



UNIVERSITI TEKNOLOGI MARA

RESEARCH REPORT

SHORT TERM PERFORMANCE OF BONUS ISSUE ANNOUNCEMENT  
ON MALAYSIAN PUBLIC LISTED FIRMS

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DECEMBER 2013

**DECLARATION OF ORIGINAL WORK**



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**I, NURSHAWAL BINTI OTHMAN, (I/d number: 2010852588)**

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 independent work, except otherwise indicated as reference work.

This topic has not been submitted to any other academic institution or non-academic institution for any other degree or qualification.

Signature: \_\_\_\_\_

Date: 19 DECEMBER 2013

## LETTER OF TRANSMITTAL

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Kelantan Darul Naim.

Dear Sir,

SUBMISSION OF PROJECT PAPER (FIN 668)

Attached is the project paper titled “**Short Term Performance of Bonus Issue 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,

.....

NURSHAWAL BINTI OTHMAN

2010852588

## ACKNOWLEDGEMENT

***“In the name of Allah, the Merciful, the Beneficent, Praise be to Allah”***

Alhamdulillah, first of all I would like to thank God the Lord of the universe, for his wisdom, strength and blessing to complete this project paper successfully. Without His permission, I may be incapable to complete this task, which is to fulfill the requirement of the subject's (FIN 668) project paper.

Besides that, I would like to express my gratitude and appreciation to all those who gave me the possibility to complete this report. A special thanks to my advisor, Dr Md Khairu Amin Bin Ismail because his patience to give me advice, guidance, comments and support which is very useful in preparing this project paper

This appreciation also dedicated to my second examiner, Rabihah Binti Nawawi for her consideration to accept my late submission of proposal and final draft. Thank you for being supportive, patience and so understanding with situation faced by me.

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

*This present study examines the stock price reaction to the information content of bonus issues with a view of examining the Malaysian stock market is semi-strong efficient or not. The period of the study is January 2005 until December 2007 including 85 samples of firms that announcing bonus issue. The present study used the event study methodology in order to examine the impact of bonus issues announcement on share prices. Results revealed that Average Abnormal Return (AAR) is positive at 0.15%. But, the bonus issue announcements have insignificant impact on share price on announcement day while the result of Cumulative Abnormal Return (CAR) is 22.98% and statistically significant at 1% level. Based on the findings, it shows that there is delay market reaction happened and semi-strong market does not efficient but provides stronger evidence on signaling hypothesis.*