

Case Studies on Companies that Delisted from US and Relisted in China

By

Yuan Tian

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Signature of Author _____
MIT Sloan School of Management

Certified by _____
Christopher F. Noe
Senior Lecturer of MIT Sloan School of Management
Thesis Supervisor

Accepted by _____
Jacob Cohen
Senior Associate Dean for Undergraduate & Master's Program
MIT Sloan School of Management

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Yuan Tian

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Abstract

China concept stocks, the stock in a company that operates in mainland China and listed in the US, are becoming the largest group of non-native listed stocks in the US in terms of market value. This paper reviews the peaks and troughs of China concept stocks listed in the US in the past two decades, analyzes the reasons why Chinese companies have had to raise funds in the US, the benefits of an IPO in US stock market, and their post-IPO stock performance. In order to evaluate whether Chinese stocks listed in the US are successful or not, this paper tracks the status of 283 stocks that listed in the US from 2000 to 2019, uncovering the abnormal fact that nearly 1/3 of them ultimately delisted from US stock market.

For the delisting stocks, this paper analyzes the effect of financial fraud at some companies and its overall negative impact on China concept stocks. The signal effect of fraud is so significant that over 80 companies claimed privatization under reputational pressures while only 8 companies were forced to delist due to financial fraud. Finally, this paper discusses the future of China concept stocks in the US and proposes some advice for Chinese companies.

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1. Background of Chinese and US Stock Market

China concept stocks are US-listed companies that operate in Mainland China.

1.1 US Stock Market

The US stock market is the largest and most efficient in the world. The market capitalization of all US exchanges is currently \$34 trillion, compared to the rest of the world's \$44 trillion ^[1]. The average daily trading volume on US exchanges is over \$500 billion, and quarterly trading volume accounts for more than 60% of the world's total ^[2].

The US stock market is not only the biggest, but also the safest market for investing. It benefits from advanced trading technologies, transparent regulation, a standardized system for financial disclosure, and legal protections for investor rights. The US stock market is also dominated by sophisticated professional investment institutions. These facts all contribute to the US stock market being one of the most expensive in the world, along with Switzerland, Japan and the Netherlands. In 2018 Q4, the average P/E ratio in the S&P 500 was 18.94 compared to 15.02 in the MSCI Emerging Markets ^{[3][4]}.

1.2 Global Investors' Interest in Chinese Firms

US investors' interest in Chinese companies began in earnest in 1997. When the Asian financial crisis hit the Hong Kong and Singapore stock markets, many Chinese companies demonstrated strong performance on those exchanges during that time. Since then, more and more Chinese companies have begun to seek financing through listing on foreign stock exchanges, primarily in the US. In 2000, the first wave of Chinese issuers started going public in the US. One notable listing happened in 2005 when Baidu (NASDAQ: BIDU) launched its

IPO at \$27 and closed on its first day at \$122.54, hitting an intraday high of \$151.21 and making it the most successful ADR IPO on NASDAQ in that year [5]. Nine years later, Chinese e-commerce giant Alibaba was listed on the NYSE, raising \$25 billion in the largest IPO in history at that time. It opened at \$92.70, a 36.3% increase from its issue price of \$68, and closed its first day at \$93.89 [6].

1.3 Limited and Immature Chinese Stock Market

It is interesting to note that many of China's companies in the Fortune 500 are only listed on foreign exchanges and not available for domestic Chinese investors. There are several reasons for this controversial phenomenon.

First, the Chinese stock market is still in its infancy and the performance of firms is not fully reflected in terms of the stock prices. While China's GDP grew by 8% annually between 2001 to 2012, the Chinese stock buy-and-hold annual return on equity is 1.32%, a negative return considering the inflation rate of 2.51% during that period [7].

Second, the Chinese stock market is dominated by retail investors with 75% of stocks held by retail investors. However, only 20% of stocks in the US stock market are held by retail investors [8]. According to a 2014 survey by the Southwestern University of Finance and Economics, 68% of new investor households in China had less than a high school degree, which results in most trading being conducted based on speculation rather than informed valuations or decisions [9]. The risk aversion of retail investors also presents a challenge for issuers by making panicked selling in downturns more likely.

Lastly, the process of a domestic IPO can be unpredictable and cumbersome because of the high regulation pressure from the China Securities Regulatory Commission (CSRC). The financing needs of fast-growing Chinese companies are so enormous that the domestic equity market for providing capital could be overwhelmed. As a result, the CSRC restricts the timing of IPOs and issuance of shares. The distortion on stock issuances and pricing has made the average underpricing ratio of IPOs in China the highest in the world. For example, the average first-day return on Chinese domestic IPOs in 2009 was 138%, far more than European IPOs (less than 30%) and US IPOs (17%) ^[10].

1.4 Strong Motivation to List in US

Due to the immaturity of the domestic stock market, Chinese firms have had no choice but to list abroad in order to raise sufficient capital. In 2019, the market capitalization of Chinese companies listed on major U.S. exchanges was \$1.3 trillion, almost the same as that of Canadian-listed companies ^[11]. Chinese issuers have considered factors apart from market liquidity when deciding to cross-list in the US.

1.4.1 High Requirements and Regulations

A more transparent legal system, more reliable accounting standards, more stringent listing requirements, and stronger regulatory agencies are primary reasons that Chinese companies select to cross-list in the US. Cross-listed companies adapt to US rules by creating more professional boards of directors, employing greater accounting conservatism, providing more transparent information disclosure, and generating higher investment efficiency than their domestic counterparts ^[12]. Doidge, Karolyi and Stulz (2004) find that overseas listed firms become bonded to the stricter regulatory environment in the US and

thus they are likely to have better visibility and coverage in the financial press, which may lead them to expropriate less ^[13].

1.4.2 Broader Shareholder Base and Investment Expertise

According to risk management theory, broadening the shareholder base for a firm's securities can lead to risk sharing and thus a lower cost of capital. Jayuraman, Shastri, and Tandon (1993) point out that cross listing should be associated with an increase in the variance of returns on the dually listed security, since informed traders are likely to trade in both markets ^[14]. Listing abroad also reduces thresholds for foreign investors who are interested in benefiting from Chinese companies. These market frictions include foreign currency cost, foreign transaction cost, foreign investment restrictions, and information disadvantage (foreign investors may not know much about domestic issuers). Listing abroad is an easy way to solve these frictions.

Pagano, Roell, and Zechner (2002) claim that US exchanges attract high-tech and export-oriented European firms with rapid expansionary plans ^[15]. With the expertise and superior knowledge about the high-tech industry, analysts in the US can better assess the share value of a high-tech company. This may lead to greater availability of equity financing for these high-tech firms. Therefore, high-tech firms are more likely to list on US exchanges.

1.4.3 Limited Source of Capital

The majority of retail investors are more willing to invest in large state-owned companies because of their aversion to risk. Medium and small private companies cannot get stable financial support because the Chinese stock market is very volatile and sensitive to rumors and inside information. In addition, state-owned banks limit access to bank loans for small and medium-sized

companies, preferring instead to lend to larger, better-capitalized enterprises. This mismatch in supply and demand for Chinese bank capital has led many smaller companies to seek equity financing in the US.

1.4.4 High Growth Start-ups

There is an obvious trend that there are more and more Chinese high-tech startups listing in the US stock market. If a startup chooses to list in China, the VC investment can be illiquid and typically held for 3-8 years ^[16]. Will, Sabrina, and Ran (2017) find that there is a correlation between long waiting periods and depressed VC investment in China ^[17]. However, the US capital market provides a possibility of rapid IPO. For instance, Pinduoduo (NYSE: PDD) took only three years to IPO in the US, and Luckin (NASDAQ: LK) was even faster, only two years. The entrepreneur has reached a milestone, and the investor has successfully exited. This is a win-win outcome.

1.4.5 Variable Interest Entity (VIE)

A VIE is an entity controlled by a company by means other than a majority of voting rights ^[18]. The VIE structure is common among Chinese high-tech companies, including internet giants like Sina—which in 2000 became the first US-listed Chinese company using a VIE—and Alibaba. These companies have accepted foreign venture capital and private equity investments through a VIE structure. The entrepreneur can enjoy the control of the firm despite owning little equity. However, companies with a VIE structure are prohibited from listing and trading in China. If these companies want to go back to the domestic market, they must divest their foreign currency assets and dismantle the VIE structure. These conditions make it very difficult for these companies to raise domestic capital.

2. Literature Review

Earlier research mainly focuses on China concept stocks before 2010. Cheung, Jing, Lu, Rauc, and Stouraitisa (2009) point out that the first Chinese company listed in US stock market can be traced back to 1983, and investors bought China concept stocks in order to participate the enormous growth of Chinese economy ^[19]. Fernald and Rogers (2002) implicate that there is a price gap between the foreign share and the domestic share. In order to attract foreign investors, some China concept stocks offer deep discounts intentionally so that foreigners can pay 75% less than domestic residents. Luo and Jackson (2012) work on the backdoor listing of Chinese companies. Since 2005, the Chinese IPO market was frozen for years because of the reform of split-share structure launched by the CSRC, aiming at transferring all non-tradable shares into tradable shares. Facing this challenge, many Chinese firms found special ways to get listed in the US market. The Public Company Accounting Oversight Board (PCAOB) claims that more than 150 Chinese companies have listed their shares through reverse mergers instead of direct IPO process ^[20].

