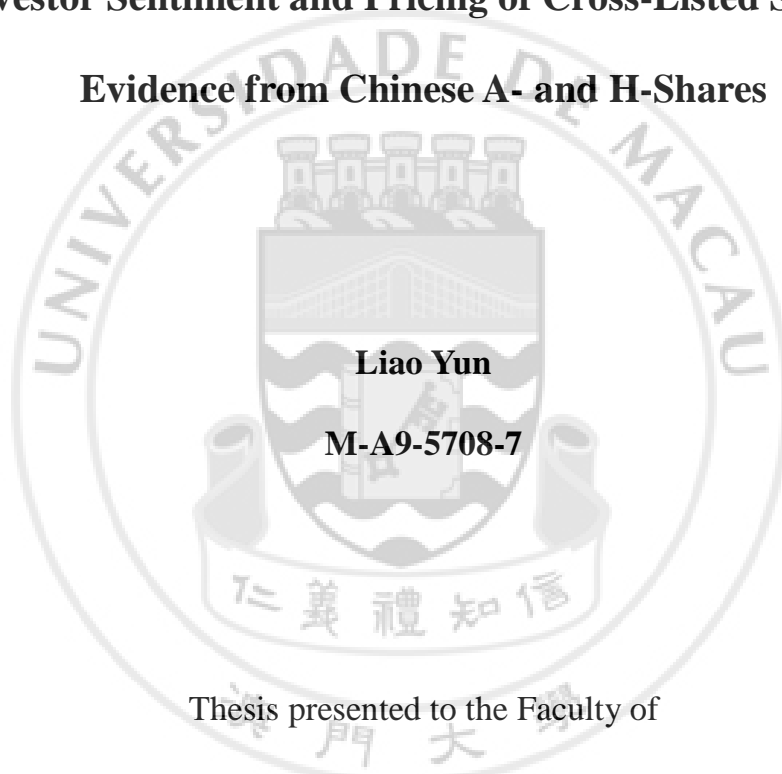


UNIVERSITY OF MACAU FACULTY OF
BUSINESS ADMINISTRATION

**Investor Sentiment and Pricing of Cross-Listed Stocks:
Evidence from Chinese A- and H-Shares**



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M-A9-5708-7

Thesis presented to the Faculty of
Business Administration University
of Macau

In partial fulfillment for granting the MBA Degree

In the area of Finance

2011

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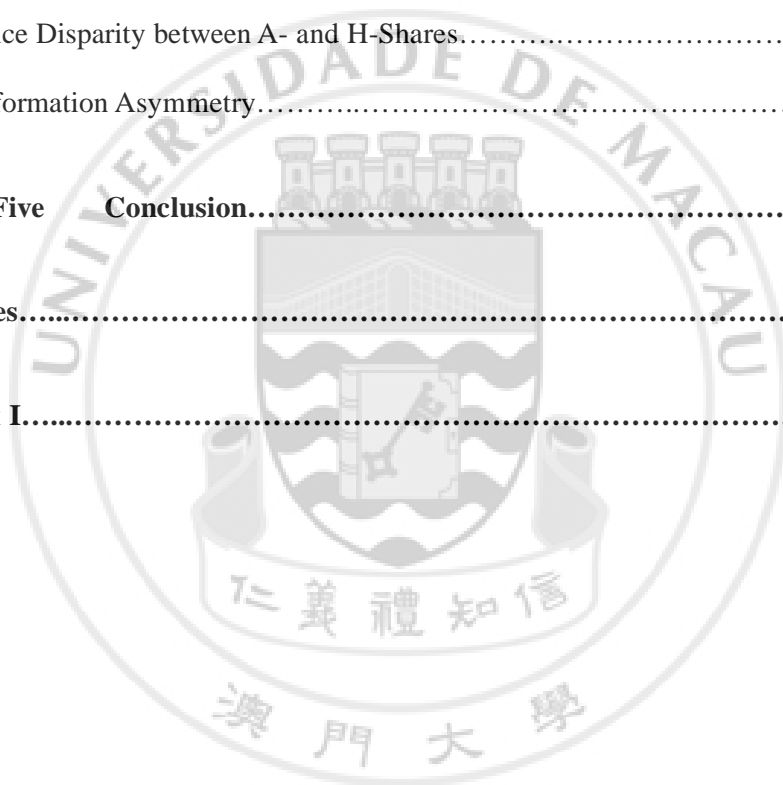
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Acknowledgement

