

## A Comparative Study on the Asset Appraisal Criteria Between China and Foreign Countries

FENG Bo<sup>[a]</sup>; QIAN Kun<sup>[a]</sup>; FENG Junwen<sup>[a],\*</sup>

<sup>[a]</sup>Nanjing Audit University Jinshen College, Nanjing, China.

\*Corresponding author.

Received 12 January 2021; accepted 20 March 2021

Published online 26 April 2021

### Abstract

Asset appraisal is a professional work. In order to standardize the professional behavior of appraisers, improve the quality of appraisal service, and enhance the credibility of the asset appraisal industry, the appraisal industry of all countries in the world has chosen to formulate asset appraisal standards, and carry out the necessary norms from the aspects of technical norms and professional ethics. In China, the establishment of asset appraisal system started late, and the asset appraisal system of developed countries such as Britain and the United States has a very important reference significance for our country. This paper makes a comparative study on the process, connotation and characteristics of the establishment of international asset appraisal standards, American asset appraisal standards and China's asset appraisal standards, so as to find out the inspiration for the construction of China's asset appraisal standards system and the practical results of China's asset appraisal industry.

**Key words:** Chinese and foreign assets appraisal criteria; Comparative study; Reference significance; Practice results

Feng, B., Qian, K., & Feng, J. W. (2021). A Comparative Study on the Asset Appraisal Criteria Between China and Foreign Countries. *Canadian Social Science*, 17(2), 37-46. Available from: <http://www.cscanada.net/index.php/css/article/view/12114>  
DOI: <http://dx.doi.org/10.3968/12114>

### THE INTRODUCTION

In recent years, China's asset appraisal industry has developed rapidly, the scope of asset appraisal has been

expanded, and the income of asset appraisal industry has repeatedly reached new highs. The number of asset appraisal institutions is increasing in different places, and accordingly, the number of asset appraisal practitioners is also increasing. But along with the asset appraisal business flourishing day by day, many problems also gradually exposed. One of the most serious is that the development of asset appraisal standards does not match the development of asset appraisal industry, and its guiding significance and leading role gradually decline. However, with the decrease of the guiding and regulatory role of the standards, the development of the asset appraisal industry is bound to lose control. Although it will continue to grow, there is no industry standards to regulate the industry. Therefore, China's assets appraisal criteria need to be developed and improved urgently. In this context, this paper takes the International Asset Appraisal Criteria and the American Asset Appraisal Criteria as examples to compare and study them with China's Asset Appraisal Criteria.

**Theoretical Significance:** Through the comparison and research of asset appraisal criteria at home and abroad, we have a very clear understanding of what is asset appraisal criteria and how to develop asset appraisal criteria, which can better carry out discipline education and discipline research. In addition, by studying the foreign asset appraisal criteria system, we can find out the theoretical deficiencies and defects of China's asset appraisal criteria in time and enrich and improve them.

**Practical significance:** This article for the asset assessment criteria, the assets assessment criteria and the comparison of assets appraisal standards in our country, its meaning is to learn from other countries' international assets assessment criteria, including a reasonable place to study, and combined with the actual situation of our country, the assets appraisal standards system in China will be able to get a better progress. From this to promote the further development of China's economy.

This paper is of great significance in making the asset appraisal industry develop actively and play a systematic guiding role. In order to make asset appraisal business practice and business theory better combined, the first is to carry out the guiding ideology and strategic guidelines of the party and the government, the second is to better plan the market system, the third is to standardize the industry, to make requirements on the professional ethics of the appraisal personnel. Finally, the asset appraisal report can be better used to improve the quality of service.

In the comparative study of asset appraisal criteria, the relevant criteria of appraisal report is one of the most important research objects. It is of great significance to study how to establish appropriate evaluation report criteria for many aspects of planning evaluation report, enhancing communication and consultation among all parties, making the evaluation report correctly used, stabilizing the order of socialist market economy in China, and safeguarding the legitimate rights and interests of all parties.

The content of this paper is to compare China's asset appraisal standards with the international asset appraisal standards and the American asset appraisal standards respectively, and then make an analysis and research. This paper mainly compares the establishment process, establishment subject, application scope, content and characteristics of some specific provisions of the criteria, and finds out the differences, so as to learn from each other and clarify the reference significance of foreign asset appraisal system for China.

This paper collects and studies relevant literature at home and abroad, and then sorts out and analyzes relevant research directions and existing research results, so as to master relevant theories and research results. In understanding the current foreign and domestic assets appraisal criteria and its development process on the basis of research. By comparing the asset appraisal criteria of various countries with those of China, this paper starts to study the background and development course of the assets appraisal criteria of various countries, explores the existing problems and difficulties, and puts forward relevant suggestions.

---

## 2. LITERATURE REVIEW

---

### 2.1 Foreign Research Status

Compared with China, the establishment of international asset appraisal criteria is earlier and the research on asset appraisal criteria is more mature. John Edge, former chairman of International Appraisal Criteria Committee, made a prospect for the development of International Appraisal Criteria. He believed that with the universal role of the appraisal industry, the International Appraisal Criteria still needs to be further developed. He also noted that one of the aims of the IASC is to issue assessment

criteria to support guidelines for the application of IFRS. In recent years, the international asset appraisal industry has gone through many years of development. Since its establishment, after a long period of exploration, it has gradually determined its own status. With regard to the development of the capital market and the increase of the international flow of capital, there is an urgent need for a widely applicable asset valuation criterion. By 1985, this need had been met. Moreover, due to economic globalization, asset appraisal has attracted more and more attention. The revision work in 2010 is already the eighth revision of the international appraisal criteria.

