M&A premiums: why do Asian SOEs bid higher? The role of economic, political and cultural factors

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Abstract

This study aims to investigate whether Asian companies pay higher premiums in cross-border mergers and acquisitions (M&A) deals and the potential impact of acquirers being state-owned firms on the premium paid. Using a large sample of cross-border M&A during the period 2003 to 2021, we first uniquely compare whether the geographical origin of the acquirer firm is a relevant determinant of the premium paid, namely for cross-border operations targeting Asia, Europe, and the United States. Our baseline results suggest that the 1-day (4-week) average premiums paid by Asian companies are significantly larger, by an additional 5.36 (10.16) percentage points, than those paid by non-Asian acquirers. Our findings are robust to the inclusion of deal characteristics and for the case of Chinese and Japanese acquirers. Next, we find support for the argument that, besides of usual economic motives, unique strategic motives or political reasons may be also behind the significantly higher premiums paid as we document that state-owned Chinese acquirers offer economically significantly higher bids, with 1-day (4 Week) premiums paid being 36.68 (43.17) percentage points higher in cross-border M&As involving non-Asian targets than other acquiring firms. These results are robust to the inclusion of cultural distance and other control variables. Our research has relevant implications not only for investors and regulators, but also for policy-makers. In particular, it highlights the need for a deeper understanding of the reasons behind M&A bids launched by Chinese state-owned enterprises over non-Asian targets and the possibility that favourable financing conditions may explain the existence of bid premiums not matched by any other types of acquirers, Chinese or not.

Keywords: cross-border M&A, premium, Asian companies, SOEs.

JEL classification codes: G30, G32, G34, D80

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1. Introduction

According to the Institute for Mergers, Acquisitions, and Alliances (IMAA), the value of Mergers and Acquisitions (M&A) has constantly increased during the last decades[1]. Although most of these transactions have been traditionally focused in the USA and European markets, the interest in M&A has moved also to the Asian region in the last years, namely China and South-East Asian countries.

In both the Asia-Pacific and the South-East Asia regions the value of M&A transactions has grown steadily since the beginning of the 21st century (Zámborský et al., 2021; Tan and Ai, 2010), with China playing a relevant role in this process (Zhu and Zhu, 2016). In fact, from a total worldwide M&A deals value of 5.3 trillion USD in 2021, almost 65% comes from the mentioned regions. There are numerous reasons for explaining this interest in M&A transactions, from synergy-related motives (Rani et al., 2020; Hitt et al., 2019) to agency-motivated ones (Li et al, 2018). Schoenberg's (2006) classification model suggests three types of motives, namely strategic, financial, and managerial ones. Accordingly, companies get involved in M&A from an strategic perspective to extended their business, strategic motives for mergers include the extension of business, transform their competitive structure, or ameliorate their business capabilities. Additionally, according to the preemptive motive, companies also engage in an acquisition when a competitor may be also interested in the same target company (Molnar, 2007). Financial

[1] Updated statistics on the number and values of M&A worldwide and by region can be found here: https://imaa-institute.org/mergers-and-acquisitions-statistics/

motives are related to financial and tax efficiency, asset stripping, unbundling, and the search for investment opportunities, specially when the acquierer identifies that the target is undervalued (Damodaran, 2011). Lastly, managerial motives refer to the managers' interests, namely personal ambition and the bandwagon (or herd behavior) effect.

In the context of the high economic growth in the Asia-Pacific and South-East Asia regions experienced in the last few years (Rao et al., 2020), M&A has become an essential corporate development possibility when searching for investment allocations (Alam and Le, 2014). In this context, previous literature shows that firms from developing countries bid higher in cross-border M&A, particularly when acquiring targets in developed countries (Hope et al., 2011). Additionally, Chinese-initiated cross-border M&A transactions have been observed to create greater shareholder value for acquirers (Kling and Weitzel, 2011) and larger premiums for targets (Urbšienė et al, 2015) than other cross-border deals. This is an especially relevant issue for the USA and Europe markets, where the volume of foreign investments coming from emerging Asian countries has been constantly increasing in the last few years (Li and Fabuš, 2019). Thus, a pertinent first question immediately arises: why do such Asian firms bid higher?

M&A premium determinants are a traditional finance topic, where previous literature identifies several determining factors (Cumming et al., 2023). Relevant financial variables explaining the premium are company size, capital structure, investment opportunities, cash holdings, and operation-related variables such as deal size or means of payment. A recent strand of the literature, however, pays increasing attention to cultural values for explaining the success of a cross-border M&A (e.g., Ahmad et al., 2022; Reddy et al., 2022; Chand et al., 2021; Boateng et al., 2019; Hope et al., 2011). Following the information asymmetries and the resources-based theories, most of the studies find that cultural distance plays a relevant role in explaining the success of value

creation in an M&A deal. Nonetheless, only limited attention has yet been paid to the relationship between the different cultures of the acquirer and the target, and the M&A premium. Focusing on the USA, Lim et al. (2016) find that the relationship between cultural distance and cross-border M&A premiums is asymmetric, being negative when USA firms bid for foreign targets and not significant when foreign bidders evaluate USA targets. Similarly, Kwok et al. (2020) document that religious differences between the target and the acquirer's CEO negatively affect the deal's performance in Malaysia.

This paper aims to analyze first whether Asian firms systematically pay a higher premium in cross-border M&A. Using a large sample of 1,943 cross-border M&A during the period 2003 to 2021, our baseline results suggest that the average premiums paid by Asian companies are double the size of the European or USA acquisition premiums. Next, and focusing on Chinese acquirers, we show that Chinese state-owned acquiring companies contribute to a substantial increase in the premium paid relative to other cross-border acquirers (Chinese or not), even after controlling for cultural distance factors.

Our paper makes several contributions to the current body of literature. Firstly, we utilize a global sample of cross-border M&A, which sets it apart from prior studies primarily focusing only on the USA or China. This broader approach allows for a more comprehensive understanding of the premium puzzle. Secondly, we focus on the premiums paid for targets, which enriches the understanding of Asian companies' behavior when investing abroad. The reasons why some Asian companies bid higher may not only be related to economic or financial aspects of the operation but also to country geopolitical or economic strategies at country-level that that may influence the behavior of acquiring entities. In this context, we thirdly analyze the role of state ownership of acquirers, particularly Chinese state-owned ones, by testing wether, regardless of the traditional economic motives for investing abroad, unique geopolitical or other motives

may also be present, alongside possible abnormally favourable financing conditions, to explain the payment of higher M&A premiums.

The rest of the paper is structured around the following headings. Section 2 provides the literature review and develops the hypotheses. Section 3 presents the methodology, data, and research design to test our hypotheses. Section 4 shows the empirical analysis results and further robustness checks. In Section 5 we discuss the results and conclude the paper.

2. Literature review and hypotheses

2.1. A brief literature review on M&A premium determinants

The premium in M&A refers to the difference between the price paid for a target company and its fair market value (Custodio, 2014; Baker et al., 2012). It is often used as a measure of the success of a merger or acquisition, with a higher premium indicating that the acquiring company has paid more than the target company was worth in its current pre-deal condition (Ozdemir et al., 2022). Determining the premium that is paid in M&A transactions can be a complex process, due to information asymmetries and conflict of interests between acquirer and target managers, and numerous uncertain outcomes (Malhotra et al., 2022). This issue is especially relevant in cross-border M&A, considering that acquirer firms deal with differences in corporate governance, culture, language, and accounting standards (Maung et al., 2020).

The seminal paper by Lubatkin (1983) states that premiums can be influenced by the strategic fit between the target and the acquirer, the expected synergies, and the market conditions. Similarly, Urbšienė et al. (2015) identify a number of deal-related and market-related premium determinants. For example, acquirer companies with higher growth prospects (Kim et al., 2011), or stronger financial performance (Billett and Ryngaert, 1997), are associated with higher premiums in M&A transactions, while acquirers tend

to pay less for large target firms (Alexandridis et al., 2013). Additionally, target companies that have unique or proprietary assets, such as patents or valuable brand names, may also command higher premiums (Laamanen, 2007). The characteristics of the M&A deal itself can also play a relevant role in determining the premium. For instance, research shows that friendly deals, where the target company's management is supportive of the acquisition, tend to command lower premiums than hostile deals (Gaughan, 2005). Besides, deals where the target company has a large number of shareholders or is widely held, tend to have higher premiums than those where the target company has a more concentrated ownership or is closely held (Walkling and Edmister, 1985).

Another important factor that influences premiums in M&A transactions is the state of the broader market conditions (Xie et al., 2017; Rossi and Volpin, 2004). During periods of economic growth and high stock market valuations, premiums tend to be higher, as companies are willing to pay more for acquisitions (Nguyen and Phan, 2017). A country's investors' protection is also found to be positively related to the premium since the uncertainties and information asymmetries are alleviated (Maung et al., 2019; Rossi and Volpin, 2004).

Corporate governance has also been identified as a critical issue in M&A premiums as it can affect the performance and outcome of the transaction (Starks and Wei, 2013). The relationship between corporate governance and premiums in M&A has been extensively studied in the literature, with various findings indicating the influence of corporate governance practices on returns and premiums. Previous research widely demonstrates that firms with strong corporate governance mechanisms, such as independent directors and effective board structures, tend to receive higher premiums in M&A deals (Acero and Alcalde, 2021; Aktas et al., 2016). This is because good governance practices are seen as

a signal of a company's overall performance and future potential, making it more attractive to potential acquirers. Besides, firms with female directors are less likely to make acquisitions and if they do, will tend to pay lower bid premia (Levi et al., 2014). Similarly, the role of CSR has also been examined, with results showing that CSR policies of the target are positively associated with bid premiums (Gomes and Marsat, 2018).

