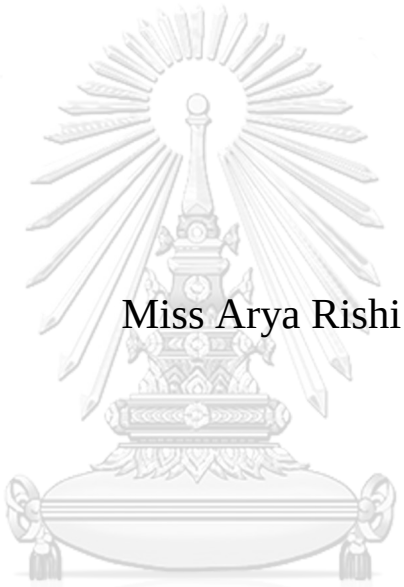
REGULATORY CHANGE AND CORPORATE ACQUISITIONS

Miss Arya Rishi



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น.ส.อารยา ริชิ

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วิทยานิพนธ์ฉบับนี้ศึกษาผลกระทบต่อการลงทุนต่างประเทศ จากการเปิดเสรีตลาดทุนที่นำมาปฏิบัติในวิกฤตการณ์ปี 1997 ซึ่งส่วนใหญ่เกี่ยวข้องกับ การผ่อนคลายข้อจำกัดการถือกรรมสิทธิ์ของต่างประเทศ ตลอดจนการปรับปรุงการกำกับดูแลกิจการ การเปลี่ยนแปลงกฎระเบียบเหล่านี้ในประเทศอินโดนีเซีย ฟิลิปปินส์ มาเลเซียและในประเทศไทย ควรส่งผลให้การเสียดทานในตลาดทุนลดลง เราควรสังเกตเห็นกำไรที่สูงขึ้นจากการควบรวมกิจการข้ามพรมแดนนอกเหนือจากการเพิ่มปริมาณการเข้าซื้อกิจการข้ามพรมแดน เมื่อดิฉันใช้กำไรเหนือระดับปกติในช่วงการประกาศเสนอการควบรวม เพื่อวัดกำไรจากการควบรวมกิจการ ดิฉันพบว่ากำไรจากการควบรวมกิจการและ ปริมาณการเข้าซื้อกิจการข้ามพรมแดน มิได้สูงขึ้นภายหลังการเปิดเสรี

สาขาวิชา การเงิน ลายมือชื่อนิสิต .....

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This thesis investigates the impact on foreign investment activities of the equity market liberalization introduced in response to the 1997 crisis, which primarily involves the relaxation of the foreign ownership restrictions as well as improvements in corporate governance practices. These regulatory changes, which occurred in Indonesia, the Philippines, Malaysia, and Thailand, should have resulted in a lower amount of frictions in the capital market. With this lowering of frictions, we should observe higher gains from cross-border corporate acquisitions in addition to a higher volume of cross-border acquisitions. When I use combined announcement excess returns to measure acquisition gains, I find that merger gains from cross border corporate acquisitions are not significantly higher after the liberalization. Similarly, when I use country-level deal value on a per capita basis to measure merger volume, I find that the volume of cross border acquisitions is not significantly higher after the liberalization.

Field of Study:	Finance	Student's Signature .....
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Arya Rishi

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CHAPTER 1

Introduction

1.1 Background and Motivation

Before the onset of the East Asian Financial Crisis in 1997, many of the countries in the Southeast Asian region went through an official equity market liberalization in order to open up their economies to the rest of the world (Bekaert, Harvey, & Lundblad, 2003). For Thailand, Indonesia, Malaysia, and the Philippines, this happened by the year 1991. The liberalization, however, was only a partial one, with a substantial amount of foreign ownership restrictions still in place. Furthermore, legal institutions and practices in this region were still weak, with disclosure standards and protection of minority investors significantly different from those in developed nations (Lemmon & Lins, 2003; Mitton, 2002).

Equity market liberalization occurs when foreigners are allowed to own shares in a country's stock market. When working with liberalization events, one thing to take note of is that equity market liberalizations do not occur only once for a country; one nation can have several equity market liberalization events (Henry, 2000). The first liberalizations in the region, which occurred before the 1997 crisis, were undertaken to open up the Southeast Asian economies to the world. After the 1997 crisis, however, the hard-hit Southeast Asian economies needed money to flow into the region. This led to the second liberalization. To make it possible for more money to flow into the region, steps were taken in order to reduce foreign ownership restrictions. Moreover, to make the region more attractive and less risky so that foreign investors would actually invest in the region, improvements in investor protection, transparency of financial reporting, and other corporate governance practices had to be undertaken.

Southeast Asia has become indispensable to the world economy as business interest in this region has grown over the recent years. It has been observed that when multinationals from the United States invest in ASEAN countries, they do not do so with the main intention of exporting back to their country (*Foreign Direct Investment and MSME Linkages*, 2016). Rather than that, many multinationals have settled in ASEAN economies, which has become more and more profitable for them (*Foreign*

Direct Investment and MSME Linkages, 2016). In total, the value of cross-border M&A activities with targets from within the ASEAN region was around $22 billion in 2014 and around $20 billion in 2015 (*Foreign Direct Investment and MSME Linkages*, 2016). An important implication from this is that Southeast Asia has become a channel for businesses around the world to expand and improve their asset allocation. M&A activities, especially cross-border M&A activities, are one important channel of reallocation of resources.

Much of the literature focuses on emerging/developing markets and the time in which they went through a liberalization event. Gelos and Werner (2002) study the effect of financial liberalization on fixed investments in the Mexican manufacturing sector. Henry (2000) examines stock market liberalizations and equity prices in emerging markets. Bekaert, Harvey, and Lumsdaine (2002), study equity flow dynamics in emerging markets before and after a liberalization. The extant literature also covers the link between liberalizations and corporate acquisitions (both cross-border and domestic). Breinlich (2008) examines the impact of trade liberalization on corporate acquisitions in Canada. Moreover, Beltratti and Paladino (2013) use the European banking sector to study whether there are abnormal returns from M&A activities during a crisis. This thesis investigates the impact on foreign investment activities of the second equity market liberalization in Southeast Asia, which primarily involves the relaxation of the foreign ownership restrictions. Despite the importance of this region to the World's economy, very little is known about the consequences of the most recent liberalization attempt by the region's regulators to improve efficiency in the foreign investment process.

1.2 Research Questions

1. Are the combined announcement-period gains from cross-border acquisitions larger during the post-liberalization period than during the pre-liberalization period?
2. Is the volume of cross-border M&A activities in the region larger during the post-liberalization period than during the pre-liberalization period?

1.3 Objectives & Contribution

This thesis aims to examine the impact of the second equity market liberalization, i.e., a regulatory reform, on the cross-border acquisition activity in the Southeast Asian region. A successful reform should lead to reduction in the frictions inherent in the acquisition process. Specifically, the thesis examines whether the second equity market liberalization in the region resulted in a larger amount of synergy created in the region's cross-border M&A activities. The thesis also explores whether the volume of cross-border acquisitions in the Southeast Asian region changed after the liberalization.

1.4 Research Hypotheses

Hypothesis 1. The combined announcement-period gains from cross-border acquisitions are larger during the post-liberalization period than during the pre-liberalization period.

Hypothesis 2. The volume of cross-border M&A activities in the region is larger during the post-liberalization period than during the pre-liberalization period.

1.5 Conceptual Framework

In the presence of country-level capital market frictions, the profit derived from cross-border mergers and acquisitions are lower because these frictions act as a cost to investment. This profit, or net gain, derived from cross-border mergers and acquisitions are referred to as synergies. With foreign ownership restrictions still in place before a liberalization period, frictions in the capital market are higher compared to after a liberalization period. Therefore, the synergies (profit/net gain) derived from cross-border M&A activities after the liberalization, when the level of frictions are lower, should be higher relative to synergies derived from cross-border M&A activities before the liberalization.

The sum of market reactions to the acquirer and the target in response to acquisition/merger announcements are used as a proxy to measure the synergies. This is the combined gain to acquirers and targets and incorporates changes in both acquirer and target prices (Malatesta, 1983). Because synergies are essentially the net profit derived from cross-border mergers and acquisitions, they are the NPV derived

from an investment, where the investment is the price that the bidder pays for the target (Malatesta, 1983). Moreover, when the synergy from an M&A activity (or the NPV) is positive, the wealth of shareholders increases (Malatesta, 1983). Therefore, consistent with Malatesta (1983), the market reacts to the acquisition announcements in the following way: when the NPV is positive *ex ante*, the market reacts positively (excess/abnormal returns are positive), and when the NPV is negative *ex ante*, the market reacts negatively (excess/abnormal returns are negative). Market efficiency is assumed in this paper.

Additionally, a stock market liberalization can lead to a better match between acquirers and targets: with the reduction of foreign ownership restrictions, the target will be exposed to a higher number of acquirers which may be more capable of deriving positive synergies compared to domestic acquirers.

The framework for the volume of mergers and acquisitions before and after the liberalization period is similar. When the level of restrictions is higher (before the liberalization period), the level of capital market frictions between different countries is higher. Therefore, the amount of M&A investment into the region before the liberalization period should be lower compared to the amount of M&A investment into the region after the liberalization period.

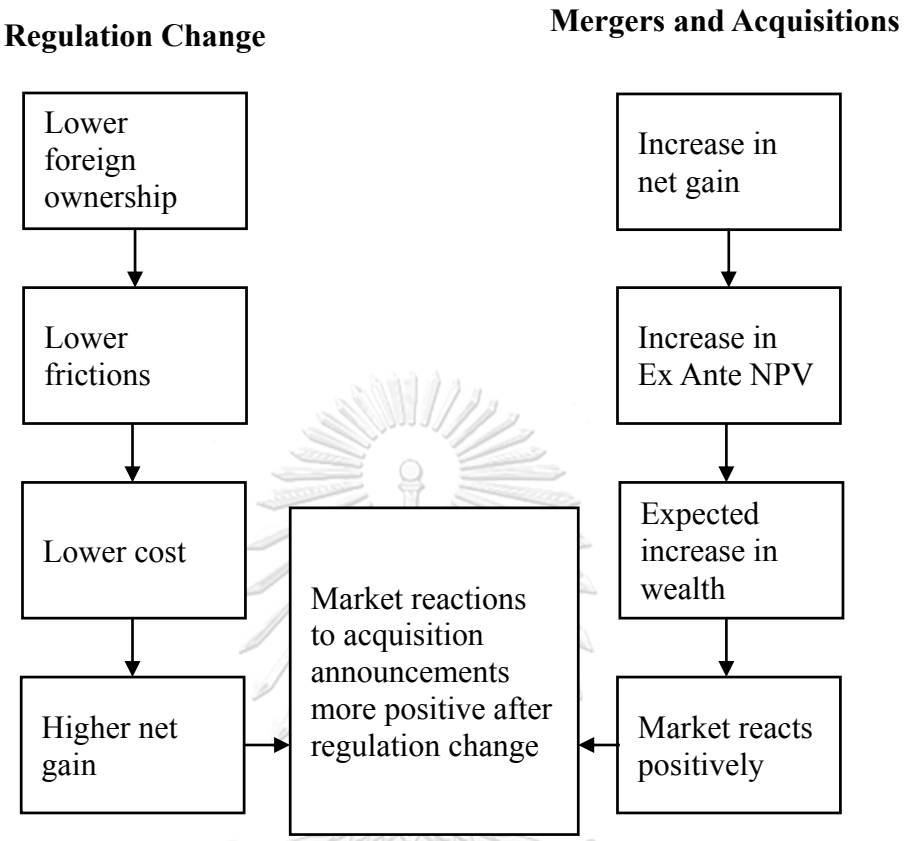

Figure 1: This thesis examines regulation change and the effect it has on mergers and acquisitions using market reactions as a measurement for acquisition gains. The region of interest is Southeast Asia.

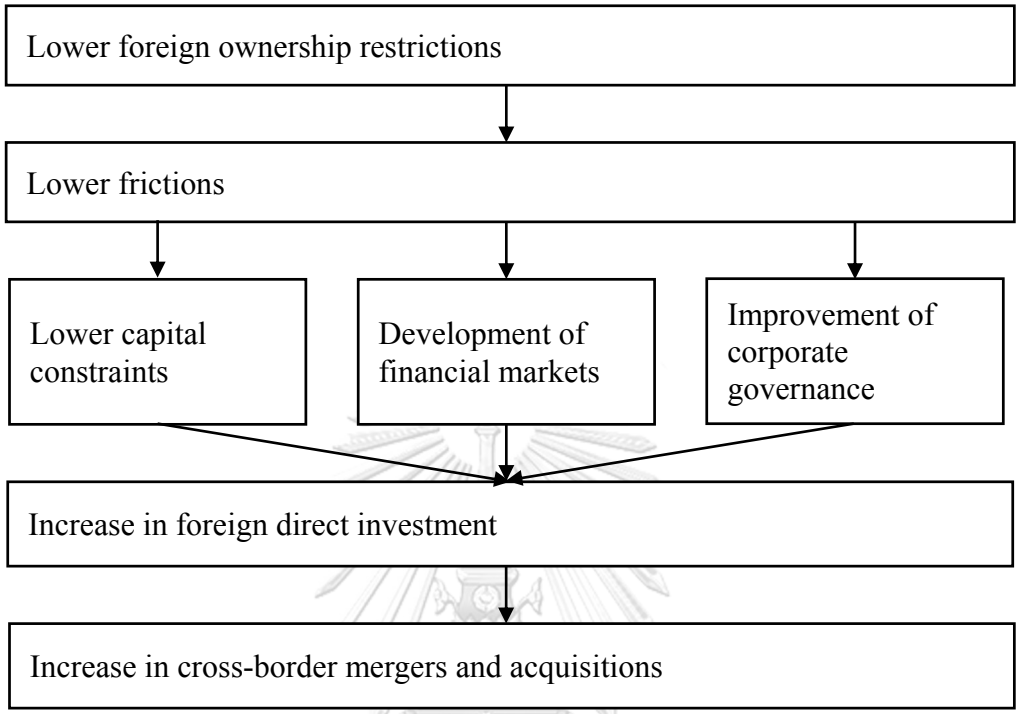

Figure 2: This thesis examines regulation change and the effect it has on foreign direct investment using cross border M&A activities as a proxy for FDI. The region of interest is Southeast Asia.

CHAPTER 2

Literature Review

2.1 Concept and Theory

2.1.1. Historical Background

An official equity market liberalization in a nation occurs when foreign portfolio investors are allowed to own equity in that country for the first time (Bekaert & Harvey, 2000). For several Southeast Asian nations, the official equity market liberalizations began around the late 1980s and early 1990s (Bekaert, Harvey, & Lundblad, 2005). Foreign ownership restrictions, however, were still in place. In Indonesia, only up to 49% foreign ownership of listed companies was allowed by the Minister of Finance on its official liberalization date in 1989 (Bekaert et al., 2005). In Thailand, the official liberalization date was in 1988, but Bekaert and Harvey (2000) explain that the real regulatory change occurred when the Stock Exchange of Thailand's Alien Board was inaugurated in 1987. Malaysia had its official liberalization in 1988 (Bekaert et al., 2005). Except for certain types of stock, the Philippines allowed 100% foreign ownership of stocks on its liberalization date in 1991. This is elaborated in the country's Foreign Investment Act 1991. In spite of this, these Southeast Asian economies still had low levels of corporate governance. Williams and Nguyen (2005) argue that family owned corporations dominate these economies, leading to internally connected lending and underdeveloped external financial markets. This further leads to problems in corporate governance. Mitton (2002) explains that expropriation of minority shareholders was widespread in this region during the pre-1997 period. Additionally, the practice of borrowing short-term and lending long-term, which increases interest rate risks for borrowers, was widespread among Southeast Asian banks (Miller, 1998). Furthermore, foreign ownership restrictions were still in place. Bailey and Jagtiani (1994) document and examine the presence of an Alien Board in Thailand during the time of their study. The Alien Board was a separate listing for foreigners who wanted to buy stocks in Thai companies, with foreigners only allowed up to 50% ownership in local companies.

During the 1997 East Asian crisis, the International Monetary Fund (IMF) pointed out that the crisis was a result of weak governance practices, corruption, and insider trading in the region (Bosworth, Cooper, Radelet, & Sachs, 1998). Many sources also attribute the 1997 crisis as an indicator of this. According to Cheung et al. (2014), although Thailand's economy was growing rapidly in the early 1990s, there was not much focus on regulatory and corporate governance practices, and this led to aggressive financing and a huge amount of investment, which contributed to the financial crisis. For example, the country used short-term dollar denominated loans to finance its already overbuilt real estate sector (Miller, 1998). Moreover, there was a severe lack of transparency displayed by the country's central bank, which withheld information about the amount of foreign currency reserves and dollars that it held (Miller, 1998). To illustrate, the Bank of Thailand took long positions in the forward market to fight off the short positions of speculators so that the Baht could maintain its value, but these long positions were not reflected in its books (Miller, 1998). The public was therefore unaware of the fact that much of the central bank's foreign currency reserves had already been committed (Miller, 1998). Also widespread in the Southeast Asian region was the refusal to write off bad loans, especially political loans in the case of Malaysia and Indonesia (Miller, 1998). Additionally, in Malaysia, political favoritism had been widespread for several years. In 1970, the government passed the New Economic Policy which favored ethnic Malays (Bumiputeras) for things such as government contracts and access to capital (Johnson & Mitton, 2003). Favoritism towards businesses that were politically connected was also common (Johnson & Mitton, 2003). Overall, such economies are unattractive to foreign investors.

With the intervention of the IMF in the aftermath of the crisis, the Thai government announced that it would allow foreign investors to hold majority shares (more than 49%) in the financial sector for ten years (Dixon, 2004). Prior to the crisis, only 25% foreign ownership was allowed for this sector (Dixon, 2004). In Indonesia, before the crisis, foreign owners could hold only up to 49% of stocks listed on the Jakarta Stock Exchange; however, as a result of the crisis, this restriction was reduced for all sectors except bank stocks (Bowe & Domuta, 2004). Moreover, according to the presidential decree No. 99/1998, the country allowed 100% foreign

ownership of equity given that the ownership is a joint cooperation with Indonesian small scale industries. According to the ASEAN community's website, Malaysia allowed 100% ownership of equity in the manufacturing sector in 1998. While Thailand and Indonesia decided to float their currency during the onset of the crisis, Malaysia, which was freely floating from 1995 to 1997, decided to peg its currency to the US dollar by the end of 1997 before adopting a managed float in 2005. In September 1998 Malaysia also reintroduced capital controls (Johnson & Mitton, 2003). The Philippines had gone through a full liberalization in 1991, and it had a freely floating currency since before the crisis (Reinhart, 2000).[1]

Corporate governance reforms also became a major issue in Southeast Asia after the crisis. Thailand formed the National Corporate Governance Committee in 2002 (*Corporate governance country assessment – Thailand. Report on the Observance of Standards and Codes (ROSC)*, 2005). Additionally, TRIS, or the Thai Rating and Information Service, was assigned to rate Thai public companies (*Corporate governance country assessment – Thailand. Report on the Observance of Standards and Codes (ROSC)*, 2005). In 1999, Thailand's financial sector set up the Thai Institute of Directors Association (or Thai IOD) in order to draw attention to professionalism for directors (*Corporate governance country assessment – Thailand. Report on the Observance of Standards and Codes (ROSC)*, 2005). The Thai Institute of Directors Association and the Department of Special Investigation, as well as the 15 Principles of Good Corporate Governance were also established (*Corporate governance country assessment – Thailand. Report on the Observance of Standards and Codes (ROSC)*, 2005). Additionally, regulations from the Stock Exchange of Thailand required Thai listed companies to form an audit committee with at least three independent directors in 2001 (Cheung et al., 2014). When being evaluated for the framework for the Report on the Observance of Standards and Codes of the World Bank, it was reported that the legal requirement affecting corporate governance appropriately matched the rule of law and that this requirement was enforceable (*Corporate governance country assessment – Thailand. Report on the Observance of Standards and Codes (ROSC)*, 2005). Similarly, Indonesia also underwent dramatic changes in its corporate governance after the crisis. According to Cheung et al.

[1] See Equity Market Liberalization Details

(2014), Indonesia founded a National Committee on Corporate Governance in 1999, which created the Code of Good Corporate Governance in the same year. This code was amended in 2006 (Cheung et al., 2014). In 2006, a revised Company Law listing the duties of board members was created (Cheung et al., 2014). The Philippines passed the Securities Regulation Code (SRC) or Republic Act (RA) in 2000 (*Corporate governance country assessment – Philippines. Report on the Observance of Standards and Codes (ROSC).* , 2006). This code brought more authority to the capital market regulator and also increased protection of minority shareholders (Cheung et al., 2014). Circulars were also issued by the Central Bank of Philippines in 2001 to provide rules for bank directors (*Corporate governance country assessment – Philippines. Report on the Observance of Standards and Codes (ROSC).* , 2006). A Code of Good Corporate Governance was issued in 2002 (Cheung et al., 2014). All companies were also required to submit self-assessment questionnaires by 2005 (Cheung et al., 2014). In Malaysia, the Capital Market Master Plan (CMP) was formed in order to address the long-term development of the market (*Corporate governance country assessment – Malaysia. Report on the Observance of Standards and Codes (ROSC)*, 2005). This plan consists of 152 recommendations that have to do with regulatory and institutional framework for the capital market. There are 10 recommendations that address corporate governance (*Corporate governance country assessment – Malaysia. Report on the Observance of Standards and Codes (ROSC)*, 2005). By 2005, the World Bank reported that Malaysia had basic shareholder rights. Moreover, most of the requirements by ROSC were reported as "largely observed" in Malaysia (*Corporate governance country assessment – Malaysia. Report on the Observance of Standards and Codes (ROSC)*, 2005).[2]

2.1.2. Literature on Mergers and Acquisitions, Synergies, and Market Reactions

Synergies drive mergers and acquisitions, and occur when the combined firm, as quantified by some measure of performance, has a higher worth than the sum of the individual firms. Devos, Kadappakam, and Krishnamurthy (2009) argue that possible sources of gains from mergers come from higher profits from operations, possibly combined with lower capital expenditure, tax effects, and market power (in the case

[2] See Equity Market Liberalization Details

of firms from the same industry that merged in order to reduce competition). The paper then delves down to explain that in the case of higher operating profits, synergies can occur through economies of scale and scope, which reduce operating costs or investments in capital. Devos et al. (2009) find evidence supporting the idea that synergies from corporate acquisitions are mostly derived from cutbacks in post-merger investment; this means that the combined firm is more efficient as redundant expenditures are eliminated. Similarly, Jensen and Ruback (1983) define synergies as potential decreases in distribution and production costs that could be realized through vertical integration, economies of scale, efficient production/operational technology, improved utilization of the bidder's management team, and decreases in agency costs. Financial synergies, such as tax advantages and increased leverage, increase in market power, and elimination of target management are three other motivations for takeovers (Jensen & Ruback, 1983). When it comes to measuring synergies, much of the literature covering corporate acquisitions uses market-adjusted excess returns (or in many cases abnormal stock returns) during the announcement of a takeover bid, where the excess return is defined as the difference between the actual stock return and a realized return on the market index (Brown & Warner, 1985; Ekkayokkaya & Paudyal, 2015; Jensen & Ruback, 1983).

Dodd (1980) examines stock price reactions to merger termination announcements. Dodd (1980) finds that for mergers with negative return projects, termination announcements by bidders result in positive returns. This supports the hypothesis that bidders do try to optimize their shareholder wealth and cancel mergers when they realize that their initial offer overvalued the target (Jensen & Ruback, 1983). This also means that *the market is efficient* and bidders maximize shareholder wealth (Jensen & Ruback, 1983), which is consistent with my assumption in Section 1.4.

An important paper on M&A literature is (Malatesta, 1983). This paper examines three hypotheses that explain merger activity. The first hypothesis is the investment, or value-maximizing, hypothesis (Malatesta, 1983). This hypothesis says that parties to a merger seek to maximize value. This means that acquirers only buy firms when they expect it to be a positive NPV project (Malatesta, 1983). The second hypothesis, the size-maximizing hypothesis, says that acquirers seek to maximize firm

size while targets seek to maximize value (Malatesta, 1983). This hypothesis predicts that potential merger activities are negative net present value investments at the margin for acquirers (Malatesta, 1983). Lastly, the improved-management hypothesis says that potential acquirers seek to maximize value but the management of potential target firms are inefficient. Malatesta (1983) finds evidence that mergers positively affect the wealth of target firms. However, for the events leading up to a merger, wealth effects on the target firm are negative (Malatesta, 1983). Additionally, Malatesta (1983) finds that for acquirers, shareholders face wealth losses before a merger. Although Malatesta (1983) concludes that his results tend to support the size-maximizing hypothesis, he says that several studies at that time had conflicting results on acquirer returns. One important thing to note from Malatesta (1983) is the use of wealth effects on acquirers and targets before the merger takes place as a proxy for post-merger gains or losses.

Several papers use the bid announcement period as a proxy for synergistic gains. Bradley, Desai, and Kim (1988) define synergistic gains from tender offers as the combined change in wealth of acquirer and target shareholders. Moreover, (Bradley et al., 1988) measure these synergistic gains using abnormal returns calculated during the time of bid announcements. According to Schipper and Thompson (1983), when a firm makes an acquisition program announcement, its share price should fully reflect the expected value of the acquisition program. An acquisition program is when a firm makes several acquisitions over several years (Schipper & Thompson, 1983). Ekkayokkaya and Paudyal (2015) measure the wealth change due to a diversification attempt and explain that the best method is to capture this through the combined announcement period gain to acquirer and target shareholders.

From the existing literature on mergers and acquisitions, it can be inferred that market reactions reflect potential post-merger wealth effects of acquirer and target shareholders.

2.1.3. Foreign Ownership Restrictions: Mechanisms in which these changes led to reductions in capital market frictions

Capital market frictions reduce the value derived from investment. Such frictions include agency costs, financing constraints, as well as any other form of

friction that hinders capital market development. In this paper, frictions in the form of foreign ownership restrictions and low standards of corporate governance are examined. An equity market liberalization is essentially a lifting of these foreign ownership restrictions, but to make the liberalization possible, corporate governance practices have to be improved in order to induce foreign investment. Since the liberalization is the reduction of foreign ownership restrictions and low standards of corporate governance, it should lead to a reduction in frictions. Much of the existing literature examines these frictions in a developing/emerging market setting.

Moral hazard is always present when there is a separation between shareholders and managers, and agency costs occur when managers' goals differ from investors' goals. To illustrate, managers may invest in unprofitable projects to increase firm size because their salary increases with firm size (Stulz, 1999a). These unprofitable projects do not increase the wealth of shareholders (Stulz, 1999a). When corporate governance practices in a country are inferior, information and agency costs are high, and when information and agency costs are high, external financing is more costly (Stulz, 1999a). Monitoring activities in the form of board of directors, potential bidders, and active shareholders can help reduce these problems, but only to a certain extent (Stulz, 1999a). Globalization affects the monitoring of management by investors (Stulz, 1999a). In a country where the legal system does not protect minority shareholders, managers can easily expropriate wealth from shareholders. However, when shares of firms from such a country are listed in stock exchanges of countries with better legal protection, the firms face the possibility of legal actions from these foreign investors (Stulz, 1999a). These shareholders can legally reverse adverse managerial decisions (Stulz, 1999a). This improves the legal protection of minority investors (Stulz, 1999a). Moreover, from a takeover perspective, once markets become more open, a firm in that country could now be more susceptible to acquisitions from firms in other countries. Thus, stock market liberalization, which is one form of globalization, provides a mechanism for monitoring since prospective acquirers/bidders will also act as monitors for the firm's managers (Stulz, 1999a).

Improvement of corporate governance has also been found to improve capital markets. Rafael La Porta, Lopez-de-Silanes, Shleifer, and Vishny (2002) argue that an improvement in shareholder protection enhances the capital market and that

insufficient protection of shareholders results in a lower valuation of the firm. In addition to that, investor protection stimulates the development of financial markets since investors are willing to pay more when they are protected, thus encouraging owners or managers to issue equity or debt capital (Rafael La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 2000). Morck, Schleifer, and Vishny (1990) suggest that information in emerging economies is not efficiently reflected in the stock markets when compared to advanced economies, and this weakens the allocation of investment.

This is relevant in a late 1990s and early 2000s Southeast Asian setting. Claessens, Djankov, and Lang (2000) said that at the time of their study, wealth concentration was widespread in developing East Asian countries and that this created an unfavorable impact on the development of corporate governance frameworks and the growth of economies within the region. Wealth concentration is a result of moral hazard, and moral hazard is a capital market friction as it creates a hindrance for foreign capital movements.

Shleifer and Vishny (1997) argue that concentrated ownership (which was previously mentioned as being widespread in Southeast Asia) does result in costs. One example of this is that these concentrated owners can extract higher benefits for themselves at the expense of minority shareholders as well as the firm's employees, especially when they have significant voting rights that help them control their cash flow rights. This can also occur when business relationships are misused by large shareholders in ways that do not maximize firm value. However, with the lifting of foreign ownership restrictions, a country is exposed to higher foreign standards, which could range from disclosure standards to standards for minority shareholder protection. Erel, Liao, and Weisbach (2012) explain that disclosure and accounting standards are related to higher levels of corporate governance. In addition to that, Mitton (2002) explains that the weak corporate governance practices in East Asia could have made the region more susceptible to the 1997 crisis and elaborates the common view that, from the perspective of a minority shareholder, higher disclosure standards reduce expropriation and increase transparency when there is a crisis. Moreover, Mitton (2002) finds that East Asian firms with higher standards of

disclosure quality were related to superior stock price performance during the crisis period.

Stulz (2003) explains that when a country's economy becomes more open to the world economy, the firm's risk premium starts to depend on global factors, which could decrease volatility given a stable world risk premium. Diversification is the fundamental driver here: when capital can flow freely from one country to another, investors can diversify their portfolio across nations. As an example, adverse effects from one small nation may be offset by favorable effects from another small nation (Stulz, 2003).

In a closed economy, the equity premium is proportional to the variance of the country's aggregate cash flows, but after a liberalization the equity premium is proportional to the covariance between the economy's aggregate cash flows and the cash flows of the world portfolio (Henry, 2000). As a result, the post liberalization equity premium decreases when the variance of the country, or the local price of risk, exceeds this covariance, which is the global price of risk (Henry, 2000). Additionally, a stock market liberalization can lead to more liquid markets, which further decreases the costs of trading equity, the cost of capital, and results in a higher aggregate valuation for the country (Henry, 2000).

Henry (2000) further explains that a stock market liberalization leads to an increase in stock prices, and this reflects the expected growth in investment. Henry (2000) therefore examines the growth in private investment after a stock market liberalization and finds that after a stock market liberalization in a developing economy, there is abnormal positive growth in private investment. However, the growth in private investment does not simply replace foreign direct investment: stock market liberalization increases the aggregate value of private investment and foreign direct investment (Henry, 2000).

Additionally, Baldwin and Forslid (2000) argue that investment drives growth, and that growth in the financial sector is stimulated by trade liberalization. Furthermore, economic growth is an important factor that in itself helps drive FDI, and when there is enough growth to make financial systems become more advanced, foreign direct investment can be utilized more efficiently (Alfaro, Chanda, Kalemli-Ozcan, & Sayek, 2004). Any friction that hinders the development of financial

markets decreases the efficiency of investment allocation. As aforementioned, when a country's economy becomes more open to the world economy, the firm's risk premium starts to depend on global factors, which could decrease volatility given that there is stability in the world risk premium (Stulz, 2003). This concept is known as risk-sharing. Chari and Henry (2004) use a natural experiment at the firm-specific level to find that changes in risk-sharing do induce changes in asset (stock) prices after a liberalization occurs. Chari and Henry (2008) further examine whether the change in stock prices that resulted from the liberalization in emerging countries influence real investment decisions and find that fundamentals implied by these stock price shifts are indeed significantly related to cross-sectional changes in investment. Therefore, extant evidence shows that a stock market liberalization does have an impact on cross-border investment allocation efficiency.

With fewer foreign ownership restrictions and a freer flow of capital, target firms will be exposed to a higher number of acquirers which have the ability to derive positive synergies. Because of this, these bidders would offer a higher premium. Coupled with the increase in efficiency in cross-border investment allocation, this means that bidders which are more capable of deriving positive synergies will displace those which are less capable of deriving synergies. This way, the winning bidder is the one which can most efficiently utilize the target firm's resources.

Foreign ownership restrictions are a form of capital constraint, which acts as a friction against the free flow of investment, but liberalization can decrease these constraints. Bekaert et al. (2005) argue that these constraints can be reduced through equity market liberalization since there is an increase in the availability of foreign capital.

The extant literature also says that the company-level performance can be affected by a stock market liberalization. According to Mitton (2006), a stock market liberalization can drive growth and investment as well as improve efficiency and profitability. Mitton (2006) then offers the aforementioned explanation that with stock market liberalization, financial constraints are reduced.

Another friction that was present in Southeast Asia before the 1997 crisis was the fixed exchange rate regime. According to McKinnon and Schnabl (2004), the crisis was caused by the devaluation of the yen since many of the East Asian nations

were pegged to the US dollar, making them exposed to exchange rate volatility between the dollar and the yen. A pegged system would not have exchange rate adjustments, leading to a misallocation of resources as well as price distortions in the presence of shocks such as the 1997 crisis (Levy-Yeyati & Sturzenegger, 2003). Moreover, Levy-Yeyati and Sturzenegger (2003) find evidence that for developing economies, exchange rate regimes that are not flexible have slower growth. Goldberg and Kolstad (1995) emphasize the importance of variable exchange rates on investment flows and explains that the variability of exchange rates makes a difference on foreign direct investment flows in a setting where investors are risk averse. In this case, exchange rate variability results in a lower certainty equivalent expected exchange rate that is used in a firm's profit functions (Goldberg & Kolstad, 1995). These profit functions are further used when firms are making decisions on whether to make investments (Goldberg & Kolstad, 1995).

Overall, previous studies mention several situations through which an equity market liberalization can lead to reductions in capital market frictions. Firstly, empirical evidence shows that stock market liberalization leads to better resource allocation across countries. Moreover, a liberalization could affect the development and growth of capital markets. Thirdly, agency costs can be decreased after an equity market liberalization. A fourth effect of equity market liberalization is the decrease in capital constraints. Lastly, the extant literature establishes that a fixed rate regime could act as a friction that impacts foreign direct investment. With the removal of such frictions, we should observe larger synergies derived from mergers and acquisitions. This establishes the importance of a stock market liberalization and how it results in a reduction in frictions.

The existing literature also considers the effects of financial constraints in general. As previously mentioned, a liberalization can stimulate financial development and growth and that financial development is linked to efficient resource allocation. Love (2003) examines the link between financing constraints and financial development and concludes that financial development can reduce financial constraints through decreased information asymmetry and imperfections in contracting. Furthermore, Love (2003) argues that constraints could disrupt inter-

temporal investment allocation efficiency. I expect these constraints to be reduced once a stock market liberalization takes place.

2.2 Relevant Research

This section examines the existing literature on the effects of capital market frictions starting from an M&A setting. Several papers on M&A activities discuss the effects of capital market frictions as well as the effects of the removal or reduction of them.

As explained in the previous section, an equity market liberalization has an impact on the efficiency of resource allocation. Devos et al. (2009) argue that synergies from mergers mostly stem from operational synergies, implying that these synergies come from higher resource allocation efficiency. To better understand higher resource allocation efficiency, the effects of frictions have to be taken into account. Rossi and Volpin (2004) explain that frictions often come in the way of efficiency in asset utilization (i.e. corporate control) and that these frictions include information asymmetry, which could lead to agency costs. Rossi and Volpin (2004) find that the volume of corporate acquisitions are higher for firms in countries with superior financial reporting quality and in countries where shareholders are better protected; in the latter case, the result is a stronger market for corporate acquisitions. This is because, for the target's nation, high quality of reporting helps provide more information on targets for bidders/acquirers and high standards of investor protection reduces private benefits of control, increasing the volume of acquisitions (Rossi & Volpin, 2004). In addition to investor protection and accounting standards, the size and development of financial markets also affect foreign investment decisions. To illustrate the importance of investor protection, we can look into the decision of some firms to cross-list in foreign stock exchanges. Reese and Weisbach (2002) argue that for firms that decide to cross-list in the US stock market, expected costs of private benefits of control by managers becomes larger since they are subjected to more stringent accounting standards and US law. This is beneficial to minority shareholders.

Monitoring has also been found to affect corporate acquisition activities. Chang (1998) elaborates the creation of blockholders (shareholders who hold a

proportionally large ownership of the firm): firms that take over private companies often form blockholders of outsiders since the targets have a small group of owners. The function of these blockholders is to monitor the managers. Moreover, Chang (1998) emphasizes the importance of information: bidders that want to use stock to acquire private targets with few owners have to supply sufficient private information to the target's owners in order to reduce information asymmetry. Hence, the acceptance of the bidder's stock by the target shareholders is interpreted as good news by the market. Lastly, Chang (1998) demonstrates that for target firms that are privately held, when a stock offer is made, stock prices react positively for bidders; the opposite is true when targets are publicly held. This supports the aforementioned arguments by illustrating the effects of information asymmetry and monitoring in the market for corporate control, and it also elaborates the role of frictions in the market: when frictions such as information asymmetry are present, they are reflected in stock prices. Hence, any regulatory changes that reduce capital market frictions should also be reflected in *stock prices*.

E. H. Kim and Lu (2013) examine foreign capital inflow allocation and corporate governance reforms (relating to investor protection) and discover that the propensity of firms to cherry pick targets in emerging economies is affected by corporate governance reforms and their effect on investor protection. In a setting in which acquirers are from developed countries and targets are from emerging economies, acquirers select those target firms (from emerging economies) that have performed more favorably prior to the acquisition so that they can derive higher levels of synergies. Additionally, firms with better investment opportunities are cheaper to take over: their investment prospects/profitability are high enough to prevent them from participating in private benefits of control. This cherry picking is therefore a friction that comes in the way of efficiently utilizing inflows of foreign capital because firms with low levels of performance are unable to get capital from these foreign acquirers. E. H. Kim and Lu (2013) argue that if the difference in the level of investor protection between the acquiring country and target country were to decrease, the proclivity of these acquirers to cherry pick would also decrease. These findings suggest that corporate governance changes may not spread to poorly performing firms (for these firms, corporate governance reforms may actually be more necessary)

within a country as foreign acquirers do not choose these poorly performing firms, reflecting an inefficiency in the circulation of the favorable effects of globalization (E. H. Kim & Lu, 2013). In the context of this thesis, cherry picking is the result of frictions in cross-border capital flows, with the difference in investor protection acting against the flows. Once the gap in investor protection between the target and acquirer countries is smaller, resources (including corporate governance practices and know-how) from acquirers can improve the targets. This can be interpreted as an improvement in investment efficiency.

The effects of frictions such as foreign ownership restrictions are also found to be unfavorable. According to Moskalev (2010), the probability that a foreign bidder goes through an M&A activity with a controlling stake is lower in target countries that have higher cross-border M&A restrictions. Moreover, Moskalev (2010) explains that developed countries have very low levels of foreign ownership restrictions on M&A activities, which means that there is no clear basis for imposing restrictions on foreign bidders' acquisition of domestic assets. Johnson and Mitton (2003) explain that capital controls in Malaysia led to higher levels of cronyism, where cronyism is defined as a situation where resources are available to firms with political connections. Furthermore, Johnson and Mitton (2003) find that firms with political connections suffered lower stock returns when the 1997 crisis hit, but after capital controls were introduced these stocks had better performance. Since firms with political connections are not necessarily the most efficient firms, cronyism is an unfavorable impact of capital controls.

