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Yuanzhen JIANG

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## **IPO Markets in Asia Financial Centers: How the different IPO locations affect firms' stock prices**

*Jiang Yuanzhen*

### **Abstract**

For most of non-listed corporations when they are confronting the issues of cutting capital cost, to increase the base of their investors, to develop the firm business quicker, or even to diversify the pool of investors, one of the most important alternatives that the executives and shareholders of these corporations may think is to do IPO (Initial Public Offering); which could be done in the domestic or in the foreign IPO markets. This paper firstly introduces the situation and differences among different IPO markets in Asia major financial centers that includes Mainland China, Hong Kong and Singapore. Then it will analyze the macroeconomic factors and intangible factors that influence the performances of the firms' share prices by empirical approaches (more quantitative than qualitative).

The result of quantitative analysis shows that relative big GDP growth rate in listing areas may have positive effect on the returns of IPO stocks, and relative large inequality of wealth distribution in listing areas may have positive relationship with the returns of IPO stocks.

**Keywords:** IPO, Financial Centers, Asia IPO markets, Corporation Governance

## **1. Introduction**

When a non-listed corporation starts to consider the idea of doing IPO (Initial Public Offering) that could be done in the domestic or the foreign IPO markets, their executives and shareholders need to examine many factors to decide which of them could give them an idea of what is the right and more suitable market. The factors include the transaction cost, investor's emotion, market situation, legal framework, corporate life cycle, corporate financial condition and corporate subjective will, etc.<sup>46</sup> This paper firstly introduces the external factors that affect the firm's choices that includes the IPO system, market situation, legal framework, macro situation and investors' emotion, etc. Then it analyzes the macroeconomic factors and intangible factors that influence the performances of firms' IPOs by empirical approaches, these macroeconomic factors are GDP change rate (annually) and GDP per capita (annually); and the intangible factors will include the Gini coefficient and HDI (Human Development Index).<sup>47</sup> Finally the quantitative study part mainly will study the relationship between IPO firms' performances and the factors previously explained in listing areas in Hong Kong, Mainland China and Singapore in 2012. (Due to there was a suspension of IPO from December 2012 to December 2013 in Mainland China.) This paper uses cross-sectional data in 2012.

## **2. Literature review**

With the development of the financial markets in Asia and the economy boom in China, more and more firms are listing in markets such as Hong Kong, Mainland China and Singapore. Nowadays it has become really popular and convenient that Mainland's companies to be cross-listed in Hong Kong and Singapore due to similar society culture and advantage of geographic locations.

Many papers studied IPO from several perspectives: 1. The motivations and meaning of enterprise doing IPO; 2. The IPO systems in different financial markets; 3. The problems and undergoing reform of the IPO markets.

Besides traditional motivations for IPO such as lowering financing cost, brand building and diversifying investors, a thesis written by LIU Yi mentioned that the differences in CEOs' salary may influence the choice of IPO listing locations.<sup>48</sup>

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<sup>46</sup> Shen Xifei. Study of IPO financing motivations in China. 2008. PhD Essay.

<sup>47</sup> Sources: World Bank, United Nations Development Programme.

<sup>48</sup> Liu Yi. CEO'S PAY DIFFERENTIALS AND THE LOCATION OF IPOs: AN EMPIRICAL STUDY FOR CHINESE A-SHARE AND H-SHARE COMPANIES. Thesis. Lingnan University. 2011.

Meanwhile the studies of the IPO systems usually include the study of different legal systems, different pricing mechanism and different practical process during IPOs. Issuance system mainly includes assessment system, pricing system and information disclosure system.

The papers relates to the problems and undergoing reform of the IPO markets mainly to compare the pros and cons in the different IPO systems and to give suggestions from a efficiency, safety and fairness perspective. One of the important points is that the registration system is more efficient than ratification system and approval system, but these two last ones may avoid the entrance of firms with low quality and high risk. Finally to define a good IPO system is necessary to have a high efficiency of resources allocation, an avoidance of adverse selection effect and equal protection for all shareholders.<sup>49</sup>

### **3. IPO Markets in Hong Kong, Mainland China and Singapore**

#### **3.1 IPO markets in Asia**

There are several financial centers in Asia, including Hong Kong, Singapore, Tokyo and Shanghai. This paper will not discuss the situation of Tokyo due to scope limitation, and also is important to highlight that Shanghai is more likely to be seeing as a national financial center rather than an international one. Finally this paper basically treats Shanghai and Shenzhen as one IPO market, due to they are the ones that work in Mainland China and they share the same IPO system.

#### **3.2 IPO markets in Hong Kong**

The stock trade in Hong Kong appeared in mid-19th century. Only until 1891 the establishment of the Stockbrokers' Association of Hong Kong indicated the emergency to create an official Hong Kong security market. Up to that time, its functions were performed by the Stock Exchange of Hong Kong, the Hong Kong Futures Exchange and the Hong Kong Securities Clearing Company Limited in 2000.<sup>50</sup>

The IPO system that is used nowadays in in the country is the combination of the book building method<sup>51</sup> and fixed price issuance system<sup>52,53</sup>. Another important fact is that a

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<sup>49</sup> Huang Yuncheng, Ge Rongrong. International comparison of the stock issuance systems and practice of China's reform. International Finance Study. 2005.2

<sup>50</sup> Feng Yangbang. Hong Kong's financial industry for centuries. Joint Publishing (HK) Ltd. Books. ISBN : 962-04-2129-9

<sup>51</sup> Book building is a process of generating, capturing, and recording investor demand for shares.

[http://en.wikipedia.org/wiki/Book\\_building](http://en.wikipedia.org/wiki/Book_building)

<sup>52</sup> In the transaction negotiation, once buyers and sellers determined the price, no matter what happens

sponsor plays an important role as an agent of issuers and taking responsibility of due diligence. From the perspective of the current performance, in 2014, it was estimated by Ernst & Young that there were 109 new companies listed in HKEx using IPOs and total capitalization of 226 billion HKD, increasing 34% compared to 2013. The capitalization amount is only behind the one of the New York Exchange (NYSE), becoming the second largest in size of IPO in the world. The result was 225 billion HKD in terms of capitalization and also the second largest IPO amount estimated by KPMG. From the regional perspective, 86% of the financing demand came from Mainland China, and there were 9 Mainland new listed companies that reached the top 10 IPOs in 2014.<sup>54</sup> From the current situation, the IPO business in Hong Kong is relatively active in Asia and in the world. One of the reasons that can't be ignored is the large and increasing amount of IPOs from Mainland China.