The British appraisal industry has a significant influence on the world. RICS has a history of more than 140 years in the UK, playing an important role in real estate appraisal, and is the pioneer of asset appraisal standards in many countries or regions. In recent years, as the assessment industry has developed, RICS has reviewed and improved its assessment criteria. The Redbooks describe common global standards that are widely used around the world.

The European Appraisal Criteria is a European Appraisal Criteria formulated by the Federation of European Appraisers Associations. Its influence is felt in the countries of the European region. Although it does not itself require countries to enforce it, TEGVOA urges countries in Europe to actively adopt it, incorporate it into the assessment process, and even recognize it in some countries' laws. The European Assessment Guidelines also explicitly state that the assessment method must be harmonised with the purpose and that any relevant issues or economic aspects should be made public.

Compared with other standards in the world, American assets appraisal standards are the most systematic. On the one hand, evaluating the business determines the evaluation report. The U.S. assessment includes both written and oral evaluations. The written evaluation report can also be divided into specific categories. Analyzing from the content, style and structure, the USPAP evaluation report criterion is the most scientific and reasonable.

### 2.2 Domestic Research Status

#### 2.2.1 Study on Foreign Assets Appraisal Criteria

Dr. Liu Fangfang and Dr. Wei Jinghong studied the international asset standards from the perspective of comparing China's asset appraisal standards with the international asset standards; Guo Kun, Li Shuying and Li Xixiang studied foreign asset appraisal criteria from the perspective of foreign asset appraisal information disclosure regulations. Liu Ping, Han Liying and Ji Yicheng conducted a comparative study on the major global asset appraisal criteria, including Chinese asset appraisal criteria, selection of Chinese asset appraisal criteria, international appraisal criteria, European appraisal criteria, American appraisal criteria, Australian and New Zealand appraisal criteria, etc.

There are various types of international asset appraisal standards, and many scholars' researches are aimed at specific appraisal types. For example, mining assets appraisal criteria. Mr Wang is in view of the study of mining assets assessment criteria, analysis of the world's leading mining assets assessment criteria, from the current international mining assets assessment criteria set up, mainly including Australia's VALMIN, Canada's CIMVAL, and South Africa's SAMVAL, due to the above three countries are all commonwealth countries, no matter on the staff, or content are closely linked, he based on the above research analyzes the mining right evaluation is different from abroad.

The domestic research on American asset appraisal criteria is relatively mature. The American Asset Appraisal Criteria and China's Asset Appraisal Criteria are the specific country's Asset Appraisal Criteria, and the significance of their research is more far-reaching. Shi Lihua puts forward reasonable suggestions on China's asset appraisal standards through the overall comparative study of China's and America's asset appraisal standards. Liu Qun studied the development years of assets appraisal standards in China and the United States and proposed to draw on the fine experience and advanced practices of the United States.

In addition to this, there is also research on the specific content. Chen Tuo and Li Guowei studied the work scope rules of American evaluation criteria, introduced and analyzed the connotation of work scope and the main content of work scope rules and norms, and tried to standardize the professional operation of appraisers in China; Zhao Rongxia aims at the relevant provisions of intangible assets in the appraisal criteria, discusses the appraisal criteria of assets in the United States and other foreign countries, and makes the corresponding analysis.

### **2.2.2 Research on Domestic Asset Appraisal Criteria**

Compared with developed countries, the establishment of domestic asset appraisal criteria started late in China. With the continuous development of the asset appraisal industry, the research on domestic asset appraisal criteria has made great progress. Wu Jixin pointed out that intangible assets appraisal is an important part of asset appraisal. Due to the various types and complex characteristics of intangible assets, it is difficult to identify, and easy to produce cognitive deviation and legal disputes, intangible assets appraisal is recognized by the appraisal community at home and abroad as a highly professional, difficult and risky appraisal field. Through the comparison of the intangible assets appraisal criteria of China, the world and other countries, we can learn the advantages of foreign intangible assets appraisal criteria and perfect the intangible assets appraisal criteria of China. Han Liying analyzed and summarized the characteristics of China's asset appraisal criteria system. Zhang Cai recognizes that there are certain rules for the steady development of

the market economy. If any industry wants to survive in the market economy, it must establish a set of rules that meet the requirements of the market economy. Therefore, the asset appraisal criterion is the achievement of the development of the asset appraisal industry, and is used to guide the appraisers to participate in the appraisal activities according to the appraisal criterion, so as to ensure the sustained, healthy and stable development of the asset appraisal industry. Guo Zhiguang, Zhong Zeyu and Wang Wenshu specifically elaborated the changes of asset appraisal criteria in China and foreign countries under different institutional environments, presenting a more distinct diversity in this era.

