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FACTORS AFFECTING FLIPPING ACTIVITIES OF INITIAL PUBLIC OFFERINGS IN MALAYSIA POST COVID-19

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ABSTRACT

This study examines the determinants of Initial Public Offering (IPO) flipping activity in Malaysia during the post-COVID-19 recovery period (2020–2024). Analysing a sample of 123 IPOs listed on Bursa Malaysia, the research investigates the influence of ex-ante variables, including oversubscription ratio (OSR), offer price, offer size and initial returns. Robustness checks were conducted using 1-day, 3-day and 5-day flipping metrics, while controlling for firm size and age. The findings reveal a mean flipping ratio of 99.75%, a significant escalation compared to pre-pandemic benchmarks. Regression results consistently show that only IPO offer size and listing board type significantly impact flipping activity; specifically, smaller offerings and ACE Market listings experience substantially higher speculative trading. Interestingly, OSR and initial returns, traditionally viewed as proxies for demand and sentiment, exhibit no significant effect in the post-pandemic landscape. These results suggest a decoupling of traditional demand signals from flipping behaviour, indicating that post-pandemic IPO dynamics are driven more by structural factors than investor demand. These findings offer critical policy implications, suggesting that regulators should enhance oversight of the ACE Market to mitigate excessive speculative volatility. In general, the results highlight the need for refined share allocation policies and stricter monitoring of smaller-sized offerings to ensure long-term market stability and protect retail participants from the risks associated with high-intensity flipping in the 'new normal' of Malaysian capital markets.

Keywords: IPOs, Flipping activities, Oversubscription ratio, Post COVID-19, Retail investors

INTRODUCTION AND BACKGROUND

The post-COVID-19 era (2020–2024) marks a distinctive epoch in the Malaysian capital market, characterised by a significant resurgence in IPO activity and a shift in investor dynamics. This period witnessed a record-breaking surge in listings, particularly in 2024, fueled by a low Overnight Policy Rate (OPR) of 1.75% during the recovery phase, which repositioned equity markets as a more attractive alternative to traditional savings. While prior studies established foundational knowledge on market behaviour, this study extends the literature by demonstrating a stark escalation in speculative intensity. Specifically, the mean flipping ratio in this sample reached an unprecedented 99.75%, a dramatic increase compared to the 78.81% reported in pre-pandemic Malaysian studies (e.g., Abdul-Rahim et al., 2013). Such a significant jump necessitates a re-evaluation of established frameworks like Signalling Theory and Information Asymmetry; while these theories remain relevant, the sheer magnitude of the post-pandemic market reaction suggests that traditional signals are being processed through a lens of heightened retail participation and digital-era speculation.

In 2024 alone, Malaysia recorded 55 IPOs, which is the highest in nearly two decades, surpassing the 79 listings in 2005 (Hazim, 2024), positioning Bursa Malaysia as the leading ASEAN exchange for both new listings and funds raised. The offerings generated RM7.42 billion an increase of 107% from 2023 and contributed RM31.37 billion to market capitalisation reflecting a 130% rise.

While global IPO underpricing levels vary significantly (Loughran et al., 2024), the Malaysian market exhibits a high average underpricing of 50.3%, largely driven by its unique pricing mechanisms. The distinction between the book-building method, common for the Main Market and the fixed-price method, prevalent in the ACE Market, creates different environments for speculative behavior (Low & Yong, 2011; 2013). In the ACE Market, the fixed-price structure prevents price adjustments regardless of demand, often resulting in "stiff" pricing that can amplify first-day IPO price pops and incentivise immediate flipping among retail investors. Conversely, the book-building process for larger Main Market offerings allows for institutional demand to be factored into the final price, potentially tempering the volatility that triggers flipping (Yong & Albada, 2018). Understanding

these structural differences is essential, as they suggest that the high flipping intensity observed post-COVID may be as much a result of the chosen listing mechanism as it is of investor sentiment.

Prior Literature

IPOs have long attracted academic interest particularly regarding aftermarket phenomena like IPO flipping which resell newly listed shares typically within the first few days of trading. While flipping can provide liquidity, it also raises concerns about price volatility and market efficiency. This section synthesises key theoretical frameworks and empirical findings on IPO flipping with a focus on Malaysia.

Flipping is driven by investors seeking to capitalise on the "IPO pop", the sudden, often significant price increase from the offer price to the first-day trading price. Hanley (1993) suggests that flipping is more common in IPOs with higher initial returns. Aggarwal (2003) and Chowdhry and Sherman (1996) found that while flipping offers liquidity, it can also induce early volatility. In Malaysia, Low and Yong (2011) confirm that flipping is prevalent especially in IPOs with strong demand and limited allocations.