Exchange Breakdown - (US\$ Billions)									
Exchange	2Q 2013			1Q 2014			2Q 2014		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
NYSE	21	\$8.4	21.3%	18	\$7.2	20.9%	24	\$10.5	18.6%
LSE Main	3	\$1.2	3.0%	9	\$4.2	12.2%	19	\$10.4	18.5%
NASDAQ	11	\$2.7	6.9%	9	\$1.1	3.2%	17	\$7.6	13.6%
Hong Kong Exchange	5	\$3.9	9.8%	8	\$5.5	16.0%	15	\$4.4	7.8%
Australian Exchange	2	\$0.5	1.3%	2	\$0.4	1.1%	9	\$3.6	6.4%
Borsa Italiana	0	\$0.0	0.0%	0	\$0.0	0.0%	4	\$2.6	4.7%
Bolsa de Madrid	0	\$0.0	0.0%	3	\$1.4	4.1%	2	\$2.0	3.6%
Euronext/Paris	0	\$0.0	0.0%	1	\$0.8	2.4%	3	\$1.9	3.4%
Euronext/Amsterdam	0	\$0.0	0.0%	1	\$1.8	5.1%	2	\$1.8	3.2%
Toronto Stock Exchange	4	\$1.0	2.5%	0	\$0.0	0.0%	3	\$1.5	2.7%

Graph 1: Exchange breakdown Top 10 of IPOs (Source: Renaissance Capital.)<sup>55</sup>

The main reasons behind this phenomenon may lie in several perspectives. Firstly, Hong Kong is a worldwide famous financial center and is close to Mainland China; the advantage of geographic position is crucial to the increase in IPO from Mainland China; even it's interesting to find out that some of the IPO firms are from Shenzhen. Secondly, the IPO system in Hong Kong is more mature and more market-oriented; the transparency of the IPO process in Hong Kong is better than in Mainland China due to a sound legal framework and effective regulatory bodies. Thirdly, the capitalization effect may have better results once it's listed in Hong Kong; due to the long-time bear market of the securities and the recent pressures from the economic recession in Mainland China, issuers may treat Hong Kong

afterwards, the price of the settlement payables is determined according to the original fixed price.

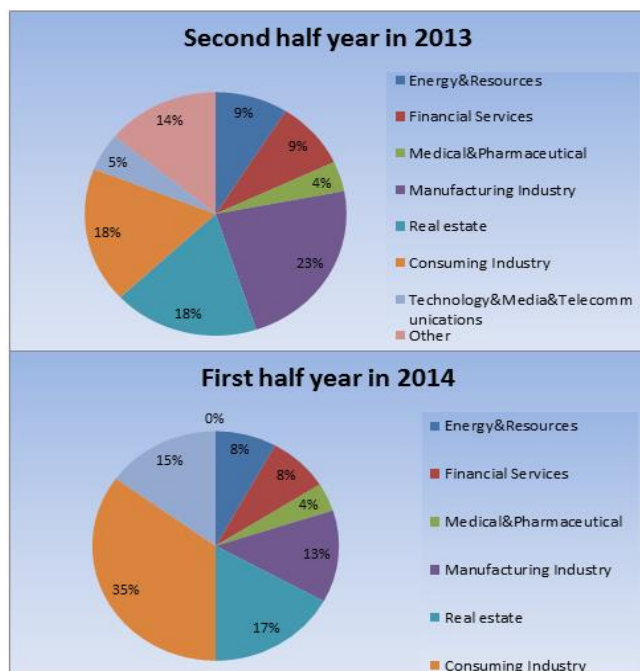
<sup>53</sup> Yao Xingtao, Zhou Kan, Lin Lin, Xie Siping, Li Huazheng. The comparison between IPO systems in domestic markets and in foreign markets. Shanghai Securities News. Newspaper. 13<sup>th</sup> June 2009.

<sup>54</sup> Qin Wei. Ernst & Young, KPMG: 2014 Hong Kong IPO financing ranks second in the world with capitalization of 225 billion HKD. 21st Century Business Herald. Newspaper. 18<sup>th</sup> December 2014.

<sup>55</sup> Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs.

security market as a stronger place to raise fund because their expectation may be more optimistic. Besides, from December 2012 to December 2013 there was an IPO suspension, situation that may had pushed qualified firms to be listed overseas and in Hong Kong. Finally, with the construction and the development of the Shanghai-Hong Kong stock connection<sup>56</sup>, the capital flows in the security markets between Hong Kong and Mainland China are more active, which increases the liquidity for both markets. When the Mainland firms decide to be listed in Hong Kong, now they will consider this factor as an advantage due to the investors in Hong Kong may be familiar with them.

The industries that recently performed IPOs in Hong Kong are mainly from manufacturing industries, consuming industries and Real estates. The total amount of energy & resources and manufacturing industries accounts for more than 50% of the capitalization in the Hong Kong securities market.



Graph 2: IPO from different industries in Hong Kong (Source: Deloitte)

<sup>56</sup> Shanghai Stock Exchange and Hong Kong Stock Exchange allowed investors through both local securities companies and brokers to trade in each other's markets within a predetermined range of listed stocks. It began on the 17<sup>th</sup> of November 2014.

### **3.3 IPO markets in Mainland China**

In China, the system of IPO has been reformed from an approval system<sup>57</sup> to a ratification system<sup>58</sup>, and then it transformed into a registration system<sup>59</sup>. The general trend of the IPO system is changing from macro-control to market-adjusted, at this moment is forecasted that some IPOs in Mainland China will apply to registration system at the end of 2015.<sup>60</sup>

There were 8 IPO suspensions in China, where the recent one was from December 2012 to December 2013. The reasons behind these suspensions are mainly dramatic volatile prices, loopholes in legal framework, the launching of new policies or the promotion of reforms.<sup>61</sup>

From the angle of the number of companies and the capitalization size, there were 104 new listed companies with a capitalization amount of 9.9 billion USD in Mainland China during the first 11 months of 2014.<sup>62</sup> It seems to be a quite good performance that could have been influenced by the long-time IPO suspension and the different reforms in the process. Actually, except for the registration system reform, there was a delisting system reform<sup>63</sup> that have had paved the way for the registration system, to make sure that low qualified listed companies will not influence the whole market and to attract more investment capital. The situation in the current IPO market of Mainland China is becoming more market-oriented and getting more transparent, but since it is still controlled by the government and regulators, it is hard to be forecasted to a certain result as a result of the constant and complicated conflicts of the different interest groups. This paper will have reservations about the future development of IPO market in Mainland China.

At this moment there are no foreign companies listed in Mainland China, and the ones that

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<sup>57</sup> An issuance system that local governments or industry authorities use administrative and program approaches to allocate shares and the amount of shares based on indicators of companies.

<sup>58</sup> An issuance is between approval system and registration system. It established inquiry mechanism for institutional investors and formed a release mode in favor of institutional investors, whose main principles are basing on the money size to place new shares.

<sup>59</sup> An issuance system that government doesn't process prior substantive examination on application documents only process form of review. If issuers within a certain period after the review are not negated by the government then can issue securities.

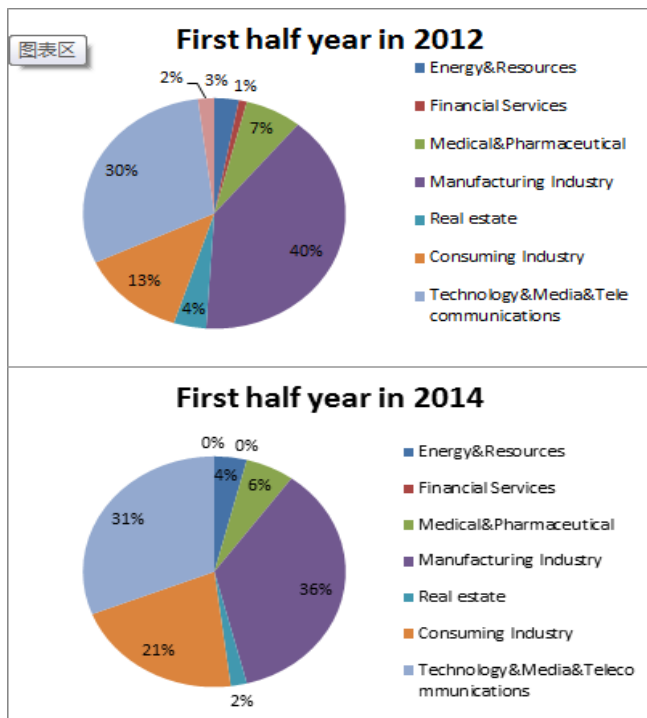
<sup>60</sup> Wang Weidan. Prime anxious! IPO Registration system will speed up reforms. Wall Street Journal. 20<sup>th</sup> November 2014. News. <http://wallstreetcn.com/node/210933>