In 2016, China promulgated the Asset Appraisal Law of the People's Republic of China, which promotes the standardization of China's appraisal industry from the legal level. Therefore, the implementation of appraisal criteria has the force of coercion, that is, the legal effect. And, the power and obligation of the evaluation industry association have been formally determined, really do have laws to follow, urge the evaluation industry to have laws to follow.

In view of the relevant provisions in the Appraisal Law, for the purpose of the development of the appraisal industry, and for the consideration of standardizing the behavior of professionals, China updated the Basic Standards for Asset Appraisal one year later, which came into effect on the National Day of the same year.

The Basic Criteria for Asset Appraisal improves the process of appraisal and standardizes the development of appraisal. The new basic criterion of asset appraisal not only includes the retention and reference of the original criterion, but also develops on its basis. The new modification item has extremely important significance. In addition, the new guidelines also include the premise of business evaluation. This has not only improved the work efficiency and professionalism of relevant institutions and personnel, but also protected the interests of the public. At the same time, we will find that the new guidelines have detailed explanations and guidance for each step in our evaluation process. This makes us realize not only the key of each step in the evaluation process, but also corresponds to a number of explicit provisions in the relevant legal provisions of our country. The introduction of the asset appraisal law and the new appraisal criteria is an important development of the asset appraisal cause in China, and it is a very crucial step.

In the process of the transition between the old and new appraisal criteria in China, the asset appraisal industry in China has also learned a wealth of theoretical knowledge and practical experience, including valuable experience after success and profound summary after failure, and explored the advanced knowledge of other countries and the world to a certain extent.

## 2.3 Research Review

At present, great achievements have been made in the research and formulation of asset appraisal criteria at home and abroad. From the beginning of the initial stage to the 21st century today, the system rationalization, standardization. Many studies are based on comparison. This is also largely due to the increasing convergence of asset valuation criteria resulting in comparability.

The generation of evaluation criteria echoes the requirements of the development of The Times. In order to make the appraisal agencies and appraisers more rigorous in the appraisal process, improve the appraisal level and enhance the public's trust in the asset appraisal, many countries and regions have formulated the corresponding asset appraisal criteria, which include the requirements and guidance of all aspects of the appraisal process. The establishment of China's asset appraisal system started late, and the asset appraisal system of developed countries such as Britain and the United States has a very important reference significance for China.

While actively comparing and drawing lessons from other countries and international advanced asset appraisal standards, we should also deeply note the limitations of the current research. Fundamentally speaking, the standard object of asset appraisal criteria is a large range, but at present, the research on the criteria is still mostly limited to tangible assets, and the research on other types of assets such as intangible assets is less. In addition, the definition of professional terms is vague. However, in the process of asset valuation practice, it is very important to be able to clearly understand the terminology. If the relevant practitioners' understanding of a professional term is not in place, or even ambiguous, then it will cause confusion in the evaluation process, and even directly affect the evaluation results. Moreover, it is difficult to guarantee the professional quality of appraisers in the process of studying the assets appraisal criteria. So we must have strict requirements on the behavior of asset appraisal. In addition, we should also note the importance of valuation assumptions for asset valuation. It is based on existing facts, using scientific methods to make assumptions. However, now we do not pay enough attention to the assumption of asset appraisal, which will cause the relevant practitioners to be not rigorous in the operation process. More and more operators will adopt inappropriate appraisal assumptions to carry out appraisal practice. As time passes, the correctness and feasibility of asset appraisal will be greatly reduced. Moreover, the evaluation is difficult to grasp, which will also cause the reasonable and scientific reduction of the evaluation conclusion in practice. These are the research issues that need to be paid attention to in the comparative study of international and other countries' asset appraisal standards.

In the future development of the research on asset appraisal criteria, we should study more aspects and enrich the research objects. At the same time, we should

pay attention to the standardization of research methods and research contents, so as to make our country's asset appraisal criteria get better development. Through the abundant comparison and research, the asset appraisal criterion can better adapt to the characteristic socialist market economy of our country.

## 3. RELATED CONCEPTS AND THEORETICAL BASIS

### 3.1 Concept of Asset Appraisal Criteria

There are various interpretations of what an asset is, depending on the discipline. For now, the connotation of "assets" mentioned in China's asset appraisal is generally consistent with that in accounting. In accounting, assets are the resources that an enterprise can possess and control. Using these resources, the economic benefits of the future period can be predicted as accurately as possible.

However, the USPAP in the United States does not specify what assets are. Instead, assets are divided into real estate, personal property, intangible assets and jewelry. The United States emphasizes the "fact of entitlement to assets." In general, in the subject of asset appraisal, assets not only have the attributes of economic resources, but also emphasize the profits that assets can bring, and the composition of rights. Therefore, an asset should be a right to income. It may be a right of use, a lease, a title, a concession, or some combination of these rights. It should be noted, therefore, that an asset is a right to income, not a tangible or intangible asset per se.

As an intermediary service activity, asset appraisal plays an important role in the reform of China's socialist economic system. At the same time, asset appraisal criteria as the theory and practice of asset appraisal of the concise and standard came into being.

Asset appraisal criterion is a kind of rule, it is to adjust the professional ethics of the registered asset appraisal, ensure the professional level, implement the appraisal responsibility, and protect the rights and responsibilities of the parties in all aspects of social public affairs and asset appraisal according to the legal provisions. The development and maturity of asset appraisal criteria can reflect the level of asset appraisal industry in a country or a region to a certain extent.

