MBA (BF)
CHING

UNIVERSITY OF MACAU

FACULTY OF BUSINESS ADMINISTRATION

THE IMPACT OF THE NEW ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (ASBE) ON FINANCIAL RESULTS OF MAINLAND CHINESE LISTED COMPANIES

Lina Ching Chi Heng

M-A6-5703-2

Thesis presented to the

Faculty of Business Administration

University of Macau

In partial fulfillment for granting the MBA Degree

(In Finance)

2009

TABLE OF CONTENTS

ABSTRACT I

ACKNOWLEDGEMENTS II

LIST OF TABLES V

LIST OF FIGURES VI

CHAPTER 1 INTRODUCTION 1

1.1 OVERVIEW 1

1.2 RESEARCH OBJECTIVE 3

1.3 RESEARCH METHODOLOGY 4

1.4 SCOPE OF THE STUDY 5

1.5 ORGANIZATION OF THE STUDY 6

CHAPTER 2 LITERATURE REVIEW 7

2.1 EVOLUTION OF ACCOUNTING SYSTEM IN CHINA 7

2.2 OVERVIEW OF THE NEW ASBE 15

2.2.1 Key Features and Impact of the new ASBE *17*

2.2.2 Comparison of the new ASBE with IFRS *21*

2.3 EVIDENCE ON ACTUAL HARMONIZATION PROGRESS 25

2.3.1 Researches of the pre-new ASBE era *25*

2.3.1.1 Comparison between A-share and B-share reports 26

2.3.1.2 Comparison between A-share and H-share reports 29

2.3.2 Contemporary Studies on the Impacts of Adopting the New ASBE *32*

2.3.2.1 Analysis of 2006 Annual Financial Reports of Chinese Listed Companies 32

2.3.2.2 Analysis of 2007 Annual Financial Reports of Chinese Listed Companies 33

2.4 IMPLICATIONS FOR CURRENT STUDY 35

CHAPTER 3 DATA AND METHODOLOGY 36

3.1 RESEARCH QUESTION 36

3.2 DATA COLLECTION 38

3.3 QUANTITATIVE ANALYSIS 40

3.3.1 Frequency Distribution *41*

3.3.2 Statistical test *43*

CHAPTER 4 DATA ANALYSIS 45

4.1 GENERAL PERSPECTIVES 45

4.2 REVENUE & PROFIT ITEMS 46

4.2.1 Frequency Distribution *47*
4.2.2 Mean Comparison *52*
4.2.3 Statistical Analysis *53*
4.3 CASH FLOW ITEMS 57
4.3.1 Frequency Distribution *58*
4.3.2 Mean Comparison *60*
4.3.3 Statistical Analysis *61*
4.4 ASSET AND EQUITY ITEMS 64
4.4.1 Frequency Distribution *65*
4.4.1.1 Current Assets 66
Inventories 66
4.4.1.2 Non-current Assets 67
Long term Equity Investments 67
Investment Properties 69
Fixed Assets 70
Biological Assets 72
Intangible Assets 73
Impairment of Assets 76
Share-based Payments 77
Derivative Financial Instruments 78
4.4.1.2 Shareholders' Funds attributable to Equity Shareholders 79
4.4.2 Mean Comparison *82*
4.4.3 Statistical Analysis *83*
CHAPTER 5 CONCLUSIONS 87
5.1 IMPLICATIONS OF THE RESEARCH 87
5.2 LIMITATIONS OF THE RESEARCH AND SUGGESTIONS FOR FURTHER STUDIES 90
REFERENCES 93
APPENDICES 95