We do not pretend to provide a complete, in-depth, review of the literature on the M&A premium determinants, since the papers published in the last decades are numerous (an updated analysis of the research done in this field can be found in Cumming et al., 2023). However, this brief literature survey points out at the relevance of understanding M&A premium determinants from different perspectives. At the same time, as Cumming et al. (2023) state, "*the major contributions to the research have expectedly come from the United States and the United Kingdom*". This means that, at the very least, the cultural issues concerning M&A premiums remain understudied or at least only partially analysed in the traditional and larger M&A markets. Accordingly, we focus on this strand of the literature which is identified by Cumming et al. (2023) as one of the relevant upcoming research topics.

2.2. Why do Asian firms pay higher premiums?

The literature on the role of culture traditionally focuses on how cultural distance between the acquirer and the target company affects the outcome of the deal (e.g., Boateng et al., 2019; Ahern et al., 2015; Chakrabarti et al., 2009; Dikova and Sahib, 2013; Reus and Lamont, 2009; Stahl and Voigt, 2008). This issue is of course more relevant in the case of cross-border M&A. Cultural differences between countries can lead to a variety of challenges during the M&A process, including communication difficulties, misunderstandings, and a lack of trust between the merging parties (Lim et al., 2016). For

example, using a sample of 209 Chinese forms for the period 1998-2012, Boateng et al. (2019) find that cultural distance negatively affects the acquirer's value creation, being such a relationship moderated by the acquirers' resources and managerial capabilities. Nevertheless, prior research does not provide a definite conclusion on how cultural differences in cross-border M&A impact value creation. On the one hand, it is assumed that cultural differences increase the operational risk and, hence, reduce the acquisition returns (Datta and Puia, 1995; David and Singh, 1994). However, according to a competing theory, it may be considered that the relationship between cultural distance and value creation is a more complex one (Ahmad et al., 2022; Reus and Lamont, 2009; Stahl and Voigt, 2008). Under this point of view, cultural distance does not necessarily imply a value destruction (Ghoshal, 1987), but, on the contrary, may be associated to opportunities for potential learning and related value creation (Chakrabarti et al., 2009; Reus & Lamont, 2009).

In spite of the prolific literature on the relationship between cultural distance and M&A's value creation, to our knowledge, few papers pay attention to studying how cultural distance may affect M&A premiums. One of the exceptions is Lim et al. (2016) who, focusing on a sample of U.S. cross-border M&A, find support for an asymmetric relationship between cultural distance and M&A premium, being negative when U.S. firms bid for foreign targets, but not significant when foreign bidders evaluate U.S. targets. From a different perspective, and using a worldwide sample of domestic and cross-border M&A, Maung et al., (2021) document that acquirers from more religious countries tend to bid less. Close research for a sample of Chinese M&A, conducted by Wen (2017), finds that collectivism in the target firm's country negatively affects M&A premium. Lastly, Ding et al. (2022) document that, when the firm's target country has better political relations with China, the premium paid by the Chinese companies is lower.

Following this strand of the literature, we intend to enrich the knowledge on how national culture may affect M&A premiums, taking a wider, and more global, perspective. The current market trends, in which there is an increasing importance of cross-border M&A coming from Asian countries (Liu et al., 2022), also deserves further analysis, namely focusing on the following questions: is it true that Asian firms bid higher? If that is the case, why is it so?

The literature widely uses the resource-based theory to explain a firm's decision to grow through mergers or acquisitions. When a company has adequate resources, namely intangible ones, it is more likely to generate a competitive advantage if such resources are difficult to imitate (Barney, 1991; Finkelstein & Hambrick, 1996). This issue is especially relevant in emerging economies, and more specifically in China (Deng, 2009; Rui and Yip, 2008), because the resources and capabilities of firms become relevant to balance the competitive weaknesses of firms and increase firm value. Hence, taking into account value maximization goals through an efficient use of firm resources, the resource-based theory suggests that the acquirer's resources and capabilities may significantly affect its willingness to pursue M&A strategies (Reus and Lamont, 2009; Dikova and Sahib, 2013). Most of the Asian economies, excluding Japan and South Korea, can be classified as emerging ones that constantly search for creating new competitive advantages, namely technological, product differentiation, or workforce development (Li and Liu, 2014; Sun et al., 2012; Sirkin et al., 2008). Thus, when involved in cross-border M&A, Asian companies could be more willing to pay higher bids to acquire new strategic resources (Hope et al., 2011; Luo & Tung, 2007; Ramamurti & Singh, 2009). This issue is especially relevant when the acquirer company wants to strengthen technological innovation capabilities (Deng, 2007; Rui & Yip, 2008) or updated learning processes (Shimizu et al., 2004). For instance, Deng (2009) indicates that Chinese transnationals

requiere a rapid entry into the market, especially in some strategic sectors such as natural resources. IT is also common for companies with branding issues to acquire existing world-class brands. Additionally, from an agency perspective, Chinese managers may look for higher salaries when companies become more sophisticated (Peng, 2012).

Complementarily, a higher bid can be used by Asian acquiring firms to reduce information asymmetries or uncertainty related to the closure of a deal. With the exception of Japan and South Korea, Asian economies are usually characterized as having not fully developed financial markets and formal institutions (Scheela and Jittrapanun, 2012), which increases information asymmetries (Zhu and Zhu, 2016). For instance, Chae et al. (2014) show that the improvements in South Korea's financial markets in 1998 and 2007 helped to reduce the information asymmetries of target firms. Likewise, Jongwanich et al. (2013) find that the Chinese financial market development in recent years facilitated cross-border M&A. Thus, Asian firms may utilize M&A premiums to reduce acquisition uncertainties and, hence, provide stronger signals to the financial markets (Nguyen and Phan, 2017). By offering higher bids, and combining with adequate payment methods (Fuller et al. 2002), Asian firms could reduce information asymmetries in the transaction (Bi, 2021), thereby protecting the interests of both the acquirer and the target shareholders, while improving shareholder value (Barbopoulos et al. 2018) and reducing future goodwill damages (Cadman et al. 2014).

Based on the above arguments, our first hypothesis is stated as follows:

H1: Asian firms pay a higher premium in cross-border M&A compared to non-Asian firms.

Regardless of the traditional approaches used to explain why Asian firms may pay higher premiums, we want to further focus on the political side of such strategies. With the

government support and Asian companies' willingness and capabilities to acquire companies in Europe or the USA, there is an underlying possibility that premiums for similar targets in Europe or the USA will be higher if the acquirer is an Asian-based company rather than a European or American-based company. This issue is more relevant for the case of China where, unlike other countries in the region, there is a significant number of state-owned enterprises (SOEs) in most industries (Wang et al., 2023; Lin et al., 2021) which are playing an increasing role in cross-border M&A markets in recent years (Jia and Wu, 2023). As suggested by Hope et al. (2011), acquiring firms from emerging countries may bid higher in cross-border M&A because those countries have stronger "national pride". Governments have diverse ways of making use of such "national pride" to achieve diverse objectives, distinct from those purely economic ones, using state ownership in companies as an instrument of governmental policy leading to M&A cross-border activities. Besides, M&A motivations are diverse for SOEs and non-SOEs (Florio et al., 2018), i.e., those of the Chinese SOEs are aligned with the interests of the Chinese government while non-SOEs objetives are similar to those of Western private companies (Guo and Clougherty, 2015; Tan and Ai, 2010). Thus, the acquirer's state ownership can become a relevant variable when setting up the M&A premium. Guo et al. (2016) show that SOEs in China indeed pay higher premiums in cross-border M&A compared to private ones.

We propose three complementary channels through which public ownership in the acquirer companies may affect the premium. First, state-owned acquiring companies may pay a higher premium to reduce the uncertainty regarding the closure, and transaction costs, of the M&A deal (Li et al., 2022b). According to Zhang et al. (2011), the likelihood of a Chinese firm succeeding in an overseas acquisition is lower, when the acquiring firm is a state-owned enterprise. Similarly, Guo and Clougherty (2015) find that Chinese SOEs

are less successful than non-SOEs in gaining synergies and boosting competitiveness. Thus, to avoid the failure of the transaction, state-owned acquirers are led to pay a higher premium. Second, SOEs do not usually face financing issues, since they have extensive access to a range of public funds (Guo and Clougherty, 2015; Hong et al., 2015). This circumstance encourages potential overinvestment problems. For instance, He et al. (2019) document that the overinvestment problem related to managerial overconfidence is more relevant in Chinese SOEs than non-SOEs. Accordingly, it is expected that when involved in M&A activities, SOEs will be more prone to pay higher premiums. The third channel is the most controversial one, as it is related to political issues. According to Guo and Clougherty (2015), Chinese authorities significantly influence decisions involving cross-border investment operations since they directly select which businesses should receive subsidies or other forms of support. According to the resource-based approach, the focus of Chinese investments abroad is traditionally located in Asia, Africa, and Latin America (Ebbers and Zhang, 2010), due to the need of solving the resource shortage in the medium and long term. On the contrary, investments in Europe and the United States are mostly market-seeking ones (Lu and Blanton, 2020; Hurst, 2011). However, regardless of the reasons for getting involved in cross-border M&A, Chinese SOEs also look for political positioning in the target country (Li et al., 2022a). In other words, using its position in an SOE, the Chinese government seeks to gain legitimacy and influence not only in China but also in the host country. This is what Lubinski and Wadhwani (2020) call "geopolitical jockeying". Thus, it is expected that Chinese SOEs, when involved in cross-border M&A, make use of their political influence to bid higher.

Accordingly, we propose our second hypothesis:

H2: Chinese SOE firms pay a higher premium in cross-border M&A than Chinese non-SOEs.