<sup>61</sup> 8 IPO suspensions of A shares in the history, the impact on the A shares after a pause and the restart review. Securities Daily. 30<sup>th</sup> November 2013. News. <http://finance.sina.com.cn/stock/v/20131130/185217489243.shtml>

<sup>62</sup> Chen Fei. 2014 IPO: Ten Keywords to review IPO market, reforms throughout the year. Qingke Research Center. 18<sup>th</sup> December 2014. News. <http://research.pedaily.cn/201412/20141218375405.shtml>

<sup>63</sup> In 16<sup>th</sup> November 2014, SFC issued the "Opinions about improving and implementing strictly the delisting system reform of listed companies" into effect. The main content includes: 1. Initiative delisting of sound companies; 2. Compulsory delisting of companies with major illegal issues; 3. Strict implementing the compulsory delisting of companies involved with trading issues and financial statement issues; 4. Improvement of delisting related systems arrangement; 5. Strengthen investor protection of delisting companies. There are 7 kinds of situations about initiative delisting and 20 kinds of situations about compulsory delisting clearly clarified in the document. <http://research.pedaily.cn/201412/20141218375405.shtml>

are recently registered comes from the Manufacturing industries, Technology & Media and Telecommunications; also it is observable that the Consuming industry is sharply increasing by 8% from 13% in 2012 to 21% in 2014. This is evidence that nowadays the focuses of China's firms have been under a transformation from the secondary industry to tertiary.



Graph 3: IPO from different industries in Mainland China (Source: Deloitte)

### 3.4 IPO markets in Singapore

The development of the stock exchange in Singapore was originated at the end of the 19th Century. According to history, Singapore split out from the Federation of Malaysia in 1965 and the Stock Exchange of Singapore became an independent legal institution that started to operate in 1973. In December 1999, the Singapore Exchange was established on the basis of the Stock Exchange of Singapore and Singapore International Monetary Exchange Ltd.<sup>64</sup>

<sup>64</sup> Yang Yuncai. Analysis and Countermeasures of Domestic enterprises listed in Hong Kong and Singapore. Postgraduate thesis. 2007



Singapore Exchange uses SESDAQ (Stock Exchange of Singapore Dealing and Automated Quotation System) and Market Maker System.

Once you compare it with the requirements for IPO in Hong, it's observable that Singapore is more flexible, and that is the reason why it attracts many SMEs (Small to Medium-sized Enterprise). The way how they work consist of three sets of requirements that were established by the Main Board IPO, relatively focusing on firm's profit, operation and market value. If a company fulfills them, it is eligible to do IPO in the Singapore Main Board. In the case of the SESDAQ, its requirements are even lower, where they only request a shareholder diversification and the firm's potential.<sup>65</sup> The low barriers and ease to be listed successfully for SMEs may be the reasons of phenomenon that most of IPOs that are listed from Mainland China in Singapore are SMEs.

Due to geographic advantages, high liquidity, internationalized stock market, sound legal framework, and open independent system, the IPO market in Singapore wins on favor not only from domestic firms but also from many foreign companies. From 2012 to 2014, the total number of new listed IPOs is increasing from the local and international market. From the perspective of market capitalization, the market capitalization coming from foreign listed companies accounts for 40% of the total market capitalization in Singapore stock market, which it's comparable higher than the one from Hong Kong stock market.

The industries that performed IPOs on 2014 in Singapore are mainly from traditional industries like real estate and energy & resources. Being 12 out of 28 of them from this industries. At the same time, some of these also came from the media industry, health care and technology; which expanded the pool of choices for the investors in that country.

Singapore IPOs	2012	2013	2014
Domestic	15	21	18
Foreign	7	6	10
Total	22	27	28

*Table 1: Amount of IPOs in Singapore in recent 3 years (Source: WFE)*

### **3.5 Comparison among IPO markets in Asia**

From the introduction above, we can see that the IPO market in China still has a big potential to grow due to the large market demand, it's the demand of IPO from Mainland China the one that drives the increase of IPO in Hong Kong and Singapore, losing points in its own in some

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<sup>65</sup> Source: Singapore Exchange. [www.sgx.com](http://www.sgx.com)

degree because the IPO system in Mainland China is under a process of improving its market mechanism.

The IPO systems in Hong Kong and Singapore are both mature. The industries of IPO in these two places mainly consist in Hong Kong of traditional industries such as manufacturing industries, consuming industries and real estate; and energy & resources industries in Singapore. The IPO system in Singapore has lower barriers to attract SMEs than it in Hong Kong.

In General, these three IPO markets have their own features. Now this paper will examine the relationship between performance of shares in the first year after IPO and the macroeconomic environment in the IPO markets.

#### 4 Empirical study

##### 4.1 Introduction

This paper studies the macroeconomic and intangible factors that may influence the performances of firms' IPOs in the first year of performance using empirical approaches. The macroeconomic factors are GDP change rate (annually) and GDP per capita (annually), and the intangible factors include the Gini coefficient and HDI (Human Development Index). This paper uses cross-sectional data of 2012 to run the regression. The performance of shares is calculated as the annual rate of return of stock prices. For the final model in this paper a Breusch-Pagan method for Heteroscedasticity test was used.

Type	Variable Name	Variable Sign	Descriptions
The dependent variable	Performance (Annual Share return)	PERF	Annual return of all shares that did IPO in 2012 in Mainland China, Hong Kong and Singapore, including Mainboard shares and GEM board shares, without considering the cash dividend and stock dividend
The control variable	Lna (Natural logarithm of total asset)	LNA	Natural logarithm of total asset of companies listed in 2012 in Mainland China, Hong Kong and Singapore, using data from annual reports of every company. The unit of total asset is RMB, converted in average currency rate in 2012
	Eps (Earnings per share)	EPS	Earnings per share of companies listed in 2012 in Mainland China, Hong Kong and Singapore, using data from annual reports of every companies, calculated as net income divided by share numbers (Unit: RMB, converted in average currency rate in 2012)

The independent variable	Annual GDP growth rate	GDPR	GDP growth rate in Mainland China, Hong Kong and Singapore in 2012
	Annual GDP per capita	GDPC	GDP per capita in Mainland China, Hong Kong and Singapore in 2012 (Unit: Thousands USD)
	Gini coefficient	GINI	A measure of statistical dispersion intended to represent the income distribution of a nation's residents, and is the most commonly used measure of inequality
	Human Development Index	HDI	A composite statistic of life expectancy, education, and income indices used to rank countries into four tiers of human development

Table 2: The definition and description of variables

#### 4.2 Model

The model used in this paper is the OLS model by cross-sectional data from 2012. Firstly a regression including all factors was run. According to the result (shown the table below), the asset factor is not significant in this model, and is for that reason that it was taken away as a control variable.

