## GENERAL INFORMATION

Instructors:
Dr. Tingjun Liu  
Office: KKL 1002  
Email: tjliu@hku.hk  
Phone: 2857-8512  
Consultation times: By appointment  
Lecture (1-6): Semester 1, Tuesday 13:30-16:20 in KK1119 (Sep 4, 11, 18; Oct 2, 9 2018 )  
Semester 1, Friday 9:30-12:20 in KK1119 (Sep 28, 2018)  
Professor Dragon Tang  
Office: KKL 1004  
Email: yjtang@hku.hk  
Phone: 2219-4321  
Consultation times: By appointment  
Lecture (7-12): Tuesday 10:30-12:00&13:30-15:00 in KK1119 (Oct. 16, 23, 30, Nov. 6, 13, 20)  
Tutor: None  
Pre-requisites: To be decided  
Co-requisites: To be decided  
Mutually exclusive: None  
Other important details: This course is a research-intensive course and is mainly designed for research post-graduate students to prepare for PhD-level research

## COURSE DESCRIPTION

This course covers selected PhD-level research-related lectures in corporate theories, real options and financial intermediation. The instructors will lecture selected topics and associated papers.

## COURSE LEARNING OBJECTIVES (CLO)

1. To derive corporate finance theories  
2. To derive real options theories  
3. To derive financial intermediation and financial markets theories

## FACULTY GOALS

Goal 1: To conduct quality research independently in their area of specialisation  
Goal 2: To be able to teach subjects in their specialisation  
Goal 3: To inculcate professionalism and leadership  
Goal 4: To master communication skills

## COURSE LEARNING OUTCOMES

<table>
<thead>
<tr>
<th>Course Learning Outcomes</th>
<th>Aligned Faculty Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### CLO1. Understand the basic model assumptions of and corporate finance and financial intermediation. 1, 2, 4

### CLO2. Set-up and derive models for corporate finance. 1, 2, 4

### CLO3. Understand the basics of programming. 2, 4

### CLO4. Develop new research idea, position in the literature, derive corresponding models, analyze and derive implications 3, 4

### 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>
</tr>
</thead>
<tbody>
<tr>
<td>T&amp;L1. Lectures</td>
<td>36 hours</td>
<td>25%</td>
</tr>
<tr>
<td>T&amp;L2. Assignments</td>
<td>72 hours</td>
<td>50%</td>
</tr>
<tr>
<td>T&amp;L3. Tutorials</td>
<td>0 hours</td>
<td>0%</td>
</tr>
<tr>
<td>T&amp;L4. Self-study</td>
<td>36 hours</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>144 hours</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assessment Methods</th>
<th>Brief Description (Optional)</th>
<th>Weight</th>
<th>Aligned Course Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1. Participations</td>
<td></td>
<td>10%</td>
<td>CLO 1, 2, 3, 4</td>
</tr>
<tr>
<td>A2. Assignments</td>
<td></td>
<td>40%</td>
<td>CLO 1, 2, 3, 4</td>
</tr>
<tr>
<td>A3. Examinations</td>
<td></td>
<td>50%</td>
<td>CLO 1, 2, 4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>

### STANDARDS FOR ASSESSMENT

**Course Grade Descriptors**

- **A+, A, A-**
  - Novel research idea, clean and clever model derivation, outstanding economic intuition, good empirical proxy, solid empirical analyses, and good discussions of results.

- **B+, B, B-**
  - Mediocre research idea, reasonable model derivation, understandable economic intuition, acceptable empirical proxy, reasonable empirical analyses, and plain discussion of results.

- **C+, C, C-**
  - Poor idea, over-simplified model derivation, barely acceptable economic intuition, almost poor empirical proxy, basic empirical analyses, and plain discussion of results.

- **D+, D**
  - Poor idea, over-simplified model derivation, unacceptable economic intuition, irrelevant empirical proxy, preliminary empirical analyses, and unclear discussion of results.

- **F**
  - No idea, no model derivation, unacceptable economic intuition, no empirical proxy, no empirical analyses, or no discussion of results.

Note: PhD/MPhil students are graded on a Pass/Fail basis. Grades A+ to D are considered as Pass, and grade F is considered as Fail.