3. Sample, variables, and methodology

We carry out the analysis using a sample of 1,943 worldwide cross-border M&A from 2003 to 2021. While firm-level data (both the target and the acquirer) is obtained from the Eikon Refinitive™ dataset, institutional variables are obtained from the World Bank database. Following prior related research, the initial sample is reduced by excluding cross-border deals with a value of less than 10 million USD (Rossi and Volpin, 2004; Dyck and Zingales, 2004). Additionally, all variables are winsorized at 1% and 99% to avoid any outliers in the sample. Table 1 shows the country of origin of acquirers and targets in our sample after all of the above-described filters, together with the number of cross-border deals.

<Table 1 about here>

The relevant dependent variable is the premium of the deal. Following prior related research (Wen, 2017), we utilize two alternative measures: the one-day (*P1D*) and the four-weeks (*P4W*) premium[2]. The former is calculated as follows:

$$P1D = \frac{(bid\ price\ per\ share - target\ closing\ stock\ price\ one\ day\ before\ announcement)}{target\ closing\ stock\ price\ one\ day\ before\ announcement}\ x\ 100 \quad (1)$$

while the second one (*P4W*) is similar, only changing the window of analysis from one day to four weeks. In the robustness analysis, we also consider the one-week premium (*P1W*).

[2] Some seminal papers on the M&A field also utilize the calculation of cumulative abnormal returns (CARs) before the announcement date to measure M&A premiums. However, the substantial size of the premiums we computed lead us to think that the usage of CARs would not change the essential results.

An initial focus of the study is to study whether Asian firms bid higher in cross-border M&A. Accordingly, we take as a main independent variable a dummy (*Asian_acq*) which takes the value of 1 if the country of the acquirer company is Asian and 0 otherwise. To facilitate the latter analysis by combining all deal possibilities, we also introduce another dummy (*Asian_tar*), which takes the value of 1 if the target country is Asian and 0 otherwise. Additionally, we also consider the impact of both Non-Asian acquirers and targets by using two additional dummy variables (*NonAsian_acq* and *NonAsian_tar*).

The initial analysis is subsequently complemented with the study of the role played by Chinese SOEs. We focus on the Chinese SOEs only due to sample representativeness. From a total number of 73 M&A involving an Asian SOEs, 57 operations (78% of the total) refer to Chinese acquirers. Following prior related research, we create a dummy variable (*SOE*) that takes the value of 1 if the acquirer is controlled by the central or local government or its various agencies (Liu et al., 2019).

Our model also includes relevant control variables which prior literature finds to be related to M&A premiums. The first group of variables is related to deal-level characteristics. Thus, a deal size variable (*Dealsize*) is measured as the natural logarithm of each deal value in millions of USD (Maung et al., 2020). We also include a measure of the target size, namely the the natural logarithm of total assets (*Size*) (Alexandridis et al., 2013)[3]. Additionally, the target's capital structure is proxied by the debt-to-equity ratio (*Leverage*) (de La Bruslerie, 2013) while its financial performance is measured through the return on assets ratio (*ROA*) (Malhotra et al., 2022). Lastly, we account for the target's growth opportunities including the market-to-book ratio (*MtoB*) (Cornett et al., 2011). As an additional analysis, we also test for the acquirer's controlling position

[3] Alternatively, we utilize the natural logarithm of the target's total sales, and the results are analogous.

both before and after the operation (Boubakri et al., 2023). Accordingly, we use the percentage of shares acquired in the transaction (*Shares*) and the percentage of shares held by the acquirer six months before the announcement (*Sharesheld*). The second group of control variables refers to the macroeconomic and institutional environment. Consequently, we include the target's country GDP growth (*GDP*) (Maung et al., 2019; Rossi and Volpin, 2004), while, the institutional quality of the target country is measured through the following indexes provided by the Heritage Foundation (Cieślik and Tarsalewska, 2023; Francis et al., 2008): property rights (*Property_rights*), investment freedom (*Inv_freedom*), and regulatory quality (*Reg_quality*). The model also includes relevant industry and year dummies (*Industry* and *Year*, respectively). Accordingly, our baseline model is as follows:

$$PREMIUM_i = \alpha + \beta_1 ASIAN\_acq_i + \beta_2 CONTROLS_i + \mu_{i,t} \quad (2)$$

where *i* denotes the deal and $\mu_{i,t}$ is the stochastic error accounting for measurement issues of the independent variables and the oversight of explanatory variables.

Given the characteristics of our sample, namely time series, we utilize a pooled Ordinary Least Square (OLS) estimation technique, which is commonly used in similar research.

4. Empirical analysis

4.1. Descriptive analysis

To characterize the sample under analysis, we present in Table 2 the descriptive statistics of the variables used.

<Table 2 about here>

Panel A shows that the average premium is higher in the four weeks (0.4999) rather than the one-week (0.4503) and the one-day window (0.4168) before the deal. Additionally,

the sample has deals of different sizes (*Dealsize*), while the targets differ in size, performance, and indebtedness. Besides, there are transactions in which the acquirer company is not a current shareholder and those in which the acquirer is already the reference shareholder. In panel B we provide the one-day (*P1D*) and the four-week (*P4W*) average premium by that acquirer origin, namely non-Asian, Asian, Chinese, and SOE. We can observe that the average premium paid is higher four weeks before the deal than in the one-day window. However, while the one-day (four-week) average preium paid by non-Asian companies is 0.4076 (0.4850), it increases up to 0.4417 (0.5290) in the case of non-Asian firms, 0.4424 (0.5413) when analyzing Chinese acquirers, and even further to 0.4922 (0.5796) when we focus on SOEs.

In Table 3 we provide the Pearson pair-wise correlation coefficients for our set of control variables, which present a consistent high correlation between our proxies of premium and do not show relevant multicollinearity issues.

<Table 3 about here>

4.2. Baseline estimations

The multivariate analysis begins by estimating the baseline model as it is defined in eq. 2, and the OLS estimations are reported in Table 4.

<Table 4 about here>

Proceeding this way, we do not find a significant relationship between M&A premium (*P1D* and *P4W*) and being an acquirer company from Asia (although the coefficients are positive). The results of the control variables are similar to those obtained in previous research. Specifically, we find that premiums increase with deal size (Maung et al., 2020; Alexandris et al., 2013) while acquirers tend to pay less for large firms, proxied through the targets size (Alexandris et al., 2013). Regarding the target's capital structure

(*Leverage*), we find a significant negative relationship with the premium, which could be explained by debt leverage limiting private benefits for target managers which ultimately reduces the premiums (de La Bruslerie, 2013; Stulz, 1988) or by excessive leverage limiting the ability to offer larger premiums due to financial constraints (Hu and Yang, 2016). Unlike previous research (Malhotra et al., 2022; Cornett et al., 2011), we do not find a significant relationship either for the target's growth opportunities (*MtoB*) or for the return on assets (*ROA*). Lastly, the macroeconomic and institutional variables, namely GDP growth, investment freedom, and regulatory quality show a positive relationship with M&A premiums (Cieślik and Tarsalewska, 2023; Maung et al., 2019; Rossi and Volpin, 2004). Interestingly, we obtain a significant positive relationship for the case of property rights (*Prop_rights*) which can be explained according to the information asymmetries theory. When the acquirers' investment is better protected at the institutional level, there is no need to guarantee better protection at the firm level (Boubakri et al., 2023) and, hence, acquirers are more willing to pay higher premiums. In any case, this outcome deserves a further analysis in which, apart from considering the origin of the acquirer company, the origin of the target company is also taken into account. Thus, in Table 5, we estimate again eq.2 by the origin of the target firm (using the variable *Asian_tar*).

<Table 5 about here>

Proceeding this way, we can observe that Asian companies (*Asian_acq*) pay higher premiums when buying non-Asian companies in the USA, Europe, Africa, or Latin America. Specifically, the one-day premium (P1D) increases by 5.36 percentage points (p.p.) while the four-weeks premium increases by 10.16 p.p., all else constant. This result confirms our first hypothesis. When involved in cross-border M&A outside their region, Asian companies may follow not only economic criteria to invest and, thus, they bid

higher due to their sociological and cultural characteristics (Hope et al., 2011; Luo & Tung, 2007; Ramamurti & Singh, 2009). In addition, we do not find a significant effect over premiums paid from being a Non-Asian acquirer, either for Asian targets or for non-Asian targets. Thus, according to the resource-based and information asymmetries theories, this result is consistent with Asian acquiring firms follow a strategy of paying a higher premium to have access to some strategic resources, namely raw materials and well-trained human resources (Deng, 2009), alongside with reducing transaction costs and the uncertainty related to such operations (Jongwanich et al., 2013; Scheela and Jittrapanun, 2012).

To further analyze the consistency of the obtained results, in Table 6 we provide the results of the estimation of eq.2, including some additional deal characteristics, namely the percentage of shares acquired in the transaction (*Shares*) and the percentage of shares held by the acquirer six months before the announcement (*Sharesheld*), together with the joint effect of being an Asian acquirer.

<Table 6 about here>

In this case, we can observe that the effect of being an Asian company is, again, only relevant when acquiring non-Asian companies. Further, as the number of shares bought increases (*Shares*), so does the premium. Besides, it is shown that when an Asian acquirer has already a position in the target company (*Sharesheld x Asian_acq*), the positive effect on the premium is higher (the one-day premium increases, all else constant, by 51.49 p.p., while the four-weeks premium increases by 82 p.p.). These results just provide better support for confirming our first hypothesis and are aligned with previous research findings (Walkling and Edmister, 1985). Specifically, we show that when Asian acquirers search for a controlling position in the target compay, they pay considerably higher

premiums for reducing any possibility of agency costs escalating (Boubakri et al., 2023) or the chances of a deal rejection.