Chinese researchers started to focus on China concept stocks since 2010. Wang (2013) mainly analyzes the motives for the privatization of Chinese stocks. He suggests that it was difficult for foreign investors to understand the profit model of Chinese companies. He also points out that the short-selling mechanism and strict supervision on financial fraud have forced a large number of small and medium-sized Chinese companies to delist between 2010 and 2012 ^[21]. Qian (2018) mainly studies the financial fraud of China concept stocks. He implicates that the delisted companies due to financial fraud are mainly small and medium-sized companies instead of the mainstream companies. These small companies

use reverse acquisitions and very clumsy methods in conducting financial fraud. However, the responsible accounting firms failed to show audit independence and colluded with these companies to commit fraud, which caused great damage to the reputation of the whole of China concept stocks. As a result, the China 30 index fell from 1200 points in 2011 to the 600 points at the end of 2012 ^[22].

Yang (2018) concentrates on the practice of VIE structure in Chinese companies. Although the VIE model is widely used among China concept stocks, there are legal regulation risk, enterprise risk, and information disclosure risk, which requires founders to take effective control and to set important clauses of the investment agreement before adopting VIE structure ^[23].

Deng (2018) compares the different paths for Chinese stock companies to return to A-share listing. Direct IPO, backdoor listing and China Depository Receipts (CDR) are the three main forms of returning. He recommends that companies should consider factors such as length of time, amount of funds, foreign exchange management, and information disclosure in choosing right path of returning ^[24].

Zhao (2018) introduces the advantages and disadvantages of CDR. He declares that CDR has paved the way for China concept stocks to return to A shares, but the regulatory risks and liquidity deficiency of CDRs will bring additional risks to the A share market, which is the reason why the CSRC has not approved the issuance of CDRs ^[25].

A Shenzhen stock exchange study (2017) reviews the characteristics and stock returns of six relisted China concept stocks. It points out that the return of China concept stocks significantly improves the performance as well as valuations of

A-share companies, and promotes competition and development within the A-share market. However, such returns also bring regulatory pressures on foreign exchange and share sales in the secondary market in the short run.^[26]

This paper mainly studies the market performance of China concept stocks after 2010, especially the two major delisting waves. The rapid development of the Chinese economy has spawned a large number of Chinese companies to go public in the US, but due to backdoor IPOs and lack of collaboration between PCAOB and CSRC, several small and medium-sized enterprises conducted financial frauds and caused many China concept stocks to get shorted and delisted. Many US investors had a bias on Chinese stocks, resulting in sell-offs and undervaluation. A great many Chinese companies signed privatization deals because of the trust crisis and undervaluation rather than financial frauds.

Mining the motivation of delisting companies and the subsequent financial performance can be a good proof of whether these companies are actually guilty of financial frauds. At the same time, seeing the phenomenon of Chinese companies continuously going overseas for financing, the CSRC is also constantly carrying out policy reforms to attract Chinese stock companies to return to the Chinese stock market. Studying the behavior of these financial fraud companies can also help the Chinese government to better prevent such financial misbehaviors.

The rest of the paper is structured as follows. Section 3 presents the historical listing waves of China concept stocks in the past two decades. Section 4 focuses on the delisted stocks' performance and motivations for delisting. Section 5 gives specific examples of delisting stocks, including financial performance before

delisting and financial performance after relisting back in Chinese market. Section 6 concludes.

3. Highs and Lows of China Concept Stocks

This paper studies the financial performance of China concept stocks – companies that are based in China (including Hong Kong and Taiwan) and listed on US exchanges (NYSE, AMEX, and NASDAQ, excluding PINK exchange or OTC exchange). The rapid development of the Chinese economy spawned a large number of Chinese companies going public in the US, but many ultimately delisted. Mining the motivation of delisting companies and their subsequent financial performance can provide evidence on the cost-benefit tradeoff of foreign listing for Chinese companies, offering potentially useful insights to managers as well as regulators.

My sample consists of all companies from the China concept stocks list provided by SINA Finance that listed on the three major US stock exchanges [27]. For example, AMC Entertainment, the movie theater chain, is a Chinese concept stock because it is controlled by a company in China but trades on the NYSE. I collect accounting and stock price data for my sample companies from Thomson Reuter Datastream and Wharton Research Data Services (WRDS). I use this data to measure key financial ratios like the return of capital investment (ROIC). I also use this data to measure stock price performance over time following the IPO. I exclude companies without available data. My final consists of 283 companies. The complete list is contained in Appendix I.

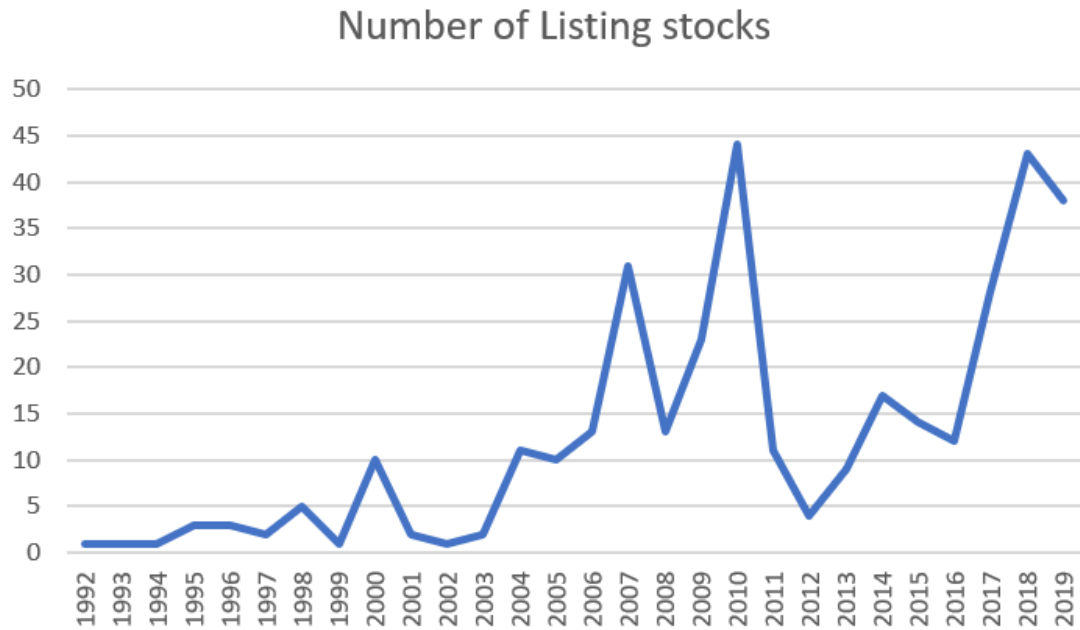


Figure 1. Number of listing stocks (From 1992 to 2019) ^[28]

3.1 Pre-2000 Time Frame

The first wave of companies that looked for global financial support were state owned enterprises (SOEs). For example, China Eastern Airlines listed on the NYSE in 1997, and PetroChina listed in 2000. These companies were large and required more capital than the Chinese stock exchange could offer at the time. These stocks were also selected as the representatives for China by the government. As a result, these companies have been stable even through several financial crises, including the 1997 Asian financial crisis.

3.2 Chinese Three Musketeers in 2001

The second wave of China concept stocks occurred in 2000. These companies were mainly internet companies, represented by the “Three Musketeers” Sina (NASDAQ: SINA), Sohu (NASDAQ: SOHU) and Netease (NASDAQ: NTSE). Different from SOEs, these private companies were short of capital, and they treated the US stock market as a crucial resource for their development. At the same time, foreign investors were becoming more interested in Chinese

companies because of the strong performance after 1997 and the huge Chinese market. The “Three Musketeers” successfully issued their stocks in 2000, but the internet bubble burst shortly afterward, and their stock prices fell to nearly zero. Both investors and Chinese companies were so disappointed that foreign IPOs of Chinese company ceased for three years.

3.3 From 2004 to Financial Crisis

In 2004, markets around the world had recovered from the dot.com bust and the effects of 9/11. Investors regained their interest in Chinese companies, which resulted in the third wave of Chinese concept stocks. The optimism for Chinese concept stocks at this time came from China’s growing economy and confidence in China’s future development. This boom continued into 2005 and 2006 and reached its climax in 2007. There were 31 Chinese companies that completed their US IPOs in that year. Even though the financial crisis broke out in US market in 2008, Chinese concept stocks did not universally collapse, and some of them even performed better than market indexes. The number of US IPOs by Chinese companies fell slightly in 2009 but began to pick up again in 2010. In addition to the companies in the technology, media, and telecom sectors, real estate, pharmaceutical, food, and energy companies also began to list in the US.

3.4 Crisis of Frauds in 2010

With the number of China concept stocks growing, some low-quality firms found their way to raise money. Beginning in 2011, some of these companies were the subject of negative research reports by investors like Muddy Waters and Citron, who had shorted the stocks. Some of the short seller allegations turned out to be true. Not only were the companies mentioned in the reports

negatively affected, but the reputation of all China concept stocks suffered. Investors began to turn away from Chinese concept stocks due to financial fraud and poor management. The crisis of confidence resulted in the second low period of Chinese stocks listing on the US market.

It was not until China and the US signed a joint regulatory memorandum on financial fraud in 2012 that Chinese stocks began listing in the US again. However, rebuilding the reputation of Chinese concept stocks was still a long and tedious process. Fortunately, two technology firms, Alibaba (NYSE: BABA) and JD (NASDAQ: JD), had very successful listings in 2014. This success was attributable, in part, to the companies adopting many international best practices on corporate governance and financial oversight.

3.5 Fintech Newcomers since 2016

The fourth wave of Chinese concept stocks was represented primarily by fintech and mobile services companies and began in 2016. In 2017, peer to peer lending (P2P) boomed and attracted a significant amount of private equity and venture capital funding. Investors and entrepreneurs hoped to use the momentum of the P2P boom to complete an IPO as soon as possible. However, it was difficult for these startups to meet the strict requirements of the CSRC for domestic listing. As a result, these companies chose to go public in the US, and a record number, 47, listed in the US in 2017.

