

CHENXI LIU

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Education

Singapore Management University,
Lee Kong Chian School of Business, Singapore

- Ph.D Candidate in Business (Finance), June 2017(expected)

Nanjing University of Aeronautics and Astronautics,
College of Economics and Management

- MSc in Accounting, April 2012

Nanjing University of Aeronautics and Astronautics,
College of Economics and Management

- B.A. in Accounting, July 2009

Research Interests

Empirical Corporate Finance, Corporate Cash Holding Policy, Corporate Governance,
Accounting Information and Stock Anomaly

Dissertation: Three Essays Related to Corporate Cash Holdings

1. Earnings transparency and Corporate Cash Holdings

- Presented at SMU Summer Camp, 2016
Presented at 29th Australia Financing and Banking Conference, UNSW Sydney, Dec. 2016
- **Abstract:** This paper examines the impact of earnings transparency on corporate cash holdings. Motivated by Barth et al. (2013), who show that firms with less earnings transparency tend to have higher cost of equity, this paper shows that the cross-section differences in earnings transparency cause variations in firm cash holdings because firms with less earnings transparency have more incentives to hold cash in order to avoid costly external financing. Using data of US firms from 1980 to 2013, it is found that earnings transparency is significantly negatively associated with cash reserves. This impact remains significant when corporate governance measures and accounting-based earnings quality measures are accounted for. And this impact is more pronounced in firms with more growth opportunities, more RD expenses and more financial constraints. It is further found that firm with lower earnings transparency have a higher value of cash holdings, suggesting that cash held by firms with lower earnings transparency are expected to be used to invest, which is also a verification that firms with less earnings transparency hold more cash for precautionary motivation.

2. Agency Problems, Cash Policy and Government Linked Firms, with Jerry Cao, Sili Zhou, and Nelson K.L. Yap

- Included by FEN SMU-LKCSB Vol.3 No.1
Presented at Asian FA, 2016
Presented at Brownbag Seminar in SMU, 2016
- **Abstract:** In this paper, we investigate the cash holdings of government linked corporations (GLCs) in Singapore, with different levels of Temasek Holdings ownership. We find evidence that Temasek owned public firms hold on average substantially more cash than otherwise similar public firms listed on SGX. This result is robust to different measures of Temasek ownership. We also show that when GLCs have excess cash, they do not spend it on capital expenditure, acquisition, dividends or share repurchase. Instead, they hoard these excess cash leading to an accumulation of cash. In addition, we show that Temasek firms are on average more profitable, however the accumulation of excess cash is reducing their profitability.

3. Is Cash holding- return relation risk induced?

- **Abstract:** Palazzo [2012] finds a positive relation between cash holdings and stock return and attributes this to the association between cash and systematic risk with regard to growth options. In this paper, I try to test whether the relation between cash and return is driven by systematic risk that captured by cash. The empirical results do not support the risk explanation of cash-return relation. Firstly, the loadings on CASH factor cannot predict returns, which is not consistent with rational frictionless asset pricing models. Secondly, CASH factor cannot reflect future GDP growth. Thirdly, CASH and its factor loadings exhibit no association with implied cost of capital derived from analysts' earnings forecasts. Overall, this paper casts doubt on the argument that cash can serve as a proxy of systematic risk in the explanation of cross sectional variation in stock returns.

Other Research Work

1. Why MNCs hold more cash? An international study, with Sili Zhou, work in progress
2. Determinants on overseas R&D subsidiary mode by MNEs in developing-country: Empirical evidence from Chinese subsidiaries abroad, with Yanyu WANG, Wei XIE, Jizhen LI, 2016, Revise and Review
3. Study on how dividend policy influences enterprise value with consecutive cash payoff, with Geng Chengxuan. Conference paper, Proceedings of World Academy of Science, Engineering and Technology, v 77, p 270-273, May 2011

Teaching Experience

Part-time Lecturer, Audit, College of Continuing Education, NUAA, 2011

Teaching Assistant

Corporate Finance (sit-in), SMU, 2013, TA for Prof. David DING

Corporate Finance (sit-in), SMU, 2014, TA for Prof. David DING

Corporate Finance (sit-in), SMU, 2015, TA for Prof. David DING

Finance 101, SMU, 2016, TA for Prof. Rong WANG

Professional certificates

CFA level III candidate;

Certificate of Accounting Professional (China)

Passed 'Accounting' and 'Auditing' of CICPA exams (around 10%)

C language level II Certification;

Awards

Travel Funding, Office of Research, Singapore Management University, 2016

Doctoral Full Scholarship, Singapore Management University, 2012–2016

Master Full Scholarship, NUAA, China, 2009–2012 (5%)

The "Hua Rui" Special Scholarship, NUAA, China, 2008(5%)

The First Prize Scholarship, NUAA, China, 2008(5%)

The Third Prize Scholarship, NUAA, China, 2006, 2007