Turning to some of the determinants of flipping activities discussed in prior literature, we begin firstly with the over-subscription ratio (OSR), which is a vital proxy for investor sentiment and pre-market demand. Theoretically, an oversubscription signals perceived underpricing, which incentivises investors to secure immediate capital gains through rapid resale (Low & Yong, 2013). Re-examining this relationship in the post-pandemic context to determine if heightened retail participation has altered the traditional link between demand signals and first-day flipping intensity is crucial.

In addition to the OSR, the IPO offer price (OfferP) serves as a signal of firm quality. Higher offer prices may reflect stronger fundamentals but can also raise investor expectations, promoting flipping. Patil (1986) highlights the balance firms must strike between underpricing and reputational concerns. Lower-priced IPOs often attract retail investors, who are more likely to flip shares.

At the same time, offer size (OfferS) significantly influences aftermarket stability and investor composition. Larger offerings typically attract institutional participants with longer holding periods, thereby tempering flipping activity. Conversely, smaller IPOs—often from less-established firms—frequently experience heightened speculative trading due to their limited share supply and higher retail concentration (Yong & Isa, 2003).

Then, prior literature shows a consistent finding of a positive relationship between initial returns and flipping. When IPOs are significantly underpriced, it tends to experience large first-day gains prompting investors to sell quickly. Evidence from emerging markets including Malaysia shows a strong correlation between abnormal first-day returns and flipping (Yong, 2010).

In Malaysia, the listing board (BOARD) may also influence investor perception. The Main Market is more prestigious and regulated, while the ACE Market caters to smaller, growth-oriented firms. IPOs on the ACE Market typically see higher flipping due to greater retail participation and lower transparency. ACE Market IPOs are often more underpriced leading to more aggressive short-term trading (Yong & Albada, 2018). Retail investors, with shorter investment horizons, are more likely to flip shares, while institutional investors tend to take a longer-term view and are less influenced by short-term price movements (Booth & Chua, 1996). This difference impacts flipping levels depending on the investor composition.

Recent evidence from emerging markets suggests that flipping behaviour is not only a reaction to price gains but is also deeply influenced by the regulatory environment. Aneesha and Lukose (2024) highlight how shifts in regulations can significantly impact the behaviour of different investor classes, such as foreign portfolio investors, who may shift from 'frenzy' to 'flip' based on the perceived stability of the market. This supports our finding that the Listing Board (ACE vs. Main) remains a primary structural driver of flipping in Malaysia.

Furthermore, the role of external governance and political stability cannot be ignored. In a study of the Pakistani market, Anwar et al. (2024) found that government ownership and political regimes serve as critical signals of quality that influence flipping activity. In the Malaysian post-COVID-19 context, while we focus on ex-ante variables, the influence of the ACE

Market suggests that lower transparency and higher retail concentration create a similar environment of speculative intensity as seen in other emerging jurisdictions.

The psychological state of the market also plays a pivotal role. Guo et al. (2022) demonstrate that investor sentiment is a key determinant in IPO investment decisions, showing that high levels of optimism can drive first-day speculative trading. Our observation of a 99.75% mean flipping ratio, nearly double pre-pandemic benchmarks, likely reflects such heightened post-pandemic sentiment, where investors act with increased urgency to capitalise on first-day pops.

Overall, the literature converges on consistent patterns: flipping is positively correlated with initial returns and OSR, while smaller OfferS and listings on less-regulated boards (like the ACE Market) attract more flipping. OfferP plays an ambiguous role with both high and low-priced IPOs showing different flipping dynamics depending on investor type and expectations.

However, Malaysian-specific literature is limited, especially in the post-COVID-19 period where retail participation surged and market dynamics shifted. This gap underscores the need for updated empirical studies particularly using recent IPO data to capture the evolving regulatory, economic and investor dynamics.

PROBLEM STATEMENT

The post-COVID-19 recovery period has seen a dramatic shift in the Malaysian IPO landscape, marked by record-breaking subscription rates, significantly higher than pre-pandemic levels. While traditional theories suggest that IPO underpricing provides a riskless profit incentive for immediate liquidation (Aggarwal, 2003), the extreme trading volumes observed between 2020 and 2024 suggest that post-pandemic market dynamics and heightened retail participation may have altered the traditional drivers of flipping.

Despite the prevalence of this flipping phenomenon, empirical evidence remains divided on which ex-ante factors most effectively signal speculative intent in a volatile recovery market. Previous studies, such as Bayley et al.

(2006), suggest that OfferS and initial returns are key; however, it remains unclear if these relationships hold true in the Malaysian context where the fixed-price mechanism and specific listing board structures (Main vs. ACE Market) may exert unique pressures. Furthermore, the roles of the OSR as a proxy for demand and sentiments require re-examination to determine if they still serve as reliable predictors of flipping in an era of digital-driven retail speculation.