Asset appraisal criteria are divided into different types because of the different factors such as the subject, the scope of application and the specific content. For example, the International Asset Appraisal Criteria, the American Asset Appraisal Criteria and the Chinese Asset Appraisal Criteria mentioned in this paper. In addition, there are a lot of asset appraisal criteria, such as British asset appraisal criteria, European asset appraisal criteria and so on.



### 3.2 Theoretical Basis

Although the time and background of the development of international, American and China's asset appraisal standards are different, they are all the products of their own asset appraisal industry to a certain stage of development. In different social systems and economic conditions, although there are many differences in content and scope, but in addition to the characteristics of the common, there is still comparability. This is the theoretical basis for the comparative analysis in this paper.

First, the ultimate goal of asset appraisal in all countries is the same, which is to regulate the professional behavior of asset appraisers and manage the development of asset appraisal market. Second, as an international appraisal criterion, the international asset appraisal criterion gradually converges the asset appraisal criterion of various countries to some extent. In other words, IAPs provide a basis for cross-referencing of APAs from country to country. Third, and most important. Since the reform and opening up, China has always adhered to the new pattern of opening up and the strategy of "bringing in" and "going out". The assets appraisal criterion system of developed countries is worth our reference, and the comparison and reference also conform to the development strategy of our country. Therefore, foreign assets appraisal criteria and China's assets appraisal criteria can be compared with each other, and play its reference role.

## 4. ESTABLISHMENT AND CHARACTERISTICS OF INTERNATIONAL ASSET APPRAISAL STANDARDS AND AMERICAN ASSET APPRAISAL STANDARDS

### 4.1 The Establishment Process of International Asset Appraisal Standards

Internationally, from the initial development to the 1980s, the asset appraisal industry has been quite large and influential. The corresponding appraisal theory is also more mature and scientific, on this basis, the asset appraisal industry has been quite successful in defining its industry positioning and scope of work. However, this is only for the whole, specific to each country in the world, the theoretical knowledge, standard system and practice scope of each country's asset appraisal are very different.

With the accelerating process of internationalization, the demand of the capital market for the unified asset appraisal criteria is increasing all over the world, which further promotes the formulation of the international asset appraisal criteria. Based on the actual situation in the world, the international asset appraisal criteria in the brewing stage should be universally recognized by the international community, with unity and integrity. A

worldwide assessment criteria council was created in the early 1980s to co-ordinate countries. Its establishment is an important symbol of the beginning of international collaboration in the asset appraisal industry.

In 1985, the International Asset Appraisal Criteria began to be formulated.

(1) The initial stage (1985~1993): the main content is real estate evaluation.

(2) Expansion stage (1994~1999): dividing value types and gradually expanding the scope of criteria to other assets.

(3) The rapid development stage (2000~2007): the structural framework of the clear criteria was established.

(4) International due process constraint stage (2008~2011): it has been revised and improved for several times and has been gradually developed into a new standard covering all kinds of assets.

(5) Continuing function stage (2012~ now): International asset appraisal standards are basically perfect and constantly play a role in the international arena.

### 4.2 Connotation and Characteristics of International Asset Appraisal Standards

(1) The structural content of the current International Assessment Criteria consists of framework, general criteria, asset criteria and evaluation application:

Framework contains the concepts, principles and definitions on which the guidelines are based, and these concepts and definitions have been recognized internationally. These can be applied when we follow international evaluation guidelines.

General criteria define the assessment in the general sense, which explains the use of the applied criteria. Applicable to the valuation of assets or liabilities for most valuation purposes: unless otherwise specified, it must be complied with.

Asset criteria are the revised and supplemented provisions of the general criteria to determine the criteria set for specific evaluation of different asset classes.

The appraisal application includes the appraisal for the purpose of financial reporting and the appraisal of the real estate rights and interests of mortgage loans, each of which is composed of two parts: the criteria and the appraisal application guidance.

(2) Characteristics of international asset appraisal standards

Coherence, to achieve the continuity of the layout.

Balance, so that the rules and rules balance each other, specific and summary of the detailed slightly appropriate.

Openness, the international asset appraisal standards basically become the consensus of the world.

It is not mandatory and does not have enough binding force, and it has less impact on countries with more developed asset appraisal systems such as Britain and the United States.

### **4.3 The Establishment Process of US Asset Appraisal Criteria**

At the end of the last century, the savings and loan crisis broke out in the United States. The crisis began in the housing sector and spread rapidly to the financial sector. The investigation found that improper valuation of mortgage loans was the main culprit in the crisis. The investigation and study of the crisis and the identification of the main causes of the crisis directly promoted the establishment of a unified asset appraisal standard system in the United States. In 1987, the first asset appraisal criterion in the United States was born, namely, USPAP, also known as "Professional Evaluation Professional Uniform Criterion". Thereafter, the Evaluation Criterion Committee was set up, whose main responsibility was to amend, interpret and repeal the provisions of the Criterion. As a result, the assets appraisal standards in the United States have been continuously developed.

