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## ABSTRACT

This project paper is carried out to examine the performance of the samples of 132 new issues in Malaysian stock market during the period from January 1994 to December 1996. The behaviour of new issues is based on the computation of return of IPOs after listing and this paper is also undertaken to examine the relationship between the short-run performance and the new issues returns for each period observed.

From this study, it was found that, almost all of new issues showed a high return on investment and it was observed that, the samples of 132 IPOs have shown different pattern of trends since they were being listed on the KLSE. It is clear from this study that, on the whole, the return of new issues to be significantly positive.

In this study also, it was identified that almost all IPOs were underpriced based on large positive performance of average excess returns exhibit in the first period of transaction. In addition, we also found that, the observed new issues have generated a high premium in Malaysian Bourse.

It was observed that, in terms of Efficient Market Hypothesis, there was evidence to conclude that KLSE was said efficient in adjusting the current prices from period 1994 to 1996 especially for the performance of the samples of 132 IPOs for the first thirty days.