Asian countries are heterogeneous in terms of financial development and culture (Jahanger et al., 2022), which may arise the question of whether all Asian countries pay a higher premium when involved in cross-border M&A. Considering our sample, we focus on the Chinese (together with Hong Kong) acquiring companies (which represent 27.2% of the total M&A started by Asian countries) and Japanese ones (which represent 37.7% of such deals). This distinction is also relevant since China and Japan are two substantially different countries, namely from either economic or political perspectives. Accordingly, two new dummy variables are introduced, (*China_acq*) and (*Japan_acq*) which take the value of 1 if the acquirer company is from China or Japan, respectively. The results are shown in Table 7.

<Table 7 about here>

The obtained results are again consistent with those previously obtained, i.e., regardless of the country, Asian acquirers are more prone to pay higher bids in cross-border M&A when buying non-Asian companies. In this case, two different countries, which have diverse reasons and strategies when investing abroad, tend to pay higher bids, even though the size of the additional premia may very between acquiring countries. Specifically, we show that all else constant, while Chinese acquirers increase the one-day premium by 12.42 p.p. and four-week premium by 14.67 p.p., the Japanese ones increase the one-day premium by only 1.44 p.p. and four-week premium by just 3.36 p.p..

In our second hypothesis, we introduce the possible premium boosting role of SOEs. As previously stated, and according to our database, most of the SOEs in the Asian region are based in China (specifically, 78.08%). Thus, our analysis is focused uniquely on

Chinese SOE acquirers. To do so, we include a dummy variable that takes the value of 1 if the acquirer company is from China, and 0 otherwise (*China_acq*); a dummy variable that takes the value of 1 if the acquirer company is an SOE, and 0 otherwise (*SOE*); and, to test the joint effect of being a Chinese acquirer and an SOE, we introduce an interaction term (*China_acq* x *SOE*). In this estimation, we also control for the cultural distance between the target and the acquirer. Cultural distance is widely used by previous literature for explaining the M&A performance (e.g., Boateng et al., 2019; Lim et al., 2016; Ahern et al., 2015; Chakrabarti et al., 2009; Dikova and Sahib, 2013; Reus and Lamont, 2009; Stahl and Voigt, 2008). Proceeding in this way, we aim to test whether the expected higher premium of Chinese acquirers is due exclusively to political factors or, on the contrary, there are also cultural reasons that explain it. To describe a country's cultural characteristics, we use the six Hofstede cultural dimensions, namely uncertainty avoidance, long-term orientation, individualism, power distance, masculinity, and indulgence vs. restraint (Hofstede et al., 2010). Similar to Lim et al. (2016), we create an expanded version of the HofstedeDist, an aggregate index constructed by Kogut and Singh (1988) based on Hofstede (2001) which included the first four original cultural dimensions, by including the six current cultural dimensions. Accordingly, our cultural distance variable (*Cult_distance*) is defined as follows:

$$Cult\_distance = \frac{\sqrt{\sum_{i=1}^{6}\left(H_{A,i} - H_{T,i}\right)^2}}{6}$$

where $H_{A,i}$ is the acquirer nation's score on Hofstede's dimension *i*, and $H_{T,i}$ is the target nation's score on Hofstede's dimension *i*. Procceding this way, our model is now defined as follows:

$$PREMIUM_i = \alpha + \beta_1 China\_acq_i + \beta_2 SOE_i + \beta_3 China\_acq_i * SOE_i + \beta_4 Cult\_distance_i + \beta_5 CONTROLS_i + \mu_{i,t} \quad (3)$$

and the results of estimating eq. 3 are reported in Table 8.

<Table 8 about here>

Our results show that on the one hand, we still find a positive effect of being a Chinese acquirer company over the premium paid. Additionally, the acquirer being an SOE also positively influences the premium, and so does the joint effect, i.e., Chinese sate-owned acquiring companies pay higher bids when involved in cross-border M&A, namely outside of the Asian region. Specifically, the cumulative effect of being a Chinese and a SOE acquiring firm implies an increase in total 1-Day premium paid of 36.68 p.p. (43.17 pp in the case of the 4-Week premium) relative to non-Chinese and non-SOE acquiring entities for non-Asian targets. Besides, we find that cultural distance (*Cult_distance*) between the acquirer and the target's countries plays a non-significant role regarding premiums paid by Chinese firms, leading us to conclude that the premim impact of being a Chinese or Chinese SOE acquirer is not driven by cultural factors but by something else. Thus, although previous literature finds support for cultural distance as a channel for learning and value creation (Chakrabarti et al., 2009; Reus & Lamont, 2009), these results confirm our second hypothesis and are consistent with the existence of geo-political or particular economic strategic motives by Chinese SOEs for getting involved in cross-border M&A that seem to be different than those of other acquirers (Li et al., 2022a).

<Table 8 about here>

4.3. Additional analyses

We further explore whether there are differences in the results when distinguishing between the target's origin. Accordingly, we estimate our baseline model (eq. 2)

considering three main target's origin, namely Europe, the USA, and Latin America, which results are shown in Table 10.

<Table 9 about here>

While we persistently obtain a positive relationship between being an Asian acquirer and the premium, the effect is significantly higher in the Latin American region. The one-day premium increases by 4.32% when the target company is located in the USA, 11,65% for the case of Europe, and 112,07% for the case of Latin America. Similarly, the four-week premium increases by 11,18% when Asian companies invest in the USA, 20.31% in Europe, and 191.08% in Latin America. These results confirm that Asian companies tend to bid higher in cross-border M&A out of the Asian region, regardless of where the target company is located. This behavior is especially relevant in the Latin American region, where Asian investments are likely to be focused on the resources industry (Ding et al., 2021) or the acquirer's strategies may look for complementary objectives diverse from the purely economic ones, such as political influence (Heinemann, 2012).

Since the time period for analysing the premiums may be a concern in our model, we change our dependent variable window considering the one-week premium (P1W) (Maung et al., 2020; Maung et al., 2019) and recalculate our baseline model (eq.2). The results are provided in Table 10 and, again, confirm our estimations, since we can observe that the one-week premium paid by Asian acquirers significantly increases by 7.93% only when the target is a non-Asian company.[4]

<Table 10 about here>

[4] We also perform additional robustness analyses, namely including alternative control variables: relative size of the target and the acquirer, and balance of payments and exchange rate between the countries. The results are analogous to those obtained with our baseline model and are not included for parsimony reasons, but are available upon request.

We lastly perform an analysis by industry. According to the resource-based theory, the rationale is that Asian companies pay higher premiums in cross-border M&A, among others, looking for natural, intangible, and/or technological resources (Dikova and Sahib, 2013; Hope et al., 2011; Ramamurti & Singh, 2009; Luo & Tung, 2007). Thus, we classify each target in a certain industry, according to its 2-digit SIC industry (Maung et al., 2020), obtaining eight different industries: Consumer Products and Services (*Ind_1*), Energy and Power (*Ind_2*), Financials (*Ind_3*), Healthcare (*Ind_4*), High Technology and Telecommunications (*Ind_5*), Industrials (*Ind_6*), Materials (*Ind_7*), Real Estate (*Ind_8*). We then estimate our baseline model (eq. 2) by industry, and the results are shown in Table 11.

.<Table 11 about here>

Our estimations reveal that Asian acquirers pay higher premiums when investing in non-Asian countries regardless of the industry -except for the case of Financials (*Ind_3*) and Healthcare (*Ind_4*). An additional issue is whether this result also holds for SOEs. To determine whether there are "strategic" industries in which Chinese SOEs are more prone to pay higher premium in corss-border M&A, we expand our model expecification in eq.3, including an interaction term for each industry (*Ind_1* to *Ind_8*) as follows:

$$PREMIUM_i = \alpha + \beta_1 China\_acq_i + \beta_2 SOE_i + \beta_3 Industry_i + \beta_4 China\_acq_i * SOE * Industry_i + \beta_5 CONTROLS_i + \mu_{i,t} \quad (4)$$

The results of estimating eq.4 are reported in Table 12, in which we only show those industries with significant results. Specifically, we find that, when the acquirer is simultaneously Chinese and an SOE, the one-day (P1D) premium increases by a total of 46.58 p.p, in Consumer Products and Services (*Ind_1*); 39.91 p.p. in Energy and Power (*Ind_2*); 55.87 p.p. in Healthcare (*Ind_4*); and 18.57 p.p. in High Technology and

Telecommunications (*Ind_5*). Similar results are obtained for the case of the four-weeks (P4W) premium. Thus, when involved in cross-border M&A outside of the Asian region, they pay significantly higher bids than Chinese non-SOEs for taking advantage of the new strategic resources (Hope et al., 2011; Luo & Tung, 2007; Ramamurti & Singh, 2009). The large size of such differences, associated with the fact that such premiums are not observable for Asian targets, strongly suggests that Chinese SOEs, when investing abroad in Non-Asian firms, make their decisions focusing not only on strictly economic or financial dimensions (presumably common to those of non-Chinese acquirers) but also look for obtaining unique technological, knowledge or other strategic advantages (Li and Liu, 2014; Sun et al., 2012; Sirkin et al., 2008) for which they are willing to pay substantially higher premiums than Chinese non-SOEs. Or, alternatively (or cumulatively), such firms may have some particularly unique financing conditions allowed by their SOE status that enables them to offer premiums for Non-Asian targets far higher than those from any other firms, Chinese or not. If so, a matter for future research is whether these possibly favourable financing conditions can be seen as a unfair advantage or not in a M&A cross-border bidding process.

