



FACULTY
OF SOCIAL SCIENCES
Charles University

Thesis Evaluation Report

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| Author: | Zhang Haiying |
| Advisor: | František Čech |
| Title: | The empirical research of cross-listed shares: The case of AH shares |
| Opponent | Jiří Novák |

Summary

The author analyses the impact of the Chinese government launched the Shanghai-Hong Kong Stock Connect program on the correlation in stock pricing of stocks traded both at the Hong Kong Stock Exchange and the Shanghai Stock Exchange. If I understand the conclusions correctly, the author concludes that the program did not have a significant effect on the price correlation between the two markets.

Contribution

I believe the author investigates a very interesting and a fairly unique empirical setting that allows us to draw some inferences about the importance of market segmentation for pricing in financial markets. Unfortunately, there are a number of limitations as to how the study is conducted and how it is presented, both of which severely limit its usefulness.

The author performs a rather extensive literature review, but it is not clear to me how the author motivates the original contribution of this thesis relative to prior literature.

Literature

I appreciate that the author starts off in Chapter 2 with an introduction to the institutional background which is rather essential for the reader to understand the setting that is exploited in this thesis. Nevertheless, the section is not particularly well structured and so even after reading this section I have a hard time understanding all the differences between the two stock markets. Even more importantly, Chapter 2 seems to lack an explicit description of how the author exploits the differences in the institutional settings and the changes that occurred to these settings over time in conducting the empirical tests. I believe that such a connection between the institutional setting and the specific institutional tests should be the most important takeaway of this section.

I appreciate that the author reviews a large number of prior studies on cross-listed stocks. Nevertheless, the author simply lists the conclusions of individual papers and offers only a limited synthesis of the findings in prior research. Therefore, even after having read the literature review section it is not quite clear to the reader what the main takeaways from prior research are. This can be demonstrated with a rather vague conclusion at the end of the literature review section.

“We found that different researchers have different conclusions on AH correlation and information transmission based on different hypothetical conditions.” (p. 21)

Even more importantly, I have a hard time seeing the interconnection between the reviewed literature and the research question investigated in this study. I would expect the author to use the literature review as a point of departure for formulating the research question and for motivating the hypotheses. I miss that in the thesis. In fact, hypotheses are not explicitly specified in the thesis (let alone being motivated).

Methodology

I believe that the methodology section lacks specificity. It includes a fairly detailed description of data samples. Then it includes a rather general discussion of the methodology used (DCC GARCH model). However, the author includes only very limited motivation of why this model is actually used and how specifically it is implemented to perform the empirical tests. It is very difficult to appreciate the empirical results of without a solid insight into the methodology choices.

I do not quite understand why the author refers to information transmission when the stock prices can simply in both markets can simply respond to the same piece of information with different speed.

“From the perspective of information transmission, the influence of the Shanghai stock market is increasing, and it gradually has a ‘leading role’ in the information transmission of Shanghai and Hong Kong stock markets.” (p. 60)

Form

I believe that the Thesis is mostly well structured. With some exceptions the individual parts follow a logical order and they are fairly well interconnected.

The title of the thesis is not quite informative about its contents. The formulation “empirical research” is very broad and vague. In addition, it uses an abbreviation “AH” that a reader may not understand.

The contents of the tables is hard to read. I miss explanatory notes accompanying the tables.

I would appreciate a more explicit connection between the main findings discussed in the Section 5.5 and the specific empirical results that the author reports and that support these findings.

I believe the Thesis is written in fairly good English that respects the academic style of writing. Nevertheless, I find the specific formulations sometimes confusing.

Conclusion

The results of the Urkund analysis do not indicate significant text similarity with other sources.

I believe that the Thesis fulfills the requirements stipulated by the Faculty of Social Sciences, Charles University. I recommend the Thesis for defense. I suggest a grade D.

Questions

I recommend the examination committee to ask the author about the following:

1. What is the overall research question and why does the author consider investigating the research question important?
2. How does the study contribute to prior literature? What can we learn from the empirical findings presented in this thesis?
3. What are the a priori predictions or the hypotheses that are empirically tested in this thesis? What are the reasons to expect these relationships?
4. Why did the author decide to use the model and how specifically was the model implemented?
5. Explain the construction of the Granger Causality Test and motivate its use in this study.
6. Explain what specific measures reported in the tables can the reader use to evaluate statistical significance of the results (besides the asterisks).

Awarded Points and Grade

| | |
|--------------------------------------|-----------|
| Contribution (max 30) | 20 |
| Methods (max 30) | 20 |
| Literature (max 20) | 14 |
| Form (max 20) | 10 |
| Total (max 100) | 64 |
| Grade (A – B – C – D – E – F) | D |

Referee's Signature

24 August, 2021

Evaluation Date

Jiří Novák

Referee's Name

Grading Scale

LITERATURE REVIEW: The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.

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|--------|---------|------|
| Strong | Average | Weak |
| 20 | 10 | 0 |

METHODS: The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.

| | | |
|--------|---------|------|
| Strong | Average | Weak |
| 30 | 15 | 0 |

CONTRIBUTION: The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.

| | | |
|--------|---------|------|
| Strong | Average | Weak |
| 30 | 15 | 0 |

MANUSCRIPT FORM: The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.

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|--------|---------|------|
| Strong | Average | Weak |
| 20 | 10 | 0 |

OVERALL GRADING:

| Total Points | Grade |
|--------------|-------|
| 91 – 100 | A |
| 81 – 90 | B |
| 71 – 80 | C |
| 61 – 70 | D |
| 51 – 60 | E |
| 0 – 50 | F |