### **4.4 The Framework and Characteristics of American Asset Appraisal Standards**

(1) The American Asset Appraisal Criteria consists of five parts: definition, introduction, rules, provisions of the criteria and description of the appraisal criteria.

Definition and introduction clearly define the content of American asset appraisal standards.

Rules are specifically divided into professional ethics rules, professional competence rules, but also includes work and jurisdiction.

Criteria and criteria provisions include ten part of the criteria, real estate evaluation, evaluation review report, etc.

Specification of evaluation criteria also contains ten parts, including discounted cash flow analysis, traceability value advice, etc.

(2) Characteristics of American Asset Appraisal Standards

Rigorous organization structure, comprehensive content, high level of specialization.

Dynamic, reflects the development trend of the American economy, and according to the specific economic situation to continue to improve and develop.

Strong binding force.

## **5. ESTABLISHMENT AND DEVELOPMENT OF ASSET APPRAISAL STANDARDS IN CHINA**

### **5.1 The Establishment Process of China's Asset Appraisal Criteria**

At the end of the last century, the socialist market economy took initial shape in our country. With the improvement of China's economic system, enterprises have gradually become more independent economic entities. In order to further reform the economic system

and state-owned assets, China's evaluation industry was born. In the early 1990s, the State Council promulgated the Measures for the Administration of the Appraisal of State-Owned Assets. A few years later, the State Council issued a large number of documents and requirements. These documents are issued to meet the need for changes in the ownership of State assets. Although the asset appraisal industry has just emerged, it does not have the necessary conditions to develop standardized appraisal criteria under the background of this time.

Since then, other assets besides state-owned assets have also been fully developed. The scope of asset evaluation is expanding, the evaluation behavior is becoming rich, and the demand for standard evaluation criteria is increasing day by day. In 2002, based on the full combination of theory and practice, China's Ministry of Finance issued the country's first asset appraisal criteria. Three years later, the Asset Appraisal Code and the Asset Appraisal Code of Ethics were issued. Since then, the rudiment of China's asset appraisal criteria system has been formed. Until now, China's asset appraisal criteria system is still in continuous development and improvement.

### **5.2 The Framework and Characteristics of China's Asset Appraisal Criteria**

(1) China has issued a total of 18 asset appraisal criteria, which generally constitute the asset appraisal criteria system in China. Specifically, it includes two aspects related to occupation and business. The code of professional ethics consists of basic principles and specific principles. Business guidelines include basic, specific, evaluation guidelines and guidance.

Specific criteria are generally divided into procedural criteria and professional criteria, with greater guiding significance.

Appraisal guide includes requirements for specific purposes, asset class appraisal business and matters of concern, with emphasis.

Guidance is a more coordinated and flexible guidance document for some specific issues.

(2) The characteristics of China's asset appraisal criteria

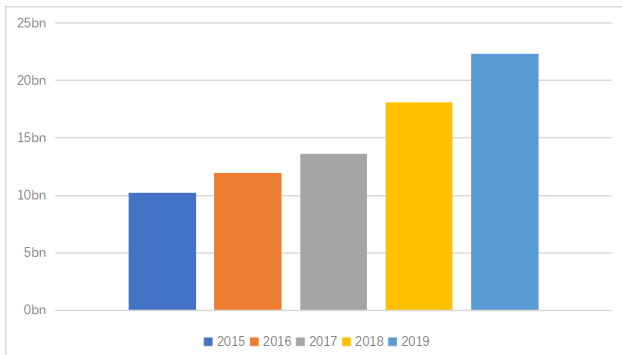
China's asset appraisal standards combine systematicness and openness, each content is interrelated, is an inseparable whole. With the continuous development, it fully draws lessons from the world's advanced asset appraisal system.

Mandatory and targeted, strong binding force.

Regularity, respect for economic laws, from the theory and practice of the abstract criteria, can correctly reflect the objective economic laws.

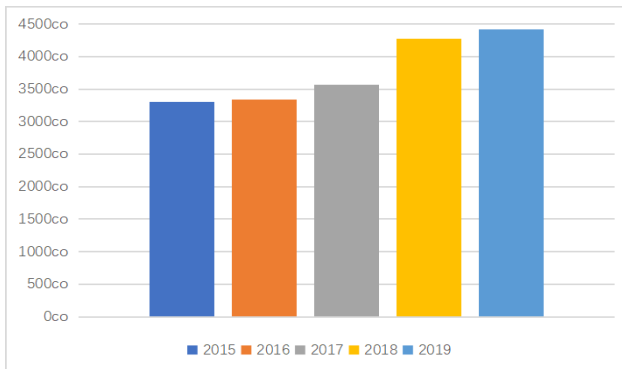
### **5.3 Development of China's Asset Appraisal Industry Under the Guidance of Asset Appraisal Criteria**

(1) From 2015 to 2018, the annual growth rate of total industry revenue shall be maintained at above 14%. By



**Figure 1**  
**Column chart of total business revenue of China's asset appraisal industry from 2015 to 2019**

(2) The number of asset appraisal institutions in China is also increasing. According to the data of the Asset Appraisal Association, the number of asset appraisal institutions in China reached 4272 by 2018. By 2019, the number of asset appraisal agencies in China has further increased to about 4,418.



