

Table 1 Regional Quota and Regional Corporate and Economic Performance

Panel 1							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Growth in market capitalization	0.11 ^a (0.034)						
Growth in tradable market capitalization		0.10 ^a (0.035)					
Growth in P/E ratio			0.015 ^d (0.010)				
Growth in P/B ratio				0.049 ^b (0.020)			
Growth in market turnover					0.0029 ^a (0.0011)		
Growth in net profits						0.17 ^b (0.085)	
Growth in earnings per share							0.036 ^b (0.020)
No. of observations	212	212	211	211	212	212	212
No. of provinces	31	31	31	31	31	31	31
p-value of F-test	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R ²	0.53	0.53	0.49	0.50	0.46	0.50	0.31

Panel 2							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Overall performance index	0.015 ^c (0.0087)						
Market performance index		0.011 ^c (0.0062)					
Accounting performance index			0.082 ^c (0.045)				
Growth in GDP				3.14 ^b (1.63)			
Growth in trade/GDP					-0.48 ^d (0.33)		
Growth in FDI/GDP						0.79 ^b (0.35)	
Growth in industrial value/GDP							0.063 (1.12)
No. of observations	212	212	212	232	227	220	232
No. of provinces	31	31	31	31	31	30	31
p-value of F-test	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R ²	0.49	0.49	0.49	0.31	0.45	0.47	0.44

Note: Regressions are estimated using Fixed Effects (FE) model with robust standard errors estimations as given in parentheses. The dependent variable in the two panels is the regional stock issuance quotas. There are no data on FDI into Tibet. Superscripts a, b, c and d indicate statistical significance at the 1%, 5%, 10%, and 15% levels respectively. p-values for F-tests of fixed effects are reported. Year dummies and constant term are included in the regressions but not reported to save space.

Table 2 Firm-level Quota and Regional Corporate and Economic Performance

Panel 1							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Growth in market capitalization	0.0057 ^a (0.0011)						
Growth in tradable market capitalization		0.0087 ^a (0.0013)					
Growth in P/E ratio			0.00036 (0.00056)				
Growth in P/B ratio				0.0049 ^a (0.00073)			
Growth in market turnover					0.00019 ^a (0.000043)		
Growth in net profits						0.0057 ^c (0.0033)	
Growth in earnings per share							0.0044 ^b (0.0021)
No. of observations	5664	5664	5658	5664	5664	5653	5664
No. of firms	1148	1148	1148	1148	1148	1148	1148
No. of provinces	31	31	31	31	31	31	31
p-value of F-test	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R ²	0.21	0.21	0.20	0.21	0.20	0.20	0.21
Panel 2							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Overall performance index	0.0020 ^a (0.00044)						
Market performance index		0.0014 ^a (0.00028)					
Accounting performance index			0.0089 ^b (0.0037)				
Growth in GDP				0.16 ^a (0.020)			
Growth in trade/GDP					0.012 ^c (0.0066)		
Growth in FDI/GDP						0.0015 ^a (0.00041)	
Growth in industrial value/GDP							0.15 ^a (0.029)
No. of observations	5664	5664	5664	5913	5887	5846	5913
No. of firms	1148	1148	1148	1148	1148	1134	1148
No. of provinces	31	31	31	31	31	30	31
p-value of F-test	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R ²	0.21	0.21	0.21	0.25	0.25	0.25	0.16

Note: Regressions are estimated using Fixed Effects (FE) model with robust standard errors estimations as given in parentheses. The dependent variable in the two panels is the firm-level stock issuance quotas. There are no data on FDI into Tibet. Superscripts a, b, c and d indicate statistical significance at the 1%, 5%, 10%, and 15% levels respectively. p-values for F-tests of fixed effects are reported. Year dummies and constant term are included in the regressions but not reported to save space.

