

**THE UNIVERSITY OF HONG KONG
FACULTY OF BUSINESS AND ECONOMICS**

**School of Economics and Finance
FINA1003/FINA1310 – Corporate Finance**

GENERAL INFORMATION

FINA1003AB/ FINA1310AB

Instructor: Dr. T. Lin
Email: tlin@hku.hk
Office: Room 914 K K Leung Building
Phone: 2241 5935
Semester: 1
Lecture:
A: Tue 9:30 – 10:20 MWT5; Fri 9:30 – 11:20 MWT5
B: Tue 12:30 – 13:20 MWT7; Fri 12:30 – 14:20 MWT7

FINA1003CD/ FINA1310CD

Instructor: Dr. Z. Wang
Email: wangzg@hku.hk
Office: Room 902 K K Leung Building
Phone: 2859 1045
Semester: 1
Lecture:
C: Mon 14:30 – 17:20 KK201
D: Fri 14:30 – 17:20 KK202

FINA1003E/ FINA1310E

Instructor: Dr. D. Li
Email: lidan@hku.hk
Office: Room 819, K.K. Leung Building
Phone: 3917 4176
Semester: 2
Lecture: Fri 9:30 – 12:20 LE6

FINA1003F/ FINA1310F

Instructor: Dr. Z. Wang
Email: wangzg@hku.hk
Office: Room 902, K.K. Leung Building
Phone: 2859 1045
Semester: 2
Lecture: Mon 14:30 – 17:20 MB237

FINA1003G/ FINA1310G

Instructor: Dr. T. Liu
Email: TBA
Office: TBA
Phone: TBA
Semester: 2
Lecture: Fri 14:30 – 17:20 LE6

FINA1003HIJ/ FINA1310 GHIJ

Instructor: Dr. S. Huang

Email: huangsy@hku.hk

Office: Room 834 K K Leung Building

Phone: 3917 8564

Semester: 2

Lecture:

H: Tue 13:30 – 16:20 KK201

I: Wed 9:30 – 12:20 MWT7

J: Mon 14:30 –17:20 LE6

Consultation times: by appointments

Tutor: TBA

Pre-requisites: BUSI1002 Introduction to Accounting/ ACCT1101 Introduction to financial accounting**Co-requisites:** None**Mutually exclusive:** STAT2807/ STAT3904 Corporate finance for actuarial science**Course Website:** Your Moodle Account

Other information: refer to supplementary information provided by individual instructor later

COURSE DESCRIPTION

This is an introductory finance course that develops the basic concepts and tools applicable to corporate financial decisions. Two main tasks of financial managers are studied: project evaluation and financing decisions. Specific topics include present value calculation, valuation of stocks and bonds, investment criteria and capital budgeting, risk and return, cost of capital, and capital structure. Corporate ethics is also incorporated in the discussions.

COURSE OBJECTIVES

1. To introduce basic concepts, tools and theories in finance.
2. To train financial decision making abilities in corporate and personal finance.
3. To prepare students for their next level finance courses.

COURSE LEARNING OUTCOMES

Course Learning Outcomes	Aligned Faculty Goals
CLO1 Understand the fundamental financial management concepts and process.	1, 4
CLO2 Apply the time value of money concepts to security valuation	1, 2

and capital budgeting.	
CLO3 Evaluate managerial decisions in corporate investing, and financing activities.	1, 2, 3, 4
CLO4 Develop leadership and team work skills in making corporate financial decisions	2, 3, 4, 5

COURSE TEACHING AND LEARNING ACTIVITIES

Course Teaching and Learning Activities	Expected contact/ study hours	Study Load (% of study)
T&L1. Lectures: Instructors will give lectures on major concepts and issues.	36	27
T&L2. Tutorials: Teaching assistant will give reviews, discuss homework and midterm tests	12	9
T&L3. Assignments: There will be assignments to review and apply course materials.	36	27
T&L4. Self-Study	48	36
Total	132	100%

Assessment Methods	Weights	Aligned Course Learning Outcomes
A1. Class Participation	5%	CLO1, 2, 3
A2. Assignments/Project	20%	CLO1, 2, 3, 4
A3. Mid-term Examination	20%	CLO1, 2, 3
A4. Final Examination	55%	CLO1, 2, 3
Total	100%	

Lecture Notes: Hard copy of lecture notes will not be provided except under special circumstances. It is student's responsibility to download and print them from the course webpage at HKU Moodle.

Homework Assignments/Project: Group based assignment can promote active learning, bridge the gulf between students and teacher, create a sense of community, and develop teamwork, communication and presentation skills.

Mid-term and Final Examinations: There will be a mid-term exam and a comprehensive final

exam to test the students' breadth and depth of the understanding of the major concepts covered in the course and students' ability to integrate and apply this knowledge. **No make-up** midterm examination will be given. Students missing the midterm exam will receive 0 unless they obtain approval from instructor with convincing reasons and evidence. Approved students who have missed the midterm will have the mid- term grading weights shifted to the final.

STANDARDS FOR ASSESSMENT

Course Grade Descriptors

A+, A, A-	Exhibited high level of understanding of the course materials through excellent performance in class discussion, assignments, term tests, and project.
B+, B, B-	Exhibited reasonably high level of understanding of the course materials through good performance in class discussion, assignments, term tests, and project.
C+, C, C-	Exhibited fair level of understanding of the course materials.
D+, D	Exhibited limited level of understanding of the course materials.
F	Exhibited low level of understanding of the course materials.