**Figure 2**  
**Column Chart of Total Assets Appraisal Institutions in China from 2015 to 2019**

Although China's asset appraisal industry has achieved great development in recent years, the asset appraisal criterion system still needs continuous improvement, and there is still a big gap between China and developed countries, for example, the market economy is not perfect enough, the legal awareness is not perfect enough, and the evaluation understanding is not in place enough. We should give full play to the openness of China's asset appraisal criteria and learn from the advanced theories of foreign countries.

## 6. COMPARISON BETWEEN CHINESE ASSET APPRAISAL STANDARDS AND INTERNATIONAL ASSET APPRAISAL STANDARDS

### 6.1 Structure and Content of Guidelines

China's assets appraisal criteria and international assets appraisal criteria of the specific content, that is, in the

structure, content and other aspects there are many differences, now do the following simple comparison.

**Table 1**  
**Differences between Chinese Asset Appraisal Criteria and International Asset Appraisal Criteria**

	Structure of criteria	Content of the Guidelines
China's asset appraisal standards	Basic Criteria - Specific Criteria - Evaluation Guidelines - Guidelines	There are 2 basic criteria, 8 specific criteria, 2 asset appraisal guidelines and 6 asset appraisal guidelines
International Asset Appraisal Standards	Base Framework - General Criteria - Application	Preface, recognized general principles of comprehensive evaluation, code of conduct, etc

### 6.2 Subject, Purpose and Scope of Application of Standard Formulation

There are also many differences between China's asset appraisal standards and international asset appraisal standards in the formulation process and the scope of application.

**Table 2**  
**Differences between Chinese Asset Appraisal Criteria and International Asset Appraisal Criteria**

	Decision making body	Purpose to develop	Scope of application
China's asset appraisal standards	Ministry of Finance, China Asset Appraisal Association	Standardize the professional behavior and ethical behavior of registered asset appraisers	Chinese mainland
International Asset Appraisal Standards	International Council for Assessment Criteria	Promote the harmonization of evaluation criteria among countries	The international

### 6.3 The Role of International Asset Appraisal Standards and Their Reference Significance to China

(1) The role of international asset appraisal standards

Economic globalization promotes the unification of evaluation criteria among different countries in the context of great differences in relevant criteria among different countries. Qu Xiaohui (2006) believed that the unreserved adoption or convergence with the International Asset Appraisal Criterion would speed up the progress of China's asset appraisal standards.

Liu Fangfang and Wei Jinghong (2013) pointed out that international asset appraisal standards are objective, independent and fair principles. Although they do not have coercion, they can be enforced through national associations, professionals and institutions.

The International Asset Evaluation Criteria also contains a glossary, which summarizes the terms. So that countries have clear guidance when comparing with international asset valuation standards.

With the continuous development of international asset appraisal standards, new requirements have been put forward for asset appraisal service content, which has more and more far-reaching influence.

(2) The reference significance of international asset appraisal standards for China

All departments should strengthen communication, try to eliminate contradictions and break barriers. Establish an objective, fair, united and unified image of the industry.

Pay attention to the interpretation of terms. In particular, the interpretation of some technical terms will help the executive to better understand their own responsibilities, so as to better implement the evaluation criteria.

Pay attention to the emerging asset appraisal business. With the acceleration of economic globalization, the business scope of asset appraisal in China is bound to expand, and the original criteria may not be applicable. China's asset appraisal criteria should refer to the international asset appraisal criteria, understand the international trend, at the same time, combined with the actual development of China's society and constantly make updates and improvements.

We will further strengthen oversight and inspection. Our country must establish and improve the relevant system and strengthen the inspection, our country's relevant departments need to adhere to the system at the same time to strengthen the enforcement.

## 7. COMPARISON BETWEEN CHINESE ASSET APPRAISAL CRITERIA AND AMERICAN ASSET APPRAISAL CRITERIA

The American Asset Appraisal Criterion is formulated by the American Association for the Promotion of Asset Appraisal, which is less applicable than the International Asset Appraisal Criterion, but it is more targeted and binding. As the national asset appraisal criteria, the American asset appraisal criteria and China's asset appraisal criteria have greater comparability and greater difference.

### 7.1 Structure and Content of Guidelines

China's asset appraisal criteria and the United States asset appraisal criteria specific content, that is, in the structure, content and other aspects there are many differences, now do the following simple comparison.

**Table 3**  
**Differences between Chinese Asset Appraisal Criteria and American Asset Appraisal Criteria**

	Structure of criteria	Content of the Guidelines
China's asset appraisal standards	Basic Criteria - Specific Criteria - Evaluation Guidelines - Guidelines	There are 2 basic standards, 8 specific standards, 2 asset appraisal guidelines and 6 asset appraisal guidelines
American Asset Appraisal Standards	Preface - Definition - Rules of Professional Ethics - Standards - Specification of Standards	Definitions, Introduction, etc., and 10 Guidelines, 10 Guidelines, 29 Advisory Opinions

### 7.2 Standard Setter, the Purpose of the Guidelines and Scope of Application of the Guidelines

There are also many differences between China's asset appraisal standards and international asset appraisal standards in the formulation process and the scope of application.

