

ABSTRACT

Previous studies have demonstrated significant discrepancies on financial results prepared under Chinese accounting standards and international accounting practices. After years of reforms on Chinese accounting practices, there is an allegation on whether previous discrepancies persist or they have already been reduced up an acceptable level. This study therefore intends to evaluate the current dimension of difference between the H-share and the A-share financial results.

Quantitative analysis is undertaken to examine the potential difference. Frequency distribution is applied to visualize the disparity on financial results of revenues, assets, debts and equity. Corresponding results from H-share and A-share reports are obtained in pairs and analyzed through application of paired sample t-test. Except the test result on operating income, the other t-test results suggest that there is no significant difference between the paired figures of sales revenues, income before tax, net income, assets, debts and equity.

Based on the statistics results, it can be concluded that the harmonization progress of Chinese accounting standards has received remarkable recognition. Although full convergence has not been reached, the existing Chinese accounting standards have incorporated both the traits of international standards and the features of Chinese accounting practices. Based on current achievement, the effectiveness of the new Accounting Standards for Business Enterprises (ASBE), which are promulgated to be developed in line with IAS and will be implemented on 1 January 2007, is likely to follow. However, enterprise infrastructure and quality of accounting personnel are critical elements determining the success of the new standards.