5. Conclusions

Using a worldwide sample of cross-border M&A deals for the period 2003-2021, in this paper we first uniquely examine whether Asian firms pay a higher premium. Our results confirm that Asian companies indeed bid higher in mergers and acquisitions compared to their non-Asian counterparts. This phenomenon can be attributed to a combination of strategic and information asymmetries. Strategic asymmetries refer to the different motivations and goals of Asian and Western companies when engaging in M&A. Asian companies may have a stronger focus on gaining access to new markets and technologies or political influence, while Western companies may be more focused on cost-cutting and

synergies. This difference in motivation can lead to Asian companies being willing to pay more for a target company. Another reason could be related to information asymmetries, which refer to the fact that Asian companies may have less access to information about potential target companies compared to Western companies. This incomplete information can lead to Asian companies being more willing to pay a premium to secure a deal. We also find, however, that Chinese acquirers in general, and Chinese SOEs in particular have a sizeable and economically significant influence on premiums paid for non-Asian targets (particularly in Europe, US and Latin America). In fact, we document that the cumulative effect of being simultaneously an SOE and a Chinese acquirers implies an additional premium close to more than 50 p.p, in some industries. Our results are not influenced by cultural distance factors, which have no explanatory power in our empirical model.

Our findings may have some relevant implications for both policymakers and managers. On the one hand, market authorities should be aware that the reasons behind some M&A operations undertaken by Chinese SOEs may not only be related to economic or financial ones common to other acquirers but may reflect unique particular strategic or political motives, or unique deal financing advantages that allows sich firms to offer higher cross-border M&A bid premiums than any other firms, Chinese or not. Thus, the economic rationale of a deal may not be the only reference so understanding the real objectives behind (including politically motivated ones). This should be borne in mind in the analysis of a deal by investors, policy makers and regulators, alongside with questioning the potential existence of any unfair advantages in the financial conditions enjoyed by Chinese SOE acquirers when engaging in Non-Asian cross-border deals.

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Table 1. Number of acquisition deals by acquirer and target country

	TARGET	ACQUIRER
Argentina	9	1
Australia	236	64
Austria	13	10
Belgium	20	27
Brazil	13	17
Canada	277	146
Chile	9	4

China	23	76
Colombia	8	6
Czech Republic	3	2
Denmark	16	15
Finland	11	12
France	92	108
Germany	54	79
Greece	7	3
Hong Kong	42	66
India	75	19
Indonesia	32	5
Ireland	9	22
Israel	27	18
Italy	18	38
Japan	30	197
Malaysia	25	20
Mexico	8	9
Netherlands	29	57
New Zealand	25	8
Norway	39	21
Pakistan	5	-
Peru	8	3
Philippines	7	7
Poland	14	5
Russia	7	13
Singapore	44	68
South Africa	10	30
South Korea	20	29
Spain	15	50
Sweden	37	49
Switzerland	21	85
Taiwan	21	16
Thailand	20	11
Turkey	2	-
United Kingdom	140	190
United States	410	337
Vietnam	12	-
TOTAL	1,943	1,943

Table 2. Descriptive statistics

Panel A. Global sample

Variable	Acronym	Mean	Median	Standard deviation	Minimum	Maximum
Premia						
1 day	*P1D*	0.4168	0.2692	0.5577	0.0000	4.0000
4 weeks	*P4W*	0.4999	0.3382	0.6300	0.0021	4.5849
1 week	*P1W*	0.4503	0.2961	0.9429	0.0205	4.6981
Deal characteristics						
Deal size	*Dealsize*	18.6973	18.7091	2.3477	13.0815	23.8438
Target size	*Size*	19.3792	19.2051	2.2118	14.1035	24.9928
Target leverage	*Leverage*	0.4754	0.4640	0.3008	0.0057	1.5835
Market-to-book	*MtoB*	3.4690	1.8462	7.5438	-14.1170	48.0281
Target ROA	*ROA*	0.3834	0.0159	2.3656	-1.5823	19.4797
Percentage of Shares Acquired in Transaction	*Shares*	0.5882	0.6265	0.3974	0.0000	1.0000
Percentage of Shares Held by Acquirer 6 Months Prior to Announcement	*Sharesheld*	0.1352	0.1234	0.2549	0.0000	0.9959
Control variables						
GDP growth	*GDP*	28.3384	28.4254	1.3845	24.7962	30.7663
Property rights	*Prop_rights*	80.0903	90.0000	16.8862	15.0000	98.4000
Investment freedom	*Inv_freedom*	70.7797	70.0000	16.1997	15.0000	95.0000
Regulatory quality	*Reg_quality*	86.3995	92.7884	16.6938	22.4880	100.0000

Panel B. Average premium by acquirer's origin

	Non-Asian acquirer	Asian acquirer	Chinese acquirer	SOE acquirer
P1D	0.4076	0.4417	0.4424	0.4922
P4W	0.4850	0.5290	0.5413	0.5796

Note: Table 2 shows the mean, standard deviation, median, minimum, and maximum values of the model variables. *P1D*: one-day premium; *P4W:* four-weeks premium; *P1W:* one-week premium*; Dealsize:* deal size in millions of USD; *Size*: target's log of total assets; *Leverage*: target's debt-to-equity ratio; *MtoB*: target's market-to-book ratio; *ROA*: target's return on assets; *Shares*: percentage of shares acquired in the transaction; *Sharesheld*: percentage of shares held by acquirer six months before the announcement; *GDP*: target's country GDP growth; *Prop_rights*: property rights index; *Inv_freedom*: investment freedom index; *Reg_quality*: regulatory quality index.

Table 3. Correlation matrix

		1	2	3	4	6	7	8	9	10	11	12	13	14	15
1	*P1D*	1													
2	*P4W*	0.879	1												
3	*P1W*	0.804	0.767	1											
4	*Dealsize*	-0.010	-0.091	-0.116	1										
5	*Size*	-0.192	-0.193	-0.170	0.742	1									
6	*Leverage*	0.021	0.014	-0.001	0.128	0.307	1								
7	*MtoB*	-0.002	0.032	0.018	0.038	-0.045	0.098	1							
8	*ROA*	0.035	0.032	0.019	-0.132	-0.189	-0.062	-0.008	1						
9	*Shares*	0.103	0.103	0.049	0.533	0.034	-0.017	0.022	-0.021	1					
10	*Sharesheld*	-0.046	-0.041	-0.033	-0.153	0.118	0.032	-0.036	-0.011	-0.467	1				
11	*GDP*	0.024	-0.001	-0.006	0.094	0.013	-0.018	0.019	0.020	0.104	-0.082	1			
12	*Prop_rights*	0.017	-0.005	-0.007	0.094	-0.102	-0.065	0.036	0.018	0.345	-0.208	0.074	1		
13	*Inv_freedom*	0.041	0.033	0.024	0.134	0.021	-0.027	0.028	0.054	0.239	-0.124	0.0430	0.706	1	
14	*Reg_quality*	0.035	0.010	0.010	0.113	-0.077	-0.088	0.023	0.033	0.334	-0.212	0.067	0.919	0.760	1

Note: Table 3 shows the Pairwise correlation coefficients of the model variables. *P1D*: one-day premium; *P4W:* four-weeks premium; *P1W:* one-week premium*; Dealsize:* deal size in millions of USD; *Size*: target's log of total assets; *Leverage*: target's debt-to-equity ratio; *MtoB*: target's market-to-book ratio; *ROA*: target's return on assets; *Shares*: percentage of shares acquired in the transaction; *Sharesheld*: percentage of shares held by acquirer six months before the announcement; *GDP*: target's country GDP growth; *Prop_rights*: property rights index; *Inv_freedom*: investment freedom index; *Reg_quality*: regulatory quality index.

Table 4. The effect of being an Asian acquirer.

	P1D	P4W
Asian_acq	0.0362	0.0568
	(0.0345)	(0.0401)
Dealsize	0.0366 ***	0.0517 ***
	(0.0108)	(0.0123)
Size	-0.0392 **	-0.0588 ***
	(0.0198)	(0.0198)
Leverage	0.1832 **	0.1818 **
	(0.0777)	(0.0863)
MtoB	0.0049	0.0064
	(0.0011)	(0.0018)
ROA	-0.0108	-0.0093
	(0.0071)	(0.0075)
GDP	0.0089	0.0023
	(0.0093)	(0.0111)
Prop_rights	-0.0053 ***	-0.0068 ***
	(0.0018)	(0.0023)
Inv_freedom	0.0026 **	0.0045 ***
	(0.0013)	(0.0015)
Reg_quality	0.0028	0.0020
	(0.0021)	(0.0024)
YEAR	YES	YES
INDUSTRY	YES	YES
ROBUST	YES	YES
Constant	0.8608 ***	1.2066 ***
	(0.3389)	(0.3832)
Observations	1,649	1,649
Adj R-squared	0.081	0.079
F-test	3.05 ***	3.33 ***

Note: Table 4 shows the coefficients and the standard errors (in parenthesis) of eq.2 estimations, using the OLS regression. *P1D*: one-day premium; *P4W:* four-weeks premium; *Asian_acq*: dummy variable that takes the value of 1 if the acquirer company is from Asia; *Dealsize:* deal size in millions of USD; *Size*: target's log of total assets; *Leverage*: target's debt-to-equity ratio; *MtoB*: target's market-to-book ratio; *ROA*: target's return on assets; *GDP*: target's country GDP growth; *Prop_rights*: property rights index; *Inv_freedom*: investment freedom index; *Reg_quality*: regulatory quality index. The model also includes industry and year dummies (*Industry* and *Year*, respectively). The R-squared provides the goodness of fit measure for the individual mean de-trended data which disregards all the between information in the data. The F-test determines whether the term significantly affects the response. ***, * *, and * indicate a confidence level of above 99%, 95%, and 90%, respectively.

Table 5. Asian vs. Non-Asian acquirers and the origin of the target.