In summary, the growth in Chinese stocks listing in the US over the last 30 years can be described as uneven. Periods of prosperity were interrupted by economic downturns or scandals. Over the same period, the type of listed companies has also become more diversified beyond technology, media, and

telecom into healthcare, education, consumer goods, finance, and other industries.

4. Characteristics of Delisted China Concept Stocks

Despite the successful financing in the US stock market, many Chinese stocks have encountered problematic issues such as underestimated market value, stalled financing, and short-selling crises ever since listing. As a result, many Chinese companies had to announce delisting.

Nearly one third of the sample, 80 stocks, have delisted from NYSE and NASDAQ. Ten stocks were forced to delist by the SEC because of financial fraud and inability to follow regulation. Other stocks delisted through privatization or PE buyouts. Exhibit 1 shows a complete list of the delisted stocks along with current status and reason for delisting.

	TIC	List Date	Delist Date	Years	Status	Note
1	CNIT	08/06/1992	08/06/2001	9.00	Out of business	
2	AMCN	10/16/1995	02/12/2002	6.25	Out of business	
3	CELM	01/29/2010	03/30/2011	1.17	Still operating	Forced
4	CRTP	08/03/2009	06/24/2011	1.83	Still operating	Forced
5	CHBT	10/23/2008	07/01/2011	2.67	Out of business	Fraud
6	CABL	07/30/2008	07/28/2011	2.92	Out of business	Forced
7	WATG	08/09/2007	09/12/2011	4.08	Still operating	Fraud
8	APWR	01/22/2008	09/26/2011	3.67	Out of business	
9	KEYP	09/15/2010	10/07/2011	1.00	Out of business	Fraud
10	CIIC	08/12/2008	11/18/2011	3.25	Out of business	Fraud
11	ABAT	10/09/2007	11/30/2011	4.08	Out of business	Fraud
12	FEED	08/29/2007	12/19/2011	4.25	Acquired	
13	CCGM	09/28/2007	02/21/2012	4.33	Out of business	Forced
14	SCEI	06/14/2010	05/18/2012	1.92	Out of business	
15	WUHN	07/18/2008	06/15/2012	3.83	Still operating	
16	CAST	10/29/2007	06/25/2012	4.58	Out of business	Fraud
17	TUDO	08/17/2011	08/24/2012	1.00	Acquired	
18	DID	11/03/2009	12/17/2012	3.08	Out of business	
19	FMCN	07/13/2005	05/24/2013	7.83	Relist	002027.cn
20	HOGS	12/27/2007	06/27/2013	5.50	Out of business	
21	ADY	03/08/2006	06/28/2013	7.25	Relist	06186.hk

22	SVN	11/20/2009	07/08/2013	3.58	Acquired	
23	SCR	04/20/2007	12/24/2013	6.67	Still operating	
24	SPRD	06/27/2007	12/24/2013	6.42	Acquired	
25	CEDU	12/11/2007	04/24/2014	6.33	Still operating	
26	GA	11/01/2007	07/21/2014	6.67	Relist	002558.cn
27	CHDX	08/18/1994	09/30/2014	20.08	Acquired	
28	HMIN	10/26/2006	12/17/2014	8.08	Acquired	
29	PWRD	07/26/2007	07/29/2015	8.00	Relist	002624.cn
30	CMGE	09/25/2012	08/11/2015	2.83	Relist	00302.hk
31	GOMO	11/22/2013	11/18/2015	1.92	Out of business	
32	GAME	09/25/2009	11/19/2015	6.08	Relist	002602.cn
33	WX	08/09/2007	12/11/2015	8.33	Relist	603259.cn
34	VIMC	11/15/2005	12/21/2015	10.08	Relist	600770.cn
35	MR	09/26/2006	03/03/2016	9.42	Relist	300760.cn
36	YOKU	12/08/2010	04/06/2016	5.25	Acquired	
37	BONA	12/09/2010	04/11/2016	5.33	Still operating	
38	MCOX	10/26/2010	04/15/2016	5.42	Out of business	
39	DATE	05/11/2011	05/16/2016	5.00	Still operating	
40	LONG	10/28/2004	06/01/2016	11.58	Acquired	
41	XUE	11/02/2010	06/06/2016	5.58	Relist	000526.cn
42	TAOM	06/09/2011	06/23/2016	5.00	Out of business	
43	KUTV	08/17/2010	07/12/2016	5.83	Acquired	
44	QIHU	03/30/2011	07/18/2016	5.25	Relist	601360.cn
45	NPD	11/09/2007	08/04/2016	8.67	Out of business	
46	EJ	08/08/2007	08/15/2016	9.00	Relist	02048.hk
47	DSKY	08/07/2014	09/08/2016	2.08	Relist	01119.hk
48	DANG	12/08/2010	09/21/2016	5.75	Still operating	
49	MOBI	12/10/2010	11/17/2016	5.92	Still operating	
50	EFUT	10/31/2006	01/12/2017	10.17	Acquired	
51	VISN	12/06/2007	03/06/2017	9.25	Still operating	
52	TSL	12/19/2006	03/14/2017	10.17	Still operating	
53	KZ	07/09/2004	04/17/2017	12.75	Still operating	
54	STV	10/05/2007	05/16/2017	9.58	Out of business	
55	SYUT	04/12/2007	05/16/2017	10.08	Still operating	
56	JFC	07/16/1992	07/11/2017	24.92	Still operating	
57	GSOL	05/01/2000	08/29/2017	17.25	Acquired	
58	ZPIN	06/12/2014	10/02/2017	3.25	Still operating	
59	XNY	11/23/2010	03/04/2018	7.25	Still operating	
60	NQ	05/05/2011	03/13/2018	6.83	Out of business	
61	SPIL	09/07/2000	04/18/2018	17.58	Still operating	
62	ZX	05/12/2011	06/18/2018	7.08	Still operating	
63	YGE	06/08/2007	07/03/2018	11.00	Still operating	
64	JASO	02/07/2007	07/17/2018	11.42	Relist	002459.cn
65	KONE	05/14/2010	09/19/2018	8.33	Out of business	
66	BSPM	04/23/2010	09/19/2018	8.33	Still operating	
67	LKM	03/14/2018	12/20/2018	0.75	Out of business	
68	CADC	11/02/2009	12/27/2018	9.08	Still operating	

69	CCCR	08/13/2013	01/16/2019	5.42	Out of business	
70	KANG	04/09/2014	01/22/2019	4.75	Still operating	
71	EHIC	11/18/2014	04/10/2019	4.33	Still operating	
72	SMI	03/17/2004	06/13/2019	15.17	Still operating	
73	BORN	06/11/2010	06/19/2019	9.00	Still operating	
74	YGTY	02/05/2018	07/29/2019	1.42	Out of business	
75	CCIH	10/01/2010	09/06/2019	8.92	Out of business	
76	CLDC	07/13/2016	09/06/2019	3.08	Out of business	
77	CNTF	05/06/2005	09/19/2019	14.33	Out of business	
78	AUO	05/23/2002	10/01/2019	17.33	Still operating	
79	HPJ	06/19/2008	11/01/2019	11.33	Still operating	
80	PPDF	11/10/2017	11/28/2019	2.00	Still operating	

Exhibit 1. Name list of delisted companies (As of 12/31/2019)

As shown in Exhibit 1, these stocks are divided by four categories:

(1) Still Operating (29 companies): These companies are currently still in business despite delisting in the US.

(2) Out of business (26 companies): These companies went bankrupt after delisting because their businesses proved to be unsustainable.

(3) Relist (14 companies): These companies chose to delist because they wanted to relist in China or Hong Kong.

(4) Acquired (11 companies): These companies either became targets for PE buyouts or Chinese big tech firms like Alibaba.

Next, I calculate the stock return by using the ratio of the delisting price to the IPO offering price.

$$\text{Stock return} = \frac{\text{Stock IPO offering price}}{\text{Stock delisting price}} - 100\%$$

Unfortunately, only 21 out of 80 delisting companies had a positive stock return when they delisted from the US. To differentiate the performance in various categories, I calculate the average return, median return, standard deviation, highest return, lowest return. The results are shown in Exhibit 2.

Stock return	Average	Median	SD	Highest	Lowest
Total	-9.13%	-54.22%	1.9436	1665.97%	-99.73%
Out of business	-77.56%	-86.77%	0.2768	14.29%	-99.73%
Relist	38.89%	-12.73%	1.0190	248.80%	-75.86%
Acquired	147.91%	-5.48%	4.5514	1565.97%	-94.05%
Still operating	-30.52%	-49.51%	0.6935	165.69%	-98.78%

Exhibit 2. Stock return of delisted companies

On average, the stock return of companies that are out of business is the lowest among the four because their business model was not successful. Moreover, companies that relist themselves in Chinese stock exchanges (including Hong Kong) or get acquired by private equities has already shown positive return before delisting on average. This can be regarded as a sign for chasing higher valuation and benefiting from fast-growing capital markets in Asia.

4.1 Short Selling Crisis Due to Financial Fraud

Poor stock return is one of the main reasons for companies that are out of business after delisting ^[29]. The stock returns of these companies are very disappointing with 20 out of 26 companies that delisted from the US because of poor business lost over 75% of stock price. Only two of them have a positive stock return.