Assessment Rubrics for Each Assessment

A1 Class Participation

A+ A A-	B+ B B-	C+ C C-	D+ D	F
Extremely well prepared for class discussion, very active in sharing views and attended almost all lectures and	Partially prepared for class discussion, quite active in sharing views and attended most of the lectures and	Not well prepared for class discussion, limited active in sharing views and attended many of the lectures and	Not well prepared for class discussion, no sharing of views and attended some of the lectures and tutorials	Poorly prepared for class discussion and no sharing of views and experience and rarely attended lectures and tutorials.

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A2 Assignments: for numerical questions/homework, please refer to the following table:

A+ A A-	B+ B B-	C+ C C-	D+ D	F
Submitted all homework with excellent accuracy.	Submitted well written homework with good accuracy.	Submitted homework with fair level accuracy.	Submitted homework with limited accuracy.	Poorly written homework or no submission.

A2 Assignments: for essay type problems and project report, please refer to the following grading criteria:

Grade	Depth and breadth of Coverage, critical elements, structure, language and conventions
A+,A, A-	<p>All aspects were addressed and researched in great depth.</p> <p>Demonstrated a clear understanding of and the ability to apply the theory, concepts and issues relating to the topic.</p> <p>Clearly identified the most critical aspects of the task and adopted a critical perspective.</p> <p>Developed excellent argument and offered a logically consistent and well-articulated analysis and insight into the subject.</p> <p>Drew widely from the academic literature and elsewhere whilst maintaining relevance.</p> <p>All aspects conformed to a high academic / professional standard.</p>
B+, B, B-	<p>Most aspects were addressed and researched in depth.</p> <p>Demonstrated a good understanding and some application of the theory and issues relating to the topic.</p> <p>Identified critical aspects of the task and adopted a critical perspective.</p> <p>Showed some evidence of analysis, supported by logical argument and insight</p>

	<p>into the subject.</p> <p>Drew on relevant academic and other material.</p> <p>Most aspects conformed to a high academic / professional standard.</p>
C+, C, C-	<p>Most aspects were addressed and researched adequately.</p> <p>Demonstrated a good understanding of the theory, concepts and issues relating to the topic but limited application relating to the topic.</p> <p>Some presented argument showed some insight but not always consistent and logical.</p> <p>Drew upon an adequate range of academic and other material.</p> <p>Most aspects conformed to an acceptable academic / professional standard.</p>
D+, D	<p>Basic aspects were addressed and researched adequately. Demonstrated mainly description, showing basic understanding of the topic but no application.</p> <p>Showed little evidence of analysis but no clear and logical argument relating to the subject.</p> <p>Drew primarily upon course materials.</p> <p>Limited aspects conformed to academic / professional standards.</p>
F	<p>Basic aspects were superficial, inadequate or absent.</p> <p>Demonstrated limited understanding of the topic and drew conclusions unrelated to the topic.</p> <p>The written work was not of an academic / professional standard.</p>

A3 and A4 Midterm and Final Exam

Midterm and final exam may include three types of questions: multiple choice, calculation problems, and essay questions. Multiple choice and calculation problems are graded according to the marks assigned to each question. Essay questions are graded according to the following criteria:

A+ A A-	B+ B B-	C+ C C-	D+ D	F
Idea	Idea	Idea	Idea	Idea development

development is insightful and sophisticated; Supporting evidence is convincing, accurate and detailed. Well written with clear focus.	development is clear and thoughtful; Supporting evidence is sufficient and accurate. Well written.	development is simplistic and lacking in relevance; Supporting evidence insufficient but accurate. Somewhat well written.	development is superficial and ineffective; Supporting evidence is insufficient and inaccurate. Writing is unclear.	is absent; Supporting evidence is vague or missing. Poorly written.
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COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

The following topics will be covered:

- Overview of Corporate Finance: Chapter 1
- Discounted Cash Flow and Bond and Stocks Valuation: Chapter 5, 6, 7 and 8
- Investment Appraisal/Capital Budgeting: Chapter 9, 10 and 11
- Risk and Return: Chapter 12 and 13
- Raising Capital: Chapter 14
- Cost of Capital: Chapter 15
- Capital Structure: Chapter 16

If time permits, the following topics will also be covered:

- Dividend Policy
- Working Capital Management

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

Required Textbook:

Ross, Westerfield, Jordan, Lim and Tan, Fundamentals of Corporate Finance, Second Edition, McGraw-Hill Education, 2016

MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE

- Conducting end of term course evaluation

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

Class Conduct

Students are required to attend all classes on time. If you miss a class, it is entirely your

responsibility for what you have missed. In case you have to leave the class early, please inform the instructor beforehand and leave quietly.

No use of mobile phone or chatting is allowed when the class is in session. Remember to turn off or mute the phone before each session. The instructor has the discretion to give penalty in case of class misconduct.

Respect your instructors and your fellow students. Be considerate to others.

Academic Dishonesty

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 any act that misrepresents a person's own academic work or that compromises the academic work of another. It includes (but not limited to) cheating on assignments or examinations; plagiarizing, i.e., representing someone else's ideas as if they are one's own; sabotaging another's work.

If you are caught in an act of academic dishonesty or misconduct, you will receive an "F" grade for the subject. The relevant Board of Examiners may impose other penalty in relation to the seriousness of the offense.