	(1) performance	(2) performance	(3) performance	(4) performance	(5) performance
gdpr	0 (.)	-0.108*** (-3.96)			
gdpc	0.0111*** (4.20)		0.00685*** (3.90)		
hdi	0 (.)			1.555*** (4.34)	
gini	0.0372** (2.14)				-0.0177 (-1.48)
eps	0.263** (2.60)	0.248** (2.44)	0.245** (2.41)	0.263** (2.59)	0.152 (1.49)
lna	-0.0298 (-1.42)	-0.0227 (-1.09)	-0.0221 (-1.06)	-0.0265 (-1.28)	-0.0134 (-0.63)

_cons	-1.623 (-1.63)	1.186** (2.48)	0.309 (0.72)	-0.690 (-1.42)	1.246 (1.64)
<i>N</i>	193	193	193	193	193

*t* statistics in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 3: Regression results including asset factor

After deleting the asset factor, it was found that in most of the regression results, the coefficients of annual GDP growth rate and HDI are omitted due to collinearity problem. This may be caused by similar sample data of GDP growth rate and HDI in Mainland China, Hong Kong and Singapore. (See in Table 7 in the Appendix.). After checking the information it was appropriate to further delete them in this model because these two factors are not related to the return on stocks and they can't help to explain the performances of the IPO shares.

	(1) performance	(2) performance	(3) performance	(4) performance	(5) performance
gdpr	0 (.)	-1.744* (-1.92)	0 (.)	-0.155*** (-4.00)	
gdpc	0.0104*** (4.00)	-0.106* (-1.80)	0.0104*** (4.00)		0.0104*** (4.00)
hdi	0 (.)	0 (.)		0 (.)	0 (.)
gini	0.0329* (1.92)		0.0329* (1.92)	0.0300* (1.80)	0.0329* (1.92)
eps	0.217** (2.25)	0.217** (2.25)	0.217** (2.25)	0.217** (2.25)	0.217** (2.25)
_cons	-1.990** (-2.06)	13.96* (1.90)	-1.990** (-2.06)	-0.569 (-0.78)	-1.990** (-2.06)
<i>N</i>	193	193	193	193	193

*t* statistics in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 4: Regression results excluding asset factor and including HDI

After considering the results of the T-value test, the final model was constructed as:

$$PERF_i = \beta_1 + \beta_2 GDPC_c + \beta_3 GINI_c + \beta_4 EPS_i$$

The subscript of c stands for countries and areas, and the subscript of i stands for IPO firms listed in 2012.

### 4.3 Regression results

The regression result of the final model is:

$$PERF_i = -1.9902 + 0.0104GDPC_c + 0.0330GINI_c + 0.2167EPS_i$$

The coefficient of GDPC<sub>c</sub> is at the significance level of 1%. And the coefficients of EPS<sub>i</sub> and constant term are at the significance level of 5%. The coefficient of GINI<sub>c</sub> is significant at 10% confidential level.

The result of Heteroscedasticity test using Breusch-Pagan method shows that P value is 0.005, which indicates that there is no heteroscedasticity problem. And the result of the Endogenous test using Hausman method shows that there isn't endogenous problem. The result of over identification test also shows there isn't overfitting problem.

	(1) performance	(2) performance	(3) <b>performance</b>	(4) performance
gdpc	0.0104*** (4.00)	-0.00628 (-0.90)	<b>0.0104***</b> <b>(4.00)</b>	
hdi	0 (.)	2.743* (1.92)		1.709*** (4.00)
gini	0.0329* (1.92)		<b>0.0329*</b> <b>(1.92)</b>	0.0124 (0.90)
eps	0.217** (2.25)	0.217** (2.25)	<b>0.217**</b> <b>(2.25)</b>	0.217** (2.25)
_cons	-1.990** (-2.06)	-2.038** (-2.06)	<b>-1.990**</b> <b>(-2.06)</b>	-2.020** (-2.08)

*t* statistics in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

*Table 5: Regression results excluding asset factor and GDP growth rate factor*

According to the regression result, (1).The higher the GDP per capita is, the better the IPO stock return will be: GDP per capita indicates the wealth owned by every person in one country or area, as the explanation indicates it is easy to understand than the richer investors will be, they will contribute more to increase the stock market. (2). The more the wealth inequality, the higher the IPO stock return: Larger Gini coefficient indicates that there is more wealth distribution inequality in an economy. The positive relationship between the stock performance and the Gini coefficient seems strange. But when more money is allocated in a few people's hands, it means they can use this extra money to invest instead of consuming or saving. If money are evenly distributed, the total money that can be used for investing may decrease. (3). The higher the earnings per share of firms, the larger the rate of return of IPO shares: Earnings per share is closely positive related to stock price as a control variable, and can be used the PE ratio to evaluate the undervaluation or overvaluation of a stock.

#### 4.4 Potential problems in the model

(1) The model does not include other macroeconomic and intangible factors due to limited knowledge on constructing models including ordinal factors, this model does not include more intangible factors such as Economic Freedom, Corruption Perceptions and Press Freedom. Also the model doesn't include more macroeconomic factors that could indicate the business cycle or the inflation rate.

(2) The model does not consider the firm's performance in a longer time horizon, to judge the firm's performance by the stock price changes in only 1 year period may be a short time to have an idea of how the long-term performance of the stock will be. And this paper does not consider some long-term variables as the indicators of enterprise performance, such as the growth rate of sales, the growth rate of investment and ROA. It only assumes the stock return as the performance of a firm is short-sighted.

(3) Sample data limitation. Data of stock prices in Mainland China, Hong Kong and Singapore are relatively from Sina Finance<sup>66</sup>, Tencent Finance<sup>67</sup> and Aastocks<sup>68</sup>. Data of total asset and earnings per share in Mainland China, Hong Kong and Singapore are relatively

<sup>66</sup> <http://finance.sina.com.cn/>

<sup>67</sup> <http://finance.qq.com/stock/>

<sup>68</sup> <http://www.aastocks.com/sc/default.aspx>

from CSMAR database and firms' annual report. Data of GDP growth rate, GDP per capita and Gini coefficient in Mainland China, Hong Kong and Singapore are from World Bank. The data of Human Development Index is from United Nations Development Programme.

The first limitation is that the data only includes IPOs listed in Mainland China, Hong Kong and Singapore in 2012. And that the data of the stock performance doesn't consider cash dividends and stock dividends, just simply calculated the stock price after a period of 1 year minus the initial open price of the IPO, then it is divided by the initial price.

Also there are some exchange rate problems in the earnings per share and total asset. Since we are evaluating IPO from different countries, and looking to standard all of them under the same currency, they were converted into a RMB-denominated amount by the average currency exchange rate in 2012, which may cause some inaccuracy on this regression.

Finally, because most of the data is hand-collected by checking the stock prices and the annual reports, there may be some mistakes in the data due to careless misunderstandings.

#### **4.5 General findings**

Through the regression results above the general finding are that in Mainland China, Hong Kong, Singapore, relative big GDP growth rate in listing areas may have positive effect on the returns of IPO stocks, relative large inequality of wealth distribution in listing areas may have positive relationship with returns of IPO stocks.

### **5 Summary and Future Improvement**

This paper introduces briefly the topic of the IPO markets of Mainland China, Hong Kong and Singapore which are some of the most important Asia's financial centers. But it does not introduce the IPO pricing system or IPO motivations in a systematical way and it does not make comparisons between these markets from a comprehensive perspective.

Although the regression results show significant relationship between some variables and the IPO stock return, this model also has many loopholes, reason why we cannot conclude that the stock return have certain relationship with any independent variables mentioned in this paper.

Firstly, there is a sample bias in this paper because some IPO companies lacked data in important variables and that is why they are dropped, the time horizon for calculating stock

return is relatively short, and the data sample is limited to Mainland China, Hong Kong and Singapore stock market. Secondly, the degree of dependent variable can be explained by independent variables is relatively small because R-square is small. A more comprehensive model can be modified by adding more macroeconomic and intangible factors into independent variables, adding industrial factor into control variables, or changing dependent variables into growth rate of sales or ROA. Generally speaking, there is still a lot of work to do to improve this paper.