Consequently, the objective of this study is to investigate the impact of OfferS, OSR, OfferP and initial returns on flipping activity to provide updated insights for regulators and investors navigating the post-pandemic new normal.

DATA AND METHODOLOGY

To meet our research objective, we begin with the year 2020 which marks the time when the first ever IPO in Malaysia has been listed in post-COVID-19 pandemic. The population sample comprises IPOs listed on the Main Board and Ace Market of Bursa Malaysia, covering from the period from 15 July 2020 to 29 October 2024. All listings on the LEAP Market are excluded for this research due to the nature of trading and liquidity of shares which are limited in this market, as the shares listed are only allowing the qualified angel investors, such as the high-net-worth individuals, accredited investors and institutional investors.

The initial sample for this study consists of 125 IPOs that involve different IPO offering methods, including the book-building and fixed price system. The final sample for this study is then concluded as 123 IPOs, with 2 of the IPOs being excluded as it was categorised under the Real Estate Investment Trusts (REITs) sector. REITS are excluded because their financial statements are significantly different in formats (Che-Yahya et al., 2014). Not only limited to REITs, IPOs in selected industries such as finance, or with special restructuring, covering both corporate reformations, mergers and acquisition, or Exchange Traded Funds (ETF), Special Purpose Acquisition Companies (SPAC), will also be excluded due to differences in the presentation format of financial statements (Ong et al., 2020).

The collection of the sample was concluded on 29 October 2024 for data analysis, with OB Holdings Bhd. as the 123rd, and the last listed company. Among the 123 collected samples, 38 IPOs collected were listed in 2024, 31 IPOs collected were listed in 2023, 29 IPOs collected were listed in 2022, 16 IPOs collected were listed in 2021 and 9 IPOs collected were listed in 2020.

Sample Collection Methods

The data for OfferP and OfferS, are extracted manually from each firms' IPO prospectuses obtained from Bursa Malaysia. The data for OSR was obtained manually from every press release of the IPO balloting results, which can be collected from the website of the two issuing houses in Malaysia, namely Tricor Investor & Issuing House Services Sdn. Bhd. (Tricor) and Malaysian Issuing House Sdn. Bhd. (MIH). The initial return of each IPO is separated into two parts, the opening price of each IPO upon listing and closing price of each IPO. Both data obtained were collected manually via Bursa Malaysia. All other information relevant to this research is gathered through S&P Market Intelligence.

Regression Model

To investigate the determinants of flipping activity (FLIP), this study employs two cross-sectional multiple regression models. This dual-model approach is necessitated by the high correlation between Opening Initial Return (OIR) and Closing Initial Return (CIR). By isolating these variables into separate equations, we prevent multicollinearity while determining which price point, opening or closing, serves as a more potent driver for speculative liquidation. Equations 1 and 2 evaluate whether flipping is significantly driven by the OSR, OfferP, OfferS and BOARD, while alternating the specific initial return metric used (OIR or CIR).

$$FLIP = \alpha + \beta_1 OSR + \beta_2 OfferP + \beta_3 OfferS + \beta_4 OIR + \beta_5 BOARD + \beta_6 Firm\ Size + \beta_7 Firm\ Age + \varepsilon_i \quad (1)$$

$$FLIP = \alpha + \beta_1 OSR + \beta_2 OfferP + \beta_3 OfferS + \beta_4 CIR + \beta_5 BOARD + \beta_6 Firm\ Size + \beta_7 Firm\ Age + \varepsilon_i \quad (2)$$

FLIP represents the investors' flipping activities, a degree that is calculated by dividing the trading volume of the IPO on its listing day by the total number of tradable shares on the listing day[1]. This is would be a more precise approach than what has been proposed by previous researches like what Che-Yahya et al. (2014) mentioned, in which the flipping activities are defined as the opening first-day trading volume divided by the total number of shares issued due most of the shares will be frozen from trading as it is still under the lock-up period, with minimum six months of shares moratorium imposed to the special shareholders for each IPO. **OSR**, the over-subscription ratio represents the investors' demand for an IPO (Chong et al., 2009; Low & Yong, 2011; Yong, 2010). Equation 3 shows a representation of the OSR.

$$OSR = \frac{Total\ number\ of\ IPOs\ Subscribed}{Total\ offer\ Units} \tag{3}$$

