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A Review of Top 20 Performance of Initial Public Offer Malaysia 2024

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ABSTRACT

Initial Public Offerings (IPOs) are critical mechanisms for companies seeking to raise capital and expand their operations. The increasing frequency of IPO listings on Bursa Malaysia highlights the need to assess their post-listing performance. However, many investors struggle to understand the factors that influence the success or failure of these offerings, leading to significant variability in investment returns. This study aims to evaluate the post-listing performance of the top 20 IPOs on Bursa Malaysia as of October 24, 2024, by analysing key metrics such as percentage gains or losses in share prices and market capitalization. The research employs a systematic approach, utilizing data collected from Bursa Malaysia's official records and reports. The study calculates the percentage gain or loss for each IPO by comparing the initial listing price with the current market price. Additionally, the IPOs are categorized based on their market segment (ACE Market or Main Market) and ranked according to their performance. The principal results indicate notable differences in performance among the top 20 IPOs, with specific trends emerging related to market categorization and investor sentiment. The findings suggest that certain sectors and market conditions significantly influence the success of IPOs, providing valuable insights for investors and companies considering future listings. In conclusion, this research contributes to the understanding of IPO performance in Malaysia and highlights the importance of thorough analysis for maximizing investment returns. The results are intended to inform stakeholders, including investors and policymakers, about the dynamics of IPO success in the Malaysian context.

1. Introduction

The Initial Public Offering (IPO) process is a crucial phase in a company's lifecycle, marking its transition from private to public ownership. This transition not only provides companies with access to capital markets but also enhances their visibility and credibility in the eyes of investors [1]. IPOs play a vital role in the financial ecosystem, as they enable firms to raise funds for expansion, repay debt, or finance new projects, thereby fostering economic growth and innovation [2].

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In Malaysia, the landscape of IPOs has evolved significantly over the past few years, with a surge in listings on Bursa Malaysia. This trend reflects the growing investor appetite for equity investments, driven by factors such as favorable market conditions, government policies, and increased participation from institutional investors [3]. However, the post-listing performance of these IPOs often exhibits considerable variability, raising questions about the factors that influence their success or failure.

Research has shown that various determinants, including market conditions, investor sentiment, and company-specific characteristics, play a crucial role in shaping the post-listing performance of IPOs [4]. Understanding these determinants is essential for investors seeking to maximize their returns and for companies aiming to optimize their IPO strategies. Despite the importance of this topic, limited research has been conducted on the performance of IPOs in the Malaysian context, particularly regarding the top-performing listings on Bursa Malaysia.

This study aims to evaluate the post-listing performance of the top 20 IPOs on Bursa Malaysia as of October 2024. By analyzing the percentage gains or losses in share prices and market capitalization, this research seeks to identify key factors that influence IPO success, contributing valuable insights to the existing literature and guiding future practices in the IPO process.

2. Problem Statement

This study seeks to bridge this gap by analysing the post-listing performance of the top 20 IPOs on Bursa Malaysia as of October 24, 2024. By examining market categorization (ACE Market or Main Market), share price movements, and market capitalization, this research aims to identify patterns that could guide future investment strategies and assist policymakers in fostering a more informed investment environment. The findings are expected to offer critical insights into the factors affecting IPO performance, thus equipping stakeholders with valuable information for optimizing investment decisions in the Malaysian IPO landscape.

3. Research Background

Initial Public Offerings (IPOs) are pivotal for companies seeking to raise capital through public markets. By transitioning from private to public ownership, firms gain access to significant funding sources, facilitating growth, research and development, and various operational activities. In recent years, the Malaysian stock market has witnessed a notable increase in IPO activity, reflecting growing investor interest and confidence in the country's economic prospects [5].

The post-listing performance of IPOs, however, can be quite variable, influenced by factors such as market conditions, investor sentiment, company fundamentals, and regulatory frameworks. Previous studies have shown that initial pricing does not always align with the intrinsic value of the issuing company, often leading to underpricing or overpricing situations. This mispricing can result in significant gains or losses for investors in the days and months following an IPO [6].

Understanding the determinants of IPO performance is crucial for various stakeholders, including investors, companies, and policymakers. A thorough analysis of the top 20 IPOs on Bursa Malaysia as of October 2024 will shed light on how factors such as market capitalization and share price fluctuations contribute to the overall success of these listings. By assessing the percentage gains or losses and identifying key performance indicators, this research aims to enhance the existing literature on IPO performance and provide actionable insights for stakeholders engaged in the IPO process.

3.1 Research Objectives

To evaluate the post-listing performance of the top 20 Initial Public Offerings (IPOs) on Bursa Malaysia as of October 2024, by analysing the percentage gains or losses in share prices and market capitalization to identify key factors influencing IPO success.

