 | 3-hour seminar per week |

| | | | | |
|---|------------------|--|------------|--|
| 2 | Problem sets | Students are required to understand financial concepts and academic theories thoroughly and apply them to find solutions. | 1, 2, 4, 5 | |
| 3 | Case assignments | Students work on case assignments as a group or independently. Students are required to understand critical issues in the case and conduct an independent analysis to develop their own solutions. | 3, 4, 5 | |

Assessment Tasks / Activities (ATs)

| ATs | CILO No. | Weighting (%) | Remarks (e.g. Parameter for GenAI use) |
|-----|--|---------------|--|
| 1 | Coursework such as case assignments and problem sets | 1, 2, 3, 4, 5 | 50 |

Continuous Assessment (%)

50

Examination (%)

50

Examination Duration (Hours)

2

Assessment Rubrics (AR)**Assessment Task**

Final examination

Criterion

Based on the 2-hour final exam

Excellent (A+, A, A-)

>=85%

Good (B+, B, B-)

70-85%

Fair (C+, C, C-)

55-70%

Marginal (D)

50-55%

Failure (F)

<50%

Assessment Task

Case Assignments

Criterion

Based on in-class discussing, and performance of case studies assignments

Excellent (A+, A, A-)

Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.

Good (B+, B, B-)

Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.

Fair (C+, C, C-)

Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.

Marginal (D)

Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.

Failure (F)

Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature.

Assessment Task

Problem Sets

Criterion

Based on performance of take-home problem set assignment

Excellent (A+, A, A-)

>=85%

Good (B+, B, B-)

70-85%

Fair (C+, C, C-)

55-70%

Marginal (D)

50-55%

Failure (F)

<50%

Part III Other Information

Keyword Syllabus

1. Agency cost

2. Capital budgeting
3. Cost of capital
4. Capital structure decisions
5. Financial leverage and financial risk
6. Net present value for levered firms
7. Dividend policies
8. Initial public offering
9. Convertibles
10. Mergers and acquisitions

Reading List

Compulsory Readings

| Title | |
|-------|--|
| 1 | S. A. Ross, R. W. Westerfield, J. Jaffe, J. Jim, R. Tan, and H. Wong, Corporate Finance, Asia Global Edition, 2015, McGraw-Hill. |

Additional Readings

| Title | |
|-------|---|
| 1 | Cases from Harvard Business School Press (www.hbsp.harvard.edu) |
| 2 | Lecture notes, newspaper clippings, and academic articles |