OfferP represents the offer price of an IPO to be set as retail price for the retailer to subscribe prior listing (Abdul-Rahim et al., 2013). Usually, the offer price itself would have a negative relationship with flipping activity and the subsequent average trading volume. Additionally, lower offer prices are commonly associated with high-risk companies. According to Albada, Low, et al. (2019), Albada, Soo-Wah, et al. (2019) and Islam and Munira (2004), **OfferS** represents the public issue size of an IPO in units, while some other past researchers had interpreted the offer size in amount of money (Abdul-Rahim et al., 2013; Albada et al., 2022; Che-Yahya et al., 2014). Note that for this study, the offer size is in units but set in natural log form to minimise the effect of extreme data. The **OIR** indicates the initial return from the opening price of an IPO, calculated as the difference between the opening price of the IPO at the listing day and the IPO offer price, divided by the offer price (Yong, 2010). **CIR** stands for the initial return from the closing price of an IPO, calculated as the difference between the closing price of the IPO at the listing day and the offer price, divided by the offer price (Abdul-Rahim et al., 2013). **BOARD** represents the type of listing board that the IPO is being listed. The effects will be examined by creating a dummy variable (Abdul-Rahim et al., 2013; Yong, 2010). In this research, a value of zero is given if the IPO is listed in the Main Board and an IPO which is listed in the ACE Board will take the value of one. **Firm Size** is the natural log of total book assets at the time of IPO. **Firm Age** is

defined as the natural logarithm of one plus the number of years from the firm's incorporation to its IPO year. Both Firm Size and Firm Age serve as firm-specific control variables following Aneesha and Lukose (2024).

RESULTS AND DISCUSSION

Descriptive Analysis

The results of descriptive statistics on all variables are displayed in Table 1, which shows that the mean flipping ratio for IPOs on the first trading day was 99.75% with a standard deviation of 59.67% indicating nearly one full turnover of tradable shares. This level is 20% higher than the 78.81% reported by Albada et al. (2022) for 2004–2015 reflecting increased speculative resale activity to capture abnormal first-day returns. The overall oversubscription ratio (OSR) averaged 57.11 times exceeding historical averages of 36.85 (Albada et al., 2022), 33.59 (Low & Yong, 2011) and 43.71 (Yong & Isa, 2003). This elevated OSR suggests heightened competition for allocations driven by the scarcity of IPO shares and the potential for immediate capital gains.

TABLE 1
Descriptive statistics

Variables	Mean	Median	Min	Max	S.D.
Flipping ratio (%)	99.75	97.49	13.35	310.50	59.67
Overall over-subscription ratio (times)	57.11	39.34	0.00	276.83	54.51
Offer price (RM)	0.44	0.33	0.13	1.65	0.30
Offer size ('000)	229,666	144,500	48,000	1,458,000	248,867
Initial return from the opening price of an IPO (%)	53.72	30.00	–30.00	338.24	70.81
Initial return from the closing price of an IPO (%)	47.32	27.41	–23.00	344.12	65.72
No. of companies listed in the Main market/Board	23				
No. of companies listed in the ACE market/Board	100				

Notes: IPO sample size (*N*) = 123, starting from 15 July 2020 to 29 October 2024. Min = Minimum value; Max = Maximum value; S.D. = Standard Deviation.

The mean offer price was RM0.44 across 123 IPOs influenced by the predominance of ACE Market listings (100 of 123) which are not subject to the RM0.50 minimum price requirement imposed on the Main Market. Firms often adopt lower offer prices to stimulate demand, increase initial returns and encourage flipping activity (Sapian et al., 2012). Larger offer sizes may reduce oversubscription pressure and temper flipping behaviour (Albada et al., 2024).

The average initial return from the opening price was 53.72%, nearly double the 26.58% observed in 2004–2015 (Albada et al., 2022) with extremes from –30% to 338.24%. The average initial return from the closing price was 47.32%, also nearly double the earlier 24.99% benchmark, ranging from –23% to 344.12%. These figures indicate substantial upside potential for investors alongside occasional losses. Of the IPOs analysed, 23 were listed on the Main Market and 100 on the ACE Market.

Correlation Test

As shown in Table 2, it is found that most of the explanatory variables are with a correlation of less than the value of 0.7, excluding these two pairs of relationships: OfferP and Board, OIR and CIR. OfferP and Board show a negative significant relationship of 0.8494 while OIR and CIR show a positive significant relationship of 0.8794. Thus, further analysis of both variables was carried out using variance inflation factor (VIF) prior to the regression analysis, resulting in no multicollinearity problem. According to the rule of thumb, the VIF values of 10 or more indicates occurrence of serious multicollinearity issues (Gujarati, 2003; Hair et al., 2010). According to Tables 3 and 4, it is observed that the VIF-Range for both Equations 2 and 3 are within acceptable range, thus reducing the potential of multicollinearity issues.