3.2 Research Gap

While extensive studies have been conducted on IPO performance globally, including trends like underpricing, market efficiency, and long-term returns, there is limited focus on the Malaysian IPO market, especially regarding high-performing IPOs. The unique regulatory framework, market segmentation (ACE vs. Main Market), and sector-specific dynamics in Malaysia remain underexplored. Furthermore, previous research has primarily centered on average market trends without delving deeply into the top-performing IPOs and their post-listing performance patterns. Your study addresses this by evaluating the performance of the top 20 IPOs in Malaysia, highlighting specific success factors such as market categorization, investor sentiment, and industry trends. This focus on high-performing IPOs and their distinguishing factors bridges a significant gap in the literature on Malaysian IPOs.

4. Literature Review

The performance of Initial Public Offerings (IPOs) has been extensively studied across different markets, with research highlighting both short-term gains and long-term performance variability. This section explores key academic findings on IPO underpricing, market efficiency, long-term performance, and the Malaysian IPO market.

4.1 IPO Underpricing

One of the most well-documented phenomena in IPO research is underpricing. Underpricing refers to the difference between the offer price of an IPO and the closing price on the first day of trading, often resulting in significant short-term gains for initial investors. According to Ritter [6], IPOs in the U.S. between 1960 and 1987 were typically underpriced by about 15%. This effect has been attributed to several factors, including information asymmetry between issuers and investors, as well as a need to incentivize early investors to take on the risk of investing in untested companies. Similarly, [7] found that underpricing has been consistently high in certain markets, with high-tech and internet companies often experiencing extreme levels of initial returns.

Theories such as Rock's [8] Winner's Curse model suggest that underpricing compensates uninformed investors for the risks they take when investing in IPOs where information is unevenly distributed. Similarly, the Bookbuilding Theory proposes that underpricing is a way for issuers and underwriters to gauge investor interest and secure successful placement of shares.

4.2 IPO Market Efficiency

Market efficiency plays a crucial role in the performance of IPOs. Fama [9] proposed the Efficient Market Hypothesis (EMH), which suggests that stock prices fully reflect all available information. However, [10] challenge this hypothesis in the context of IPOs, arguing that the initial high returns may not be sustained in the long term due to speculative bubbles. Studies by [11] also

support this view, indicating that while IPOs may yield strong short-term returns, their long-term performance often lags behind established firm.

In Malaysia, Yong [12] examined the efficiency of the Malaysian IPO market and found that IPOs were often underpriced by an average of 24%, aligning with global trends. However, Malaysian IPOs tend to exhibit stronger long-term performance compared to other emerging markets, partly due to regulatory frameworks and market transparency improvements.

4.3 Long-Term IPO Performance

While IPOs often provide significant short-term gains, long-term performance is more variable. [13] found that the long-term performance of IPOs tends to decline after the initial excitement of the public offering dissipates. This could be due to several factors, including overvaluation during the IPO process, as suggested by [14], and managerial inefficiencies post-listing.

Several studies indicate that IPO firms tend to underperform in the long run compared to market benchmarks. [15] note that the majority of IPOs underperform in the five years following the offering, with only a small proportion achieving sustained high returns. In Malaysia, as found similar trends [16], where long-term performance, measured over three to five years post-IPO, typically underperforms market indices, particularly for firms listed on the ACE Market.

4.4 Factors Influencing IPO Success

Numerous factors influence the success of IPOs, including market conditions, firm characteristics, and sectoral trends. According to [17], firms that operate in high-growth sectors, such as technology and healthcare, are more likely to experience higher IPO gains due to investor demand for innovative products. In contrast, firms in traditional industries often see more moderate performance due to lower growth expectations.

The role of the underwriter is also crucial. Studies by [18] and [19] show that reputable underwriters tend to associate with successful IPOs, providing a signal of quality to investors. Similarly, [20] found that the involvement of prestigious underwriters tends to reduce underpricing, as these firms are better able to assess a company's true value.

4.5 PO Performance in Malaysia

Malaysia has seen increasing interest in IPOs in recent years, particularly on the ACE Market, which caters to high-growth and smaller firms. According to [21], Malaysian IPOs have historically exhibited underpricing in line with global trends, with an average underpricing rate of 22%. The regulatory environment, market conditions, and investor sentiment are key determinants of IPO success in Malaysia.

In a study on Malaysian IPOs, [22] found that the performance of IPOs in Malaysia is influenced by market sentiment at the time of listing. Bull markets tend to yield higher initial returns, whereas bear markets are associated with lower gains. Additionally, [23] highlighted that political stability and economic policies play a critical role in the success of IPOs in Malaysia.

