



UNIVERSITI TEKNOLOGI MARA

RESEARCH REPORT

**STOCK PRICE REACTION OF MERGER AND ACQUISITION (M&A) ANNOUNCEMENT ON
MALAYSIAN PUBLIC LISTED FIRMS.**

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DECLARATION OF ORIGINAL WORK



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Hereby, declare that:

- The work in this thesis was carried out in accordance with the regulation of Universiti Teknologi MARA.
- This thesis is original and the result of this thesis is my own work, unless otherwise indicated or acknowledged as reference work.
- This topic has not been submitted to any other academic institution or non-academic institution for any other degree or qualification.
- In the event that my thesis be found to violate the conditions mentioned above, I voluntarily waive the right of conferment of my degree and agree to be subjected to the disciplinary rules and regulations of Universiti Teknologi MARA.

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LETTER OF TRANSMITTAL

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Dear Sir,

SUBMISSION OF PROJECT PAPER (FIN 668)

Attached is the project paper titled "**STOCK PRICE REACTION OF MERGER AND ACQUISITION (M&A) ANNOUNCEMENT ON MALAYSIAN PUBLIC LISTED FIRMS.**" to fulfill the requirement by the Faculty of Business Management, Universiti Teknologi MARA.

Your valuation for this project paper is highly appreciated.

Thank you.

Yours sincerely,

.....

NUR SHAZWANI BT SHAMSHUDDIN

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Finally, thank to my family and friends for the encouragement, understanding, love and support during this study was conducted. I hope this project paper would benefit to other researcher for further observation. Once again thanks to all. Thank you.

ABSTRACT

The main purpose of this study is to investigate the stock price reaction of merger and acquisition (M&A) announcement based on the Malaysian Public Listed Firms. The study mainly focuses on stock price reaction on the Malaysian public listed firms from 2005 to 2010. The data of a sample of 50 Malaysian public listed firms from a population of 820 public listed firms are collected monthly basis from January 2005 to December 2010. The independent variable that proposed for this study is M&A announcement and the dependent variable is stock price reaction. The analysis that used in this study is event study methodology. The event study period is before the announcement date of M&A (-30 to -3) days, during announcement date (-2 to +2) days and then after announcement date of M&A (+3 to +30) days. After the analysis and the test have been conducted, results reveal that there is no significant Average Abnormal Return to shareholders on the announcement day (day zero) which is positive at 0.32%, while the result of Cumulative Abnormal Return is 18.19% and it is statistically significant at 10% level around the announcement day (a five day event window). Based on hypothesis testing, this study supported that the hypothesis is rejected since cumulative abnormal return is significant at 10% level.