	ASIAN ACQUIRER				NON-ASIAN ACQUIRER			
	ASIAN TARGET		NON-ASIAN TARGET		ASIAN TARGET		NON-ASIAN TARGET	
	P1D	P4W	P1D	P4W	P1D	P4W	P1D	P4W
Asian_acq	0.0593	0.0016	0.0536 *	0.1016 **				
	(0.0603)	(0.0773)	(0.0443)	(0.0515)				
NonAsian_acq					-0.0393	-0.0013	-0.0533	-0.1013
					(0.0203)	(0.0663)	(0.0223)	(0.0515)
Dealsize	0.0401 **	0.0604 ***	0.0323 **	0.0491 ***	0.0201 **	0.0302 ***	0.0313 ***	0.0291 ***
	(0.0196)	(0.0222)	(0.0132)	(0.0153)	(0.0192)	(0.0111)	(0.0131)	(0.0153)
Size	-0.0464	-0.0543	-0.0358 *	-0.0585 ***	-0.0222 *	-0.0523 *	-0.0356 *	-0.0565 ***
	(0.0406)	(0.0460)	(0.0217)	(0.0212)	(0.0202)	(0.0230)	(0.0116)	(0.0111)
Leverage	-0.0527	-0.0884	0.2356 ***	0.2438 **	-0.0317	-0.0662	0.1353 **	0.1236 **
	(0.1175)	(0.1355)	(0.0890)	(0.0990)	(0.1173)	(0.1355)	(0.0690)	(0.0990)
MtoB	-0.0074	-0.0054	-0.0020	-0.0004	-0.0072	-0.0052	-0.0010	-0.0002
	(0.0064)	(0.0073)	(0.0022)	(0.0023)	(0.0022)	(0.0063)	(0.0011)	(0.0013)
ROA	-0.0217 ***	-0.0244 ***	-0.0081	-0.0050	-0.0117 **	-0.0122 **	-0.0061	-0.0050
	(0.0072)	(0.0084)	(0.0085)	(0.0088)	(0.0071)	(0.0062)	(0.0065)	(0.0066)
GDP	0.0278	0.0298	0.0040	-0.0067	0.0176	0.0196	0.0020	-0.0036
	(0.0192)	(0.0207)	(0.0108)	(0.0132)	(0.0191)	(0.0106)	(0.0106)	(0.0131)
Prop_rights	-0.0081 ***	-0.0091 ***	-0.0056 **	-0.0072 **	-0.0061 ***	-0.0091 **	-0.0053 **	-0.0061 ***
	(0.0029)	(0.0034)	(0.0024)	(0.0030)	(0.0019)	(0.0032)	(0.0012)	(0.0030)
Inv_freedom	0.0072	0.0096	0.0021	0.0034 **	0.0071	0.0093	0.0011	0.0032 **
	(0.0050)	(0.0058)	(0.0014)	(0.0016)	(0.0030)	(0.0056)	(0.0012)	(0.0013)
Reg_quality	0.0001	-0.0015	0.0017	0.0012	0.0001	-0.0015	0.0016	0.0011
	(0.0084)	(0.0054)	(0.0029)	(0.0033)	(0.0062)	(0.0052)	(0.0019)	(0.0033)
YEAR	YES	YES	YES	YES	YES	YES	YES	YES
INDUSTRY	YES	YES	YES	YES	YES	YES	YES	YES
ROBUST	YES	YES	YES	YES	YES	YES	YES	YES
Constant	0.8679	0.7556	1.1535 ***	1.6811 ***	0.6279	0.6553	1.1535 ***	1.3611 ***
	(0.7613)	(0.7576)	(0.4173)	(0.4992)	(0.7213)	(0.6563)	(0.2163)	(0.2991)
Observations	327	327	1,322	1,322	327	327	1,322	1,322
Adj R-squared	0.162	0.130	0.096	0.095	0.121	0.130	0.093	0.095
F-test	1.51 **	1.19 ***	2.96 ***	3.30 ***	1.31 **	1.19 ***	1.93 ***	3.30 ***

Note: Table 5 shows the coefficients and the standard errors (in parenthesis) of eq.2 estimations, using the OLS regression. *P1D*: one-day premium; *P4W:* four-weeks premium; *Asian_acq*: dummy variable that takes the value of 1 if the acquirer company is from Asia; *NonAsian_acq*: dummy variable that takes the value of 1 if the acquirer company is

from a country different from Asia; *Dealsize:* deal size in millions of USD; *Size*: target's log of total assets; *Leverage*: target's debt-to-equity ratio; *MtoB*: target's market-to-book ratio; *ROA*: target's return on assets; *GDP*: target's country GDP growth; *Prop_rights*: property rights index; *Inv_freedom*: investment freedom index; *Reg_quality*: regulatory quality index. The model also includes industry and year dummies (*Industry* and *Year*, respectively). The R-squared provides the goodness of fit measure for the individual mean de-trended data which disregards all the between information in the data. The F-test determines whether the term significantly affects the response. ***, * *, and * indicate a confidence level of above 99%, 95%, and 90%, respectively.

Table 6. Asian acquirers and deal characteristics

	ASIAN TARGET		NON-ASIAN TARGET	
	P1D	P4W	P1D	P4W
Asian_acq	0.0864	0.0320	0.0312 *	0.0123 **
	(0.0910)	(0.1097)	(0.1063)	(0.1128)
Shares	0.3919 *	0.6276 **	0.2492 ***	0.2179 ***
	(0.2295)	(0.3017)	(0.0802)	(0.0802)
Shares x Asian_acq	-0.2262	-0.3010	-0.0093	0.0552
	(0.2486)	(0.1280)	(0.1198)	(0.1332)
Sharesheld	0.0145	-0.0375	0.0136	-0.0145
	(0.2486)	(0.1280)	(0.0768)	(0.0903)
Sharesheld x Asian_acq	0.2793	0.3847	0.5149 *	0.8217 **
	(0.2287)	(0.2573)	(0.2832)	(0.3427)
Dealsize	0.0058	-0.0024	-0.0149	0.0057
	(0.0312)	(0.0378)	(0.0238)	(0.0246)
Size	-0.0121	0.0077	0.0047	-0.0212
	(0.0376)	(0.0459)	(0.0289)	(0.0260)
Leverage	-0.0855	-0.1481	0.2012 **	0.2117 **
	(0.1160)	(0.1372)	(0.0919)	(0.0993)
MtoB	0.0045	0.0074	0.0014	0.0030
	(0.0022)	(0.0061)	(0.0013)	(0.0011)
ROA	-0.0236 ***	-0.0272 ***	-0.0081	-0.0050
	(0.0063)	(0.0084)	(0.0083)	(0.0086)
GDP	0.0327 *	0.0356 *	0.0032	-0.0081
	(0.0190)	(0.0206)	(0.0107)	(0.0131)
Prop_rights	-0.0077 ***	-0.0085 **	-0.0066 ***	-0.0082 ***
	(0.0028)	(0.0033)	(0.0024)	(0.0030)
Inv_freedom	0.0068	0.0093	0.0023	0.0036 **
	(0.0049)	(0.0057)	(0.0014)	(0.0016)
Reg_quality	-0.0003	-0.0026	0.0014	0.0008
	(0.0046)	(0.0053)	(0.0029)	(0.0032)
YEAR	YES	YES	YES	YES
INDUSTRY	YES	YES	YES	YES
ROBUST	YES	YES	YES	YES
Constant	0.6166	0.4291	1.1535 ***	1.8302 ***
	(0.7476)	(0.7354)	(0.4173)	(0.5036)
Observations	327	327	1,322	1,322
Adj R-squared	0.186	0.169	0.113	0.114
F-test	1.58 **	1.43 **	3.97 ***	3.99 ***

Note: Table 6 shows the coefficients and the standard errors (in parenthesis) of eq.2 estimations, using the OLS regression. *P1D*: one-day premium; *P4W:* four-weeks premium; *Asian_acq*: dummy variable that takes the value of 1 if the acquirer company is from Asia; *Shares*: percentage of shares acquired in the transaction; *Sharesheld*: percentage of shares held by acquirer six months before the announcement*; Dealsize:* deal size in millions of USD; *Size*: target's log of total assets; *Leverage*: target's debt-to-equity ratio; *MtoB*: target's market-to-book ratio; *ROA*: target's return on assets; *GDP*: target's country GDP growth; *Prop_rights*: property rights index; *Inv_freedom*: investment freedom index; *Reg_quality*: regulatory quality index. The model also includes industry and year dummies (*Industry* and *Year*, respectively). The R-squared provides the goodness of fit measure for the individual mean de-trended data which disregards all the between information in the data. The F-test determines whether the term significantly affects the response. ***, * *, and * indicate a confidence level of above 99%, 95%, and 90%, respectively.

