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Academic Employment

Graduate School of Management, UC Davis

Assistant Professor 2023 - present

Hong Kong University of Science and Technology

Assistant Professor 2017- 2023

Education

Columbia University, New York, United States

Ph.D. in Accounting, 2017

Master of Philosophy in Accounting, 2016

Tsinghua University, Beijing, China

Bachelor of Science in Economics and Finance, 2011

Research Publications

1. **"Mutual Funds' Reporting Frequency and Firms' Responses to Undervaluation: The Role of Share Repurchases"** with Thomas Bourveau, Daniele Macciocchi and Chengzhu Sun

Contemporary Accounting Research: July 2023, https://doi.org/10.1111/1911-3846.12887

Abstract: We examine a regulatory change that increased the reporting frequency of mutual funds' portfolios. Using a difference-in-differences design, we find that firms with greater ownership by mutual funds increase share repurchases following the regulatory change. We show that these share repurchases are a firm's rational response to undervaluation, which occurs because fund managers become shortsighted following the regulation and sell companies with good long-term prospects. Collectively, our results shed light on an unintended consequence of more frequent reporting in a delegated asset management framework.

2. **"The Importance of Individual-Pair Lending Relationships"** with Omri Even-Tov, Hui Wang and Christopher Williams

Review of Accounting Studies: July 2023, https://doi.org/10.1007/s11142-023-09782-9

Abstract: We examine the significance and uniqueness of individual-pair relationships cultivated through repeated loan interactions. Using a hand-collected dataset compiled of borrowing manager and loan officer information, we find that individual-pair relationship loans are associated with a cost-of-debt reduction of between seven to 13 basis points. We also document that the relationship has an economic impact even when other affiliations, for example, institutional pairs, social ties, cultural proximity, and gender, are considered. Individual-pair relationships matter because they furnish lenders with useful soft information, especially when the firm has a poor hard information environment or when the bank and loan officer rely less on hard information. In addition, we find that individual-pair relationship loans have fewer rating downgrades, suggesting that accumulated soft information leads to better loan quality. Collectively, our results highlight the unique value of sustained professional engagement between two individuals in the lending process.

3. **"The effect of information opacity and accounting irregularities on personal lending relationships: Evidence from lender and manager co-migration"** with Urooj Khan, Christopher Williams and Regina Wittenberg-Moerman

The Accounting Review: July 2019, Vol. 94, No. 4, pp. 303-344.

Abstract: We examine how personal lending relationships between lenders and managers are affected by information and accounting environments of borrowing firms. We address this question by exploring whether, following managerial turnover, lenders migrate with the manager from the firm where a relationship developed (origin firm) to the manager's new firm (destination firm). We find that the opacity of the external information environment of the destination firm significantly increases the probability of lenders' co-migration, while accounting irregularities at both the destination and origin firms decrease it. We also show that co-migration is affected by a lender's characteristics, such as monitoring efficiency, industry concentration of the loan portfolio and loan growth. We further find that the relation between co-migration and a lender's monitoring efficiency depends on the information and accounting environments of the origin and destination firms. A lender's monitoring efficiency increases its co-migration probability when a manager moves to an opaque firm but not when she moves to a transparent one. When the destination or origin firm experiences accounting irregularities, even lenders with strong monitoring capabilities are mostly reluctant to continue their relationship with a migrating manager.

Working Papers

4. **"The Economic Consequences of Firms' Commitment to ESG Policies"** with Dan Amiram, Ilanit Gavious and Chao Jin

R&R at Journal of Accounting and Research

Abstract: The largest U.S. banks have adopted, in a staggered manner, an environmental and social risk management framework called the Equator Principal (EP). Based on a large sample of borrowers, utilizing a staggered difference-in-differences design, we document a significant increase in environmental protection provisions in the loan contract for borrowers that borrow from banks that adopted the framework. Moreover, we reveal a significant reduction in loan spreads, especially among borrowers who borrow from early EP adopters and borrowers who actively switch to banks that adopted the framework. Additionally, the cost of equity decreases for borrowers from banks that adopted the framework. Lastly, we document an increase in environmental performance for these borrowers after the contract. Taken together, our findings are consistent with firms being able to reduce their cost of capital by opting to commit to environmental protection through loan contracts.

5. **"Private Lending and Preferential Treatment in Earnings Conference Calls"** with Tianshuo Shi and Christopher Williams

Abstract: We investigate whether firms provide preferential management access to their new-lender-affiliated analysts (i.e., analysts affiliated with the firms' new lender) during earnings conference calls. We find robust evidence that firms let these analysts participate earlier in earnings conference calls before loan initiation than other analysts. This effect is more pronounced for less informed lenders and analysts, and firms with higher earnings informativeness. In addition, loans that benefit from such analysts' management access have lower spreads and higher loan amounts, especially when lenders and analysts are in the same location and thus have better communication. Our results provide novel evidence that firms provide management access to new-lender-affiliated analysts to reduce information asymmetry in non-relationship lending.

