The Performance of Taiwanese Companies Listed in China- A Case Study on Four Electronics Companies

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Abstract

With the economic growth and capital market reforms, China's stock market has gradually become mature and internationalized. After the transitional arrangement of QFII and RQFII were established, foreign investors were allowed to invest in Chinese A-Shares under a strict rule, and it would bring in abundant funds for the Chinese stock market. In 2018, China's A-shares were included in the MSCI emerging market index. This would also increase a lot of investment opportunities for the market. Issuing stocks is an important way for companies to raise funds. Since the P/E ratio of China's A-shares is higher than Taiwanese stocks, listing in China stock market can positively increase the company's total market value.

However, due to the high difficulty of being approval to list in China Stock Market, there are not many companies intend to do so. With FII quickly passed the IPO review and 31 benefits policies were preferentially granted to Taiwan, more and more companies are interested in listing in China stock market, which may possibly have some negative effects on Taiwan's economy in the long term.

The researcher used content analysis to collect and analyze information from China stock exchanges and targeted companies' annually financial reports. With those data, this research compared the performance of the four targeted Taiwanese electronics companies listed in China. With carefully analyzing the state of operation and stock trends of each of the four electronics companies after listing in Chinese stock market, this research had submitted a conclusion about whether it was a worthy choice or not to list in the Chinese stock market.

Keywords: China A-Shares, China IPO, Taiwanese capital electronics companies