Abstract

Based on the Efficient Market Theory and Bayes Theory, the author considers the CAR of the announcing day of the financial report as amendment to the market information acquired earlier. Therefore, a higher CAR value suggests an insufficiency of the information acquired earlier and a greater surprise between the market's expectation and real situation of the company. By using the sum of the percentage of shares held by the ten biggest shareholders to indicate ownership concentration and do a regression analysis on the correlation between this concentration and the CAR. It turned out that these two variables have a significantly u-shaped correlation, which indicates two problems in corporate governance (big stockholders VS minority stockholders, stockholders VS managers) have disproportionate influence on financial information disclosure. Through event research on the announcing day of financial report during the reform, we found that the information leakage dropped after the reform which suggests a more accurate expectation on the company's profit.

Keywords: Shareholder Structure Reform; Financial Information Disclosure; CAR; Ownership Concentration