Table 3 Regional and Firm-level Corporate Performance Indicators and Firm-level Quota

Panel 1							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Growth in market cap	0.0039 ^b (0.0017)						
Growth in tradable market Cap		0.0044 ^a (0.0017)					
Growth in P/E ratio			0.0011 ^b (0.00045)				
Growth in P/B ratio				0.0012 ^a (0.00043)			
Growth in Market turnover					0.011 ^c (0.0061)		
Growth in net profits						0.0054 ^c (0.0028)	
Growth in earnings per share							0.00096 (0.00090)
Growth in firm's net profits	0.00017 ^d (0.00012)	0.00018 ^d (0.00012)	0.00022 ^c (0.00012)	0.00023 ^b (0.00012)	0.00020 ^c (0.00012)	0.00016 (0.00012)	0.00022 ^c (0.00011)
No. of obs.	3109	3109	3109	3109	3109	3109	3109
No. of firms	864	864	864	864	864	864	864
No. of provinces	31	31	31	31	31	31	31
p-value of F-test	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R ²	0.048	0.048	0.042	0.062	0.042	0.035	0.083
Panel 2							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Overall performance index	0.0062 ^b (0.0025)						
Market performance index		0.0044 ^b (0.0018)					
Accounting performance index			0.0070 ^c (0.0024)				
Growth in GDP				0.15 ^a (0.030)			
Growth in trade value/GDP					0.012 (0.023)		
Growth in FDI/GDP						0.036 ^b (0.016)	
Growth in industrial value/GDP							0.046 ^b (0.020)
Growth in firm's net profits	0.00021 ^c (0.00012)	0.00021 ^c (0.00012)	0.00027 ^b (0.00012)	0.00037 ^c (0.00021)	0.00040 ^c (0.00021)	0.00050 ^a (0.00025)	0.00040 ^c (0.00021)
No. of observations	3109	3109	3109	3117	3117	3464	3117
No. of firms	864	864	864	864	864	895	864
No. of provinces	31	31	31	31	31	30	31
p-value of F-test	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R ²	0.046	0.046	0.067	0.12	0.13	0.18	0.14

Note: Regressions are estimated using Fixed Effects (FE) model with robust standard errors estimations as given in parentheses. The dependent variable in the two panels is the firm-level stock issuance quotas. There are no data on FDI into Tibet. Superscripts a, b, c and d indicate statistical significance at the 1%, 5%, 10%, and 15% levels respectively. p-values for F-tests of fixed effects are reported. Year dummies and constant term are included in the regressions but not reported to save space.

Table 4 Regional Stock Market Informational Efficiency and Regional Stock Quota

Panel 1					
	(1)	(2)	(3)	(4)	(5)
Three-year average relative regional stock price co-movement indicator	-4.97 ^d (3.10)	-7.94 ^b (3.21)	-0.36 ^b (0.14)	-0.38 ^b (0.17)	-0.49 ^a (0.14)
Firm fixed effects			No	No	Yes
Province fixed effects	No	Yes	Yes	Yes	Yes
Industry fixed effects			No	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes
No. of firms			1148	1082	1148
No. of provinces	31	31	31	31	31
No. of observations	215	215	5775	4811	5775
p-value of F-test	0.00	0.00	0.00	0.00	0.00
R ²	0.40	0.52	0.12	0.17	0.20
Panel 2					
	(1)	(2)	(3)	(4)	(5)
Three-year average relative regional stock price co-movement indicator	-0.21 ^c (0.12)	-0.21 ^c (0.12)	-0.21 ^c (0.12)	-0.18 ^d (0.12)	-0.21 ^c (0.12)
Overall regional performance index	-0.00033 (0.0022)				
Three-year GDP growth rate		0.020 (0.030)			
Three-year trade/GDP growth rate			0.0027 (0.018)		
Three-year FDI/GDP growth rate				0.020 ^b (0.0085)	
Three-year industrial value/GDP growth					0.026 ^d (0.018)
Three-year growth rate in firm's net profits	0.00024 ^b (0.00012)	0.00024 ^b (0.00012)	0.00024 ^b (0.00011)	0.00025 ^b (0.00011)	0.00024 ^b (0.00011)
Firm fixed effects	Yes	Yes	Yes	Yes	Yes
Province fixed effects	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes
No. of firms	864	864	864	856	864
No. of provinces	31	31	31	30	31
No. of observations	3109	3109	3109	3080	3109
p-value of F-test	0.00	0.00	0.00	0.00	0.00
R ²	0.075	0.075	0.075	0.076	0.076

Note: Regressions are estimated using Fixed Effects (FE) model with robust standard errors estimations as given in parentheses. The dependent variable in columns 1-2 of Panel 1 is the region-level stock issuance quota, and the dependent variable in columns 3-5 of Panel 1 and in Panel 2 is the firm-level stock issuance quota. Superscripts a, b, c and d indicate statistical significance at the 1%, 5%, 10%, and 15% levels respectively. p-values for F-tests of fixed effects are reported. Year dummies and constant term are included in the regressions but not reported to save space.

