GOING PUBLIC
A PRACTICAL GUIDE TO LISTING ON BURSA MALAYSIA
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BURSA MALAYSIA-
YOUR LISTING
DESTINATION
BURSA MALAYSIA - YOUR LISTING DESTINATION

AS A FRONTLINE REGULATOR AND THE OPERATOR OF MALAYSIA’S ONLY EXCHANGE, BURSA MALAYSIA BERHAD (BURSA MALAYSIA) IS COMMITTED TO DEVELOPING AND MAINTAINING A MARKET THAT IS A CHOICE DESTINATION FOR LISTING AND INVESTMENT.

Towards this end, the Malaysian capital market today features a sound regulatory framework that is geared for efficient access to capital and investment, while at the same time, providing robust protection for investors. With the strong foundation, advanced market infrastructure and ample liquidity in place, the Malaysian capital market has played a significant role in meeting the fundraising needs of companies and enhancing their visibility and corporate profile.

Today, Bursa Malaysia offers three listing platforms, namely the Main Market, ACE Market and LEAP Market, to suit the differing needs of companies of all sizes and at different stage of their business cycle. With more than 900 companies across various economic sectors, Bursa Malaysia hosts the highest number of public listed companies in the ASEAN region.

Given the positive progress made in terms of competitiveness and attractiveness of the Malaysian capital market, now is an ideal time for your company to be part of the public listed fraternity. With a listing on Bursa Malaysia, new doors of opportunity will open for your business, both locally and globally. Many of our public listed companies have emerged from a small company to a large conglomerate with businesses in global markets.

If you are considering the option to list your company on Bursa Malaysia, this guide is meant to assist you. Developed in partnership between Bursa Malaysia, the Malaysian Investment Banking Association (MIBA) and the Association of Corporate Finance Advisers (ACFA), this “Going Public - Practical Guide to Listing on..."
Bursa Malaysia can provide you with a better understanding on the benefits, drawbacks, requirements and processes involved in a listing exercise. You will also have a better understanding of the longer term implications of being a listed company and adequate consideration must be given to these implications in deciding to take the listing route.

All things considered, being a public listed company on Bursa Malaysia may just be the springboard your company needs to leap to greater heights of success.
MAKING THE DECISION TO LIST
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A successful IPO and listing on Bursa Malaysia can be an important milestone for a company to meet its long-term goals and aspirations. The relevant authorities will look at several areas to determine the suitability of your company for listing.

Some of the reasons may include your need to:
• raise additional capital to seize growth opportunities;
• enable your current shareholders to realise their investment;
• encourage and reward your loyal and committed employees via an employee equity scheme; and/or
• enhance the credibility and profile of your company as a public listed entity in the eyes of your customers and suppliers.

No matter what the reasons, the decision to list is a significant milestone for any company in its corporate life. In helping you make this decision, perhaps the two most relevant questions you should ask at this stage are:
• Is your company suitable for listing?
• What are the benefits of listing?

IS YOUR COMPANY SUITABLE FOR LISTING?

In determining your company’s suitability for listing, there are two benchmarks in which your company will be assessed, namely:

• **Regulatory Benchmark**
  This aspect focuses on compliance with the relevant rules prescribed by under the Equity Guidelines of the Securities Commission Malaysia (SC) for listing on the Main Market or the Listing Requirements of Bursa Malaysia; and

• **Market Benchmark**
  This aspect covers the non-prescriptive dimension which is purely market driven. The ability to meet investors’ expectations and convince them to invest in your company is one of the most important elements under the market benchmark.

In this guide, you will find some brief information on the key areas involved in a listing exercise to enable you to do a quick self-scan on the readiness of your company to start a listing process. However, rest assured that you will not be embarking on a solo journey in taking your company public. You will be guided by a team of advisers or professionals who are familiar with corporate finance and listing matters to help you to meet both the quantitative and qualitative assessments and get your company listed successfully.

