

City University of Hong Kong

Information on a Course
offered by the Department of Economics and Finance
with effect from Semester B in 2014 / 2015

Part I

Course Title: Corporate Finance

Course Code: FB5040

Course Duration: 1 semester (About 4 weeks, intensive mode)

Credit Units: 2

Level: P5

Medium of Instruction: English

Prerequisites: Nil

Precursors: Nil

Equivalent Courses: EF5040 Financial Management

Exclusive Courses: EF5042 Corporate Finance

Part II

1. Course Aims:

This course aims to enable students to understand both the theory and practice of capital budgeting and corporate financing and to apply the knowledge to make financial decisions. By solving real life problems in the areas such as capital budgeting, capital structure and dividend policy, students will develop their ability to discover and innovate in the business and financial decision making.

2. Course Intended Learning Outcomes (CILOs)

Upon successful completion of this course, students should be able to:

No.	CILOs	Weighting (if applicable)
CILO1	Use the concept of time value of money and discounted cash flow analysis for loan, bond and stock analysis;	20%
CILO2.	Apply net present value and internal rate of return techniques to evaluate investment projects aiming at maximizing shareholder's wealth;	30%
CILO3.	Estimate the cost of capital using the pricing of equities and bonds models.	20%
CILO4.	Plan and implement corporate restructuring. Use innovative approach to evaluate corporate capital structure and dividend policy for the shareholder value maximization.	30%

3. Teaching and learning Activities (TLAs)

(Indicative of likely activities and tasks designed to facilitate students' achievement of the CILOs. Final details will be provided to students in their first week of attendance in this course)

CILO No	TLAs	Hours/week (if applicable)
CILO1	Lectures, in class discussions	
CILO2	Lectures, in class discussions, students are encouraged to think creatively to evaluate investment projects through individual or group projects or assignments	
CILO3	In class discussion and take-home assignment of real cases either in Hong Kong or in other economies aiming to enhance the capacity to apply various financial analytical tools in the financial decisions.	
CILO4	Lectures, in class discussions, critical thinking development through individual or group projects or assignments	

4. Assessment Tasks/Activities

(Indicative of likely activities and tasks designed to assess how well the students achieve the CILOs. Final details will be provided to students in their first week of attendance in this course)

CILO No	Type of assessment tasks/activities	Weighting (if applicable)	Remarks
CILO 1 to 4	Participation	25%	
CILO 1 to 4	Homework	25%	
CILO 1 to 4	Group project, class presentation, or in-class examination (about 2-3 hours)	50%	

5. Grading of Student Achievement:

Refer to Grading of Courses in the Academic Regulations for Taught Postgraduate Degrees.

Letter Grade	Grade Points	Grade Definitions	Remarks
A+	4.3	Excellent	Strong evidence of original and creative thinking; good organization, capacity to analyse and synthesize critically; superior grasp of the subject of capital investment; evidence of extensive knowledge base as outlined in CILOs
A	4.0		
A-	3.7		
B+	3.3	Good	Evidence of knowing how to apply the related concepts outlined in CILOs creatively and critically
B	3.0		
B-	2.7		
C+	2.3	Adequate	Some evidence of knowing how to apply the concepts outlined in CILOs creatively
C	2.0		
C-	1.7		
D	1.0	Marginal	Marginal familiarity with the subject of capital investment
F	0.0	Failure	Little evidence of familiarity with the subject of capital investment; or no show and no excuse in final exam

Part III

Keyword Syllabus:

Time value of money
Cash flow analysis
Capital budgeting
Net present value and internal rate of return
Cost of capital
Modern portfolio theory
Asset pricing model
Financial leverage and financial risk
Dividend policies
Initial public offering
Corporate restructuring

Related Links

[Department of Economics and Finance](#)

Recommended Readings:

Text:

S. A. Ross, R.W. Westerfield and J.F. Jaffe, **Corporate Finance** (Mcgraw-Hill, current edition).