**Table 4**  
**Differences between Chinese Asset Appraisal Criteria and American Asset Appraisal Criteria**

	Standard setter	The purpose of the guidelines	Scope of application
China's asset appraisal standards	Ministry of Finance, China Asset Appraisal Association	Standardize the professional behavior and ethical behavior of registered asset appraisers	Chinese mainland
American Asset Appraisal Standards	American Association for the Advancement of Assessment	Regulating rating practices in mortgages to prevent financial crises	The United States, Canada, Mexico and the Philippines

### 7.3 Comparison of Specific Criteria

#### (1) Procedural guidelines

The procedural standards in China are independent to a certain extent and basically regulate the evaluation procedure. However, in terms of the specific guidance of the implementation of the evaluation procedure, the standardization of the evaluation procedure is still insufficient, and there is still a big gap in the requirements of the evaluation practice.

Although the United States has not set up an evaluation procedure separately, it elaborates and standardizes the evaluation procedure in various specific evaluation criteria. It shows that the United States attaches equal importance to this aspect of procedural guidelines.

#### (2) Reporting criteria

Reporting standards in China's asset appraisal standards system belong to procedural standards, and the reporting standards are formulated separately.

Asset appraisal criteria in the United States are specified according to different business types and appraisal reports, so that they correspond to each other and have certain comprehensiveness.

### 7.4 The reference Significance of American Asset Appraisal Criteria for China

#### (1) Improve the types of evaluation reports in China

China's asset appraisal industry is in continuous development, American oral report, written report, restricted appraisal report, etc. for the development of China's asset appraisal industry has great reference significance. China can take this as a reference to improve and enrich the type of evaluation report in China.

(2) Enhance the democracy and universality of China's asset appraisal criteria



The various model meetings held in the formulation process of American asset appraisal standards make the formulation of the standards absorb more suggestions and have greater democracy and universality.

(3) Unify China's real estate appraisal criteria as soon as possible

Just as the enlightenment brought by the international asset appraisal standards, the contradictions and conflicts between various departments will seriously hinder the development and improvement of China's asset appraisal industry. China should unify the division of asset appraisal industry as soon as possible. Because division hurts all, harmony benefits all.

#### **(4) Principle orientation**

The evaluation criteria of intangible assets in the United States are mainly principle-oriented and tend to be simple rather than complex and detailed.

(5) Pay attention to the relationship with enterprise value evaluation

The asset appraisal criteria of the United States combine the enterprise value appraisal and intangible asset appraisal criteria. We can refer to this practice, that is, the intangible asset appraisal is embedded into the enterprise value appraisal criteria, which can also make the asset appraisal criteria more refined.

### **7.5 Development of Asset Appraisal Criteria in China in Recent Years**

Through the comparison with the international asset appraisal standards and the American asset appraisal standards, we have made clear the similarities and differences between China's asset appraisal standards and the international and American asset appraisal standards, and draw the reference significance of the international and American asset appraisal standards. However, the actual development of China itself is the basis for reference or not. The development and improvement of the specific criteria should be combined with the actual situation of China, so as to transform the theory into practice. In recent years, China has been adhering to the scientific attitude of seeking truth from facts and achieved fruitful practical results.

(1) The Asset Appraisal Law has been formally implemented. The issuance of the Asset Appraisal Law provides legal protection for the asset appraisal industry in China. In other words, the issuance and implementation of this law marks that the legal construction of China's asset appraisal industry has stepped into the right track, which ensures the healthy, scientific and reasonable development of the asset appraisal industry.

(2) After 13 years, the Ministry of Finance of China issued the new "Basic Standards for Asset Appraisal" three years ago. During the past ten years, China's asset appraisal industry has actively learned from the experience and lessons of foreign asset appraisal standards, and

referred to the research results of the theories of asset appraisal standards that are gradually becoming mature at home and abroad. The personnel in China's asset appraisal industry have more clear and scientific guidance in the specific operation, which is conducive to them to better deal with the difficult problems in operation.

(3) The Basic Standards for Asset Appraisal and the Asset Appraisal Law further match each other, and the implementation of the two is more consistent. As a result, China's asset appraisal standards have made great progress, and the asset appraisal industry has been further standardized and systemically strengthened. This can make our country's asset appraisal enterprise in the future better development and progress.

(4) The two basic evaluation criteria issued by China in early years have absorbed some advantages and experience of international evaluation criteria. Some of the new basic guidelines are more similar to those in the United States. For example, the matching between the above legal system and asset appraisal criteria has long been integrated into the relevant legal requirements in American appraisal criteria, so the relationship among appraisal agencies, appraisers, entrusters and supervisory bodies can be handled relatively reasonably and legally. In addition, the new basic standards include the old standards, which are integrated. This feature is also similar to the generality and comprehensibility of the American asset appraisal standards.

(5) The Measures for Financial Supervision and Management of Asset Appraisal Industry, which came into effect in China in June 2017, comprehensively elaborated the requirements for supervision of asset appraisal industry and strengthened the supervision and inspection in China.

(6) In addition, China has also begun to attach importance to the documents and specific criteria for the interpretation of professional terms. With the explanation document of professional terms, it will be helpful for the appraisal organizations and professionals to better understand the professional terms, so as to better implement the asset appraisal criteria. This point, as mentioned above, is an important reference that international asset appraisal standards bring to us.

