



FINA2312 Advanced Corporate Finance

GENERAL INFORMATION		
Instructor: Prof. Keith K. P. Wong Email: kitpongwong@hku.hk Office: KK930 Phone: 2859 1044 Consultation times: TBC Tutor: Hermione Kwok (oichingk@hku.hk , Office: KK1026) Course website: Moodle		
COURSE DESCRIPTION		
The objective of this course is to introduce the theoretical literature on the microeconomics of corporate finance in a unified framework. Topics covered include: corporate financing and agency costs, corporate financing under asymmetric information, liquidity and risk management, corporate finance and product markets, passive and active monitoring in corporate finance, lending relationships and investor activism, control rights and corporate governance, and takeovers. Subtle elements of information and agency considerations are emphasized. Pre-requisite(s): ECON1210 Introductory microeconomics; <i>and</i> FINA1310 Corporate Finance Co-requisite(s): None Mutually exclusive: None		
COURSE OBJECTIVES		
1. To understand discounting and compounding, valuation of bonds and stocks, pricing options and derivatives, capital budgeting, capital structure, and real options. 2. To study the economics of asymmetric information and agency problems in the context of corporate finance. 3. To prepare students for their next level courses in corporate finance and related disciplines.		
FACULTY LEARNING GOALS (FLGs)		
FLG1: Acquisition and internalization of knowledge of the programme discipline FLG2: Application and integration of knowledge FLG3: Inculcating professionalism FLG4: Developing global outlook FLG5: Mastering communication skills FLG6: Cultivating leadership		
COURSE LEARNING OUTCOMES (CLOs)		
Course Learning Outcomes	Aligned Faculty Learning Goals (FLGs)	
CLO1: Analyze the synthesis of modern asset pricing and corporate finance	FLG1, FLG2	
CLO2: Compare and contrast real options analysis with traditional valuation methods.	FLG1, FLG2	
CLO3: Evaluate the effects of information and agency conflicts on corporate financial decisions.	FLG1, FLG2	
COURSE TEACHING AND LEARNING ACTIVITIES		
Course Teaching and Learning Activities	Expected Study Hours	Study Load (% of study)
T&L1: Lectures	40	33

Instructors will give lectures on major concepts and issues.		
T&L2: In-class and tutorial presentation and discussion Students are expected to present their answers and engage in discussion during tutorial meetings. Most in-depth learning takes place when students actively engage themselves in discussions thought presenting and sharing their ideas	13	11
T&L3: Consultation Both instructor and teaching assistant hold weekly consultation hours to answer students' questions.	2	2
T&L4: Homework (biweekly)	19	16
T&L4: Self-Study	46	38
Total	120	100

Assessment Methods	Brief Description (Optional)	Weight	Aligned Course Learning Outcomes
A1: Mid-term Test	Mid-term test contains both qualitative and quantitative type questions	30	CLO 1, 2, 3
A2: Homework	Biweekly assignments have to be finished on individual student basis.	10	CLO 1, 2, 3
A3: Final Exam	Final examination contains both qualitative and quantitative type questions	60	CLO 1, 2, 3
	Total	100%	

Coursework / Examination Ratio: 10 % / 90 %

STANDARDS FOR ASSESSMENT

Course Grade Descriptors

A+, A, A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis.
B+, B, B-	Strong evidence of the ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis.
C+, C, C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply but not at high levels of learning such as evaluate and synthesis.
D+, D	Evidence of basic familiarity with the subject.
F	Little evidence of basic familiarity with the subject.

Assessment Rubrics for Each Assessment

A1 Assignments: for numerical questions/homework, please refer to the following table:

A+ A A-	B+ B B-	C+ C C-	D+ D	F
Questions are answered with thorough steps and excellent accuracy.	Questions are answered with adequate steps and good accuracy.	Questions are answered with some steps and fair level of accuracy.	Questions are answered with few steps and accuracy.	Questions are badly attempted: no steps and wrong results. Or the assignment is not submitted.

A2 Midterm and Final Exam

Mid-term test and final examination contain both qualitative and quantitative type questions

Remarks:

Lecture Notes: Hard copy of lecture notes will not be provided. Students should download the materials themselves from the course webpage at HKU Moodle.

Homework Assignments: Biweekly assignments have to be finished on individual student basis.

Mid-term and Final Examinations: There will be respectively one mid-term test and final exam to test the students' understanding of the course topics. Students who absented from the mid-term test without prior approval from the instructor will receive zero score; while approved students can transfer their mid-term weight to the final examination.

COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

<u>Date</u>	<u>Topic</u>
Sept 1	Discounting and Compounding
Sept 8	Valuation of Bonds
Sept 15	Valuation of Stocks
Sept 22	Pricing Options and Derivatives
Sept 29	Pricing Options and Derivatives
Oct 6	Valuation of Corporate Securities
Oct 13	Reading week
Oct 20	Mid-Term Test
Oct 27	Real Options
Nov 3	Real Options
Nov 10	Capital Structure
Nov 17	Incentives and Capital Structure
Nov 24	Information and Capital Structure

REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.)

This course uses no textbooks. The following references may be useful.

Berk, Jonathan and Peter DeMarzo, 2020. *Corporate Finance* (5th ed.). New York, NY: Pearson.

Shockley, Richard L., Jr., 2007. *An Applied Course in Real Options Valuation*. Mason, OH: Thomson South-Western.

MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE

- conducting mid-term survey in addition to SETL around the end of the semester
- Online response via Moodle site
- Others: _____ (please specify)

COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)

Academic Conduct

The University Regulations on academic dishonesty will be strictly enforced. Please check the University Statement on plagiarism on the web: <http://www.hku.hk/plagiarism/>

Academic dishonesty is behavior in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. It includes, but is not necessarily limited to, the following type of case:

Plagiarism - The representation of someone else's ideas as if they are one's own. Where the arguments, data, designs, etc., of someone else are being used in a paper, report, oral presentation, or similar academic project, this fact must be made explicitly clear by citing the appropriate references. The references must fully indicate the extent to which any parts of the project are not one's own work. Paraphrasing of someone else's ideas is still using someone else's ideas, and must be **acknowledged**.

1. The relevant Board of Examiners may impose a penalty in relation to the seriousness of the offence.
2. The relevant Board of Examiners may report the candidate to the Senate, where there is prima facie evidence of an intention to deceive and where sanctions beyond those in (1) might be involved.

Class Decorum The basic principle is to be considerate to others. Telephones and pagers must be switched off during class periods.