Stock return distribution

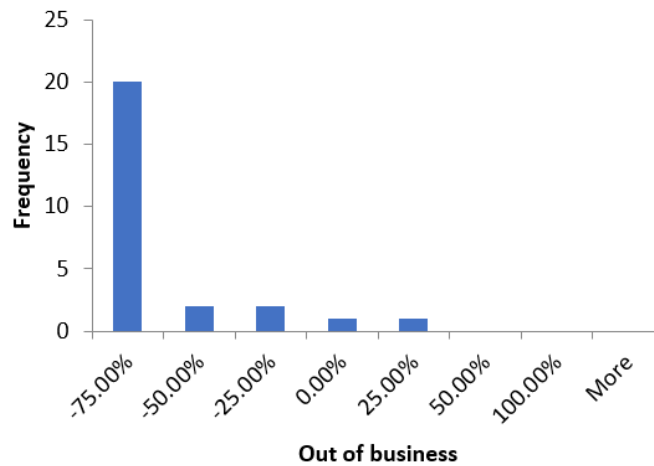


Figure 2. Stock return of companies (out of business)

Another reason is financial fraud. In 2010, a series of financial frauds occurred some China concept stocks, which in turn led to investors' distrust of the China concept stocks market accompanied by large scale short-selling. This short-selling wave greatly undermined investors' confidence. Many overseas investors have worries about the financial problems of Chinese companies. The success of short-selling institutions further confirmed investors' worries. From July 2010 to November 2011, 8 companies were suspended from trading by SEC and finally delisted.

Although the US has a strict regulatory system and the Sarbanes-Oxley Act to fight against financial fraud, the Public Company Accounting Oversight Board (PCAOB) cannot investigate the audit draft and financial statements of Chinese companies due to the lack of cooperation between the Chinese and US securities regulatory authorities. To make matters worse, the special VIE structure allowed those companies to avoid supervision of the China Securities Regulatory Commission.

4.2 Chinese Bull Stock Market since 2015

At the beginning of 2015, the Chinese Growth Enterprises Market Board (GEM) entered a bull market. Focus Media (NASDAQ: FMCN) launched an IPO in 2005 and delisted through privatization in 2013. It relisted in China at the end of 2015 with a market value of \$6.5 billion, 1.75 times the delisting market value from NASDAQ. The value difference between US NASDAQ and Chinese GEM motivated PE funds to seize the opportunity to re-list Chinese concept stocks that they had taken private. Most companies were in information technology, healthcare and optional consumer industries, including Qihoo 360 (NYSE: QIHU), Focus Media (NASDAQ: FMCN), Mindray Medical (NYSE: MR), WuXi PharmaTech (NYSE: WX), and Giant Interactive (NYSE: GA). Exhibit 3 provides a list of all China concept stocks that have relisted domestically.

TIC	Relist stock	Delist date	Delist MV	Relist date	Relist MV	Multiples
FMCN	002027.cn	05/24/2013	3.7	12/29/2015	6.5	1.75x
ADY	06186.hk	06/28/2013	0.15	11/13/2019	0.85	5.67x
GA	002558.cn	07/21/2014	3.0	06/09/2017	1.9	0.62x
WRD	002624.cn	07/26/2015	1.0	03/31/2015	1.7	1.71x
CMGE	00302.hk	08/11/2015	0.74	10/31/2019	0.19	0.25x
GAME	002602.cn	11/19/2015	1.9	02/20/2019	4.3	2.26x
WX	603259.cn	12/11/2015	3.3	05/08/2018	4.6	1.40x
VIMC	600770.cn	12/21/2015	0.45	05/04/2016	1.44	3.20x
MR	300760.cn	09/26/2016	3.3	10/16/2018	12.2	3.70x
QIHU	601360.cn	07/18/2016	9.3	02/28/2018	7.20	0.77x
EJ	02048.hk	08/15/2016	0.94	07/14/2018	0.60	0.63x
DSKY	01119.hk	09/08/2016	0.59	11/29/2018	0.12	0.20x
JASO	002459.cn	07/17/2018	0.35	09/29/2019	1.01	2.88x
XUE	000526.cn	06/06/2016	0.35	07/13/2016	0.32	0.91x

Exhibit 3. Relisting stock performance

There are two main reasons for going back to China. On the one hand, these companies are well-known in China and are warmly welcomed by Chinese investors. On the other hand, the quality of these companies is significantly

higher than that of A-share and GEM competitors so that they can obtain higher valuations and premiums. As shown in Exhibit 3, the average company increased its value by 1.9 times between delisting in the US and relisting in China.

No.	TIC	Delist P/E	Relist P/E	Multiples
1	FMCN	15.3	46.1	3.0x
2	ADY	7.3	17.4	2.4x
3	GA	14.0	37.5	2.7x
4	PWRD	14.1	38.1	2.7x
5	CMGE	14	21.6	1.5x
6	GAME	13	23.3	1.8x
7	WX	38.4	82.3	2.1
8	VIMC	NA	NA	NA
9	MR	18.8	47.2	2.5x
10	QIHU	20	26.7	1.3x
11	EJ	13	11.7	0.9x
12	DSKY	14	14.6	1.0x
13	JASO	7.8	12	1.5x
14	XUE	NA	NA	NA

Exhibit 4. P/E ratio increase of relisting stocks

Exhibit 4 describes the change in P/E ratio for relisting companies. Like the change in market capitalization, nearly all relisted China concept stocks obtained a higher P/E ratio at relisting versus when they were delisted. It would appear that the sub-set of China concept stocks that have successfully relisted domestically have obtained higher premiums in the stock market.

4.3 Other Motivations for Delisting

The motivation for a company to delist is complex and multifaceted. Although some China concept stocks were delisted by regulators, most of the delisted companies have chosen to privatize after listing because of strategic change and arbitrage opportunities. Factors to consider not already discussed are the

macroeconomic environment, financing efficiency, information costs, business operations as well as company strategy.

4.3.1 Under Valuation Due to Insufficient Information

It may be difficult for the investors in the US capital market to recognize the value of China concept stocks. There is a gap between business performance and valuation because the stocks are traded in the US but the businesses are operated in China. Since investors may be less familiar Chinese concept stocks, trading volume may be low, leading to depressed stock prices. For example, the ADR transaction volume of Sino-chip (NYSE: SMI) continued to decline after its listing, and it ultimately delisted. Maintenance and listing costs provide another incentive for companies to delist.

4.3.2 Management Buyout

The “horizon problem” arises from the inconsistency of interests between management and shareholders since many investors only pay attention to short-term profit. If the short-term goal cannot be achieved, they will “vote with their feet” to directly sell stocks. However, companies stand at the height of long-term development and need to carry out strategic reorganizations, which may come at the expense of short-term benefits. After corporate control is concentrated by management buyouts, the management team can do whatever creates the most value for the corporation without considering the short-term profit treasured by external investors. In the long run, the benefits can outweigh the disadvantages. For example, Shanda Games (NASDAQ: GAME) made a large number of mergers and acquisitions after listing in 2009 to try to fuel growth, but the acquisitions proved to be costly, leading to a stock price decline. Ultimately, management chose to privatize the company in 2015.

4.3.3 Sino-US Trade Friction and Restriction

According to Reuters, the Trump administration considered in September 2019 delisting Chinese companies listed on the US stock market. The Trump administration believed that these companies that operate businesses mainly in China are not subject to the same supervision of domestic companies by the SEC. Politicians have also complained about the lack of access to working papers from the audits of Chinese companies. Reuters also points out that US lawmakers from both parties introduced a bill early in June 2019 to force Chinese companies listed on US stock exchanges to submit to regulatory oversight, including providing access to audits, or face delisting. Although it was not clear how any delisting would work, this news caused Chinese stock to evaporate \$43.6 billion in market value on September 29, 2019, equivalent to the market value of JD.com (NASDAQ: JD).

IPO bankers expect there will now be a pause in new Chinese listings in the US as companies, advisers, and investors wait for more clarity. Chinese companies are also considering ways to face this potential delisting risk. Besides Alibaba (NYSE: BABA), which has completed a secondary listing in Hong Kong in 2018, JD.com (NASDAQ: JD), Baidu (NASDAQ: BIDU), and Trip.com (NYSE: TCOM) have also launched plans to list in Hong Kong as an alternative.

I have discussed several reasons why China concept stocks delisted in recent years. With the continuous improvement of the Chinese securities markets, I would expect to see more and more Chinese companies preferring to choose to list domestically. I will next describe some of the delisted companies in my sample to see what conditions may have most affected their delisting choice.

5. Case Studies on China Concept Stocks

These three Chinese companies all had difficulty finding efficient ways to finance their fast-growing businesses. After successful IPOs in the US, however, they had different reasons for delisting from the market.

5.1 Case Study——Shenzhen Mindray

Mindray is a developer, manufacturer, and seller of medical devices globally. It has three segments, namely Patient Monitoring and Life Support products, In-Vitro Diagnostic products, and Medical Imaging Systems. The company was established in 1991. In 2006, it was successfully listed on the NYSE. Mindray stock reached its highest value in 2007, at \$45.19 a share.

Mindray used the raised money in its US IPO to expand production and acquire other companies. In 2013, Mindray announced that it had reached an agreement to acquire ZONARE Medical Corporation for \$105 million. In 2008, Mindray bought US medical device company Datascope for \$209 million.

The company reported total revenues of \$1.2 billion in 2013, reflecting year-over-year growth of around 14.5%. Revenues from China accounted for 45.4% of the company's total revenues while international operations comprised 54.6% of total revenues.

In June 2015, with Qihoo 360 (NYSE: QIHU) and Wuxi Pharma (NYSE: WX) launching privatizations, Mindray announced that three co-founders, Li Xiting, Xu Hang, and Cheng Minghe, as a buyer group. The group submitted a management buyout (MBO) offer to the board of directors. It is unique there was no private equity fund in the buyer group, and the funding sources of MBO were mainly from bank loans. Mindray filed to delist from the US in 2016 at a

market value of \$3.3 billion.