TABLE 2
Correlation between the explanatory variables

Variables	OSR	OfferP	OfferS	OIR	CIR	Board
OSR	1					
OfferP	–0.3678*	1				
OfferS	–0.4444*	0.4010*	1			
OIR	0.5673*	–0.2663*	–0.3059*	1		
CIR	0.4310*	–0.2132	–0.1973	0.8794*	1	
Board	0.3702*	–0.8494*	–0.4603*	0.2646*	0.2255	1

Note: * denotes statistical significance at the 1% level.

Furthermore, to ensure the reliability of the regression models and results, diagnostic tests such as Durbin-Watson test (DW) had been performed as a vital step in determination of auto-correlation issues. Model 5 for Equation 2 has a DW of 1.8108, which falls within the range of critical value of 1.46–1.90 for a significance level of 0.05, and thus it can be concluded that there is no autocorrelation problem at 0.05. Moreover, the DW test has also been performed as a vital step in determination of auto-correlation issues.

Regression Results

The results of Equation (1) in Table 3 show that OfferS is the most significant of the five independent variables. Adding OfferS in Model 3 increased the adjusted R^2 from 0.1694 (Model 2) to 0.3417, improving explanatory power by almost 20%. Model 3 also recorded the highest F-statistics among all models. In the overall model (Model 5), BOARD was significant, with a t-statistic of 2.69. Similarly, Equation (2) in Table 4 confirms OfferS as the most significant variable with adjusted R^2 improving in Model 3 compared to Model 2. In the final model (Model 7), BOARD was again significant with a *t*-statistic of 2.60.

TABLE 3
Regression results for Equation (1)

Variables	Predicted sign	Model 1	Model 2	Model 3	Model 4	Model 5
Constant		411.47*** (4.51)	367.81*** (3.30)	973.08*** (6.54)	951.45*** (6.49)	822.57*** (6.21)
OSR	Positive	0.16 (1.26)	0.16 (1.43)	0.076 (0.62)	–0.0008 (–0.01)	0.002 (0.02)
OfferP	Positive		–19.04 (–0.92)	–12.25 (–0.73)	–12.52 (–0.74)	29.27 (1.28)
OfferS	Negative			–101.89*** (–6.69)	–101.46*** (–6.61)	–95.82*** (–6.64)
OIR	Positive				12.38 (1.47)	12.72* (1.5)
BOARD	Positive					42.05*** (2.69)
Firm Size		–19.16*** (–3.75)	–16.13*** (–2.41)	–2.23 (–0.40)	–1.44 (–0.25)	–0.17 (–0.03)
Firm Age		0.33 (0.77)	0.35 (0.70)	0.21 (0.51)	0.32 (0.82)	0.37 (0.95)
Observation		123	123	123	123	123
Adjusted R^2		0.1704	0.1694	0.3417	0.3507	0.3667
F-statistics		14.23	11.47	21.04	18.27	18.59
Durbin-Watson		1.6332	1.6386	1.7084	1.8051	1.8108
VIF Range		1.14–1.67	1.15–2.20	1.15–2.57	1.18–2.59	1.18–3.92

Note: All slope coefficients are tested at the 1%, 5%, and 10% significance levels (indicated by ***, **, and * respectively) using vce(robust) standard errors. *t*-statistics are reported in parentheses.

TABLE 4
Regression results for Equation (2)

Variables	Predicted sign	Model 1	Model 2	Model 3	Model 6	Model 7
Constant		411.47*** (4.51)	367.81*** (3.30)	973.08*** (6.54)	962.92*** (6.56)	838.11*** (6.31)
OSR	Positive	0.16 (1.26)	0.16 (1.43)	0.076 (0.62)	0.034 (0.27)	0.039 (0.32)
OfferP	Positive		–19.04 (–0.92)	–12.25 (–0.73)	–13.11 (–0.78)	27.62 (1.19)
OfferS	Negative			–101.89*** (–6.69)	–103.60*** (–6.69)	–98.09*** (–6.67)
CIR	Positive				10.54 (1.41)	10.39 (1.40)
BOARD	Positive					41.93*** (2.60)
Firm Size		–19.16*** (–3.75)	–16.13*** (–2.41)	–2.23 (–0.40)	–1.11 (–0.19)	0.42 (0.99)
Firm Age		0.33 (0.77)	0.35 (0.70)	0.21 (0.51)	0.35 (0.87)	0.39 (0.99)
Observation		123	123	123	123	123
Adjusted R^2		0.1704	0.1694	0.3417	0.3466	0.3614
F-statistics		14.23	11.47	21.04	18.17	18.33
Durbin-Watson		1.6332	1.6386	1.7084	1.7885	1.7825
VIF Range		1.14–1.67	1.15–2.20	1.15–2.57	1.21–2.62	1.22–3.92

Notes: All slope coefficients are tested at the 1%, 5%, and 10% significance levels (indicated by ***, **, and * respectively) using vce(robust) standard errors. *t*-statistics are reported in parentheses.

