ABSTRACT

The study conducted by Ip and Noronha (2007) revealed that, except for operating income, there was no significant difference between A-share and H-share results. However, the study was limited to analyzing those Chinese companies concurrently being listed in mainland China and Hong Kong. Also the data obtained did not reflect the impact of the recently implemented Accounting Standards for Business Enterprises (ASBE). To supplement the limitations, this study focuses on the financial performance of domestic Chinese companies after implementation of the new ASBE.

Quantitative analysis was undertaken to examine the prospective impact. Frequency distribution was applied to visualize the disparity on financial results of revenue, profit, cash flow, asset and equity items. The financial figures of each item reported under the old PRC Accounting Rules and Regulations and the new ASBE were collected in pairs and analyzed using paired sample t-test. Except for the test results on total assets and shareholders' equity, the other t-test results revealed no significant difference between the paired figures of net assets per share, operating revenue, profit before tax, net profit, net profit after extraordinary gains and losses, basic earnings per share, net cash flow from operating activities and the per share value. Based on the statistics results, it can be concluded that the harmonization progress of Chinese accounting standards had progressed remarkably.