Reeyarn Zhiyang Li

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Academic Positions

July–December 2025	Visiting Scholar, University of North Carolina at Chapel Hill, invited by Prof. Wayne Landsman
Since 2023	Post-Doc Researcher, Paderborn University, Chair of International Accounting (Prof. Dr. Sönke Sievers)
2016 – 2023	Assistant Professor of Accounting, University of Mannheim
2011 – 2016	Research Assistant, Hong Kong University of Science & Technology

Academic Qualifications

2016	Ph.D. Accounting, Hong Kong University of Science and Technology
2011	M.S. Accounting, Peking University
2007	B.S. Statistics, Renmin University of China

Selective List of Publications

- Huang, A., K.W. Hui, R.Z. Li. "Federal Judge Ideology: A New Measure of Ex-Ante Litigation Risk." *Journal of Accounting Research* (2019), Vol. 57 (3), pp.431–489.
- Franke, B., A. Huang, R.Z. Li, H. Wang. "Securities Law Precedents, Litigation Risk, and Misreporting." *Review of Finance* (2024), Vol. 28 (2), pp. 413–445. (Funded by SFB: TRR 266 – Project A03).
- Degen, D., J. Kengelbach, R. Li, F. Pietrogrande, S. Sievers. "Beer, Cars & Fundamentals: Predicting German M&A activity." *Corporate Finance* Forthcoming.
- Hofmann, P., Li, R., & Sievers, S. "Vierjährige Erfahrungen mit der ESEF-Berichterstattung in Deutschland: Herausforderungen und Chancen" (Four-Year Experience with ESEF Reporting in Germany: Challenges and Opportunities), *Zeitschrift für Internationale und Kapitalmarktorientierte Rechnungslegung (KoR)* (2025), Nr. 07-08, pp. 251–258.

Selective Working Papers and Working In-Progress

- "Measuring the Informativeness of Audit Reports: A Machine Learning Approach" with Reining Petacci (Georgetown University) and Jungbae Kim (Singapore Management University), **Under 2nd-round review in *Journal of Accounting Research.***

  Abstract: This paper studies the informational value of audit reports using computational linguistic tools powered by large language models (LLM). We analyze the textual content of audit reports over the past two decades and classify it into topic labels, organized into standard and expanded components. The standard components contain boilerplate language related to audit scope, opinion, and basis for opinion. In contrast, the expanded components contain explanatory language, audit matters, and discussions of audit procedures that reflect auditor judgment. Contrary to the perception that audit reports lack informational value, we find that textual changes from adding or modifying sentences in the expanded components carry strong implications for the client firms misstatement risk and future performance. Firms with larger such changes exhibit higher restatement likelihood and lower future returns. These changes provide incremental information to market participants and narrow the spread around the audit report releases. Additionally, investors become more

sensitive to negative earnings news when such news is accompanied by larger changes in the expanded components of the audit report. Both regulatory influences and litigation pressures drive these changes, underscoring the role of both public and private oversight in enhancing audit report informativeness.

- "Investor Inattention to Earnings Metadata" with Wayne Landsman (UNC, Chapel Hill) and Sönke Sievers (Paderborn).

  Abstract (Job Market Paper): In this paper, we posit that managers communicate firm performance by sending two distinct signals: the numerical signal of earnings magnitude and the structural signal of income statement layouts, or *earnings metadata*. Using XBRL filings, we document that managers use this structural signal to contextualize performance. Specifically, they increase disaggregation to isolate negative, low-persistence shocks from core earnings. Insiders sell less after 10-Ks with a longer income statement, consistent with private knowledge that GAAP earnings are temporarily depressed. However, while investors respond to the numerical magnitude, they do not fully incorporate the structural signal. Consequently, the market overreacts to the negative shocks, failing to discount transitory items separated in the structural signal. A trading strategy that conditions earnings on its structural information generates an annualized alpha exceeding 17%, consistent with limited investor attention to earnings metadata.

- "Centralized Reporting Infrastructure and Disclosure Informativeness: Evidence from Germany." with Stephan Kaiser and Sönke Sievers, presented at EAA 2025.

  Abstract: This study investigates the disclosure informativeness of German annual reports under a centralized electronic reporting platform and provide regulatory implications for the on-going reform toward an integrated European Single Access Point (ESAP). Applying BERTopic, we develop a novel measure of disclosure informativeness that captures semantic changes by topics in over 5,000 German annual reports since 2007. Consistent with our hypotheses that informative disclosure reduces information asymmetry by improving accounting quality, we find that disclosure informativeness is associated with a lower magnitude of absolute abnormal accruals and a lower Amihud illiquidity. Strikingly, these associations disappear after 2020 when Germany adopted the ESEF (European Single Electronic Format). These findings suggest that while centralized digital reporting enhances information accessibility, it may unintentionally foster more standardized, less incrementally informative disclosures.

- "Estimating Fundamental Accruals: A Deep Learning Approach"with Sönke Sievers.