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Feature	Company	Initial price	End price	Return	Exchange	Asset	EPS
Domestic	BEYONDSOFT CORPORATION	19.5	16.2	-0.168	Shenzhen SE	9.30E+08	0.29
Domestic	Jiajia Food Group Co.,Ltd.	22.7	20.6	-0.094	Shenzhen SE	1.80E+09	0.39
Domestic	Chengdu Leejun Industrial CO.,LTD.	19.68	14.2	-0.277	Shenzhen SE	2.40E+09	0.5
Domestic	SUZHOU YANGTZE NEW MATERIALS CO.,LTD.	8.39	7.45	-0.112	Shenzhen SE	6.70E+08	0.22
Domestic	Xizang Haisco Pharmaceutical Group CO.,LTD	6.27	11.2	0.7831	Shenzhen SE	1.60E+09	0.48
Domestic	SHENZHEN MASON TECHNOLOGIES CO.,LTD.	8.21	6.97	-0.151	Shenzhen SE	6.50E+08	0.32
Domestic	SHAN DONG GETTOP ACCOUSTIC CO.,LTD.	4.91	5.63	0.1466	Shenzhen SE	7.60E+08	0.2
Domestic	Guangzhou CANUDILO Fashion & Accessories Co.,Ltd.	35	42.4	0.2111	Shenzhen SE	1.20E+09	0.84
Domestic	SINODATA CO.,LTD.	21.71	19.6	-0.097	Shenzhen SE	7.10E+08	0.36
Domestic	Beijing SDL technology co.,ltd	13.4	13.9	0.0373	Shenzhen SE	1.10E+09	0.24
Domestic	Jiangsu Zhongtai Bridge Steel Structure Co.Ltd	14.3	11.5	-0.195	Shenzhen SE	1.50E+09	0.26
Domestic	Shenzhen Moso Power Supply Technology Co.,Ltd.	24.02	15.2	-0.367	Shenzhen SE	8.20E+08	0.35
Domestic	KEMEN NOODLE MANUFACTURING CO.,LTD	27	32.4	0.1981	Shenzhen SE	8.20E+08	0.52
Domestic	Beijing WKW Automotive Parts Co.,Ltd.	10.69	9.95	-0.069	Shenzhen SE	2.80E+09	0.71
Domestic	PUBANG LANDSCAPE ARCHITECTURE CO.,LTD	12.19	13.9	0.1411	Shenzhen SE	2.00E+09	0.81
Domestic	Xin Zhi Motor Co.,Ltd.	15	14.9	-0.009	Shenzhen SE	1.30E+09	0.42
Domestic	Beijing Shouhang Resources Saving Co.,Ltd	13.14	16.8	0.2747	Shenzhen SE	2.10E+09	0.52
Domestic	Guangdong Delian Group Co.,Ltd.	7.91	8.78	0.11	Shenzhen SE	1.50E+09	0.41
Domestic	AnShan Heavy Duty Mining Machinery Co.,Ltd	23.85	20.6	-0.136	Shenzhen SE	7.70E+08	0.686
Domestic	Guangdong Homa Appliances Co.,Ltd.	14.81	13.3	-0.105	Shenzhen SE	2.40E+09	0.6

Domestic	Shanghai Kangda New Materials Co.,Ltd	13.82	10.5	-0.242	Shenzhen SE	5.70E+08	0.19
Domestic	GuangDong HuaSheng Electrical Appliances Co.,Ltd.	9.57	6.71	-0.299	Shenzhen SE	1.30E+09	0.23
Domestic	Shandong Longquan Pipeline Engineering Co.,LTD	5.32	7.32	0.3759	Shenzhen SE	1.20E+09	0.54
Domestic	Dongjiang Environmental Company Limited	39.9	52	0.302	Shenzhen SE	3.10E+09	1.05
Domestic	WESTERN SECURITIES CO.,LTD	14.77	14.2	-0.039	Shenzhen SE	1.10E+10	0.1
Domestic	XINGYE LEATHER TECHNOLOGY CO.,LTD.	12.05	10.2	-0.154	Shenzhen SE	1.60E+09	0.3524
Domestic	Yantai Dongcheng Biochemicals Co.,Ltd.	26.2	25.2	-0.039	Shenzhen SE	1.10E+09	0.76
Domestic	GUANGDONG SUNWILL PRECISING PLASTIC CO.,LTD.	15.37	10.5	-0.315	Shenzhen SE	1.80E+09	0.38
Domestic	Zhejiang Meida Industrial Co.,Ltd.	11.22	9.42	-0.16	Shenzhen SE	8.80E+08	0.24
Domestic	Guangzhou Pearl River Piano Group Co.,Ltd	8.6	7.52	-0.126	Shenzhen SE	2.10E+09	0.2
Domestic	FUJIAN JINSEN FORESTRY Co.,Ltd.	11.58	14	0.2124	Shenzhen SE	8.00E+08	0.12
Domestic	Lianyungang Huanghai Machinery Co.,Ltd.	31.22	22.2	-0.289	Shenzhen SE	7.70E+08	0.78
Domestic	Shenzhen Fenda Technology Co.,Ltd.	5.76	8.03	0.3941	Shenzhen SE	1.10E+09	0.31
Domestic	FUJIAN LONGZHOU TRANSPORTATION CO.,LTD.	9.66	9.86	0.0207	Shenzhen SE	2.20E+09	0.3
Domestic	Guangdong HongDa Blasting Co.,Ltd.	16.76	24.1	0.4362	Shenzhen SE	2.10E+09	0.36
Domestic	Guangdong Dynavolt Power Technology Co.,Ltd.	12.54	15.4	0.2249	Shenzhen SE	7.90E+08	0.6
Domestic	WUXI HUADONG HEAVY MACHINERY CO.,LTD.	9.3	8.4	-0.097	Shenzhen SE	9.70E+08	0.09
Domestic	ZHEJIANG YILIDA VENTILATOR CO.,LTD.	18.9	12.1	-0.359	Shenzhen SE	8.60E+08	0.47
Domestic	ZHEJIANG GIUSEPPE GARMENT CO.,LTD	10.58	6.08	-0.425	Shenzhen SE	6.80E+08	0.65

