

Abstract. This study investigates market reaction to annual earnings announcement and analysts' forecast revision in China's emerging capital market, and then compare with the results in mature capital market such as U.S.. Based on the A-shares of listed Chinese firms and U.S. firms listed in NYSE during the year 2003 through 2006, this research finds the opposite results between China and U.S. capital markets. Documented is a significant price reaction to the annual earnings announcement in a three-day window centered around the announcement date in China's emerging capital market, and analysts' forecast revision is no value-relevant to Chinese investors. In contrast, the U.S. result shows that current earnings announcements and analysts' forecast revision both have incremental information content, and analysts' forecast revision is more strongly associated with stock returns than current earnings.