In general, all companies that wish to seek listing on either the Main Market, ACE Market or LEAP Market must appoint a licensed adviser who will act as the lead party to coordinate and manage your listing plan and processes. The list of all eligible advisers is available on Bursa Malaysia’s website [www.bursamalaysia.com](http://www.bursamalaysia.com) and these advisers are technically known as Principal Advisers for Main Market, Sponsors for ACE Market and Approved Advisers for LEAP Market.

If you are at the preliminary stage of exploring an initial public offering (IPO) or listing exercise for your company, you are encouraged to contact Bursa Malaysia’s IPO Marketing Team for a free consultation session.
REGULATORY BENCHMARK

The regulatory benchmark consists of a prescribed set of rules by the relevant regulators. It is a simple way to determine your company’s eligibility for listing. The key listing factors that will be taken into consideration for a listing on Bursa Malaysia are as follows.

MAIN MARKET: LISTING FACTORS

For a Main Market listing, the SC assesses the suitability of the company to be listed. Generally, a company should have the following attributes for listing on the Main Market:

<table>
<thead>
<tr>
<th>Identifiable core business</th>
<th>Good management</th>
<th>Healthy financial position</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Majority ownership and management control of an identifiable core business which is the principal source of operating revenue or after-tax profit</td>
<td>• Effectively managed by capable people with the requisite experience and qualification</td>
<td>• Positive cash flow from operating activities</td>
</tr>
<tr>
<td>• Management continuity well in place</td>
<td>• Management continuity well in place</td>
<td>• Adequate working capital (for at least 12 months after listing)</td>
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<table>
<thead>
<tr>
<th>Business prospects</th>
<th>Commitment to compliance</th>
<th>Responsible directors</th>
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<tbody>
<tr>
<td>• Involvement in growth industry</td>
<td>• Sufficient systems, procedures, policies, controls and resources in place to ensure continuous compliance with the relevant rules and regulations</td>
<td>• Directors are fully aware of and understand their fiduciary obligations</td>
</tr>
<tr>
<td>• Established brand or market visibility</td>
<td>• Management continuity well in place</td>
<td></td>
</tr>
<tr>
<td>• Inroads made against competitors</td>
<td>• Positive cash flow from operating activities</td>
<td></td>
</tr>
<tr>
<td>• Core business that is well positioned to reap returns</td>
<td>• Adequate working capital (for at least 12 months after listing)</td>
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<table>
<thead>
<tr>
<th>Risk management</th>
<th>Good corporate governance</th>
<th>No conflicts of interest</th>
<th>Does not undermine public interests</th>
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<tbody>
<tr>
<td>• Internal control and risk management systems are in place in view of the company’s business and growth plans</td>
<td>• Strong corporate governance policies and practices</td>
<td>• Satisfactory resolution of any conflicts of interest situations</td>
<td>• Determination that the listing of an applicant does not undermine public interests</td>
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Relevant and adequate disclosures articulating your historical performance and prospects will be made in your Prospectus, which is the central document in your listing exercise that provides investors with detailed information on your company and the business it is in.
ACE MARKET: LISTING FACTORS

For an ACE Market listing, Bursa Malaysia essentially relies on a principal adviser who undertakes the role as a Sponsor to assess the suitability of your company to be listed. All Sponsors must be registered with Bursa Malaysia’s Register of Sponsors.

The following attributes would allow a Sponsor to decide that a company is well-suited to list on the ACE Market:

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifiable core business</td>
<td>Majority ownership and management control of a identifiable core business which is the principal source of operating revenue or after-tax profit</td>
</tr>
<tr>
<td>Prospects</td>
<td>Core business and its industry are expected to have prospects within the foreseeable future</td>
</tr>
<tr>
<td>Good management</td>
<td>Effectively managed by capable people with the requisite experience and qualification. Management continuity well in place</td>
</tr>
<tr>
<td>Healthy financial position</td>
<td>Adequate working capital (for at least 12 months after listing)</td>
</tr>
<tr>
<td>Commitment to compliance</td>
<td>Sufficient systems, procedures, policies, controls and resources in place to ensure continuous compliance with the relevant rules and regulations</td>
</tr>
<tr>
<td>Responsible directors</td>
<td>Directors are fully aware of and understand their fiduciary obligations</td>
</tr>
<tr>
<td>Risk management</td>
<td>Internal control and risk management systems are in place to facilitate the company’s business and growth plans</td>
</tr>
<tr>
<td>Good corporate governance</td>
<td>Strong corporate governance policies and practices. Founders, promoters, directors and management team have a good track record in corporate governance</td>
</tr>
<tr>
<td>No conflicts of interest</td>
<td>Satisfactory resolution of any conflicts of interest situations</td>
</tr>
<tr>
<td>Does not undermine public interests</td>
<td>Determination that the listing of an applicant does not undermine public interests</td>
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</table>