Table 7. Chinese and Japanese acquirers and the origin of the target

	CHINESE ACQUIRER				JAPANESE ACQUIRER			
	ASIAN TARGET		NON-ASIAN TARGET		ASIAN TARGET		NON-ASIAN TARGET	
	P1D	P4W	P1D	P4W	P1D	P4W	P1D	P4W
China_acq	0.0949	0.0191	0.1242 *	0.1467 ***				
	(0.1833)	(0.2034)	(0.0747)	(0.0718)				
Japan_acq					0.0030	-0.0220	0.0144 **	0.0336 **
					(0.0776)	(0.0963)	(0.0419)	(0.0493)
Dealsize	0.0387 *	0.0602 ***	0.0288 **	0.0448 ***	0.0394 **	0.0602 ***	0.0304 **	0.0455 ***
	(0.0200)	(0.0227)	(0.0134)	(0.0155)	(0.0198)	(0.0225)	(0.0133)	(0.0153)
Size	-0.0495	-0.0552	-0.0333	-0.0559 ***	-0.0446	-0.0560	-0.0347	-0.0564 ***
	(0.0371)	(0.0418)	(0.0218)	(0.0217)	(0.0386)	(0.0437)	(0.0217)	(0.0216)
Leverage	-0.0517	-0.0881	0.2334 ***	0.2394 **	-0.0539	-0.0880	0.2338 ***	0.2405 **
	(0.1189)	(0.1365)	(0.0892)	(0.0992)	(0.1185)	(0.1361)	(0.0891)	(0.0992)
MtoB	-0.0074	-0.0055	-0.0011	-0.0005	-0.0077	-0.0054	-0.0011	-0.0005
	(0.0048)	(0.0074)	(0.0011)	(0.0013)	(0.0044)	(0.0074)	(0.0011)	(0.0013)
ROA	-0.0208 ***	-0.0244 ***	-0.0080	-0.0049	-0.0209 ***	-0.0242 ***	-0.0081	-0.0049
	(0.0070)	(0.0083)	(0.0084)	(0.0087)	(0.0071)	(0.0083)	(0.0085)	(0.0088)
GDP	0.0197	0.0288	0.0059	-0.0076	0.0242	0.0327	0.0026	-0.0097
	(0.0173)	(0.0185)	(0.0111)	(0.0136)	(0.0219)	(0.0236)	0.0111	(0.0136)
Prop_rights	-0.0082 ***	-0.0091 **	-0.0058 **	-0.0076 **	-0.0084 ***	-0.0091 ***	-0.0058 **	-0.0075 **
	(0.0031)	(0.0036)	(0.0025)	(0.0030)	(0.0030)	(0.0035)	(0.0025)	(0.0030)
Inv_freedom	0.0067	0.0095	0.0023	0.0037 **	0.0072	0.0095	0.0022	0.0036 **
	(0.0051)	(0.0060)	(0.0015)	(0.0017)	(0.0051)	(0.0059)	(0.0015)	(0.0017)
Reg_quality	0.0005	-0.0015	0.0023	0.0021	0.0006	-0.0015	0.0022	0.0020
	(0.0047)	(0.0053)	(0.0029)	(0.0033)	(0.0047)	(0.0053)	(0.0029)	(0.0033)
YEAR	YES	YES	YES	YES	YES	YES	YES	YES
INDUSTRY	YES	YES	YES	YES	YES	YES	YES	YES
ROBUST	YES	YES	YES	YES	YES	YES	YES	YES
Constant	1.1736 *	0.7925	1.0883 ***	1.6843 ***	1.0200	0.6918	1.1872 ***	1.7516 ***
	(0.6782)	(0.6296)	(0.4187)	(0.5004)	0.8228	0.8172	0.4180	0.5018
Observations	327	327	1,322	1,322	327	327	1,322	1,322
Adj R-squared	0.162	0.130	0.097	0.092	0.160	0.130	0.096	0.092
F-test	1.57 **	1.19 **	3.00 ***	3.28 ***	1.53 **	1.20 ***	3.14 ***	3.36 ***

Note: Table 7 shows the coefficients and the standard errors (in parenthesis) of eq.2 estimations, using the OLS regression. *P1D*: one-day premium; *P4W:* four-weeks premium; *China_acq*: dummy variable that takes the value of 1 if the acquirer company is from China; *Japan_acq*: dummy variable that takes the value of 1 if the acquirer company is

from Japan*; Dealsize:* deal size in millions of USD; *Size*: target's log of total assets; *Leverage*: target's debt-to-equity ratio; *MtoB*: target's market-to-book ratio; *ROA*: target's return on assets; *GDP*: target's country GDP growth; *Prop_rights*: property rights index; *Inv_freedom*: investment freedom index; *Reg_quality*: regulatory quality index. The model also includes industry and year dummies (*Industry* and *Year*, respectively). The R-squared provides the goodness of fit measure for the individual mean de-trended data which disregards all the between information in the data. The F-test determines whether the term significantly affects the response. ***, * *, and * indicate a confidence level of above 99%, 95%, and 90%, respectively.

Table 8. Chinese SOE and the target's origin

	ASIAN TARGET		NON-ASIAN TARGET	
	P1D	P4W	P1D	P4W
China_acq	0.1744	0.3695	0.1863 **	0.1638 ***
	(0.1983)	(0.2585)	(0.1635)	(0.0939)
SOE	0.2311	0.2224	0.0492 **	0.0301 **
	(0.3049)	(0.3288)	(0.0441)	(0.0513)
China_acq x *SOE*	0.0762	0.3328	0.1313 **	0.2378 ***
	(0.3362)	(0.38659	(0.0877)	(0.0255)
Cult_distance	-0.0444	-0.0309	0.0122	0.0089
	(0.0546)	(0.0660)	(0.0222)	(0.0251)
Dealsize	0.0104 **	0.0345 ***	0.0237 *	0.0440 **
	(0.0237)	(0.0244)	(0.0156)	(0.0172)
Sales	-0.0361	-0.0455	-0.0643 ***	-0.0599 **
	(0.0501)	(0.0521)	(0.0228)	(0.0240)
Size	-0.0244	-0.0236	-0.0176 *	-0.0485 *
	(0.0464)	(0.0505)	(0.0278)	(0.0255)
Leverage	-0.2053	-0.1915	0.1616 **	0.1943 *
	(0.1602)	(0.1876)	(0.0905)	(0.1005)
VatA	0.3730	0.1452	0.1972	0.2986
	(0.4290)	(0.4446)	(0.2868)	(0.3018)
ROA	-0.0097 ***	-0.0099 ***	-0.0008	0.0004
	(0.0076)	(0.0082)	(0.0098)	(0.0103)
GDP	-0.0064	0.0025 *	0.0051	-0.0047
	(0.0289)	(0.0283)	(0.0119)	(0.0143)
Prop_rights	-0.0065 ***	-0.0073 **	-0.0057 **	-0.0071 **
	(0.0041)	(0.0050)	(0.0026)	(0.0029)
Inv_freedom	0.0014	0.0052 *	0.0016	0.0022
	(0.0048)	(0.0054)	(0.0015)	(0.0016)
Reg_quality	0.0026	-0.0012	0.0031	0.0037
	(0.0041	(0.0046)	(0.0031)	(0.0034)
YEAR	YES	YES	YES	YES
INDUSTRY	YES	YES	YES	YES
ROBUST	YES	YES	YES	YES
Constant	1.1532	0.8460	0.9621 *	1.3279 **
	(0.9212)	(0.8882)	(0.5063)	(0.5772)
Observations	218	218	1,142	1,142
Adj R-squared	0.223	0.212	0.112	0.114
F-test	1.72 **	1.35 *	2.80 ***	3.20 ***

Note: Table 8 shows the coefficients and the standard errors (in parenthesis) of eq.2 estimations, using the OLS regression. *P1D*: one-day premium; *P4W:* four-weeks premium; *China_acq*: dummy variable that takes the value of 1 if the acquirer company is from China; *SOE*: dummy variable that takes the value of 1 if the acquirer company is sate-owned*; Cult_distance*: cultural distance index using the Hofstede's cultural dimensions; *Dealsize:* deal size in millions of USD; *Size*: target's log of total assets; *Leverage*: target's debt-to-equity ratio; *MtoB*: target's market-to-book ratio; *ROA*: target's return on assets; *GDP*: target's country GDP growth; *Prop_rights*: property rights index; *Inv_freedom*: investment freedom index; *Reg_quality*: regulatory quality index. The model also includes industry and year dummies (*Industry* and *Year*, respectively). The R-squared provides the goodness of fit measure for the individual mean de-trended data which disregards all the between information in the data. The F-test determines whether the term significantly affects the response. ***, * *, and * indicate a confidence level of above 99%, 95%, and 90%, respectively.

Table 9. Asian acquirers and the origin of the target (Europe, USA, LATAM)

	EUROPEAN TARGET		USA TARGET		LATAM TARGET	
	P1D	P4W	P1D	P4W	P1D	P4W
Asian_acq	0.1165 **	0.2031 ***	0.1432 **	0.1118 ***	1.1207 *	1.9186 **
	(0.0842)	(0.1042)	(0.1045)	(0.0184)	(0.8198)	(0.9970)
Dealsize	0.0446 **	0.0526 ***	0.0046	0.0449 ***	0.0640 **	0.0042 ***
	(0.0138)	(0.0217)	(0.0334)	(0.0457)	(0.1059)	(0.1628)
Size	-0.0314 *	-0.0354 **	-0.0601 *	-0.0954 **	-0.1575 *	-0.2344 ***
	(0.0231)	(0.0286)	(0.0337)	(0.0390)	(0.3821)	(0.4381)
Leverage	0.1760 ***	0.1927 **	0.1580 *	0.2939 **	0.3441 **	0.4885 **
	(0.0154)	(0.0007)	(0.1439)	(0.1795)	(0.0345)	(0.0052)
MtoB	-0.0062	-0.0053	0.0014	0.0023	0.0091	0.0023
	(0.0049)	(0.0041)	(0.0031)	(0.0038)	(0.0156)	(0.0201)
ROA	-0.0046	-0.0004	-0.0617	-0.0523	0.1684	0.5455
	(0.0138))	(0.0132)	(0.0236)	(0.0295)	(0.7845)	(1.2034)
GDP	0.0194	0.0161	-0.0380	-0.0653	-0.1299	-0.2091
	(0.0164)	(0.0205)	(0.0353)	(0.0417)	(0.1236)	(0.1585)
Prop_rights	-0.0035 **	-0.0075 *	-0.0052 **	0.0025 **	-0.0307 **	-0.0420 **
	(0.0037)	(0.0046)	(0.0088)	(0.0107)	(0.0209)	(0.0261)
Inv_freedom	0.0009	0.0029 **	0.0173	0.0156 **	0.0286 *	0.0576 *
	(0.0023)	(0.0026)	(0.0058)	(0.0066)	(0.0275)	(0.0313)
Reg_quality	-0.0002	0.0025	-0.0117	-0.0141	0.0084 *	0.0021 ***
	(0.0066)	(0.0079)	(0.0094)	(0.0123)	(0.0261)	(0.0360)
YEAR	YES	YES	YES	YES	YES	YES
INDUSTRY	YES	YES	YES	YES	YES	YES
ROBUST	YES	YES	YES	YES	YES	YES
Constant	0.4897	0.7779	3.2526 *	3.7914 **	3.4753	6.6324
	(0.5436)	(0.6665)	(1.4337)	(1.7144)	(4.2918)	(5.7489)
Observations	480	480	360	360	51	51
Adj R-squared	0.119	0.126	0.226	0.235	0.643	0.735
F-test	2.08 **	1.96 **	1.87 ***	1.82 ***	1.78 ***	1.95 ***