After three years of preparation, on the morning of October 16, 2018, Mindray was listed on the GEM with an issue price of 48.80 RMB per share and a total raised capital of 5.93 billion RMB, the largest IPO in the history of GEM. In June 2019, Mindray Medical's market value was close to 200 billion RMB. As of 2020, the stock price was at the record high because of the huge demand for medical products domestically and globally.



Figure 3. Stock price trend (300760.SZ10/19/18-04/13/20) source: FactSet

Compared with the market value of \$3.3 billion at the time of delisting, the market value increased by 3.7 times in three years. As of 2020, Mindray is the largest medical device manufacturer in China in terms of revenue, 44% of which comes from overseas and 56% comes from the domestic market. Mindray also owns an extensive sales network in over 190 countries and regions. Investment in R&D and expanding pipelines have allowed the company to beat analyst expectations. The key financial figures of Mindray in the past five years are presented in Exhibit 5.

	2015	2016	2017	2018	2019	5Yr CAGR 2020E	
Sales	1,167	1,309	1,621	1,994	2,404	18%	2,955
EBITDA	164	237	457	645	794	33%	972
EBIT	130	209	429	596	734	35%	946
Net Inc	134	235	381	547	688	29%	842
EPS (Dil)	0.11	0.19	0.31	0.45	0.57	29%	0.69
Assets	1,818	1,908	2,123	3,181	3,770	19%	4,618
	Dec '15	Dec '16	Dec '17	Dec '18	Dec '19	5Yr Avg	Dec '20E
Gross Margin (%)	59.0	62.0	64.9	64.5	63.2	62.7%	-
EBITDA Margin (%)	14.0	18.1	28.2	32.4	33.0	25.1%	32.9
EBIT Margin (%)	11.2	16.0	26.5	29.9	30.6	22.8%	32.0
Net Margin (%)	11.5	18.0	23.5	27.4	28.6	21.8%	28.5
ROA (%)	-	12.6	18.9	20.6	19.8	18.0%	18.2
ROE (%)	-	29.4	46.5	34.2	27.7	34.4%	24.7
Asset Turn	-	0.7	0.8	0.8	0.7	0.7	0.6

Exhibit 5. Financial performance of Mindray (in 000 dollar) Source: FactSet

Mindray has significantly increased the company's market value despite delisting from the NYSE. Mindray was able to find an alternative source of capital by relisting in the Chinese market. As a result, Mindray has continuously built up the company's fame and cash flow, generating healthy returns for investors.

5.2 Case Study—United Family Healthcare

United Family Hospital (UFH) was the first international standard hospital established in China ^[30]. It was founded by a joint venture between Chindex International, Inc (CHDX) and the Chinese Academy of Medical Sciences. Chindex was founded in 1981 and listed on the NASDAQ in 1993.

Launched in 1997, UFH Beijing imported equipment, built modern facilities, and brought in many aspects of international standard healthcare, such as a philosophy of patient-centered care, a service mentality, systems management, and quality control. As a result, UFH is a first-class Chinese hospital with an international standard and comparable quality to the best healthcare providers in the US and Europe. From 2006, Chindex started to transfer the company to

the operator of private hospital brand (UFH). By the end of 2013, UFH had 4 hospitals in Beijing, Shanghai, Tianjin and Guangzhou. From 1997 to 2013, UFH developed into a well-known brand of China's first-class private hospital providing service for foreign customers in China.

Before being acquired, UFH is growing very fast. In FY2006, medical service revenue was only \$36.5 million. In FY2013, medical service revenue increased to \$179 million, achieving a compound annual growth rate of 26%. However, the profit margin of UFH was extremely low because of high employee compensation, high depreciation of equipment, and high advertising expense. The key financial figures of UFH between 2011 and 2013 are presented in Exhibit 6.

	2011	2012	2013
Sales	114,397	152,442	179,388
Gross profit	5,668	9,510	2,681
EBIT	6,889	10,891	372
Net Inc	3,201	4,092	-6,133
Total Asset	199,392	222,450	244,568
Operating Cash Flow	10,559	21,260	6,333
Investing Cash Flow	-9,718	-12,743	-16,650
Financing Cash Flow	-58	-9,193	10,153
	Dec '11	Dec '12	Dec '13
Gross Margin (%)	5.0	6.2	1.5
EBIT Margin (%)	6.0	7.1	0.2
Net Margin (%)	2.8	2.7	-3.4
ROA (%)	1.7	1.9	-2.6
ROE (%)	2.3	2.8	-3.9
Asset Turn	0.6	0.7	0.8

Exhibit 6. Financial performance of UFH (in 000 dollar) Source: Wind

In February 2014, two large private equity firms, Fosun Industrial and TPG, jointly launched a privatization offer for Chindex, the parent company of UFH. Fosun Industrial and TPG set up a merger and acquisition fund Healthy Harmony Holdings L.P. (HHH) to acquire Chindex. Fosun Industrial planned to acquire all

the outstanding shares of Chindex at a price of \$19.5 per share, with a premium of 13.70%. The management team of Chindex agreed to privatization because Fosun's key resources and healthcare channel were conducive to the development of UFH in China.

After the privatization offer from Fosun and TPG was made public, Chindex received a higher priced offer from another investor. As a result, HHH raised the offer price to \$24 per share. In the formal privatization transaction, Chindex was valued at \$438 million, the EV / EBITDA multiple was approximately 30 times. In September 2014, Chindex was delisted from the NASDAQ.

After privatization, HHH started to cut off UFH's capital expenditures and increased the revenue and profit margin in terms of hospitals and hospital beds. After four years, UFH owned 9 hospitals and 274 beds, and operating income increased to \$302 million, with a 4-year CAGR of 14%. Average revenue per bed was \$1.10 million per year, the revenue per bed in UFH Beijing reached a staggering level of \$1.88 million per year, approximately 10 times more than industry average ^[31] ^[32].

Due to profitability and its strong brand, UFH was sold in 2019 to a special purpose acquisition company listed on the NYSE, and Fosun agreed to exit. In this transaction, Fosun received a total return of \$523 million. Considering that the cost of acquiring UFH was approximately \$219 million, Fosun had a successful exit after four years with an annualized rate of return of 20%.

5.3 Case Study——Luckin Coffee

Luckin coffee (NASDAQ: LK) was founded in Beijing in 2017 and has since grown to more than 4,500 stores at the end of 2019. The coffee chain takes the

cashier-customer interaction out of the equation by handling the entire purchase process through its apps. More than 90 percent of its units are pick-up stores around office buildings and universities to target its millennial customer base. Luckin coffee went public in May 2019, only two years after establishment, raising roughly \$571 million in the IPO. The stock price of Luckin has been gradually rising after listing, and the financial reports of 2019Q2&Q3 implicated a strong trend of revenue growth and improving profit margin. Although profitability had not yet been achieved, Luckin received widespread investment interest in the US capital market.

However, in January 2020, Muddy Waters claimed that they had received an anonymous report about Luckin. The report worked with 92 full-time and 1,418 part-time staff to run surveillance and record traffic in 620 stores, alleging Luckin manufactured an astonishing fraud by fabricating financial and operating numbers starting in 2019Q3, just after its IPO. The report also said that the company attempted to instill the culture of drinking coffee into Chinese consumers through huge discounts and free giveaways, but it is unfeasible in reality, only to attract opportunist customers without brand loyalty. The authors also attacked Luckin's business model, stating the company's goal to target "core functional coffee demand" is misguided because China's caffeine intake of 86 mg / day per capita is already similar to other Asian countries, with 95 percent of the intake from tea.

Despite the fact that this report is detailed and comprehensive, Luckin's stock price recovered within a month after experiencing a 25% decline. Suddenly, on April 2, 2020, Luckin reported to the SEC that it had discovered financial fraud, mainly coming from the COO and his colleagues. The amount of

financial fraud was reported to be as high as 2.2 billion RMB, accounting for 75% of Luckin's total revenue in the first three quarters of 2019. In other words, Luckin's quarterly financial reports were no longer credible. The market was shocked, and the stock price fell by 80% in one day with five trading halts. Figure 4 shows the stock price of Luckin.



Figure 4. Stock price trend of Luckin (06/07/19-04/13/20) Source: FactSet

The final outcome of the matter has not yet been determined, but this scandal once again supports Wall Street's judgment about the dubious financial reporting of China concept stocks that occurred during the 2010 short selling crisis. The CEO of JD.com criticized Luckin's financial fraud in one interview. The short selling trend of China concept stocks like 2010 may appear again, and the fate of Chinese concept stocks has become uncertain as well.

6. Conclusions

This paper reviews the performance of China concept stocks listed in the United States and discovers a high rate of delisting. By viewing two major waves of delisting, I propose several reasons for the possible delisting behavior, among which poor performance and lack of investor confidence are

the most likely delisting motives.

Financial fraud was also a factor in delisting. Although most China concept stocks were able to comply with US securities regulations and financial disclosures, the financial fraud of certain companies caused immense reputation damage and forced many Chinese companies cross-listed in the US to delist through privatization. A small number of irresponsible small and medium-sized companies listed through reverse merger methods and used the loopholes in the audit coordination process between China and the US, resulting in great harm to foreign investors.

On the bright side, with the continuous improvement of China's capital market in the past 20 years, more and more Chinese companies have chosen to list and raise capital domestically. For this reason, my opinion is that the phenomenon of Chinese stocks going public to the US will be diminish in the future.

However, it is worth reminding the CSRC that it must fully learn the lessons of Luckin Coffee in implementing the stock registration system as well as using a stricter regulation and financial audit system in order to prevent financial fraud in advance.