As mentioned in the previous section, a stock market liberalization impacts the development of financial markets. Financial depth, as defined by Di Giovanni (2005), can be quantified by liquidity or size of the financial markets. Di Giovanni (2005) shows that financial deepening impacts M&A *outflow*. Acemoglu, Johnson, and Mitton (2009) use a sample of firms going through vertical integration to explain that countries that have greater contracting costs paired up with superior financial development have higher M&A activities. More importantly, changes in the financial structure of a country has been found to have an impact on corporate acquisitions. Francis, Hasan, and Sun (2008) find that during the late 1990s to early 2000s, there was a positive effect of cross-border acquisitions (as opposed to a cross-border

discount) for acquirers from the United States and that firms that took over targets from segmented markets as opposed to integrated financial markets had higher returns after the acquisition. Francis et al. (2008) further point out that the increase in international corporate acquisitions by US firms is so that they can supply financing to firms that face financial constraints. Once these constraints are reduced, the firms can finally invest in value increasing projects.

Erel et al. (2012) explain that the probability of a merger occurring between firms from two countries increases with bilateral trade, financial reporting quality, and geography. Moreover, firms from countries that are more economically developed and have higher quality of accounting are more likely to be acquirers than targets.

Beltratti and Paladino (2013) find that in the banking sector, M&A activities tend to differ during times of crises compared to other periods. This is because there is a substantial amount of uncertainty pertaining to the deals, and it is this uncertainty that helps to generate abnormal returns from acquisitions. Breinlich (2008) shows that M&A activities within Canada increased as a result of trade liberalization between the United States and Canada. Y.-H. Kim (2009) explores the effects of regional economic integration and welfare implications for the form of foreign direct investment by multinational firms and shows that favorable trade arrangements motivate multinationals to move to cross-border M&A from Greenfield investing.

The existing literature establishes the relation between changes in the external environment and M&A activities. Overall, M&A activities, especially cross-border M&A activities, are sensitive to external shocks in the market. Frictions in the capital market act as a hindrance to post-merger synergies. Financial development and financial market size also have an impact on international corporate acquisitions.

The effects of these frictions can be observed in a pre-crisis Southeast Asian setting as well. Lemmon and Lins (2003) examine the effects of corporate governance (ownership structure) during this period using a sample of East Asian firms and explain that this crisis was an external shock to investment opportunities. Ownership structure, according to Lemmon and Lins (2003), can impact the wealth of shareholders since controlling shareholders (who are equivalent to insiders) can expropriate wealth from minority investors. Mitton (2002) similarly argues that corporate governance practices in the East Asian region, while not being the direct

cause of the 1997 crisis, could have made this region more susceptible to the crisis. Mitton (2002) explains that during a crisis, expropriation of minority investors is worsened and that a crisis could reveal previously ignored shortcomings in corporate governance practices. Bailey and Jagtiani (1994) explain that in Thailand, there used to be two types of listings: foreign and local, with the foreign shares having higher prices (referred to as price premiums). Several barriers existed at the time of this study: foreigners were not allowed to borrow money in Thai Baht; neither were they allowed to be major shareholders in local corporations. Bailey and Jagtiani (1994) find that the price premiums for the shares owned by foreigners are driven by foreign ownership restrictions, availability of information, liquidity, and foreign investor familiarity.

The extant literature is consistent with the view that capital market frictions have significant impacts on real investment flows and stock prices. I add to the literature by examining the effects of the equity market liberalization subsequent to the 1997 crisis from a corporate acquisition aspect.

CHAPTER 3

Data and Methodology

3.1 Hypothesis Development

The existing literature discusses how announcement period returns can be used as a proxy for the *ex ante* synergistic gains from mergers and acquisitions (Ekkayokkaya & Paudyal, 2015; Brown & Warner, 1980[3]; Brown & Warner, 1985).

Synergies, or the net gain from an acquisition, are higher when there are decreases in costs to the post-merger firm given that revenues remain unchanged. Costs are higher in the presence of capital market frictions. When foreign ownership restrictions are lifted (during a liberalization), cross-border capital market frictions are reduced. As a result, costs to the merged firm are lower. This means that the synergistic gains derived from acquisition activity should be higher after foreign ownership restrictions are lifted. Therefore, the first hypothesis is that the combined announcement-period gains from cross-border acquisitions are larger during the post-liberalization period than during the pre-liberalization period.

When the level of restrictions is higher (before the liberalization period), the level of capital market frictions between different countries is higher. Intuitively, the equity market liberalization should increase the flow of real investments into the Southeast Asian countries since costs are lower and synergies are higher. It follows that foreign direct investment such as M&A activities should increase after the liberalization. Hence, the second hypothesis is that the volume of cross-border M&A activities in the region is larger during the post-liberalization period than during the pre-liberalization period.

3.2 Data Description

The data for this thesis come from Thomson Reuters and Thomson Reuters Datastream. The data used to find the transaction details are from the SDC platform (see Appendix 1). Firm details are from Thomson Reuters Datastream (see Appendix 1). Moreover, I also use World Bank and IMF information for economic variables such as GDP or GNI. The sample covers acquisitions announced from 1993 to 2007.

[3] See Section 5. Methodology

Data collected from SDC include deal specific details such as acquirer stock price on the announcement day, acquirer stock price before the announcement day, deal type (stock, cash, or mixed), whether the target/acquirer is a public company, deal value, acquirer region, target region, and others. For non-deal specific details, such as data on target and acquirer countries, Thomson Reuters Datastream is used. More details are discussed in the results section and the appendix.

3.3 Data Screening

Both domestic and cross-border deals are included in this study; however, I restrict the samples to acquisitions where the acquirer held less than 50% of the target prior to the acquisition. Only completed deals in which the target is domiciled in the Southeast Asian region and the acquirer is a public company are included in the sample. On the SDC platform, there are 21,086 deals from 1990 to 2010 with targets domiciled in the Southeast Asian region, 8687 of which have an available Sedol or Datastream code for acquirers. Out of these, 8271 are deals where the acquirer held less than 50% of the target prior to the acquisition. Due to issues with sample size, I do not have any restrictions on percentage held after acquisition.

For my main sample, I use data from 1993 to 2006, of which there are 5,713 deals that meet my criteria. Out of these, 4,198 are domestic acquisitions and 1515 are cross border acquisitions. This sample will also be used to compute the value per capita.

I also use data from 1995 to 2007 for the Philippines and the non-liberalizing countries, of which there are 1,800 that meet the aforementioned criteria.

Data collected from SDC include deal specific details such as acquirer stock price on the announcement day, acquirer stock price before the announcement day, deal type (stock, cash, or mixed), whether the target/acquirer is a public company, deal value, acquirer region, target region, and others. For non-deal specific details, such as data on target and acquirer countries, Thomson Reuters Datastream is used. More details are discussed in the results section and the appendix.

3.4 Methodology

3.4.1 Methodology Overview

In this thesis, corporate acquisitions are used as a lab to test the impact of regulatory change on foreign investment inflows. Foreign direct investments are usually made through mergers and acquisitions. According to Froot and Stein (1991), mergers and acquisitions are the largest form of foreign direct investment. Additionally, cross-border M&As are preferred over greenfield investments by multinationals (Y.-H. Kim, 2009). Furthermore, as explained by Erel et al. (2012), the quality of data from FDI is limited, one of the reasons being that measurements of foreign direct investment vary across nations. M&A activities are simpler to quantify and are a clean-cut measure of cross-border investment activities, making them a good proxy to estimate the impact of regulatory changes on corporate acquisitions.

This paper uses an event study methodology. It is important to note that the event in question is not the liberalization date or the date of the crisis, but the initial announcement of each merger in the sample. To measure the synergies, this paper examines the market price reactions, or the combined gain to acquirers and targets during the acquisition announcement period. This is consistent with the extant literature. Ekkayokkaya and Paudyal (2015) use market-adjusted excess returns to measure acquisition announcement period gains. Bradley et al. (1988) use the market-value weighted average of the cumulative abnormal return to acquirers from five days before the announcement of the first bid through five days after the announcement of the successful bid and the cumulative abnormal return to targets from five days before the announcement of the first bid through five days after the successful bid to calculate the total percentage synergistic gains generated from a tender offer. To calculate the combined return in my paper, the bidder and target returns are added, and they are each weighted by their respective market capitalizations. This method is similar to the one used by Aktas, Bodt, and Roll (2004) when they measure CAAR around the time of the initial announcement date of business combinations. Moreover, consistent with Aktas et al. (2004), the stock prices and market index used to calculate excess (or abnormal) returns for non-US firms is in terms of US dollars. The market capitalization used to weight each firm is also in terms of US dollars. These market capitalizations are taken from 22 days before the bid announcement because there

could be rumors and price run-ups related to the acquisition before it is announced, and this could affect the market capitalization of the firms, especially when it comes to the target firm. Using the market capitalizations (in dollars) 22 days before the announcement would more accurately reflect the true value of the firms.

This thesis uses a period ranging from 2 days before the acquisition announcement to 2 days after the acquisition announcement in order to compute the percentage change in stock price (i.e. the five-day stock return). 92.6% of announcement dates provided by SDC from a random sample of 500 acquisitions was correct (Fuller, Netter, & Stegemoller, 2002). The rest of the announcement dates were incorrect by a day or two, but not more than that. As a result, the five-day window period mentioned above is used rather than a three-day period. This will help make up for potential recording errors from Thomson Reuters and it will also increase the likelihood of capturing market reactions to the acquisition announcement for both target and acquirer shareholders. The market is assumed to be efficient in that these reactions reflect future post-merger synergies. Only cross-border acquisitions with targets from within the Southeast Asian region will be examined.

Therefore, the combined return $A_{c,dollars}$ (acquisition announcement dollar excess return to acquirers and targets) is calculated as follows:

$$A_{c,dollars} = A_a \times MktCap_a + A_t \times MktCap_t \quad (1)$$

The combined return in percentage terms is calculated as follows:

$$A_c = \frac{A_a \times MktCap_a + A_t \times MktCap_t}{MktCap_a + MktCap_t} \quad (2)$$

A_c is the combined return (acquisition announcement excess return to acquirers and targets). A_a is the excess return to acquirers, A_t is the excess return to targets, $MktCap_a$ is the market capitalization of acquirers and $MktCap_t$ is the market capitalization of targets.

According to Brown and Warner (1980), abnormal returns can only be measured with respect to a certain benchmark. For this paper, the market-adjusted returns model is used. This model assumes that expected returns are the same across securities *ex ante* even though they do not have to be constant for each security (Brown & Warner, 1980, 1985). As a result, the excess return is calculated in the following way, with notations based on Brown and Warner (1985):

$$A_{i,t} = R_{i,t} - R_{m,t} \quad \textbf{(3)}$$

$R_{i,t}$ is the arithmetic return for security i at day t. $A_{i,t}$ is the excess return for security i on day t. According to Brown and Warner, $R_{m,t}$ is the return to the market index on day t. Since the sample for this thesis comes from many countries, the local market index is used to compute the market return for each country. Consistent with Ekkayokkaya and Paudyal (2015), excess returns are used instead of abnormal returns because a short window period is used to calculate the return rather than a long window period. In order to calculate model parameters (such as betas for systematic risk), a long window period is needed (Ekkayokkaya & Paudyal, 2015). For a short window period, the effects of using excess returns instead of abnormal returns are negligible (Brown & Warner, 1980; Ekkayokkaya & Paudyal, 2015). Moreover, to calculate the five day return, the cumulative abnormal return method (CAR) method is used, where the abnormal returns (excess returns in this thesis) are summed over the five day period (Brown & Warner, 1980; Fuller et al., 2002).

In this paper, the mean and medians of the combined gains during the pre, interim, and post periods will be reported separately. The pre period refers to the time before the liberalization, the interim period refers to the time during the liberalization, and the post period refers to the time after the liberalization.[4] In addition to that, the value per capita, which is the total deal value (in dollars) of a country divided by the population of that country, will be calculated for every liberalizing country t for each month i over the entire sample period.. The deal value has to be scaled by the population in order to reflect the size of the economy. Then, the monthly mean and median of the value per capita during the pre, interim, and post periods will be

[4] See Liberalization Timeline for more details

reported separately. Consistent with my hypotheses, the mean and median during the post period are expected to be the highest.

Let μ_{pre} be the mean of the combined gains during the pre period and $\mu_{interim}$ and μ_{post} be the mean of the combined gains during the interim and post periods, respectively. Firstly, a t-test when the population standard deviation is not known is performed to examine whether the mean excess returns from each period (pre, interim, post) are significantly different from 0. This test is used because when the mean is not known, the standard deviation is not known either.

The following statistical hypotheses are tested:

H_0: $\mu_{pre} = 0$

H_0: $\mu_{interim} = 0$

H_0: $\mu_{post} = 0$

The t-statistic is calculated using the following formula[5]:

$$t = \frac{\bar{x}-\mu}{s/\sqrt{n}} \quad , \quad v = n - 1 \qquad \textbf{(4)}$$

$\bar{x}$ is the sample mean of excess returns (in percentage) during each period, μ is the population mean of the excess returns during each period, s is the sample variance of the excess returns during each period, and n is the sample size during each period. v represents the degrees of freedom.

To test the significance of the difference between the mean of the combined gains (monthly value per capita) during the post and pre periods, an independent sample t-test for unequal variances will be performed. It is important to allow for unequal variances because the samples come from different time periods, making the variances unlikely to be equal. Moreover, when the mean is not known, neither is the standard deviation. The test is performed on the following hypothesis to examine whether the mean excess return (monthly value per capita) is higher for the post period compared to the pre period.

The following statistical hypothesis will be examined:

H_0: $\mu_{post} - \mu_{pre} = 0$

[5]Formulas for statistical tests are from:
Keller, G. (2011). *Managerial statistics* (5th ed.). Mason, OH: South-Western.

The t-statistic is calculated using the following formula:

$$t = \frac{(\bar{x}_{post} - \bar{x}_{pre}) - (\mu_{post} - \mu_{pre})}{\sqrt{\left(\frac{s^2_{post}}{n_{post}} + \frac{s^2_{pre}}{n_{pre}}\right)}} \quad , \quad v = \frac{\left(s^2_{post}/n_{post} + s^2_{pre}/n_{pre}\right)^2}{\frac{\left(s^2_{post}/n_{post}\right)^2}{n_{post}-1} + \frac{\left(s^2_{pre}/n_{pre}\right)^2}{n_{pre}-1}} \quad \textbf{(5)}$$

$\bar{x}$ is the sample mean of excess returns, μ is the population mean of the excess returns, s is the sample variance, and n is the sample size (for each of the two samples, pre and post). v represents the degrees of freedom.

The medians of the combined gains will also be calculated. Firstly, to test whether the median excess return significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test will be used. This test is usually used for matched pairs, but in this case each sample can be matched with another sample where all values are equal to 0. Let η_{pre} be the median of the combined gains during the pre period and $\eta_{interim}$ and η_{post} be the median of the combined gains during the interim and post periods, respectively. The following statistical hypotheses will be examined:

H_0: $\eta_{pre} = 0$

H_0: $\eta_{interim} = 0$

H_0: $\eta_{post} = 0$

The following formulas are used for this test:

$$E(T) = \frac{n(n+1)}{4} \quad \textbf{(6)}$$

$$\sigma_T = \sqrt{\frac{n(n+1)(2n+1)}{24}} \quad \textbf{(7)}$$

$$z = \frac{T - E(T)}{\sigma_T} \quad \textbf{(8)}$$

To test the significance of the difference between the median of the combined gains (monthly value per capita) during the post and pre periods, the Wilcoxon rank-sum test will be performed. The Wilcoxon rank-sum test will be used rather than the Wilcoxon signed rank-sum test because the Wilcoxon signed rank-sum test is used under dependent samples, or matched pairs, whereas the Wilcoxon rank-sum test is used for independent samples. The data for combined return for the pre and post period are independent of each other. This is because each acquisition announcement

from the pre period is not paired with an acquisition from the post period: the acquisition announcements are from different bidders. Likewise, the data for value per capita for the pre and post period are independent of each other; the months from the pre period cannot be paired with the months from the post period.

The statistical hypothesis is as follows:

H_0: $\eta_{post} = \eta_{pre}$

The following formulas are used for the test:

$$E(T) = \frac{n_{post}(n_{post}+n_{pre}+1)}{2} \quad \textbf{(9)}$$

$$\sigma_T = \sqrt{\frac{n_{post}n_{pre}(n_{post}+n_{pre}+1)}{12}} \quad \textbf{(10)}$$

$$z = \frac{T-E(T)}{\sigma_T} \quad \textbf{(11)}$$

3.4.2 Liberalization Details

As elaborated in the previous sections, the countries of interest are Thailand, the Philippines, Indonesia, and Malaysia, as all of these countries went through regulatory changes in response to the 1997 crisis. Moreover, there are four different liberalization timelines for the four nations as each country had its own liberalization date. Since the Philippines' regulation change was purely in terms of corporate governance, the liberalization year is assigned as 2000, when it passed the Securities Regulation Code (SRC).

The liberalization details and timelines are provided on the following page. I have an individual country timeline for each of the four liberalizing countries as well as a catch all timeline for tests that will be performed on all the liberalizing country (grouped together).

Based on the details from Tables 1 and 2, we know that the regulatory change for Indonesia occurs in May 1998. I start the pre period for Indonesia in January 1993, around 5 years before the regulatory change occurred. I use an interim period of around four years, from 1998 to 2001. Around this time, several governance changes were being made. From the Table 2, we know that that several governance changes occurred in the country from 1998 onwards, such as the National Committee on

Corporate Governance being put up in 1999 and the Code of Ethics and Public Accountants Professional Standards being revised in 2001. I use this to mark the end of the interim period and start the post liberalization period in 2002.

For the pre and post periods, I use a T-5, T+5 basis. Bekaert et al. (2005) study the effect of equity market liberalizations on annual real economic growth. While Bekaert et al. (2005) use three different horizons for their growth calculation, the means of variable such as population growth and GDP are computed on a T-5, T+5 basis, where T is when the liberalization takes place. Similarly, when Ekkayokkaya and Pengniti (2012) study the effect of governance changes in Thailand (where they use a pre, transitional, and post period) on IPO underpricing, they use a 5 year post period from 2003 to 2007. As a result, I use a five year pre period and five year post period for this study.

For the Philippines, I start the pre period at January 1995, which is around two years after the other countries liberalizations. We know that the Philippines passed the Securities Regulation Code (SRC) or Republic Act (RA) in July 2000. I use a grace period of two years before starting the post period. From the details in Table 2, we know that in 2001, several governance changes were still taking place in the Philippines, such as the Anti-Money Laundering Act (AMLA) being created in 2001 to protect the country against money laundering activities. We also know that the Code of Corporate Governance was adopted by the SEC in April 2002. This code requires an audit committee for regulated entities as well as duties of loyalty, care, and diligence on the part of directors. I use this to mark the end of the interim period. I start the post liberalization period in 2003. Note that the timeline for the Philippines has to start a little later than the timelines for the other countries. Firstly, this is because the first liberalization for the Philippines occurred in 1991, whereas the first liberalizations for Indonesia, Malaysia, and Thailand occurred in the late 1980s. Secondly, the Philippines started its regulatory changes later than the other three countries (in 2000 as opposed to 1998).

For Malaysia, I start the pre period in January 1993, around five years before the regulatory change, which occurred at the end of July 1998, where the Malaysian government allowed 100% ownership of equity in the manufacturing sector. Several changes occurred after that, such as the Capital Market Master Plan (CMP) being

formed in order to address the long-term development of the market in 2001. I use this to mark the end of the interim period, and start the post period in 2001. As before, the post period lasts for five years, until 2006.

As before, I use a three year grace period and start the post liberalization period in July 2001. The post liberalization ends in five years, in June 2006.

For Thailand, the pre period starts in January 1993, five years before the regulatory change. The interim period starts in 1998, when the Board of Investment allowed majority foreign ownership of Thai companies under its promotion scheme. The country formed Thai Accounting Standards in 2000, with 29 out of 36 standards consistent with IFRS (*Corporate governance country assessment – Thailand. Report on the Observance of Standards and Codes (ROSC)*, 2005). I use this to mark the end of the liberalization period, as the implementation of these standards should start the following year. I start the post period in 2000 and end it in 2005.

For the Catch All Timeline, I use 1993 to 1997 as the pre period, 1998 to 2001 as the interim period, and 2002 to 2006 as the post period. This timeline is similar to the timelines for both Malaysia and Indonesia. Moreover, the ending of the interim period is only one year away from the ending of the interim period for Thailand and the Philippines, and the ending of the post period is also only one year away from the ending of the post period for Thailand and the Philippines.

Equity Market Liberalization Details

Table 1: Foreign Ownership Restrictions Details

Country	**First Liberalization (Official Liberalization)**	**Second Liberalization: Ownership Restrictions**
Indonesia	Date: September 1989 Minister of Finance allows 49% ownership of all public companies listed on the domestic stock exchange except financial firms	Date: May 1998 The country allowed 100% foreign ownership of equity given that the ownership is a joint cooperation with Indonesian small scale industries *Source:* The presidential decree

	Source: Bekaert and Harvey (2000)	No. 99/1998 The lifting of restrictions was for all except bank stocks *Source:* Bowe and Domuta (2004)
Philippines	Date: June 1991 All foreign ownership restrictions removed over a period of three years *Source:* Bekaert and Harvey (2000)	
Malaysia	Date: December 1988 *Source:* Bekaert and Harvey (2000) Year 1991: 30% cap of foreign ownership of any firm *Source:* (Financial markets and development: The crisis in emerging markets, 1999)	Date: July 31, 1998 Malaysian government allowed 100% ownership of equity in the manufacturing sector *Source:* ASEAN website
Thailand	Date: September 1987 Thailand's Alien Board was inaugurated *Source:* Bekaert and Harvey (2000) 50% of local companies allowed *Source:* Bailey and Jagtiani (1994)	Date: February 1998 Board of Investment allowed majority foreign ownership of Thai companies under its promotion scheme. In October 1997, it had announced that it would allow foreign investors to hold majority shares in the financial sector for ten years; foreign holdings above 49% after ten years would have to be sold to Thai owners

		Source: Dixon (2004) Date: October 1999 49% foreign ownership of real estate permitted Date: March 2000 100% foreign ownership of real estate permitted *Source:* Dixon (2004) Date: March 2000 Foreigner can operate specified businesses as long as more than 40% of shares are owned by Thai nationals *Source:* Foreign Business Act (1999) Date: January 2008 Investors of Thai nationality must hold up to 75% of shares sold of a financial institution, except in cases where the Bank of Thailand allows foreigners to hold up to 49% (of total voting shares) *Source:* Financial Businesses Institution Act B.E. 2551 (2008)

Table 2: Corporate Governance Details

Country	**Corporate Governance**
Indonesia	• There was an elaborate system of corporate governance rules • The National Committee on Corporate Governance was put up in 1999. This institution is responsible for promoting good corporate governance in the private sector and established a Code of Good Corporate Governance in 1999. • A section from the Code of Ethics and Public Accountants Professional Standards (SPAP) was revised in 2001. This section consists of integrity, independence, and objectivity • By August 2004, disclosure and transparency standards, equitable treatment of shareholders, shareholder participation in corporate governance, and responsibilities of the board were partially observed in practice. Rights of shareholders to participate in important decisions and attend annual general meetings were largely observed in practice. *Source:* (*Corporate governance country assessment – Indonesia. Report on the Observance of Standards and Codes (ROSC)*, 2004) • When the ROSC reviewed the financial statements of 39 listed companies in 2003, it observed that these companies generally complied with disclosure requirements *Source:* (*Accounting and auditing – Indonesia. Report on the Observance of Standards and Codes (ROSC)*, 2005)
Philippines	• The Philippines passed the Securities Regulation Code (SRC) or Republic Act (RA) in 2000. • At least two independent directors required for banks under the General Banking Law of 2000

	• By September 2001, shareholder rights to participate in corporate decisions, disclosure of capital structure, equal treatment of shareholders, and basic shareholder rights were generally observed. *Source:* (*Corporate Governance Country Assessment – Philippines. Report on the Observance of Standards and Codes (ROSC),* 2001) • Circulars were issued in by the Central Bank of Philippines in 2001 to provide rules for bank directors • Anti-Money Laundering Act (AMLA) created in 2001 to protect the country against money laundering activities • The [Statutory] Code of Corporate Governance was adopted by the SEC in April 2002. This code requires an audit committee for regulated entities as well as duties of loyalty, care, and diligence on the part of directors. • IFRS required effective January 2005 • By 2005, it was required for firms to provide a Self-Assessment Questionnaire on the principles of corporate governance. • Several institutions were put up: Institute of Corporate Directors, the Corporate Governance Institute of the Philippines, AIM-Hills Governance Center • By May 2006, the corporate governance framework and disclosure standards were found to be improving. *Source:* (*Corporate governance country assessment – Philippines. Report on the Observance of Standards and Codes (ROSC).* , 2006)
Malaysia	• In 1998, Malaysia set up a high-level Finance Committee on Corporate Governance to help in diagnosing the weak corporate governance practices that contributed to the crisis • By the end of 2003, Malaysia had already adopted 29 out of

	34 International Accounting Standards • Changes in disclosure rules and whistleblower protection were made in 2004, and in 2005, reforms on government-linked corporations started. • Compliance with International Financial Reporting Standards observed by 2005 (standards are consistent with IASB); where IASB is not applicable, standards from the Malaysian Accounting Standards Board (MASB) is used. Differences between the two were labeled as insignificant. • The Capital Market Master Plan (CMP) was formed in order to address the long-term development of the market. The plan was developed in 2001, and 62% of the recommendations were complete by the end of 2004. This plan consists of 152 recommendations that have to do with regulatory and institutional framework for the capital market. There are 10 recommendations that address corporate governance. The CMP focuses on fair treatment of shareholders, transparency, accountability of board of directors, strengthening of regulatory enforcement, and education/training to promote good governance. • The crisis revealed that Malaysia had several overlapping authorities, making accountability difficult. • The Capital Market Master Plan as well as the amendments to the Securities Commission Act of 1993 was formed to address this problem. • By June 2005, an effective corporate governance framework, the role of stakeholders in corporate governance, disclosure and transparency, and basic shareholder rights were largely observed. *Source:* (*Corporate governance country assessment – Malaysia. Report on the Observance of Standards and Codes*

	(ROSC), 2005) • Malaysia formed the Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia) to register businesses and provide company information to the public in 2002. *Source:* (*Accounting and auditing– Malaysia. Report on the Observance of Standards and Codes (ROSC)*, 2012)
Thailand	• In 1999, Thailand's financial sector set up the Thai Institute of Directors Association (or Thai IOD) in order to draw attention to professionalism for directors. • Formed the Thai Accounting Standards in 2000, 29 out of 36 standards consistent with IFRS. • Formed the National Corporate Governance Committee in 2002. • Additionally, TRIS, or the Thai Rating and Information Service, was assigned to rate Thai public companies. • By 2005, the Federation of Professional Accountants had been established for the audit profession • The Thai Institute of Directors Association and the Department of Special Investigation, as well as the 15 Principles of Good Corporate Governance, were established. • When being evaluated for the framework for the Report on the Observance of Standards and Codes of the World Bank, it was reported that the legal requirement affecting corporate governance appropriately matched the rule of law and that this requirement was enforceable. • By June 2005, an effective corporate governance framework, basic shareholder rights, disclosure standards, and accountability of external auditors were largely observed. *Source:* (*Corporate governance country assessment – Thailand. Report on the Observance of Standards and Codes (ROSC)*, 2005)

Table 3: Currency Flotation Details

Country	**Year Currency Was Floated**	**Note**
Indonesia	August 14, 1997 *Source*: *The New York Times* (1997)	
Philippines	February 1970 *Source*: *The New York Times* (1970)	Already had a freely floating exchange rate since before the 1997 crisis *Source:* Reinhart (2000)
Malaysia	Free float after 1995, pegged to US dollar in September 1998, then managed float in July 21, 2005 *Source:* Bank Negara Malaysia Website	
Thailand	July 1997 *Source:* Bank of Thailand (BOT) Website	From pegged currency to managed float *Source:* Bank of Thailand (BOT) Website

Table 4: Liberalization Timeline

Country	***Pre***	***Interim***	***Post***
Indonesia	January 1993 to December 1997	January 1998 to December 2001	January 2002 to December 2006
Philippines	January 1995 to December 1999	January 2000 to December 2002	January 2003 to December 2007
Malaysia	December 1993 to December 1997	January 1998 to December 2001	January 2002 to December 2006
Thailand	January 1993 to December 1997	January 1998 to December 2000	January 2001 to December 2005
Catch All	January 1993 to December 1997	January 1998 to December 2001	January 2002 to December 2006

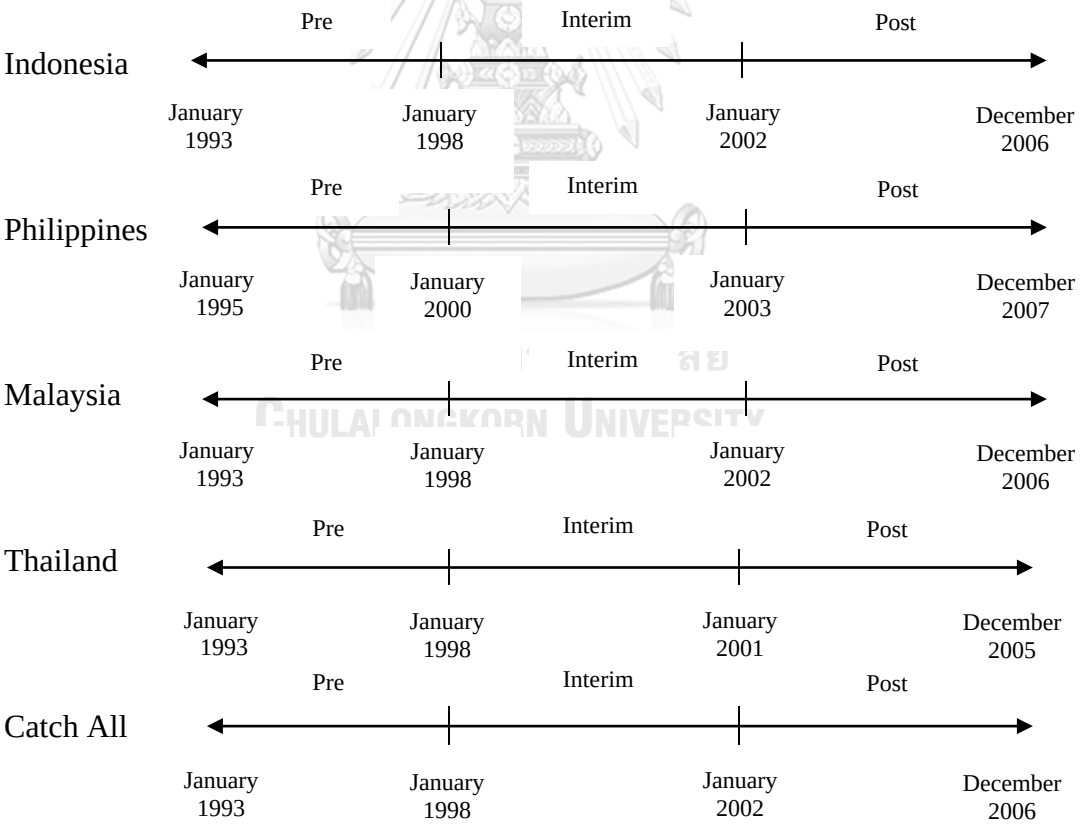

Figure 3

One thing to take note of is that while the 1997 crisis resulted in changes in some Southeast Asian countries, other Southeast Asian countries did not go through

these changes. Myanmar's stock market only opened around twenty years after the crisis. Moreover, Myanmar underwent significant changes in its economy only recently, with the first ROSC Accounting and Auditing assessment created in 2017 (*Accounting and auditing module – Myanmar. Report on the Observance of Standards and Codes (ROSC)*, 2017). It can therefore be inferred that Myanmar did not have to respond to the 1997 crisis, so Myanmar is part of the control group.

Other countries in the Southeast Asian region, such as Vietnam, Brunei, Laos, and Cambodia, are also used in the control group. While Vietnam was affected by the 1997 crisis, the country's first stock market was inaugurated in 2000 (*Corporate governance country assessment – Vietnam. Report on the Observance of Standards and Codes (ROSC)*, 2006). Moreover, it only recently allowed 100% foreign ownership of equity in 2015 (Viet Nam News, 2018). Prior to that, only 49% ownership was allowed (Viet Nam News, 2018). According to Bekaert et al. (2005), Singapore had already been fully liberalized during the late 1980s and 1990s. As a result, Singapore did not go through a liberalization in response to the 1997 crisis and is also used in the control group.

The countries that did go through the liberalization are Thailand, the Philippines, Indonesia, and Malaysia, as all of these countries went through regulatory changes as a result of the 1997 crisis.

At first, it may seem out of place to put Singapore (which was fully liberalized even before the first liberalizations in Indonesia, the Philippines, Malaysia, and Thailand) in the same group as the non-liberalizing countries. Note that neither Singapore nor the other countries in the control group go through any significant regulatory change in response to the 1997 crisis. The use of Singapore in the control group also makes more sense once we look at the rationale for using the control group, which is to be able to attribute the difference in synergistic gains (or volume) from corporate acquisitions before and after the liberalization period to *only* the liberalization changes in response to the 1997 crisis and not any other changes that were taking place in Southeast Asia (i.e. changes that would have taken place in the Southeast Asian region anyway). Using other Southeast Asian countries is a close proxy for a setting that resembles the liberalizing countries if they had not gone through the liberalization. For example, measuring the difference in synergistic gains

(or volume) before and after the liberalization period (in Thailand) from *acquisitions in Thailand* against the difference in synergistic gains (or volume) over the same period from *acquisitions in Singapore* should result in a higher difference for acquisitions in Thailand than in Singapore. This would support the hypothesis that synergistic gains (or volume) from mergers and acquisitions increased as a result of the liberalization. However, if the difference in synergistic gains (or volume) between the post and pre periods is the same for the liberalizing countries and the non-liberalizing countries, the change in synergistic gains (or volume) cannot be attributed to the liberalization. In other words, I look at change in gains/volume over time by comparing post and pre differentials between the treatment group and the control group. Since Singapore did not go through significant regulatory changes in response to the 1997 crisis, I expect the post and pre differential for the country to be less than that of the treatment group. Similarly, the other countries in the control group also did not go through any significant regulatory changes in response to the 1997 crisis, so I expect the post and pre differential for them to be less than that of the treatment group as well. As a result, I include Singapore, which had fully liberalized its economy *before* the treatment countries, with the rest of the countries in the control group, which were not yet liberalized. Additionally, it must be noted that Singapore makes up most of the data for the control group since there were few acquisitions in the other countries in the control group.

3.4.3 Testing Hypothesis 1

In addition to the mean and median tests, regression analyses are performed to examine the impact of the stock market liberalization on cross-border M&A activities because they incorporate control variables that could have an impact on these cross-border corporate acquisitions. First, a regression analysis is performed in which the dependent variable, $CombinedReturn_i$, is a function of the regulatory changes in response to the 1997 crisis. This combined return is calculated in the same way as A_c from Equation 2. To test for this, the model uses the variables $Interim_i$ and $Post_i$, which are binary variables equal to 1 if acquisition *i* occurred during or after the liberalization, respectively, and equal to 0 otherwise. The rest of the deals were announced during the *pre*-liberalization period. Moreover, an interaction term binary

variable is also added to identify the liberalizing countries. The variable Lib_i is equal to 1 if the target country for acquisition *i* is from Thailand, Indonesia, Malaysia, or the Philippines and equal to 0 otherwise. Acquisitions with targets from these four countries are therefore the treatment group, and acquisitions with targets from other Southeast Asian nations (the non-liberalizing countries) are the control group. Therefore, the variables of interest are: $Interim_i$, $Post_i$, Lib_i, $Interim_i*Lib_i$, and $Post_i*Lib_i$.

Several control variables that have been found to affect synergies from M&A activities are also incorporated in the analysis. Moeller, Schlingemann, and Stulz (2004) an event study method to evaluate bidder abnormal return to acquisition announcements and they explain that there are several determinants of abnormal returns that have to be taken into account. Firstly, there is a size effect in the abnormal returns of acquiring firms, with announcements of acquisitions more unexpected when the acquiring firm is small, making announcement returns of larger firms closer to zero than announcement returns of smaller firms (Moeller et al., 2004). Therefore, the size of the acquirer, measured by the book value of total assets, is the first control variable as larger firms are expected to derive lower levels of synergy. Leverage also plays an important role in abnormal returns to shareholders; according to Maloney, Mccormick, and Mitchell (1993), firms with higher leverage make better acquisitions. The leverage is calculated as the book value of total assets minus the book value of common equity, divided by the firm market value, where the firm market value is computed as book total assets minus book value of common equity plus market capitalization of the firm (Ekkayokkaya & Paudyal, 2015). Moreover, Moeller et al. (2004) explain that firms with higher Tobin's q also make better acquisitions. Tobin's q is firm market value divided by the book value of the firm's assets (Ekkayokkaya & Paudyal, 2015). As a result, both acquirer leverage and acquirer Tobin's q are also used as control variables in the regression. Ekkayokkaya and Paudyal (2015) also explain the free cash flow hypothesis: an excessive amount of free cash flow can cause managers to invest in wasteful projects (such as value-reducing acquisitions). This means that the free cash flow available to acquirers could negatively affect the net gain from an acquisition. Therefore, the free cash flow of the acquirer is also included as a control variable. This free cash flow is calculated as a ratio, where the

numerator is the earnings before interest, taxes, and depreciation minus the capital expenditure and the dominator is the firm's market value (Ekkayokkaya & Paudyal, 2015). Additionally, characteristics pertaining to the deal are also included as control variables. The relative size is measured as the transaction value (total value paid to acquire the target, excluding fees and expenses) divided by the market capitalization of the acquirer (Ekkayokkaya & Paudyal, 2015; Moeller et al., 2004). According to Moeller et al. (2004), the relative value is usually significant in the literature, but the sign of this variable is different across studies. However, the variable is positive and significant to announcement abnormal returns in Moeller et al. (2004). Other deal-specific characteristics include payment method, such as cash, all stock, or mixed. These are included in the regression as binary variables. Equity offers (for the acquisition of public firms) have been found to have lower returns (Moeller et al., 2004; Travlos, 1987). Balance sheet, income statement, and cash flow statement measures are based on the end of the fiscal year before the acquisition announcement (Moeller et al., 2004). Additionally, market capitalization is based on 22 days before the acquisition announcement.

The following equation represents the general form of the regressions (OLS) that will be performed where the dependent variable is the *CombinedReturn*$_i$.

$$CombinedReturn_i = \beta_0 + \beta_1 Interim_i + \beta_2 Post_i + \beta_3 Lib_i + \beta_4 Interim * Lib_i + \beta_5 Post_i * Lib_i + \sum_{j=6}^{k} \beta_j X_{ij} + \varepsilon_i \quad (12)$$

Table 5 shows intercepts for each group of countries for each time period (intercepts shown here ignore other binary variables)

Country Group	**Time Period**	**Intercept**
Liberalizing	Pre	$\beta_0 + \beta_3$
Liberalizing	Interim	$\beta_0 + \beta_1 + \beta_3 + \beta_4$
Liberalizing	Post	$\beta_0 + \beta_2 + \beta_3 + \beta_5$
Control	Pre	β_0
Control	Interim	$\beta_0 + \beta_1$
Control	Post	$\beta_0 + \beta_2$

$\beta_2 + \beta_5$ can be interpreted as the additional acquisition announcement combined return received for acquisitions with targets from the liberalizing countries during the post period (after the liberalization) compared to the acquisition announcement return received for acquisitions with targets from the liberalizing countries during the pre period (before the liberalization). β_2 can be interpreted as the additional acquisition announcement combined return received for acquisitions with targets from the control group during the post period (after the liberalization) compared to the acquisition announcement return received for acquisitions with targets from the control group during the pre period (before the liberalization). β_2 is therefore expected to be insignificant. Consistent with my first research hypothesis, $\beta_2 + \beta_5$ is expected to be positive and significant when testing H_0: $\beta_2 + \beta_5 = 0$ against H_1: $\beta_2 + \beta_5 \neq 0$. However, since β_2 is not expected to be significant, this can be simplified to: H_0: $\beta_5 = 0$ against H_1: $\beta_5 \neq 0$. β_5 is the main parameter of interest and can be interpreted as the difference between the additional acquisition announcement combined return received for acquisitions with targets from the liberalizing countries during the post period compared to the acquisition announcement return received for acquisitions with targets from the liberalizing countries during the pre period and the additional acquisition announcement combined return received for acquisitions with targets from the control group during the post period compared to the acquisition announcement return received for acquisitions with targets from the control group during the pre period. In simpler words, β_5 is the *difference* between the post and pre *differential* for the treatment group against the post and pre *differential* of the control group. I expect the post and pre differential to be higher for the treatment group. Therefore, β_5 is expected to be positive and significant.