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Domestic	Jinhe Biotechnology CO.,LTD.	30.72	20	-0.349	Shenzhen SE	6.90E+08	0.47
Domestic	SHENYANG BRILLIANT ELEVATOR CO.,LTD.	7.97	5.79	-0.274	Shenzhen SE	1.90E+09	0.2
Domestic	Wenzhou Hongfeng Electrical Alloy Co.,Ltd.	12.41	8.54	-0.312	Shenzhen SE	7.40E+08	0.15
Domestic	Jiangsu Transportation Research Institute Co.,Ltd	5.68	5.32	-0.063	Shenzhen SE	2.50E+09	0.19
Domestic	SHANDONG SINOCERA FUNCTIONAL MATERIAL CO.,LTD.	13.24	18.4	0.3882	Shenzhen SE	5.50E+08	0.48
Domestic	Shanghai Acrel Co., Ltd.	8.78	8.8	0.0023	Shenzhen SE	3.90E+08	0.28
Domestic	Beijing Philisense Technology Co.,Ltd.	5.4	6.24	0.1556	Shenzhen SE	6.50E+08	0.14
Domestic	Longmaster Information&Technology CO.,Ltd.	19.64	39.4	1.0076	Shenzhen SE	4.50E+08	0.76
Domestic	BEIJING LEADMAN BIOCHEMISTRY CO.,LTD.	16	23.9	0.4938	Shenzhen SE	9.10E+08	0.35
Domestic	Bringspring Science & Technology Co.,Ltd.	8.37	8.52	0.0179	Shenzhen SE	4.00E+08	0.3002
Domestic	Beijing HualuBaina Film&Tv CO.,LTD.	12.62	14.4	0.141	Shenzhen SE	9.40E+08	0.78
Domestic	Jiangsu Wutong Communications Co.,LTD	9.57	6.56	-0.315	Shenzhen SE	4.90E+08	0.19
Domestic	SHENYANG BLUE SILVER INDUSTRY AUTOMATIC EQUIPMENT CO.,LTD.	7.5	8.33	0.1107	Shenzhen SE	8.40E+08	0.66
Domestic	Jiangxi Boya Bio-Pharmaceutical Co.,Ltd	37.88	36.6	-0.035	Shenzhen SE	7.40E+08	0.51
Domestic	Everyday Network Co.,Ltd.	56.38	44.4	-0.213	Shenzhen SE	6.40E+08	0.89
Domestic	Leyard Optoelectronic Co.,Ltd.	23.2	13.9	-0.401	Shenzhen SE	8.10E+08	0.31
Domestic	BLUEDON INFORMATION SECURITY TECHNOLOGY Co.,Ltd.	13.94	9.06	-0.35	Shenzhen SE	7.40E+08	0.29
Domestic	Changsha Sinocare Co.,Ltd	32.5	59.3	0.8231	Shenzhen	8.50E+08	0.78

					SE		
Domestic	Fuchun Communications Co.,Ltd.	22.5	17.3	-0.233	Shenzhen SE	4.10E+08	0.17
Domestic	Hakim Information Technology Co.,Ltd.	22.15	29.1	0.3138	Shenzhen SE	6.90E+08	0.34
Domestic	Shenzhen ChangFang Light Emitting Diode Lighting Co.,LTD.	8.92	7.43	-0.167	Shenzhen SE	1.00E+09	0.3326
Domestic	TOYOU FEIJI ELECTRONICS CO.,LTD	27.4	19.1	-0.302	Shenzhen SE	5.00E+08	0.24
Domestic	SHENZHEN JUFEI OPTOELECTRONICS CO.,LTD	12.19	14.6	0.1993	Shenzhen SE	9.40E+08	0.65
Domestic	JIANGSU YUNYI ELECTRIC CO.,LTD.	23.5	17.9	-0.237	Shenzhen SE	9.40E+08	0.56
Domestic	JiangSu YuXing Film Technology Co.,Ltd	19.64	15.4	-0.214	Shenzhen SE	1.20E+09	1.1
Domestic	Hangzhou Everfine Photo-E-Info Co.,Ltd.	21.58	14.7	-0.319	Shenzhen SE	9.10E+08	0.71
Domestic	Ningbo Cixing Co.,Ltd.	15.65	7.72	-0.507	Shenzhen SE	4.80E+09	0.86
Domestic	Shandong Zhongji Electrical Equipment CO.,LTD	20.85	14.8	-0.289	Shenzhen SE	5.50E+08	0.39
Domestic	GI Technologies (Beijing) Co.,Ltd	29.8	18.6	-0.377	Shenzhen SE	1.10E+09	0.17
Domestic	Guangdong Eastone Century Technology Co.,Ltd.	7.99	9.68	0.2115	Shenzhen SE	7.10E+08	0.44
Domestic	Surfilter Network Technology Co.,Ltd.	16.1	15.1	-0.065	Shenzhen SE	4.90E+08	0.22
Domestic	Boomsense Technology Co.,Ltd.	15.73	12.8	-0.187	Shenzhen SE	1.20E+09	0.3511
Domestic	XINJIANG TIANSHAN ANIMAL HUSBANDRY BIO-ENGINEERING CO.,LTD	16.54	10.9	-0.342	Shenzhen SE	4.10E+08	0.083
Domestic	Ningbo David Medical Device Co.,Ltd.	28.81	35.1	0.2183	Shenzhen SE	6.00E+08	0.52
Domestic	OURPALM CO.,LTD	3.79	9.64	1.5435	Shenzhen SE	8.70E+08	0.25
Domestic	Zhejiang Jingsheng Mechanical & Electrical Co.,Ltd.	34.12	22.5	-0.341	Shenzhen SE	1.90E+09	1.08

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Domestic	Shenzhen Jiawei Photovoltaic Lighting Co.,Ltd.	13.03	8.1	-0.378	Shenzhen SE	9.00E+08	0.02
Domestic	Beijing Bohui Innovation Technology Co.,Ltd.	19.35	20.6	0.0662	Shenzhen SE	6.50E+08	0.31
Domestic	Shenzhen Microgate Technology Co.,Ltd	6.17	8.69	0.4084	Shenzhen SE	3.40E+08	0.31
Domestic	JIANGYIN HAIDA RUBBER AND PLASTIC CO.,LTD.	21	24.3	0.1562	Shenzhen SE	8.50E+08	0.59
Domestic	SHANDONG TONGDA ISLAND NEW MATERIALS CO.,LTD	24.65	21.3	-0.134	Shenzhen SE	7.50E+08	0.6081
Domestic	Huizhou Speed Wireless Technology Co.,Limited	14.19	19.8	0.3918	Shenzhen SE	5.90E+08	0.24
Domestic	HC SemiTek Corporation	13.28	9.27	-0.302	Shenzhen SE	1.90E+09	0.23
Domestic	Beijing Watertek Information Technology Co.,Ltd.	6.4	9.7	0.5156	Shenzhen SE	6.10E+08	0.4
Domestic	Jiangsu Dewei Advanced Materials Co.,Ltd	17.9	19.9	0.1128	Shenzhen SE	1.10E+09	0.42
Domestic	Shanghai Kinetic Medical co.,ltd.	15.92	17.8	0.1168	Shenzhen SE	4.60E+08	0.6477
Domestic	Sino Wealth Electronic Ltd.	9.83	7.55	-0.232	Shenzhen SE	6.70E+08	0.2187
Domestic	Dongguan Eontec Co.,Ltd.	16.76	17.5	0.043	Shenzhen SE	6.70E+08	0.3019
Domestic	HAILUN PIANO CO.,LTD.	20.22	8.14	-0.597	Shenzhen SE	7.10E+08	0.33
Domestic	SHANGHAI HUAHONGJT SMART SYSTEM CO.,LTD	7.26	6.64	-0.085	Shenzhen SE	6.10E+08	0.26
Domestic	SVG OPTRONICS CO.,LTD	14.97	25.5	0.7054	Shenzhen SE	5.90E+08	0.42
Domestic	Top Resource Conservation Engineering Co.,Ltd.	10.41	10.6	0.0163	Shenzhen SE	1.70E+09	0.11
Domestic	Sinosun Technology Co.,Ltd.	26.71	16.1	-0.398	Shenzhen SE	9.00E+08	0.6
Domestic	TIANJIN MOTIMO MEMBRANE TECHNOLOGY CO.,LTD.	13.35	19.2	0.436	Shenzhen SE	7.50E+08	0.14
Domestic	Guangzhou Devotion Thermal Technology Co.,Ltd.	7.44	9.31	0.2513	Shenzhen SE	5.60E+08	0.2984