Our regression results indicate that the OSR has an insignificant impact on FLIP. This suggests that high demand during the application phase does not necessarily translate into first-day selling pressure. In the post-COVID-19 era, Malaysia's historically low Overnight Policy Rate (OPR) of 1.75% incentivised investors to treat IPO subscriptions as a lottery for higher yields, driving OSR to extreme levels. However, due to the limited retail allotment (typically only 5% of the offer), the vast majority of applicants fail to secure shares. These failed applicants are often deterred from purchasing shares in the secondary market due to immediate price sky-rocketing upon listing, which narrows profit margins and increases risk. Furthermore, our analysis suggests that OSR is heavily influenced by offer size and price; for instance, large-scale IPOs like 99 Speed Mart (2024) attract massive capital but yield low OSRs compared to smaller offerings like Steel Hawk (2024) due to the denominator effect of share supply. Thus, OSR in the post-COVID-19 era may reflect subscription appetite rather than actual secondary market flipping pressure.

Then, our results also indicate that the OfferP has an insignificant impact on flipping activity. This can be attributed to the precision of the fixed-price valuation method typically employed by Malaysian underwriters. Under this mechanism, offer prices are generally aligned with firm fundamentals and future prospects, thereby minimising the "valuation gap" that usually triggers speculative flipping (Low & Yong, 2011). Furthermore, the financial commitment required, with a mean offer price of RM0.44, imposes a significant entry cost for retail investors. While substantial shareholders often possess a lower effective cost per share, the implementation of regulatory moratoriums effectively prevents them from liquidated holdings immediately upon listing. Consequently, the combination of fair market valuation and regulatory lock-ups ensures that the offer price does not serve as a primary catalyst for first-day flipping pressure.

Next, our results indicate that both OIR and CIR have a statistically insignificant impact on FLIP. This suggests that first-day price appreciation does not necessarily drive secondary market trading volume. Our data shows that while primary allottees enjoy an 82.9% probability of profit, secondary market speculators face a risk of loss that nearly doubles, from 8.95% at the opening to 16.26% by the close. This severe intra-day volatility creates an asymmetric risk profile; speculators who fail to secure shares at the offer price are unwilling to chase the stock at sky-rocketing listing prices. Consequently,

flipping activity is predominantly restricted to primary allottees liquidating their holdings for riskless profit, while secondary market participants remain sidelined to avoid the heightened probability of capital loss.

At the same time, OfferS has a consistently significant negative relationship with FLIP, making it one of our most important to explain flipping activities. Our data reveals a stark structural contrast: while the absolute trading volume is similar across both listing boards (approximately 180 million shares), the average flipping ratio for the ACE Market (110.20%) is more than double that of the Main Market (49.56%). This discrepancy is driven by the scarcity effect; ACE Market IPOs offer significantly fewer shares (on average 175.6 million) compared to Main Market offerings (on average 457.1 million). When similar levels of demand chase these smaller share supplies, as seen in the 310.5% ratio for Mobilia (ACE) versus 13.35% for MR. D.I.Y. (Main), flipping activity is drastically intensified. Thus, OfferS acts as a structural determinant, where smaller share pools in the ACE Market serve as primary catalysts for extreme flipping activity.

Finally, our regression results confirm that BOARD is a statistically significant predictor of flipping activity across both model 1 and model 2. Using a dummy variable (0 = Main Market; 1 = ACE Market), the positive coefficient validates that ACE Market listings experience substantially higher speculative intensity. We hypothesise that this is driven by two factors: scarcity and capital accessibility. As a case in point, while the ACE-listed Steel Hawk (HAWK) provided only 213.7 million tradable units, the Main Market's 99 Speed Mart (99SMART) offered nearly seven times that volume, thereby absorbing demand more effectively and tempering the flipping ratio. Furthermore, the lower entry price of ACE IPOs (e.g., RM0.30 for HAWK vs. RM1.85 for 99SMART) lowers the barrier for retail speculators, allowing for higher trading velocity at a fraction of the capital required for Main Market counters. Consequently, the ACE Market's structural combination of low share supply and low cost-per-unit may contribute to the extreme flipping ratios (110.20%) observed in our sample.

Robustness

To ensure the reliability of the primary findings, additional analyses were conducted using 3-day and 5-day flipping ratios as alternative dependent variables (Table 5 through 8 below) following the methodology of Anwar et al. (2024), alongside the inclusion of Firm Size and Firm Age as control variables.

TABLE 5
Regression results of Model 1 using 3-days FLIP.