Similarly, $\beta_1 + \beta_4$ can be interpreted as the additional acquisition announcement combined return received for acquisitions with targets from the liberalizing countries during the interim period (during the liberalization) compared to the acquisition announcement return received for acquisitions with targets from the liberalizing countries during the pre period (before the liberalization). β_1 can be interpreted as the additional acquisition announcement combined return received for acquisitions with targets from the control group during the interim period (during the

liberalization) compared to the acquisition announcement return received for acquisitions with targets from the control group during the pre period (before the liberalization). β_4 is expected to be positive, but β_1, β_4, and $\beta_1 + \beta_4$ are not expected to be significant since the liberalization is just starting during the interim period.

β_3 can be interpreted as the additional acquisition announcement combined return received for acquisitions with targets from the liberalizing countries during the pre period (before the liberalization) compared to the acquisition announcement return received for acquisitions with targets from the control group during the pre period (before the liberalization). Since the liberalization has not yet taken place, β_3 is expected to be insignificant.

The following table summarizes the variables:

Table 6 Explanatory Variables for Combined Returns

Variable Name	**Explanation**
Interim	Binary variable which takes the value of 1 if acquisition announcement occurred during the *interim* period and 0 otherwise
Post	Binary variable which takes the value of 1 if acquisition announcement occurred during the *post period* and 0 otherwise
Lib	Binary variable which takes the value of 1 if target is from Indonesia, Thailand, the Philippines, or Malaysia and 0 otherwise
Interim*Lib	Interaction term which takes the value of 1 if target is from Indonesia, Thailand, the Philippines, or Malaysia and acquisition announcement occurred during the *interim* period,

	and 0 otherwise
Post*Lib	Interaction term which takes the value of 1 if target is from Indonesia, Thailand, the Philippines, or Malaysia and acquisition announcement occurred during the *post* period, and 0 otherwise
Acquirer Size	Book value of total assets of for the acquirer, in million $
Acquirer Leverage	Book value of total assets minus the book value of common equity for the acquirer, divided by firm market value
Acquirer Tobin's q	Firm market value divided by the book value of assets for the acquirer
Acquirer Free Cash Flow	Free cash flow to the acquirer expressed as a ratio: earnings before interest, taxes, and depreciation minus the capital expenditure divided by the acquirer's market value
Relative Value	Total value paid to acquire the target, excluding fees and expenses divided by acquirer market capitalization 22 days before acquisition announcement
Mixed	Binary variable which takes a value of 1 if deal payment was a combination of stock and cash and 0 otherwise
All Equity	Binary variable which takes a value of 1 if acquisition was a pure stock deal and 0 otherwise

3.4.4 Testing Hypothesis 2

A second regression analysis is performed in which the total value of cross-border acquisitions from within the liberalizing countries, scaled by the population of the country, is a function of the regulatory changes. More specifically, the total size of cross-border M&A activities *per month* is tested. Only acquisitions with targets from within the Southeast Asian region will be examined. Since the Southeast Asian countries are of varying sizes, simply using the total value of deals in each country could result in a higher total value for bigger economies than for smaller ones. The population of each country is a proxy for its size. Dividing the total value by the population therefore results in a size-adjusted measure of M&A volume. The dependent variable $ValuePerCapita_{i,t}$, which represents the total deal value of all cross-border deals (public and private) with targets from within country *i* in month *t*, scaled by the population of the country, is a function of the regulatory changes. To test for this, the model uses the variables $Interim_{i,t}$ and $Post_{i,t}$. $Interim_{i,t}$ and $Post_{i,t}$ are binary variables equal to 1 if month *t* takes place during or after the liberalization, respectively, and equal to 0 otherwise. The rest of the deals were announced during the *pre*-liberalization period. Moreover, an interaction term binary variable is also added to identify the liberalizing countries. The variable $Lib_{i,t}$ is equal to 1 if the target country for acquisition *i* is from Thailand, Indonesia, Malaysia, or the Philippines and equal to 0 otherwise. Therefore, the variables of interest are: $Interim_{i,t}$, $Post_{i,t}$, $Lib_{i,t}$, $Interim_{i,t}*Lib_{i,t}$, and $Post_{i,t}*Lib_{i,t}$.

Furthermore, Erel et al. (2012) include the difference in exchange rate return, GDP growth, log GDP per capita, market return, and market market-to-book ratio (MTB) between the acquirer and the target countries as control variables when measuring the volume of M&A activities for a country pair. While Erel et al. (2012) include these variables in terms of difference between a country pair, my paper computes these variables for each target country *i* to use as control variables in the regression as they all reflect the economic performance of an economy. I compute this for every country *i* for every month *t* over the sample period.

Erel et al. (2012) find that firms from countries with higher valuation tend to be acquirers and firms from countries with lower valuation tend to be targets. Based on these findings, the difference between exchange rate return, log GDP per capita,

market return, and market MTB are expected to be positively related to *ValuePerCapita* for the target country. I expect these variables to have a negative effect on value per capita.

ValuePerCapita cannot be a negative number. Because the dependent variable is left-censored, the Tobit model is used for this regression. To use the Tobit model, the Maximum Likelihood Estimator (MLE) method is applied. Under this method, an estimator that makes the data set most likely to happen is computed for a certain parameter[6].

The data for *ValuePerCapita* is censored at 0.

$$y_i = 0 \; if \; y_i^* \leq 0$$
$$y_i = y_i^* if \; y_i^* > 0$$

$\hat{\beta}$ is calculated by maximizing the log-likelihood function ln L.

$$\ln L = \sum_{y_i>0} -\frac{1}{2}\left[\log(2\pi) + \ln \sigma^2 + \frac{(y_i - \boldsymbol{x_i'\beta})^2}{\sigma^2}\right] + \sum_{y_i=0} \ln\left[1 - \Phi\left(\frac{\boldsymbol{x_i'\beta}}{\sigma}\right)\right] \quad \textbf{(13)}$$

The probability density function (pdf) of the standard normal distribution, denoted by ϕ(z), is as follows:

$$\phi(z) = \frac{1}{\sqrt{2\pi}} e^{-z^2/2}, -\infty < z < \infty \quad \textbf{(14)}$$

Φ(z) is the cdf (cumulative distribution function) of ϕ(z).

Statistical software is available to calculate the $\hat{\beta}$ of each regressor. (That is, β and σ are computed by maximizing the log-likelihood.)

The following equation represents the general form of the regressions that will be performed where the dependent variable is $ValuePerCapita_{i,t}$.

$$ValuePerCapita_{i,t} = \beta_0 + \beta_1 Interim_{i,t} + \beta_2 Post_{i,t} + \beta_3 Lib_{i,t} + \beta_4 Interim * Lib_{i,t} + \beta_5 Post_{i,t} * Lib_{i,t} + \sum_{j=6}^{k} \beta_j X_{i,t,j} + \varepsilon_{i,t} \quad \textbf{(15)}$$

[6]Regression formulas are from the following textbooks: Greene, W. H. (2012). *Econometric analysis* (7th ed.). Boston, MA: Pearson.

Table 7 shows intercepts for each group of countries for each time period (intercepts shown here ignore other binary variables)

Country Group	**Time Period**	**Intercept**
Liberalizing	Pre	$\beta_0 + \beta_3$
Liberalizing	Interim	$\beta_0 + \beta_1 + \beta_3 + \beta_4$
Liberalizing	Post	$\beta_0 + \beta_2 + \beta_3 + \beta_5$
Control	Pre	β_0
Control	Interim	$\beta_0 + \beta_1$
Control	Post	$\beta_0 + \beta_2$

$\beta_2 + \beta_5$ can be interpreted as the additional monthly value per capita for the liberalizing countries during the post period (after the liberalization) compared to the monthly value per capita for the liberalizing countries during the pre period (before the liberalization). β_2 can be interpreted as the additional monthly value per capita for the control group during the post period (after the liberalization) compared to the monthly value per capita for the control group during the pre period (before the liberalization). β_2 is therefore expected to be insignificant. Consistent with my second research hypothesis, $\beta_2 + \beta_5$ is expected to be positive and significant when testing H_0: $\beta_2 + \beta_5 = 0$ against H_1: $\beta_2 + \beta_5 \neq 0$. However, since β_2 is not expected to be significant, this can be simplified to: H_0: $\beta_5 = 0$ against H_1: $\beta_5 \neq 0$. β_5 is the main parameter of interest and can be interpreted as the difference between the additional monthly value per capita for the liberalizing countries during the post period compared to the monthly value per capita for the liberalizing countries during the pre period and the additional value per capita for the control group during the post period compared to the monthly value per capita for the control group during the pre period. In simpler words, β_5 is the *difference* between the post and pre *differential* for the treatment group against the post and pre *differential* of the control group. I expect the post and pre differential to be higher for the treatment group. Therefore, β_5 is expected to be positive and significant.

Similarly, $\beta_1 + \beta_4$ can be interpreted as the additional monthly value per capita for the liberalizing countries during the interim period (during the liberalization) compared to the monthly value per capita for the liberalizing countries during the pre

period (before the liberalization). β_1 can be interpreted as the additional monthly value per capita for the control group during the interim period (during the liberalization) compared to the monthly value per capita for the control group during the pre period (before the liberalization). β_4 is expected to be positive, but β_1, β_4, and $\beta_1 + \beta_4$ are not expected to be significant since the liberalization is just starting during the interim period.

β_3 can be interpreted as the additional monthly value per capita for the liberalizing countries during the pre period (before the liberalization) compared to the monthly value per capita for the control group during the pre period (before the liberalization). Since the liberalization has not yet taken place, β_3 is expected to be insignificant.

A detailed description of the variables, along with the data source, is provided in the following table:

Table 8

Variable Name	**Explanation**
Interim	Binary variable which takes the value of 1 if month *t* is from the *interim* period and 0 otherwise
Post	Binary variable which takes the value of 1 if month *t* is from the *post* period and 0 otherwise
Lib	Binary variable which takes the value of 1 if country *i* is either Indonesia, Thailand, the Philippines, or Malaysia and 0 otherwise

Interim*Lib	Interaction term which takes the value of 1 if country *i* is either Indonesia, Thailand, the Philippines, or Malaysia and *t* is from the *interim* period, and 0 otherwise
Post*Lib	Interaction term which takes the value of 1 if country *i* is either Indonesia, Thailand, the Philippines, or Malaysia and *t* is from the *post* period, and 0 otherwise
Exchange Rate Return	The average difference between the exchange rate return between the acquirer and target currency for each target country *i* for month *t* (in terms of US dollars) *Source: Datastream*
log GDP per capita	The average difference between the logarithm of annual GDP divided by the population for the acquirer and target country for each target country *i* for month *t* *Source: World Bank Development Indicator (World Bank)*
Market Return	The stock market return of target country *i* for month *t* *Source: Datastream*

Market MTB	The value-weighted market-to-book equity for target country *i* for month *t* *Source: Datastream*

CHAPTER 4

Empirical Results

4.1 Mean and Median Excess Returns

Tests are first conducted on announcement returns for the three periods. I restrict the samples to acquisitions where the acquirer held less than 50% of the target prior to the acquisition.[7] The tests are divided into three main subsamples: *All* includes all acquisitions with targets within the specified region/country. *Domestic* includes domestic acquisitions within the specified region/country. *Cross Border* includes cross border acquisitions with targets from within the specified region/country. For some of the tests, I also include two other subsamples: *Cross Border Within SE* includes cross border acquisitions with acquirers from Southeast Asia and with targets from within specified region/country. *Outside SE* includes cross border acquisitions with acquirers from outside Southeast Asia and with targets within the specified region/country. Returns are calculated on a percentage basis.

To identify cross border and domestic acquisitions, I do not use the cross border flag on SDC. Instead, I construct a formula to determine whether the target and acquirer nations match. To identify cross border acquisitions that occurred within Southeast Asia or had acquirers from outside the region, I also use a formula to see whether the acquirer is from Indonesia, the Philippines, Malaysia, Thailand, Singapore, Vietnam, Cambodia, Myanmar, or Brunei.

I test excess returns for all acquisitions that took place within the treatment group from 1993 to 2006. Tables 9, 10, and 11 report the results of the mean and median tests conducted for acquirer excess returns, combined returns, and target returns for the treatment group, respectively. The t-tests are conducted separately for each time period. Additionally, to test whether the median acquirer excess returns significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test is used. Lastly the independent sample t-test for different variances and the Wilcoxon rank-sum test is used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

[7] For country-specific results see Appendix 2.

From Table 9, we see that mean acquirer excess returns are significantly greater than 0 for the post period for all samples except for cross border acquisitions with acquirers from within the region. Median returns for the post period are significantly different from 0 for the *Cross Border* and *Outside SE* samples. This is in line with my expectations that mean and median returns are significantly greater than 0 for the post period. However, contrary to what I had predicted, mean and median post returns are not significantly different from mean and median pre liberalization returns for the cross border sample. Table 10 shows mean and median returns for combined returns, which links directly to my hypothesis on combined returns. Mean and median combined returns are significantly different from 0 for the *All*, *Domestic*, and *Cross Border* samples for both the Interim and Post periods. However, once again, the post liberalization returns are not significantly different from the pre liberalization returns for any of the samples. Going back to my hypothesis, this means that when I test H_0: $\mu_{post} - \mu_{pre} = 0$, I fail to reject the null hypothesis that mean combined returns during the post period are the same as mean combined returns during the pre period for cross border acquisitions. Similarly, when I test H_0: $\eta_{post} = \eta_{pre}$, I fail to reject the null hypothesis that median combined returns during the post period are the same as median combined returns during the pre period for cross border acquisitions. Table 11 shows that mean and median target excess returns are not significantly different for the post period compared to the pre period for any of the samples. Overall, the t-tests do not suggest that market reactions to acquisition announcements are significantly higher after the liberalization compared to before the liberalization.

From an economic standpoint, the regulatory changes were supposed to result in a reduction in frictions inherent in the acquisition process. Since frictions are essentially a cost to firms, the net gain derived from an acquisition should increase after the liberalization. When the region made efforts to remove foreign ownership restrictions and improve corporate governance, their purpose was to reduce the capital market frictions. In my thesis, announcement period returns are used to measure the *ex ante* net gains from acquisitions. However, from the mean and median tests, announcement period returns for cross border acquisitions are not higher after the liberalization took place (i.e. during the post period), meaning that I cannot observe

the effects of the reduction in frictions. Going back to the hypothesis, I cannot conclude that the combined announcement period gains from cross border acquisitions are larger during the post-liberalization period than during the pre-liberalization period on the basis of the mean and median tests alone. However, this does not necessarily mean the reduction of frictions had no effect in the region. Other factors have to be considered. The regressions introduce the control group, which, as elaborated before, would help incorporate changes that would have taken place in the Southeast Asian region anyway.

Table 9

Table 9 reports the results of the t-tests conducted for acquirer excess returns for the treatment group. The t-tests are conducted separately for each time period. Additionally, to test whether the median acquirer excess returns significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test is used. Lastly the independent sample t-test for different variances and the Wilcoxon rank-sum test is used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		Domestic		Cross Border		Cross Border Within SE		Outside SE	
Pre										
Mean	0.649	**	0.672	**	0.559		0.373		0.666	
Median	-0.173		-0.297		0.090		-0.350		0.248	
N	1,014		803		211		77		134	
Interim										
Mean	0.027		-0.215		0.535		1.913	**	0.025	
Median	-0.288		-0.550		-0.034		0.604	*	-0.166	
N	1,160		786		374		101		273	
Post										
Mean	1.002	***	0.962	***	1.238	**	0.702		1.780	**
Median	-0.104		-0.198		0.744	**	0.591		0.782	**
N	1,528		1311		217		109		108	
Post-Pre										
Mean	0.353		0.290		0.680		0.329		1.114	
Median	0.069		0.099	**	0.654		0.941		0.534	

Table 10

Table 10 reports the results of the t-tests conducted for combined returns for the treatment group. The t-tests are conducted separately for each time period. Additionally, to test whether the median combined return significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test will is used. Lastly the independent sample t-test for different variances and the Wilcoxon rank-sum test will be used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**		**Cross Border**	
Pre						
Mean	2.315	*	3.090	**	0.226	
Median	1.017		1.153		0.370	
N	133		97		36	
Interim						
Mean	4.403	***	4.879	***	3.830	**
Median	1.542	***	1.544	***	1.486	*
N	172		94		78	
Post						
Mean	4.002	***	3.817	***	4.651	**
Median	0.937	***	0.899	***	1.164	**
N	135		105		30	
Post-Pre						
Mean	1.688		0.727		4.424	
Median	-0.080		-0.254		0.795	

Table 11

Table 11 reports the results of the t-tests conducted for target returns for the treatment group. The t-tests are conducted separately for each time period. Additionally, to test whether the median target excess return significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test is used. Lastly the independent sample t-test for different variances and the Wilcoxon rank-sum test is used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**		**Cross Border**	
Pre						
Mean	2.800	**	3.552	**	0.826	
Median	1.017		1.017		0.732	
N	145		105		40	
Interim						
Mean	4.704	***	4.614	***	4.806	***
Median	1.726	***	1.505	***	2.284	**
N	186		99		87	
Post						
Mean	3.993	***	3.821	***	4.477	**
Median	1.142	***	0.902	***	1.334	**
N	175		129		46	
Post-Pre						
Mean	1.193		0.268		3.651	
Median	0.125		-0.116		0.603	

4.2 Mean and Median Value per Capita

I also conduct tests on the value per capita of the countries in the treatment region. I compute value per capita for each country *i* for month *t* from 1993 to 2006. From Table 12, we see that mean post period value per capita is not significantly higher than mean pre period value per capita for all sample specifications. On the other hand, median post period value per capita is significantly higher than median pre period value per capita for all sample specifications except the *Outside SE* sample. In other words, Table 12 shows that when I test H_0: $\mu_{post} - \mu_{pre} = 0$, I fail to reject the null hypothesis that mean value per capita during the post period are the same as mean value per capita during the pre period for cross border acquisitions. However, when I test H_0: $\eta_{post} = \eta_{pre}$, I reject the null hypothesis that median combined returns during the post period are the same as median value per capita during the pre period for cross border acquisitions.

From the extant literature, we know that when the level of frictions (foreign ownership restrictions and low corporate governance standards) becomes lower, the amount of acquisition activity (M&A investment into the region) should be higher. However, from the mean tests alone, I cannot conclude that the volume of cross-border M&A activities in the region is larger during the post-liberalization period than during the pre-liberalization period. As aforementioned, this does not necessarily indicate that the regulatory changes did not result in higher investment activities in the region since other factors have to be taken into consideration first.

Table 12

Table 12 reports the results of the t-tests conducted for value per capita on the following subsamples: all acquisitions with targets within the treatment region, domestic acquisitions within the treatment region, all cross border acquisitions with targets from within the treatment region, all cross border acquisitions with Southeast Asian acquirers and targets from within the treatment region, and all cross border acquisitions with targets from within the treatment countries and acquirers from outside Southeast Asia. The independent sample t-test for different variances and the Wilcoxon rank-sum test is used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**		**Cross Border**		**Cross Border Within SE**		**Outside SE**
Post-Pre									
Mean	0.644		0.242		0.402		0.301		0.100
Median	0.173	*	0.227	**	0.001	*	0.000	***	0.000
N	480		480		480		480		480

4.3 Regression on Returns

Table 13 shows the results for the regression explained in section 4 (Methodology) for combined returns.[8]

Results for the control group can be captured through the coefficient β_2, which is the difference between post liberalization returns and pre liberalization returns for the control group. Recall that the additional return during the post period compared to the pre period for acquisitions with targets from the treatment group is $\beta_2 + \beta_5$. Hence, if I want to compare the post-pre return differential between the treatment group and the control group, I would have to look at β_5, which I expect to be positive and significant. Essentially, β_5 is the effect of the liberalization.

For domestic deals, while the coefficient for Post is significantly greater than 0, the coefficient for Post*Lib is significantly less than 0. This means that when I compare the difference between post liberalization returns and pre liberalization returns between the treatment and control groups, the difference is significantly lower for the treatment group.

Moreover, the coefficient for Post*Lib is positive for the *Cross Border* and *Outside SE* samples, but not significant for either specifications. This means that for cross border acquisitions, when I compare the difference between post liberalization returns and pre liberalization returns between the treatment and control groups, the difference is not *significantly higher* for the treatment group. Interestingly, for the *Cross Border Within SE* sample, the coefficient is negative (though not significant). Overall, the results for β_5 do not appear to be in line with expectations: the countries that went through the liberalization do not have a higher differential between post and pre returns than those that did not. Hence, when I test H_0: $\beta_5 = 0$ against H_1: $\beta_5 \neq 0$ for the *Cross Border* sample, I fail to reject H_0 in favor of H_1. I cannot observe the effects of the reduction in frictions brought about by the liberalization even after accounting for other factors that affect combined returns.

[8] Because I observe combined returns for acquisitions with targets from each Southeast Asian country over time, standard errors are likely to be correlated for acquisitions with the same target nation. As a result, standard errors are robust and allow for clustering in target nation. For results (on combined and acquirer returns) using clustering by acquirer nation, see Appendix 3.

I conducted the same test on acquirer returns[9] (Table 14) instead of combined returns. Once again, I use clustering by target nation. The following equation summarizes the new test:

$$AcquirerExcessReturn_i = \beta_0 + \beta_1 Interim_i + \beta_2 Post_i + \beta_3 Lib_i + \beta_4 Interim * Lib_i + \beta_5 Post_i * Lib_i + \sum_{j=6}^{k} \beta_j X_{ij} + \varepsilon_i \quad \textbf{(16)}$$

The sample size for acquirer returns is much larger because, unlike the sample for combined returns, it is not restricted to acquisitions with public targets. Also, the lifting of foreign ownership restrictions implies that it is the acquirer that now faces fewer regulations. The improvement of governance standards should also be favorable to *acquirers* more than targets. Surprisingly, the coefficient for Post*Lib is actually negative (but not significant) for cross border acquisitions and negative and significant for cross border acquisitions within Southeast Asia. This means that when I compare the difference between post liberalization returns and pre liberalization returns between the treatment and control groups, the difference is *significantly lower* for the treatment group. This is the exact opposite of what was predicted in the hypothesis. An interpretation of this could be that the liberalization had a negative effect on cross border acquisitions within the region, meaning that the *ex ante* net gain was lower after the liberalization. However, it is also plausible that liberalization may have not had an effect on acquisitions within the region, since frictions within the region may have already been low.

[9] Target returns, which are used to calculate combined returns, are only available for Singapore for the control group. Using acquirer returns instead of combined returns helps solve this problem and incorporate acquisitions from all Southeast Asian countries into the regression analysis.

Table 13
The following regression tests combined returns for all Southeast Asian countries.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.068***	0.058***	0.079***	-0.035	-0.020
	(0.003)	(0.003)	(0.005)	(0.067)	(0.033)
Post	0.061***	0.093***	-0.031***	0.039	-0.148**
	(0.003)	(0.002)	(0.006)	(0.026)	(0.034)
Lib	0.031*	0.047***	-0.007	0.062	-0.131*
	(0.013)	(0.010)	(0.010)	(0.052)	(0.050)
Interim*Lib	-0.047	-0.047*	-0.033	0.099	0.071
	(0.022)	(0.018)	(0.023)	(0.107)	(0.079)
Post*Lib	-0.051*	-0.101***	0.075	-0.068	0.210
	(0.020)	(0.011)	(0.045)	(0.048)	(0.119)
Acquirer Size	-0.000***	-0.000	-0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.003	-0.003	0.000	-0.054	-0.002
	(0.002)	(0.003)	(0.006)	(0.062)	(0.006)
Acquirer Tobin's q	-0.000*	-0.000**	0.007	-0.053	0.017
	(0.000)	(0.000)	(0.013)	(0.059)	(0.017)
Free Cash Flow	-0.010	0.032*	-0.071**	-0.297	-0.064***
	(0.015)	(0.014)	(0.023)	(0.145)	(0.013)
Relative Value	-0.010	-0.029***	-0.005	0.021	-0.039
	(0.005)	(0.006)	(0.005)	(0.148)	(0.043)
Mixed	0.012	-0.028*	0.089	-0.473	0.094
	(0.048)	(0.011)	(0.082)	(2.847)	(0.089)
All Equity	0.028***	0.023***	0.022*	0.021	0.024
	(0.003)	(0.004)	(0.008)	(0.049)	(0.018)
Constant	-0.001	0.003	0.002	0.084	0.105***
	(0.004)	(0.003)	(0.028)	(0.121)	(0.021)
Observations	425	275	150	42	108
R-squared	0.035	0.051	0.121	0.302	0.182

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 14
The following regression tests acquirer returns for Southeast Asia.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.004***	-0.002***	0.015***	0.072**	0.002
	(0.001)	(0.000)	(0.003)	(0.023)	(0.003)
Post	0.008**	0.001	0.014	0.063**	-0.011
	(0.003)	(0.001)	(0.011)	(0.025)	(0.013)
Lib	0.003	-0.002	0.011**	0.039*	0.000
	(0.003)	(0.005)	(0.004)	(0.018)	(0.006)
Interim*Lib	-0.005	0.003	-0.013*	-0.057*	-0.004
	(0.008)	(0.013)	(0.006)	(0.030)	(0.007)
Post*Lib	-0.002	0.004	-0.005	-0.064**	0.027
	(0.007)	(0.007)	(0.014)	(0.026)	(0.019)
Acquirer Size	-0.000	-0.000**	0.000	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.000	0.000	-0.001	-0.009	0.000
	(0.001)	(0.000)	(0.002)	(0.009)	(0.002)
Acquirer Tobin's q	-0.000	-0.000	0.000	-0.000	0.000
	(0.000)	(0.000)	(0.001)	(0.003)	(0.000)
Free Cash Flow	0.002	0.006	-0.009	-0.074	0.006
	(0.003)	(0.003)	(0.015)	(0.042)	(0.010)
Relative Value	0.004***	0.002**	0.016	0.004***	0.043
	(0.001)	(0.001)	(0.011)	(0.001)	(0.031)
Mixed	0.009	0.009	-0.004	0.050	-0.019
	(0.006)	(0.005)	(0.020)	(0.034)	(0.022)
All Equity	-0.000	-0.006	0.014*	0.019	0.011
	(0.004)	(0.007)	(0.007)	(0.012)	(0.007)
Constant	0.006**	0.016***	-0.010	-0.031	-0.004
	(0.002)	(0.003)	(0.005)	(0.018)	(0.002)
Observations	2,123	1,539	584	214	370
R-squared	0.007	0.007	0.063	0.138	0.135

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

4.4 Regression on Value per Capita

The results for the Tobit regression on ValuePerCapita for each target country *i* for month *t* described in Section 4 (Methodology) are displayed in Table 15.[10] The value per capita is calculated to include only acquisitions where acquirers held less than 50% of the target prior to the acquisition.[11] The *All* sample includes all acquisitions with targets within Southeast Asia where acquirers held less than 50% of the target prior to the acquisition. The *Cross Border* sample includes only cross border acquisitions in the value per capita. The other subsamples are calculated using the same method[12].

When looking at acquisitions announced from 1993 to 2006, we see that the coefficient for Post*Lib is actually negative for all of the sub samples and significant for the *All*, *Cross Border*, and *Outside SE* samples. Hence, when I test H_0: $\beta_5 = 0$ against H_1: $\beta_5 \neq 0$ for these three sample specifications, I reject H_0 in favor of H_1, but note that β_5 is actually negative. This means that the for cross border acquisitions, when I compare the difference between post liberalization value per capita and pre liberalization value per capita for the treatment and control groups, the difference is not significantly higher (it is significantly lower) for the treatment group. Even after controlling for other factors that could affect the M&A volume, I cannot observe the effects of the lowering of frictions that was brought about by the liberalization.

[10] Since all variables are collected for each Southeast Asian (target) country over a period of time, standard errors are likely to be correlated within each country. Hence, I use robust standard errors with clustering by target nation.

[11] GDP per capita is used to approximate the per capita size of each country's economy. Ekkayokkaya, Foojinphan, and Wolff (2017) find that Labor Cost, computed as the logarithm of Gross National Income per capita, is negatively related to value per capita. Note that economies with higher GDP would likely have higher labor cost. Since log GDP per capita may well be correlated with log GNI per capita, I do not include Labor Cost in the value per capita regressions. For results using Labor Cost instead of log GDP per capita, see Appendix 4.

[12] Note that in the control group, only Singapore has enough information to calculate variables used in the regression.

Table 15
The following regression tests value per capita for the Southeast Asian region.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within the SE	(5) Outside SE
Interim	114.044***	94.198***	31.631***	-9.382**	41.799***
	(2.805)	(5.076)	(2.198)	(3.701)	(5.266)
Post	65.665***	49.099***	33.140***	11.719***	36.029***
	(3.529)	(7.636)	(2.727)	(3.068)	(6.071)
Lib	-33.679**	-28.905	-24.233***	-10.971***	-24.198**
	(16.688)	(18.515)	(8.115)	(3.179)	(10.141)
Interim*Lib	-90.313***	-65.213***	-16.514***	15.987**	-19.269***
	(9.605)	(11.251)	(5.057)	(7.160)	(6.987)
Post*Lib	-41.685***	-7.309	-24.769***	-2.889	-29.286***
	(8.965)	(14.911)	(3.377)	(4.759)	(4.221)
Exchange Rate Return	-36.367	-104.132	-18.969	32.440*	-44.067*
	(46.209)	(71.779)	(14.812)	(18.281)	(23.072)
Market Return	-17.171	-12.269	-27.480	-28.998*	-14.682
	(19.544)	(16.170)	(23.130)	(15.354)	(20.874)
Market to Book Ratio	3.613*	7.891*	1.449	0.444	2.388
	(2.184)	(4.519)	(1.013)	(0.272)	(1.787)
log GDP per Capita	-2.396*	-6.395***	0.173	-0.032	0.089
	(1.239)	(2.413)	(0.375)	(0.245)	(0.290)
Constant	32.650***	42.823***	-7.621	-15.310	-23.894
	(9.030)	(12.176)	(9.583)	(11.197)	(14.916)
Sigma	105.518**	101.367**	42.228**	23.545*	46.920**
	(48.235)	(44.235)	(19.312)	(12.058)	(20.216)
Observations	840	840	840	840	840
Pseudo R2	0.0138	0.0199	0.0215	0.0139	0.0264

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

4.5 Tests With Narrowed Down Sample

In the methodology section, it is specified that for Indonesia, bank stocks were not included in the lifting of foreign ownership restrictions, whereas for Malaysia, the lifting of foreign ownership restrictions occurred specifically for the manufacturing sector.

As a result, I now rerun the mean and median tests for acquirer, target, and combined returns where I eliminate bank stocks for Indonesia, and use only manufacturing stocks for Malaysia. I also perform the regressions for combined and acquirer returns again. For Indonesia, I use the Target Mid Industry Code from SDC, and I eliminate the category "Banks." For Malaysia, I use the Target TF Macro Code, and I select the category "MATERLS" to include in the region. I discard all other Malaysian targets.

Table 16 reports the results for the t-tests conducted for acquirer returns for the treatment group. Interestingly, once these stocks are taken out of the sample, we see that both mean and median post liberalization returns are significantly different (and greater) than pre liberalization returns for the sample of cross border acquisitions. This implies that the regulatory changes resulted in a lowering of frictions inherent in the cross border acquisition process.

Surprisingly, for cross border combined returns (Table 17), mean and median returns are significantly different from 0 for the interim period but not the post period. Target returns in Table 18 are significantly different from 0 for the post period for the *All* and *Domestic* samples but not for the Cross Border sample.

In this case, for combined returns in Southeast Asia (Table 19), the results for Post*Lib show that the coefficient for Post*Lib is negative and significant for cross border acquisitions with acquirers from within Southeast Asia. From Table 20, we see that the new regression on acquirer returns is not much different from the previous one: the coefficient for Post*Lib has the same sign and significance for the Domestic, *Cross Border*, *Cross Border Within SE*, and *Outside SE* samples.

Table 16

Table 16 reports the results of the t-tests conducted for acquirer excess returns for the treatment group. The t-tests are conducted separately for each time period. Additionally, to test whether the median acquirer excess returns significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test is used. Lastly the independent sample t-test for different variances and the Wilcoxon rank-sum test is used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		Domestic		Cross Border		Cross Border Within SE		Cross Border Outside SE	
Pre										
Mean	0.974	**	1.238	**	0.484		0.642		0.407	
Median	-0.202	**	-0.451		0.172		-0.362		0.294	
N	449		292		157		52		105	
Interim										
Mean	0.906	***	1.010		0.804	**	2.292	**	0.280	
Median	0.113		0.404		0.015		0.779	**	-0.158	
N	607		300		307		80		227	
Post										
Mean	1.395		1.224	**	1.937	***	1.530	**	2.260	**
Median	0.303	*	-0.105		1.090	***	1.548	**	0.967	***
N	652		496		156		69		87	
Post-Pre										
Mean	0.420		-0.014		1.452	*	0.888		1.853	
Median	0.505		0.346		0.918	**	1.909	*	0.673	*

Table 17

Table 17 reports the results of the t-tests conducted for combined returns for the treatment group. The t-tests are conducted separately for each time period. Additionally, to test whether the median combined return significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test is used. Lastly the independent sample t-test for different variances and the Wilcoxon rank-sum test will be used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**		**Cross Border**	
Pre						
Mean	1.667		3.059		-1.209	
Median	1.208		1.879		0.370	
N	92		62		30	
Interim						
Mean	4.778	***	5.788	***	3.709	**
Median	2.045	***	2.141	***	1.403	*
N	142		73		69	
Post						
Mean	3.729	***	3.714	***	3.789	
Median	0.899	**	0.872	*	0.937	
N	105		84		21	
Post-Pre						
Mean	2.062		0.655		4.998	
Median	-0.309		-1.007		0.568	

Table 18

Table 18 reports the results of the t-tests conducted for target returns for the treatment group. The t-tests are conducted separately for each time period. Additionally, to test whether the median target excess return significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test is used. Lastly the independent sample t-test for different variances and the Wilcoxon rank-sum test is used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**		**Cross Border**	
Pre						
Mean	1.873		2.988		-0.325	
Median	0.732		1.637		0.732	
N	101		67		34	
Interim						
Mean	5.098	***	5.5211	***	4.6703	**
Median	2.494	***	2.088	***	2.494	**
N	153		77		76	
Post						
Mean	3.761	***	3.948	***	3.196	
Median	0.758	***	0.889	***	0.758	
N	133		100		33	
Post-Pre						
Mean	1.889		0.960		3.521	
Median	0.026		-0.748		0.026	

Table 19
The following regression tests combined returns for all Southeast Asian countries, using clustering by target nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.067***	0.059***	0.080***	-0.044	-0.024
	(0.003)	(0.003)	(0.005)	(0.048)	(0.035)
Post	0.061***	0.094***	-0.030**	0.052**	-0.153**
	(0.003)	(0.003)	(0.007)	(0.012)	(0.037)
Lib	0.025	0.051**	-0.022	0.077***	-0.137*
	(0.022)	(0.016)	(0.015)	(0.010)	(0.051)
Interim*Lib	-0.033	-0.038	-0.011	0.157	0.083
	(0.028)	(0.022)	(0.035)	(0.112)	(0.086)
Post*Lib	-0.048	-0.106***	0.082	-0.123***	0.234
	(0.028)	(0.016)	(0.051)	(0.023)	(0.139)
Acquirer Size	-0.000**	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.003	-0.003	0.001	-0.055	-0.001
	(0.002)	(0.003)	(0.005)	(0.080)	(0.007)
Acquirer Tobin's q	-0.000	-0.000*	0.009	-0.087	0.018
	(0.000)	(0.000)	(0.016)	(0.063)	(0.017)
Free Cash Flow	-0.011	0.033*	-0.067*	-0.186	-0.064**
	(0.014)	(0.015)	(0.026)	(0.176)	(0.015)
Relative Value	-0.010	-0.033***	-0.005	0.191	-0.044
	(0.005)	(0.005)	(0.005)	(0.113)	(0.047)
Mixed	0.019	-0.018	0.089	-3.721	0.091
	(0.052)	(0.020)	(0.083)	(2.208)	(0.094)
All Equity	0.032***	0.028***	0.024	0.066	0.031
	(0.006)	(0.006)	(0.012)	(0.050)	(0.020)
Constant	-0.003	0.002	-0.006	0.086	0.102**
	(0.006)	(0.006)	(0.037)	(0.126)	(0.024)
Observations	353	220	133	33	100
R-squared	0.047	0.069	0.146	0.550	0.190

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 20
The following regression tests acquirer returns for Southeast Asia using clustering by target nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.004***	-0.003**	0.012**	0.075***	-0.000
	(0.001)	(0.001)	(0.004)	(0.023)	(0.003)
Post	0.007**	0.000	0.014	0.066**	-0.011
	(0.003)	(0.001)	(0.011)	(0.025)	(0.013)
Lib	-0.002	-0.011	0.012**	0.047**	-0.001
	(0.003)	(0.006)	(0.005)	(0.016)	(0.006)
Interim*Lib	0.005	0.022	-0.010	-0.069**	-0.000
	(0.011)	(0.021)	(0.006)	(0.026)	(0.007)
Post*Lib	0.008	0.016	-0.001	-0.064**	0.030
	(0.009)	(0.010)	(0.014)	(0.026)	(0.019)
Acquirer Size	-0.000	-0.000**	0.000	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.001	0.000	0.001	-0.004	0.000
	(0.001)	(0.001)	(0.002)	(0.009)	(0.002)
Acquirer Tobin's q	-0.000	-0.000	0.004	0.003	0.002
	(0.000)	(0.000)	(0.002)	(0.002)	(0.001)
Free Cash Flow	-0.003	0.005	-0.009	-0.102*	0.006
	(0.005)	(0.007)	(0.016)	(0.047)	(0.010)
Relative Value	0.004***	0.002	0.014	0.005*	0.038
	(0.001)	(0.001)	(0.008)	(0.002)	(0.032)
Mixed	0.016**	0.020***	-0.001	0.057	-0.018
	(0.007)	(0.003)	(0.020)	(0.044)	(0.023)
All Equity	0.004	-0.002	0.013	0.014	0.011
	(0.005)	(0.009)	(0.009)	(0.013)	(0.007)
Constant	0.004*	0.015**	-0.018*	-0.038*	-0.007***
	(0.002)	(0.003)	(0.009)	(0.018)	(0.002)
Observations	1,493	982	511	178	333
R-squared	0.010	0.009	0.092	0.176	0.149

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

4.6 Control Variables and Control Group

I now observe whether the control variables have the same outcome as expected. As established in the Methodology section, the expected sign for the size and free cash flow variables is negative, the expected sign for leverage and Tobin's q is positive, and the expected sign for relative value is not known as the literature has mixed results for this. Moreover, equity offers are found to have lower returns, so the expected sign for equity offers is negative. For the regression on combined returns (Table 13), acquirer size is indeed negative (significant for the *All* sample), but leverage is also negative, which is contrary to what was predicted. For the cross border specification, Acquirer Tobin's q has a positive coefficient, though it is not significant. As expected, free cash flow is negative and significant for the *Cross Border* and *Within SE* samples. Relative value, which is negative for all specifications except *Cross Border Within SE*, is only significant for the *All* and *Domestic* samples. The coefficient for Equity is actually positive, contrary to what was predicted. For the regression on acquirer returns (Table 14), we see that the coefficient for Free Cash Flow is negative and significant for cross border acquisitions within Southeast Asia. We also see that, consistent with theory, relative value is positive and significant for all subsamples except the *Domestic* and *Cross Border Within SE* samples.

