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EDUCATION

BBA (Hons, 1st Class); Ph.D. in Finance, *City University of Hong Kong*

ACADEMIC POSITIONS

Senior Lecturer, 2013 – Present;
Department of Finance, CUHK Business School, *The Chinese University of Hong Kong*

Visiting Assistant Professor, 2008 – 2012;
Department of Economics and Finance, *City University of Hong Kong*

Visiting Scholar, 2005 – 2006;
Finance Department, Kellogg School of Management, *Northwestern University, IL, USA*

RESEARCH INTEREST

Corporate Finance; Capital Markets; International Financial Management

PUBLICATION

Wu, X., Au Yeung, C. K., 2012. Firm growth type and capital structure persistence. *Journal of Banking and Finance* 36, 3427 – 3443.

RESEARCH

A Growth Type Explanation for Persistence in Retained Earnings and the Decision to Pay Dividends

(co-authored with Xueping WU)

Abstract: We find that typical dividend-paying firms usually start public life with high ratios of retained earnings-to-total-equity (RE/TE) and are highly likely to pay dividends early on; conversely, typical non-paying firms have persistently low RE/TE and seldom pay dividends even after 20 years of growth. Lifecycle theory alone has difficulty explaining this non-ergodic phenomenon. We show that firms with high RE/TE and high likelihood of paying are like low-growth-type firms that follow the distribution-retention tradeoff, but firms with persistently low RE/TE and low likelihood of paying are like high-growth-type firms that tend to ignore such a tradeoff. We propose a growth-type-compatibility explanation for why low RE/TE and low propensity to pay can be surprisingly long-lived, and suggest that typical non-payers do not pay dividends even if they can, because doing so may confuse the market about firm growth type.

**The Sensitivity of Investment to Cash Flow:
An Explanation Based on the Growth-type-aligned Financing Hierarchy**
(co-authored with Xueping WU)

Abstract: We show that the investment-cash-flow-sensitivity (ICFS) decreases with a firm's asymmetric informational imperfection about growth (AI). AI is highly persistent over time. Firms with distinctly initial AI have persistently distinct investment and financing patterns. Higher initial AI predicts an investment style with more R&D intensity and financing with more equity than debt. Distinct types of asymmetric information (about growth vs. assets-in-place) matter to external finance such that growth uncertainty appears to facilitate rather than suppress equity financing. These findings are consistent with a growth-type explanation for ICFS and do not support the proposition that informational imperfection generally imposes financial constraints.

**Two Faces of Firm Valuation Uncertainty:
Insights from the Persistence of Investment Styles and Financial Policies**
(co-authored with Xueping WU)

Abstract: Using the volatility of a listed firm's monthly market-to-book ratio (MBVol) as a measure of valuation uncertainty about the firm's growth prospects, this paper demonstrates that high and low annual MBVol's are persistent. Initial-MBVol-sorted firms have distinct investment styles ($R\&D/[R\&D+CAPEX]$) and financial policies that are persistent over 20 years. More precisely, firms with more growth uncertainty are persistently more R&D intensive. An Initial-MBVol-aligned pattern in external finance reveals two faces of valuation uncertainty: firms with low growth uncertainty obey the classic adverse-selection pecking order in financing, but high growth uncertainty appears to facilitate rather than inhibit new equity financing.

PRESENTATION

A Growth Type Explanation for Capital Structure Persistence

Presented at:

- *NTU International Conference on Finance*, May 2008, Taipei, Taiwan
- *China International Conference in Finance*, July 2008, Dalian, China
- *Australasian Finance & Banking Conference*, December 2006, Sydney, Australia

Best Paper Awarded at:

- *NTU International Conference on Finance*
- *China International Conference in Finance*

A Growth Type Explanation for Persistence in Retained Earnings and Propensity to Pay

Presented at:

- *China International Conference in Finance*, July 2009, Guangzhou, China

FACULTY RESEARCH SEMINAR

Department of Finance & Business Economics, *University of Macau*, 2012
Department of Finance & Insurance, *Lingnan University*, 2012

SERVICE TO CONFERENCE

Conference Committee;
Emerging Markets Risk Management Conference 2012, *City University of Hong Kong*

TEACHING

The Chinese University of Hong Kong

Undergraduate Level:

- FINA2010 Financial Management
- FINA3020 International Finance
- FINA3070 Corporate Finance: Theory and Practice
- GECC1131 Idea of a University: STOT
- GECC4130 Senior Seminar
- IBBA3010 Issues in Business

MBA Level:

- FINA5010 Financial Management (Flex-MBA)

City University of Hong Kong

Undergraduate Level:

- FB3410 Financial Management
- EF3320 Security Analysis and Portfolio Management
- EF4313 Corporate Finance I
- EF4320 Advanced Security Analysis and Portfolio Management

SCHOLARSHIPS, AWARDS AND GRANTS

Micro-Module Courseware Development Grant (HK\$90,985), 2015
Faculty Teaching Award, 2013, 2014
Research Activities Fund, 2006
Research Tuition Scholarship, 2006
AFA Student Travel Award, 2006
Bank of China Group Charitable Foundation Scholarships, 2002
Hang Seng Bank Hong Kong Scholarships, 2001

SOFTWARE AND DATABASE

Software: SAS, EViews, SPSS, Gauss
Database: CRSP, COMPUSTAT, Datastream, SDC Platinum, CDA / Spectrum 13F, PACAP