

## Subject Description Form

<b>Subject Code</b>	AF4328
<b>Subject Title</b>	Mergers and Acquisitions
<b>Credit Value</b>	3
<b>Level</b>	4
<b>Normal Duration</b>	1-semester
<b>Pre-requisite / Co-requisite/ Exclusion</b>	<b>Pre-requisites:</b> Business Finance (AF3313) and Corporate Finance (AF4320)
<b>Role and Purposes</b>	This subject aims to provide a theoretical framework as well as practical knowledge on mergers and acquisitions. It contributes to the achievement of BBA Programme Outcomes by enabling students to demonstrate a global outlook and an understanding of cultural diversity, as evidenced by an understanding of globalization, the dimensions along which cultures vary and the implications of both for merger business (Outcome 3). Besides, students have to apply and analyze merger situations and problems by using conceptual frameworks drawn from Accounting, Finance, Economics, Behavioral Science, Law and Quantitative Methods (Outcome 7). A lot of real case examination will demonstrate that there is strong linkage on the capital market action and the merits of M&A transactions. In this connection, students are required to apply basic financial theories, analyze financial reports and understand the operation of financial markets as well (Outcome 9).
<b>Subject Learning Outcomes</b>	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> <li>a. Evaluate the economic functions played by M&amp;A activities and the importance of capital markets in supporting such activities;</li> <li>b. Examine various valuation methods used in M&amp;A process;</li> <li>c. Review the regulatory framework governing M&amp;A-related activities in Hong Kong;</li> <li>d. Assess the strategies and tactics of different forms of takeovers and acquisitions, offers and defenses;</li> <li>e. Enhance their global outlook and cultural awareness in cross-border takeover deals and negotiations; and</li> <li>f. Have sufficient professionally-specific skills and knowledge to make an immediate contribution to the workplace related to mergers and acquisitions, and to facilitate the process of continuous professional development in this fast moving industry</li> </ul>
<b>Subject Synopsis/ Indicative Syllabus</b>	<p><b>Overview of Mergers and Acquisitions</b> Types of acquisitions; dynamics of the M&amp;A process; merger theories and empirical evidence.</p> <p><b>Takeover Regulation in Hong Kong</b> Substantial shareholding; Takeovers Code; Securities Ordinance; Companies Ordinance; SEHK Listing Rules.</p>

	<p><b>Valuation Issues</b> Valuation methodologies; valuation of target firms; valuation issues for the offeror.</p> <p><b>Structuring M&amp;A Deals</b> Consideration; method of payment; impact of financial strategy.</p> <p><b>Bid Strategies and Tactics</b> Choice of offer consideration and conditions; management and board considerations.</p> <p><b>Takeover Defenses</b> Resistance motives; defense strategies; impact and cost of strategies; right of minority shareholders.</p>																																																																												
<p><b>Teaching/Learning Methodology</b></p>	<p>The 3-hour seminar per week will be used flexibly by the instructor for discussing key concepts and their applications with students and carrying out other learning activities. To maximize benefits, students are encouraged to participate actively in the discussions and share their views with their peers. This course also places a lot of emphasis on team work. Students will be organized into teams and assigned to work on problem sets and real-life case studies.</p>																																																																												
<p><b>Assessment Methods in Alignment with Intended Learning Outcomes</b></p>	<table border="1" data-bbox="458 916 1473 1592"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks</th> <th rowspan="2">% weighting</th> <th colspan="6">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th>d</th> <th>e</th> <th></th> </tr> </thead> <tbody> <tr> <td><b>Continuous Assessment</b></td> <td><b>50%</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1. Class participation</td> <td>10%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> </tr> <tr> <td>2. Individual assignment</td> <td>15%</td> <td>√</td> <td>√</td> <td></td> <td>√</td> <td>√</td> <td></td> </tr> <tr> <td>3. Case study presentation</td> <td>15%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>4. Case study write-up</td> <td>10%</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td><b>Final Examination</b></td> <td><b>50%</b></td> <td>√</td> <td>√</td> <td></td> <td>√</td> <td>√</td> <td></td> </tr> <tr> <td>Total</td> <td>100 %</td> <td colspan="6"></td> </tr> </tbody> </table> <p>To pass this subject, students are required to obtain Grade D or above in <b>both</b> the Continuous Assessment and Examination components.</p>							Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d	e		<b>Continuous Assessment</b>	<b>50%</b>							1. Class participation	10%	√	√	√	√	√		2. Individual assignment	15%	√	√		√	√		3. Case study presentation	15%	√	√	√	√			4. Case study write-up	10%	√	√	√	√			<b>Final Examination</b>	<b>50%</b>	√	√		√	√		Total	100 %						
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<p><b>Student Study Effort Required</b></p>	<p>Class contact:</p> <ul style="list-style-type: none"> <li>▪ Seminars</li> </ul> <p>Other student study effort:</p> <ul style="list-style-type: none"> <li>▪ Assignment and Reading</li> <li>▪ Revision</li> </ul>						<p>39 Hrs.</p> <p>46 Hrs.</p> <p>41 Hrs.</p>																																																																						

	Total student study effort	126 Hrs.
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<p><b>Reading List and References</b></p>	<p>Sudi Sudarsanam, <i>Creating Value from Mergers and Acquisitions: The Challenges</i>, Prentice Hall, latest edition.</p> <p>Weston, J. Fred, Mark L. Mitchell and J. Harold Mulherin, <i>Takeovers, Restructuring &amp; Corporate Governance</i>, latest edition, Prentice Hall.</p> <p>Patrick A. Gaughan, <i>Mergers, Acquisitions, and Corporate Restructurings University Edition</i>, John Wiley and Sons, latest edition.</p> <p>Lang, Larry H.P., <i>Cases of Mergers and Acquisitions in Hong Kong</i>, Prentice Hall, latest edition</p> <p>Norman, David and Denise Jong, <i>M&amp;A: mergers and acquisitions in Hong Kong</i>, THC Press, latest edition.</p> <p>Kenneth AHERN &amp; Jarrad HARFORD, “The importance of industry links in merger waves”, <i>The Journal of Finance</i> 69 (2), April 2014, pp.527-576</p>
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