Domestic	SHANGHAI NEW CULTURE MEDIA GROUP CO.,LTD.	13.8	20.1	0.4594	Shenzhen SE	5.90E+08	0.56
Domestic	Jiangsu Hoperun Software Co.,Ltd	27.17	19.9	-0.268	Shenzhen SE	4.20E+08	0.31
Domestic	Jiangmen Kanhoo Industry Co.,Ltd	35.76	16.3	-0.544	Shenzhen SE	5.90E+08	1.11
Domestic	XI'an longi Silicon Materials Co.,Ltd.	19.54	8.18	-0.581	Shanghai SE	5.00E+09	0.07
Domestic	FIRST TRACTOR COMPANY LIMITED	8.25	7.38	-0.105	Shanghai SE	1.00E+10	0.3386
Domestic	Universal scientific industrial(shanghai)Co.,Ltd.	11.21	12.8	0.1401	Shanghai SE	6.80E+09	0.24
Domestic	SJEC Corporation	11.4	11.6	0.0158	Shanghai SE	2.00E+09	0.257
Domestic	BROS EASTERN CO., LTD.	12.15	8.49	-0.301	Shanghai SE	8.70E+09	0.27
Domestic	Yechiu Metal Recycling (China) Ltd.	13.83	10.5	-0.242	Shanghai SE	4.10E+09	0.24
Domestic	SHANTOU DONGFENG PRINTING CO.,LTD.	15.42	14.4	-0.065	Shanghai SE	2.60E+09	0.53
Domestic	CITIC HEAVY INDUSTRIES CO.,LTD.	4.66	3.12	-0.33	Shanghai SE	1.40E+10	0.1957
Domestic	China Communications Construction Co.,Ltd	6.99	4.87	-0.303	Shanghai SE	4.00E+11	0.31
Domestic	JISHI MEDIA	11	7.26	-0.34	Shanghai SE	4.90E+09	0.0641
Domestic	CHINA AUTOMOTIVE ENGINEERING RESEARCH INSTITUTE CO.,LTD	7.64	10.2	0.3364	Shanghai SE	3.50E+09	0.22
Domestic	People.cn CO.,LTD	32.5	39.8	0.2231	Shanghai SE	2.20E+09	0.28
Domestic	ZheJiang AoKang Shoes Co., Ltd.	22.79	16.2	-0.288	Shanghai SE	4.50E+09	0.7357
Domestic	EPOXY BASE ELECTRONIC MATERIAL CORPORATION LIMITED	8.21	8.62	0.0499	Shanghai SE	1.40E+09	0.07
Domestic	Beijing Cuiwei Tower Co.,Ltd.	11.88	7.54	-0.365	Shanghai SE	3.20E+09	0.34

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Domestic	CTS International Logistics Corporation Limited	7.95	6.22	-0.218	Shanghai SE	2.40E+09	0.16
Domestic	sichuan star cable co.,ltd	11.18	5.16	-0.538	Shanghai SE	2.30E+09	0.13
Domestic	Jiangsu Sunrain Solar Energy Co.,Ltd	20.12	15.3	-0.239	Shanghai SE	4.30E+09	0.62
Domestic	Perfect Shape (PRC) Holdings Ltd.	0.68	0.43	-0.368	Hong Kong	3.10E+08	0.0698
Domestic	Swire Properties Ltd.	15.83	25.8	0.6273	Hong Kong	1.90E+11	2.5762
Domestic	Huili Resources (Group) Ltd.	1.7	2.44	0.4353	Hong Kong	5.70E+08	-0.009
Domestic	PC Partner Group Ltd.	1.32	0.95	-0.28	Hong Kong	2.30E+08	0.0047
Domestic	Megalogic Technology Holdings Ltd.	0.9	1.05	0.1667	Hong Kong	5.10E+07	-0.07
Domestic	ETS Group Ltd.	0.58	0.73	0.2586	Hong Kong	8.40E+07	0.0409
Domestic	Allied Cement Holdings Ltd.	0.17	0.13	-0.235	Hong Kong	1.30E+09	0.033
Domestic	Huazhong Holdings Co. Ltd.	1.48	1.53	0.0338	Hong Kong	1.90E+09	0.0025
Domestic	Vision Fame International Holding Ltd.	1.57	1.61	0.0255	Hong Kong	3.10E+08	0.1019
Domestic	Kai Shi China Holdings Co. Ltd.	1.03	1.65	0.6019	Hong Kong	8.70E+08	0.05
Domestic	ASR Holdings Ltd.	0.56	1.06	0.8929	Hong Kong	2.80E+08	0.0912
Domestic	Christine International Holdings Ltd.	1.56	1.34	-0.141	Hong Kong	2.00E+09	0.021
Domestic	Xiwang Special Steel Co. Ltd.	1.92	1.22	-0.365	Hong Kong	7.50E+09	0.178
Foreign	Sunshine Oilsands Ltd.	4.7	2.65	-0.436	Hong Kong	6.10E+09	-0.125
Domestic	China Putian Food Holding Ltd.	0.85	0.86	0.0118	Hong Kong	5.20E+08	0.1504
Domestic	Trigiant Group Ltd.	1.08	1.64	0.5185	Hong Kong	2.30E+09	0.2635



Domestic	Kinetic Mines and Energy Ltd.	1.2	0.6	-0.5	Hong Kong	2.10E+09	-0.014
Domestic	Wonderful Sky Financial Group Holdings Ltd.	1.15	0.86	-0.252	Hong Kong	4.30E+08	0.1284
Foreign	CW Group Holdings Ltd.	1.39	1.93	0.3885	Hong Kong	9.30E+08	0.0768
Domestic	Juda International Holdings Ltd.	1.53	1.62	0.0588	Hong Kong	1.70E+08	0.0812
Domestic	Synertone Communication Corporation	0.063	0.1	0.5556	Hong Kong	2.10E+08	0.0567
Domestic	Jiangnan Group Ltd.	0.66	1.42	1.1515	Hong Kong	5.30E+09	0.1309
Domestic	China Zhongsheng Resources Holdings Ltd.	0.246	0.68	1.7602	Hong Kong	1.10E+09	0.07
Domestic	Branding China Group Ltd.	2.06	3.1	0.5049	Hong Kong	2.30E+08	0.18
Domestic	Flying Financial Service Holdings Ltd.	0.62	0.52	-0.161	Hong Kong	3.90E+08	0.0447
Domestic	China Yongda Automobiles Services Holdings Ltd.	6.43	6.89	0.0715	Hong Kong	1.00E+10	0.34
Domestic	China Nonferrous Mining Corporation Ltd.	2.2	2.75	0.25	Hong Kong	1.10E+10	0.2009
Domestic	Dongwu Cement International Ltd.	1.15	1.19	0.0348	Hong Kong	4.10E+08	0.002
Domestic	Xiezhong International Holdings Ltd.	0.92	0.92	0	Hong Kong	1.20E+09	0.096
Domestic	Haitong Securities Co., Ltd. - H Shares	10.35	10.7	0.0377	Hong Kong	1.30E+11	0.33
Domestic	China Assurance Finance Group Ltd.	0.47	0.96	1.0426	Hong Kong	2.30E+08	-0.006
Domestic	Huadian Fuxin Energy Corporation Ltd. - H Shares	1.69	2.16	0.2781	Hong Kong	6.10E+10	0.1603
Domestic	Xiao Nan Guo Restaurants Holdings Ltd.	1.45	1.24	-0.145	Hong Kong	1.30E+09	0.0927
Domestic	China Aluminum International Engineering Corp. Ltd.-H shares	3.26	3.33	0.0215	Hong Kong	2.00E+10	0.43
Domestic	Merry Garden Holdings Ltd.	0.99	1.56	0.5758	Hong Kong	5.40E+08	0.09