Appendix Table 1 Data Summary
Panel 1 Summary Statistics in Regional Level Data Analysis

Variable Name	# of Obs. (region- years)	Mean	Std. Dev.	Min	Max
Region-level quota	237	2.70	3.24	0.057	26.60
Regional overall performance index	212	4.91	16.54	-5.65	233.98
Regional market performance index	212	6.85	23.10	-8.08	327.80
Regional accounting performance index	212	0.0066	2.04	-16.60	12.64
Growth in regional market capitalization	212	5.37	7.23	-0.023	44.32
Growth in regional tradable market cap	212	5.64	7.25	0.15	43.18
Growth in regional P/E ratio	211	6.32	12.21	-80.80	114.66
Growth in regional P/B ratio	212	4.71	7.35	-6.75	45.60
Growth in regional turnover ratio	212	12.26	112.96	-0.78	1634.15
Growth in regional net profits	210	0.33	1.50	-2.81	10.62
Growth in regional earnings per share	212	-0.32	3.52	-34.73	20.80
Difference between regional R ² and national average	246	-0.00088	0.049	-0.15	0.19
Growth in regional GDP	232	0.55	0.41	-0.12	2.11
Growth in regional trade/GDP	227	0.040	0.70	-0.57	7.88
Growth in regional industrial output/GDP	232	-0.13	0.27	-0.66	0.55
Growth in regional FDI/GDP	220	0.14	1.12	-0.78	8.55

Panel 2 Summary Statistics in Firm-level Data Analysis

Variable Name	# of Obs. (firm-years)	Mean	Std. Dev.	Min	Max
Firm-level quota	5913	0.17	0.29	-5.43	3.39
Regional overall performance index	5664	2.24	8.77	-5.65	233.98
Regional market performance index	5664	3.27	12.19	-8.08	327.80
Regional accounting performance index	5664	-0.35	2.48	-16.60	12.64
Growth in regional market capitalization	5664	3.21	5.27	-0.023	44.32
Growth in regional tradable market cap	5664	3.37	4.77	0.15	43.18
Growth in regional P/E ratio	5658	3.63	9.13	-80.80	114.66
Growth in regional P/B ratio	5664	2.93	5.71	-6.75	45.60
Growth in regional turnover ratio	5664	3.23	57.78	-0.78	1634.15
Growth in regional net profits	5653	0.26	1.32	-2.81	10.62
Growth in regional earnings per share	5664	-0.96	4.81	-34.73	20.80
Difference between regional R ² and national average	4995	0.011	0.026	-0.03	0.19
Growth in regional GDP	5913	0.47	0.38	-0.12	2.11
Growth in regional trade/GDP	5887	0.098	0.64	-0.84	8.43
Growth in regional industrial output/GDP	5913	-0.10	0.26	-0.66	0.42
Growth in regional FDI/GDP	5846	0.57	8.08	-1	149.74
Growth in firms' net profits	3117	0.18	20.65	-438.99	505.99

Appendix Table 2 Regional Governments' Selection of State-owned Enterprises to be Listed in Stock Markets

Panel 1 Evidence on the group of provinces and cities with quantitative state-owned enterprise (SOE) performance information

The following table contains a summary of results about the evidence on different provincial governments' selection of SOEs for listing. The dependent variable for regressions for all provinces is the dummy variable that takes value one if the SOE finally becomes a listed company and zero otherwise.

Province Name	SOE performance measures	Year	# of SOEs	Sign of estimated coefficient, statistical significance
Anhui	Industrial value per worker, Total sales per worker	1991	192	+, significant
Beijing	Total sales ranking, profits and taxes ranking, capital profits ranking; (lower scores mean higher ranking)	1991	100	-, significant
Fujian	Industrial value per worker, total sales per worker	1991	198	+, significant
Guangzhou (Guangdong)	Enterprise ranking order (lower score means higher ranking)	1991	100	-, significant
Jiangsu	Industrial value per worker, total sales per worker	1991	85	+, significant
Hainan	Industrial value per worker, total sales per worker, profits and taxes per worker	1991	53	+, significant
Inner Mongolia/Baotou	Enterprise profits and taxes contribution per worker, net industrial value per worker	1991	33	+, significant
Jilin/Changchun	Profit growth rate from preceding year	1987	30	+, significant
Jiangxi	Industrial value per worker, total sales per worker, profits and taxes per worker	1991	352	+, significant
Shaanxi	Industrial value per worker, profits per worker	1993	49	+, significant
Shandong	Industrial value per worker, total sales per worker, profits and taxes per worker	1991	181	+, significant
Shanghai	Industrial value per worker, sales per worker	1991	915	+, significant
Shenzhen (Guangdong)	Labor productivity per worker	1991	90	+, significant
Sichuan (including Chongqing)	Profits and taxes contribution ranking (lower score means higher ranking)	1992	100	-, significant
Xinjiang	Industrial value per worker, value added per worker, total sales per worker, profits and taxes per worker	1995	166	+, significant