Similar to the Main Market, relevant and adequate disclosures articulating your prospects will be made in your Prospectus. Companies listed on the ACE Market may subsequently apply for a transfer to the Main Market provided they meet the admission criteria for the Main Market.
LEAP MARKET: LISTING FACTORS

The LEAP (Leading Entrepreneur Accelerator Platform) Market is a market with facilitative rules and regulations as well as lower cost of compliance compared to the Main Market and ACE Market. It is a qualified market accessible only to Sophisticated Investors (as prescribed under the Capital Markets and Services Act 2007) which include accredited investors, high net-worth entities as well as high net-worth individuals.

Companies may seek listings on the LEAP Market by way of:
• An excluded issue (e.g. public offer, placement, book building); or
• Introduction (without fundraising).

All companies seeking listings on the LEAP Market must be assessed by a Principal Adviser who undertakes the role as an Approved Adviser prior to listing. All Approved Advisers must be registered with Bursa Malaysia’s Register of Advisers.

The following attributes would allow an Approved Adviser to decide that a company is well-suited to list on the LEAP Market:

- **Identifiable core business**
  Clearly identifiable core business

- **Good corporate governance**
  Founders, promoters, directors and management team have a good track record in corporate governance

- **No conflicts of interest**
  Satisfactory resolution of any conflicts of interest situations

- **Does not undermine public interests**
  Determination that the registration of applicant does not undermine public interests

Relevant and adequate disclosures articulating your prospects will be made in your Information Memorandum.

More details on the regulatory criteria for the three markets can be found in "Listing on Bursa Malaysia: Listing Criteria", as provided in the leaflet attached to this Guide.

Depending on the nature of your business and the chosen listing platform, there may also be other regulatory authorities involved such as The Ministry of International Trade and Industry (MITI) and Bank Negara Malaysia (BNM), amongst others. In addition, there are –

- additional requirements for listing of a company involved in mineral-related business as well as listing of a foreign corporation in Malaysia;
- different requirements governing, amongst others, the listing of a Special Purpose Vehicle Company (SPAC) and secondary listing of a foreign corporation in Malaysia,
Essentially, your advisers will provide you with the necessary details on the regulatory approvals needed and guide you on the regulatory requirements throughout your listing process. Nevertheless, from the onset, it is important for you to note that every listing application will be subjected to some qualitative assessments focusing on aspects covering public interest, conflicts of interest, corporate governance and adequacy of disclosures. A brief explanation on each of these aspects are as follows:

**Public Interest**
A company that wishes to seek listing on Bursa Malaysia must operate a legitimate business and the nature of the business shall not undermine the social well-being and interest of the public at large, which include consideration related to environmental and ethical behaviour issues.

**Conflicts of Interest**
The promoters, directors and key management of a company listed or to be listed on Bursa Malaysia are expected to act in the best interest of the company’s shareholders as a whole and avoid any situations that can impair their roles in serving the company over personal gains or benefits. Typically, the promoters, directors and key management shall not involve in other competing businesses which are not part of the listed or to be listed group.

**Corporate Governance**
A company that practices good corporate governance is one which has clear and adequate control systems, processes and policies in place to govern its business operations and manage the interest of the company’s stakeholders.

**Adequacy of Disclosures**
The Malaysian capital market is operating under a disclosure-based regime, hence, adequacy of disclosures is a fundamental aspect whereby the potential investors must be given sufficient details on all the key aspects about the company to enable them to make an informed investment decision.

