Department of Accounting
College of Commerce
National Chengchi University

Ph.D. Qualifying Exam- Financial Accounting
May 7, 2007

PART 2

1. **Financial press reported that "*foreign investors* sold 54,700,000 shares, US$100 million, of Taiwan Semiconductor Manufacturing Company Ltd (TSMC) on the day after TSMC hold its webcast *conference call* on Jan. 25, 2007, due to disappointing information on firm prospect released during the conference call." (30%)**

   According to the above statement, please answer the following question:

   (1) **Based on the above statement, what research questions can you raise? (5%)**
   (2) **Why are these research topics important? (5%)**
   (3) **Please review the key literature related to your topics. (5%)**
   (4) **Please develop your hypotheses. (5%)**
   (5) **Please sketch the empirical design (including any important sensitivity analyses). (5%)**
   (6) **Some of listed firms in Taiwan have an ADR traded in the US that requires use the of US GAAP. Whether *foreign investors*' response to conference calls differs between cross-listing and non-cross-listing firms? Please sketch the empirical design to test this question. (5%)**

2. **Please review the literature on efficient market *anomalies* in the context of accounting information, in particular the latest development. (10)**

3. **Ohlson model is based on the *clean surplus relation*. However, employee bonus in Taiwan is recognized as dividend distribution, rather than expense in income statement. This treatment of employee bonus in Taiwan is often called as *dirty surplus relation*. Are there any effects of this kind of accounting for employ bonus on Ohlson model? And are there any implications for empirical studies? (10)**