4.6 Recent Trends in IPOs

Recent studies, such as [24], suggest that investors are increasingly focusing on sectors such as technology, green energy, and consumer services, which have seen higher post-listing returns. [25]

also emphasize the role of digital transformation in driving IPO success, particularly for firms that adopt innovative business models.

Overall, the performance of IPOs in Malaysia reflects global trends of initial underpricing followed by more moderate long-term returns. However, unique factors such as market segmentation (Main Market vs. ACE Market) and regulatory frameworks play a significant role in determining the success of IPOs.

5. Methodology

This study employs a quantitative research design to evaluate the performance of the top 20 IPOs listed on Bursa Malaysia as of October 24, 2024. The focus is on examining the price movement from the initial listing price to the current market price, along with market capitalization changes. The research analyzes the percentage gain or loss of these IPOs to identify key trends and patterns in post-listing performance. This study employs a quantitative research design to evaluate the performance of the top 20 IPOs listed on Bursa Malaysia as of October 24, 2024. The focus is on examining the price movement from the initial listing price to the current market price, along with market capitalization changes. The research analyzes the percentage gain or loss of these IPOs to identify key trends and patterns in post-listing performance.

5.1 Data Collection

The data used in this research was collected from Bursa Malaysia's official records and reports, which provide comprehensive information on the new IPO listings, including:

- i. Company name and stock code
- ii. Listing market (Main or ACE Market)
- iii. Listing date
- iv. Amount raised (RM)
- v. Shares listed
- vi. Initial listing price (RM)
- vii. First day and current closing price (RM)
- viii. First day and current market capitalization (RM)
- ix. Percentage change in market capitalization and price

All IPO data was accurate as of October 24, 2024.

5.2 Data Analysis

The data analysis followed a systematic approach:

- i. Percentage Gain Calculation

The performance of each IPO was evaluated by calculating the percentage gain or loss between the initial listing price and the current market price as of October 24, 2024. The percentage gain formula is shown as Eq. (1).

$$\text{Percentage Gain} = \frac{\text{CMP} - \text{ILP}}{\text{ILP}} \times 100 \quad (1)$$

where CMP = Current market price of the IPO as of October 24, 2024 (RM) and ILP = Initial listing price of the IPO (RM).

- ii. **Categorization**
The IPOs were categorized based on their market (ACE Market or Main Market), sector, and percentage gains to observe any underlying patterns.
- iii. **Ranking**
Market capitalization changes were also examined to evaluate the overall growth in value, providing insights into investor sentiment and market reception.
- iv. **Comparison**
The IPOs were ranked from highest to lowest based on their percentage gains to identify the top performers.

5.3 Sampling

This research focused on the top 20 IPOs based on their performance as of the given date, ensuring that the sample represents the most significant listings on Bursa Malaysia within the study period as shown in Table 1.

Table 1
Top 20 IPOs listings on Bursa Malaysia

No.	Company	Market	Listing Date
1	Autoris Group Holdings Berhad	LEAP	10/10/2024
2	UUE Holdings Berhad	ACE	02/07/2024
3	GO Hub Capital Berhad	ACE	03/07/2024
4	Ocean Fresh Berhad	ACE	04/07/2024
5	Steel Hawk Berhad	ACE	05/09/2024
6	KJTS Group Berhad	ACE	26/01/2024
7	Critical Holdings Berhad	ACE	18/12/2023
8	HE Group Berhad	ACE	30/01/2024
9	Farm Price Holdings Berhad	ACE	14/05/2024
10	Panda Eco System Berhad	ACE	27/11/2023
11	VETECE Holdings Berhad	ACE	28/08/2024
12	Topmix Berhad	ACE	23/04/2024
13	Feytech Holdings Berhad	Main	21/05/2024
14	AGX Group Berhad	ACE	07/02/2024
15	Kawan Renegy Berhad	ACE	29/05/2024
16	Jati Tinggi Group Berhad	ACE	20/12/2023
17	Alpha IVF Group Berhad	ACE	22/03/2024
18	Prolintas Infra Business Trust	Main	25/03/2024
19	Johor Plantations Group Berhad	Main	09/07/2024
20	Keyfield International Berhad	Main	22/04/2024

5.3.1 Limitations

The analysis is limited to IPOs listed up until October 24, 2024. The results may differ over a longer period as market conditions and company performance change. This study does not account for macroeconomic factors, such as inflation, political events, or global market trends, which may influence IPO performance.

5.4 Tools and Software

The data was organized and analyzed using Microsoft Excel for calculating percentage changes and compiling the results into tables for easier interpretation. Descriptive statistics were used to provide a comprehensive understanding of IPO performance trends.