The disclosure document issued by a company seeking to list on the Main Market or ACE Market is called a ‘Prospectus’ while such document issued by a company seeking to list on the LEAP Market is called an ‘Information Memorandum’. The SC is the oversight authority for registration of Prospectuses and Information Memorandums issued by companies.
MARKET BENCHMARK

The scope of market benchmark is purely driven by market expectations, which are basically the perceived value of your company based on the prospects of your company. In turn, these prospects are premised on the attributes that are important to investors.

These attributes include:

- Your company’s business model, financial performance and future plans when compared to other companies of similar business and operations;
- The track record of promoters, directors and management of your company;
- Your company’s stage of development vis-à-vis its industry’s business cycle; and
- Your company’s position in the industry vis-à-vis your competitors (e.g. market share or competitive edge).

Naturally, the above are a selection of many factors that investors take into consideration before investing in a company. But basically, the market benchmark enables you to ascertain whether your company will be “attractive” to investors for a listing on Bursa Malaysia.

Nevertheless, do be mindful that meeting the regulators’ listing criteria alone may not be sufficient to attract a Principal Adviser/Sponsor/Approved Adviser to act as an adviser for your company. Within this market benchmark approach, advisers have the responsibility to help ensure that only quality companies that meet certain market benchmark and able to gain investors’ acceptance come to market.

As such, advisers will want to assess your company’s business, the credibility of the promoters and the viability of the industry you are operating in before taking up the role. Your company will usually be measured based on these attributes amongst others.

As the saying goes ‘A good beginning is half the battle won’, getting ready with the background information of your company which include a sound and realistic business plan is a critical step in preparing well for your engagements with some advisers.
BENEFITS OF LISTING
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When you list your company, you are allowing the shares of your company to be publicly traded. This means that these shares can either be bought or sold by any investors including existing shareholders. Just like in any marketplace, each of these shares will have a value or a reference price attached to it.

Hence, by listing your company, you will be able to know the market value of your company. This creation of a public market for your shares gives you an opportunity to unlock the value of your company and realise your investments.

Furthermore, the valuation of your company is not only premised on a company’s historical performance but also to reflect the prospects and potential of the company.

**HERE ARE THE ADDITIONAL ADVANTAGES TO LISTING:**

1. **Access to capital**

   By listing your company, you will have access to the capital markets for funding to meet your company’s expansion plans and goals.

   In addition to raising funds through the IPO, a listing also provides your company with an avenue to continuously tap into the capital market for future fundraising activities. These can include raising additional capital from:
   - existing shareholders (e.g. rights issue); or
   - other investors (through placement of new shares or issuance of various types of other securities)

2. **Facilitate growth**

   With greater access to capital, your company has the potential to acquire other companies or businesses to grow. You will also have the capability to offer shares as currency to facilitate your acquisition and growth strategies.

   As part of the regulatory requirements, a listed company is also likely to have enhanced control, information management and operating systems. This will help facilitate sustainable growth in the implementation of your business plan.

3. **Enhance credibility**

   With the requirement to comply with various disclosure and compliance rules under an established regulatory structure, which include periodic release of financial results, immediate announcement of material information etc., a listed company is perceived to have higher level of transparency and corporate governance practice. This can enable you to conduct business on more advantageous terms.
A listing enhances the visibility and profile of your company, its promoters as well as its products and services among the stakeholders of your company.

Listed companies will generally receive greater media coverage, further raising awareness of your company’s products and services.

5 Incentive for employees

A listing can involve shares being allocated to employees under employee share schemes. These incentives are powerful tools to align the interest of your employees with the goals of your company.

As a listed company with an attractive employee share scheme, you can also attract and retain high quality human capital and increase their long term affiliation and commitment to the business.

6 Widen shareholder / investor base

The creation of a public market creates liquidity in the shares of your company. This can help broaden the shareholder base while enabling existing investors such as venture capitalist or other owners to realise the value of their investments.

