EF8082: THEORETICAL CORPORATE FINANCE

Effective Term
Semester B 2024/25

Part I Course Overview

Course Title
Theoretical Corporate Finance

Subject Code
EF - Economics and Finance

Course Number
8082

Academic Unit
Economics and Finance (EF)

College/School
College of Business (CB)

Course Duration
One Semester

Credit Units
3

Level
R8 - Research Degree

Medium of Instruction
English

Medium of Assessment
English

Prerequisites
Nil

Precursors
EF8070 Advanced Microeconomics

Equivalent Courses
Nil

Exclusive Courses
Nil

Part II Course Details

Abstract

The objective of the course is to present theoretical issues in theoretical corporate finance and to develop students' analytical skills and economic/business sense of the corporate finance through lectures, problem assignments, reading assignments, projects and discussions.

Course Intended Learning Outcomes (CILOs)

	CILOs	Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1	Explain the various areas of theoretical corporate finance research.	40	x	x	x
2	Apply skills in developing theoretical research questions and methodologies, and evaluating and interpreting theoretical research in corporate finance area, and increase ability to discover and identify new theoretical research topics.	40	x	x	x
3	Demonstrate how to conduct literature search through hands-on practice.	20	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 lecture activities that illustrate important corporate finance theories and models.	1, 2, 3	Equivalent of 2.5 hours lecture and discussions per week
2	Peer discussions of frontier research papers	Students will investigate and discuss with peers the cutting-edge research works of theoretical corporate finance, with guidance and structure provided by the instructor.	2, 3	Equivalent of 0.5 hours per week

Assessment Tasks / Activities (ATs)

	ATs	CILO No.	Weighting (%)	Remarks (e.g. Parameter for GenAI use)
1	Homework assignments, discussions	1, 2, 3	10	
2	Discovery based project	2, 3	30	

Continuous Assessment (%)

40

Examination (%)

60

Examination Duration (Hours)

3

Minimum Continuous Assessment Passing Requirement (%)

0

Minimum Examination Passing Requirement (%)

0

Assessment Rubrics (AR)

Assessment Task

Homework assignments, discussions (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

Demonstrate the ability to apply the financial economics theories and models to tackle the problem-solving questions and assignments as assigned.

Excellent

(A+, A, A-) High

Good

(B+, B, B-) Significant

Fair

(C+, C, C-) Moderate

Marginal

(D) Basic

Failure

(F) Not even reaching marginal levels

Assessment Task

Discovery based project (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

Demonstrate the capability to discover, through a project, the performance of selected asset pricing models.

Excellent

(A+, A, A-) High

Good
(B+, B, B-) Significant

Fair
(C+, C, C-) Moderate

Marginal
(D) Basic

Failure
(F) Not even reaching marginal levels

Assessment Task
Examination (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion
Demonstrate good understanding of the various financial economics theories and models that were taught in the course.

Excellent
(A+, A, A-) High

Good
(B+, B, B-) Significant

Fair
(C+, C, C-) Moderate

Marginal
(D) Basic

Failure
(F) Not even reaching marginal levels

Assessment Task
Homework assignments, discussions (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion
Demonstrate the ability to apply the financial economics theories and models to tackle the problem-solving questions and assignments as assigned.

Excellent
(A+, A, A-) High

Good
(B+, B) Significant

Marginal
(B-, C+, C) Basic

Failure
(F) Not even reaching marginal levels

Assessment Task

Discovery based project (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

Demonstrate the capability to discover, through a project, the performance of selected asset pricing models.

Excellent

(A+, A, A-) High

Good

(B+, B) Significant

Marginal

(B-, C+, C) Basic

Failure

(F) Not even reaching marginal levels

Assessment Task

Examination (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

Demonstrate good understanding of the various financial economics theories and models that were taught in the course.

Excellent

(A+, A, A-) High

Good

(B+, B) Significant

Marginal

(B-, C+, C) Basic

Failure

(F) Not even reaching marginal levels

Part III Other Information

Keyword Syllabus

Capital Structure; Agency Costs; Informational Asymmetries and Signaling; Payout Policy; Contracting and Allocation of Control; Debt Contract Design; Going Public; Going Private; Mergers and Acquisitions.

Reading List

Compulsory Readings

	Title
1	de Matos, Joao Amaro, 2001, Theoretical Foundations of Corporate Finance, Princeton University Press.
2	Tirole Jean. 2006. The Theory of Corporate Finance, Princeton University Press.

Additional Readings

	Title
1	Journal of Finance
2	Journal of Financial Economics
3	Review of Financial Studies
4	Journal of Financial and Quantitative Analysis