GENERAL INFORMATION

Instructor: Professor Chen LIN
Email: chenlin1@hku.hk
Office: KKL1015
Phone: 3917-7793
Consultation times: By appointment

Lecture: Thursday, 09:30am – 12:20pm in KK1119

Tutor:
Pre-requisites: Nil
Co-requisites: Nil
Mutually exclusive: Nil

Course Website: Nil
Other important details: Nil

COURSE DESCRIPTION

This is an introductory doctoral corporate finance class. For this introductory course, I am assuming that you have some previous exposure to finance (the CAPM, Capital Structure, etc.), microeconomics, and econometrics. The sections are mainly grouped by topic (e.g., Ownership Structure, M&As, Credit Market, Corporate Governance, Finance and Growth, Product Market and Finance) and empirical methodologies. In one course, we cannot cover everything. The course coverage thus depends on the progress. The articles are taken from leading finance and economics journals including Journal of Finance, Journal of Financial Economics, Review of Financial Studies, American Economic Review, Journal of Political Economy and Quarterly Journal of Economics. There are approximately 35 required articles. The course will also use some cases to link the financial theory with practice and help students get familiar with the institutional details.

COURSE OBJECTIVES

This course aims to

1. provide students with in-depth coverage of classical and cutting-edge research topics and institutional details in financial economics;
2. enable students to apply financial theories and establish analytical framework to solve empirical problems;
3. familiarize students with basic and advanced methodologies in empirical research questions;
4. equip students with basic and advanced econometric techniques.

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>
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<tbody>
<tr>
<td>CLO1 Understand the classical and cutting-edge research topics and institutional details in financial economics</td>
<td>Goal 1</td>
</tr>
<tr>
<td>CLO2 Identify key research issues, apply theoretical framework to develop research questions, and employ basic and advanced methodologies and techniques to solve problems.</td>
<td>Goal 2</td>
</tr>
<tr>
<td>CLO3 Critically evaluate and discuss the work of peers and leading scholars in the field</td>
<td>Goal 3, 4, 5</td>
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### COURSE TEACHING AND LEARNING ACTIVITIES

<table>
<thead>
<tr>
<th>Course Teaching and Learning Activities</th>
<th>Expected contact hour</th>
<th>Study Load (% of study)</th>
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<tbody>
<tr>
<td>T&amp;L1. Lecture with interactive presentation</td>
<td>36 hours</td>
<td>34%</td>
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<tr>
<td>T&amp;L2. Case-based study and analysis</td>
<td>30 hours</td>
<td>28%</td>
</tr>
<tr>
<td>T&amp;L3. Paper reading and self-study</td>
<td>40 hours</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>106 hours</strong></td>
<td><strong>100%</strong></td>
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<tr>
<th>Assessment Methods</th>
<th>Brief Description (Optional)</th>
<th>Weight</th>
<th>Aligned Course Learning Outcomes</th>
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<tbody>
<tr>
<td>A1. 3 Homework</td>
<td></td>
<td>50%</td>
<td>CLO 1, 2</td>
</tr>
<tr>
<td>A2. Presentation</td>
<td></td>
<td>10%</td>
<td>CLO 3</td>
</tr>
<tr>
<td>A3. In-class Discussion</td>
<td></td>
<td>10%</td>
<td>CLO 1, 2, 3</td>
</tr>
<tr>
<td>A4. Research Proposal</td>
<td></td>
<td>30%</td>
<td>CLO 1, 2, 3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100%</strong></td>
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### STANDARDS FOR ASSESSMENT

<table>
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<tr>
<th>Course Grade Descriptors</th>
<th>Description</th>
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<tr>
<td>A+, A, A-</td>
<td>Candidate has consistently demonstrated a thorough grasp of the subject as evidenced by original or exceptionally astute analysis, synthesis and application</td>
</tr>
<tr>
<td>B+, B, B-</td>
<td>Candidate has frequently demonstrated a thorough grasp of the subject as evidenced by original or exceptionally astute analysis, synthesis and application</td>
</tr>
<tr>
<td>C+, C, C-</td>
<td>Candidate has demonstrated a fair grasp of the subject as evidenced by original or fair analysis, synthesis and application</td>
</tr>
<tr>
<td>D+, D</td>
<td>Candidate has demonstrated a basic grasp of the subject as evidenced by basic analysis, synthesis and application</td>
</tr>
<tr>
<td>F</td>
<td>Candidate has demonstrated little grasp of the subject as evidenced by little sensible analysis, synthesis and application</td>
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**Assessment Rubrics for Each Assessment** (Please provide us the details in a separate file if the space here is not enough)
### COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

I. Ownership and Control  
II. Political Connection and Political Influence  
III. Mergers and Acquisitions and Market of Corporate Control  
IV. Syndicated Lending  
V. Banking and Financial Institutions  
VI. Stock Analysts and Information Asymmetry  
VII. Corporate Cash Holding Policy and Liquidity Management  
VIII. Finance and Innovation  
IX. Culture and Finance  
X. Climate Finance  
XI. Energy Finance

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

#### Reading List  
**I. Ownership and Control**  
Case: Magna International (A) (Harvard Business School Case #211-044)

**II. Political Connection and Political Influence**  
Ill. Mergers and Acquisitions and Market of Corporate Control


Cases: Acquisition of Consolidated Rail Corporation (A) (HBS Case #298-006).

Acquisition of Consolidated Rail Corporation (B) (HBS Case #298-095)

IV. Syndicated Lending


Economics 89, 44–61.


Case: Chase's Strategy for Syndicating the Hong Kong Disneyland Loan (A) (Harvard Business School Case # 201-072)

V. Banking and Financial Institutions

Qian, J., PE Strahan, Z Yang, 2015. The impact of incentives and communication costs on information production and use: Evidence from bank lending, The Journal of Finance 70, 1457-1493


VI. Stock Analysts and Information Asymmetry


VII. Corporate Cash Holding Policy and Liquidity Management


VIII. Finance and Innovation


Bradley, Daniel, Incheol Kim, and Xuan Tian, 2016. Do unions affect innovation? Management Science


IX. Culture and Finance


Duc Duy Nguyen, Jens Hagendorff, Arman Eshraghi; Does a CEO’s Cultural Heritage Affect Performance under Competitive Pressure?, The Review of Financial Studies, forthcoming.


IX. Behavioral Corporate Finance


environment, the gender gap, and investor behavior. The Review of Financial Studies, 29(3), 739-786.


X. Climate Finance


Cortés, Kristle, Ran Duchin, and Denis Sosyura, 2016, Clouded judgment: The role of sentiment in credit origination, Journal of Financial Economics 121, 392-413.


XI. Energy Finance


Kogan, Leonid, Dmitry Livdan, and Amir Yaron, 2009, Oil futures prices in a production economy with investment
<table>
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<tr>
<th>MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE</th>
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<tr>
<td>○ conducting mid-term survey in additional to SETL around the end of the semester</td>
</tr>
<tr>
<td>○ Online response via Moodle site</td>
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<tr>
<td>○ Others: ________________________ (please specify)</td>
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**COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)**

Plagiarism and copying of copyright materials are serious offences and may lead to disciplinary actions. You should read the chapters on and "Plagiarism" and "Copyright" in the Undergraduate/Postgraduate Handbook for details. You are strongly advised to read the booklet entitled "What is Plagiarism?" which was distributed to you upon your admission into the University, a copy of which can be found at www.hku.hk/plagiarism. A booklet entitled "Plagiarism and How to Avoid it" is also available from the Main Library.

**ADDITIONAL COURSE INFORMATION (e.g. e-learning platforms & materials, penalty for late assignments, etc.)**