A listed company can attract credible professionals or reputable institutional investors who may in turn facilitate wider business networks and opportunities.
IS YOUR COMPANY PREPARED TO LIST?
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Having assessed your company’s current position, you may feel that listing your company is the natural step forward to meet its objectives and goals. However, before you proceed to embark on a listing exercise, you must take into consideration the impact a listing may have on your company in terms of its broad of directors, management team, employees as well as on the day-to-day operations.

All in all, being a public listed company involves doing things differently as compared to managing a privately held company. As such, it is important that you ensure that all aspects of your company are fully prepared to assume the status of a listed entity.

SOME KEY CONSIDERATIONS TO TAKE INTO ACCOUNT PRIOR TO LISTING:

1. HOW DOES THE LISTING MEET THE GOALS AND OBJECTIVES OF YOUR STAKEHOLDERS?

While there is a general sense of acceptance on the benefits of listing, expectations of these benefits would likely vary between the shareholders, the directors, the management and the employees of a company.

As such, it is important to ensure that the goals and objectives of your internal stakeholders are aligned. Open and transparent communication of the value proposition for each stakeholder segment is key. Indeed, company-wide support and buy-in for a listing exercise will go a long way in facilitating a smooth listing process.

2. ARE YOU AND YOUR MANAGEMENT TEAM PREPARED TO INVEST IN THE TIME AND EFFORT THAT GOES INTO A LISTING?

The road to successful listing can be challenging. The effort and time to be invested in a listing exercise can never be over-estimated. It is not just about carrying out the necessary paper work required in the process. It is also about dealing with unexpected issues along the way that may take up management time.

While your advisers will try to prepare you as best as they can for the road ahead, every listing candidate is unique. There may be difficulties and setbacks along the way. That is why it is important to ensure that there is committed support from all relevant parties right from the beginning.

Also, the investment in time and effort does not end with a successful listing. Making the necessary disclosures to the public, be it announcing financial results or a significant corporate development, is an important element of being a listed company. Hence, it is crucial that the directors and key management of your company are prepared to invest the necessary time and resources in ensuring that all the disclosures are timely, relevant and accurate.
Being listed on a stock exchange is a major investment for any business. The cost involved in a listing exercise can be significant. There are fees payable to the SC and Bursa Malaysia for the listing, including the processing of the IPO application and the issuance of the Prospectus or Information Memorandum.

Fees are also incurred from the engagement of various professional advisers/parties including:

- Principal Adviser/Sponsor/Approved Adviser
- Lawyers
- Reporting Accountants
- Underwriters, if required
- Placement Agent/Book-Runner
- Public Relations (PR) Firm
- Issuing House, if your IPO involves a public balloting exercise
- Independent Property Valuers, if any
- Independent Market Researchers, which is mandatory for the ACE Market's IPOs but optional for the Main Market and LEAP Market
- Tax Advisers, if required

The fees charged by these professionals will vary depending on the prevailing market condition, the complexity of the listing exercise and the size of the IPO. You may be able to fix some of your cost at the start of the process such as the professional fees which will help you get a clearer idea of your expenses in advance. Apart from the initial outlay, the listing cost can be paid out from the proceeds of your listing.

After a successful listing, there are also costs associated with meeting the continuing obligations of a listed company. These include cost of raising additional capital, cost of an ongoing investor relations programme and annual fees payable to the Exchange for maintaining the market for your shares. As such, prior to making a decision to list, the cost of listing and maintaining that listing must be weighed against the immediate to long term benefits your company will receive as a listed entity.
Are you prepared for a dilution in the control of your company with a listing exercise?

Depending on your shareholding structure upon listing, control by the existing shareholders of your company will be diluted subsequent to listing. This is because new shares will be issued and the existing shareholders may sell their shares to meet the public shareholding requirements. This inevitably involves a certain degree of dilution in control to new shareholders whose views must be taken into account in deciding on future direction of the company. In fact, certain corporate transactions such as significant acquisitions are only possible with the prior approval of shareholders.

Even if you are a controlling shareholder, you will not be able to control who buys and sells the shares. In this sense, depending on the proportion of shares which remains in the directors’ hands, a listed company can be subjected to take-over bids in the future.

Are you prepared to come under constant scrutiny with ongoing disclosure and reporting requirements?