Panel 2 Case of Shanghai

Dependent variable is the dummy variable that takes value one if the SOE finally becomes a listed company and zero otherwise.

	(1)	(2)	(3)	(4)
Industrial value per Worker	2.67e-8 ^a (1.03e-08)		2.79e-8 ^a (1.05e-8)	
Sales per worker		2.93e-8 ^a (1.05e-8)		3.10e-8 ^a (1.07e-8)
Industry dummies included?	No	No	Yes	Yes
Log pseudo-likelihood	-171.22	-170.28	-165.41	-164.51
Pseudo R-squared	0.030	0.035	0.063	0.067
Number of obs.	915	914	915	914

Note: Regressions are estimated using logistic model with robust standard errors estimations as given in parentheses. Superscripts a, b, c and d indicate statistical significance at the 1%, 5%, 10%, and 15% levels respectively. Year dummies and constant term are included in the regressions but not reported to save space.

Panel 3 Evidence on the group of provinces with qualitative SOE performance information

Province name	Year	# of listed companies with manufacturing predecessors	# of listed companies with excellent or model manufacturing predecessors (%)
Guangxi	1995	3	1 (33.3%)
Hebei	1993	6	3 (50.0%)
Heilongjiang	1993	7	4 (57.1%)
Hubei	1995	11	3 (27.3%)
Hunan	1995	12	8 (75.0%)
Liaoning	1993	19	8 (42.1%)
Tianjin	1993	8	6 (75.0%)
Yunnan	1992	7	2 (28.6%)

Appendix Table 3 Violations on Shanghai and Shenzhen Stock Exchanges (1993-2001)

	Type of Information	Type of Disclosure Violation	# of violations	Share as % of Total	Share as % of Total
Violation of disclosure requirements at public offering	IPO	False Information Disclosure re listing	9	3.6	4
	Stocks distributed to employees	False Information Disclosure re employee held shares	1	0.4	
Violation of continuous disclosure requirements	Periodic Disclosure (Annual Report)	Non-disclosure in Annual Report	34	13.6	28.80
		False Disclosure in Annual Report	14	5.6	
		Other Annual Report Disclosure Violations	24	9.6	
	Periodic Disclosure (Midyear Report)	Non-disclosure in Midyear Report	3	1.2	4
		False Disclosure in Midyear Report	7	2.8	
	Interim Information Disclosure	M&A Information Disclosure	2	0.8	58.8
		Non-disclosure of Major Investments	3	1.2	
		Non-disclosure of Guarantees	12	4.8	
		Non-disclosure of Major Transactions	13	5.2	
		Non-Disclosure of Major Litigations	15	6	
		Non-Disclosure of Connected (Related) Transactions	18	7.2	
		Non-disclosure of Predicted Losses	31	12.4	
		Unapproved Interim Disclosures	3	1.2	
False Interim Information Disclosure		1	0.4		
Failure to Make Interim Disclosure	49	19.6			
Others	Other Reasons	Other Reasons	11	4.4	4.40
	Total		250	100	100

Source: HE Jia et al., *Chinese and Foreign Disclosure Systems Comparison and Their*

Effectiveness [Zhong-wai Xinxi Pilu Zhidu jiqi Shiji Xiaoguo Bijiao Yanjou], Table 3-5, Shenzhen

Stock Exchange Research Institute, 2002.