For the regression on value per capita (Table 15), we see that the coefficient for exchange rate return and market return are negative as expected. Market returns are negative and significant for the *Cross Border Within SE* sample. Log GDP per capita is negative and significant for the *All* and *Domestic* samples and positive (but not significant) for the *Cross Border* and *Outside SE* samples. The coefficient for market to book is positive and significant for the *All* and *Domestic* samples.

The regressions can also be analyzed to see whether post liberalization returns are significantly greater than pre liberalization returns for the control group. Recall that β_2 is the difference between post and pre returns for the control group. Hence, I do not expect β_2 to be positive and significant for any of the regressions.

From the regression on combined returns in Southeast Asia (Table 13), we see that the coefficient for Post (β_2) is positive and significant for the *All* and the *Domestic* samples but negative and significant for the *Cross Border* and *Outside SE* samples. That means that combined returns for cross border acquisitions with targets

from the control group actually went down during the post period compared to the pre period.

It is also interesting to look at the regression results for acquirer returns (Table 14). Here we see that the coefficient for Post is positive and significant, and the coefficient for Post*Lib is negative and significant for cross border acquisitions that occurred within Southeast Asia. This indicates that when it comes to cross border acquisitions that occur *within* the Southeast Asian region, the control group had higher acquirer announcement excess returns during the post period compared to the pre period. At first, it may seem as though the liberation had a negative effect on acquisitions within Southeast Asia. However, a more plausible explanation is that the liberalization may have not had an effect on acquisitions within the region, since frictions within the region may have already been low.

For the regression on value per capita for Southeast Asia, the coefficient for Post is actually positive and significant for all sample specifications. This means that value per capita increased for the control group during the post period compared to the pre period. This partially explains why the coefficient for Post*Lib is negative and significant for the *All*, *Cross Border*, and *Within SE* specifications: the change in value per capita was higher for the control group compared to the treatment group.

4.7 Summary of Results

From the results, I cannot conclude that merger announcement period returns and value per capita were higher after the post period compared to the pre period. This means that despite the reduction of frictions in the capital market, *ex ante* net gains from cross border acquisitions are not higher after the liberalization. There is also no evidence that the reduction of foreign ownership restrictions resulted in a significant increase of foreign investment into the region.

CHAPTER 5

Conclusion

While there have been several papers that examine the first liberalizations that occurred in Indonesia, the Philippines, Malaysia, and Thailand and that examine the causes of the 1997 crisis, there has not been much focus on the regulatory changes that occurred as a *result* of the 1997 crisis despite the fact that the Southeast Asian region has become an important part of the World's economy. This thesis therefore investigates the impact on foreign investment activities of the second equity market liberalization in Southeast Asia, which mainly involves the relaxation of the foreign ownership restrictions. This thesis specifically uses corporate acquisitions as a proxy for foreign investment activities. The existing theory establishes that a successful stock market liberalization, along with genuine improvements in corporate governance practices, should lead to a lower amount of frictions in foreign investment activities. Since frictions are reduced after a liberalization, costs faced during cross border acquisition activity should be lower, leading to higher merger gains. I use the liberalization in Southeast Asia in the late 1990s as a setting to test this prediction. The countries of interest are Indonesia, the Philippines, Malaysia, and Thailand, and the remaining Southeast Asian countries are used in the control group.

I first examine whether the net gain from cross border acquisitions, captured through combined acquisition period announcement returns, are larger during the post period compared to the pre period. From the univariate tests, I cannot conclude that combined acquisition announcement period returns during the post period are higher than combined acquisition announcement period returns during the pre period. The regression results show that the difference between post and pre returns is not significantly higher for the liberalizing countries compared to the non-liberalizing countries. Therefore, I cannot conclude that the net gain from cross border acquisitions is larger during the post period compared to the pre period.

I then examine whether the volume of cross border acquisitions, captured by the total value of cross border acquisitions on a per capita basis, is larger during the post period compared to the pre period. From the univariate tests, I cannot conclude that the volume of acquisitions is significantly higher during the post period compared

to the pre period. The regression results likewise show that the difference between post and pre value per capita is not significantly higher for the liberalizing countries compared to the non-liberalizing countries.

Overall, I do not find evidence that the policies undertaken to reduce foreign ownership restrictions and improve corporate governance practices in the late 1990s in Southeast Asia led to higher gains from acquisitions and higher acquisition activity in the liberalizing countries. This may well be a result of the nature of the policies. Recall that the liberalization came with its own set of restrictions. For example, none of the liberalizing economies allowed 100% foreign ownership of all equity across all sectors. Additionally, in the case of Malaysia, the liberalization took effect together with the introduction of capital controls, and it must be noted that Malaysia pegged its currency to the US dollar in 1998. An implication of my findings is that a liberalization may not have a strong effect when the reduction of foreign ownership restrictions is only for certain types of stocks. My findings also suggest that the effects of a liberalization could be weakened when more restrictive policies are being undertaken at the same time as the liberalization.

Appendix 1

Table 1

Data Name	Data Source	Code
Total Return Index	Datastream	RI~U$
Market Value	Datastream	MV~U$
Total Assets	Datastream	(WC02999)~U$
Common Shareholders' Equity	Datastream	(WC03501)~U$
Total Debt	Datastream	(WC03255)~U$
EBIT & Depreciation	Datastream	(WC18198)~U$
Capital Expenditures	Datastream	(WC04601)~U$
Deal Specifics	SDC	Acquisition Number Acquirer Name Target Name Acquirer Nation Target Nation Deal Value Date Announced Target Mid Industry Code Target TF Macro Code DataStream Code/Sedol % Held Prior to Transaction Consideration Structure Acquirer Public Status Target Public Status

Table 2 Data and Variable Explanation

Acquirer Return	5-day log returns calculated using RI with respect to announcement date.	I use six RIs to calculate this, from Day -3 to Day 2, where Day 0 refers to the announcement day Note: natural logarithms are used
Acquirer Country Market Index Return	5-day log returns calculated using RI with respect to announcement date Source: DS MARKET $ Total Return Index (RI); where this is unavailable, benchmark indices for each country is used	I use six RIs to calculate this, from Day -3 to Day 2, where Day 0 refers to the announcement day
Acquirer Market Capitalization	Acquirer market value 22 days before acquisition announcement	
Target Return	5-day log returns calculated using RI with respect to announcement date	I use six RIs to calculate this, from Day -3 to Day 2, where Day 0 refers to the announcement day
Target Country Market Index Return	5-day log returns calculated using RI with respect to announcement date Source: DS MARKET $	I use six RIs to calculate this, from Day -3 to Day 2, where Day 0 refers

	Total Return Index (RI); where this is unavailable, benchmark indices for each country is used	to the announcement day
Target Market Capitalization	Target market value 22 days before acquisition announcement	
Acquirer Excess Returns	Acquirer Return - Acquirer Country Market Index Return	This captures the market reaction (to acquisition announcement) for acquirers and is especially important when targets are private. For the mean and median tests, this is converted to percentage.
Target Excess Returns	Target Return - Target Country Market Index Return	This captures the market reaction for targets. For the mean and median tests, this is converted to percentage.
Combined Return	[(Acquirer MV*Acquirer Excess Returns)+(Acquirer MV*Acquirer Excess Returns)]/(Acquirer MV + Target MV)	This captures the full market reaction (proxy for synergy) for acquirers and targets. For the

		mean and median tests, this is converted to percentage.
Interim	Binary variable which takes the value of 1 if acquisition announcement occurred during the *interim* period and 0 otherwise	
Post	Binary variable which takes the value of 1 if acquisition announcement occurred during the *post period* and 0 otherwise	
Lib	Binary variable which takes the value of 1 if target is from Indonesia, Thailand, the Philippines, or Malaysia and 0 otherwise	
Interim*Lib	Interaction term which takes the value of 1 if target is from Indonesia, Thailand, the Philippines, or Malaysia and acquisition announcement occurred during the *interim* period, and 0 otherwise	
Post*Lib	Interaction term which takes the value of 1 if target is from Indonesia, Thailand, the Philippines, or Malaysia and acquisition announcement	

	occurred during the *post* period, and 0 otherwise	
Acquirer Size	Total Assets	Captures the size effect in the abnormal returns of acquiring firms. This is converted to millions
Acquirer Leverage	(Acquirer Size – Acquirer Book Value of Common Equity)/Acquirer's MV Equity+Acquirer Total Debt)	Captures the debt position of the acquirer, some studies say that acquirers with higher leverage make better acquisitions (Maloney, McCormick & Mitchell, 1993). Calculations are made after converting units for each item to millions
Acquirer's Tobin's q	(Acquirer's MV + Acquirer Total Debt)/Total Assets	This variable indicates the price over the investment (assets), or how able the acquirer is in deriving profit from its assets.

		Calculations are made after converting units for each item to millions
Acquirer's Free Cash Flow as a Percentage	(Acquirer's EBIT& Depreciation- Acquirer's Capital Expenditures)/Acquirer's Market Value	An excessive amount of free cash flow could cause managers to make wasteful acquisitions; this is a percentage because different acquirers have different sizes. Calculations are made after converting units fo each item to millions
Relative Size	Value of Transaction ($)/Acquirer Market Value	Indicates how big the acquisition is (how significant it is) for the acquirer. Calculations are made after converting each item to millions.
Mixed	Binary variable which takes a value of 1 if deal payment was a combination of stock	

	and cash and 0 otherwise	
All Equity	Binary variable which takes a value of 1 if acquisition was a pure stock deal and 0 otherwise	

Table 3 Volume Compilation

Data Source	**Source**	**Code**	**Explanation**
Population	World Development Indicators (World Bank)	SP.POP.TOTL	
Deal Value	SDC		
GNI Atlas Method	World Development Indicators (World Bank)	NY.GNP.ATLS.CD	Used in the calculation of labor cost
Acquirer/Target Currency to US	Datastream	$ (GTIS/TR) - EXCHANGE RATE	
GDP	Data.imf.org	Gross Domestic Product, Domestic Currency (will have to be converted to dollars)	Could be used as a valuation measure of a nation
Market Return	Datastream	RI (calculated from this)	used as a valuation measure of a nation
Market Value	Datastream	MV	used as a valuation measure of a nation
Market-to-Book Ratio	Datastream, sum of all firms that make up the benchmark	MV, (WC03501)~U$	used as a valuation measure of a nation

Table 4 Value Per Capita Variable Calculation (Monthly Basis)

Variable Name	Calculation	Explanation
Value per Capita	$\frac{Deal\ Value}{Population}$	I take the total deal value of a country divided by its population. I collect this for each country *i* for each month *t*
Market Return	$\ln(\frac{RI_t}{RI_{t-1}})$	
Market-to-Book	$\frac{Market\ MV}{Book\ value\ of\ all\ firms}$	To calculate the book value of all firms in a country, I take the book value of all firms in that country's index and divided by the market value of that index
log GDP per Capita	$\ln(\frac{GDP * Monthly\ Exchange\ Rate}{Population})$	The average difference between the logarithm of annual GDP divided by the population for the acquirer and target country for each target country *i* for month *t.* GDP is in millions of dollars
Labor Cost	$\ln(\frac{GNI}{Population})$	GNI is already in US dollars
Exchange Rate Return	$\ln(\frac{ExchangeRate_t}{ExchangeRate_{t-1}})$	

Appendix 2

Tables 1, 2, 3, and 4 show the results for the t-tests on acquirer excess returns for each of the liberalizing countries. Note that for Thailand and the Philippines, the timelines used are the individual country timelines specified in the Methodology section. These timelines will be used whenever individual country tests are performed.

For cross border acquisitions in Indonesia, only mean and median acquirer returns for the post period are significantly different from 0. While this seems to be in line with expectations, I cannot conclude that post period returns are significantly different from pre period returns for any of the samples. For domestic acquisitions in the Philippines, mean and median acquirer returns are significantly different from 0 for the domestic sample for the pre period. For the cross border sample, median post returns are significantly different from median pre returns, which is in line with expectations. Surprisingly, for cross border acquisitions in Malaysia, post liberalization returns are actually negative (but not significantly different from 0), making them lower (but not significantly) than pre liberalization returns. For Thailand, post liberalization returns are significantly different from 0 for domestic acquisitions but not cross border acquisitions. Moreover, post liberalization returns are significantly different (positively) from pre liberalization returns for the *All* and *Domestic* samples but not for the *Cross Border* sample. This contradicts my prediction that post liberalization returns are different from pre liberalization returns for cross border acquisitions. However, this suggests that the liberalization may have had an impact on domestic acquisitions in Thailand, with domestic acquirers becoming more favorable to acquisition announcements after ownership restrictions were lifted and corporate governance standards were raised.

Country-wise combined returns are reported from Table 5 to Table 8 for Indonesia, the Philippines, Malaysia, and Thailand, respectively. Ideally, the analysis should focus on combined returns rather than acquirer excess returns. However, the sample size for acquisitions with both public acquirers and public targets is very small. As a result, Tables 5 to 8 should be interpreted with caution.

Table 1

Table 1 tests whether the acquirer excess returns for acquisitions in Indonesia are significantly different from 0 or whether post liberalization returns are significantly greater than pre liberalization returns.

	All		Domestic	Cross Border	
Pre					
Mean	0.736		1.425	0.173	
Median	0.054		0.056	0.054	
N	89		40	49	
Interim					
Mean	2.516		8.139	1.239	
Median	0.375		2.155	0.157	
N	108		20	88	
Post					
Mean	2.959	**	5.530	1.246	**
Median	0.393		0.032	0.832	*
N	100		40	60	
Post-Pre					
Mean	2.224		4.105	1.073	
Median	0.338		-0.025	0.777	

Table 2

Table 2 tests whether the acquirer excess returns for acquisitions in the Philippines are significantly different from 0 or whether post liberalization returns are significantly greater than pre liberalization returns.

	All		Domestic		Cross Border	
Pre						
Mean	1.66	**	3.219	**	-0.132	
Median	-0.32		0.776	*	-0.828	*
N	178		95		83	
Interim						
Mean	1.442		1.124		1.853	
Median	0.465		0.646		0.362	
N	62		35		27	
Post						
Mean	2.992	**	2.130		4.853	
Median	0.521	*	0.416		1.563	*
N	79		54		25	
Post-Pre						
Mean	1.336		-1.088		4.985	
Median	0.845		-0.360		2.391	**

Table 3

Table 3 tests whether the acquirer excess returns for acquisitions in Malaysia are significantly different from 0 or whether post liberalization returns are significantly greater than pre liberalization returns.

	All		Domestic		Cross Border
Pre					
Mean	0.527	*	0.485		0.938
Median	-0.189		-0.344		0.521
N	694		629		65
Interim					
Mean	-0.599	*	-0.692	*	0.053
Median	-0.683	*	-0.746	*	0.000
N	662		579		83
Post					
Mean	0.663	**	0.726		-0.159
Median	-0.274		-0.287		-0.209
N	1,020		947		73
Post-Pre					
Mean	0.136		0.242		-1.097
Median	-0.086		0.057		-0.730

Table 4

Table 4 tests whether the acquirer excess returns for acquisitions in Thailand are significantly different from 0 or whether post liberalization returns are significantly greater than pre liberalization returns.

	All		Domestic		Cross Border
Pre					
Mean	-0.279		-0.876		0.529
Median	-0.593		-1.307		0.272
N	113		65		48
Interim					
Mean	0.045		-0.819		0.698
Median	0.113		0.033		0.244
N	195		84		111
Post					
Mean	0.945	**	1.029	**	0.599
Median	0.213		-0.126		0.997
N	349		281		68
Post-Pre					
Mean	1.224	*	1.904	*	0.071
Median	0.806		-1.433	*	0.725

Table 5

Table 5 reports the results of the t-tests conducted for combined returns for the Indonesia. The t-tests are conducted separately for each time period. Additionally, to test whether the median combined return significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test will is used. Lastly the independent sample t-test for different variances and the Wilcoxon rank-sum test will be used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**		**Cross Border**
Pre					
Mean	-3.225		-9.299	**	-0.525
Median	-2.118		-10.496	*	-0.315
N	13		4		9
Interim					
Mean	6.052		19.030		4.003
Median	-0.247		16.589		-1.344
N	22		3		19
Post					
Mean	7.822	*	3.174		9.089
Median	2.076	*	2.521		1.631
N	14		3		11
Post-Pre					
Mean	11.047	*	12.473	**	9.614
Median	4.194	**	13.017	**	1.946

Table 6

Table 6 reports the results of the t-tests conducted for combined returns for the Philippines. The t-tests are conducted separately for each time period. Additionally, to test whether the median combined return significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test will is used. Lastly the independent sample t-test for different variances and the Wilcoxon rank-sum test will be used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**	**Cross Border**
Pre				
Mean	3.198	**	3.882	2.548
Median	1.007	*	2.029	0.752
N	39		19	20
Interim				
Mean	1.307		2.415	-2.759
Median	1.498		1.479	2.595
N	14		11	3
Post				
Mean	2.777		4.294	0.047
Median	-0.093		-0.837	0.652
N	14		9	5
Post-Pre				
Mean	-0.421		0.412	-2.501
Median	-1.100		-2.866	-0.100

Table 7

Table 7 reports the results of the t-tests conducted for combined returns for Malaysia. The t-tests are conducted separately for each time period. Additionally, to test whether the median combined return significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test will is used. Lastly the independent sample t-test for different variances and the Wilcoxon rank-sum test will be used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**		**Cross Border**	
Pre						
Mean	3.766	**	4.041	**	1.213	
Median	1.085		1.017		1.845	
N	72		65		7	
Interim						
Mean	4.272	**	5.078	**	1.209	
Median	1.481	*	1.242		1.592	
N	48		38		10	
Post						
Mean	5.471	***	5.420	***	2.986	*
Median	1.795	***	1.189		1.391	
N	48		43		11	
Post-Pre						
Mean	1.705		1.379	***	1.772	
Median	0.710		0.171		-0.454	

Table 8

Table 8 reports the results of the t-tests conducted for combined returns for Thailand. The t-tests are conducted separately for each time period. Additionally, to test whether the median combined return significantly differs from zero for each period (pre, interim, and post), the Wilcoxon Signed Rank Test will is used. Lastly the independent sample t-test for different variances and the Wilcoxon rank-sum test will be used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**		**Cross Border**	
Pre						
Mean	0.498		1.189		-0.538	
Median	2.220		2.280		-0.130	
N	30		18		12	
Interim						
Mean	4.490	***	3.982	*	4.930	*
Median	2.164	**	2.088		3.182	
N	56		26		30	
Post						
Mean	3.678	**	3.403	**	5.722	
Median	0.937	*	0.872	*	0.937	
N	59		52		7	
Post-Pre						
Mean	3.180		2.214		6.260	
Median	-1.283		-1.408		1.068	

Tables 9, 10, 11, and 12 report the difference between mean and median value per capita between the post and pre periods for each of the countries in the treatment group. For the cross border specification in Indonesia, mean and median value per capita for the post period is significantly different (positively) from the mean and median value per capita for the pre period. For the *Cross Border* specification in Malaysia, mean value per capita for the post period is significantly different (positively) from the mean value per capita for the pre period. For the *Cross Border* specification for the Philippines, mean and median value per capita are actually lower (but not significantly) for the post period compared to the pre period. Interestingly, for Thailand, it is for the domestic (not cross border) specification that mean and median value per capita for the post period is significantly different (positively) from the mean and median value per capita for the pre period.

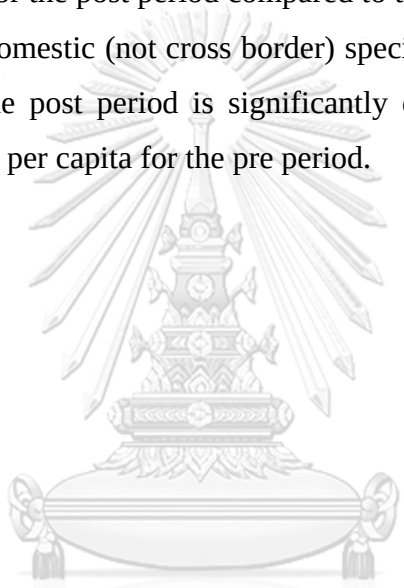

Table 9

Table 9 reports the results of the t-tests conducted for value per capita on the following subsamples: all acquisitions with targets within Indonesia, domestic acquisitions within Indonesia, all cross border acquisitions with targets from within Indonesia, all cross border acquisitions with Southeast Asian acquirers and targets from Indonesia, and all cross border acquisitions with targets from within Indonesia and acquirers from outside Southeast Asia. The independent sample t-test for different variances and the Wilcoxon rank-sum test is used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**	**Cross Border**	
Post-Pre					
Mean	0.199		-0.027	0.225	**
Median	0.019	*	0.000	0.010	*
N	120		120	120	

Table 10

Table 10 reports the results of the t-tests conducted for value per capita on the following subsamples: all acquisitions with targets within the Philippines, domestic acquisitions within the Philippines, all cross border acquisitions with targets from within the Philippines, all cross border acquisitions with Southeast Asian acquirers and targets from within the Philippines, and all cross border acquisitions with targets from within the Philippines countries and acquirers from outside Southeast Asia. The independent sample t-test for different variances and the Wilcoxon rank-sum test is used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**	**Cross Border**
Post-Pre				
Mean	-1.622	*	-0.472	-1.150
Median	-0.495		0.041	-0.001
N	120		120	120

Table 11

Table 11 reports the results of the t-tests conducted for value per capita on the following subsamples: all acquisitions with targets within Malaysia, domestic acquisitions within Malaysia, all cross border acquisitions with targets from within Malaysia, all cross border acquisitions with Southeast Asian acquirers and targets from within Malaysia, and all cross border acquisitions with targets from within Malaysia and acquirers from outside Southeast Asia. The independent sample t-test for different variances and the Wilcoxon rank-sum test is used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**		**Cross Border**	
Post-Pre						
Mean	2.012	***	-0.026		2.038	**
Median	-7.669	***	-5.641	***	0.045	
N	120		120		120	

Table 12

Table 12 reports the results of the t-tests conducted for value per capita on the following subsamples: all acquisitions with targets within Thailand, domestic acquisitions within Thailand, all cross border acquisitions with targets from within Thailand, all cross border acquisitions with Southeast Asian acquirers and targets from within Thailand and all cross border acquisitions with targets from within Thailand and acquirers from outside Southeast Asia. The independent sample t-test for different variances and the Wilcoxon rank-sum test is used to test whether the mean and median of the post period significantly differs from the mean and median of the pre period, respectively.

	All		**Domestic**		**Cross Border**
Post-Pre					
Mean	0.751	*	0.703	*	0.049
Median	0.626		0.378	***	0.000
N	120		120		120

I perform the regression on combined returns for each of the four countries against the control group. Tables 13, 14, 15, and 16 display the regressions for Indonesia, the Philippines, Malaysia, and Thailand, respectively. As aforementioned, I use the individual timeline for each of the treatment countries. For Indonesia, the coefficient for Post*Lib is not significant for the *Cross Border* sample. However, for both the Philippines and Malaysia, the coefficient for Post*Lib is positive and significant for the *Cross Border* and *Outside SE* samples. For Thailand, the coefficient for Post*Lib is positive and significant for the *Cross Border* sample but not the *Outside SE* samples. However, once again, due to small sample sizes, all country-specific results should be interpreted with caution.

I also conduct the regressions after taking out bank stocks for Indonesia and non-manufacturing stocks for Malaysia. For Indonesia (Table 17), as before, the coefficient for Post*Lib is positive and significant for the *Outside SE* sample and negative and significant for the *Within SE* sample. This means that for the *Outside SE* specification, when I compare the difference between post liberalization returns and pre liberalization returns between Indonesia and the control group, the difference is significantly higher for Indonesia. For Malaysia (Table 18), Post*Lib is still positive and significant for cross border acquisitions that had acquirers from a non-Southeast Asian country.

Table 13
The following regression tests combined returns for Indonesia and the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.064**	0.032	0.076	-0.155	-0.154
	(0.001)	(0.005)	(0.023)	(0.200)	(0.106)
Post	0.052*	0.073***	-0.037	0.071	-0.300
	(0.006)	(0.000)	(0.026)	(0.016)	(0.110)
Lib	-0.037*	-0.115	-0.017	0.218	-0.320
	(0.005)	(0.026)	(0.028)	(0.036)	(0.125)
Interim*Lib	0.047	0.085	0.027	-0.072	0.359
	(0.024)	(0.029)	(0.079)	(0.081)	(0.166)
Post*Lib	0.086*	0.046	0.178	-0.352	0.714
	(0.011)	(0.023)	(0.048)	(0.108)	(0.146)
Acquirer Size	-0.000	0.000**	-0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.002	0.006*	-0.003	-0.196	-0.001
	(0.008)	(0.001)	(0.020)	(0.046)	(0.020)
Acquirer Tobin's q	0.026**	0.029**	0.017	-0.232	0.015
	(0.001)	(0.001)	(0.014)	(0.176)	(0.007)
Free Cash Flow	-0.028	0.017*	-0.067	-0.338	-0.186
	(0.084)	(0.002)	(0.128)	(0.105)	(0.091)
Relative Value	-0.002	-0.012	0.007**	0.427	-0.101
	(0.001)	(0.011)	(0.000)	(0.306)	(0.446)
Mixed	-0.057	-0.010	-0.114**	-8.399	-0.143
	(0.026)	(0.023)	(0.009)	(5.997)	(0.053)
All Equity	0.026	0.028**	0.035***	0.021	0.051
	(0.004)	(0.001)	(0.000)	(0.106)	(0.016)
Constant	-0.037	-0.038**	-0.015	0.396	0.248
	(0.020)	(0.002)	(0.025)	(0.299)	(0.156)
Observations	135	65	70	19	51
R-squared	0.206	0.383	0.165	0.843	0.386

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 14
The following regression tests combined returns for the Philippines and the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.003	0.043	-0.032**	0.143	-0.133*
	(0.007)	(0.023)	(0.007)	(0.150)	(0.034)
Post	0.009	0.075	-0.101***	0.055	-0.205**
	(0.012)	(0.030)	(0.007)	(0.016)	(0.035)
Lib	0.000	0.072	-0.071***	0.081	-0.148***
	(0.003)	(0.020)	(0.004)	(0.093)	(0.003)
Interim*Lib	0.040**	-0.026	0.029*		0.106***
	(0.006)	(0.037)	(0.007)		(0.001)
Post*Lib	-0.021	-0.112	0.102**		0.219*
	(0.009)	(0.032)	(0.011)		(0.052)
Acquirer Size	-0.000***	-0.000	-0.000	-0.000***	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.032	0.045	0.007	0.076	-0.003
	(0.013)	(0.024)	(0.004)	(0.150)	(0.005)
Acquirer Tobin's q	0.039***	0.039***	0.013**	0.036	0.019
	(0.000)	(0.001)	(0.002)	(0.090)	(0.008)
Free Cash Flow	0.047**	0.053	-0.027**	0.238	-0.147***
	(0.010)	(0.021)	(0.006)	(0.586)	(0.013)
Relative Value	-0.003	-0.020	-0.090***	-0.052	0.032
	(0.002)	(0.008)	(0.001)	(0.150)	(0.111)
Mixed	-0.020***	-0.026**	1.737***	0.998	
	(0.002)	(0.002)	(0.023)	(2.947)	
All Equity	0.036**	0.047	0.037	0.001	0.068
	(0.006)	(0.008)	(0.016)	(0.061)	(0.052)
Constant	-0.044	-0.099	0.060**	-0.141	0.135**
	(0.015)	(0.040)	(0.010)	(0.239)	(0.024)
Observations	155	92	63	15	48
R-squared	0.648	0.748	0.192	0.678	0.397

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 15
The following regression tests combined returns for Malaysia and the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.071**	0.055**	0.086**	0.057	-0.069
	(0.001)	(0.003)	(0.006)	(0.050)	(0.018)
Post	0.061**	0.089**	-0.023*	0.063***	-0.210*
	(0.004)	(0.003)	(0.003)	(0.000)	(0.021)
Lib	0.043	0.043	0.015	0.040	-0.140**
	(0.015)	(0.015)	(0.013)	(0.034)	(0.004)
Interim*Lib	-0.076	-0.059	-0.071	-0.033	0.077
	(0.018)	(0.018)	(0.016)	(0.040)	(0.038)
Post*Lib	-0.065	-0.089	0.027**	-0.008	0.205*
	(0.020)	(0.024)	(0.002)	(0.082)	(0.018)
Acquirer Size	-0.000**	-0.000	-0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.003**	-0.003	0.007	-0.020	-0.004
	(0.000)	(0.002)	(0.004)	(0.007)	(0.003)
Acquirer Tobin's q	0.001	0.001	0.010	0.008	0.006
	(0.006)	(0.005)	(0.006)	(0.046)	(0.006)
Free Cash Flow	0.033	0.047	-0.006	-0.138	-0.144*
	(0.033)	(0.052)	(0.083)	(0.086)	(0.023)
Relative Value	-0.005	-0.028	-0.027*	-0.017	0.151*
	(0.003)	(0.010)	(0.003)	(0.082)	(0.015)
Mixed	-0.033	-0.034	0.519*	0.280	
	(0.024)	(0.016)	(0.069)	(1.613)	
All Equity	0.024*	0.019**	0.026	-0.047*	0.045
	(0.003)	(0.001)	(0.018)	(0.004)	(0.023)
Constant	-0.004	0.006	-0.020	-0.044	0.157**
	(0.003)	(0.002)	(0.030)	(0.086)	(0.006)
Observations	231	168	63	19	44
R-squared	0.033	0.036	0.266	0.769	0.377

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 16
The following regression tests combined returns for Thailand and the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.077***	0.060**	0.090***	-0.046	0.016
	(0.000)	(0.003)	(0.000)	(0.016)	(0.046)
Post	0.047*	0.078**	-0.005*	0.014	-0.095
	(0.005)	(0.004)	(0.001)	(0.023)	(0.077)
Lib	0.024**	0.041*	-0.012	0.047	-0.092
	(0.001)	(0.004)	(0.013)	(0.014)	(0.067)
Interim*Lib	-0.045*	-0.012**	-0.054*	0.284*	0.004
	(0.005)	(0.000)	(0.007)	(0.035)	(0.079)
Post*Lib	-0.024*	-0.074**	0.042**	0.305**	0.049
	(0.002)	(0.002)	(0.002)	(0.018)	(0.133)
Acquirer Size	-0.000	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.004*	-0.006	0.007	-0.099	0.010
	(0.001)	(0.001)	(0.010)	(0.071)	(0.008)
Acquirer Tobin's q	-0.000	-0.000	-0.005	-0.106	0.008*
	(0.000)	(0.000)	(0.017)	(0.043)	(0.001)
Free Cash Flow	-0.014	0.021	-0.074	-0.199	-0.066
	(0.003)	(0.004)	(0.023)	(0.290)	(0.022)
Relative Value	-0.007	-0.030	-0.010*	0.212	0.056
	(0.003)	(0.022)	(0.001)	(0.075)	(0.171)
Mixed	0.042	-0.047	0.153*	-4.137	0.183***
	(0.068)	(0.028)	(0.015)	(1.459)	(0.002)
All Equity	0.027***	0.028	0.024	-0.011	0.030
	(0.000)	(0.006)	(0.025)	(0.039)	(0.059)
Constant	0.001	0.005	0.017	0.163	0.082
	(0.000)	(0.006)	(0.048)	(0.107)	(0.016)
Observations	207	126	81	19	62
R-squared	0.065	0.085	0.214	0.901	0.326

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 17
The following regression tests combined returns for Indonesia and the control group, with bank stocks taken out of the sample for Indonesia.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.063**	0.032	0.076	-0.095**	-0.117
	(0.002)	(0.005)	(0.021)	(0.004)	(0.034)
Post	0.051*	0.073***	-0.038	0.021	-0.260*
	(0.007)	(0.000)	(0.022)	(0.061)	(0.034)
Lib	-0.083*	-0.115	-0.071	0.110*	-0.292
	(0.007)	(0.026)	(0.013)	(0.016)	(0.058)
Interim*Lib	0.103	0.085	0.101		0.337
	(0.025)	(0.029)	(0.072)		(0.070)
Post*Lib	0.116*	0.046	0.224*	-0.207*	0.858**
	(0.014)	(0.023)	(0.028)	(0.024)	(0.046)
Acquirer Size	0.000	0.000**	0.000	-0.000	-0.000*
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.001	0.006*	-0.004	-0.085	-0.008
	(0.009)	(0.001)	(0.017)	(0.090)	(0.012)
Acquirer Tobin's q	0.027**	0.029**	0.019	-0.141	0.006
	(0.000)	(0.001)	(0.020)	(0.034)	(0.004)
Free Cash Flow	-0.027	0.017*	-0.065	-0.026	-0.195
	(0.074)	(0.002)	(0.108)	(0.301)	(0.061)
Relative Value	-0.002	-0.012	0.008*	0.247	-0.072
	(0.000)	(0.011)	(0.001)	(0.087)	(0.399)
Mixed	-0.048	-0.010	-0.119***	-4.865	-0.152
	(0.013)	(0.023)	(0.001)	(1.717)	(0.052)
All Equity	0.034	0.028**	0.051	0.033	0.043
	(0.008)	(0.001)	(0.025)	(0.057)	(0.023)
Constant	-0.041	-0.038**	-0.029	0.242	0.225
	(0.010)	(0.002)	(0.008)	(0.056)	(0.088)
Observations	129	65	64	15	49
R-squared	0.247	0.383	0.223	0.902	0.447

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 18
The following regression tests combined returns for Malaysia and the control group, allowing for only manufacturing stocks in Malaysia.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.070**	0.055**	0.090***	-0.039	-0.064
	(0.002)	(0.003)	(0.001)	(0.169)	(0.017)
Post	0.061*	0.092	-0.020*	0.052	-0.205*
	(0.006)	(0.015)	(0.003)	(0.051)	(0.021)
Lib	0.048	0.051	-0.002	0.397	-0.174**
	(0.023)	(0.033)	(0.015)	(1.752)	(0.009)
Interim*Lib	-0.053	-0.038	0.057		0.250
	(0.029)	(0.042)	(0.161)		(0.074)
Post*Lib	-0.073	-0.099	0.052	-0.439	0.316*
	(0.036)	(0.052)	(0.029)	(1.868)	(0.032)
Acquirer Size	-0.000	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.001	0.000	0.016	-0.059	0.010
	(0.000)	(0.008)	(0.012)	(0.067)	(0.004)
Acquirer Tobin's q	0.003	0.003	0.013	-0.087	0.011
	(0.010)	(0.010)	(0.005)	(0.164)	(0.002)
Free Cash Flow	0.037	0.048	0.054	-0.129	-0.099
	(0.041)	(0.062)	(0.048)	(0.067)	(0.018)
Relative Value	-0.006	-0.033**	-0.027	0.150	0.151
	(0.004)	(0.002)	(0.005)	(0.294)	(0.028)
Mixed	-0.021	-0.024	0.530	-2.995	
	(0.040)	(0.026)	(0.100)	(5.736)	
All Equity	0.027	0.022	0.033*	-0.022	0.045
	(0.008)	(0.004)	(0.005)	(0.090)	(0.022)
Constant	-0.010	-0.002	-0.041	0.137	0.137***
	(0.006)	(0.005)	(0.015)	(0.318)	(0.000)
Observations	165	113	52	14	38
R-squared	0.044	0.051	0.276	0.848	0.396

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

I also perform the value per capita regressions for each country (against the control group), using the individual timelines. Tables 19, 20, 21, and 22 display the results for Indonesia, the Philippines, Malaysia, and Thailand, respectively. The coefficients for Post*Lib for the cross border acquisitions is negative for all of the four countries and significant for the Philippines and Malaysia.

