MARKET REACTION TO SHARE REPURCHASES ANNOUNCEMENTS:
AN EMPIRICAL STUDY OF COMPANIES LISTED ON THE MAIN BOARD OF KLSE

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Market Reaction to Share Repurchases Announcements: An Empirical Study of Companies Listed on the Main Board of KLSE

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ABSTRACT

Market Reaction to Share Repurchases Announcements:
An Empirical Study of Companies Listed
on the Main Board of KLSE

This study examines the share prices behaviour surrounding the share repurchases programmes announcements by public listed companies listed on the main board of Kuala Lumpur Stock Exchange in Malaysia.

The sample of this study comprises of 48 companies and the period of study spans from 1 September 1997 to 15 October 2000. The impact of these announcements are determined by examining the market-adjusted abnormal returns and share returns of each company for 60 trading days surrounding the announcement day.

Using standard event study methodology, this study documents an overall non-significant positive or negative market reaction surrounding the announcement day. In general, statistically significant abnormal returns do not exist in the sample during the period before and after the announcements. In summary, the Malaysian market's views on the share repurchases programmes announcements are inconsistent with those studies conducted in the USA and Canada.
# TABLE OF CONTENTS

Chapter 1: Introduction  

Page 1

Chapter 2: Legal Framework

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>USA</td>
<td>5</td>
</tr>
</tbody>
</table>
| 2.2     | Malaysia  
| 2.2.1   | Companies Act | 5 |
| 2.2.2   | Kuala Lumpur Stock Exchange | 7 |
| 2.2.3   | How do companies initiate share repurchases | 8 |
| 2.3     | Financial Impact of share repurchases | 9 |

Chapter 3: Literature Review  

Page 10

Chapter 4: Research Methodology

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Terminology</td>
<td>19</td>
</tr>
<tr>
<td>4.2</td>
<td>Research Objective</td>
<td>21</td>
</tr>
<tr>
<td>4.3</td>
<td>Research Hypothesis</td>
<td>21</td>
</tr>
<tr>
<td>4.4</td>
<td>Sampling Technique</td>
<td>23</td>
</tr>
</tbody>
</table>
| 4.5     | Research Design  
| 4.5.1   | Research Methodology | 23 |
| 4.5.2   | Performance Measures | 27 |
| 4.6     | Sources of Data | 28 |
| 4.7     | Analysis of Data | 29 |
Chapter 5: Research Results and Discussion on Results

5.1 Research Results
   5.1.1 Comparison of 30-day mean 30
   5.1.2 Average Abnormal Returns and Cumulative Abnormal Returns 35

5.2 Discussion on Results
   5.2.1 Comparison with USA Results 36
   5.2.2 Summary 36

Chapter 6: Conclusion 38

Bibliography 41
LIST OF DIAGRAM AND TABLES

Diagram 1: Terminology

Table 1: Before-Before Announcements (Market-adjusted abnormal returns)

Table 2: After-After Announcements (Market-adjusted abnormal returns)

Table 3: Before-After Announcements (Market-adjusted abnormal returns)

Table 4: Before-After Announcements (share returns)

Table 5: Average Abnormal Returns and Cumulative Abnormal Returns
APPENDIXES

1. Sample Share Repurchases Programmes Announcements 43
2. 30-day mean Before-Before Share Repurchases Programmes Announcements (Market-Adjusted Abnormal Returns) 45
3. 30-day mean After-After Share Repurchases Programmes Announcements (Market-Adjusted Abnormal Returns) 47
4. 30-day mean Before-After Share Repurchases Programmes Announcements (Market-Adjusted Abnormal Returns) 49
5. 30-day mean Before-After Share Repurchases Programmes Announcements (Share Returns) 51
6. Average Abnormal Returns 53
7. Cumulative Abnormal Returns 56