Note: Table 9 shows the coefficients and the standard errors (in parenthesis) of eq.2 estimations by target's origin (Europe, USA, and LATAM), using the OLS regression. *P1D*: one-day premium; *P4W:* four-weeks premium; *Asian_acq*: dummy variable that takes the value of 1 if the acquirer company is from Asia; *Dealsize:* deal size in millions of USD; *Size*: target's log of total assets; *Leverage*: target's debt-to-equity ratio; *MtoB*: target's market-to-book ratio; *ROA*: target's return on assets; *GDP*: target's country GDP growth; *Prop_rights*: property rights index; *Inv_freedom*: investment freedom index; *Reg_quality*: regulatory quality index. The model also includes industry and year dummies (*Industry* and *Year*, respectively). The R-squared provides the goodness of fit measure for the individual mean de-trended data which disregards all the between information in the data. The F-test determines whether the term significantly affects the response. ***, * *, and * indicate a confidence level of above 99%, 95%, and 90%, respectively.

Table 10. Asian acquirers and the origin of the target. One-week premium.

	One-week premium (P1W)	
	ASIAN TARGET	NON-ASIAN TARGET
Asian_acq	0.0690	0.0793 **
	(0.1067)	(0.0069)
CONTROLS	YES	YES
YEAR	YES	YES
INDUSTRY	YES	YES
ROBUST	YES	YES
Constant	0.1415	2.0774 ***
	(1.2796)	(0.7519)
Observations	309	1,280
Adj R-squared	0.151	0.073
F-test	1.16 **	2.54 ***

Note: Table 10 shows the coefficients and the standard errors (in parenthesis) of eq.2 estimations, using the OLS regression. *P1W*: one-week premium; *Asian_acq*: dummy variable that takes the value of 1 if the acquirer company is from Asia. Control variables are not included for parsimony reasons. The model also includes industry and year dummies (*Industry* and *Year*, respectively). The R-squared provides the goodness of fit measure for the individual mean de-trended data which disregards all the between information in the data. The F-test determines whether the term significantly affects the response. ***, * *, and * indicate a confidence level of above 99%, 95%, and 90%, respectively.

Table 11. Asian acquirer and the target's industry.

Panel A								
	Ind_1		Ind_2		Ind_3		Ind_4	
	P1D	P4W	P1D	P4W	P1D	P4W	P1D	P4W
Asian_acq	0.1180 **	0.1567 *	0.1498 ***	0.3314 **	0.0107	0.0478	0.0153	0.0029
	(0.0120)	(0.1259)	(0.0128)	(0.2566)	(0.0570)	(0.0626)	(0.0972)	(0.1023)
CONTROLS	YES	YES	YES	YES	YES	YES	YES	YES
YEAR	YES	YES	YES	YES	YES	YES	YES	YES
INDUSTRY	NO	NO	NO	NO	NO	NO	NO	NO
ROBUST	YES	YES	YES	YES	YES	YES	YES	YES
Constant	0.9739	1.9770 *	-0.4024	0.6209	-0.3068	-0.3652	2.1831 ***	3.2419 ***
	(0.8456)	(1.0297)	(1.1428)	(1.5845)	(0.7111)	(0.7514)	(1.0314)	(1.1557)
Observations	288	288	111	111	175	175	219	219
Adj R-squared	0.122	0.119	0.462	0.335	0.394	0.399	0.216	0.233
F-test	1.67 **	1.21 **	1.42 **	1.26 ***	2.31 ***	2.10 ***	1.97 ***	2.06 ***
Panel B								
Ind_1	Ind_5		Ind_6		Ind_7		Ind_8	
	P1D	P4W	P1D	P4W	P1D	P4W	P1D	P4W
Asian_acq	0.0570 ***	0.0461 ***	0.0529 *	0.0966 **	0.0634 **	0.1131 **	0.4029 ***	0.1950 ***
	(0.0076)	(0.0021)	(0.0496)	(0.0777)	(0.0091)	(0.0159)	(0.0701)	(0.0208)
CONTROLS	YES	YES	YES	YES	YES	YES	YES	YES
YEAR	YES	YES	YES	YES	YES	YES	YES	YES
INDUSTRY	NO	NO	NO	NO	NO	NO	NO	NO
YEAR	YES	YES	YES	YES	YES	YES	YES	YES
Constant	1.4357 *	2.0614 **	0.0077	0.0055	-0.0218	-0.0877	3.3817 *	2.7377
	(0.8612)	(1.0002)	(0.5246)	(0.8690)	(0.9324)	(0.9890)	(1.9339)	(1.6222)
Observations	334	314	190	190	281	281	51	51
Adj R-squared	0.101	0.123	0.158	0.213	0.162	0.182	0.815	0.777
F-test	0.93 **	1.54 **	0.97 *	1.68 **	1.63 **	1.79 ***	1.83 **	2.05 **

Note: Table 11 shows the coefficients and the standard errors (in parenthesis) of eq.2 estimations, using the OLS regression. *P1D*: one-day premium; *P4W:* four-weeks premium; *Asian_acq*: dummy variable that takes the value of 1 if the acquirer company is from Asia; *Ind_1*: Consumer Products and Services; *Ind_2*: Energy and Power; *Ind_3*: Financials; *Ind_4*: Healthcare; *Ind_5*: High Technology and Telecommunications; *Ind_6*: Industrials; *Ind_7*: Materials; *Ind_8*: Real Estate. Control variables are not included for parsimony reasons. The model also includes year dummies (*Year*). The R-squared provides the goodness of fit measure for the individual mean de-trended data which disregards all the between information in the data. The F-test determines whether the term significantly affects the response. ***, * *, and * indicate a confidence level of above 99%, 95%, and 90%, respectively.

Table 12. Chinese SOE acquirer and the target's industry.

	Ind_1		Ind_2		Ind_4		Ind_5	
	P1D	P4W	P1D	P4W	P1D	P4W	P1D	P4W
Chinese_acq	0.0699 **	0.0202 *	0.0539 **	0.0121 ***	0.0339 **	0.0152 **	0.0573 ***	0.0011 **
	(0.0096)	(0.0060)	(0.0079)	(0.0009)	(0.0066)	(0.0097)	(0.0010)	(0.0006)
SOE	0.0301 *	0.0038 **	0.0334 **	0.0091 *	0.0253 **	0.0007 *	0.0287 **	0.0019 **
	(0.0433)	(0.0484)	(0.0444)	(0.0499)	(0.0429)	(0.0478)	(0.0435)	(0.0484)
Industry	0.0134 *	0.0210 *	0.0540 *	0.0701 **	0.0555 **	0.0574 **	0.0403 **	0.0573 **
	(0.0436)	(0.0489)	(0.0677)	(0.0800)	(0.0499)	(0.0544)	(0.0407)	(0.0426)
*Chinese_acq*SOE *Industry*	0.3524 *	0.3373 **	0.2578 **	0.1095 **	0.4440 ***	0.4571 ***	0.0594 ***	0.0245 ***
	(0.1973)	(0.3267)	(0.1476)	(0.1706)	(0.1452)	(0.1539)	(0.1734)	(0.2002)
CONTROLS	YES	YES	YES	YES	YES	YES	YES	YES
YEAR	YES	YES	YES	YES	YES	YES	YES	YES
INDUSTRY	NO	NO	NO	NO	NO	NO	NO	NO
ROBUST	YES	YES	YES	YES	YES	YES	YES	YES
Constant	1.2669 **	1.7521 ***	1.2293 **	1.7245	1.1923 **	1.6775 ***	1.2508 **	1.7370 ***
	(0.5098)	(0.5897)	(0.5120)	(0.5922)	(0.5117)	(0.5879)	(0.5107)	(0.5906)
Observations	1,142	1,142	1,142	1,142	1,142	1,142	1,142	1,142
Adj R-squared	0.102	0.103	0.102	0.103	0.103	0.103	0.102	0.103
F-test	2.68 ***	2.98 ***	1.36 **	1.45 ***	2.25 ***	1.40 ***	2.59 ***	3.03 ***

Note: Table 12 shows the coefficients and the standard errors (in parenthesis) of eq.2 estimations, using the OLS regression. *P1D*: one-day premium; *P4W:* four-weeks premium; *China_acq*: dummy variable that takes the value of 1 if the acquirer company is from China; *SOE*: dummy variable that takes the value of 1 if the acquirer company is sate-owned*; Industry*: dummy variable that takes the value of 1 for each defined industry; *Ind_1*: Consumer Products and Services; *Ind_2*: Energy and Power; *Ind_4*: Healthcare; *Ind_5*: High Technology and Telecommunications. Control variables are not included for parsimony reasons. The model also includes year dummies (*Year*). The R-squared provides the goodness of fit measure for the individual mean de-trended data which disregards all the between information in the data. The F-test determines whether the term significantly affects the response. ***, * *, and * indicate a confidence level of above 99%, 95%, and 90%, respectively.