# FINA1310 – Corporate Finance

## GENERAL INFORMATION

### FINA1310AB
Instructor: Dr. T. Lin  
Email: tlin@hku.hk  
Office: Room 914 K K Leung Building  
Phone: 2241 5935  
Semester: 1  
Subclass A: Tuesday, 10:30 – 12:20 & Friday 11:30 – 12:20 in KK202  

### FINA1310CD
Instructor: Dr. D. Li  
Email: lidan@hku.hk  
Office: Room 819, K.K. Leung Building  
Phone: 3917 4176  
Semester: 1  
Subclass C: Friday, 09:30 – 12:20 in MB237  
Subclass D: Tuesday, 13:30 – 16:20 in MB201

### FINA1310EFG
Instructor: Dr. Mingzhu Tai  
Email: TBA  
Office: TBA  
Phone: TBA  
Semester: 2  
Subclass E: Monday, 14:30 – 17:20 in KKLG109  
Subclass F: Tuesday, 13:30 – 16:20 in KKLG109  
Subclass G: Thursday, 13:30 – 16:20 in KK202

### FINA1310HIJ
Instructor: Dr. S. Huang  
Email: huangsy@hku.hk  
Office: Room 834 K K Leung Building  
Phone: 3917 8564  
Semester: 2  
Subclass H: Monday, 14:30 – 17:20 in MB217  
Subclass I: Tuesday, 13:30 – 16:20 in MWT2  
Subclass J: Wednesday, 09:30 – 12:20 in KK202

Consultation times: TBA

Tutor: TBA

**Pre-requisites:** ACCT1101 Introduction to financial accounting
Co-requisites: None

Mutually exclusive: 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.

FACULTY GOALS

Goal 1: Acquisition and internalization of knowledge of the programme discipline
Goal 2: Application and integration of knowledge
Goal 3: Inculcating professionalism and leadership
Goal 4: Developing global outlook
Goal 5: Mastering communication skills

COURSE LEARNING OUTCOMES

<table>
<thead>
<tr>
<th>Course Learning Outcomes</th>
<th>Aligned Faculty Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLO1 Understand the fundamental financial management concepts and process.</td>
<td>1, 4</td>
</tr>
<tr>
<td>CLO2 Apply the time value of money concepts to security valuation and capital budgeting.</td>
<td>1, 2</td>
</tr>
<tr>
<td>CLO3 Evaluate managerial decisions in corporate investing, and financing activities.</td>
<td>1, 2, 3, 4</td>
</tr>
<tr>
<td>CLO4 Develop leadership and team work skills in making corporate</td>
<td>2, 3, 4, 5</td>
</tr>
</tbody>
</table>
COURSE TEACHING AND LEARNING ACTIVITIES

<table>
<thead>
<tr>
<th>Course Teaching and Learning Activities</th>
<th>Expected contact/study hours</th>
<th>Study Load (% of study)</th>
</tr>
</thead>
<tbody>
<tr>
<td>T&amp;L1. Lectures: Instructors will give lectures on major concepts and issues.</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>T&amp;L2. Tutorials: Teaching assistant will give reviews, discuss homework and midterm tests</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>T&amp;L3. Assignments: There will be assignments to review and apply course materials.</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>T&amp;L4. Self-Study</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100%</td>
</tr>
</tbody>
</table>

Assessment Methods | Weights | Aligned Course Learning Outcomes |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A1. Class Participation</td>
<td>5%</td>
<td>CLO1, 2, 3</td>
</tr>
<tr>
<td>A2. Assignments/Project</td>
<td>20%</td>
<td>CLO1, 2, 3, 4</td>
</tr>
<tr>
<td>A3. Mid-term Examination</td>
<td>20%</td>
<td>CLO1, 2, 3</td>
</tr>
<tr>
<td>A4. Final Examination</td>
<td>55%</td>
<td>CLO1, 2, 3</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

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 midterm grading weights shifted to the final.

**STANDARDS FOR ASSESSMENT**

**Course Grade Descriptors**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+, A, A-</td>
<td>Exhibited high level of understanding of the course materials through excellent performance in class discussion, assignments, term tests, and project.</td>
</tr>
<tr>
<td>B+, B, B-</td>
<td>Exhibited reasonably high level of understanding of the course materials through good performance in class discussion, assignments, term tests, and project.</td>
</tr>
<tr>
<td>C+, C, C-</td>
<td>Exhibited fair level of understanding of the course materials.</td>
</tr>
<tr>
<td>D+, D</td>
<td>Exhibited limited level of understanding of the course materials.</td>
</tr>
<tr>
<td>F</td>
<td>Exhibited low level of understanding of the course materials.</td>
</tr>
</tbody>
</table>

**Assessment Rubrics for Each Assessment**

**A1 Class Participation**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+ A A-</td>
<td>Extremely well prepared for class discussion, very active in sharing views and attended almost all lectures and tutorials.</td>
</tr>
<tr>
<td>B+ B B-</td>
<td>Partially prepared for class discussion, quite active in sharing views and attended most of the lectures and tutorials.</td>
</tr>
<tr>
<td>C+ C C-</td>
<td>Not well prepared for class discussion, limited active in sharing views and attended many of the lectures and tutorials.</td>
</tr>
<tr>
<td>D+ D</td>
<td>Not well prepared for class discussion, no sharing of views and experience and rarely attended lectures and tutorials.</td>
</tr>
<tr>
<td>F</td>
<td>Poorly prepared for class discussion and no sharing of views.</td>
</tr>
</tbody>
</table>

**A2 Assignments:** for numerical questions/homework, please refer to the following...
A2 Assignments: for essay type problems and project report, please refer to the following grading criteria:

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

Most aspects were addressed and researched adequately.

Demonstrated a good understanding of the theory, concepts and issues relating to the topic but limited application relating to the topic.

Some presented argument showed some insight but not always consistent and logical.

Drew upon an adequate range of academic and other material.

Most aspects conformed to an acceptable academic / professional standard.

D+, D

Basic aspects were addressed and researched adequately. Demonstrated mainly description, showing basic understanding of the topic but no application.

Showed little evidence of analysis but no clear and logical argument relating to the subject.

Drew primarily upon course materials.

Limited aspects conformed to academic / professional standards.

F

Basic aspects were superficial, inadequate or absent.

Demonstrated limited understanding of the topic and drew conclusions unrelated to the topic.

The written work was not of an academic / professional standard.

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 development is insightful and sophisticated; Supporting | Idea development is clear and thoughtful; Supporting | Idea development is simplistic and lacking in relevance; Supporting | Idea development is superficial and ineffective; Supporting | Idea development is absent; Supporting evidence is vague or missing. |
evidence is convincing, accurate and detailed. Well written with clear focus.

Supporting evidence is sufficient and accurate. Well written.

evidence is insufficient but accurate. Somewhat well written.

evidence is insufficient and inaccurate. Writing is unclear.

Poorly written.

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:


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/](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.