Table 19
The following regression tests value per capita for Indonesia against the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within the SE	(5) Outside SE
Interim	102.219***	83.402***	28.423***	-16.307*	41.464***
	(16.230)	(12.105)	(6.583)	(8.858)	(5.267)
Post	44.399	30.146	26.555**	10.458***	32.571***
	(29.319)	(22.893)	(12.206)	(1.242)	(11.750)
Lib	-751.391	-849.128	-279.851	-157.547	-272.503
	(972.220)	(834.000)	(455.350)	(120.200)	(550.687)
Interim*Lib	-193.169	-192.367	-55.301	15.063***	-65.610
	(152.690)	(133.432)	(71.701)	(0.824)	(92.099)
Post*Lib	-169.411	-145.890	-73.911	-12.608	-96.192
	(189.297)	(161.333)	(91.853)	(10.599)	(123.777)
Exchange Rate Return	-98.049***	-198.603***	-28.546***	62.118***	-56.016***
	(21.149)	(39.775)	(4.283)	(11.729)	(7.118)
Market Return	-32.686*	-39.987	-44.840	-43.173***	-31.109
	(17.282)	(57.148)	(57.708)	(15.617)	(64.374)
Market to Book Ratio	3.413***	6.754***	1.315**	0.353	2.590
	(0.854)	(0.173)	(0.598)	(0.577)	(1.580)
log GDP per Capita	57.878	59.926	21.880	11.466	21.645
	(82.091)	(69.062)	(38.792)	(9.461)	(47.198)
Constant	-474.086	-517.553	-195.038	-124.297	-214.858
	(691.770)	(583.464)	(334.190)	(98.097)	(410.849)
Sigma	163.420**	165.571***	61.483**	37.595*	66.669**
	(68.556)	(41.493)	(27.802)	(21.598)	(25.772)
Observations	336	336	336	336	336
Pseudo R2	0.0143	0.0292	0.0168	0.0208	0.0228

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 20
The following regression tests value per capita for Philippines against the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within the SE	(5) Outside SE
Interim	82.017***	76.711***	12.288	-7.180***	18.519
	(11.939)	(0.500)	(11.529)	(2.373)	(17.039)
Post	36.963**	25.323***	24.163*	31.191**	16.450
	(18.171)	(2.116)	(13.556)	(15.312)	(24.344)
Lib	-253.658	-198.642***	-198.346	50.516	-300.112
	(184.306)	(38.404)	(208.989)	(65.173)	(333.609)
Interim*Lib	-107.984***	-77.709**	-46.581**	-2.388	-53.304***
	(36.805)	(33.470)	(18.144)	(9.364)	(19.183)
Post*Lib	-79.687*	-29.810	-72.655*	-32.157***	-80.799
	(42.261)	(18.148)	(39.075)	(8.735)	(56.723)
Exchange Rate Return	509.647***	193.030***	34.036	-100.223	154.872
	(127.794)	(45.451)	(243.234)	(194.472)	(135.702)
Market Return	-163.936***	-53.479***	-82.660	-41.540***	-105.898
	(43.897)	(16.565)	(66.379)	(5.057)	(81.750)
Market to Book Ratio	31.540***	34.191*	22.060	-4.465	30.789
	(0.207)	(20.197)	(21.933)	(13.312)	(36.433)
log GDP per Capita	56.467	34.890***	52.802	-16.952	83.574
	(56.928)	(9.484)	(64.031)	(19.113)	(102.366)
Constant	-488.085	-335.386***	-487.495	116.854	-779.370
	(482.083)	(49.294)	(588.002)	(166.357)	(940.184)
Sigma	166.889**	154.164***	67.533***	40.844**	70.624***
	(72.048)	(58.892)	(24.646)	(16.681)	(22.157)
Observations	312	312	312	312	312
Pseudo R2	0.0124	0.0132	0.0261	0.0293	0.0307

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 21
The following regression tests value per capita for Malaysia against the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within the SE	(5) Outside SE
Interim	79.847**	69.960***	7.593	-21.611*	17.196
	(38.270)	(21.213)	(18.916)	(12.545)	(17.518)
Post	4.509	3.842	-7.912	-0.811	-6.171
	(67.373)	(39.167)	(32.522)	(5.808)	(31.419)
Lib	85.122	78.289	30.610	26.440	25.240
	(109.160)	(79.272)	(40.998)	(28.246)	(34.964)
Interim*Lib	-171.053**	-139.565**	-51.306*	-6.395	-54.387**
	(73.915)	(55.390)	(26.204)	(12.103)	(22.814)
Post*Lib	-138.341	-101.932	-69.019*	-25.671	-77.081*
	(95.446)	(69.831)	(39.817)	(18.586)	(43.386)
Exchange Rate Return	220.758**	222.071**	-69.429***	-58.272	-60.377
	(108.840)	(106.772)	(17.268)	(181.364)	(143.037)
Market Return	-13.686	6.287	-41.524	12.610***	-43.395
	(27.567)	(14.039)	(63.311)	(2.065)	(89.456)
Market to Book Ratio	11.093***	7.377***	8.960**	-16.812	25.155
	(1.865)	(0.458)	(3.644)	(18.312)	(16.500)
log GDP per Capita	158.485	112.848	111.521	26.316*	132.870
	(176.025)	(115.983)	(89.969)	(15.172)	(104.753)
Constant	-1,329.702	-958.409	-958.992	-216.744*	-1,186.627
	(1,479.481)	(979.497)	(767.319)	(113.188)	(918.883)
Sigma	153.070**	135.414**	61.400**	36.171*	65.664***
	(71.473)	(64.470)	(26.096)	(20.452)	(23.701)
Observations	312	312	312	312	312
Pseudo R2	0.0069	0.0046	0.0193	0.0165	0.0264

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 22
The following regression tests value per capita for Thailand against the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within the SE	(5) Outside SE
Interim	72.036***	75.210***	14.269	-22.112	26.494
	(14.140)	(0.653)	(18.352)	(17.920)	(16.943)
Post	69.258***	96.143***	-8.818	0.442	-4.229
	(24.353)	(1.093)	(33.461)	(14.724)	(32.645)
Lib	-258.596	105.955	-411.070	-120.344	-439.966
	(340.079)	(165.701)	(356.002)	(132.457)	(436.577)
Interim*Lib	-45.647***	21.537	-26.934*	12.129	-15.828**
	(2.468)	(15.144)	(15.817)	(10.066)	(7.214)
Post*Lib	-52.270***	46.580**	-54.963	-23.804	-45.107
	(11.371)	(21.965)	(36.204)	(29.196)	(33.174)
Exchange Rate Return	128.017***	-102.787	133.573***	-18.334	142.339*
	(38.674)	(63.520)	(0.943)	(74.876)	(85.930)
Market Return	-25.385	8.756	-69.237	-32.203***	-73.079
	(61.321)	(18.131)	(67.207)	(11.601)	(89.459)
Market to Book Ratio	11.238	11.351	9.144***	-6.719	17.520
	(12.978)	(14.891)	(1.931)	(16.268)	(16.141)
log GDP per Capita	52.029	-56.761	103.923	31.636	108.958
	(87.408)	(35.239)	(96.181)	(39.818)	(114.801)
Constant	-439.457	451.804	-896.044	-282.318	-972.044
	(758.312)	(330.083)	(816.233)	(324.079)	(1,003.282)
Sigma	156.555**	145.646**	62.815**	39.644*	65.408**
	(72.420)	(62.879)	(26.319)	(21.499)	(25.523)
Observations	312	312	312	312	312
Pseudo R2	0.0096	0.011	0.0204	0.0147	0.026

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 3

Tables 1 and 2 show the results for combined returns and acquirer returns conducted using clustering by acquirer rather than target nation, respectively. Because I observe acquisition activities with targets from Southeast Asia, I had previously allowed for clustering in target nation. However, the calculation of combined returns requires acquirer returns, target returns, acquirer nation market return, and target nation market return over a period of time, meaning information for acquirer/acquirer nation is also collected over a period of time.

Table 1 shows that the coefficient for Post*Lib is positive for the *Cross Border* and *Outside SE* samples, but only significant for the *Outside SE* sample. This means that when I compare the difference between post liberalization returns and pre liberalization returns between the treatment and control groups, the difference is *significantly higher* for the treatment group only for the sample of cross border acquisitions with acquirers from outside the region. Interestingly, for the *Cross Border Within SE* sample, the coefficient is negative (though not significant). Overall, the results for β_5 appear to be in line with expectations: the countries that went through the liberalization have a higher differential between post and pre returns than those that did not, but only when deals that occur within the Southeast Asian region are taken out of the sample. This indicates that geography does matter, meaning that the impact of the liberalization was stronger for acquirers that came from outside the region. Hence, when I test H_0: $\beta_5 = 0$ against H_1: $\beta_5 \neq 0$ for the *Outside SE* sample, I reject H_0 in favor of H_1.

The results show that for the four liberalizing countries as a whole, the regulatory changes resulted in higher gains from acquisitions when acquirers were not from the Southeast Asian region. For this sample group, we observe the effects of the costs (i.e. frictions) inherent in the acquisition process between non-Southeast Asian acquirers and targets from the liberalizing nations being reduced.

I perform the regression for each of the four countries against the control group. Tables 3, 4, 5, and 6 display the regressions for Indonesia, the Philippines, Malaysia, and Thailand, respectively. As aforementioned, I use the individual timeline for each of the treatment countries. We see that for Indonesia, the Philippines, and Malaysia, the coefficient for Post*Lib is positive and significant for cross border

acquisitions with acquirers from a non-Southeast Asian country. For Thailand, the coefficient for Post*Lib is positive and significant for cross border acquisitions that occurred within the Southeast Asian region, but the sample size is too small to draw conclusions.

Table 1
The following regression tests combined returns for all Southeast Asian countries using clustering by acquirer nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.068***	0.058***	0.079*	-0.035	-0.020
	(0.013)	(0.003)	(0.045)	(0.052)	(0.048)
Post	0.061*	0.093***	-0.031	0.039	-0.148***
	(0.033)	(0.002)	(0.066)	(0.024)	(0.050)
Lib	0.031	0.047***	-0.007	0.062**	-0.131**
	(0.024)	(0.010)	(0.056)	(0.016)	(0.046)
Interim*Lib	-0.047**	-0.047*	-0.033	0.099*	0.071
	(0.022)	(0.018)	(0.050)	(0.035)	(0.065)
Post*Lib	-0.051	-0.101***	0.075	-0.068	0.210**
	(0.044)	(0.011)	(0.072)	(0.029)	(0.088)
Acquirer Size	-0.000**	-0.000	-0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.003	-0.003	0.000	-0.054	-0.002
	(0.002)	(0.003)	(0.007)	(0.033)	(0.006)
Acquirer Tobin's q	-0.000***	-0.000**	0.007	-0.053*	0.017
	(0.000)	(0.000)	(0.015)	(0.020)	(0.017)
Free Cash Flow	-0.010	0.032*	-0.071**	-0.297	-0.064***
	(0.022)	(0.014)	(0.032)	(0.168)	(0.013)
Relative Value	-0.010*	-0.029***	-0.005	0.021	-0.039
	(0.005)	(0.006)	(0.003)	(0.127)	(0.028)
Mixed	0.012	-0.028*	0.089	-0.473	0.094
	(0.036)	(0.011)	(0.063)	(2.365)	(0.066)
All Equity	0.028***	0.023***	0.022	0.021	0.024
	(0.006)	(0.004)	(0.015)	(0.039)	(0.025)
Constant	-0.001	0.003	0.002	0.084	0.105**
	(0.019)	(0.003)	(0.070)	(0.124)	(0.042)
Observations	425	275	150	42	108
R-squared	0.035	0.051	0.121	0.302	0.182

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 2
The following regression tests acquirer returns for Southeast Asia using clustering by acquirer nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.004	-0.002***	0.015	0.072**	0.002
	(0.007)	(0.000)	(0.015)	(0.022)	(0.012)
Post	0.008	0.001	0.014	0.063*	-0.011
	(0.008)	(0.001)	(0.016)	(0.027)	(0.012)
Lib	0.003	-0.002	0.011	0.039	0.000
	(0.007)	(0.005)	(0.009)	(0.018)	(0.007)
Interim*Lib	-0.005	0.003	-0.013	-0.057	-0.004
	(0.014)	(0.013)	(0.019)	(0.034)	(0.014)
Post*Lib	-0.002	0.004	-0.005	-0.064*	0.027
	(0.012)	(0.007)	(0.019)	(0.026)	(0.016)
Acquirer Size	-0.000	-0.000**	0.000	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.000	0.000	-0.001	-0.009**	0.000
	(0.000)	(0.000)	(0.002)	(0.003)	(0.002)
Acquirer Tobin's q	-0.000	-0.000	0.000	-0.000	0.000
	(0.000)	(0.000)	(0.001)	(0.006)	(0.000)
Free Cash Flow	0.002	0.006	-0.009	-0.074***	0.006
	(0.003)	(0.003)	(0.017)	(0.007)	(0.011)
Relative Value	0.004***	0.002**	0.016	0.004***	0.043
	(0.001)	(0.001)	(0.011)	(0.001)	(0.030)
Mixed	0.009*	0.009	-0.004	0.050	-0.019
	(0.005)	(0.005)	(0.022)	(0.037)	(0.029)
All Equity	-0.000	-0.006	0.014**	0.019	0.011
	(0.005)	(0.007)	(0.006)	(0.010)	(0.010)
Constant	0.006	0.016***	-0.010	-0.031	-0.004
	(0.006)	(0.003)	(0.009)	(0.029)	(0.010)
Observations	2,123	1,539	584	214	370
R-squared	0.007	0.007	0.063	0.138	0.135

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 3
The following regression tests combined returns for Indonesia and the control group, using clustering by acquirer nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.064**	0.032	0.076	-0.155	-0.154
	(0.026)	(0.005)	(0.076)	(0.099)	(0.088)
Post	0.052	0.073***	-0.037	0.071*	-0.300***
	(0.037)	(0.000)	(0.101)	(0.017)	(0.076)
Lib	-0.037	-0.115	-0.017	0.218	-0.320**
	(0.063)	(0.026)	(0.110)	(0.079)	(0.119)
Interim*Lib	0.047	0.085	0.027	-0.072	0.359*
	(0.066)	(0.029)	(0.129)	(0.090)	(0.169)
Post*Lib	0.086	0.046	0.178	-0.352	0.714***
	(0.129)	(0.023)	(0.188)	(0.239)	(0.188)
Acquirer Size	-0.000	0.000**	-0.000	0.000	-0.000*
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.002	0.006*	-0.003	-0.196	-0.001
	(0.006)	(0.001)	(0.017)	(0.110)	(0.013)
Acquirer Tobin's q	0.026***	0.029**	0.017	-0.232**	0.015
	(0.003)	(0.001)	(0.015)	(0.042)	(0.015)
Free Cash Flow	-0.028	0.017*	-0.067	-0.338**	-0.186*
	(0.038)	(0.002)	(0.084)	(0.043)	(0.096)
Relative Value	-0.002	-0.012	0.007**	0.427**	-0.101
	(0.004)	(0.011)	(0.003)	(0.057)	(0.130)
Mixed	-0.057***	-0.010	-0.114*	-8.399**	-0.143*
	(0.019)	(0.023)	(0.062)	(1.140)	(0.071)
All Equity	0.026*	0.028**	0.035	0.021	0.051*
	(0.013)	(0.001)	(0.033)	(0.042)	(0.027)
Constant	-0.037	-0.038**	-0.015	0.396**	0.248**
	(0.029)	(0.002)	(0.093)	(0.051)	(0.100)
Observations	135	65	70	19	51
R-squared	0.206	0.383	0.165	0.843	0.386

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 4
The following regression tests combined returns for the Philippines and the control group, using clustering by acquirer nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.003	0.043	-0.032	0.143**	-0.133***
	(0.034)	(0.023)	(0.070)	(0.025)	(0.026)
Post	0.009	0.075	-0.101	0.055*	-0.205***
	(0.043)	(0.030)	(0.075)	(0.013)	(0.027)
Lib	0.000	0.072	-0.071	0.081	-0.148***
	(0.035)	(0.020)	(0.054)	(0.055)	(0.019)
Interim*Lib	0.040	-0.026	0.029		0.106**
	(0.034)	(0.037)	(0.050)		(0.037)
Post*Lib	-0.021	-0.112	0.102		0.219***
	(0.044)	(0.032)	(0.082)		(0.018)
Acquirer Size	-0.000*	-0.000	-0.000	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.032**	0.045	0.007	0.076	-0.003
	(0.013)	(0.024)	(0.017)	(0.058)	(0.012)
Acquirer Tobin's q	0.039***	0.039***	0.013	0.036	0.019**
	(0.001)	(0.001)	(0.009)	(0.028)	(0.007)
Free Cash Flow	0.047	0.053	-0.027	0.238	-0.147***
	(0.031)	(0.021)	(0.106)	(0.083)	(0.014)
Relative Value	-0.003	-0.020	-0.090*	-0.052	0.032
	(0.002)	(0.008)	(0.049)	(0.052)	(0.032)
Mixed	-0.020	-0.026**	1.737*	0.998	
	(0.011)	(0.002)	(0.951)	(1.003)	
All Equity	0.036***	0.047	0.037	0.001	0.068*
	(0.011)	(0.008)	(0.029)	(0.003)	(0.034)
Constant	-0.044	-0.099	0.060	-0.141	0.135***
	(0.039)	(0.040)	(0.060)	(0.060)	(0.022)
Observations	155	92	63	15	48
R-squared	0.648	0.748	0.192	0.678	0.397

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 5
The following regression tests combined returns for Malaysia and the control group, using clustering by acquirer nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.071***	0.055**	0.086	0.057	-0.069
	(0.018)	(0.003)	(0.053)	(0.041)	(0.044)
Post	0.061*	0.089**	-0.023	0.063***	-0.210***
	(0.031)	(0.003)	(0.079)	(0.001)	(0.039)
Lib	0.043	0.043	0.015	0.040	-0.140***
	(0.031)	(0.015)	(0.063)	(0.030)	(0.037)
Interim*Lib	-0.076**	-0.059	-0.071	-0.033	0.077*
	(0.029)	(0.018)	(0.061)	(0.041)	(0.035)
Post*Lib	-0.065*	-0.089	0.027	-0.008	0.205***
	(0.032)	(0.024)	(0.071)	(0.073)	(0.054)
Acquirer Size	-0.000	-0.000	-0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.003	-0.003	0.007	-0.020*	-0.004
	(0.003)	(0.002)	(0.018)	(0.005)	(0.013)
Acquirer Tobin's q	0.001	0.001	0.010	0.008	0.006
	(0.004)	(0.005)	(0.008)	(0.040)	(0.008)
Free Cash Flow	0.033	0.047	-0.006	-0.138	-0.144*
	(0.041)	(0.052)	(0.090)	(0.070)	(0.075)
Relative Value	-0.005*	-0.028	-0.027	-0.017	0.151*
	(0.003)	(0.010)	(0.041)	(0.074)	(0.078)
Mixed	-0.033*	-0.034	0.519	0.280	
	(0.016)	(0.016)	(0.805)	(1.460)	
All Equity	0.024***	0.019**	0.026	-0.047***	0.045
	(0.006)	(0.001)	(0.026)	(0.003)	(0.034)
Constant	-0.004	0.006	-0.020	-0.044	0.157**
	(0.017)	(0.002)	(0.070)	(0.074)	(0.054)
Observations	231	168	63	19	44
R-squared	0.033	0.036	0.266	0.769	0.377

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 6
The following regression tests combined returns for Thailand and the control group, using clustering by acquirer nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.077***	0.060**	0.090**	-0.046	0.016
	(0.017)	(0.003)	(0.039)	(0.023)	(0.040)
Post	0.047*	0.078**	-0.005	0.014	-0.095*
	(0.027)	(0.004)	(0.059)	(0.030)	(0.048)
Lib	0.024	0.041*	-0.012	0.047*	-0.092*
	(0.019)	(0.004)	(0.039)	(0.013)	(0.049)
Interim*Lib	-0.045	-0.012**	-0.054	0.284**	0.004
	(0.028)	(0.000)	(0.051)	(0.059)	(0.071)
Post*Lib	-0.024	-0.074**	0.042	0.305***	0.049
	(0.025)	(0.002)	(0.087)	(0.013)	(0.067)
Acquirer Size	-0.000	-0.000	-0.000	-0.000***	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.004***	-0.006	0.007	-0.099	0.010
	(0.002)	(0.001)	(0.015)	(0.054)	(0.011)
Acquirer Tobin's q	-0.000***	-0.000	-0.005	-0.106	0.008
	(0.000)	(0.000)	(0.013)	(0.061)	(0.006)
Free Cash Flow	-0.014	0.021	-0.074*	-0.199	-0.066**
	(0.023)	(0.004)	(0.038)	(0.113)	(0.027)
Relative Value	-0.007**	-0.030	-0.010***	0.212	0.056
	(0.003)	(0.022)	(0.002)	(0.123)	(0.060)
Mixed	0.042	-0.047	0.153***	-4.137	0.183***
	(0.061)	(0.028)	(0.049)	(2.357)	(0.049)
All Equity	0.027**	0.028	0.024	-0.011	0.030
	(0.010)	(0.006)	(0.023)	(0.008)	(0.029)
Constant	0.001	0.005	0.017	0.163	0.082**
	(0.018)	(0.006)	(0.054)	(0.113)	(0.033)
Observations	207	126	81	19	62
R-squared	0.065	0.085	0.214	0.901	0.326

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 4

I now perform regressions on value per capita using log GNI per capita (Labor Cost) in place of log GDP per capita for the Southeast Asian region. The sign and significance of the Post*Lib coefficient does not change much

Table 1

The following regression tests value per capita for the Southeast Asian region, using clustering by target nation. Log GNI per capita (Labor Cost) is used in place of log GDP per capita.

	(1)	(2)	(3)	(4)	(5)
VARIABLES	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Interim	112.908***	91.683***	31.524***	-9.492**	41.682***
	(2.450)	(4.216)	(2.158)	(3.760)	(5.224)
Post	60.630***	39.015***	32.391***	11.087***	35.259***
	(2.066)	(4.201)	(2.380)	(2.774)	(5.671)
Lib	30.492	79.358**	-11.055	-1.500	-11.646**
	(23.436)	(35.523)	(7.796)	(7.702)	(5.597)
Interim*Lib	-88.763***	-63.921***	-16.215***	16.292**	-19.004***
	(11.182)	(14.365)	(5.322)	(7.486)	(7.089)
Post*Lib	-45.339***	-16.108	-24.992***	-3.163	-29.632***
	(10.186)	(16.281)	(3.456)	(5.120)	(3.889)
Exchange Rate Return	-33.724	-69.905	-20.506	29.696	-43.938**
	(50.639)	(79.296)	(14.703)	(18.823)	(22.278)
Market Return	-9.511	-0.918	-24.905	-27.290*	-12.521
	(17.122)	(15.786)	(21.772)	(14.831)	(19.556)
Market to Book Ratio	2.368**	5.442**	0.891*	0.095	1.873
	(1.182)	(2.431)	(0.520)	(0.478)	(1.254)
log GNI per Capita	28.925***	52.315***	4.718	3.724	4.621
	(10.598)	(19.746)	(4.159)	(2.923)	(3.682)
Constant	-203.660**	-401.437**	-40.775	-43.030	-57.097
	(84.092)	(157.949)	(35.965)	(29.859)	(37.873)
Sigma	105.226**	101.047**	42.172**	23.507*	46.873**
	(48.264)	(44.281)	(19.303)	(12.053)	(20.205)
Observations	840	840	840	840	840
Pseudo R2	0.0149	0.0209	0.022	0.0153	0.0153

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 2

The following regression tests value per capita for Indonesia and the control group, using clustering by target nation. Log GNI per capita (Labor Cost) is used in place of log GDP per capita.

	(1)	(2)	(3)	(4)	(5)
VARIABLES	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Interim	114.965***	96.949***	32.989***	-13.802**	46.090***
	(2.760)	(4.595)	(2.069)	(6.683)	(5.586)
Post	58.085***	46.863***	29.367***	13.469***	34.911***
	(2.795)	(4.916)	(3.030)	(4.498)	(0.488)
Lib	177.397	55.509***	123.598	15.135***	139.933
	(163.385)	(7.103)	(159.495)	(3.430)	(202.708)
Interim*Lib	-39.676	-43.017***	9.880	43.551**	0.736
	(39.675)	(8.210)	(29.670)	(21.575)	(32.147)
Post*Lib	-24.966*	2.371	-18.888***	15.663	-41.547***
	(14.272)	(7.056)	(4.863)	(12.478)	(5.969)
Exchange Rate Return	-107.049***	-222.311***	-30.353***	58.603***	-57.997***
	(40.859)	(79.366)	(0.432)	(14.360)	(3.218)
Market Return	-35.977*	-43.237	-45.244	-44.981***	-31.122
	(19.158)	(55.351)	(60.154)	(16.101)	(68.664)
Market to Book Ratio	4.394**	8.493***	1.705	0.487	3.033
	(2.089)	(1.829)	(1.159)	(0.461)	(2.372)
log GNI per Capita	82.090	66.800***	47.464	12.616***	51.122
	(59.248)	(8.876)	(52.526)	(4.444)	(65.572)
Constant	-611.797	-524.044***	-371.183	-123.751**	-420.840
	(454.899)	(76.516)	(407.458)	(52.578)	(513.076)
Sigma	163.477**	165.739***	61.326**	37.526*	66.501**
	(68.855)	(41.848)	(27.668)	(21.519)	(25.677)
Observations	336	336	336	336	336
Pseudo R2	0.0143	0.0291	0.0175	0.0205	0.0236

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 3

The following regression tests value per capita for the Philippines and the control group, using clustering by target nation. Log GNI per capita (Labor Cost) is used in place of log GDP per capita.

	(1)	(2)	(3)	(4)	(5)
VARIABLES	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Interim	98.323***	89.313***	25.590***	-10.663***	40.031***
	(1.596)	(3.226)	(2.916)	(1.858)	(6.351)
Post	50.937***	27.224***	40.141***	24.805***	41.832***
	(1.304)	(0.452)	(7.350)	(7.883)	(9.236)
Lib	11.056	93.537***	4.817	6.585	20.416***
	(10.595)	(32.269)	(7.172)	(4.107)	(5.814)
Interim*Lib	-100.597***	-81.836***	-34.843***	-6.611	-35.203**
	(12.124)	(27.332)	(5.082)	(14.825)	(15.927)
Post*Lib	-50.301***	-15.833	-42.518***	-41.161**	-33.629***
	(2.843)	(11.576)	(3.438)	(19.042)	(9.814)
Exchange Rate Return	334.386	274.082***	-52.714	-60.686	-27.058
	(231.868)	(72.648)	(305.784)	(135.987)	(290.524)
Market Return	-63.632	-83.028**	-25.001	-67.538**	8.099
	(62.319)	(40.139)	(30.043)	(33.134)	(58.028)
Market to Book Ratio	15.441***	21.288	10.134	0.150	12.983
	(5.017)	(18.235)	(13.739)	(9.934)	(24.075)
log GNI per Capita	28.420***	59.041***	12.489***	2.987***	19.439***
	(3.109)	(13.216)	(1.380)	(0.824)	(5.362)
Constant	-200.395***	-468.279***	-115.528***	-56.302***	-190.534**
	(20.054)	(73.354)	(42.136)	(7.356)	(92.300)
Sigma	164.070***	153.552***	66.008***	40.024***	70.164***
	(62.012)	(50.925)	(21.820)	(14.638)	(20.609)
Observations	323	323	323	323	323
Pseudo R2	0.0122	0.0152	0.0242	0.0299	0.0267

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4

The following regression tests value per capita for Malaysia and the control group, using clustering by target nation. Log GNI per capita (Labor Cost) is used in place of log GDP per capita.

	(1)	(2)	(3)	(4)	(5)
VARIABLES	All	Domestic	Cross Border	Cross Border Within SE	Cross Border Outside SE
Interim	115.756***	95.704***	32.616***	-16.094*	48.070***
	(3.531)	(6.670)	(2.601)	(9.146)	(8.288)
Post	56.949***	42.949***	24.769***	5.637***	34.166***
	(1.303)	(8.241)	(2.412)	(0.226)	(11.403)
Lib	162.364**	108.937***	137.761***	63.299**	150.518***
	(62.893)	(22.659)	(20.791)	(25.374)	(5.486)
Interim*Lib	-91.630***	-84.520***	5.844	7.909	14.352
	(8.540)	(1.600)	(12.265)	(6.327)	(20.828)
Post*Lib	-58.829***	-44.451***	-16.509**	-13.604	-13.230
	(0.103)	(5.134)	(6.644)	(11.400)	(12.924)
Exchange Rate Return	60.915	102.855***	-154.285*	-73.197	-183.153***
	(79.920)	(26.745)	(84.000)	(188.154)	(52.158)
Market Return	-27.497	-5.216	-53.528	11.207***	-59.676
	(32.258)	(9.702)	(68.419)	(0.345)	(97.231)
Market to Book Ratio	10.574*	7.175*	7.376*	-17.525	24.999
	(5.554)	(4.009)	(4.251)	(18.697)	(18.365)
log GNI per Capita	99.461***	57.099***	98.673***	29.814***	117.237***
	(38.168)	(11.091)	(19.467)	(3.153)	(13.727)
Constant	-754.101**	-445.180***	-768.489***	-220.077***	-961.205***
	(302.100)	(99.597)	(163.082)	(9.143)	(150.455)
Sigma	153.611**	135.801**	61.494**	35.977*	66.014***
	(72.641)	(65.136)	(26.768)	(20.305)	(24.853)
Observations	336	336	336	336	336
Pseudo R2	0.0064	0.0042	0.0192	0.0172	0.0262

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 5

The following regression tests value per capita for Thailand and the control group, using clustering by target nation. Log GNI per capita (Labor Cost) is used in place of log GDP per capita.

	(1)	(2)	(3)	(4)	(5)
VARIABLES	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Interim	82.500***	63.919***	34.391***	-16.910	48.933***
	(4.297)	(7.790)	(2.733)	(10.604)	(8.951)
Post	86.651***	77.299***	24.205***	8.769***	32.170***
	(6.369)	(10.631)	(1.313)	(2.817)	(9.693)
Lib	-27.356	-158.623***	121.352***	86.148	73.326***
	(17.390)	(31.208)	(26.562)	(85.914)	(15.159)
Interim*Lib	-23.629	-4.867	23.354	32.398***	31.148
	(32.651)	(26.506)	(20.072)	(10.658)	(34.894)
Post*Lib	-24.831	14.686	2.547	-3.146	11.451
	(34.274)	(38.294)	(11.589)	(6.055)	(22.762)
Exchange Rate Return	68.557	-36.262	30.652	-48.945	31.558
	(134.916)	(119.086)	(82.799)	(104.658)	(21.043)
Market Return	-24.108	5.301	-65.346	-28.990*	-70.312
	(59.335)	(19.625)	(68.325)	(15.643)	(90.913)
Market to Book Ratio	9.224	13.056	4.295	-8.795	13.397
	(12.241)	(11.832)	(2.688)	(17.823)	(17.851)
log GNI per Capita	21.041	-29.022***	73.243***	42.342	56.353***
	(22.092)	(3.852)	(18.854)	(34.509)	(20.322)
Constant	-159.439	193.077***	-571.184***	-333.191	-479.262**
	(192.660)	(58.685)	(155.719)	(248.121)	(200.396)
Sigma	156.653**	145.606**	63.194**	39.236*	66.183**
	(72.637)	(62.871)	(27.124)	(20.964)	(26.781)
Observations	312	312	312	312	312
Pseudo R2	0.0096	0.0109	0.0191	0.0162	0.0237

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 5

Interaction Terms Between Variables of Interest and Control Variables

Table 1
The following regression tests combined returns for all Southeast Asian countries.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.099***	-0.006	0.179**	0.130	0.077
	(0.018)	(0.038)	(0.051)	(0.258)	(0.152)
Post	0.027	-0.021	-0.254	-1.302*	-0.501*
	(0.014)	(0.024)	(0.251)	(0.545)	(0.212)
Lib	0.093***	0.044	0.112*	0.333**	-0.054
	(0.019)	(0.025)	(0.046)	(0.114)	(0.030)
Interim*Lib	-0.057*	0.022	-0.054	-0.284	0.051
	(0.024)	(0.018)	(0.035)	(0.270)	(0.046)
Post*Lib	-0.037	-0.014	0.105	0.539**	0.290**
	(0.023)	(0.021)	(0.075)	(0.165)	(0.100)
Acquirer Size	-0.000	-0.000	-0.000**	0.000	-0.000**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.010**	0.020	0.069**	-0.827	0.056
	(0.003)	(0.018)	(0.020)	(1.192)	(0.042)
Acquirer Tobin's q	0.047**	0.052**	0.032	0.116	0.016
	(0.012)	(0.013)	(0.025)	(0.146)	(0.096)
Free Cash Flow	0.108	0.391	0.166*	-1.504	0.047
	(0.097)	(0.307)	(0.074)	(3.644)	(0.072)
Relative Value	-0.047	-0.055***	-0.030	-0.255	0.237**
	(0.023)	(0.009)	(0.037)	(0.285)	(0.078)
Mixed	-0.149	-0.047**		-58.087	0.142
	(0.149)	(0.014)		(63.405)	(0.156)
All Equity	0.002	-0.038	0.074*	-0.073	0.105
	(0.024)	(0.029)	(0.029)	(0.097)	(0.067)
Interim*Acquirer Size	-0.000	0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	-0.001	-0.009	-0.025	0.126	-0.019
	(0.008)	(0.013)	(0.021)	(0.117)	(0.032)
Interim*Acquirer Tobin's q	-0.030	-0.035	-0.018	0.211	-0.004
	(0.017)	(0.021)	(0.025)	(0.123)	(0.096)
Interim*Free Cash Flow	-0.109	-0.371	-0.156	-0.369	-0.171
	(0.111)	(0.309)	(0.107)	(2.278)	(0.108)
Interim*Relative Value	0.020	0.028*	-0.016	2.509	-0.078
	(0.013)	(0.010)	(0.026)	(2.714)	(0.071)

Interim*Mixed	0.096		1.703		
	(0.148)		(1.704)		
Interim*All Equity	0.018	0.048	-0.046	-0.501***	-0.069
	(0.031)	(0.050)	(0.036)	(0.108)	(0.074)
Post*Acquirer Size	0.000	0.000	-0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	-0.004	-0.011	0.058	0.200	0.067
	(0.007)	(0.016)	(0.075)	(0.197)	(0.044)
Post*Acquirer Tobin's q	0.001	0.001	0.131	0.318***	0.171*
	(0.001)	(0.000)	(0.111)	(0.034)	(0.074)
Post*Free Cash Flow	-0.013	-0.281	-0.128	1.040	0.048
	(0.150)	(0.350)	(0.131)	(2.181)	(0.571)
Post*Relative Value	0.055	0.045***	-0.040	3.358	0.508
	(0.027)	(0.005)	(0.099)	(3.086)	(0.330)
Post*Mixed	-0.046	0.047	1.517		-0.198
	(0.039)	(0.029)	(1.666)		(0.155)
Post*All Equity	0.027	0.050	0.072	0.046	0.127
	(0.037)	(0.031)	(0.065)	(0.073)	(0.093)
Lib*Acquirer Size	0.000	-0.000	0.000***	-0.000	0.000**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	-0.013**	-0.013	-0.065**	0.913	-0.045
	(0.004)	(0.011)	(0.018)	(1.159)	(0.027)
Lib*Acquirer Tobin's q	-0.048**	-0.053**	-0.025	-0.167**	-0.007
	(0.012)	(0.013)	(0.029)	(0.056)	(0.032)
Lib*Free Cash Flow	-0.027	-0.003	-0.115*	0.202	0.046
	(0.022)	(0.011)	(0.052)	(1.550)	(0.031)
Lib*Relative Value	-0.006	-0.000	-0.055	-2.734	-0.270**
	(0.015)	(0.008)	(0.063)	(2.924)	(0.063)
Lib*Mixed	0.187	0.041	-1.571		
	(0.137)	(0.023)	(1.659)		
Lib*All Equity	0.017	0.028	-0.052*	0.123	-0.073**
	(0.013)	(0.017)	(0.024)	(0.113)	(0.026)
Constant	-0.056**	0.021	-0.132*	-0.067	-0.008
	(0.013)	(0.026)	(0.056)	(0.475)	(0.149)
Observations	425	275	150	42	108
R-squared	0.122	0.169	0.243	0.742	0.339

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, *
p<0.1

Table 2
The following regression tests acquirer returns for Southeast Asia.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.006	-0.015	0.006	0.081*	-0.011
	(0.006)	(0.012)	(0.011)	(0.039)	(0.007)
Post	0.016***	0.008	0.014	0.074	-0.002
	(0.005)	(0.004)	(0.018)	(0.046)	(0.015)
Lib	-0.001	-0.010	-0.002	0.060	-0.013
	(0.007)	(0.011)	(0.015)	(0.044)	(0.011)
Interim*Lib	-0.007	0.009	-0.008	-0.024	-0.002
	(0.008)	(0.017)	(0.008)	(0.046)	(0.012)
Post*Lib	-0.002	0.007	-0.013	-0.058	0.004
	(0.006)	(0.010)	(0.012)	(0.041)	(0.010)
Acquirer Size	0.000**	-0.000	0.000	0.000	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.004	0.005	-0.005	-0.028	-0.006**
	(0.003)	(0.008)	(0.003)	(0.025)	(0.002)
Acquirer Tobin's q	-0.002	-0.005	-0.005	0.010*	-0.004
	(0.001)	(0.003)	(0.003)	(0.005)	(0.004)
Free Cash Flow	-0.021	-0.021	-0.019	-0.026	-0.042**
	(0.021)	(0.041)	(0.018)	(0.053)	(0.018)
Relative Value	0.006*	0.007*	-0.010	0.002	-0.075***
	(0.003)	(0.003)	(0.008)	(0.011)	(0.019)
Mixed	0.025***	0.032**	0.005	0.042	0.000
	(0.008)	(0.008)	(0.027)	(0.058)	(0.026)
All Equity	0.011	0.009	0.015	0.060*	-0.005
	(0.009)	(0.012)	(0.017)	(0.029)	(0.028)
Interim*Acquirer Size	-0.000	0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	0.001	-0.003	0.002	0.011	0.001
	(0.004)	(0.007)	(0.003)	(0.022)	(0.004)
Interim*Acquirer Tobin's q	0.000	0.010	0.002	-0.009***	0.005
	(0.001)	(0.008)	(0.003)	(0.002)	(0.004)
Interim*Free Cash Flow	0.034	0.021	-0.008	-0.180*	0.000
	(0.023)	(0.043)	(0.052)	(0.081)	(0.034)
Interim*Relative Value	0.010	0.007	0.086***	0.106***	0.051
	(0.011)	(0.009)	(0.025)	(0.032)	(0.071)
Interim*Mixed	-0.005	-0.005	-0.004		-0.012

	(0.017)	(0.016)	(0.032)		(0.029)
Interim*All Equity	-0.014	-0.019	-0.008	-0.093**	0.016
	(0.012)	(0.019)	(0.025)	(0.036)	(0.037)
Post*Acquirer Size	-0.000**	0.000	-0.000	-0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	0.000	-0.004	0.003	-0.001	0.009*
	(0.003)	(0.008)	(0.007)	(0.023)	(0.005)
Post*Acquirer Tobin's q	-0.000	-0.001	0.006	0.004	0.002
	(0.000)	(0.000)	(0.004)	(0.003)	(0.007)
Post*Free Cash Flow	0.025	0.009	0.040*	0.039	0.058***
	(0.022)	(0.042)	(0.020)	(0.073)	(0.015)
Post*Relative Value	-0.004	-0.006	0.014*	0.006	0.047***
	(0.003)	(0.003)	(0.006)	(0.012)	(0.013)
Post*Mixed	-0.014	-0.025	0.008	-0.040	0.051
	(0.010)	(0.014)	(0.035)	(0.055)	(0.031)
Post*All Equity	-0.016*	-0.014	-0.023**	-0.040	-0.020
	(0.008)	(0.013)	(0.010)	(0.032)	(0.026)
Lib*Acquirer Size	-0.000**	-0.000	-0.000	-0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	0.003*	-0.001	0.002	0.016	0.003
	(0.002)	(0.003)	(0.005)	(0.020)	(0.002)
Lib*Acquirer Tobin's q	0.002	0.006*	0.003	-0.009*	-0.000
	(0.001)	(0.003)	(0.003)	(0.005)	(0.001)
Lib*Free Cash Flow	-0.004	0.016**	-0.008	-0.079**	0.033***
	(0.005)	(0.004)	(0.028)	(0.034)	(0.007)
Lib*Relative Value	-0.000	-0.001	0.051**	-0.057***	0.119***
	(0.002)	(0.002)	(0.020)	(0.011)	(0.013)
Lib*Mixed	-0.017**	-0.013**	-0.015	-0.012	-0.019*
	(0.007)	(0.005)	(0.015)	(0.038)	(0.009)
Lib*All Equity	0.001	-0.003	0.012	-0.015	0.016***
	(0.007)	(0.011)	(0.008)	(0.011)	(0.004)
Constant	0.006	0.017**	0.002	-0.058	0.018
	(0.005)	(0.004)	(0.016)	(0.047)	(0.010)
Observations	2,123	1,539	584	214	370
R-squared	0.014	0.024	0.196	0.398	0.304

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 3
The following regression tests combined returns for all Southeast Asian countries, using clustering by target nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.111***	-0.006	0.291**	-0.765	0.174
	(0.019)	(0.049)	(0.075)	(0.837)	(0.160)
Post	0.040*	-0.015	-0.184	-0.275	-0.382
	(0.017)	(0.030)	(0.146)	(1.677)	(0.264)
Lib	0.082**	0.037	0.116*	-1.109**	-0.038
	(0.028)	(0.045)	(0.050)	(0.396)	(0.041)
Interim*Lib	-0.043	0.042	-0.049	0.229***	0.048
	(0.033)	(0.050)	(0.035)	(0.037)	(0.058)
Post*Lib	-0.033	-0.014	0.089	0.396	0.374**
	(0.031)	(0.035)	(0.059)	(0.875)	(0.107)
Acquirer Size	-0.000	-0.000*	-0.000***	-0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.012**	0.051**	0.109***	-1.911	0.085
	(0.004)	(0.015)	(0.019)	(1.837)	(0.045)
Acquirer Tobin's q	0.048**	0.053**	0.068*	-0.373	0.069
	(0.012)	(0.013)	(0.026)	(0.439)	(0.092)
Free Cash Flow	0.109	0.506	0.241***	-0.039	0.101
	(0.098)	(0.561)	(0.044)	(2.648)	(0.081)
Relative Value	-0.065**	-0.066***	-0.054	0.447	0.257**
	(0.021)	(0.010)	(0.029)	(0.685)	(0.076)
Mixed	-0.063	0.039			-0.151
	(0.175)	(0.056)			(0.107)
All Equity	0.013	-0.039	0.100*	0.049	0.119
	(0.031)	(0.042)	(0.039)	(0.247)	(0.076)
Interim*Acquirer Size	-0.000	0.000*	0.000	-0.000***	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	-0.007	-0.042**	-0.055**	0.823**	-0.039
	(0.009)	(0.011)	(0.017)	(0.242)	(0.037)
Interim*Acquirer Tobin's q	-0.033	-0.036	-0.054	0.297	-0.057
	(0.017)	(0.021)	(0.030)	(0.380)	(0.092)
Interim*Free Cash Flow	-0.114	-0.488	-0.273***	-1.150	-0.235
	(0.113)	(0.562)	(0.054)	(1.080)	(0.118)
Interim*Relative Value	0.034*	0.039**	-0.031	3.729	-0.100
	(0.015)	(0.010)	(0.050)	(4.787)	(0.079)