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Appendix

I. Sample of China Concept Stocks

Company Name	TIC	Exchange	List date	Industry
SORL AUTO PARTS INC	SORL	NASDAQ	11/30/1983	Automobiles & Parts
BONSO ELECTRONICS INTL INC	BNSO	NASDAQ	06/27/1989	Semiconductor Manufacturing
JPMORGAN CHINA REGION FD INC	JFC	NYSE	07/16/1992	Financial Services
CENIT BANCORP INC	CNIT	NASDAQ	08/06/1992	Mobile Telecommunication
SINOPEC SHANGHAI PETROCHEM	SHI	NYSE	07/26/1993	Oil & Gas Producers
Chindex International	CHDX	NYSE	08/18/1994	HealthCare Equipment&Service
HUANENG POWER INTERNATIONAL	HNP	NYSE	10/06/1994	Electricity
CHINA YUCHAI INTERNATIONAL	CYD	NYSE	12/16/1994	Oil & Gas Producers
DESWELL INDUSTRIES INC	DSWL	NASDAQ	07/19/1995	Semiconductor Manufacturing
CHINA NATURAL RESOURCES INC	CHNR	NASDAQ	08/07/1995	Industrial Metals & Mining
AMERICAN COIN MERCHANDISING INC	AMCN	NASDAQ	10/16/1995	Media
GUANGSHEN RAILWAY CO LTD	GSH	NYSE	05/13/1996	Railroads
HIGHWAY HOLDINGS LTD	HIHO	NASDAQ	12/11/1996	Metal Fabrication
CHINA EASTERN AIRLINES CORP	CEA	NYSE	02/04/1997	Travel & Leisure
EURO TECH HOLDINGS CO LTD	CLWT	NASDAQ	03/14/1997	Pollution & Treatment Controls
ASIA PACIFIC WIRE&CABLE CORP	APWC	NASDAQ	03/26/1997	Electrical Equipment & Parts
CHINA SOUTHERN AIRLINES	ZNH	NYSE	07/30/1997	Travel & Leisure
TAIWAN SEMICONDUCTOR MFG CO	TSM	NYSE	10/08/1997	Semiconductor Manufacturing
CHINA MOBILE LTD	CHL	NYSE	10/22/1997	Mobile Telecommunication
GIGAMEDIA LTD	GIGM	NASDAQ	02/18/2000	Media
UTSTARCOM HOLDINGS CORP	UTSI	NASDAQ	03/03/2000	Mobile Telecommunication
PETROCHINA CO LTD	PTR	NYSE	04/06/2000	Oil & Gas Producers
SINA CORP	SINA	NASDAQ	04/13/2000	Software&Computer Service
GLOBAL SOURCES LTD	GSOL	NASDAQ	05/01/2000	Media

CHINA UNICOM (HONG KONG) LTD	CHU	NYSE	06/21/2000	Mobile Telecommunication
NETEASE INC	NTES	NASDAQ	06/30/2000	Software&Computer Service
SOHU COM LTD	SOHU	NASDAQ	07/12/2000	Software&Computer Service
O2MICRO INTERNATIONAL LTD	OIIM	NASDAQ	08/23/2000	Semiconductor Manufacturing
SILICONWARE PRECISION INDS	SPIL	NASDAQ	09/07/2000	Semiconductor Manufacturing
UNITED MICROELECTRONIC S CORP	UMC	NYSE	09/19/2000	Semiconductor Manufacturing
ASE TECHNOLOGY HLDNG CO	ASX	NYSE	10/02/2000	Semiconductor Manufacturing
CHINA PETRO & CHEMICAL CORP	SNP	NYSE	10/18/2000	Oil & Gas Producers
C N O O C LTD	CEO	NYSE	02/27/2001	Oil & Gas Producers
ALUMINUM CORP CHINA LTD	ACH	NYSE	12/11/2001	Industrial Metals&Mining
A U OPTRONICS CORP	AUO	NYSE	05/23/2002	Semiconductor Manufacturing
CHINA TELECOM CORP LTD	CHA	NYSE	11/14/2002	Mobile Telecommunication
CHUNGHWA TELECOM LTD	CHT	NYSE	07/18/2003	Mobile Telecommunication
TRIP COM GROUP LTD	TCOM	NASDAQ	12/09/2003	Travel & Leisure
CHINA LIFE INSURANCE (CHN)	LFC	NYSE	12/17/2003	Insurance
SEMICONDUCTOR MANUFACT INTL COR	SMI	NYSE	03/17/2004	Semiconductor Manufacturing
KongZhong Corp.	KZ	NASDAQ	07/09/2004	Mobile Telecommunication
CHINA AUTOMOTIVE SYSTEMS INC	CAAS	NASDAQ	08/24/2004	Automobiles & Parts
CHINA AUTOMOTIVE SYSTEMS INC	CAAS	NASDAQ	09/29/2004	Automobiles & Parts
51JOB INC	JOBS	NASDAQ	10/15/2004	Support Services
CHINA FINANCE ONLINE CO LTD	JRJC	NASDAQ	10/28/2004	Software&Computer Service
eLong Inc.	LONG	NASDAQ	12/08/2004	Travel & Leisure
SINOVAC BIOTECH LTD	SVA	NASDAQ	12/15/2004	Pharma. & Biotech.
THE9 LTD	NCTY	NASDAQ	05/06/2005	Software&Computer Service
CHINA TECHFAITH WIRLSS COMM TECH	CNTF	NASDAQ	06/30/2005	Mobile Telecommunication
SILICON MOTION TECH	SIMO	NASDAQ	07/13/2005	Semiconductor Manufacturing

FOCUS MEDIA HOLDING	FMCN	NASDAQ	08/05/2005	Media
BAIDU INC	BIDU	NASDAQ	08/09/2005	Software&Computer Service
SEASPAN CORP	SSW	NYSE	11/09/2005	Shipping
ORIGIN AGRITECH LTD	SEED	NASDAQ	11/15/2005	Agricultural Inputs
Vimicro International Corp.	VIMC	NASDAQ	03/08/2006	Semiconductor Manufacturing
AMERICAN DIARY INC	ADY	NYSE	03/31/2006	Packaged Foods
HIMAX TECHNOLOGIES INC	HIMX	NASDAQ	09/07/2006	Semiconductor Manufacturing
NEW ORIENTAL ED & TECH	EDU	NYSE	09/26/2006	Education Services
MINDRAY MEDICAL INTL LTD	MR	NYSE	10/26/2006	Pharma. & Biotech.
Home Inns & Hotels Management Inc.	HMIN	NASDAQ	10/31/2006	Travel & Leisure
EFUTURE HOLDING INC	EFUT	NASDAQ	11/09/2006	Software&Comperter Service
CANADIAN SOLAR INC	CSIQ	NASDAQ	12/19/2006	Alternative Energy
FUWEI FILMS HOLDINGS CO	FFHL	NASDAQ	12/19/2006	Packaging & Containers
Trina Solar Co., Ltd.	TSL	NYSE	02/07/2007	Alternative Energy
JA SOLAR HOLDINGS CO LTD	JASO	NASDAQ	04/12/2007	Alternative Energy
JA Solar Holdings Co., Ltd.	JASO	NASDAQ	04/20/2007	Alternative Energy
SYNUTRA INTERNATIONAL INC	SYUT	NASDAQ	05/03/2007	Packaged Foods
Simcere Pharmarceutical Group	SCR	NYSE	06/08/2007	Pharma. & Biotech.
ACORN INTERNATIONAL INC	ATV	NYSE	06/27/2007	General Retailers
YINGLI GREEN ENERGY HLDG CO LTD	YGE	NYSE	07/26/2007	Alternative Energy
Spreadtrum Communications Inc	SPRD	NASDAQ	08/08/2007	Semiconductor Manufacturing
Perfect World Co.,Ltd.	PWRD	NASDAQ	08/09/2007	Electronic Gaming & Multimedia
E-house(China) Holdings, Ltd.	EJ	NYSE	08/09/2007	Real Estate Inv&Serv
WONDER AUTO TECHNOLOGY INC	WATG	NASDAQ	08/29/2007	Automobiles & Parts
WuXi PharmaTech(Cayman) Inc	WX	NYSE	09/28/2007	Pharma. & Biotech.
AGFEED INDUSTRIES INC	FEED	NASDAQ	10/05/2007	Agricultural Inputs
CHINA CGAME INC	CCGM	NASDAQ	10/09/2007	Electronic Gaming & Multimedia

