

# Shihua Qin

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## Education

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**The University of Hong Kong**

*PhD Candidate in Finance*

**Hong Kong SAR**

**2019 - Present**

**Zhejiang University**

*Master of Finance*

*Bachelor of Economics in Finance*

**Hangzhou, China**

**2017 - 2019**

**2013 - 2017**

## Research Interests

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Corporate Finance, ESG, Fintech, Innovation, Household Finance

## Working Papers

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**“SPAC Mergers and Sponsor Network Centrality”** (with Chen Lin, Fangzhou Lu, and Roni Michaely),  
*Management Science, Reject and Resubmit*

**Abstract:** The structure of a special purpose acquisition company (SPAC) generates significant information asymmetry for public investors and provides a special role for its sponsors. Leveraging the unique characteristics of SPACs, this study re-examines the debate surrounding managers’ network centrality and its impact on M&A outcomes. Specifically, we show that while few characteristics can explain SPACs’ returns, sponsors’ private equity and venture capital connections, measured by their network centrality, explain a large portion of return variation in the cross-section. A one standard deviation increase in sponsors’ network centrality leads to a 2.2% higher merger and acquisition success probability and a 1.2% higher post-merger monthly abnormal return. Moreover, this effect is particularly pronounced among SPAC sponsors with greater stakes in post-merger entities. We attribute this outperformance of firms with high managerial PE network centrality to superior deal sourcing, fundraising abilities, and higher equity ownership that alleviates agency costs. Overall, we show that when network connections reflect managers’ value-creation ability more than their rent-seeking capacity, these connections can add value to SPACs’ deals and help to alleviate information asymmetry and associated moral hazard issues despite the general underperformance of SPACs after business combinations.

**Conference:** WFA 2022; AFA 2022

**Media coverage:** Harvard Law School Forum

**“Competition and Kickback”** (with Chen Lin, Xiang Shao, and Jianfei Zhu)

**Abstract:** Developing two novel measures, this paper studies how competition affects kickbacks. Using unique granular data from the pharmaceutical industry, we are able to test this fundamental question by accurately measuring kickbacks from records of pharmaceutical payments to physicians and constructing a time-varying competition measure at the firm level through identifying the breakthroughs of rival firms’ drug projects for the same disease targets. We find that our project-based competition measure is positively associated with pharmaceutical firms’ kickback payments to physicians. We also show that firms pay physicians more strategically in terms of the nature and forms of payment. We provide empirical evidence that kickback payment is related to higher physician prescriptions and that the promotional effect of pharmaceutical kickbacks is stronger when competition is more intense. Moreover, we document that biopharma firms increase kickback payments for addictive drugs relatively more when facing greater competition, which leads to increased addictive drug prescriptions. Two possible channels underlie our findings: firms need to compensate for the value loss of the competition-affected drug projects and firms need to obtain funding to support new/ongoing projects in unaffected drug indications.

## **“Barbarian or Vanguard? : Private Equity Buyout and Physician Opioid Prescription”** (with Chen Lin, Xiang Shao, and Jianfei Zhu)

Abstract: The paper studies how PE buyouts of physician groups affect physician opioid prescriptions. Using a difference-in-differences approach, we find that physicians in the PE-owned physician groups relatively decreased their opioid prescription rate after the buyout. More importantly, we document three main channels of this effect. First, we show that PE affects physician opioid prescription through the financial constraint channel. The reduction effect of PE buyout is stronger for PE firms with less financial constraints. Second, we also find that PE firms with stronger CSR preference have a larger effect on physician opioid prescription. Finally, we find regulatory and litigation risks can incentivize PE firms to influence acquired physician groups to reduce opioid prescription. We find that the effect is stronger after physicians’ states adopt stronger opioid monitoring program and after the first legal punishment of PE firms involved in False Claims Act allegations.

## **“Regulatory-Driven Crowd Out on Small Business Lending”** (with Chen Lin and Mingzhu Tai)

Abstract: We propose and examine a regulatory-driven crowd-out effect that could lead to a negative relation between mortgage credit expansion and small business lending even when lenders’ financial constraints are not binding. In low- and moderate-income (LMI) neighborhoods under the Community Reinvestment Act (CRA) assessments, a shock that leads to mortgage credit expansion results in lower small business lending growth compared to non-CRA neighborhoods, especially if lenders are under greater regulatory pressure. Moreover, it results in a negative impact on SME employment growth and widens income inequality. We also find this regulatory-driven crowd-out effect is more profound in areas with a larger minority share, and minority-owned entities suffer more negative impacts on their real growth.

## **“Analyst coverage and informed trading: Evidence from natural experiments”** (with Tao Chen, Chen Lin, and Xingguo Luo)

Abstract: Using broker closures and mergers, we find analyst coverage drop leads to decreased informed trading captured by the O/S ratio. Decomposed option volume analysis shows that it is the decrease in options trading where informed trading is most likely to happen (e.g., open buy call) that drives the decrease in the overall O/S ratio. Importantly, the effect is more profound for firms with lower initial analyst coverage, and for the coverage terminations of more experienced analysts. These results support our hypothesis that relative to equity traders, option traders are more sophisticated in extracting information from analyst reports, and thus suffer from a larger information loss in analyst coverage drops.

## **Selected Work in Progress**

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- Does Privatization Come at the Cost of the Environment?
- Investment Returns and Individual Environmental Behaviour
- Climate-related Financial Disclosure of Financial Institutions

## **Presentations**

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American Finance Association (AFA) 2022 Annual Meeting	2022
HKU PhD Seminar	2021, 2022
European Financial Management Association (EFMA) 2018 Annual Meeting	2018

## **Teaching**

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### **Teaching Assistant (The University of Hong Kong)**

DBA Course, DBAP7048 Research Methods in Finance, Economics, and Accounting	2021, 2022, 2023
EMBA Course, EMBA6608 Financial Innovation and Credit Market	2021, 2022, 2023
MSc Course, MFIN7026 Advanced Corporate Finance	2021, 2022, 2023

## Academic Services

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### Ad Hoc Reviewer:

Management Science, Financial Innovation

## Previous Publications

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- Luo, X., Yu, X., **Qin, S.** and Xu, Q., 2020. Option trading and the cross-listed stock returns: Evidence from Chinese A–H shares. *Journal of Futures Markets*, 40(11), pp.1665-1690.
- Luo, X. and **Qin, S.**, 2017. Oil price uncertainty and Chinese stock returns: New evidence from the oil volatility index. *Finance Research Letters*, 20, pp.29-34.
- Luo, X., **Qin, S.** and Ye, Z., 2016. The information content of implied volatility and jumps in forecasting volatility: Evidence from the Shanghai gold futures market. *Finance Research Letters*, 19, pp.105-111.

## Scholarship and Awards

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HKU Foundation Postgraduate Fellowships (UPF)	2019-2023
Postgraduate Scholarship (PGS)	2019-2023

## Skills

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<b>Software</b>	Python, SAS, Stata, LaTeX
<b>Skills</b>	Machine Learning, Natural Language Processing (NLP), Textual Analysis, Network Analysis

## References

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### **Chen Lin (Supervisor)**

Stelux Professor in Finance

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### **Hong Zou (Committee)**

Professor of Finance

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### **Xiang Shao**

Associate Professor of Applied Economics

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### **Mingzhu Tai (Supervisor)**

Assistant Professor of Finance

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### **Roni Michaely**

Zhang Yonghong Professor in Finance

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