---

## **8. CONCLUSIONS**

---

Asset appraisal criteria are very important. Although China's asset appraisal industry started late, it is stepping up its pace. With the development of the asset appraisal industry, corresponding guidelines are needed to guide it, otherwise it will lead to the disorder of the asset appraisal market. Of course, the formulation of asset appraisal standards and the development of the asset appraisal industry, and can not blindly learn to imitate the western countries. We should constantly improve and develop the asset appraisal criteria, establish a scientific, reasonable

and clear guiding significance of the asset appraisal criteria, in order to strengthen the guidance and control of the asset appraisal industry.

How to perfect and develop the asset appraisal criterion is the key point of building the asset appraisal criterion system. Foreign asset appraisal industry started earlier, their theory is more mature, many of the criterion have a redeeming place. It is compared with China's asset appraisal criteria to find out the reference meaning suitable for China's specific national conditions. This is the only choice to perfect the asset appraisal criterion in our country.

In this paper, the comparison of asset appraisal criteria is limited to international asset appraisal criteria and American asset appraisal criteria, and the comparison scope is not comprehensive enough. The asset appraisal standards of the UK and the whole Europe are also of great reference significance. However, due to the limitation of the author's level, this paper fails to compare them.

In this paper, the comparison of the differences between the International Asset Appraisal Criteria, the American Asset Appraisal Criteria and the Chinese Asset Appraisal Criteria is relatively simple and general. The whole code contains a lot of details, but there are obvious differences worth comparing. In the following research, the scope of comparison should be expanded, from large to small, from main to fine, and a deeper and more specific comparison should be made.

---

## REFERENCES

---

- (2009). *American evaluation criteria*. China Renmin University Press.
- Appraisal Standards Board. (2007). *Uniform Standards of Professional Appraisal Practice (USPAP)*. USA
- Chen, T., & Li, G. W. (2019). Enlightenment from the scope of work rules of American appraisal criteria to China. *China Asset Appraisal*, (03), 42-45.
- Chen, Y. Z., Liu, G., & Wu, J. Q. (2009). A comparative study on foreign mining assets evaluation criteria. *Resources & Industries*, (03), 113-117.
- China Asset Appraisal Association. (2008). *China asset appraisal criteria 2007*. Economic Science Press.
- China Asset Appraisal Association. (2019). *Development plan of asset appraisal industry in the "13th Five-Year" Period* [DB/OL].
- Ding, Y. P. (2013). Discussion on the change of basic appraisal procedure of asset appraisal criteria in China. *Youth*, (17), 87-88.
- Dong, J. J., & Wei, J. H. (2011). Comparison between American evaluation criteria and Chinese evaluation criteria. *Commercial Accounting*, (15), 28-29.
- Guo, K., Li, S. Y., & Li, X. X. (2008). The reference significance of foreign assets appraisal information disclosure regulations to China. *Consumer Guide*, (13), 95-95.
- Guo, Z. G., Wang, W. S., & Zhong, Z. Y. (2019). International comparison on the development of asset appraisal criteria from the perspective of institutional change. *China Asset Appraisal*, (07), 13-18.
- Han, L. Y. (2012). Characteristics of China's asset appraisal criteria system. *Review of Economic Research*, (06), 29-29.
- Liu, F. F., Wei, J. H. (2011). Comparison between China's asset appraisal criteria and international appraisal criteria. *Finance and Accounting Monthly*, (01), 76-78.
- Liu, Q. (2013). A comparative study on assets appraisal criteria between China and America. *Management Scientist*, (22), 34-34.
- Qu, X. H. (2006). International development of asset valuation criteria. *Accounting Learning*, (06), 8-12.
- Shi, L. H. (2014). Comparison of basic principles of asset appraisal between China and America. *Market Modernization*, (17), 151-151.
- Tong, H. Y. (2014). A comparative study of international standards for asset appraisal. *China Staff Education*, (16), 119-120.
- Wang, A. J. (2018). Analysis of the impact of new criteria on assets appraisal business. *National Circulation Economy*, (34), 99-100.
- Wang, F. (2012). A comparative study on the world's main mining assets appraisal criteria. *China Assets Appraisal*, (10), 44-47.
- Wu, J. X. (2013). A comparative study of intangible assets appraisal criteria at home and abroad. *Commercial Accounting*, (16), 31-33.
- Xuan, Y. S., Wang, J. Z., & Liang, H. O. (2011). Comparison of the development of Chinese and foreign assets appraisal criteria. *Finance and Accounting Monthly*, (02), 80-82.
- Zhang, C. (2016). *Comparative study on Chinese and foreign assets appraisal criteria*. Hebei University.
- Zhang, Z. Q., & Wang, X. J. (2012). Comparison and Enlightenment of Assets Appraisal Criteria between China and America. *Journal of Hebei University of Economics and Trade (Comprehensive ed.)*, (03), 47-49.
- Zhao, R. X. (2012). The difference between Chinese and foreign assets appraisal criteria for intangible assets. *Management Scientist*, (19), 69-69.
- Zhao, Z. Y., & Yang, Y. Y. (2018). Reflections on the new Asset Appraisal Criteria. *China Asset Appraisal*, (03), 32-36.