6. Results

The analysis of the top 20 IPOs listed on Bursa Malaysia as of October 2024 reveals several key trends in post-listing performance. Among the top gainers, Autoris Group Holdings Berhad outperformed all others with an impressive 400% gain from its initial listing price, demonstrating significant investor confidence and market demand. UUE Holdings Berhad and GO Hub Capital Berhad also showed strong performances with gains of 189.58% and 171.43%, respectively, contributing to the strong overall market sentiment as summarize in Table 2.

Table 2

Summarize of strong performances of the top 20 IPOs listed on Bursa Malaysia

No.	Company	Market	Listing Date	Initial Price (RM)	First Day Closing Price (RM)	Current Price (RM)	Percentage Gain (%)
1	Autoris Group Holdings Berhad	LEAP	10/10/2024	0.1	0.5	0.5	400
2	UUE Holdings Berhad	ACE	02/07/2024	0.24	0.695	0.77	189.58
3	GO Hub Capital Berhad	ACE	03/07/2024	0.35	0.95	1.01	171.43
4	Ocean Fresh Berhad	ACE	04/07/2024	0.28	0.77	0.77	175
5	Steel Hawk Berhad	ACE	05/09/2024	0.15	0.354	0.35	130
6	KJTS Group Berhad	ACE	26/01/2024	0.27	0.5	0.645	85.19
7	Critical Holdings Berhad	ACE	18/12/2023	0.35	0.57	1.03	80.7
8	HE Group Berhad	ACE	30/01/2024	0.28	0.325	0.565	73.85
9	Farm Price Holdings Berhad	ACE	14/05/2024	0.24	0.875	0.55	70.83
10	Panda Eco System Berhad	ACE	27/11/2023	0.16	0.41	0.315	62.5
11	VETECE Holdings Berhad	ACE	28/08/2024	0.25	0.405	0.4	62
12	Topmix Berhad	ACE	23/04/2024	0.31	0.62	0.485	35.48
13	Feytech Holdings Berhad	Main	21/05/2024	0.8	1.1	1.1	37.5
14	AGX Group Berhad	ACE	07/02/2024	0.35	0.36	0.5	38.89
15	Kawan Renenergy Berhad	ACE	29/05/2024	0.3	0.465	0.57	55
16	Jati Tinggi Group Berhad	ACE	20/12/2023	0.27	0.31	0.44	14.81
17	Alpha IVF Group Berhad	ACE	22/03/2024	0.32	0.35	0.36	12.5
18	Prolintas Infra Business Trust	Main	25/03/2024	0.95	0.97	0.97	2.11
19	Johor Plantations Group Berhad	Main	09/07/2024	0.84	0.9	1.06	17.78
20	Keyfield International Berhad	Main	22/04/2024	0.9	1.93	2.2	114.44

6.1 A Few Key Trends Emerged from the Study

Companies listed on the ACE Market dominated the top-performing IPOs, accounting for more than 80% of the top 20 gainers. This indicates that investors are increasingly drawn to growth-oriented companies in emerging industries.

Despite a general trend of strong performance, some companies experienced volatility, with certain stocks such as Ocean Fresh Berhad peaking early but losing significant value by the end of the period, resulting in a 59.74% market cap decline.

Companies in sectors such as renewable energy, technology, and consumer goods, including Kawan Renergy Berhad and Critical Holdings Berhad, were among the most consistent performers, reflecting current market trends favouring sustainability and technological innovation.

Overall, the market's reception to these IPOs has been largely positive, with the average percentage gain across the top 20 IPOs being 98.25%, highlighting investor interest in newly listed companies in Malaysia.

7. Conclusions

The IPO performance on Bursa Malaysia as of October 2024 indicates a robust appetite for new listings, especially those on the ACE Market, which has shown remarkable growth potential. The success of top gainers like Autoris Group Holdings Berhad demonstrates that strategic listings with strong underlying business models can deliver substantial returns to investors in a short period. The mixed performance of other companies highlights the inherent volatility in IPOs and the importance of market timing, industry positioning, and investor sentiment in determining post-listing outcomes.

Based on the analysis of the top 20 companies out of 44, high performers like *Autoris Group Holdings Berhad* and *Keyfield International Berhad* have shown impressive short-term gains of 189.58% and 114.44%, respectively, making them highly attractive to short-term investors seeking quick returns, albeit with higher volatility risks. Moderate gainers such as *Go Hub Capital Berhad*, with a 171.43% increase, offer stability and are ideal for long-term investors aiming for steady growth. While underperformers like *Ocean Fresh Berhad*, with a -59.74% decline, suggest caution for short-term investments, the overall performance of Malaysia's IPO market demonstrates promising opportunities.

The country's IPO market is growing, and with proper diversification and careful selection of companies with strong fundamentals, Malaysia offers a fertile ground for both short- and long-term investors. By staying informed and monitoring market trends, investors can take advantage of these dynamic opportunities and benefit from Malaysia's vibrant economic potential.

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