Interim*Mixed	0.011	-0.085	4.935**		0.288
	(0.172)	(0.046)	(1.448)		(0.137)
Interim*All Equity	0.009	0.054	-0.081	-0.203	-0.089
	(0.042)	(0.070)	(0.048)	(0.295)	(0.080)
Post*Acquirer Size	0.000	0.000*	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	-0.008	-0.040**	0.018	-0.110	0.019
	(0.008)	(0.011)	(0.041)	(0.242)	(0.053)
Post*Acquirer Tobin's q	0.001	0.001	0.114	-0.149	0.097
	(0.001)	(0.001)	(0.076)	(0.380)	(0.083)
Post*Free Cash Flow	-0.018	-0.395	0.138	0.298	-0.501
	(0.150)	(0.609)	(0.171)	(1.080)	(0.645)
Post*Relative Value	0.073**	0.059***	-0.187**	3.559	0.632
	(0.026)	(0.008)	(0.054)	(4.787)	(0.349)
Post*Mixed	-0.132*	-0.006	4.809**	-76.197	
	(0.060)	(0.046)	(1.494)	(103.450)	
Post*All Equity	0.005	0.036	0.059	-0.084	0.150
	(0.037)	(0.048)	(0.031)	(0.295)	(0.121)
Lib*Acquirer Size	0.000	-0.000	0.000***	0.000	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	-0.010*	-0.013	-0.076**	1.916	-0.055
	(0.004)	(0.013)	(0.018)	(1.600)	(0.028)
Lib*Acquirer Tobin's q	-0.050**	-0.055**	-0.030	0.360***	-0.012
	(0.012)	(0.014)	(0.027)	(0.059)	(0.036)
Lib*Free Cash Flow	-0.023	-0.004	-0.078	0.152	0.050
	(0.022)	(0.013)	(0.040)	(1.569)	(0.038)
Lib*Relative Value	-0.005	-0.004	-0.011	-4.175	-0.274**
	(0.013)	(0.008)	(0.052)	(5.472)	(0.067)
Lib*Mixed	0.183		-4.812**		
	(0.141)		(1.467)		
Lib*All Equity	0.026	0.040	-0.047	0.123*	-0.069*
	(0.015)	(0.022)	(0.028)	(0.047)	(0.032)
Constant	-0.064**	0.020	-0.239**	1.117	-0.106
	(0.016)	(0.035)	(0.062)	(1.198)	(0.159)
Observations	353	220	133	33	100
R-squared	0.151	0.217	0.296	0.960	0.372

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4
The following regression tests acquirer returns for Southeast Asia using clustering by target nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	-0.005	-0.017	0.009	0.093*	-0.009
	(0.006)	(0.012)	(0.012)	(0.044)	(0.009)
Post	0.012**	0.004	0.018	0.078	-0.001
	(0.005)	(0.005)	(0.018)	(0.045)	(0.015)
Lib	-0.012	-0.022*	0.003	0.064	-0.012
	(0.008)	(0.009)	(0.015)	(0.046)	(0.011)
Interim*Lib	0.004	0.029	-0.009	-0.035	-0.002
	(0.010)	(0.020)	(0.011)	(0.052)	(0.013)
Post*Lib	0.005	0.021	-0.011	-0.063	0.004
	(0.008)	(0.012)	(0.013)	(0.044)	(0.012)
Acquirer Size	0.000**	0.000**	0.000**	0.000	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.006**	-0.012	-0.006*	-0.034**	-0.006*
	(0.002)	(0.006)	(0.003)	(0.011)	(0.003)
Acquirer Tobin's q	-0.007**	-0.007*	-0.006	0.009	-0.005
	(0.003)	(0.003)	(0.004)	(0.007)	(0.006)
Free Cash Flow	-0.005	0.016	-0.006	-0.017	-0.045*
	(0.016)	(0.022)	(0.014)	(0.054)	(0.020)
Relative Value	-0.003	0.012	-0.007	0.006	-0.076***
	(0.009)	(0.008)	(0.007)	(0.008)	(0.020)
Mixed	0.030***	0.025	0.028**	0.009	0.016
	(0.007)	(0.014)	(0.012)	(0.011)	(0.018)
All Equity	0.018**	0.023	0.023	0.074**	-0.004
	(0.007)	(0.019)	(0.015)	(0.027)	(0.031)
Interim*Acquirer Size	-0.000	-0.000**	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	0.003	0.013	0.000	0.004	0.001
	(0.003)	(0.007)	(0.004)	(0.017)	(0.005)
Interim*Acquirer Tobin's q	0.009*	0.013	0.004	-0.010	0.006
	(0.004)	(0.007)	(0.004)	(0.005)	(0.005)
Interim*Free Cash Flow	0.021	-0.011	-0.006	-0.205**	0.006
	(0.015)	(0.024)	(0.055)	(0.084)	(0.039)
Interim*Relative Value	0.022	0.013	0.089***	0.092**	0.073
	(0.013)	(0.008)	(0.026)	(0.031)	(0.072)

Interim*Mixed	-0.030*	-0.030	-0.039*	0.058	-0.038**
	(0.014)	(0.021)	(0.018)	(0.068)	(0.014)
Interim*All Equity	-0.027***	-0.039	-0.021	-0.099**	0.008
	(0.007)	(0.027)	(0.021)	(0.041)	(0.038)
Post*Acquirer Size	-0.000**	-0.000**	-0.000**	0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	0.003	0.012	0.006	0.009	0.009
	(0.003)	(0.007)	(0.007)	(0.010)	(0.005)
Post*Acquirer Tobin's q	0.001***	0.001	0.005	0.005	0.000
	(0.000)	(0.001)	(0.005)	(0.005)	(0.008)
Post*Free Cash Flow	0.007	-0.033	0.025	0.030	0.062***
	(0.019)	(0.023)	(0.016)	(0.080)	(0.018)
Post*Relative Value	0.005	-0.011	0.011*	0.001	0.052***
	(0.009)	(0.008)	(0.005)	(0.009)	(0.014)
Post*Mixed	-0.006	-0.004	-0.019		0.034
	(0.014)	(0.022)	(0.029)		(0.023)
Post*All Equity	-0.021**	-0.026	-0.028**	-0.059*	-0.014
	(0.009)	(0.021)	(0.010)	(0.027)	(0.033)
Lib*Acquirer Size	-0.000	-0.000	-0.000***	-0.000*	-0.000**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	0.003	0.000	0.003	0.029	0.002
	(0.002)	(0.001)	(0.004)	(0.018)	(0.003)
Lib*Acquirer Tobin's q	0.006*	0.006*	0.003	-0.009	0.000
	(0.003)	(0.002)	(0.004)	(0.005)	(0.003)
Lib*Free Cash Flow	-0.014*	0.013	-0.027	-0.083*	0.029***
	(0.006)	(0.010)	(0.026)	(0.039)	(0.006)
Lib*Relative Value	0.004	-0.011	0.059***	-0.063	0.119***
	(0.008)	(0.007)	(0.017)	(0.045)	(0.016)
Lib*Mixed	-0.005	0.009	-0.008	-0.027	-0.011
	(0.008)	(0.012)	(0.017)	(0.029)	(0.009)
Lib*All Equity	0.008	0.002	0.008	-0.018	0.015**
	(0.008)	(0.017)	(0.010)	(0.011)	(0.005)
Constant	0.012*	0.020***	-0.001	-0.063	0.017
	(0.006)	(0.004)	(0.015)	(0.048)	(0.010)
Observations	1,493	982	511	178	333
R-squared	0.032	0.044	0.229	0.420	0.327

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 5
The following regression tests combined returns for Indonesia and the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Outside SE
Interim	0.022	0.063***	-0.210**	4.103***
	(0.057)	(0.000)	(0.007)	(0.000)
Post	-0.116	0.001***	-0.763	4.263***
	(0.054)	(0.000)	(0.619)	(0.000)
Lib	0.071		-0.090	2.767***
	(0.016)		(0.121)	(0.000)
Interim*Lib	0.132*		0.241**	-0.367***
	(0.014)		(0.016)	(0.000)
Post*Lib	0.106*	-0.119***	0.184	1.428***
	(0.015)	(0.000)	(0.118)	(0.000)
Acquirer Size	0.000	-0.000***	-0.000	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.002	0.074***	-0.080	1.001***
	(0.006)	(0.000)	(0.102)	(0.000)
Acquirer Tobin's q	-0.024	0.039***	-0.132	1.907***
	(0.039)	(0.000)	(0.051)	(0.000)
Free Cash Flow	-0.059	0.366***	0.137	-0.964***
	(0.279)	(0.000)	(0.379)	(0.000)
Relative Value	0.032	0.079***	0.211	14.514***
	(0.055)	(0.000)	(0.175)	(0.000)
Mixed	0.945**	-0.036***	-4.097	0.328***
	(0.026)	(0.000)	(3.909)	(0.000)
All Equity	-0.041*	-0.041***	0.017	0.337***
	(0.003)	(0.000)	(0.105)	(0.000)
Interim*Acquirer Size	-0.000	0.000***	-0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	-0.008	-0.094***	0.145	-0.913***
	(0.016)	(0.000)	(0.149)	(0.000)
Interim*Acquirer Tobin's q	0.032	-0.029***	0.152	-1.888***
	(0.043)	(0.000)	(0.053)	(0.000)
Interim*Free Cash Flow	0.064	-0.385***	-0.181	0.675***
	(0.304)	(0.000)	(0.342)	(0.000)
Interim*Relative Value	-0.069	-0.108***	-0.208	-14.400***
	(0.043)	(0.000)	(0.220)	(0.000)
Interim*Mixed	-0.993**			
	(0.055)			

Interim*All Equity	0.077	0.096***	0.018	-0.287***
	(0.044)	(0.000)	(0.124)	(0.000)
Post*Acquirer Size	0.000	0.000***	-0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	0.057	0.060***	0.312	-1.174***
	(0.044)	(0.000)	(0.399)	(0.000)
Post*Acquirer Tobin's q	0.096	0.036***	0.291	-1.931***
	(0.032)	(0.000)	(0.208)	(0.000)
Post*Free Cash Flow	-0.001	-0.489***	1.447	0.329***
	(0.101)	(0.000)	(2.411)	(0.000)
Post*Relative Value	-0.015	-0.144***	0.016	-14.644***
	(0.132)	(0.000)	(0.015)	(0.000)
Post*Mixed	-1.310			
	(1.435)			
Post*All Equity	0.041	-0.054***	0.116	-0.370***
	(0.088)	(0.000)	(0.059)	(0.000)
Lib*Acquirer Size	-0.000	-0.000***	0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	-0.083*	0.220***	-0.073	-0.553***
	(0.007)	(0.000)	(0.053)	(0.000)
Lib*Acquirer Tobin's q	-0.023	0.040***	0.103	-1.305***
	(0.009)	(0.000)	(0.091)	(0.000)
Lib*Free Cash Flow	-0.224		-0.217	-0.884***
	(0.050)		(0.100)	(0.000)
Lib*Relative Value	-0.274	-0.136***	-1.312	-5.609***
	(0.052)	(0.000)	(0.367)	(0.000)
Lib*Mixed	0.008		4.138	
	(0.002)		(3.905)	
Lib*All Equity	0.073*	-0.219***	-0.039	-0.033***
	(0.011)	(0.000)	(0.068)	(0.000)
Constant	0.040	-0.013***	0.236**	-4.058***
	(0.032)	(0.000)	(0.018)	(0.000)
Observations	135	65	70	51
R-squared	0.403	0.643	0.403	0.785

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 6
The following regression tests combined returns for the Philippines and the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Outside SE
Interim	-0.031	-0.148	0.214***	0.174
	(0.067)	(0.086)	(0.002)	(0.064)
Post	-0.092***	-0.240	0.115	0.276
	(0.001)	(0.157)	(0.155)	(0.139)
Lib	-0.079*	-0.143	0.141***	-0.367***
	(0.020)	(0.103)	(0.001)	(0.025)
Interim*Lib	0.041	-0.070	0.056	0.273**
	(0.022)	(0.021)	(0.055)	(0.030)
Post*Lib	-0.045	-0.200	0.020	0.040
	(0.028)	(0.086)	(0.031)	(0.059)
Acquirer Size	-0.000	0.000	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.008	-0.077	0.230***	0.208**
	(0.014)	(0.030)	(0.004)	(0.030)
Acquirer Tobin's q	0.012	-0.186	0.111***	0.170*
	(0.011)	(0.135)	(0.003)	(0.044)
Free Cash Flow	0.159	0.073	-0.439***	-0.558**
	(0.081)	(0.021)	(0.037)	(0.093)
Relative Value	-0.098	-0.072	-0.253***	-0.034
	(0.044)	(0.048)	(0.007)	(0.188)
Mixed	0.107	-0.045**		
	(0.291)	(0.003)		
All Equity	0.020	0.036	0.042***	0.098**
	(0.007)	(0.009)	(0.002)	(0.022)
Interim*Acquirer Size	-0.000	-0.000*	0.000***	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	0.027	0.080*	-0.465***	-0.491***
	(0.068)	(0.008)	(0.004)	(0.030)
Interim*Acquirer Tobin's q	0.003	0.197	-0.110***	-0.166*
	(0.016)	(0.133)	(0.003)	(0.044)
Interim*Free Cash Flow	-0.167	-0.070	0.486***	0.716**
	(0.086)	(0.035)	(0.037)	(0.093)
Interim*Relative Value	0.072	0.045	0.446***	0.219
	(0.051)	(0.046)	(0.007)	(0.188)
Interim*Mixed	-0.153			
	(0.314)			

Interim*All Equity	0.036	0.015	0.093***	0.080*
	(0.020)	(0.015)	(0.002)	(0.022)
Post*Acquirer Size	0.000	-0.000*	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	0.018	0.147**	-0.216	-0.343**
	(0.029)	(0.005)	(0.124)	(0.062)
Post*Acquirer Tobin's q	0.031*	0.229	-0.094**	-0.147
	(0.010)	(0.136)	(0.012)	(0.084)
Post*Free Cash Flow	0.341	0.386	0.497	0.943
	(0.406)	(0.690)	(0.370)	(0.522)
Post*Relative Value	0.092	0.079	0.277	-0.189
	(0.060)	(0.092)	(0.235)	(0.381)
Post*All Equity	-0.014*	-0.017	0.004	-0.171**
	(0.004)	(0.013)	(0.054)	(0.019)
Lib*Acquirer Size	0.000	-0.000	-0.000	-0.000**
	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	0.036	0.120	-0.194**	0.222***
	(0.020)	(0.038)	(0.035)	(0.009)
Lib*Acquirer Tobin's q	0.033***	0.220	-0.077*	0.212**
	(0.003)	(0.136)	(0.021)	(0.030)
Lib*Free Cash Flow	-0.152	-0.019	0.501***	-0.183*
	(0.175)	(0.117)	(0.016)	(0.045)
Lib*Relative Value	0.060	0.022	0.076	-0.663*
	(0.039)	(0.046)	(0.114)	(0.195)
Lib*All Equity	-0.025	0.020	-0.037	-0.122***
	(0.019)	(0.029)	(0.046)	(0.004)
Post*Mixed			-0.422	
			(4.291)	
Constant	0.033	0.175	-0.189***	-0.191*
	(0.025)	(0.110)	(0.002)	(0.064)
Observations	155	92	63	48
R-squared	0.717	0.820	0.498	0.728

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 7
The following regression tests combined returns for Malaysia and the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Outside SE
Interim	0.121	0.035	0.313*	-10.824***
	(0.039)	(0.033)	(0.046)	(0.000)
Post	0.018	-0.049**	0.280	-10.730***
	(0.014)	(0.002)	(0.116)	(0.000)
Lib	0.108*	0.027**	0.312**	-12.144***
	(0.015)	(0.002)	(0.006)	(0.000)
Interim*Lib	-0.084**	0.006	-0.151*	7.373***
	(0.002)	(0.031)	(0.014)	(0.000)
Post*Lib	-0.045**	0.011	0.011	9.248***
	(0.003)	(0.023)	(0.033)	(0.000)
Acquirer Size	-0.000	0.000	0.000	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.024*	-0.006	0.190**	-4.256***
	(0.003)	(0.059)	(0.014)	(0.000)
Acquirer Tobin's q	0.058*	0.067*	0.119**	-1.803***
	(0.009)	(0.008)	(0.009)	(0.000)
Free Cash Flow	0.484	0.902**	-0.304	-0.288***
	(0.143)	(0.047)	(0.179)	(0.000)
Relative Value	-0.109	-0.062	-0.191***	0.113***
	(0.044)	(0.015)	(0.003)	(0.000)
Mixed	0.636**	-0.027		
	(0.033)	(0.005)		
All Equity	-0.007	-0.046	-0.017	0.049***
	(0.013)	(0.008)	(0.007)	(0.000)
Interim*Acquirer Size	0.000*	-0.000	-0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	-0.034**	-0.014	-0.135*	4.344***
	(0.002)	(0.047)	(0.017)	(0.000)
Interim*Acquirer Tobin's q	-0.049	-0.059*	-0.097*	1.822***
	(0.008)	(0.006)	(0.011)	(0.000)
Interim*Free Cash Flow	-0.503	-0.918**	0.252	
	(0.156)	(0.050)	(0.190)	
Interim*Relative Value	0.074	0.031	0.176**	
	(0.047)	(0.012)	(0.006)	
Interim*Mixed	-0.682**	-0.029		
	(0.048)	(0.028)		
Interim*All Equity	0.044	0.062	0.068	
	(0.037)	(0.047)	(0.011)	

Post*Acquirer Size	0.000	-0.000	-0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	0.022	0.053***	-0.199	4.102***
	(0.006)	(0.000)	(0.134)	(0.000)
Post*Acquirer Tobin's q	0.005	-0.001	-0.128	1.811***
	(0.014)	(0.000)	(0.029)	(0.000)
Post*Free Cash Flow	-0.470	-0.842*	0.322	-0.077***
	(0.193)	(0.089)	(0.115)	(0.000)
Post*Relative Value	0.073	0.030	0.310	-0.244***
	(0.044)	(0.019)	(0.474)	(0.000)
Post*All Equity	-0.005	0.027	0.035	-0.099***
	(0.031)	(0.050)	(0.047)	(0.000)
Lib*Acquirer Size	0.000	-0.000	0.000**	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	-0.023*	-0.006	-0.182**	4.196***
	(0.002)	(0.036)	(0.009)	(0.000)
Lib*Acquirer Tobin's q	-0.060*	-0.069*	-0.117**	1.959***
	(0.008)	(0.008)	(0.004)	(0.000)
Lib*Free Cash Flow	0.010	-0.027	0.018	-0.834***
	(0.018)	(0.036)	(0.005)	(0.000)
Lib*Relative Value	0.028	0.017	0.043	28.663***
	(0.006)	(0.009)	(0.015)	(0.001)
Lib*Mixed	-0.627**			
	(0.045)			
Lib*AllEquity	0.025	0.040	-0.094	-0.732***
	(0.012)	(0.016)	(0.036)	(0.000)
Post*Mixed			-2.277	
			(9.084)	
Constant	-0.059	0.033*	-0.294*	10.869***
	(0.029)	(0.005)	(0.039)	(0.000)
Observations	231	168	63	44
R-squared	0.196	0.233	0.378	0.497

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 8
The following regression tests combined returns for Thailand and the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Outside SE
Interim	0.063	0.122	0.031	0.175
	(0.081)	(0.033)	(0.038)	(0.089)
Post	0.008	0.089**	0.044	-0.061
	(0.078)	(0.003)	(0.016)	(0.039)
Lib	0.077	0.034	0.131***	0.289*
	(0.034)	(0.018)	(0.001)	(0.044)
Interim*Lib	-0.052	0.017	-0.045	-0.285**
	(0.024)	(0.039)	(0.060)	(0.020)
Post*Lib	-0.020	-0.008	0.161**	
	(0.022)	(0.002)	(0.004)	
Acquirer Size	0.000	-0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.006	0.053	0.089	0.144*
	(0.005)	(0.015)	(0.019)	(0.016)
Acquirer Tobin's q	0.039	0.120***	-0.006*	-0.093*
	(0.057)	(0.002)	(0.001)	(0.013)
Free Cash Flow	-0.002	0.138	-0.261**	-0.476
	(0.094)	(0.033)	(0.020)	(0.306)
Relative Value	-0.139	0.036**	0.014	0.858
	(0.115)	(0.002)	(0.032)	(0.445)
Mixed	-0.032**	-0.048*	-6.203	
	(0.001)	(0.006)	(2.248)	
All Equity	-0.011	-0.009	-0.054	-0.271
	(0.054)	(0.038)	(0.047)	(0.325)
Interim*Acquirer Size	-0.000	0.000**	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	-0.002	-0.052	-0.001	-0.069
	(0.000)	(0.010)	(0.010)	(0.036)
Interim*Acquirer Tobin's q	-0.026	-0.109***	0.030*	0.104
	(0.055)	(0.000)	(0.004)	(0.017)
Interim*Free Cash Flow	-0.015	-0.138	0.049	0.139
	(0.106)	(0.030)	(0.080)	(0.298)
Interim*Relative Value	0.107	-0.063*	-0.145	-0.311
	(0.107)	(0.008)	(0.153)	(0.496)
Interim*Mixed	0.330**		0.489*	
	(0.016)		(0.043)	

Interim*All Equity	0.057	0.023	0.135	0.366
	(0.074)	(0.081)	(0.062)	(0.326)
Post*Acquirer Size	0.000	0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	-0.007	-0.053	-0.058	-0.038
	(0.001)	(0.011)	(0.104)	(0.068)
Post*Acquirer Tobin's q	0.021	-0.054**	-0.032	0.123*
	(0.064)	(0.002)	(0.067)	(0.014)
Post*Free Cash Flow	0.098	-0.023	0.059	-0.387
	(0.049)	(0.040)	(0.193)	(0.303)
Post*Relative Value	0.138	-0.063	0.309	-0.525
	(0.115)	(0.038)	(0.148)	(0.496)
Post*All Equity	0.012	0.003	0.090	0.472
	(0.044)	(0.020)	(0.041)	(0.252)
Lib*Acquirer Size	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	-0.008	-0.005	-0.087	-0.057
	(0.004)	(0.005)	(0.020)	(0.026)
Lib*Acquirer Tobin's q	-0.060*	-0.066***	-0.058	-0.014
	(0.007)	(0.000)	(0.012)	(0.004)
Lib*Free Cash Flow	-0.021	-0.000	0.119	0.268**
	(0.008)	(0.027)	(0.112)	(0.011)
Lib*Relative Value	0.115	0.157	0.062	-0.500*
	(0.027)	(0.048)	(0.104)	(0.054)
Lib*Mixed	-0.023	0.028	5.982	0.269**
	(0.011)	(0.012)	(2.256)	(0.021)
Lib*All Equity	0.015*	0.031	-0.062	-0.103**
	(0.002)	(0.010)	(0.024)	(0.008)
Post*Mixed				-0.401*
				(0.058)
Constant	-0.022	-0.090*	-0.036	-0.158
	(0.077)	(0.013)	(0.027)	(0.066)
Observations	207	126	81	62
R-squared	0.327	0.425	0.432	0.554

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 9
The following regression tests combined returns for Indonesia and the control group, with bank stocks taken out of the sample for Indonesia.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Outside SE
Interim	0.044	0.063***	0.604	4.097***
	(0.113)	(0.000)	(0.221)	(0.000)
Post	-0.054	0.001***	-0.741	283.267***
	(0.070)	(0.000)	(0.559)	(0.000)
Lib	0.001		0.285	2.764***
	(0.018)		(0.339)	(0.000)
Interim*Lib	0.176*		0.103	-0.365***
	(0.015)		(0.063)	(0.000)
Post*Lib	0.115	-0.119***	0.030	151.411***
	(0.034)	(0.000)	(0.068)	(0.000)
Acquirer Size	0.000	-0.000***	-0.000	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.002	0.074***	0.290**	0.998***
	(0.002)	(0.000)	(0.013)	(0.000)
Acquirer Tobin's q	-0.027	0.039***	0.252	1.905***
	(0.046)	(0.000)	(0.130)	(0.000)
Free Cash Flow	-0.138	0.366***	-0.188	-0.960***
	(0.308)	(0.000)	(0.481)	(0.000)
Relative Value	0.065	0.079***	-0.401	14.509***
	(0.026)	(0.000)	(0.246)	(0.000)
Mixed	0.653	-0.036***	0.103	0.331***
	(0.137)	(0.000)	(0.062)	(0.000)
All Equity	-0.013	-0.041***	0.033	0.334***
	(0.054)	(0.000)	(0.042)	(0.000)
Interim*Acquirer Size	-0.000	0.000***	-0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	-0.007	-0.094***	-0.208	-0.910***
	(0.013)	(0.000)	(0.058)	(0.000)
Interim*Acquirer Tobin's q	0.035	-0.029***	-0.228	-1.886***
	(0.050)	(0.000)	(0.123)	(0.000)
Interim*Free Cash Flow	0.136	-0.385***	0.083	0.671***
	(0.318)	(0.000)	(0.582)	(0.000)
Interim*Relative Value	-0.101*	-0.108***	0.371	-14.396***
	(0.014)	(0.000)	(0.217)	(0.000)
Interim*Mixed	-0.701			

	(0.169)			
Interim*All Equity	0.048	0.096***	0.002	-0.284***
	(0.104)	(0.000)	(0.069)	(0.000)
Post*Acquirer Size	-0.000	0.000***	0.000	-0.025***
	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	0.022	0.060***	0.125	-81.184***
	(0.050)	(0.000)	(0.266)	(0.000)
Post*Acquirer Tobin's q	0.098	0.036***	0.274	-140.798***
	(0.044)	(0.000)	(0.176)	(0.000)
Post*Free Cash Flow	0.104	-0.489***	4.470	-1,161.988***
	(0.132)	(0.000)	(1.962)	(0.000)
Post*Relative Value	-0.077	-0.144***	0.311	-13.417***
	(0.066)	(0.000)	(0.170)	(0.000)
Post*Mixed	-0.462		2.283	
	(0.860)		(1.804)	
Post*All Equity	-0.013	-0.054***	-0.071	70.723***
	(0.002)	(0.000)	(0.029)	(0.000)
Lib*Acquirer Size	-0.000	-0.000***	0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	-0.079*	0.220***	-0.114	-0.551***
	(0.011)	(0.000)	(0.102)	(0.000)
Lib*Acquirer Tobin's q	-0.017	0.040***	-0.113	-1.304***
	(0.011)	(0.000)	(0.199)	(0.000)
Lib*Free Cash Flow	-0.186		-0.205**	-0.883***
	(0.033)		(0.007)	(0.000)
Lib*Relative Value	-0.219**	-0.136***	-1.974	-5.630***
	(0.008)	(0.000)	(0.741)	(0.000)
Lib*Mixed	0.006			
	(0.003)			
Lib*All Equity	0.080	-0.219***	0.016	-0.031***
	(0.019)	(0.000)	(0.009)	(0.000)
Constant	0.018	-0.013***	-0.583	-4.052***
	(0.086)	(0.000)	(0.234)	(0.000)
Observations	129	65	64	49
R-squared	0.433	0.643	0.514	0.783

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 10
The following regression tests combined returns for Malaysia and the control group, allowing for only manufacturing stocks in Malaysia.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Outside SE
Interim	0.105	-0.013	2.876***	-0.107***
	(0.120)	(0.085)	(0.000)	(0.000)
Post	-0.068	-0.185	3.290***	
	(0.020)	(0.236)	(0.000)	
Lib	0.064	-0.035	-1.539***	
	(0.078)	(0.109)	(0.000)	
Interim*Lib	-0.061**	0.127	-11.186***	
	(0.002)	(0.026)	(0.000)	
Post*Lib	-0.032	0.105*	0.166***	0.310***
	(0.014)	(0.010)	(0.000)	(0.000)
Acquirer Size	-0.000	0.000	-0.000***	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.023	-0.019	0.596***	0.024***
	(0.018)	(0.101)	(0.000)	(0.000)
Acquirer Tobin's q	0.042	0.119	1.582***	0.002***
	(0.063)	(0.076)	(0.000)	(0.000)
Free Cash Flow	0.773	2.191	6.186***	-0.288***
	(0.496)	(0.541)	(0.000)	(0.000)
Relative Value	-0.158	-0.190	-3.129***	-0.131***
	(0.139)	(0.374)	(0.000)	(0.000)
Mixed	0.026	-0.059	3.673***	
	(0.008)	(0.042)	(0.000)	
All Equity	0.021	-0.037	-0.385***	
	(0.053)	(0.031)	(0.000)	
Interim*Acquirer Size	0.000	-0.000	0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	-0.039	-0.009	-0.545***	0.064***
	(0.028)	(0.087)	(0.000)	(0.000)
Interim*Acquirer Tobin's q	-0.034	-0.112	-1.560***	0.017***
	(0.067)	(0.071)	(0.000)	(0.000)
Interim*Free Cash Flow	-0.805	-2.223	-6.241***	
	(0.534)	(0.551)	(0.000)	
Interim*Relative Value	0.130	0.160	3.119***	0.244***
	(0.144)	(0.373)	(0.000)	(0.000)
Interim*Mixed	-0.072			

	(0.026)			
Interim*All Equity	0.019	0.057	0.433***	0.049***
	(0.080)	(0.093)	(0.000)	(0.000)
Post*Acquirer Size	0.000	-0.000	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	0.110	0.276	-0.840***	-0.182***
	(0.097)	(0.234)	(0.000)	(0.000)
Post*Acquirer Tobin's q	0.032	-0.038	-1.713***	
	(0.056)	(0.083)	(0.000)	
Post*Free Cash Flow	-0.886	-2.308	-7.687***	-0.129***
	(0.612)	(0.516)	(0.000)	(0.000)
Post*Relative Value	0.153	0.154	2.925***	
	(0.150)	(0.383)	(0.000)	
Post*Mixed	0.041			
	(0.167)			
Post*All Equity	-0.030	-0.030	0.391***	-0.046***
	(0.011)	(0.028)	(0.000)	(0.000)
Lib*Acquirer Size	-0.000***	0.000	0.000***	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	0.001	-0.045	0.586***	-0.057***
	(0.013)	(0.019)	(0.000)	(0.000)
Lib*Acquirer Tobin's q	-0.045	-0.122	0.292***	-0.102***
	(0.063)	(0.076)	(0.000)	(0.000)
Lib*Free Cash Flow	0.075	-0.028	2.729***	
	(0.014)	(0.024)	(0.000)	
Lib*Relative Value	0.003	0.003		
	(0.012)	(0.012)		
Lib*All Equity	0.035	0.056	0.626***	-0.087***
	(0.023)	(0.011)	(0.000)	(0.000)
Lib*Mixed		0.026		
		(0.077)		
Constant	-0.034	0.090	-2.853***	0.152***
	(0.087)	(0.134)	(0.000)	(0.000)
Observations	165	113	52	38
R-squared	0.307	0.480	0.394	0.474

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 11
The following regression tests combined returns for all Southeast Asian countries using clustering by Acquirer Nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.099**	-0.006	0.179***	0.130	0.077
	(0.042)	(0.038)	(0.059)	(0.181)	(0.114)
Post	0.027	-0.021	-0.254	-1.302*	-0.501**
	(0.035)	(0.024)	(0.154)	(0.488)	(0.224)
Lib	0.093**	0.044	0.112	0.333	-0.054
	(0.043)	(0.025)	(0.101)	(0.274)	(0.082)
Interim*Lib	-0.057	0.022	-0.054	-0.284	0.051
	(0.043)	(0.018)	(0.043)	(0.330)	(0.046)
Post*Lib	-0.037	-0.014	0.105	0.539**	0.290**
	(0.044)	(0.021)	(0.084)	(0.166)	(0.127)
Acquirer Size	-0.000	-0.000	-0.000	0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.010	0.020	0.069*	-0.827	0.056*
	(0.007)	(0.018)	(0.036)	(0.491)	(0.032)
Acquirer Tobin's q	0.047***	0.052**	0.032	0.116	0.016
	(0.012)	(0.013)	(0.034)	(0.116)	(0.069)
Free Cash Flow	0.108	0.391	0.166	-1.504	0.047
	(0.132)	(0.307)	(0.142)	(3.709)	(0.080)
Relative Value	-0.047***	-0.055***	-0.030	-0.255	0.237*
	(0.013)	(0.009)	(0.094)	(0.323)	(0.137)
Mixed	-0.149	-0.047**		-58.087*	0.142
	(0.140)	(0.014)		(18.448)	(0.139)
All Equity	0.002	-0.038	0.074*	-0.073	0.105*
	(0.029)	(0.029)	(0.040)	(0.087)	(0.054)
Interim*Acquirer Size	-0.000	0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	-0.001	-0.009	-0.025	0.126	-0.019
	(0.006)	(0.013)	(0.020)	(0.172)	(0.033)
Interim*Acquirer Tobin's q	-0.030*	-0.035	-0.018	0.211	-0.004
	(0.017)	(0.021)	(0.026)	(0.108)	(0.069)
Interim*Free Cash Flow	-0.109	-0.371	-0.156**	-0.369	-0.171***
	(0.127)	(0.309)	(0.070)	(3.193)	(0.053)
Interim*Relative Value	0.020**	0.028*	-0.016	2.509*	-0.078
	(0.007)	(0.010)	(0.070)	(0.859)	(0.068)

Interim*Mixed	0.096		1.703		
	(0.144)		(5.506)		
Interim*All Equity	0.018	0.048	-0.046	-0.501***	-0.069**
	(0.041)	(0.050)	(0.043)	(0.081)	(0.025)
Post*Acquirer Size	0.000	0.000	-0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	-0.004	-0.011	0.058	0.200	0.067
	(0.005)	(0.016)	(0.036)	(0.185)	(0.061)
Post*Acquirer Tobin's q	0.001	0.001	0.131*	0.318	0.171
	(0.001)	(0.000)	(0.073)	(0.219)	(0.126)
Post*Free Cash Flow	-0.013	-0.281	-0.128	1.040	0.048
	(0.143)	(0.350)	(0.125)	(3.229)	(0.935)
Post*Relative Value	0.055***	0.045***	-0.040	3.358**	0.508*
	(0.014)	(0.005)	(0.305)	(0.864)	(0.272)
Post*Mixed	-0.046	0.047	1.517		-0.198
	(0.048)	(0.029)	(5.507)		(0.271)
Post*All Equity	0.027	0.050	0.072*	0.046	0.127
	(0.021)	(0.031)	(0.040)	(0.080)	(0.104)
Lib*Acquirer Size	0.000	-0.000	0.000*	-0.000	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	-0.013	-0.013	-0.065*	0.913	-0.045**
	(0.009)	(0.011)	(0.036)	(0.485)	(0.020)
Lib*Acquirer Tobin's q	-0.048***	-0.053**	-0.025	-0.167***	-0.007
	(0.013)	(0.013)	(0.039)	(0.013)	(0.040)
Lib*Free Cash Flow	-0.027	-0.003	-0.115	0.202	0.046
	(0.038)	(0.011)	(0.142)	(0.698)	(0.068)
Lib*Relative Value	-0.006	-0.000	-0.055	-2.734*	-0.270*
	(0.011)	(0.008)	(0.125)	(0.975)	(0.139)
Lib*Mixed	0.187	0.041	-1.571		
	(0.127)	(0.023)	(5.499)		
Lib*All Equity	0.017	0.028	-0.052	0.123***	-0.073
	(0.020)	(0.017)	(0.045)	(0.007)	(0.058)
Constant	-0.056	0.021	-0.132	-0.067	-0.008
	(0.045)	(0.026)	(0.081)	(0.235)	(0.124)
Observations	425	275	150	42	108
R-squared	0.122	0.169	0.243	0.742	0.339

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 12
The following regression tests acquirer returns for Southeast Asia using clustering by Acquirer Nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	0.006	-0.015	0.006	0.081	-0.011
	(0.010)	(0.012)	(0.014)	(0.054)	(0.013)
Post	0.016	0.008	0.014	0.074	-0.002
	(0.010)	(0.004)	(0.021)	(0.066)	(0.020)
Lib	-0.001	-0.010	-0.002	0.060	-0.013
	(0.013)	(0.011)	(0.018)	(0.057)	(0.015)
Interim*Lib	-0.007	0.009	-0.008	-0.024	-0.002
	(0.014)	(0.017)	(0.015)	(0.046)	(0.018)
Post*Lib	-0.002	0.007	-0.013	-0.058	0.004
	(0.011)	(0.010)	(0.016)	(0.041)	(0.011)
Acquirer Size	0.000**	-0.000	0.000**	0.000	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	-0.004	0.005	-0.005*	-0.028	-0.006**
	(0.003)	(0.008)	(0.003)	(0.032)	(0.003)
Acquirer Tobin's q	-0.002	-0.005	-0.005	0.010	-0.004
	(0.001)	(0.003)	(0.005)	(0.007)	(0.005)
Free Cash Flow	-0.021	-0.021	-0.019	-0.026	-0.042
	(0.017)	(0.041)	(0.025)	(0.042)	(0.029)
Relative Value	0.006*	0.007*	-0.010	0.002	-0.075***
	(0.003)	(0.003)	(0.009)	(0.012)	(0.014)
Mixed	0.025	0.032**	0.005	0.042	0.000
	(0.016)	(0.008)	(0.026)	(0.085)	(0.030)
All Equity	0.011	0.009	0.015	0.060	-0.005
	(0.010)	(0.012)	(0.024)	(0.047)	(0.031)
Interim*Acquirer Size	-0.000	0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	0.001	-0.003	0.002	0.011	0.001
	(0.004)	(0.007)	(0.005)	(0.019)	(0.005)
Interim*Acquirer Tobin's q	0.000	0.010	0.002	-0.009**	0.005
	(0.001)	(0.008)	(0.003)	(0.003)	(0.003)
Interim*Free Cash Flow	0.034	0.021	-0.008	-0.180**	0.000
	(0.024)	(0.043)	(0.029)	(0.056)	(0.027)
Interim*Relative Value	0.010	0.007	0.086**	0.106*	0.051*