6. **"Lending along the Supply Chain"** with Dan Amiram and Edward Owens

Abstract: Despite the fact that economic interconnections among firms are very common, there is little research that examines the equilibrium outcome of such interconnections in the loan market. We focus on how supply chain interconnections among borrowers within a lender's loan portfolio affect equilibrium loan spread and lead arranger share in the syndicated loan market. We find that both loan spread and lead arranger share are significantly lower when the lead arranger has a pre-existing loan with the borrower's major customer. This finding suggests that such "supply chain loans" ease syndicate participants' moral hazard concerns more than they exacerbate concerns about adverse selection. Consistent with supply chain loans providing benefits to both the borrower and lead arranger, we provide evidence that a borrower is more likely to obtain a loan from a lender who already has an existing loan with its key customer. Our findings provide insights into the mechanisms through which supply chain interdependencies, and more generally, economic relationships, affect debt markets.

7. **"Leveraging An Information Mosaic: The Interplay between Private Meetings with Investors and Subsequent Earnings Announcements"** with Jason D. Schloetzer, Ayung Tseng and Hui Wang

Abstract: We draw from the SEC's concept of investors leveraging an information mosaic to predict that investors use soft information collected during face-to-face investor meetings to understand better the information released at subsequent earnings announcements. Our analysis examines firms that issue stand-alone management guidance in conjunction with face-to-face meetings compared to an entropy-balanced matched sample of firms that also issue stand-alone guidance but do not have such meetings. Consistent with investors leveraging an information mosaic, we find an incremental 10 percent reduction in investor uncertainty around the subsequent earnings announcements of firms that have private meetings relative to firms that do not. The incremental reduction is larger for firms with more soft information, consistent with the theorized mechanism of an information mosaic comprised of the soft information from private meetings. The evidence reveals an interplay between disclosures occurring at different times and provides evidence of investors leveraging an information mosaic.

8. **"Relationship Lending in Syndicated Loans: a Participant's Perspective"** (Job market paper)

Abstract: I explore how participating lenders' borrower relationship and lead arranger relationship play a role in syndicated lending. Participants with a borrower relationship take, on average, a 10% larger share of the loan by mitigating information asymmetry between participants and the borrower. Similarly, participants with a lead arranger relationship, on average, take a 9% larger share of the loan by mitigating information asymmetry between participants and the lead arranger. The former effect is more pronounced when the borrower is informationally opaque, while the latter effect is more pronounced when the lead arranger is reputable and when participants have less capacity. Furthermore, a loan with a larger total share taken by participants with a borrower relationship or a lead arranger relationship is associated with a smaller lead arranger share, a less concentrated loan syndicate structure, lower cost of debt and lower cost of incomplete contracting. Overall, my paper provides evidence to better understand how participants' relationship lending shapes debt contracting by reducing information asymmetry both at the participant level and at the loan level.

Research Grants

- Principal Investigator: **"Loan terminations"** General Research Fund (GRF) - Research Grants Council (RGC), Amount: HKD $ 523,993 **(**2022-2025)
- Principal Investigator**: "Does Private Disclosure Affect Public Voluntary Disclosure? Evidence from Debt Information Covenants"** General Research Fund (GRF) - Research Grants Council

(RGC), Amount: HKD $498,000 **(**2019-2022)

- Principal Investigator**: "The Role of Borrowing Managers and Lending Officers in Debt Contracting"** Early Career Scheme (ECS) - Research Grants Council (RGC), Amount: HKD $298,205 **(**2018-2020)

Teaching Experience

- **Managerial Accounting**, Undergraduate, HKUST, 2020-2022
  Recognition of Excellent Teaching Performance by the Dean's office
- **Introduction to Financial Accounting,** Undergraduate, HKUST, 2017-2018
  Recognition of Excellent Teaching Performance by the Dean's office

Academic Presentations and Discussions

- 2022: FARS Mid-Year Meeting; Wuhan University Accounting Symposium; AAA Annual meeting (Presenter and discussant)
- 2021: HKUST Accounting Research Symposium; CAFR Conference; The 2nd Sustainable Finance Forum (discussant); EAA Annual Meeting; Hong Kong Junior Accounting Faculty Conference; HKUST workshop; FARS Mid-Year Meeting (discussant); ASSA annual Meeting
- 2020: HKUST workshop
- 2019: HKUST Brown Bag Seminar
- 2018: EAA Annual Meeting; Yonsei University, Korea University; Wuhan University Accounting Symposium;
- 2017: AAA Annual Meeting; Santa Clara University, University of Toronto, HKUST, CUHK, City University of Hong Kong, Peking University, Nanyang Technology University
- 2016: AAA Annual Meeting; Columbia Business School Brown Bag Seminar
- 2015: Columbia Business School Brown Bag Seminar; AAA Annual Meeting (discussant)
- 2013: Columbia Business School Brown Bag Seminar

Services:

- Ad Hoc reviewer for AAA conference, EAA conference, FARS conference, Contemporary Accounting Research, Review of Accounting Studies, Journal of Business Finance & Accounting, etc.
- 2022: HKUST Accounting Research Symposium Organizer
- 2020-2021: HKUST Accounting Seminar Organizer
- 2017-2022: Volunteer work in University Student Mentoring