CHINA DIGITAL TV HOLDING CO LTD	STV	NYSE	10/29/2007	Electronic&Electric Equipment
ADVANCED BATTERY TECH INC	ABAT	NASDAQ	11/01/2007	Electrical Equipment & Parts
CHINACAST EDUCATION CORP	CAST	NASDAQ	11/07/2007	Education Services
Giant Interact Group Inc.	GA	NYSE	11/09/2007	Electronic Gaming & Multimedia
AIRNET TECHNOLOGY INC	ANTE	NASDAQ	12/06/2007	Media
China Nepstar Chain Drugstore Ltd.	NPD	NYSE	12/11/2007	HealthCare Equipment&Service
VISIONCHINA MEDIA INC	VISN	NASDAQ	12/12/2007	Media
ChinaEdu Corporation	CEDU	NYSE	12/17/2007	Education Services
XINYUAN REAL ESTATE CO	XIN	NYSE	12/27/2007	Real Estate Service
CHINA CERAMICS CO LTD	CCCL	NASDAQ	01/22/2008	Building Products & Equipment
Zhongpin Inc	HOGS	NASDAQ	01/29/2008	Packaged Foods
A-POWER ENERGY GENERATN SYS	APWR	NASDAQ	01/29/2008	Electrical Equipment & Parts
RENESOLA LTD	SOL	NYSE	03/18/2008	Alternative Energy
A T A CREATIVITY GLOBAL	AACG	NASDAQ	05/21/2008	General Retailers
KANDI TECHNOLOGIES GROUP	KNDI	NASDAQ	06/19/2008	Automobiles & Parts
SINO-GLOBAL SHIPPING AMERICA	SINO	NASDAQ	07/18/2008	Shipping
HIGHPOWER INTERNATIONAL INC	HPJ	NASDAQ	07/30/2008	Electrical Equipment & Parts
WUHAN GENERAL GROUP INC	WUHN	NASDAQ	07/30/2008	Pharma. & Biotech.
CHINA DISTANCE EDUCATION	DL	NYSE	08/01/2008	Education Services
CHINA CABLECOM HOLDINGS LTD	CABL	NASDAQ	08/12/2008	Electrical Equipment & Parts
HOLLYSYS AUTOMATION TECH LTD	HOLI	NASDAQ	10/23/2008	Electrical Equipment & Parts
CHINA INFRASTRUCTURE INVT CORP	CIIC	NASDAQ	03/09/2009	Infrastructure
CHINA-BIOTICS INC	CHBT	NASDAQ	04/02/2009	Pharma. & Biotech.
CHINA GREEN AGRICULTURE INC	CGA	NYSE	07/30/2009	Agricultural Inputs
CHANGYOU.COM LTD	CYOU	NASDAQ	08/03/2009	Software&Computer Service
RECON TECHNOLOGY LTD	RCON	NASDAQ	09/25/2009	Oil & Gas Producers
CHINA RITAR POWER CORP	CRTP	NASDAQ	10/27/2009	Electrical Equipment & Parts
Shanda Games Ltd	GAME	NASDAQ	11/02/2009	Electronic Gaming & Multimedia

GULF RESOURCES INC	GURE	NASDAQ	11/03/2009	Chemical Products
CHINA ADVANCED CONST MAT GRP INC	CADC	NASDAQ	11/19/2009	Building Materials
SEARCHMEDIA HOLDINGS LTD	DID	NASDAQ	11/20/2009	Media
GLOBAL CORD BLOOD CORP	CO	NYSE	11/27/2009	Pharma. & Biotech.
7 Days Group Holdings Limited	SVN	NYSE	12/02/2009	Travel & Leisure
CHINA XD PLASTICS CO LTD	CXDC	NASDAQ	12/11/2009	Chemical Products
CHINA BIOLOGIC PRODUCTS HLDG	CBPO	NASDAQ	01/29/2010	Pharma. & Biotech.
CONCORD MEDICAL SVCS	CCM	NYSE	03/04/2010	Pharma. & Biotech.
CHINA ELECTRIC MOTOR INC	CELM	NASDAQ	03/22/2010	Electrical Equipment & Parts
CHINANET ONLINE HOLDINGS	CNET	NASDAQ	03/26/2010	Mobile Telecommunication
CHINA RECYCLING ENERGY CORP	CREG	NASDAQ	04/22/2010	Waste Management
HUAZHU GROUP LIMITED	HTHT	NASDAQ	04/23/2010	Travel & Leisure
CHINA JO-JO DRUGSTORES INC	CJJD	NASDAQ	05/14/2010	Health Care Equipment&Service
BIOSTAR PHARMACEUTICALS INC	BSPM	NASDAQ	05/14/2010	Pharma. & Biotech.
JINKOSOLAR HOLDING CO	JKS	NYSE	06/11/2010	Alternative Energy
KINGTONE WIRELESSINFO SLTN HLDG	KONE	NASDAQ	06/14/2010	Wireless Telecommunications
CHINA NEW BORUN CORP	BORN	NYSE	08/17/2010	Agricultural Inputs
SINO CLEAN ENERGY INC	SCEI	NASDAQ	08/18/2010	Alternative Energy
Ku6.com Inc	KUTV	NASDAQ	09/13/2010	Internet Content & Information
KINGOLD JEWELRY INC	KGJI	NASDAQ	09/15/2010	Luxury Goods
CHINA HGS REAL ESTATE INC	HGSH	NASDAQ	09/17/2010	Real Estate Inv&Serv
KEYUAN PETROCHEMICALS INC	KEYP	NASDAQ	10/01/2010	Oil & Gas Producers
FANG HOLDINGS LTD	SFUN	NYSE	10/04/2010	Software&Computer Service
CHINACACHE INTL HLDGS LTD	CCIH	NASDAQ	10/07/2010	Software&Computer Service
N F ENERGY SAVING CORP	NFEC	NASDAQ	10/26/2010	Alternative Energy
DAQO NEW ENERGY CORP	DQ	NYSE	11/02/2010	Alternative Energy
MECOX LANE LTD	MCOX	NASDAQ	11/10/2010	General Retailers
Xueda Education Group	XUE	NYSE	11/17/2010	Education Services

NOAH HOLDINGS LTD	NOAH	NYSE	11/23/2010	Financial Services
BITAUTO HOLDINGS LTD	BITA	NYSE	12/08/2010	Automobiles & Parts
CHINA XINIYA FASHION LTD	XNY	NYSE	12/08/2010	Personal Goods
E-Commerce China Dangdang Inc.	DANG	NYSE	12/09/2010	General Retailers
Youku.com Inc	YOKU	NYSE	12/09/2010	Internet Content & Information
SEMILEDS CORP	LEDS	NASDAQ	12/10/2010	Semiconductor Manufacturing
Bona Film Group Limited	BONA	NASDAQ	12/20/2010	Entertainment
Sky-mobi Limited	MOBI	NASDAQ	12/21/2010	Software&Computer Service
SGOCO GROUP LTD	SGOC	NASDAQ	03/30/2011	General Retailers
OSSEN INNOVATION CO LTD	OSN	NASDAQ	04/21/2011	Indust.Metals&Mining
Qihoo 360 Technology Co.,Ltd.	QIHU	NYSE	05/04/2011	Software&Computer Service
21VIANET GROUP INC	VNET	NASDAQ	05/05/2011	Software&Computer Service
RENREN INC	RENN	NYSE	05/11/2011	Software&Computer Service
N Q MOBILE INC	NQ	NYSE	05/12/2011	Software&Computer Service
Jiayuan.com International Ltd.	DATE	NASDAQ	05/12/2011	Software&Computer Service
PHOENIX NEW MEDIA LTD	FENG	NYSE	06/09/2011	Media
CHINA ZENIX AUTO INTL LTD	ZX	NYSE	08/17/2011	Automobiles & Parts
Taomee Holdings, Ltd.	TAOM	NYSE	03/23/2012	General Retailers
Tudou Holdings Limited	TUDO	NASDAQ	09/25/2012	Internet Content & Information
VIPSHOP HOLDINGS LTD	VIPS	NYSE	11/21/2012	General Retailers
China Mobile Games and Entertainment Group	CMGE	NASDAQ	02/26/2013	Electronic Gaming & Multimedia
JOYY INC	YY	NASDAQ	06/06/2013	Software&Computer Service
PINGTAN MARINE ENTERPRISE	PME	NASDAQ	08/13/2013	Packaged Foods
LIGHTINTHEBOX HLDG	LITB	NYSE	10/31/2013	General Retailers
CHINA COMMERCIAL CREDIT INC	CCCR	NASDAQ	11/22/2013	Financial Services
58.COM INC	WUBA	NYSE	11/22/2013	Software&Computer Service
500.COM LTD	WBAI	NYSE	12/11/2013	Leisure Goods
Sungy Mobile Limited	GOMO	NYSE	12/18/2013	Software&Computer Service

AUTOHOME INC	ATHM	NYSE	01/17/2014	Automobiles & Parts
AMC ENTERTAINMENT HOLDINGS	AMC	NYSE	04/03/2014	Entertainment
NOVA LIFESTYLE INC	NVfy	NASDAQ	04/09/2014	Furnishings, Fixtures & Appliances
TARENA INTL INC	TEDU	NASDAQ	04/17/2014	Education Services
IKANG HEALTHCARE GROUP	KANG	NASDAQ	04/17/2014	HealthCare Equipment&Service
iKang Healthcare Group, Inc	KANG	NASDAQ	05/08/2014	HealthCare Equipment&Service
LEJU HOLDINGS LTD	LEJU	NYSE	05/09/2014	Real Estate Inv&Serv
WEIBO CORP	WB	NASDAQ	05/16/2014	Software&ComputerSvc
CHEETAH MOBILE INC	CMCM	NYSE	05/22/2014	Software&Computer Service
TUNIU CORP	TOUR	NASDAQ	06/12/2014	Travel & Leisure
JUMEI INTL HOLDING LTD	JMEI	NYSE	06/24/2014	General Retailers
JD.COM INC	JD	NASDAQ	08/07/2014	General Retailers
Zhaopin Ltd.	ZPIN	NYSE	09/19/2014	Support Services
XUNLEI LTD	XNET	NASDAQ	11/13/2014	Software&ComputerSvc
iDreamSky Technology Ltd.	DSKY	NASDAQ	11/18/2014	Electronic Gaming & Multimedia
ALIBABA GROUP HLDG	BABA	NYSE	12/11/2014	General Retailers
SKY SOLAR HLDGS LTD	SKYS	NASDAQ	05/21/2015	Alternative Energy
EHI CAR SERVICES LTD	EHIC	NYSE	07/07/2015	Automobiles & Parts
MOMO INC	MOMO	NASDAQ	07/16/2015	Software&ComputerSvc
BAOZUN Inc	BZUN	NASDAQ	12/18/2015	General Retailers
HAILIANG EDUCATION GRP	HLG	NASDAQ	02/03/2016	Media
JUPAI HOLDINGS LTD	JP	NYSE	04/27/2016	Financial Services
YIRENDAI LTD	YRD	NYSE	06/10/2016	Financial Services
BEIGENE LTD	BGNE	NASDAQ	07/13/2016	Pharma. & Biotech.
YINTECH INVST HLDGS LTD	YIN	NASDAQ	09/23/2016	Financial Services
CHINA ONLINE EDUCATN GP	COE	NYSE	09/28/2016	Education Services
CHINA LENDING CORP	CLDC	NASDAQ	10/27/2016	Financial Services
GRIDSUM HOLDING INC	GSUM	NASDAQ	11/01/2016	Software&ComputerSvc
SHINECO INC	TYHT	NASDAQ	12/07/2016	Pharma. & Biotech.
ZTO EXPRESS (CAYM) INC	ZTO	NYSE	12/27/2016	IndustrialTransport.
CHIPMOS TECHNOLOGIES INC	IMOS	NASDAQ	01/06/2017	Semiconductor Manufacturing
FANHUA INC	FANH	NASDAQ	01/17/2017	Insurance