**Assessment Rubrics for Each Assessment** (Please provide us the details in a separate file if the space here is not enough)
### A1 Participations

<table>
<thead>
<tr>
<th></th>
<th>A+</th>
<th>A-</th>
<th>B+</th>
<th>B-</th>
<th>C+</th>
<th>C-</th>
<th>D+</th>
<th>D-</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong></td>
<td>Extremely well prepared for lectures and attended all tutorials.</td>
<td>Reasonably prepared for lectures and attended all tutorials.</td>
<td>Not well prepared for lectures and attended most tutorials.</td>
<td>Not well prepared for lectures and attended only a part of tutorials.</td>
<td>No preparation for lectures and attended only a part of tutorials.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### A2 Assignments

<table>
<thead>
<tr>
<th></th>
<th>A+</th>
<th>A-</th>
<th>B+</th>
<th>B-</th>
<th>C+</th>
<th>C-</th>
<th>D+</th>
<th>D-</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong></td>
<td>Submitted all assignments with almost perfect accuracy, and good idea, model, economic intuition, empirical proxy, empirical tests, and discussions.</td>
<td>Submitted all assignments with good accuracy, and satisfactory idea, model, economic intuition, empirical proxy, empirical tests, and discussions.</td>
<td>Submitted assignments with fair level accuracy, and reasonable idea, model, economic intuition, empirical proxy, empirical tests, and discussions.</td>
<td>Submitted assignments with acceptable accuracy, and barely acceptable idea, model, economic intuition, empirical proxy, empirical tests, and discussions.</td>
<td>Submitted poorly written homework or no submission.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### A3 Examinations or reports

Examinations 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 and final reports are graded according to the following criteria:

<table>
<thead>
<tr>
<th></th>
<th>A+</th>
<th>A-</th>
<th>B+</th>
<th>B-</th>
<th>C+</th>
<th>C-</th>
<th>D+</th>
<th>D-</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong></td>
<td>Submitted all assignments with novel research idea, clean and clever model derivation, outstanding economic intuition, good empirical proxy, solid empirical analyses, and good discussions of results</td>
<td>Submitted all assignments with mediocre research idea, reasonable model derivation, understandable economic intuition, acceptable empirical proxy, reasonable empirical analyses, and plain discussion of results.</td>
<td>Submitted assignments with poor idea, over-simplified model derivation, barely acceptable economic intuition, almost poor empirical proxy, basic empirical analyses, and plain discussion of results.</td>
<td>Submitted assignments poor idea, over-simplified model derivation, unacceptable economic intuition, irrelevant empirical proxy, preliminary empirical analyses, and unclear discussion of results.</td>
<td>No submission or submitted assignments with no idea, no model derivation, unacceptable economic intuition, no empirical proxy, no empirical analyses, or no discussion of results.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

Lecture 1:
- Basic auction theory and applications in finance.

Lecture 2: Applications in M/A.

Lecture 3: Payout policy
- Basic stylized facts.
- Theories.
- Bhattacharya, S., 1979, "Imperfect information, dividend policy, and ‘the bird in the hand’ fallacy," Bell Journal of Economics, 10, 259-270.

Lectures 4 & 5: Financing
- Pecking order theory.
- Violations.

Lectures 5 & 6: IPOs and other topics.
- Lin William Cong, Yizhou Xiao, 2018, Up-Cascaded Wisdom of the Crowd, working paper.

Lecture 7: Contracting
- Bolton, P., and D. Scharfstein, 1990, “A theory of predation based on agency problems in

### Lecture 8: Capital Structure


### Lecture 9: Financial Intermediation


### Lecture 10: Financial Markets


### Lecture 11: Credit Rating, Securitization, and Credit Default Swaps (CDS)


### Lecture 12: FinTech, Impact Investing and China


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

Upon instructors’ guidance
- conducting mid-term survey in additional to SETL around the end of the semester
- Online response via Moodle site
- Others: ________________________ (please specify)

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

1. **Academic conduct:** Students should refer to and be familiar with the provisions within the honor code about academic integrity in education and research. All submitted works (assignments, and exams) in this class must be original work. 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 students 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.

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

1. Late submissions of assignments will not be accepted
2. Misbehaviors in classroom, reports, and exams are subject to penalty in participation grades.