

FB5040: CORPORATE FINANCE

Effective Term

Semester A 2025/26

Part I Course Overview

Course Title

Corporate Finance

Subject Code

FB - College of Business (FB)

Course Number

5040

Academic Unit

Economics and Finance (EF)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

2

Level

P5, P6 - Postgraduate Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

Nil

Precursors

Nil

Equivalent Courses

EF5040 Financial Management

Exclusive Courses

EF5042 Corporate Finance

Part II Course Details

Abstract

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.

Course Intended Learning Outcomes (CILOs)

CILOs		Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1	Explain the concept of the time value of money and discounted cash flow analysis for loan, bond, and stock analysis.	20	x	x	x
2	Apply net present value and internal rate of return techniques to evaluate investment projects aiming at maximizing shareholder wealth.	30	x	x	x
3	Estimate the cost of capital using the pricing of equities and bonds models.	20	x	x	x
4	Evaluate the corporate capital structure and dividend policy for shareholder value maximization with an innovative approach.	30	x	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	Lectures	Students will engage in lectures including case studies, videos, various learning aids, etc., to learn and apply the key concepts in real-world situations.	1, 2, 3, 4
2	In class discussions	Students will discuss key arguments and concepts through interaction with others.	1, 2, 3, 4
3	Take-home assignment	Students will work on take-home assignments of real cases in Hong Kong or other economies with the various financial analytical tools in financial decisions.	1, 2, 3, 4

4	Individual or group projects	Students will participate in groups to consolidate their learning as they will produce one individual report and one group report related to the investment issues.	1, 2, 3, 4	
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Assessment Tasks / Activities (ATs)

	ATs	CILO No.	Weighting (%)	Remarks ("- " for nil entry)	Allow Use of GenAI?
1	Coursework Such as participation, homework, group project, presentation or in-class examination (about 2-3 hours)	1, 2, 3, 4	100	-	No

Continuous Assessment (%)

100

Examination (%)

0

Assessment Rubrics (AR)**Assessment Task**

Coursework

Such as, participation, homework, group project, presentation or in-class examination (about 2-3 hours) (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

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

Coursework

Such as, participation, homework, group project, presentation or in-class examination (about 2-3 hours) (for students admitted from Semester A 2022/23 to Summer Term 2024)

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

Marginal

(B-, C+, C) 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.

Part III Other Information

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

Reading List

Compulsory Readings

Title	
1	Brealey, Richard, Stewart Myers, and Franklin Allen, Principles of Corporate Finance, McGraw-Hill (current edition)

Additional Readings

Title	
1	Nil