Geopolitical Uncertainty and the Delayed Recognition of Voluntary Disclosure: Evidence from Chinese Cross-Listed Firms

Sheng-Yi Lo
National Sun Yat-sen University, Taiwan
sylo@mail.nsysu.edu.tw

Ming-Hung Wu
Bay Area International Business School
Beijing Normal University (Zhuhai), China
mhwu@bnu.edu.cn

Pei-Shih Weng*
National Sun Yat-sen University, Taiwan
psweng@g-mail.nsysu.edu.tw

Acknowledgements:

We are grateful to the discussant and conference participants at the International Conference on Uncertainty in Financial Markets (ICUFM 2026) in Macao for valuable comments that have substantively improved the paper. All remaining errors are our own.

Data Availability Statement

Manager-reported non-GAAP earnings data are from Bentley, Christensen, Gee, and Whipple (2018) and are available from the authors upon request. The geopolitical risk index is from Rogers, Sedino, Xu, and Zhang (2024) and is publicly available. Financial data (Compustat) and stock return data (CRSP) are available through Wharton Research Data Services (WRDS) with a valid institutional subscription. Chinese cross-listed firm identification data are from CSMAR. Restrictions apply to the redistribution of these licensed datasets.

---

*Corresponding author: Professor of Finance, National Sun Yat-sen University, Room 4101, College of Management, No. 70, Lianhai Rd., Gushan District, Kaohsiung City 804201, Taiwan. E-mail: psweng@g-mail.nsysu.edu.tw; Tel: +886-7-5252000 #4820.

Geopolitical Uncertainty and the Delayed Recognition of Voluntary Disclosure: Evidence from Chinese Cross-Listed Firms

Abstract

This study examines how geopolitical uncertainty affects voluntary non-GAAP disclosure and market price discovery for Chinese firms cross-listed in the United States during 2004–2020. We find that Chinese firms reduced non-GAAP reporting by 27% during the Trump administration but increased disclosure when bilateral tensions intensified. These crisis-induced disclosures predicted future operating performance, yet the market initially discounted them, with returns reversing over 60 to 90 trading days. The delayed recognition pattern is consistent with ambiguity-averse investors discounting information from geopolitically exposed sources, identifying a novel channel through which geopolitical risk impairs price discovery efficiency.

Keywords: Geopolitical uncertainty, Voluntary disclosure, Price discovery, Ambiguity aversion, Cross-border capital markets, U.S.–China relations

JEL Classification: *G14, G15, G30, M41, F51*