

## **Abstract**

**Abstract of thesis entitled “Cross-Listed Shares in Hong Kong and Mainland China Stock Markets: Time Series Evidence”, submitted by Hong Fang (M-A66806-9) for the degree of Master of Social Sciences at the University of Macau in January 2010.**

This dissertation investigates the dynamics of price movements of the cross-listed companies between the H-shares stock market in Hong Kong and the A-shares stock market in Shanghai. The Vector AutoRegression (VAR) framework is used to analyze the inter-relationship of the stock prices of the dual-listed shares. The prices of value-weighted portfolios of dual-listed companies in two stock markets are used to represent the price movements. Four time series variables are included in the VAR model, including the price portfolio of A-shares, the price portfolio of H-shares, Shanghai Stock Exchange A-share Index and the Hang Seng Index. The unit root and cointegration tests are employed to test the stationary of time-series data and the long-run connections between the variables respectively. Results indicate a cointegrating linkage between the prices of cross-listed stocks. The impulse response analysis suggests that the A-shares prices play a major role in determining the prices of dual-listed stocks.

**Keywords: A-share, H-Share, VAR, Cointegration**