Variables	Predicted sign	Model 1	Model 2	Model 3	Model 4	Model 5
Constant		98.83*** (2.43)	77.62* (1.86)	158.99*** (3.63)	158.42*** (2.56)	121.51*** (2.84)
OSR	Positive	–0.011 (0.25)	–0.012 (–0.27)	–0.023 (–0.53)	–0.025 (–0.62)	–0.025 (–0.61)
OfferP	Positive		–9.26** (–2.17)	–8.35** (–1.94)	–8.35** (–1.93)	3.62 (0.52)
OfferS	Negative			–13.70*** (–3.18)	–13.69*** (–3.15)	–12.07*** (–2.89)
OIR	Positive				0.32 (0.14)	0.41 (0.18)
BOARD	Positive					12.33*** (2.40)
Firm Size		–4.91** (–2.09)	–3.44 (–1.42)	–1.57 (–0.61)	–1.55 (–0.59)	–1.09 (–0.41)
Firm Age		0.12 (0.62)	0.13 (0.66)	0.11 (0.56)	0.11 (0.59)	0.13 (0.67)
Observation		123	123	123	123	123
Adjusted R^2		0.0277	0.0311	0.0493	0.0412	0.0474
F-statistics		4.33	4.87	6.68	5.73	7.18
VIF Range		1.14–1.67	1.15–2.20	1.15–2.57	1.18–2.59	1.18–3.92

Notes: All slope coefficients are tested at the 1%, 5%, and 10% significance levels (indicated by ***, **, and * respectively) using vce(robust) standard errors. *t*-statistics are reported in parentheses.

TABLE 6
Regression results of Model 2 using 3-days FLIP

Variables	Predicted sign	Model 1	Model 2	Model 3	Model 6	Model 7
Constant		98.83*** (2.43)	77.62* (1.86)	158.99*** (3.63)	158.02*** (3.54)	121.48*** (2.88)
OSR	Positive	–0.011 (0.25)	–0.012 (–0.27)	–0.023 (–0.53)	–0.027 (–0.65)	–0.026 (–0.63)
OfferP	Positive		–9.26** (–2.17)	–8.35** (–1.94)	–8.42** (–1.95)	3.50 (0.50)
OfferS	Negative			–13.70*** (–3.18)	–13.86*** (–3.24)	–12.25*** (–2.98)
CIR	Positive				1.00 (0.38)	0.96 (0.36)
BOARD	Positive					12.28** (2.36)
Firm Size		–4.91** (–2.09)	–3.44 (–1.42)	–1.57 (–0.61)	–1.46 (–0.55)	–1.02 (–0.63)
Firm Age		0.12 (0.62)	0.13 (0.66)	0.11 (0.56)	0.13 (0.65)	0.14 (0.70)
Observation		123	123	123	123	123
Adjusted R^2		0.0277	0.0311	0.0493	0.0419	0.0479
F-statistics		4.33	4.87	6.68	5.83	7.14
VIF Range		1.14–1.67	1.15–2.20	1.15–2.57	1.21–2.62	1.22–3.92

Notes: All slope coefficients are tested at the 1%, 5%, and 10% significance levels (indicated by ***, **, and * respectively) using vce(robust) standard errors. *t*-statistics are reported in parentheses.

TABLE 7
Regression results of Model 1 using 5-days FLIP

Variables	Predicted sign	Model 1	Model 2	Model 3	Model 6	Model 7
Constant		78.75*** (2.43)	95.27*** (2.43)	202.18*** (2.96)	201.92*** (2.87)	164.25*** (2.58)
OSR	Positive	0.029 (0.86)	0.029 (0.89)	0.015 (0.42)	0.014 (0.35)	0.015 (0.38)
OfferP	Positive		7.21 (0.99)	8.41 (0.82)	8.40** (0.81)	20.62 (1.56)
OfferS	Negative			–17.99*** (–2.97)	–17.99*** (–2.95)	–16.34*** (–2.77)
OIR	Positive				0.15 (0.05)	0.25 (0.09)
BOARD	Positive					12.58*** (2.47)
Firm Size		–4.02** (–2.23)	–5.17* (–1.85)	–2.72 (–1.09)	–2.71 (–1.04)	–2.24 (–0.88)
Firm Age		0.13 (1.06)	0.12 (0.98)	0.097 (0.79)	0.099 (0.75)	0.11 (0.87)
Observation		123	123	123	123	123
Adjusted R^2		0.0456	0.0455	0.0892	0.0814	0.0904
F-statistics		3.17	2.32	5.83	2.80	3.92
VIF Range		1.14–1.67	1.15–2.20	1.15–2.57	1.18–2.59	1.18–3.92

Notes: All slope coefficients are tested at the 1%, 5%, and 10% significance levels (indicated by ***, **, and * respectively) using vce(robust) standard errors. *t*-statistics are reported in parentheses.

