

# EF4313: CORPORATE FINANCE

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## Effective Term

Semester A 2024/25

## 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     | Apply the Present Value method to evaluate a real investment opportunity, and explain the effects of financing methods on valuing business projects or firms.                                 | 35                  | x      | x      |        |
| 2     | Justify the pros and cons of various short-term and long-term financing methods.                                                                                                              | 30                  | x      | x      |        |
| 3     | Discuss 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     | Demonstrate the ability to work and learn independently, and conduct independent investigations with limited guidance.                                                                        | 5                   |        | x      | x      |
| 5     | Apply media tools widely found in business to prepare and present reports and communicate effectively in oral, written and electronic formats.                                                | 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.

### Learning and Teaching Activities (LTAs)

| LTAs | Brief Description                 | CILO No.                                                                                                                   | Hours/week (if applicable) |
|------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------|----------------------------|
| 1    | Seminars and in-class discussions | Students will engage in seminars to discuss issues of real-world examples and problems with critical and logical thinking. | 1, 2, 3                    |
|      |                                   |                                                                                                                            | 3-hour seminar per week    |

|   |                  |                                                                                                                                                                                                        |            |  |
|---|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| 2 | Problem sets     | Students will participate in problem sets to thoroughly understand financial concepts and academic theories and apply them to find solutions.                                                          | 1, 2, 4, 5 |  |
| 3 | Case assignments | Students will participate in groups or individually to work on case assignments. Students will discuss 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-)**

&gt;=85%

**Good (B+, B, B-)**

70-85%

**Fair (C+, C, C-)**

55-70%

**Marginal (D)**

50-55%

**Failure (F)**

&lt;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.

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### 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%

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## 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 ( <a href="http://www.hbsp.harvard.edu">www.hbsp.harvard.edu</a> ) |
| 2     | Lecture notes, newspaper clippings, and academic articles                                                   |