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Domestic	Qualipak International Holdings Ltd.	0.07	0.03	-0.571	Hong Kong	2.50E+08	0.1198
Domestic	Silverman Holdings Ltd.	1.06	0.97	-0.085	Hong Kong	1.00E+09	0.1
Domestic	Haitian Hydropower International Ltd.	0.56	0.59	0.0536	Hong Kong	2.30E+08	0.0019
Domestic	Wanguo International Mining Group Ltd.	1.99	2.78	0.397	Hong Kong	5.10E+08	0.12
Domestic	Bolina Holding Co., Ltd.	2.16	3.02	0.3981	Hong Kong	1.10E+09	0.28
Domestic	Sheen Tai Holdings Group Co. Ltd.	1.24	1.74	0.4032	Hong Kong	6.30E+08	0.1364
Domestic	Zhongyu Gas Holdings Ltd.	0.93	1.87	1.0108	Hong Kong	2.80E+09	0.0726
Domestic	Shanghai Tonva Petrochemical Co., Ltd. - H Shares	0.27	0.38	0.4074	Hong Kong	3.00E+09	0.108
Domestic	Mastercraft International Holdings Ltd.	0.33	0.26	-0.212	Hong Kong	1.10E+08	0.0277
Foreign	DYNAM JAPAN HOLDINGS Co., Ltd.	0.83	1.82	1.1928	Hong Kong	1.20E+10	1.8971
Domestic	UKF (Holdings) Ltd.	0.3	0.39	0.3	Hong Kong	6.80E+07	0.0184
Domestic	Sunley Holdings Ltd.	1.2	1.78	0.4833	Hong Kong	2.60E+08	0.2022
Domestic	Zhengzhou Coal Mining Machinery Group Co. Ltd. - H Shares	8.74	5.68	-0.35	Hong Kong	1.30E+10	1.12
Domestic	KFM Kingdom Holdings Ltd.	0.66	1.06	0.6061	Hong Kong	5.90E+08	0.0621
Domestic	CIFI Holdings (Group) Co. Ltd.	1.22	1.53	0.2541	Hong Kong	2.70E+10	0.42
Domestic	Wison Engineering Services Co. Ltd.	2.72	1.98	-0.272	Hong Kong	7.70E+09	0.13
Domestic	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. - H Shares	10.54	17.8	0.6879	Hong Kong	2.50E+10	0.8
Domestic	Casablanca Group Ltd.	1.64	1.54	-0.061	Hong Kong	4.00E+08	0.1654
Domestic	Future Land Development Holdings Ltd.	1.32	0.86	-0.348	Hong Kong	4.10E+10	0.21

Domestic	Tsui Wah Holdings Ltd.	2.46	5.34	1.1707	Hong Kong	4.10E+08	0.0921
Domestic	The People's Insurance Co. (Group) of China Ltd. - H Shares	3.71	3.93	0.0593	Hong Kong	6.90E+11	0.2
Domestic	China Int'l Marine Containers (Group) Co., Ltd. - H Shares	10.83	14.2	0.3084	Hong Kong	6.30E+10	0.73
Domestic	China Machinery Engineering Corporation - H Shares	5.83	5.8	-0.005	Hong Kong	3.50E+10	0.58
Domestic	China Silver Group Ltd.	1.3	0.97	-0.254	Hong Kong	5.90E+08	0.22
Domestic	CORLIFE GROUP LIMITED	0.495	0.79	0.596	Singapore	4.50E+08	0.2015
Foreign	BUMITAMA AGRI LTD.	0.745	1.02	0.3638	Singapore	4.50E+09	0.224
Foreign	CIVMEC LIMITED	0.4	1.09	1.7125	Singapore	9.00E+08	0.3025
Domestic	STARLAND HOLDINGS LIMITED	0.22	0.08	-0.645	Singapore	1.90E+08	-0.048
Domestic	NEO GROUP LIMITED	0.3	0.43	0.4333	Singapore	1.30E+08	0.1435
Foreign	JB FOODS LIMITED	0.3	0.36	0.1967	Singapore	4.30E+08	0.1498
Foreign	IHH HEALTHCARE BERHAD	1.113	1.62	0.4555	Singapore	2.30E+10	0.1145
Foreign	SINCAP GROUP LIMITED	0.2	0.08	-0.6	Singapore	1.10E+08	0.07
Domestic	ASCENDAS HOSPITALITY TRUST	0.88	0.85	-0.034	Singapore	5.60E+09	0.083
Domestic	SYMA HOLDINGS LIMITED	0.28	0.26	-0.071	Singapore	2.00E+08	0.4
Domestic	FAR EAST HOSPITALITY TRUST	0.93	0.88	-0.054	Singapore	1.10E+10	0.217
Domestic	JASON PARQUET HOLDINGS LIMITED	0.225	0.24	0.0667	Singapore	2.00E+08	0.0023
Domestic	COURTS ASIA LIMITED	0.81	0.76	-0.062	Singapore	2.80E+09	0.394
Foreign	RELIGARE HEALTH TRUST	0.89	0.8	-0.101	Singapore	4.80E+09	0.223
Domestic	TRIYARDS HOLDINGS LIMITED	0.8	0.64	-0.2	Singapore	4.30E+07	0.1495
Foreign	GEO ENERGY RESOURCES LIMITED	0.48	0.34	-0.292	Singapore	9.80E+08	0.017
Domestic	DECLOUT LIMITED	0.3	0.11	-0.633	Singapore	2.30E+08	0.015
Domestic	GAYLIN HOLDINGS LIMITED	0.36	0.58	0.6111	Singapore	6.00E+08	0.216
Domestic	KORI HOLDINGS LIMITED	0.3	0.48	0.6	Singapore	2.70E+08	0.4

*Table 6: Sample data of 193 IPO companies listed in Hong Kong, Mainland China and Singapore in 2012*

**Appendix:**

Countries and Areas	GDP	GDP (Unit: Thousands USD)	HDI
Mainland China	7.7	6.09	0.715
Hong Kong	5.674	36.71	0.889
Singapore	4.67	54.0073	0.898

Table 7: GDP growth rate, GDP per capita and Human Development Index in 2012

	(1) performance	(2) performance	(3) performance	(4) performance	(5) performance
gdpr	0 (.)	-0.105*** (-3.87)			
gdpc	0.0104*** (4.00)		0.00668*** (3.82)		
hdi	0 (.)			1.496*** (4.20)	
gini	0.0329* (1.92)				-0.0180 (-1.51)
eps	0.217** (2.25)	0.213** (2.21)	0.211** (2.18)	0.221** (2.30)	0.134 (1.37)
_cons	-1.990** (-2.06)	0.704*** (3.92)	-0.141** (-2.29)	-1.186*** (-4.06)	0.990 (1.55)
<i>N</i>	193	193	193	193	193

*t* statistics in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 8: Single factor regression results excluding asset factor

	(1) performance	(2) performance	(3) performance	(4) performance	(5) performance
gdpc	0.0104*** (4.00)	0.00668*** (3.82)			0.00912*** (3.56)

gini	0.0329* (1.92)		-0.0180 (-1.51)		0.0318* (1.83)
eps	0.217** (2.25)	0.211** (2.18)	0.134 (1.37)	0.104 (1.09)	
_cons	-1.990** (-2.06)	-0.141** (-2.29)	0.990 (1.55)	0.0289 (0.65)	-1.834* (-1.88)
<i>N</i>	193	193	193	193	193

*t* statistics in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

*Table 9: Single factor regression results excluding asset factor, hdi factor and gdpr factor*