  Abstract (Work in-progress): This paper uses deep learning to study accounting accruals. We train neural networks to estimate the explained part of accruals by generating the coefficients of a linear equation linking accruals with business fundamental variables utilizing annual reports' FinBERT embeddings and prior-year accounting variables as input features. Our neural networks explain 74.5% of accruals variations, significantly outperforming the traditional OLS estimation approach, which explains only 39.8%. Firms exhibiting material deviations from our explained accruals exhibit lower earnings persistence, higher audit fees, and a higher likelihood of accounting irregularities. These findings suggest that deep learning models explain more accurately the accruals—business fundamentals relation and offer a superior alternative to the OLS-estimated normal accruals in accounting and finance research.

- "How long can stock bubble defy intrinsic value?" with Sönke Sievers.

  Abstract (Work in-progress): We examine how long stock price run-ups can persist before crashing by testing whether accounting-based intrinsic value estimates predict the duration of these episodes. Using a Cox proportional hazards model

on U.S. industry-level price run-ups since 1975, we find that fundamental valuations are significant predictors of duration. A higher intrinsic value-to-price ratio reduces the hazard of a subsequent crash, while higher risk adjustments and aggressive investment in operating assets significantly increase it. These results indicate that even in markets characterized by apparent bubbles, the persistence of price increases is anchored to underlying fundamentals. Our findings help reconcile rational and behavioral perspectives on asset pricing by quantifying the explanatory power of accounting information in predicting the lifespan of speculative episodes.

List of Teaching Experience

- Instructor, Merger & Acquisition – Valuation, Paderborn University, 2023–2025
- Instructor, Financial Statement Analysis and Business Valuation, Paderborn University, 2024–2025
- Instructor, Introduction to Financial Accounting, University of Mannheim, 2018–2022
- Instructor, Applied Methods & Tools in Empirical Accounting Research (Paper Replication), University of Mannheim, 2017–2021
- Instructor, Principles of Accounting I, HKUST, Summer 2014
- Tutor for Professor Mingyi Hung, Financial Accounting Foundations (MBA), HKUST, Fall 2014
- TA for Professors Kevin Chen and Haifeng You, Financial Statement Analysis (MBA), HKUST, Spring 2014
- Tutor, SAS Programming for Junior Doctoral Students in Accounting, HKUST, Fall 2013

Conference and Presentations

- TRR Annual Conference (2024): Paper Presentation "Measuring the Informativeness of Audit Reports: A Machine Learning Approach;" Paper Discussion: "Managers Self-Disclosure of Earnings Management Practices: Experimental Evidence from German Firms"
- AAA Annual Conference (2024): Paper Discussion: "Do Investors Respond to Mechanical Changes in ESG Ratings?"
- Humboldt University of Berlin TRR Brown Bag (2024): "Measuring the Informativeness of Audit Reports: A Machine Learning Approach."
- University of Tübingen Research Seminar (2024): "Measuring the Informativeness of Audit Reports: A Machine Learning Approach."
- TRR Annual Conference (2023): Paper Discussion: "Does The Disclosure Of Investors Information Acquisition Footprints Promote Market Transparency?"
- Four Universities Conference, Cologne, Frankfurt (Goethe), Frankfurt (FS), Mannheim (2023): "The Impact of the Critical Audit Matter (CAM) Mandate and Improved Informativeness of Audit Reports."
- E.A.A. (2021): "Securities Law Precedents, Litigation Risk, and Misreporting."
- A.A.A. FARS Financial Accounting and Reporting Section (2020): "Judicial Precedents on GAAP Violations, Litigation Risk and Misreporting." *Presenter*; with Benedikt Franke (SKEMA) and Allen Huang (HKUST).
- A.A.A. Annual Conference (2020): "Judicial Precedents on GAAP Violations, Litigation Risk and Misreporting." with Benedikt Franke (SKEMA) and Allen Huang (HKUST).
- SARAC Swiss Accounting Research Alpine Camp (2020): "Judicial Precedents on GAAP Violations, Litigation Risk and Misreporting." *Presenter*; with Benedikt Franke (SKEMA) and Allen Huang (HKUST).
- Journal of Accounting Research Conference, 2018: "Federal Judge Ideology: A New Measure of Ex-Ante Litigation Risk." with Allen Huang and Kai Wai Hui.

Funding and Awards

- Principle investigator of Project A03 in the TRR 266 "Accounting for Transparency"
  Granted by the German Research Foundation (DFG), € 12 Million, 2019–2023
  https://accounting-for-transparency.de
  Project A03: "Determinants of Textual Transparency" (€193,500).
- Mannheimer Forum Accounting & Taxation (MaFAT) Research Award, 2018
- Best Paper Award: 2016 MIT Asia Conference in Accounting, Federal Judge Ideology: A New Measure of Ex-Ante Litigation Risk. (with Kai Wai Hui and Allen Huang)

Master Theses Supervision (Selected List)

- **Yue Chen** (University of Mannheim, 2019).
  Title: "Evidence of the Not-So-Independent SEC: Political Appointment and Selective Enforcement."
  Current Position: Assistant Professor, Chinese University of Hong Kong.
- **Philipp Hofmann** (Paderborn University, October 2025).
  Title: "What Sustains Competitive Advantage? An Examination of the Evolving Drivers of Long-Term Abnormal Earnings for U.S. Firms."
  Current Position: PhD student, Paderborn University.
- **Tobias Rupnow** (Paderborn University, May 2024).
  Title: "PCAOB Auditing Standards and Regulatory Impacts".

References

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