



# APITAL MARKETS REVIEW

Volume 21, 2013

Financial Convergence of the Asia Pacific Developing Economies	1
Juliana Ibrahim & Muzafar Shah Habibullah	
Controlling Shareholders and the Implied Cost of Equity of Malaysian Firms	13
Swee-Sim Foong, Chee-Wooi Hooy & Guat-Khim Hooy	
Introduction of the Single-Tier Corporate Tax System: Its Effect on Share Price	39
Aslam Selamat, Ariff Mohamed Ariff & Shamsher Mohamad	7
Is the Long Term Profit Rate of Malaysian Sukuk a Good Predictor of Short Term Profit Rate?	67
Adesina-Uthman Ganiyat Adejoke, Taufiq Hassan, Shamsher Mohamad	
& M. Kabir Hassan	

The Journal of the MALAYSIAN FINANCE ASSOCIATION and BURSA MALAYSIA

# **Editorial Committee**

Obiyathulla Ismath Bacha — Chief Editor
A. Mansur M. Masih
Mansor Ibrahim
Fauzias Mat Nor
Nur Adiana Hiau Abdullah
Ruhani Ali
Shamsher Mohamad — Managing Editor

# **International Editorial Board Members**

S.Ghon Rhee, Sungkyunkwan University (SKKU) Business School, Seoul, Korea M.Shahid Ebrahim, Bangor Business School, Bangor University, UK Merouane Lakehal Ayat, St. John Fisher College, USA Mohammed Ariff, Bond University, Australia Abbas Mirakhor, First Chair Holder in Islamic Finance at INCEIF Rodney Wilson, INCEIF

# Capital Markets Review Vol. 21, 2013

# **Contents**

Financial Convergence of the Asia Pacific Developing Economies Juliana Ibrahim & Muzafar Shah Habibullah	1
Controlling Shareholders and the Implied Cost of Equity of Malaysian Firms Swee-Sim Foong, Chee-Wooi Hooy & Guat-Khim Hooy	13
Introduction of the Single-Tier Corporate Tax System: Its Effect on Share Price Aslam Selamat, Ariff Mohamed Ariff & Shamsher Mohamad	39
Is the Long Term Profit Rate of Malaysian Sukuk a Good Predictor of Short Term Profit Rate?  Adesina-Uthman Ganiyat Adejoke, Taufiq Hassan, Shamsher Mohamad & M. Kabir Hassan	67

## INSTRUCTIONS FOR AUTHORS

- 1. Manuscripts may be written in either Bahasa Melayu or English. Only original and unpublished works will be considered. The manuscript should be typewritten double spaced and use 12pt font. The first page of text should only show the title of the manuscript. It should include an abstract of about 100-150 words and a maximum of 6 keywords identifying the main topics of the manuscript. JEL classification numbers should be included after the key words.
- 2. The paper starts on the second page, with all pages (excluding the abstract page) numbered consecutively at the bottom. References, appendices, tables and figures follow in respective order.
- Authors are required to submit a hard copy and an electronic copy of their modified manuscripts in MS-WORD format in a diskette, or CD and via e-mail to shamsher@inceif.org.
- 4. The cover page should contain the title of the manuscript, the author(s) and their affliations. The cover page must also provide complete correspondence information postal address, telephone and fax numbers and e-mail addresses.
- 5. Acknowledgements if any should be collated in a separate section at the end of the article.
- 6. Responsibilities for the accuracy of bibliographic citations lies entirely with the authors. All references should be identified at the appropriate point in the text by inserting, within parentheses the last name of author and year of publication e.g. [Author 2003]. Add page numbers when ideas are used or words are quoted e.g. [Author 2003: 204-205]. If there are more than two authors, the first name should be cited followed by 'et al.' For multiple citations of publications by the same author in the same year, append a letter after the date to distinguish different citations e.g. [Chong 2003a].
- 7. List all items cited by authors in alphabetical order in a separate sheet entitled References. Do not number the references. When possible, the reference section uses full author names. Names of first authors are represented as Last, First Middle Initial, and subsequent author names as First Middle Initial Last with an "and" preceding the last author. See the following examples.
  - Fauzias, Mat N. and Tea L. Choo. 2002. Volatility, expiration day effect and pricing efficiency: evidence from the Kuala Lumpur composite index futures. *Jurnal Pengurusan* 21: 19-55.
  - Gordon, M. 1978. Human Nature, Class and Ethnicity. New York: Oxford University Press.
  - Mauzy, D. 1993. Malaysia: Malay Political Hegemony and Coercive Consociationalism. In The Politics of Ethnic Conflict Regulation: Case Studies of Protracted Ethnic Conflicts, ed. C.McGarry and B. O'Leary. London: Routledge.
- 8. Tables should be numbered consecutively with Arabic numerals, have a brief title, and be referred to in the text. Type each table on a separate sheet. Vertical rules should not be used. Explanatory notes should be placed at the bottom of the table. The word Notes precedes the table notes and has to be set in italics.
- 9. All illustrations should be provided as high quality printouts, suitable for reproduction. They should be numbered consecutively in Arabic numerals in the order in which they are referred to in the text. They should accompany the manuscript, but should not be included within the text. Please mark all illustrations on the back with the figure number. Mark the appropriate position of a figure in the manuscript.
- 10. All authors will receive galley proofs for final checking. The proof will be sent via e-mail in Adobe Acrobat PDF format. In case of doubt, contact the managing editor at shamsher@inceif.org; Tel No. +603-7651 4178





### **Editorial Committee**

Obiyathulla Ismath Bacha — Chief Editor A. Mansur M. Masih Mansor Ibrahim Fauzias Mat Nor Nur Adiana Hiau Abdullah Ruhani Ali Shamsher Mohamad — Managing Editor



S.Ghon Rhee, Sungkyunkwan University (SKKU) Business School, Seoul, Korea M.Shahid Ebrahim, Bangor Business School, Bangor University, UK Merouane Lakehal Ayat, St. John Fisher College, USA Mohammed Ariff, Bond University, Australia Abbas Mirakhor, First Chair Holder in Islamic Finance at INCEIF Rodney Wilson, INCEIF

The Capital Markets Review (CMR) was formerly published by the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia) and the Research Institute of Investment Analysts Malaysia (RIIAM). Beginning 2005, the Malaysian Finance Association (MFA) has been given the privilege to take over the publication of CMR. Published once a year, CMR contains papers in both English and Bahasa Melayu. CMR publishes double-blind refereed articles in various aspects of finance, including Asset Pricing, International Finance, Corporate Finance, Capital Markets, Derivative Instruments, Finance Theory and Evidence, Funds Management, Banking, Risk and Insurance, Market Microstructure and Islamic Banking and Finance. The Journal welcomes empirical and theoretical contributions that have not been previously published. Please send your manuscripts to the Managing Editor.

The Journal is available free to members of the MFA. The subscription price for individuals is RM50.00 per volume and RM100.00 for institutions (including postage and handling) for subscribers in Malaysia and Singapore. For overseas subscribers, the subscription price is USD50.00 per volume.

Enquiries relating to membership and subscription should be addressed to

Managing Editor
Malaysian Finance Association
c/o Professor Dr Shamsher Mohamad
Lorong Universiti A,
50100 Kuala Lumpur,
Malaysia

Tel: 603-7651 4178 Fax: 603-7651 4100

E-mail: shamsher@inceif.org; shamsher57@yahoo.com; shamshermohd57@gmail.com