	(0.007)	(0.009)	(0.033)	(0.047)	(0.029)
Interim*Mixed	-0.005	-0.005	-0.004		-0.012
	(0.016)	(0.016)	(0.030)		(0.033)
Interim*All Equity	-0.014	-0.019	-0.008	-0.093*	0.016
	(0.011)	(0.019)	(0.017)	(0.040)	(0.021)
Post*Acquirer Size	-0.000**	0.000	-0.000**	-0.000	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	0.000	-0.004	0.003	-0.001	0.009*
	(0.003)	(0.008)	(0.007)	(0.028)	(0.005)
Post*Acquirer Tobin's q	-0.000	-0.001	0.006	0.004	0.002
	(0.000)	(0.000)	(0.005)	(0.002)	(0.008)
Post*Free Cash Flow	0.025	0.009	0.040	0.039	0.058**
	(0.021)	(0.042)	(0.025)	(0.048)	(0.027)
Post*Relative Value	-0.004	-0.006	0.014*	0.006	0.047**
	(0.003)	(0.003)	(0.007)	(0.012)	(0.019)
Post*Mixed	-0.014	-0.025	0.008	-0.040	0.051**
	(0.016)	(0.014)	(0.028)	(0.057)	(0.020)
Post*All Equity	-0.016	-0.014	-0.023	-0.040	-0.020
	(0.010)	(0.013)	(0.019)	(0.045)	(0.029)
Lib*Acquirer Size	-0.000*	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	0.003**	-0.001	0.002	0.016	0.003
	(0.002)	(0.003)	(0.004)	(0.025)	(0.003)
Lib*Acquirer Tobin's q	0.002	0.006*	0.003	-0.009	-0.000
	(0.001)	(0.003)	(0.004)	(0.006)	(0.003)
Lib*Free Cash Flow	-0.004	0.016**	-0.008	-0.079**	0.033
	(0.013)	(0.004)	(0.030)	(0.020)	(0.022)
Lib*Relative Value	-0.000	-0.001	0.051**	-0.057***	0.119***
	(0.003)	(0.002)	(0.020)	(0.012)	(0.016)
Lib*Mixed	-0.017	-0.013**	-0.015	-0.012	-0.019
	(0.012)	(0.005)	(0.039)	(0.058)	(0.041)
Lib*All Equity	0.001	-0.003	0.012	-0.015	0.016
	(0.011)	(0.011)	(0.012)	(0.019)	(0.012)
Constant	0.006	0.017**	0.002	-0.058	0.018*
	(0.009)	(0.004)	(0.016)	(0.064)	(0.010)
Observations	2,123	1,539	584	214	370
R-squared	0.014	0.024	0.196	0.398	0.304

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 13
The following regression tests combined returns for Indonesia and the control group, using clustering by acquirer nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Outside SE
Interim	0.022	0.063***	-0.210	4.103**
	(0.061)	(0.000)	(0.594)	(1.739)
Post	-0.116**	0.001***	-0.763	4.263**
	(0.044)	(0.000)	(0.627)	(1.744)
Lib	0.071		-0.090	2.767**
	(0.098)		(0.429)	(1.215)
Interim*Lib	0.132		0.241	-0.367
	(0.118)		(0.276)	(0.428)
Post*Lib	0.106	-0.119***	0.184	1.428***
	(0.145)	(0.000)	(0.236)	(0.284)
Acquirer Size	0.000	-0.000***	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.002	0.074***	-0.080	1.001**
	(0.006)	(0.000)	(0.275)	(0.368)
Acquirer Tobin's q	-0.024	0.039***	-0.132	1.907**
	(0.018)	(0.000)	(0.268)	(0.681)
Free Cash Flow	-0.059	0.366***	0.137	-0.964
	(0.211)	(0.000)	(0.641)	(0.571)
Relative Value	0.032	0.079***	0.211	14.514*
	(0.052)	(0.000)	(0.440)	(7.725)
Mixed	0.945**	-0.036***	-4.097	0.328
	(0.421)	(0.000)	(12.268)	(0.262)
All Equity	-0.041	-0.041***	0.017	0.337***
	(0.054)	(0.000)	(0.087)	(0.108)
Interim*Acquirer Size	-0.000	0.000***	-0.000	-0.000**
	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	-0.008	-0.094***	0.145	-0.913**
	(0.012)	(0.000)	(0.280)	(0.396)
Interim*Acquirer Tobin's q	0.032	-0.029***	0.152	-1.888**
	(0.019)	(0.000)	(0.270)	(0.683)
Interim*Free Cash Flow	0.064	-0.385***	-0.181	0.675
	(0.196)	(0.000)	(0.625)	(0.734)
Interim*Relative Value	-0.069	-0.108***	-0.208	-14.400*
	(0.056)	(0.000)	(0.482)	(7.691)
Interim*Mixed	-0.993**			

	(0.422)			
Interim*All Equity	0.077	0.096***	0.018	-0.287***
	(0.086)	(0.000)	(0.110)	(0.079)
Post*Acquirer Size	0.000	0.000***	-0.000	-0.000**
	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	0.057*	0.060***	0.312	-1.174***
	(0.032)	(0.000)	(0.353)	(0.370)
Post*Acquirer Tobin's q	0.096***	0.036***	0.291	-1.931**
	(0.018)	(0.000)	(0.220)	(0.685)
Post*Free Cash Flow	-0.001	-0.489***	1.447	0.329
	(0.161)	(0.000)	(1.723)	(0.605)
Post*Relative Value	-0.015	-0.144***	0.016	-14.644*
	(0.046)	(0.000)	(0.543)	(7.725)
Post*Mixed	-1.310**			
	(0.512)			
Post*All Equity	0.041	-0.054***	0.116	-0.370***
	(0.044)	(0.000)	(0.113)	(0.111)
Lib*Acquirer Size	-0.000	-0.000***	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	-0.083*	0.220***	-0.073	-0.553***
	(0.040)	(0.000)	(0.096)	(0.173)
Lib*Acquirer Tobin's q	-0.023	0.040***	0.103	-1.305**
	(0.036)	(0.000)	(0.224)	(0.471)
Lib*Free Cash Flow	-0.224		-0.217	-0.884*
	(0.141)		(0.296)	(0.421)
Lib*Relative Value	-0.274**	-0.136***	-1.312	-5.609**
	(0.110)	(0.000)	(1.010)	(2.504)
Lib*Mixed	0.008		4.138	
	(0.089)		(12.304)	
Lib*All Equity	0.073	-0.219***	-0.039	-0.033
	(0.064)	(0.000)	(0.053)	(0.092)
Constant	0.040	-0.013***	0.236	-4.058**
	(0.046)	(0.000)	(0.583)	(1.739)
Observations	135	65	70	51
R-squared	0.403	0.643	0.403	0.785

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 14
The following regression tests combined returns for the Philippines and the control group, using clustering by acquirer nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Outside SE
Interim	-0.031	-0.148	0.214	0.174
	(0.065)	(0.086)	(0.121)	(0.180)
Post	-0.092	-0.240	0.115	0.276*
	(0.060)	(0.157)	(0.092)	(0.150)
Lib	-0.079	-0.143	0.141	-0.367
	(0.055)	(0.103)	(0.135)	(0.750)
Interim*Lib	0.041	-0.070	0.056	0.273
	(0.043)	(0.021)	(0.118)	(0.252)
Post*Lib	-0.045	-0.200	0.020	0.040
	(0.044)	(0.086)	(0.116)	(0.032)
Acquirer Size	-0.000	0.000	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.008	-0.077	0.230***	0.208**
	(0.016)	(0.030)	(0.060)	(0.069)
Acquirer Tobin's q	0.012	-0.186	0.111	0.170**
	(0.046)	(0.135)	(0.071)	(0.070)
Free Cash Flow	0.159	0.073	-0.439	-0.558
	(0.149)	(0.021)	(0.477)	(0.324)
Relative Value	-0.098	-0.072	-0.253	-0.034
	(0.058)	(0.048)	(0.192)	(0.910)
Mixed	0.107	-0.045**		
	(0.573)	(0.003)		
All Equity	0.020	0.036	0.042	0.098
	(0.032)	(0.009)	(0.083)	(0.071)
Interim*Acquirer Size	-0.000	-0.000*	0.000**	0.000**
	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	0.027	0.080*	-0.465***	-0.491***
	(0.040)	(0.008)	(0.076)	(0.081)
Interim*Acquirer Tobin's q	0.003	0.197	-0.110	-0.166**
	(0.046)	(0.133)	(0.073)	(0.073)
Interim*Free Cash Flow	-0.167	-0.070	0.486	0.716*
	(0.153)	(0.035)	(0.499)	(0.355)
Interim*Relative Value	0.072	0.045	0.446**	0.219
	(0.059)	(0.046)	(0.188)	(0.898)
Interim*Mixed	-0.153			

	(0.573)			
Interim*All Equity	0.036	0.015	0.093**	0.080
	(0.030)	(0.015)	(0.035)	(0.062)
Post*Acquirer Size	0.000	-0.000*	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	0.018	0.147**	-0.216***	-0.343***
	(0.031)	(0.005)	(0.064)	(0.094)
Post*Acquirer Tobin's q	0.031	0.229	-0.094	-0.147*
	(0.046)	(0.136)	(0.070)	(0.071)
Post*Free Cash Flow	0.341	0.386	0.497	0.943
	(0.362)	(0.690)	(0.657)	(0.890)
Post*Relative Value	0.092	0.079	0.277	-0.189
	(0.055)	(0.092)	(0.257)	(0.971)
Post*All Equity	-0.014	-0.017	0.004	-0.171
	(0.041)	(0.013)	(0.090)	(0.107)
Lib*Acquirer Size	0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	0.036***	0.120	-0.194	0.222
	(0.010)	(0.038)	(0.131)	(0.481)
Lib*Acquirer Tobin's q	0.033	0.220	-0.077	0.212
	(0.045)	(0.136)	(0.089)	(0.519)
Lib*Free Cash Flow	-0.152	-0.019	0.501	-0.183
	(0.205)	(0.117)	(0.526)	(0.959)
Lib*Relative Value	0.060	0.022	0.076	-0.663
	(0.047)	(0.046)	(0.127)	(0.985)
Lib*All Equity	-0.025	0.020	-0.037	-0.122
	(0.032)	(0.029)	(0.108)	(0.093)
Post*Mixed			-0.422	
			(4.006)	
Constant	0.033	0.175	-0.189	-0.191
	(0.052)	(0.110)	(0.108)	(0.127)
Observations	155	92	63	48
R-squared	0.717	0.820	0.498	0.728

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 15
The following regression tests combined returns for Malaysia and the control group, using clustering by acquirer nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Outside SE
Interim	0.121**	0.035	0.313	-10.824***
	(0.045)	(0.033)	(0.202)	(1.297)
Post	0.018	-0.049**	0.280	-10.730***
	(0.015)	(0.002)	(0.160)	(1.296)
Lib	0.108*	0.027**	0.312	-12.144***
	(0.051)	(0.002)	(0.193)	(1.542)
Interim*Lib	-0.084**	0.006	-0.151**	7.373***
	(0.038)	(0.031)	(0.061)	(0.902)
Post*Lib	-0.045	0.011	0.011	9.248***
	(0.030)	(0.023)	(0.078)	(1.145)
Acquirer Size	-0.000**	0.000	0.000	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.024**	-0.006	0.190**	-4.256***
	(0.010)	(0.059)	(0.083)	(0.503)
Acquirer Tobin's q	0.058***	0.067*	0.119	-1.803***
	(0.002)	(0.008)	(0.101)	(0.193)
Free Cash Flow	0.484*	0.902**	-0.304	-0.288
	(0.234)	(0.047)	(0.232)	(0.190)
Relative Value	-0.109***	-0.062	-0.191	0.113
	(0.010)	(0.015)	(0.175)	(0.164)
Mixed	0.636***	-0.027		
	(0.210)	(0.005)		
All Equity	-0.007	-0.046	-0.017	0.049
	(0.014)	(0.008)	(0.021)	(0.055)
Interim*Acquirer Size	0.000**	-0.000	-0.000	-0.000**
	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	-0.034***	-0.014	-0.135	4.344***
	(0.003)	(0.047)	(0.109)	(0.561)
Interim*Acquirer Tobin's q	-0.049***	-0.059*	-0.097	1.822***
	(0.003)	(0.006)	(0.102)	(0.193)
Interim*Free Cash Flow	-0.503**	-0.918**	0.252	
	(0.217)	(0.050)	(0.218)	
Interim*Relative Value	0.074***	0.031	0.176	
	(0.010)	(0.012)	(0.289)	
Interim*Mixed	-0.682***	-0.029		

	(0.218)	(0.028)		
Interim*All Equity	0.044**	0.062	0.068	
	(0.018)	(0.047)	(0.041)	
Post*Acquirer Size	0.000*	-0.000	-0.000	-0.000**
	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	0.022**	0.053***	-0.199**	4.102***
	(0.008)	(0.000)	(0.077)	(0.500)
Post*Acquirer Tobin's q	0.005	-0.001	-0.128	1.811***
	(0.005)	(0.000)	(0.077)	(0.187)
Post*Free Cash Flow	-0.470*	-0.842*	0.322*	-0.077
	(0.240)	(0.089)	(0.173)	(0.140)
Post*Relative Value	0.073***	0.030	0.310	-0.244
	(0.013)	(0.019)	(0.227)	(0.164)
Post*All Equity	-0.005	0.027	0.035	-0.099
	(0.045)	(0.050)	(0.044)	(0.056)
Lib*Acquirer Size	0.000	-0.000	0.000*	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	-0.023**	-0.006	-0.182**	4.196***
	(0.008)	(0.036)	(0.076)	(0.507)
Lib*Acquirer Tobin's q	-0.060***	-0.069*	-0.117	1.959***
	(0.002)	(0.008)	(0.096)	(0.263)
Lib*Free Cash Flow	0.010	-0.027	0.018	-0.834***
	(0.033)	(0.036)	(0.242)	(0.056)
Lib*Relative Value	0.028***	0.017	0.043	28.663***
	(0.006)	(0.009)	(0.314)	(3.947)
Lib*Mixed	-0.627**			
	(0.225)			
Lib*All Equity	0.025	0.040	-0.094**	-0.732***
	(0.019)	(0.016)	(0.042)	(0.100)
Post*Mixed			-2.277	
			(4.001)	
Constant	-0.059	0.033*	-0.294	10.869***
	(0.046)	(0.005)	(0.207)	(1.308)
Observations	231	168	63	44
R-squared	0.196	0.233	0.378	0.497

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 16
The following regression tests combined returns for Thailand and the control group, using clustering by acquirer nation.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Outside SE
Interim	0.063	0.122	0.031	0.175
	(0.057)	(0.033)	(0.112)	(0.138)
Post	0.008	0.089**	0.044	-0.061
	(0.040)	(0.003)	(0.150)	(0.221)
Lib	0.077**	0.034	0.131	0.289**
	(0.032)	(0.018)	(0.077)	(0.104)
Interim*Lib	-0.052	0.017	-0.045	-0.285**
	(0.039)	(0.039)	(0.048)	(0.113)
Post*Lib	-0.020	-0.008	0.161	
	(0.031)	(0.002)	(0.123)	
Acquirer Size	0.000	-0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Acquirer Leverage	0.006	0.053	0.089*	0.144*
	(0.006)	(0.015)	(0.046)	(0.072)
Acquirer Tobin's q	0.039	0.120***	-0.006	-0.093
	(0.037)	(0.002)	(0.068)	(0.068)
Free Cash Flow	-0.002	0.138	-0.261	-0.476
	(0.047)	(0.033)	(0.223)	(1.152)
Relative Value	-0.139	0.036**	0.014	0.858
	(0.084)	(0.002)	(0.133)	(1.788)
Mixed	-0.032	-0.048*	-6.203***	
	(0.019)	(0.006)	(1.610)	
All Equity	-0.011	-0.009	-0.054	-0.271
	(0.027)	(0.038)	(0.038)	(1.269)
Interim*Acquirer Size	-0.000	0.000**	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Interim*Acquirer Leverage	-0.002	-0.052	-0.001	-0.069
	(0.005)	(0.010)	(0.032)	(0.056)
Interim*Acquirer Tobin's q	-0.026	-0.109***	0.030	0.104
	(0.038)	(0.000)	(0.064)	(0.063)
Interim*Free Cash Flow	-0.015	-0.138	0.049	0.139
	(0.053)	(0.030)	(0.151)	(1.243)
Interim*Relative Value	0.107	-0.063*	-0.145	-0.311
	(0.079)	(0.008)	(0.189)	(1.677)
Interim*Mixed	0.330**		0.489**	

	(0.144)		(0.189)	
Interim*All Equity	0.057	0.023	0.135	0.366
	(0.051)	(0.081)	(0.087)	(1.311)
Post*Acquirer Size	0.000	0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Post*Acquirer Leverage	-0.007	-0.053	-0.058	-0.038
	(0.005)	(0.011)	(0.062)	(0.089)
Post*Acquirer Tobin's q	0.021	-0.054**	-0.032	0.123
	(0.038)	(0.002)	(0.087)	(0.090)
Post*Free Cash Flow	0.098**	-0.023	0.059	-0.387
	(0.035)	(0.040)	(0.314)	(1.209)
Post*Relative Value	0.138	-0.063	0.309	-0.525
	(0.085)	(0.038)	(0.181)	(1.833)
Post*All Equity	0.012	0.003	0.090	0.472
	(0.030)	(0.020)	(0.081)	(1.279)
Lib*Acquirer Size	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Lib*Acquirer Leverage	-0.008	-0.005	-0.087	-0.057
	(0.007)	(0.005)	(0.068)	(0.066)
Lib*Acquirer Tobin's q	-0.060***	-0.066***	-0.058*	-0.014
	(0.006)	(0.000)	(0.033)	(0.053)
Lib*Free Cash Flow	-0.021	-0.000	0.119	0.268
	(0.046)	(0.027)	(0.161)	(0.194)
Lib*Relative Value	0.115*	0.157	0.062	-0.500
	(0.064)	(0.048)	(0.243)	(0.626)
Lib*Mixed	-0.023	0.028	5.982***	0.269
	(0.039)	(0.012)	(1.618)	(0.163)
Lib*All Equity	0.015	0.031	-0.062	-0.103
	(0.020)	(0.010)	(0.054)	(0.074)
Post*Mixed				-0.401**
				(0.178)
Constant	-0.022	-0.090*	-0.036	-0.158
	(0.046)	(0.013)	(0.128)	(0.140)
Observations	207	126	81	62
R-squared	0.327	0.425	0.432	0.554

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 17
The following regression tests value per capita for the Southeast Asian region.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	-11.307	9.964	-30.777***	-29.894***	-11.979
	(24.025)	(37.111)	(7.829)	(10.337)	(11.510)
Post	-203.237***	-156.858***	-94.578***	-28.498*	-78.085***
	(11.322)	(28.889)	(19.071)	(16.582)	(21.762)
Lib	4,497.365***	2,963.950***	1,917.288***	89.441	2,170.205***
	(115.550)	(107.448)	(157.402)	(173.658)	(150.689)
Interim*Lib	47.759***	24.260	38.133***	19.497	45.409***
	(15.993)	(19.399)	(7.555)	(14.346)	(10.864)
Post*Lib	194.261***	145.099***	68.180***	4.161	80.154***
	(18.413)	(24.567)	(6.759)	(15.527)	(10.955)
Exchange Rate Return	706.291***	791.499***	28.566	-292.468***	137.950
	(227.399)	(162.577)	(115.588)	(111.806)	(126.306)
Market Return	-28.495	41.415	-113.073***	-18.562	-124.878***
	(28.125)	(29.919)	(23.968)	(28.701)	(23.518)
Market-to-Book Ratio	-24.597***	-19.689***	-8.790***	-30.290***	14.255***
	(3.950)	(6.083)	(0.959)	(7.901)	(4.787)
log GDP per capita	547.502***	357.392***	233.619***	16.836	261.237***
	(14.324)	(12.325)	(19.475)	(23.182)	(18.553)
Interim*Exchange Rate Return	-188.675	-107.045	-66.983	-57.665	35.829
	(121.507)	(160.714)	(98.235)	(105.934)	(108.414)
Interim*Market Return	-65.517	-101.940	5.055	30.060	-18.742
	(86.001)	(88.896)	(27.408)	(40.447)	(39.244)
Interim*Market-to-Book Ratio	-11.613	-8.471	0.858	1.827	-3.657
	(12.290)	(16.460)	(2.380)	(3.226)	(5.137)
Interim* log GDP per Capita	1.141	1.170	0.304	0.969**	-0.241
	(0.920)	(1.600)	(0.349)	(0.440)	(0.714)
Post*Exchange Rate Return	-325.179	-525.840	-127.923	-267.280	327.599
	(375.129)	(396.665)	(275.630)	(310.286)	(281.135)
Post*Market Return	-30.818	15.756	-0.824	35.551	-19.803
	(41.869)	(68.003)	(38.222)	(46.351)	(49.456)
Post*Market-to-Book Ratio	15.777***	17.921	17.913*	11.840	11.781
	(3.691)	(12.762)	(9.206)	(8.476)	(12.593)

Post*log GDP per Capita	1.276	2.318	0.260	0.912	-0.927
	(1.154)	(2.218)	(0.239)	(0.565)	(0.611)
Lib*Exchange Rate Return	-550.080***	-753.089***	17.246	400.712***	-214.492***
	(149.560)	(183.464)	(35.733)	(19.128)	(43.339)
Lib*Market Return	52.385	-7.201	96.877***	-31.069*	136.139***
	(37.955)	(39.147)	(7.978)	(17.133)	(21.084)
Lib*Market-to-Book Ratio	38.468***	33.561***	8.838***	29.066***	-9.056*
	(8.775)	(11.841)	(2.153)	(10.140)	(5.005)
Lib*log GDP per Capita	-550.620***	-365.038***	-233.687***	-17.598	-260.743***
	(15.030)	(14.365)	(19.434)	(23.292)	(18.262)
Constant	-4,515.025***	-2,950.211***	-1,941.022***	-101.425	-2,229.257***
	(125.161)	(116.053)	(167.936)	(190.990)	(172.063)
Sigma	103.389**	100.161**	40.740**	22.809**	44.665**
	(47.133)	(43.594)	(18.535)	(11.442)	(19.065)
Observations	840	840	840	840	840
Pseudo R2	0.0176	0.0225	0.0297	0.0261	0.0374

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 18
The following regression tests value per capita for Indonesia against the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	17.748	1,149.843**	-152.357	105.180	-272.247
	(629.062)	(515.105)	(429.449)	(102.495)	(541.484)
Post	-6.314	824.097	-585.075	82.669	-674.217
	(110.836)	(914.025)	(888.060)	(61.211)	(1,034.202)
Lib	3,975.953***	1,206.334***	2,168.382***	-46.968	2,635.257***
	(357.822)	(386.836)	(576.269)	(76.668)	(729.137)
Interim*Lib	37.517	1,596.184*	-118.958	210.546	-305.849
	(1,026.147)	(926.557)	(591.397)	(138.151)	(745.113)
Post*Lib	366.994**	1,302.787	-781.855	101.915	-888.815
	(185.229)	(1,580.338)	(1,423.977)	(186.354)	(1,616.717)
Exchange Rate Return	1,073.005**	1,354.449***	32.349	-269.405	329.742***
	(428.926)	(28.790)	(142.031)	(348.297)	(83.211)
Market Return	60.303***	132.808***	-90.307	-26.326	-82.416***
	(13.274)	(9.380)	(57.571)	(85.460)	(28.080)
Market-to-Book Ratio	-25.503**	-16.029	-6.309***	-33.875***	16.917***
	(11.381)	(18.572)	(0.327)	(5.465)	(2.476)
log GDP per capita	591.264***	479.566***	246.543***	64.374	264.564***
	(15.336)	(35.914)	(7.714)	(66.535)	(27.815)
Interim*Exchange Rate Return	-143.769	50.021	18.707	10.693	-135.896
	(217.193)	(111.443)	(120.829)	(296.712)	(104.300)
Interim*Market Return	-334.839***	-447.690***	-64.562	26.982	-123.565***
	(68.459)	(65.734)	(57.210)	(143.629)	(8.795)
Interim*Market-to-Book Ratio	-2.260	8.769	5.470	-5.172	4.078
	(35.088)	(66.573)	(7.616)	(20.267)	(10.872)
Interim* log GDP per Capita	-4.666	-136.897*	13.450	-15.121	28.919
	(80.333)	(72.734)	(48.898)	(10.553)	(62.203)
Post*Exchange Rate Return	-715.164	-1,925.137***	-88.761	-434.522	376.271***
	(866.052)	(70.327)	(407.810)	(827.817)	(14.938)
Post*Market Return	-164.568**	180.613***	-52.478	77.918	-124.755*
	(79.200)	(28.454)	(48.661)	(182.142)	(65.492)
Post*Market-to-Book Ratio	-7.015	-28.876**	-23.833	-18.748	-14.983

	(35.465)	(13.186)	(35.523)	(50.289)	(20.898)
Post*log GDP per Capita	-18.680	-105.994	63.155	-8.461	72.148
	(18.948)	(106.845)	(108.085)	(12.818)	(123.655)
Lib*Exchange Rate Return	-987.150***	-1,442.283***	-88.719*	390.218***	-267.867***
	(226.377)	(50.019)	(48.952)	(9.003)	(18.841)
Lib*Market Return	149.870***	39.092	134.697***	-39.450	185.132***
	(9.102)	(103.554)	(15.366)	(51.514)	(35.858)
Lib*Market-to-Book Ratio	31.405	16.195	2.072	40.194	-18.679
	(24.525)	(48.345)	(6.889)	(26.273)	(12.660)
Lib*log GDP per Capita	-549.690***	-347.959***	-253.387***	-39.873	-285.195***
	(30.872)	(47.368)	(24.006)	(45.500)	(19.489)
Constant	-4,883.835***	-3,988.593***	-2,059.554***	-504.694	-2,271.610***
	(153.357)	(339.957)	(56.882)	(564.445)	(215.629)
Sigma	160.149**	163.684***	59.187**	35.675*	63.136**
	(67.200)	(40.970)	(26.729)	(19.076)	(24.449)
Observations	336	336	336	336	336
Pseudo R2	0.0177	0.0325	0.025	0.0355	0.0358

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 19
The following regression tests value per capita for Philippines against the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	-982.957	-243.948	-678.608	91.192	-617.678
	(1,506.023)	(871.243)	(1,087.254)	(59.424)	(0.000)
Post	-525.417	-29.037	-282.371	-260.112	-324.009
	(1,106.822)	(1,257.767)	(562.000)	(540.009)	(0.000)
Lib	2,175.138***	638.356***	1,604.592***	-530.670***	2,467.796
	(58.418)	(118.517)	(56.157)	(159.028)	(0.000)
Interim*Lib	-336.782	-106.954	-165.392	51.187***	-151.655
	(554.152)	(327.819)	(414.640)	(0.790)	(0.000)
Post*Lib	-126.222	31.771	-86.968	-166.087	-50.666
	(457.634)	(495.492)	(259.459)	(259.264)	(0.000)
Exchange Rate Return	773.276***	511.338***	46.056	60.713	55.861
	(2.488)	(160.136)	(33.454)	(230.280)	(0.000)
Market Return	-200.342***	11.186	-167.707***	-61.617	-157.966
	(73.285)	(75.243)	(43.771)	(45.912)	(0.000)
Market-to-Book Ratio	-45.622**	-31.254	2.143	-38.333***	20.769
	(21.034)	(37.903)	(9.021)	(8.504)	(0.000)
log GDP per capita	286.072***	188.948**	194.248***	-54.937***	262.767
	(40.818)	(88.811)	(22.275)	(3.584)	(0.000)
Interim*Exchange Rate Return	-853.059	-325.228**	-272.199	-124.106	-394.615
	(586.023)	(164.485)	(479.876)	(218.870)	(0.000)
Interim*Market Return	-45.142	-161.842	-77.547	56.330	-89.430
	(320.212)	(187.426)	(236.493)	(121.429)	(0.000)
Interim*Market-to-Book Ratio	79.431*	21.807	82.506***	18.995	69.484
	(40.367)	(34.437)	(12.367)	(24.971)	(0.000)
Interim* log GDP per Capita	100.844	28.442	59.430	-14.188***	54.765
	(166.572)	(96.026)	(122.447)	(2.357)	(0.000)
Post*Exchange Rate Return	-1,295.966**	-963.440***	-633.430	-1,330.037	528.910
	(507.713)	(60.659)	(576.637)	(928.514)	(0.000)
Post*Market Return	247.273	118.797	129.321***	63.930	33.104
	(189.131)	(174.851)	(15.612)	(67.845)	(0.000)
Post*Market-to-Book Ratio	13.232***	-13.706	9.003	18.518	16.888

	(1.741)	(41.128)	(27.646)	(45.330)	(0.000)
Post*log GDP per Capita	50.535	1.076	27.005	30.817	27.753
	(126.858)	(138.205)	(68.495)	(68.545)	(0.000)
Lib*Exchange Rate Return	458.236	-16.414	419.182***	127.772	357.083
	(344.547)	(268.180)	(92.842)	(213.928)	(0.000)
Lib*Market Return	-10.687	-85.102	115.800***	-9.330	129.469
	(110.751)	(74.449)	(42.281)	(20.027)	(0.000)
Lib*Market-to-Book Ratio	69.961***	105.535***	-5.563	44.637***	-44.709
	(21.568)	(13.589)	(6.278)	(2.946)	(0.000)
Lib*log GDP per Capita	-282.171***	-130.925***	-192.263***	53.674***	-279.239
	(11.605)	(30.959)	(12.562)	(14.851)	(0.000)
Constant	-2,294.655***	-1,523.870*	-1,648.498***	498.927***	-2,276.966
	(380.474)	(812.132)	(211.842)	(31.686)	(0.000)
Sigma	165.701**	153.571***	65.888***	38.541**	67.938
	(71.319)	(58.457)	(24.091)	(15.879)	(0.000)
Observations	312	312	312	312	312
Pseudo R2	0.0138	0.0143	0.032	0.0429	0.0399

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 20
The following regression tests value per capita for Malaysia against the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	-2,043.886	-1,392.794	-550.441	115.193**	-291.535
	(3,865.896)	(2,701.763)	(1,600.237)	(57.111)	(2,248.750)
Post	-1,058.671**	-461.421**	-1,026.531	13.439	-1,785.296
	(418.246)	(182.126)	(1,181.926)	(130.424)	(1,612.417)
Lib	3,979.350***	2,487.973***	1,599.349***	335.022	1,546.596***
	(593.926)	(516.529)	(32.098)	(422.292)	(155.540)
Interim*Lib	68.130	22.098	19.398	17.802	14.457
	(114.420)	(77.044)	(54.473)	(26.526)	(79.064)
Post*Lib	169.469***	94.451***	47.563	27.590	39.719
	(13.128)	(36.192)	(41.865)	(44.539)	(55.413)
Exchange Rate Return	770.336	652.074*	150.082	332.513	-176.491***
	(561.345)	(353.108)	(257.122)	(523.855)	(44.844)
Market Return	-23.319	41.801	-114.400	-83.551	-103.119*
	(32.984)	(30.752)	(70.298)	(80.689)	(55.211)
Market-to-Book Ratio	-13.490	-4.947	-13.263***	-33.694***	7.285
	(12.134)	(16.052)	(1.616)	(7.131)	(5.093)
log GDP per capita	483.813***	325.410***	210.091***	83.205	173.460*
	(97.857)	(51.303)	(51.384)	(79.441)	(96.441)
Interim*Exchange Rate Return	-64.033	-21.757	-20.600	-369.539	405.484***
	(86.022)	(94.936)	(84.953)	(253.728)	(82.231)
Interim*Market Return	-110.069	-94.455	-28.295	106.134	-103.833
	(97.224)	(72.547)	(86.554)	(127.702)	(68.780)
Interim*Market-to-Book Ratio	-44.884	-46.682	16.813***	-3.271	22.348***
	(88.738)	(86.823)	(1.154)	(15.657)	(4.160)
Interim* log GDP per Capita	246.243	173.217	58.389	-16.991***	29.935
	(470.417)	(333.715)	(187.882)	(6.442)	(265.496)
Post*Exchange Rate Return	-674.543	-161.219	-645.683	-1,671.390	734.271*
	(1,938.810)	(1,372.749)	(1,006.240)	(1,229.949)	(417.968)
Post*Market Return	36.220	41.536**	-72.397***	179.922	-176.792*
	(77.988)	(20.956)	(2.358)	(117.499)	(97.841)
Post*Market-to-Book Ratio	-44.989**	-32.428	0.910	-46.511	46.578

	(20.111)	(31.190)	(29.370)	(50.031)	(42.513)
Post*log GDP per Capita	112.998**	48.191**	110.793	3.274	192.015
	(50.217)	(21.910)	(142.710)	(9.628)	(196.833)
Lib*Exchange Rate Return	-756.852	-608.248	-271.776	-4.571	-356.391
	(793.734)	(506.557)	(318.733)	(311.655)	(306.054)
Lib*Market Return	135.483	35.870	145.743***	6.797	201.638***
	(111.057)	(71.561)	(22.255)	(13.447)	(40.897)
Lib*Market-to-Book Ratio	22.154***	18.959***	3.401	35.082**	-14.309
	(1.882)	(1.182)	(4.034)	(17.649)	(10.272)
Lib*log GDP per Capita	-481.580***	-299.647***	-191.997***	-46.126	-184.439***
	(68.119)	(60.513)	(1.187)	(54.219)	(14.799)
Constant	-4,005.481***	-2,714.245***	-1,741.928***	-660.592	-1,491.435*
	(791.677)	(390.832)	(425.005)	(668.631)	(785.490)
Sigma	150.455**	134.139**	59.708**	33.635*	63.344***
	(69.918)	(63.528)	(25.337)	(17.679)	(23.368)
Observations	336	336	336	336	336
Pseudo R2	0.0096	0.0062	0.0247	0.0333	0.035

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 21
The following regression tests value per capita for Thailand against the control group.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	-470.855	656.697***	-811.932	489.774	-810.194
	(1,680.946)	(10.324)	(2,151.757)	(306.278)	(2,239.461)
Post	1,952.532**	1,352.747	265.328	582.786*	281.959
	(841.619)	(1,712.340)	(1,637.343)	(307.604)	(2,597.926)
Lib	1,797.917***	1,649.376**	1,495.093***	83.787	2,019.215***
	(143.072)	(810.484)	(220.464)	(113.196)	(241.510)
Interim*Lib	-233.511	328.556***	-325.096	266.485**	-312.798
	(744.356)	(32.366)	(955.644)	(109.922)	(997.126)
Post*Lib	930.566**	714.725	219.656	282.318**	263.900
	(420.346)	(878.774)	(785.566)	(137.352)	(1,240.958)
Exchange Rate Return	1,119.797***	1,009.431***	737.834***	610.937*	443.226
	(340.680)	(237.076)	(222.307)	(360.451)	(319.896)
Market Return	32.795	126.855***	-158.919***	-52.161	-154.497***
	(36.852)	(2.512)	(39.875)	(89.503)	(6.921)
Market-to-Book Ratio	-1.207	-8.459	-16.898***	-35.064***	6.495
	(0.799)	(10.471)	(1.123)	(7.607)	(5.968)
log GDP per capita	351.244***	154.827	263.032**	166.950***	261.482
	(35.355)	(122.966)	(121.663)	(45.014)	(174.523)
Interim*Exchange Rate Return	-1,326.651***	-1,285.760***	-758.800***	-924.368**	-111.168
	(412.454)	(295.889)	(216.107)	(402.330)	(273.895)
Interim*Market Return	-199.991***	-239.212	40.231	130.991	-20.399
	(63.487)	(166.604)	(29.001)	(144.134)	(46.516)
Interim*Market-to-Book Ratio	4.390	49.860	-5.465	-23.993*	-5.795
	(20.276)	(42.122)	(14.865)	(12.197)	(21.883)
Interim* log GDP per Capita	54.491	-83.156***	92.684	-58.959	94.401
	(199.211)	(7.134)	(250.985)	(35.961)	(261.618)
Post*Exchange Rate Return	-1,330.231***	-852.961***	-1,346.032***	-1,382.557**	-639.087
	(142.249)	(313.254)	(94.276)	(633.106)	(424.548)
Post*Market Return	-442.145	-458.707**	15.810	132.701	-81.015
	(323.426)	(204.140)	(20.027)	(161.636)	(102.648)
Post*Market-to-Book Ratio	17.606**	67.486***	26.580	-33.194	51.017
	(7.486)	(15.521)	(36.002)	(39.879)	(39.014)
Post*log GDP per	-231.398**	-164.925	-43.665	-67.579*	-48.607

Capita					
	(95.907)	(197.203)	(199.095)	(40.298)	(312.354)
Lib*Exchange Rate Return	257.647**	-119.792***	154.957	275.872***	-204.270
	(119.238)	(40.141)	(149.941)	(32.028)	(162.135)
Lib*Market Return	229.964***	177.841***	113.449***	-94.466	174.141***
	(15.900)	(22.653)	(7.070)	(58.767)	(40.336)
Lib*Market-to-Book Ratio	-5.702	-27.155**	23.098***	57.847***	-5.849
	(9.587)	(13.716)	(6.167)	(20.526)	(20.445)
Lib*log GDP per Capita	-259.015***	-184.878*	-210.408***	-68.144**	-249.458***
	(25.982)	(110.615)	(55.131)	(27.377)	(75.271)
Constant	-2,920.402***	-1,283.406	-2,178.510**	-1,362.725***	-2,226.339
	(298.751)	(1,056.046)	(1,007.963)	(381.201)	(1,436.594)
Sigma	155.048**	144.983**	60.738**	37.292*	63.240**
	(71.192)	(61.998)	(25.456)	(19.494)	(24.853)
Observations	312	312	312	312	312
Pseudo R2	0.0118	0.0127	0.0283	0.0352	0.0342

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 22

The following regression tests value per capita for the Southeast Asian region, using clustering by target nation. Log GNI per capita (Labor Cost) is used in place of log GDP per capita.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	220.171**	123.996	47.549*	10.931	53.741
	(85.963)	(108.276)	(28.549)	(30.123)	(48.886)
Post	75.397	59.779	-10.854	-16.268	-20.966
	(76.969)	(116.970)	(37.251)	(55.379)	(25.663)
Lib	801.993***	210.732***	601.894***	67.653***	667.743***
	(48.904)	(50.781)	(58.680)	(12.850)	(71.440)
Interim*Lib	-123.932***	-72.836*	-27.739**	10.817	-27.119
	(31.859)	(41.484)	(14.122)	(12.979)	(22.902)
Post*Lib	-48.309	-12.032	-21.817***	6.170	-20.926*
	(32.734)	(43.839)	(8.413)	(18.306)	(12.516)
Exchange Rate Return	194.403	497.675***	-163.928*	-269.022***	-111.664
	(183.714)	(137.748)	(93.307)	(99.215)	(116.379)
Market Return	-21.356	45.925	-113.406***	-18.125	-125.271***
	(30.773)	(30.259)	(25.009)	(29.921)	(25.166)
Market-to-Book Ratio	7.841***	7.017*	2.361***	-30.448***	28.770***
	(2.629)	(3.829)	(0.892)	(5.580)	(4.344)
log GNI per capita	133.054***	72.376***	83.238***	19.555***	85.553***
	(13.082)	(12.284)	(8.015)	(4.516)	(8.365)
Interim*Exchange Rate Return	-188.144**	-157.120	-57.735	-64.896	45.804
	(94.414)	(140.852)	(88.752)	(99.975)	(102.792)
Interim*Market Return	-96.219	-132.789	-4.239	29.224	-29.252
	(88.725)	(88.842)	(29.347)	(39.490)	(42.930)
Interim*Market-to-Book Ratio	-1.972	-2.506	4.063	1.139	0.894
	(6.747)	(8.817)	(4.323)	(3.158)	(5.745)
Interim* log GNI per Capita	-13.824	-3.435	-3.292	-3.660	-1.484
	(11.992)	(15.054)	(4.496)	(4.111)	(6.921)
Post*Exchange Rate Return	-336.016	-596.735	-123.207	-295.841	354.702
	(323.592)	(393.866)	(262.528)	(323.157)	(291.019)
Post*Market	-32.883	18.720	1.002	43.107	-20.445

Return					
	(46.817)	(61.244)	(42.040)	(51.532)	(46.993)
Post*Market-to-Book Ratio	8.574	-15.118	19.510**	7.279	14.352
	(11.243)	(12.053)	(9.597)	(6.671)	(16.202)
Post*log GNI per Capita	-4.963	0.029	0.675	0.878	4.333
	(10.672)	(14.226)	(3.583)	(7.103)	(3.453)
Lib*Exchange Rate Return	-37.721	-402.334**	200.653***	384.902***	24.542
	(145.973)	(181.843)	(24.197)	(30.025)	(33.862)
Lib*Market Return	77.414**	20.923	106.215***	-30.801*	147.194***
	(35.012)	(31.144)	(12.004)	(16.604)	(24.984)
Lib*Market-to-Book Ratio	-3.554	1.162	-5.617*	29.820***	-28.206***
	(3.914)	(6.786)	(3.365)	(7.811)	(6.924)
Lib*log GNI per Capita	-99.962***	-16.664	-79.707***	-16.094***	-83.842***
	(7.164)	(14.050)	(7.820)	(3.821)	(9.337)
Constant	-1,000.280***	-556.756***	-636.108***	-107.723***	-718.061***
	(99.413)	(101.527)	(65.099)	(35.382)	(79.827)
Sigma	104.903**	100.921**	41.484**	22.658**	45.863**
	(48.077)	(44.208)	(18.953)	(11.314)	(19.659)
Observations	840	840	840	840	840
Pseudo R2	0.0157	0.0216	0.0262	0.0265	0.0327

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 23
The following regression tests value per capita for Indonesia and the control group, using clustering by target nation. Log GNI per capita (Labor Cost) is used in place of log GDP per capita.