Appendix Table 4 Alternative Measures of Quota

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Overall performance index	0.0033 ^a (0.00036)					-0.0012 ^a (0.00040)	
Market performance index		0.00060 ^b (0.00024)					
Accounting performance index			0.0019 ^c (0.0010)				
Growth in GDP				0.063 ^a (0.023)			-0.039 (0.029)
Growth in FDI/GDP					0.0021 (0.0035)		
Relative regional stock price co-movement indicator						-0.061 ^b (0.028)	-0.061 ^b (0.028)
Growth in firm's net profits	0.000025 (0.000023)	-0.000015 (0.000024)	3.14e-6 (.0000024)	-0.000014 (.000024)	-0.000011 (.000023)	-7.72e-6 (.000023)	-9.43e-6 (.000023)
No. of obs.	5869	5869	5869	5836	5805	5861	5828
No. of firms	1254	1254	1254	1254	1245	1254	1254
p-value of F-test	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R ²	0.071	0.19	0.20	0.19	0.23	0.23	0.23

Note: Regressions are estimated using Fixed Effects (FE) model with robust standard errors estimations as given in parentheses. The dependent variable, the firm-level stock issuance quota, is measured as the year-on-year growth rate in the number of shares issued by the firm. Superscripts a, b, c and d indicate statistical significance at the 1%, 5%, 10%, and 15% levels respectively. p-values for F-tests of fixed effects are reported. Year dummies and constant term are included in the regressions but not reported to save space.

Appendix Table 5 Dealing with Potential Time Series Correlation

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Overall performance index	0.0062 ^b (0.0030)					-0.0025 (0.0027)	
Market performance index		0.0044 ^b (0.0021)					
Accounting performance index			0.0070 ^a (0.0025)				
Growth in GDP				0.15 ^a (0.034)			-0.00072 (0.034)
Growth in FDI/GDP					0.035 ^b (0.016)		
Relative regional stock price co-movement indicator						-0.20 ^d (0.13)	-0.19 ^d (0.13)
Growth in firm's net profits	0.00021 (0.00015)	0.00021 (0.00015)	0.00027 ^c (0.00015)	0.00037 ^d (0.00024)	0.00044 ^d (0.00027)	0.00022 ^d (.00015)	0.00022 ^d (.00015)
No. of obs.	3109	3109	3109	3117	3088	3109	3109
No. of firms	864	864	864	864	856	864	864
p-value of F-test	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R ²	0.046	0.046	0.067	0.12	0.11	0.027	0.027

Note: Regressions are estimated using Fixed Effects (FE) model. Standard errors are estimated by clustering around firm groups and are given in parentheses. Superscripts a, b, c and d indicate statistical significance at the 1%, 5%, 10%, and 15% levels respectively. Year dummies and constant term are included in the regressions but not reported to save space.

Appendix Table 6 Controlling for More Region-level Determinants of Stock Quota Allocation

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Overall performance Index	0.0096 ^b (0.0044)					0.013 ^a (0.0048)	
Market performance Index		0.0066 ^c (0.0035)					
Accounting performance Index			0.0081 ^b (0.0035)				
Growth in GDP				0.060 ^d (0.040)			0.074 ^d (0.046)
Growth in FDI/GDP					0.019 ^d (0.012)		
Relative regional stock price co-movement indicator						-0.29 ^c (0.15)	-0.24 ^d (0.15)
Growth in firm's net profits	0.00032 ^b (0.00014)	0.00032 ^b (0.00014)	0.00043 ^a (0.00015)	0.00031 ^b (0.00014)	0.00044 ^a (0.00015)	0.00033 ^b (0.00015)	0.00031 ^b (0.00015)
Growth in tertiary industry share in GDP	-0.087 ^d (0.060)	-0.087 ^d (0.060)	0.082 (0.060)	-0.13 ^b (0.064)	0.083 (0.061)	-0.058 (0.069)	-0.12 ^c (0.073)
Growth in college graduates in population	0.018 ^a (0.0065)	0.018 ^a (0.0065)	0.012 ^c (0.0068)	0.017 ^a (0.0066)	0.010 (0.0070)	0.018 ^b (0.0073)	0.017 ^b (0.0074)
Growth in innovation investment	0.0043 (0.021)	0.0054 (0.021)	0.059 ^a (0.021)	0.0074 (0.021)	0.060 ^a (0.021)	0.0038 (0.024)	0.0078 (0.024)
No. of obs.	2169	2169	2169	2169	2145	1921	1921
No. of firms	902	902	902	902	894	848	848
p-value of F-test	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R ²	0.11	0.11	0.024	0.11	0.021	0.11	0.10

Note: Regressions are estimated using Fixed Effects (FE) model. Standard errors are estimated by clustering around firm groups and are given in parentheses. Superscripts a, b, c and d indicate statistical significance at the 1%, 5%, 10%, and 15% levels respectively. Year dummies and constant term are included in the regressions but not reported to save space.