My deepest appreciation goes primarily to my supervisor, Dr. Simon So, who contributed greatly to my own intellectual growth and development. He always freely shares his wisdom and knowledge from which I learn so much. Moreover, he provided many helpful comments and suggestions that are incorporated in this thesis. I owe an inestimable debt for his inspiration, worthless insight and the heartening encouragement given to my preparation of this thesis. Without his help and enthusiasm, I would never be able to complete this thesis.

Special thanks go to my oral defense panel members, Dr. Patrick Chu (Chair) and Dr. Audrey Qian, who provided their valuable comments and suggestions for improving this thesis. Many thanks also go to all my teachers and professors during my study, especially Prof. Jacky So (Dean) and Prof. Rose Lai (Associate Dean).

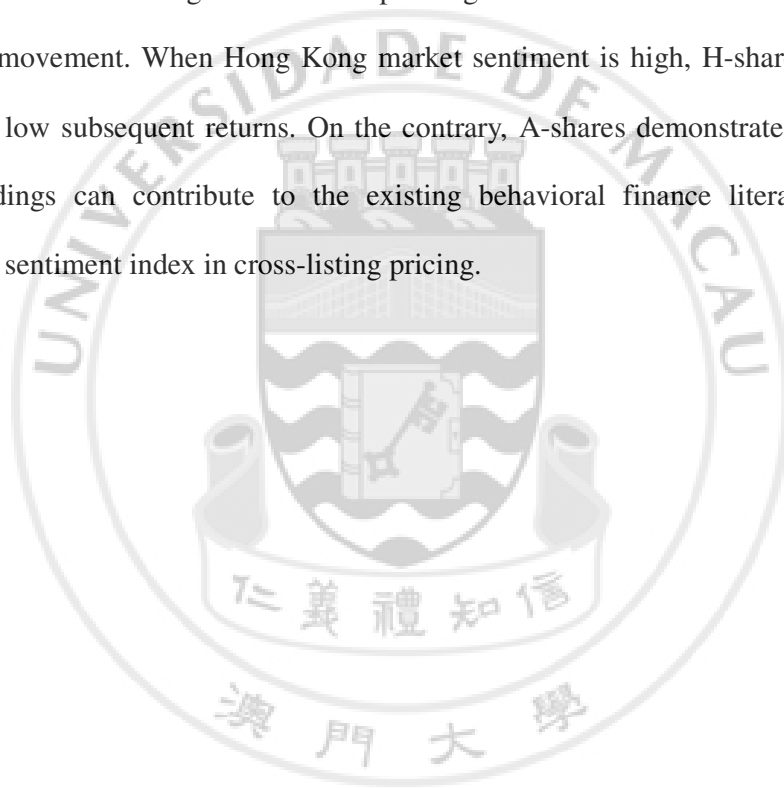
Thanks must also be extended to all administrative staff of the graduate office for all their kind assistance.

The last but not least, I would like to dedicate this work to my wife, Louisa (Fung Jin) for her love, support, patience, and encouragement during my master study.

All errors and deficiencies in this thesis is the responsibility of the author.

Abstract

This study examines 66 Chinese companies that issue both A-shares in China and H-shares in Hong Kong from 1999 to 2010. Two tests are performed to test the efficiency of the constructed sentiment indexes. It is found that two market-specific sentiments have different effects on A-shares in mainland China and H-shares in Hong Kong. Hong Kong market sentiment has larger effect in explaining H-shares returns and A/H-shares price disparity movement. When Hong Kong market sentiment is high, H-shares tend to earn relatively low subsequent returns. On the contrary, A-shares demonstrate reverse effect. Such findings can contribute to the existing behavioral finance literature by using investors' sentiment index in cross-listing pricing.



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