TABLE 8
Regression results of Model 2 using 5-days FLIP

Variables	Predicted sign	Model 1	Model 2	Model 3	Model 4	Model 5
Constant		78.75*** (2.43)	95.27*** (2.43)	202.18*** (2.96)	200.53*** (2.87)	163.27*** (2.61)
OSR	Positive	0.029 (0.86)	0.029 (0.89)	0.015 (0.42)	0.008 (0.21)	0.01 (0.26)
OfferP	Positive		7.21 (0.99)	8.41 (0.82)	8.27** (0.79)	20.43 (1.52)
OfferS	Negative			–17.99*** (–2.97)	–18.27*** (–3.00)	–16.63*** (–2.81)
CIR	Positive				1.71 (0.47)	1.67 (0.45)
BOARD	Positive					12.52** (2.40)
Firm Size		–4.02** (–2.23)	–5.17* (–1.85)	–2.72 (–1.09)	–2.54 (–0.92)	–2.08 (–0.77)
Firm Age		0.13 (1.06)	0.12 (0.98)	0.097 (0.79)	0.12 (0.84)	0.13 (0.94)
Observation		123	123	123	123	123
Adjusted R^2		0.0456	0.0455	0.0892	0.0839	0.0929
F-statistics		3.17	2.32	5.83	5.26	4.14
VIF Range		1.14–1.67	1.15–2.20	1.15–2.57	1.21–2.62	1.22–3.92

Note: All slope coefficients are tested at the 1%, 5%, and 10% significance levels (indicated by ***, **, and * respectively) using vce(robust) standard errors. *t*-statistics are reported in parentheses.

The results, presented in Tables 5 through 8, demonstrate a high degree of consistency with the initial 1-day analysis. Specifically, Offer Size and Listing Board remain statistically significant at the 1% level ($p < 0.01$) across all examined time horizons. This persistent relationship confirms that smaller offer sizes and ACE Market listings are the primary structural drivers of flipping activity in the post-pandemic Malaysian market, regardless of the measurement window used. Regarding the additional control variables, Firm Size initially exhibited a significant negative influence on flipping in the baseline models, suggesting that larger firms typically attract more stable investors. However, this significance diminished in the full multivariate models (Model 5), indicating that once deal-specific factors are accounted for, the absolute size of the firm becomes less critical. A similar effect is observed with OfferP as well.

This suggests that in the post-COVID era, investor flipping behaviour is dictated more by the immediate dynamics of the IPO deal, such as the scarcity of shares and the listing board, rather than the historical maturity or track record of the issuing firm. The consistent significance of these variables over an extended 5-day window provides deeper insight into market efficiency and investor psychology during the recovery period. These findings reinforce the argument that flipping activity in Malaysia is not merely a momentary first-day price correction or a localised spike. Instead, it represents a sustained speculative reaction to specific IPO structures. The enduring impact of the Listing Board and Offer Size suggests that structural imbalances in the ACE Market continue to incentivise rapid profit-taking by retail and institutional speculators well beyond the initial listing bell.

CONCLUSION AND IMPLICATIONS

This study analyses 123 IPOs on Bursa Malaysia (2020–2024), finding that only offer size and listing board significantly dictate flipping activity. These results suggest that post-pandemic flipping is driven by structural factors rather than traditional demand signals like OSR or initial returns.

This research contributes to the existing body of knowledge by providing empirical evidence that the determinants of IPO flipping have evolved in the "new normal" following the global COVID-19 pandemic. By contrasting current data against older findings, this study highlights that flipping activity

has not only increased in frequency but also in intensity, with nearly the entire volume of tradable shares being flipped within the first five days of listing. Theoretically, our findings suggest that in a high-liquidity, low-interest-rate environment, the traditional link between oversubscription and flipping, often used as a proxy for demand, has become decoupled, with deal-specific factors like Offer Size and Listing Board now serving as more potent predictors.

For regulators and policymakers at Bursa Malaysia, these insights underscore the need for closer monitoring of the ACE Market, where the concentration of smaller-sized offers appears to create a structural environment inherently prone to excessive speculative flipping. Furthermore, the digitalisation of the application process now allows for real-time prediction of subscription trends, potentially fueling herd behaviour. Future research should prioritise investigating MITI Bumiputera allocation dynamics and underwriter reputation to further decode the evolving Malaysian IPO landscape.

NOTE

1. We calculated FLIP using the trading volume in day 1 of IPO as our main result, but we re-estimated model 1 and 2 again using the trading volume in day 3 and day 5 of IPO for robustness checks in the Robustness section.

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