	(1)	(2)	(3)	(4)	(5)
VARIABLES	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Interim	3,350.565	2,649.804	357.419*	563.235**	-59.900
	(3,484.683)	(3,951.583)	(215.067)	(278.789)	(524.910)
Post	-177.363	639.156	-820.991	-169.863	-701.952
	(827.748)	(822.112)	(889.436)	(343.173)	(933.815)
Lib	669.160***	-15.899	504.242***	-71.856	695.004***
	(248.140)	(297.761)	(41.145)	(142.321)	(2.635)
Interim*Lib	-1,599.109	-1,238.089	-189.745***	-219.689**	-4.925
	(1,645.543)	(1,852.152)	(67.306)	(97.904)	(197.777)
Post*Lib	78.562	-252.621	349.887	116.517	260.508
	(374.679)	(384.565)	(374.525)	(194.350)	(368.397)
Exchange Rate Return	301.068	528.420***	-265.568***	-383.378*	-35.857
	(210.445)	(163.788)	(61.906)	(200.204)	(53.302)
Market Return	72.598***	139.245***	-92.853	-27.709	-88.722**
	(17.675)	(9.167)	(62.276)	(93.517)	(39.576)
Market-to-Book Ratio	3.632*	2.658	3.790	-31.436***	29.207***
	(2.058)	(11.265)	(4.080)	(2.669)	(3.239)
log GNI per capita	153.307***	132.683***	54.436	19.800***	61.240
	(20.081)	(35.318)	(34.861)	(5.570)	(45.466)
Interim*Exchange Rate Return	113.375***	539.003***	76.038	79.299	-55.972***
	(35.073)	(48.519)	(85.166)	(232.033)	(7.121)
Interim*Market Return	-365.417***	-451.905***	-75.338	29.120	-129.547***
	(91.128)	(38.167)	(51.541)	(149.808)	(11.400)
Interim*Market-to-Book Ratio	14.240***	28.539	13.010	-2.191	12.679
	(4.915)	(34.375)	(18.170)	(12.986)	(22.606)
Interim* log GNI per Capita	-430.395	-343.015	-45.884*	-76.403**	11.486
	(458.575)	(513.576)	(24.665)	(34.799)	(64.973)
Post*Exchange Rate Return	-379.186	-1,399.694***	4.419	-337.068	499.514***
	(571.803)	(308.026)	(373.347)	(735.895)	(72.542)
Post*Market Return	-167.587**	204.632***	-68.691**	83.239	-137.420*
	(79.723)	(8.012)	(27.454)	(184.231)	(72.301)

Post*Market-to-Book Ratio	-13.151	-27.784	-18.474*	-28.626	4.669
	(26.716)	(23.396)	(9.828)	(48.817)	(14.223)
Post*log GNI per Capita	32.404	-73.127	114.513	28.252	95.945
	(113.979)	(113.400)	(118.587)	(54.719)	(120.226)
Lib*Exchange Rate Return	-449.686***	-1,088.542***	156.458***	431.640***	19.602**
	(162.879)	(109.980)	(3.299)	(89.903)	(7.939)
Lib*Market Return	151.921***	30.475	145.958***	-42.888	196.678***
	(2.078)	(64.118)	(32.185)	(50.601)	(49.233)
Lib*Market-to-Book Ratio	-16.007***	-23.326	-15.916	34.463**	-39.629**
	(1.292)	(20.293)	(13.667)	(16.067)	(18.557)
Lib*log GNI per Capita	-53.241	74.967***	-74.660***	10.983	-102.282***
	(36.045)	(24.160)	(10.206)	(19.311)	(25.631)
Constant	-1,149.902***	-1,013.691***	-427.072	-119.269***	-544.869
	(143.892)	(240.932)	(262.404)	(30.037)	(336.940)
Sigma	162.441**	164.980***	60.274**	35.390*	64.883**
	(67.743)	(40.690)	(27.238)	(18.813)	(25.046)
Observations	336	336	336	336	336
Pseudo R2	0.0157	0.0312	0.0218	0.0362	0.0308

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 24

The following regression tests value per capita for the Philippines and the control group, using clustering by target nation. Log GNI per capita (Labor Cost) is used in place of log GDP per capita.

	(1)	(2)	(3)	(4) Cross Border	(5)
VARIABLES	All	Domestic	Cross Border	Within SE	Outside SE
Interim	-7,739.803***	-2,711.885**	-7,020.638***	-1,900.546	-7,100.087***
	(1,232.782)	(1,278.204)	(645.301)	(1,221.152)	(803.531)
Post	-1,372.044**	-1,761.520**	-104.244	770.570**	-617.348**
	(547.406)	(716.179)	(156.012)	(303.664)	(276.173)
Lib	67.137	-164.479	409.994***	450.653***	261.941***
	(225.663)	(133.347)	(5.112)	(151.369)	(20.074)
Interim*Lib	2,934.989***	1,026.028**	2,674.632***	736.068	2,696.493***
	(474.654)	(501.312)	(243.316)	(485.984)	(302.482)
Post*Lib	487.482**	699.655**	-16.916	-328.396**	178.996*
	(205.059)	(287.390)	(46.558)	(126.890)	(92.842)
Exchange Rate Return	421.123***	334.184*	-132.712***	193.408	-268.235***
	(23.371)	(186.677)	(17.012)	(174.623)	(27.878)
Market Return	-135.682***	23.134	-108.181***	-79.612***	-61.663***
	(41.751)	(75.470)	(36.053)	(11.326)	(17.291)
Market-to-Book Ratio	-65.971**	-69.157**	-10.064***	-39.382***	11.776***
	(30.072)	(27.013)	(1.647)	(2.598)	(2.728)
log GNI per capita	-128.416**	-160.509**	11.523	103.875**	-44.592*
	(53.208)	(68.998)	(13.674)	(41.444)	(25.187)
Interim*Exchange Rate Return	-686.093	-292.993	-118.019	-78.842	-192.842
	(633.075)	(235.693)	(508.811)	(235.669)	(293.696)
Interim*Market Return	-13.116	-155.185	-57.820	66.591	-85.143
	(241.530)	(141.384)	(177.828)	(110.893)	(172.894)
Interim*Market-to-Book Ratio	-0.407	25.942*	-0.809	-11.460	-9.931
	(6.962)	(13.977)	(19.423)	(61.240)	(26.911)
Interim* log GNI per Capita	1,037.724***	362.612**	934.706***	254.567	948.330***
	(161.200)	(165.805)	(89.924)	(175.996)	(112.774)
Post*Exchange Rate Return	-1,182.379***	-560.217*	-664.367	-1,248.935	345.822
	(177.862)	(327.451)	(463.566)	(851.967)	(242.694)
Post*Market Return	163.795***	-124.969	120.050***	-22.494	136.872***
	(14.949)	(101.425)	(27.151)	(70.101)	(20.942)
Post*Market-to-Book Ratio	95.296*	69.023*	55.662***	22.615**	58.219**

	(56.991)	(37.702)	(19.891)	(10.147)	(22.909)
Post*log GNI per Capita	164.861***	218.636**	6.721	-102.735**	73.343**
	(59.433)	(85.944)	(16.871)	(40.781)	(31.976)
Lib*Exchange Rate Return	689.756***	51.862	536.092***	-14.162	625.077***
	(142.851)	(184.520)	(32.575)	(155.156)	(18.473)
Lib*Market Return	-43.250	-28.556	67.399***	14.693	28.002***
	(45.978)	(60.733)	(11.758)	(31.657)	(8.436)
Lib*Market-to-Book Ratio	58.216***	85.937***	-6.205	53.223***	-46.220***
	(21.867)	(27.477)	(6.670)	(10.805)	(13.320)
Lib*log GNI per Capita	-136.852	-123.182	-83.930***	-50.525***	-73.618***
	(90.261)	(78.096)	(8.008)	(10.338)	(15.173)
Constant	1,139.127**	1,364.630**	-72.323	-756.398**	301.339*
	(457.526)	(569.420)	(94.900)	(327.214)	(178.184)
Sigma	163.183***	153.066***	64.397***	37.687***	67.959***
	(61.304)	(50.608)	(21.289)	(13.518)	(19.784)
Observations	323	323	323	323	323
Pseudo R2	0.0136	0.0164	0.0315	0.0459	0.0367

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 25

The following regression tests value per capita for Malaysia and the control group, using clustering by target nation. Log GNI per capita (Labor Cost) is used in place of log GDP per capita.

	(1)	(2)	(3)	(4)	(5)
VARIABLES	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Interim	10,150.014	9,856.749	-394.406	710.244***	-495.635
	(6,387.973)	(6,629.427)	(264.193)	(177.978)	(379.468)
Post	-869.088**	-401.632***	-841.554	-44.674	-1,094.772*
	(367.186)	(42.122)	(761.181)	(272.116)	(614.901)
Lib	813.295***	352.827***	170.532***	-2.064	-98.975
	(165.089)	(104.782)	(34.285)	(21.699)	(99.962)
Interim*Lib	-2,602.909	-2,499.106	54.494	-158.626***	80.370
	(1,590.476)	(1,628.540)	(82.709)	(26.527)	(78.617)
Post*Lib	139.043***	51.253**	138.377	42.755	141.397
	(45.023)	(24.054)	(178.034)	(106.659)	(140.295)
Exchange Rate Return	136.461	221.308	-132.716	277.459	-432.042***
	(460.076)	(264.061)	(197.988)	(326.048)	(111.347)
Market Return	2.622	59.507	-110.557*	-86.353	-97.680**
	(51.493)	(44.322)	(59.407)	(89.603)	(42.304)
Market-to-Book Ratio	12.703***	15.224**	-7.143**	-33.358***	15.080***
	(0.629)	(7.076)	(3.379)	(4.678)	(2.191)
log GNI per capita	111.897***	65.125***	51.678**	39.020***	19.527
	(13.530)	(22.155)	(20.559)	(2.070)	(14.859)
Interim*Exchange Rate Return	109.674	111.891	96.797***	-350.784**	482.650***
	(222.771)	(214.599)	(27.921)	(162.072)	(37.417)
Interim*Market Return	-167.221	-125.262	-62.159	110.246	-133.515***
	(150.174)	(98.779)	(42.760)	(134.588)	(11.711)
Interim*Market-to-Book Ratio	-40.807	-53.405	36.823**	2.673	34.857*
	(29.131)	(47.718)	(17.282)	(7.027)	(19.897)
Interim* log GNI per Capita	-1,316.316	-1,277.171	47.950	-96.747***	63.847
	(836.524)	(863.911)	(38.403)	(22.711)	(46.518)
Post*Exchange Rate Return	-506.752	-37.892	-624.835	-1,685.624	691.432
	(1,763.618)	(1,226.214)	(958.758)	(1,055.338)	(541.749)
Post*Market Return	12.918	34.817***	-95.632***	180.923	-201.005***
	(70.132)	(7.528)	(0.921)	(126.953)	(77.228)
Post*Market-to-	3.749	1.950	22.061	-41.816	82.198***

Book Ratio					
	(38.278)	(39.794)	(17.424)	(47.134)	(18.427)
Post*log GNI per Capita	119.863***	57.589***	108.977	14.092	131.856
	(41.110)	(1.057)	(103.373)	(45.026)	(85.169)
Lib*Exchange Rate Return	-151.408	-224.072	-46.715	37.936	-118.442
	(606.781)	(393.321)	(222.878)	(157.871)	(225.949)
Lib*Market Return	98.145**	-0.059	152.749***	-0.786	220.524***
	(49.386)	(14.857)	(20.516)	(18.812)	(43.437)
Lib*Market-to-Book Ratio	-17.378***	-12.152***	-8.276***	29.620***	-24.779***
	(5.966)	(4.686)	(2.377)	(10.136)	(5.545)
Lib*log GNI per Capita	-99.561***	-34.789***	-12.122***	2.130	28.475**
	(20.322)	(8.984)	(0.567)	(7.776)	(13.990)
Constant	-852.314***	-521.501***	-386.289**	-258.914***	-203.115**
	(105.724)	(189.190)	(153.306)	(23.193)	(95.508)
Sigma	151.691**	134.010**	60.742**	33.260*	64.739***
	(70.521)	(62.937)	(26.254)	(17.427)	(24.576)
Observations	336	336	336	336	336
Pseudo R2	0.0083	0.0062	0.0226	0.0344	0.0323

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 26

The following regression tests value per capita for Thailand and the control group, using clustering by target nation. Log GNI per capita (Labor Cost) is used in place of log GDP per capita.

VARIABLES	(1) All	(2) Domestic	(3) Cross Border	(4) Cross Border Within SE	(5) Outside SE
Interim	273.056	3,632.930	1,562.252	2,112.527	-819.018
	(5,635.180)	(4,263.501)	(4,167.489)	(1,393.337)	(1,759.045)
Post	927.951***	1,076.693	-548.915	-648.073	-249.908
	(254.695)	(757.179)	(1,072.111)	(776.654)	(1,336.677)
Lib	306.056**	173.030**	344.253***	303.655***	458.805***
	(150.169)	(86.922)	(86.971)	(34.050)	(12.233)
Interim*Lib	-112.549	-1,212.264	-502.034	-645.572	270.384
	(1,804.583)	(1,316.509)	(1,375.550)	(436.539)	(608.117)
Post*Lib	-317.631***	-365.023**	149.724	238.168	39.669
	(53.795)	(172.338)	(334.569)	(277.040)	(408.329)
Exchange Rate Return	474.858*	900.167***	180.737***	164.861	59.961
	(263.254)	(38.236)	(48.790)	(184.481)	(65.171)
Market Return	39.680	148.197***	-174.135***	-74.617	-165.524***
	(41.980)	(1.985)	(27.947)	(90.830)	(0.466)
Market-to-Book Ratio	9.939***	-6.353	-2.568	-31.256***	20.061***
	(2.443)	(13.441)	(4.011)	(2.200)	(7.476)
log GNI per capita	103.110**	69.623	55.634	38.241***	54.044
	(42.580)	(46.342)	(36.647)	(14.666)	(47.761)
Interim*Exchange Rate Return	-972.665***	-1,194.135***	-430.622***	-485.420*	-35.461
	(342.597)	(70.203)	(71.620)	(257.272)	(47.130)
Interim*Market Return	-195.772***	-271.791*	52.163***	148.788	-3.900
	(37.347)	(163.731)	(12.210)	(134.824)	(71.675)
Interim*Market-to-Book Ratio	24.259*	43.423	3.788	-17.929*	9.706
	(13.038)	(42.347)	(18.200)	(9.121)	(28.882)
Interim* log GNI per Capita	-30.839	-480.569	-202.317	-277.258	112.346
	(739.349)	(551.652)	(552.703)	(182.491)	(237.145)
Post*Exchange Rate Return	-820.180***	-825.305***	-888.137***	-893.500**	-421.615*
	(26.090)	(18.776)	(6.370)	(431.854)	(237.197)
Post*Market Return	-426.788	-472.921**	33.485	145.378	-56.689
	(342.324)	(194.548)	(57.301)	(151.339)	(116.847)
Post*Market-to-Book Ratio	16.153	65.331***	17.226	-40.945	47.634

	(10.424)	(18.767)	(35.752)	(51.983)	(34.602)
Post*log GNI per Capita	-113.982***	-145.528	71.715	93.380	27.762
	(30.771)	(94.460)	(148.751)	(112.602)	(183.980)
Lib*Exchange Rate Return	458.402***	53.208	305.945***	274.832***	43.886
	(66.607)	(54.821)	(58.891)	(48.914)	(76.648)
Lib*Market Return	225.615***	181.736***	131.187**	-85.515*	175.961**
	(53.757)	(13.421)	(56.603)	(44.903)	(74.935)
Lib*Market-to-Book Ratio	-29.889***	-30.550***	-3.249	38.828***	-26.493
	(9.457)	(2.496)	(19.644)	(8.231)	(28.131)
Lib*log GNI per Capita	-13.049	-2.876	-45.644***	-57.828***	-60.300***
	(9.486)	(5.621)	(8.493)	(17.122)	(11.317)
Constant	-781.651**	-518.332	-425.025	-259.943***	-473.579
	(330.742)	(382.886)	(261.296)	(97.416)	(333.716)
	155.814**	144.960**	62.426**	36.828*	65.483**
	(71.903)	(62.140)	(26.401)	(18.979)	(26.157)
Observations	312	312	312	312	312
	0.011	0.0126	0.0226	0.0345	0.0274

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Appendix 6

Table 1 Number of Acquisitions for Treatment Group

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	1138	897	241	82	159
Interim	1282	865	417	106	311
Post	2014	1666	348	149	199

Table 2 Number of Acquisitions for Control Group

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	269	158	111	24	87
Interim	437	273	164	25	139
Post	606	355	251	91	160

Table 3 Number of Acquisitions in Indonesia

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	100	42	58	11	47
Interim	133	35	98	31	67
Post	168	73	95	43	52

Table 4 Number of Acquisitions in the Philippines

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	125	72	53	26	27
Interim	148	71	77	16	61
Post	129	85	44	8	36

Table 5 Number of Acquisitions in Malaysia

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	788	712	76	29	47
Interim	714	625	89	30	59
Post	1309	1180	129	64	65

Table 6 Number of Acquisitions in Thailand

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	125	71	54	16	38
Interim	287	134	153	29	124
Post	408	328	80	34	46

Table 7 Number of Acquisitions in Singapore

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	249	158	91	21	70
Interim	409	271	138	21	117
Post	554	347	207	71	136

Table 8 Number of Acquisitions in Vietnam

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	15	0	15	0	15
Interim	12	2	10	1	9
Post	36	8	28	11	17

Table 9 Number of Acquisitions in Cambodia

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	2	0	2	2	0
Interim	3	0	3	1	2
Post	7	0	7	4	3

Table 10 Number of Acquisitions in Myanmar

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	3	0	3	1	2
Interim	3	0	3	0	3
Post	3	0	3	2	1

Table 11 Number of Acquisitions in Laos

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	0	0	0	0	0
Interim	4	0	4	0	4
Post	4	0	4	2	2

Table 12 Number of Acquisitions in Brunei

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	0	0	0	0	0
Interim	6	0	6	2	4
Post	2	0	2	1	1

Table 13 Number of Acquisitions in the Philippines (Philippines' Timeline)

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	191	101	90	31	59
Interim	72	42	30	7	23
Post	159	102	57	9	48

Table 14 Number of Acquisitions in Thailand (Thailand's Timeline)

	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Pre	125	71	54	16	38
Interim	150	57	93	12	81
Post	474	354	120	38	82

Table 15 Acquirer Excess Return Calculation

Country Period	Acquirer Market Value	Acquirer Return		Acquirer Market Return		Acquirer Excess Return	
	Mean	Mean	SD	Mean	SD	Mean	SD
Indonesia							
Pre	3,240,751,856	0.011	0.068	0.004	0.041	0.007	0.076
Interim	8,791,546,825	0.019	0.188	(0.003)	0.081	0.025	0.183
Post	3,811,512,654	0.037	0.146	0.004	0.031	0.030	0.141
Philippines							
Pre	2,759,859,200	0.027	0.103	0.005	0.039	0.022	0.098
Interim	7,351,467,500	0.013	0.099	0.003	0.040	0.010	0.093
Post	2,533,944,918	0.026	0.123	0.001	0.026	0.026	0.118
Malaysia							
Pre	681,189,798	0.004	0.097	(0.001)	0.040	0.005	0.083
Interim	2,035,412,113	(0.006)	0.102	0.000	0.071	(0.006)	0.086
Post	731,627,225	0.010	0.090	0.004	0.017	0.007	0.086
Thailand							
Pre	2,595,055,246	0.001	0.076	0.003	0.041	(0.003)	0.066
Interim	4,314,302,258	0.001	0.083	0.001	0.051	0.001	0.075
Post	2,029,639,015	0.019	0.084	0.006	0.037	0.011	0.077
Singapore							
Pre	1,329,086,368	0.008	0.068	0.001	0.034	0.009	0.062
Interim	2,703,601,804	0.014	0.109	0.001	0.038	0.014	0.099
Post	1,179,779,774	0.019	0.086	0.003	0.023	0.016	0.082
Vietnam							
Pre	7,418,113,846	0.022	0.106	0.006	0.050	0.011	0.131
Interim	7,607,020,000	(0.005)	0.083	(0.002)	0.029	(0.007)	0.081
Post	13,126,370,857	0.000	0.055	0.004	0.021	(0.003)	0.052

Brunei							
Interim	13,588,952,000	0.037	0.036	0.027	0.022	0.009	0.031
Post	20,130,000	(0.025)		0.021	0.000	(0.045)	
Cambodia							
Pre	2,809,670,000	0.023	0.032	0.018	0.005	0.005	0.037
Interim	4,718,676,667	(0.036)	0.262	(0.002)	0.055	(0.034)	0.207
Post	2,122,244,286	0.015	0.091	0.009	0.026	0.010	0.069
Laos							
Interim	4,699,486,667	(0.027)	0.019	(0.035)	0.038	0.008	0.045
Post	2,079,685,000	0.014	0.031	0.003	0.029	(0.002)	0.028
Myanmar							
Pre	2,312,456,667	0.053	0.006	(0.050)	0.101	0.103	0.098
Interim	2,179,163,333	0.006	0.011	(0.004)	0.013	0.010	0.012
Post	19,540,000	(0.057)	0.083	(0.021)	0.041	(0.036)	0.042

Table 16 Target Excess Return Calculation

Country Period	Target Market Value	Target Return		Target Excess Return		Target Market Return	
	Mean	Mean	SD	Mean	SD	Mean	SD
Indonesia							
Pre	35,015,647,059	(0.039)	0.169	(0.024)	0.141	(0.004)	0.047
Interim	36,482,416,667	0.075	0.248	0.067	0.213	(0.027)	0.109
Post	38,189,206,897	0.069	0.172	0.068	0.158	0.004	0.043
Philippines							
Pre	35,028,357,143	0.032	0.110	0.040	0.102	(0.008)	0.048
Interim	36,356,513,514	0.021	0.131	0.024	0.138	(0.000)	0.045
Post	38,227,869,565	0.052	0.088	0.046	0.086	0.008	0.022
Malaysia							
Pre	34,917,126,437	0.049	0.175	0.042	0.168	(0.005)	0.057
Interim	36,404,912,281	0.037	0.151	0.041	0.130	(0.001)	0.052
Post	38,361,023,256	0.052	0.108	0.046	0.107	0.004	0.016
Thailand							
Pre	34,973,826,087	0.023	0.108	0.011	0.118	(0.006)	0.050
Interim	36,370,310,345	0.070	0.143	0.055	0.139	0.000	0.077
Post	38,103,463,415	0.031	0.104	0.021	0.092	0.008	0.035
Singapore							
Pre	34,892,861,111	0.023	0.063	0.019	0.063	0.000	0.027
Interim	36,506,826,087	0.088	0.149	0.083	0.140	(0.003)	0.042
Post	38,272,130,435	0.068	0.161	0.067	0.163	0.004	0.022
Vietnam							
Pre							
Interim	36,417,000,000						
Post	38,400,875,000						

Table 17 Combined Returns

Country Period	Combined Return	
	Mean	**SD**
Indonesia		
Pre	(0.032)	0.148
Interim	0.061	0.207
Post	0.078	0.162
Philippines		
Pre	0.035	0.093
Interim	0.019	0.131
Post	0.032	0.077
Malaysia		
Pre	0.038	0.155
Interim	0.043	0.132
Post	0.049	0.119
Thailand		
Pre	0.005	0.119
Interim	0.052	0.120
Post	0.023	0.097
Singapore		
Pre	0.018	0.070
Interim	0.067	0.107
Post	0.047	0.178
Vietnam		
Pre		
Interim		
Post		

Table 18 Return Regression Variables

Country Period	Acquirer Size		Acquirer Book Value of Common Equity		Acquirer Leverage	
	Mean	**SD**	**Mean**	**SD**	**Mean**	**SD**
Indonesia						
Pre	14,524	33,993	1,697	4,421	0.860	1.615
Interim	20,280	56,698	2,782	8,160	1.045	1.386
Post	23,936	135,482	2,138	8,002	1.574	7.301
Philippines						
Pre	11,540	54,594	1,317	4,643	0.531	0.814
Interim	8,624	20,010	2,119	5,375	1.008	1.314
Post	7,657	60,559	967	4,186	0.941	1.187
Malaysia						
Pre	1,073	7,784	267	1,878	0.302	0.685
Interim	3,593	27,258	535	2,859	0.691	1.089
Post	2,905	39,346	371	2,889	0.618	0.631
Thailand						
Pre	14,993	61,913	1,081	2,491	1.180	1.816
Interim	23,059	81,603	1,813	3,695	2.318	5.257
Post	12,038	56,940	903	3,204	2.417	6.948
Singapore						
Pre	5,518	30,236	600	1,828	0.746	1.808
Interim	3,929	18,166	894	2,794	0.731	1.505
Post	2,724	25,576	502	1,829	0.581	1.077
Vietnam						
Pre	17,345	26,332	4,491	4,871	0.729	0.477
Interim	9,997	13,545	1,215	2,269	1.374	1.384
Post	118,968	361,900	6,185	17,076	0.965	1.076
Brunei						
Interim	86,307	139,053	4,923	5,711	1.496	1.785

Post	52	74	14	19	0.812	
Cambodia						
Pre	3,078	4,353	2,174	3,075	0.155	0.219
Interim	4,797	6,691	2,657	3,721	0.349	0.134
Post	10,707	21,674	1,266	2,064	1.347	1.393
Laos						
Interim	20,774	23,982	2,916	3,362	0.443	0.735
Post	4,505	6,942	1,397	2,023	0.590	0.160
Myanmar						
Pre	3,471	5,193	1,037	1,383	0.564	0.157
Interim	6,653	3,962	3,106	2,693	0.787	0.151
Post	627	1,007	139	291	1.739	1.291

Table 18 Return Regression Variables (Continued)

Country Period	Acquirer Tobin's q		Acquirer FCF		Deal Value		Relative Value	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Indonesia								
Pre	1.182	0.832	0.077	0.158	40	116	0.487	1.529
Interim	1.286	1.867	0.016	1.036	54	139	0.451	2.747
Post	1.582	2.492	0.125	0.187	43	123	1.620	11.152
Philippines								
Pre	1.568	1.185	0.040	0.127	53	262	1.143	8.123
Interim	2.263	7.308	0.059	0.245	55	160	2.549	14.213
Post	13.372	117.084	(0.029)	0.469	40	131	0.651	1.793
Malaysia								
Pre	2.689	4.377	0.017	0.060	28	94	0.304	1.114
Interim	1.401	7.990	(0.029)	0.599	26	143	0.465	1.564
Post	4.998	118.380	0.034	0.516	23	195	0.590	2.539
Thailand								
Pre	1.659	2.807	0.164	0.457	22	82	0.058	0.141

Interim	0.870	0.757	0.000	0.877	27	76	0.170	0.857
Post	5.324	28.975	0.078	0.372	16	63	0.091	0.310
Singapore								
Pre	1.375	1.076	0.009	0.155	21	62	5.901	66.034
Interim	1.974	4.261	0.016	0.397	63	367	0.521	2.847
Post	3.343	29.107	(0.017)	0.356	38	155	1.403	14.195
Vietnam								
Pre	0.965	0.665	0.085	0.046	4	15	0.103	0.174
Interim	1.165	1.051	0.067	0.048	8	14	0.010	0.013
Post	1.442	2.325	0.128	0.115	7	21	0.423	1.547
Brunei								
Interim	0.485	0.297	0.090	0.184	0	1	0.028	
Post	0.907		0.141		4	6	0.193	
Cambodia								
Pre	0.948		0.007	0.010	0	0	0.000	
Interim	1.566	0.265	0.054	0.013	0	1	0.000	
Post	1.027	0.910	0.086	0.092	0	0	0.002	0.001
Laos								
Interim	1.441	1.096	(0.019)	0.187	61	58	0.409	0.569
Post	1.065	0.215	0.169	0.067	18	35	0.024	0.033
Myanmar								
Pre	1.044	0.186	0.067	0.077	87	149	0.186	0.229
Interim	0.689	0.082	0.225	0.119	-	-		
Post	1.745	2.002	(0.178)	0.698	6	10	0.301	0.423

Table 19 Total Deal Value

Period	All	Domestic	Cross Border	Cross Border Within SE	Outside SE
Indonesia					
Pre	4,046,683,000	3,023,191,000	1,023,492,000	116,996,000	906,496,000
Interim	7,160,378,000	2,382,652,000	4,777,726,000	1,199,861,000	3,577,865,000
Post	7,204,165,000	3,044,282,000	4,159,883,000	2,043,687,000	2,116,196,000
Philippines					
Pre	6,604,550,000	2,227,842,000	4,376,708,000	379,444,000	3,997,264,000
Interim	8,157,032,000	4,203,284,000	3,953,748,000	488,463,000	3,465,285,000
Post	5,152,852,000	3,572,123,000	1,580,729,000	62,756,000	1,517,973,000
Malaysia					
Pre	21,961,040,000	20,610,838,000	1,350,202,000	261,649,000	1,088,553,000
Interim	18,598,686,000	16,277,404,000	2,321,282,000	81,989,000	2,239,293,000
Post	30,498,432,000	25,628,053,000	4,870,379,000	1,885,723,000	2,984,656,000
Thailand					
Pre	2,755,271,000	1,406,923,000	1,348,348,000	416,953,000	931,395,000
Interim	7,842,689,000	2,223,279,000	5,619,410,000	910,795,000	4,708,615,000
Post	6,559,225,000	4,888,067,000	1,671,158,000	969,029,000	702,129,000
Singapore					
Pre	5,234,196,000	3,357,127,000	1,877,069,000	903,612,000	973,457,000
Interim	25,757,628,000	19,117,578,000	6,640,050,000	385,405,000	6,254,645,000
Post	21,108,490,000	12,133,539,000	8,974,951,000	2,308,648,000	6,666,303,000
Vietnam					
Pre	65,958,000		65,958,000	-	65,958,000
Interim	96,511,000		96,511,000	4,550,000	91,961,000
Post	248,350,000	511,000	247,839,000	125,268,000	122,571,000
Brunei					
Pre			-	-	-
Interim	2,299,000		2,299,000	1,132,000	1,167,000
Post	7,779,000		7,779,000	7,779,000	-
Cambodia					
Pre	8,000		8,000	8,000	-
Interim	1,353,000		1,353,000	-	1,353,000
Post	2,224,000		2,224,000	1,219,000	1,005,000
Laos					
Pre			-	-	-
Interim	242,200,000		242,200,000	-	242,200,000
Post	71,227,000		71,227,000	71,227,000	-
Myanmar					
Pre	262,052,000		262,052,000	2,117,000	259,935,000

Interim			-	-	-
Post	17,307,000		17,307,000	17,307,000	-

Table 20 Value per Capita

	Population	All		Domestic	
Country Period	**Mean**	**Mean**	**SD.**	**Mean**	**SD.**
Indonesia					
Pre	196,904,788	0.340	0.805	0.253	0.802
Interim	210,093,758	0.702	1.548	0.232	1.296
Post	223,643,771	0.538	0.941	0.227	0.666
Philippines					
Pre	69,846,613	1.537	5.306	0.523	1.709
Interim	77,171,598	2.222	4.437	1.144	3.475
Post	84,629,233	0.992	2.284	0.689	1.991
Malaysia					
Pre	20,513,221	17.790	17.378	16.702	16.454
Interim	22,913,566	16.987	28.577	14.863	26.705
Post	25,172,916	19.802	59.992	16.676	54.979
Thailand					
Pre	59,554,665	0.766	2.040	0.394	1.556
Interim	62,601,319	2.622	3.597	0.741	1.538
Post	64,975,996	1.677	2.592	1.249	2.373
Singapore					
Pre	3,544,753	24.229	39.796	15.680	31.103
Interim	4,012,959	132.312	363.365	97.969	325.730
Post	4,224,913	82.430	148.769	47.364	107.912
Vietnam					
Pre	75,102,108	0.014	0.095	0.000	0.000
Interim	79,817,438	0.025	0.094	0.000	0.000
Post	83,527,059	0.049	0.195	0.000	0.001

Brunei					
Pre	297,041	0.000	0.000	0.000	0.000
Interim	329,717	0.150	0.727	0.000	0.000
Post	359,037	0.367	2.842	0.000	0.000
Cambodia					
Pre	10,642,672	0.000	0.000	0.000	0.000
Interim	12,009,051	0.002	0.016	0.000	0.000
Post	13,059,184	0.003	0.012	0.000	0.000
Laos					
Pre	4,845,856	0.000	0.000	0.000	0.000
Interim	5,283,980	0.933	5.874	0.000	0.000
Post	5,668,983	0.206	1.591	0.000	0.000
Myanmar					
Pre	43,264,926	0.098	0.756	0.000	0.000
Interim	45,805,707	0.000	0.000	0.000	0.000
Post	48,033,582	0.006	0.047	0.000	0.000

Table 20 Value per Capita (Continued)

	Cross Border		Cross Border Within SE		Outside SE	
Country Period	**Mean**	**SD.**	**Mean**	**SD.**	**Mean**	**SD.**
Indonesia						
Pre	0.086	0.165	0.010	0.063	0.077	0.157
Interim	0.470	0.911	0.117	0.504	0.353	0.780
Post	0.312	0.692	0.151	0.512	0.160	0.478
Philippines						
Pre	1.014	5.123	0.089	0.321	0.925	5.001
Interim	1.078	2.470	0.133	0.589	0.945	2.450
Post	0.302	1.114	0.012	0.080	0.290	1.112
Malaysia						
Pre	1.088	3.656	0.207	0.780	0.881	3.611
Interim	2.124	4.912	0.074	0.223	2.051	4.922
Post	3.126	12.746	1.215	7.140	1.911	10.634
Thailand						
Pre	0.372	1.373	0.114	0.558	0.258	1.225
Interim	1.881	3.340	0.304	1.171	1.577	3.187
Post	0.428	1.323	0.248	1.147	0.180	0.563
Singapore						
Pre	8.549	18.535	4.061	16.783	4.488	9.475
Interim	34.343	101.071	2.006	8.153	32.337	100.944
Post	35.066	68.350	9.212	37.714	25.854	60.212
Vietnam						
Pre	0.014	0.095	0.000	0.000	0.014	0.095
Interim	0.025	0.094	0.001	0.008	0.024	0.093
Post	0.049	0.195	0.025	0.161	0.025	0.117

Brunei						
Pre	0.000	0.000	0.000	0.000	0.000	0.000
Interim	0.150	0.727	0.074	0.512	0.076	0.528
Post	0.367	2.842	0.367	2.842	0.000	0.000
Cambodia						
Pre	0.000	0.000	0.000	0.000	0.000	0.000
Interim	0.002	0.016	0.000	0.000	0.002	0.016
Post	0.003	0.012	0.002	0.008	0.001	0.010
Laos						
Pre	0.000	0.000	0.000	0.000	0.000	0.000
Interim	0.933	5.874	0.000	0.000	0.933	5.874
Post	0.206	1.591	0.206	1.591	0.000	0.000
Myanmar						
Pre	0.098	0.756	0.001	0.006	0.098	0.756
Interim	0.000	0.000	0.000	0.000	0.000	0.000
Post	0.006	0.047	0.006	0.047	0.000	0.000

Table 21 Value per Capita Regression Variables

	Exchange Rate Return		Market Return		Market-to-Book	
Country Period	**Mean**	**SD.**	**Mean**	**SD.**	**Mean**	**SD.**
Indonesia						
Pre	-0.010	0.033	0.014	0.110	2.228	0.510
Interim	-0.021	0.165	-0.014	0.197	-0.686	5.526
Post	0.002	0.027	0.031	0.082	1.638	0.431
Philippines						
Pre	-0.006	0.028	0.014	0.100	2.479	0.462
Interim	-0.008	0.035	-0.009	0.118	1.442	0.331
Post	0.001	0.012	0.022	0.055	1.239	0.312
Malaysia						
Pre	-0.006	0.030	-0.003	0.098	3.114	0.522
Interim	-0.001	0.029	0.010	0.141	1.917	0.426
Post	0.001	0.004	0.014	0.040	1.867	0.136
Thailand						
Pre	-0.008	0.039	-0.010	0.110	2.616	0.606
Interim	-0.001	0.045	0.004	0.152	1.701	0.501
Post	0.003	0.016	0.027	0.070	1.652	0.251
Singapore						
Pre	0.000	0.011	0.014	0.104	1.847	0.395
Interim	-0.003	0.022	0.000	0.094	1.700	0.281
Post	0.003	0.012	0.016	0.039	1.526	0.180
Vietnam						
Pre						
Interim	-0.005	0.004				
Post	-0.001	0.001				

Brunei						
Pre						
Interim	0.002	0.029				
Post	0.002	0.010				
Cambodia						
Pre	-0.007	0.045				
Interim	-0.003	0.027				
Post	-0.001	0.012				
Laos						
Pre	-0.012	0.042				
Interim	-0.040	0.131				
Post	-0.004	0.035				
Myanmar						
Pre						
Interim						
Post	0.000	0.000				

Table 21 Value per Capita Regression Variables (Continued)

	log GDP per Capita		log GNI per Capita	
Country Period	**Mean**	**SD.**	**Mean**	**SD.**
Indonesia				
Pre	19.900	0.314	4.365	0.152
Interim	22.145	0.295	3.960	0.095
Post	22.770	0.278	4.474	0.201
Philippines				
Pre	11.110	0.214	4.442	0.149
Interim	11.976	0.209	4.609	0.015
Post	12.502	0.151	4.712	0.100
Malaysia				
Pre	7.755	0.183	5.800	0.136
Interim	8.404	0.088	5.677	0.028
Post	8.692	0.136	5.972	0.158
Thailand				
Pre	11.904	0.193	5.364	0.115
Interim	12.505	0.122	5.116	0.023
Post	12.799	0.094	5.334	0.163
Singapore				
Pre	8.364	0.082	7.551	0.159
Interim	8.606	0.078	7.569	0.034
Post	8.772	0.085	7.678	0.141
Vietnam				
Pre			2.979	0.272
Interim			3.459	0.094
Post			3.855	0.167

Brunei				
Pre				
Interim				
Post	8.125	0.186		
Cambodia				
Pre			3.197	0.118
Interim			3.219	0.028
Post	20.128	0.221	3.520	0.179
Laos				
Pre				
Interim				
Post				
Myanmar				
Pre				
Interim				
Post			2.929	0.220

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