HEBRON TECHNOLOGY CO LTD	HEBT	NASDAQ	03/09/2017	Specialty Industrial Machinery
J M U LIMITED	MFH	NASDAQ	04/28/2017	General Retailers
C B A K ENERGY TECHNOLOGY INC	CBAT	NASDAQ	05/18/2017	Electrical Equipment & Parts
BEYONDSRING INC	BYSI	NASDAQ	08/08/2017	Pharma. & Biotech.
CHINA RAPID FNC	XRF	NYSE	09/20/2017	Financial Services
BRIGHT SCHOLAR EDU	BEDU	NYSE	09/22/2017	Education Services
CHINA INT NATNWD FIN SVC INC	CIFS	NASDAQ	09/27/2017	Financial Services
BEST INC ADS	BEST	NYSE	10/18/2017	IndustrialTransport.
SECOO HOLDING LTD	SECO	NASDAQ	10/20/2017	Personal Goods
RYB EDUCATION INC	RYB	NYSE	11/03/2017	Education Services
QUDIAN INC	QD	NYSE	11/09/2017	Financial Services
RISE EDN CYN LTD	REDU	NASDAQ	11/10/2017	Education Services
HEXINDAI INC	HX	NASDAQ	11/16/2017	Financial Services
SOGO INC	SOGO	NYSE	12/21/2017	Software&Computer Service
P P DAI GROUP INC	PPDF	NYSE	02/05/2018	Financial Services
JIANPU TECH	JT	NYSE	02/07/2018	Financial Services
LEXINFINTECH HLDG	LX	NASDAQ	02/08/2018	Financial Services
S S L J COM LTD	YGTY	NASDAQ	02/16/2018	Real Estate Inv&Serv
TMSR HOLDING CO LTD	TMSR	NASDAQ	03/05/2018	Waste Management
HUAMI CORP	HMI	NYSE	03/14/2018	Tech.Hardware&Equip.
FARMMI INC	FAMI	NASDAQ	03/16/2018	Packaged Foods
DUNXIN FINANCIAL HLDGS LTD	DXF	NYSE	03/20/2018	Financial Services
LINK MOTION INC	LKM	NYSE	03/23/2018	Automobiles & Parts
SENMIAO TECHNOLOGY	AIHS	NASDAQ	03/27/2018	Financial Services
GOLDEN BULL LTD	DNJR	NASDAQ	03/28/2018	Financial Services
SUNLANDS TECH GRP	STG	NYSE	03/28/2018	Education Services
GREENTREE HPTY GP	GHG	NYSE	03/29/2018	Travel & Leisure
ONESMRT IN ED GR	ONE	NYSE	04/18/2018	Education Services
BILIBILI INC	BILI	NASDAQ	05/21/2018	Software&Computer Service
IQIYI INC	IQ	NASDAQ	05/24/2018	Internet Content & Information
AGM GROUP HLD INC	AGMH	NASDAQ	05/31/2018	Software&Computer Service
POWERSHARES E T F TRUST II	GHII	NYSE	06/15/2018	Financial Services
CLPS INC	CLPS	NASDAQ	06/27/2018	Information Technology Services

HUYA INC	HUYA	NYSE	07/26/2018	Software&Computer Service
PUXIN LTD	NEW	NYSE	07/26/2018	Education Services
UXIN LTD	UXIN	NASDAQ	07/26/2018	Automobiles & Parts
CANGO INC	CANG	NYSE	09/12/2018	Automobiles & Parts
AURORA MOBILE	JG	NASDAQ	09/12/2018	Software&Computer Service
PINDUODUO INC	PDD	NASDAQ	09/14/2018	General Retailers
NIO INC	NIO	NYSE	09/19/2018	Automobiles & Parts
111 INC	YI	NASDAQ	09/27/2018	Health Care Equipment&Service
QUTOUTIAO INC	QTT	NASDAQ	09/28/2018	Media
X FINANCIAL	XYF	NYSE	10/13/2018	Financial Services
LAIX INC	LAIX	NYSE	10/19/2018	Education Services
COOTEK CAYMAN I	CTK	NYSE	10/25/2018	Software&Computer Service
VIOMI TECHNOLOGY	VIOT	NASDAQ	11/07/2018	HouseGoods&HomeConst
NIU TECHNOLOGIES	NIU	NASDAQ	11/15/2018	Personal Goods
PINTEC TCHN HLDN	PT	NASDAQ	11/20/2018	Financial Services
CNFINANCE HLDGS LTD	CNF	NYSE	12/06/2018	Financial Services
WEIDAI LTD	WEI	NYSE	12/12/2018	Financial Services
TUANCHE CO LTD	TC	NASDAQ	12/14/2018	Automobiles & Parts
MOGU INC	MOGU	NYSE	12/31/2018	General Retailers
TENCENT MUSIC ENNT GRP	TME	NYSE	01/03/2019	Software&Computer Service
360 FINANCE INC	QFIN	NASDAQ	01/04/2019	Financial Services
DATASEA INC	DTSS	NASDAQ	01/08/2019	Software&Computer Service
LUOKUNG TECHNOLOGY CORP	LKCO	NASDAQ	01/08/2019	Internet Content & Information
CHNA SXT PHRM CUTCL INC	SXTC	NASDAQ	03/08/2019	Pharma. & Biotech.
MDJM LTD	MDJH	NASDAQ	03/20/2019	Real Estate Inv&Serv
MMTEC INC	MTC	NASDAQ	03/29/2019	Financial Services
FUTU HOLDINGS LTD	FUTU	NASDAQ	04/02/2019	Financial Services
U P FINTECH HOLDING LTD	TIGR	NASDAQ	04/03/2019	Financial Services
PUYI INC	PUYI	NASDAQ	04/30/2019	Financial Services
POWERBRIDGE TECHNOLOG CO LTD	PBTS	NASDAQ	05/02/2019	Software&Computer Service
RUHNN HOLDING LTD	RUHN	NASDAQ	05/02/2019	Media
WAH FU EDUCATION GROUP LTD	WAFU	NASDAQ	05/03/2019	Education Services
SO-YOUNG INTERNATIONAL INC	SY	NASDAQ	05/03/2019	HealthCare Equipment&Service

KAIXIN AUTO HOLDINGS	KXIN	NASDAQ	05/10/2019	Automobiles & Parts
ASIA TIMES HOLDINGS LTD	ATIF	NASDAQ	05/17/2019	Financial Services
YUNJI INC	YJ	NASDAQ	06/06/2019	General Retailers
JIAYIN GROUP INC	JFIN	NASDAQ	06/11/2019	Financial Services
LUCKIN COFFEE INC	LK	NASDAQ	06/12/2019	Food & Drug Retailers
GSX TECHEDU INC	GSX	NYSE	07/17/2019	Education Services
BAT GROUP INC	GLG	NASDAQ	07/23/2019	Financial Services
CHINA INDEX HLD LTD	CIH	NASDAQ	07/26/2019	Software&Computer Service
DOUYU INTL HLDINGS LTD	DOYU	NASDAQ	07/26/2019	Software&ComputerSvc
HUITAO TECHNOLOGY CO LTD	HHT	NASDAQ	08/05/2019	Building Materials
BLUE HAT INTRCTIVE ENT TECH	BHAT	NASDAQ	08/14/2019	Electronic Gaming & Multimedia
WANDA SPRT GP CO	WSG	NASDAQ	08/15/2019	Media
AMTD INTL INC	HKIB	NYSE	10/25/2019	Financial Services
CHINA XIANGTAI FOOD CO LTD	PLIN	NASDAQ	10/25/2019	Packaged Foods
9F INC	JFU	NASDAQ	10/25/2019	Financial Services
YOUDAO INC	DAO	NYSE	11/01/2019	Education Services
HAPPINESS BIOTECH GP LTD	HAPP	NASDAQ	11/05/2019	Pharma. & Biotech.
AESTHETIC MD INT	AIH	NASDAQ	11/08/2019	HealthCare Equipment&Service
FANGDD NET GP LTD	DUO	NASDAQ	11/08/2019	Real Estate Inv&Serv
Q&K INTL GROUP LTD	QK	NASDAQ	11/21/2019	Real Estate Inv&Serv
36KR HOLDINGS INC	KRKR	NASDAQ	11/29/2019	Software&Computer Service
ECMOHO LTD	MOHO	NASDAQ	12/12/2019	Specialty Retail
CANAAN INC	CAN	NASDAQ	12/13/2019	Software&Computer Service
FINVOLUTION GROUP	FINV	NYSE	12/30/2019	Financial Services
EHANG HOLDINGS LTD	EH	NASDAQ	12/12/2019	Tech.Hardware&Equip.
ONECONNECT FIN TECH	OCFT	NYSE	12/13/2019	Financial Services
MOLECULAR DATA INC	MKD	NASDAQ	12/30/2019	Chemical Products