The greater accountability to minority shareholders inevitably means you lose much of the privacy and autonomy you may have enjoyed when managing a private business.

As a listed entity, there are rules and regulations your company is obliged to comply with primarily on the obligation to periodically disclose the company’s affairs and financial performance to the public.

In addition, information such as directors’ remuneration policy and procedures need to be made public. Due to your heightened profile, you can expect greater media coverage which is beneficial in good times but may have a negative impact in times of underperformance or crisis.

Listed companies are also expected to conform to high standards of corporate governance. Part of embracing good corporate governance is in the area of transparency, disclosure and compliance. Meeting the minimal standards alone is not enough as investors may expect more in certain instances.

In addition, the roles of the directors and management will also evolve into one of stewardship and greater accountability. Directors of listed companies cannot act in their interest. As such, you must also be able to put in place systems and resources that can facilitate the practice of good corporate governance. Going beyond minimum requirements and instead aiming for “best practice” in corporate governance may help convince investors of your company’s values and commitment towards sustainable growth.

As such, before you take the journey to list your company, your entire company must fully understand and be committed to the practice of good corporate governance. In a bid to help directors understand their roles and duties better, Bursa Malaysia has developed a comprehensive corporate governance guide. The guide is available on Bursa Malaysia’s website www.bursamalaysia.com.
ARE YOU PREPARED TO ENGAGE IN CONTINUOUS COMMUNICATION WITH THE INVESTORS?

Investor Relations (IR) is an important component of any listed company. After all, as a listed company, your company’s overall performance will be tracked against the performance of its share price, no longer just on its financial performance. This means that you have to be mindful of the fact that share price can be impacted by, amongst others, the company’s fundamentals and strength, prevailing market conditions and perceived outlook.

IR initiatives can include structured communication programmes to keep current and potential investors up to date on your company’s development and performance as well as to provide investors a better understanding of your company’s business and its potential. Ultimately, IR is premised on raising your company’s profile and attractiveness in the eyes of the investing community in order to compete effectively for investment flows.

A good IR programme may require resources in the form of an IR adviser or engaging an IR officer for the company. It also requires commitment in terms of time and effort from the top management to continuously engage investors both local and foreign.

Hence, the development of a company’s IR policy will provide for a sound and sustainable IR practice of continuous engagement with the investment community in good and bad times. Bursa Malaysia has developed an IR Manual to guide listed companies on their IR programme. The IR Manual is available on Bursa Malaysia’s website www.bursamalaysia.com.
PARTIES IN A LISTING EXERCISE
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The road to listing may be challenging but it is certainly not a lonely one. Apart from appointing your lead adviser i.e. either a Principal Adviser (for Main Market) or Sponsor (for ACE Market) or Approved Adviser (for LEAP Market), it will be necessary for you to engage other advisers or professionals from different fields who will guide and assist you throughout your journey.

Your team of advisers would normally comprise members of the corporate advisory, legal and accounting fraternities. In addition, other professionals including independent property valuers, independent market researchers and PR companies, may also be needed in your listing exercise. In order to facilitate an efficient listing process, it is important that you invest in the time and effort to evaluate and select advisers and professionals who can best meet your requirements. To do so, you will also have to understand the roles and responsibilities of each adviser in your listing process.

QUESTIONS YOU MAY WANT TO ASK WHEN SELECTING YOUR ADVISERS:

**TRACK RECORD**
What is the adviser’s rate of success when it comes to listing or IPO of companies?

**REPUTATION**
Does the adviser enjoy a strong reputation with investors based on their track record?

**COMMITMENT**
Will the adviser make your company’s listing exercise a priority?

**EXPERIENCE AND RESOURCES**
Do the team members working on your IPO have the necessary experience, expertise and resources? Will this know-how enable the adviser to provide you with helpful insights and quality advice?

**DISTRIBUTION STRENGTH**
Can the adviser build a strong syndicate to effectively underwrite or distribute your company’s offerings? Does the adviser possess strong distribution capabilities and network with retail and institutional investors?
A snapshot of the specific responsibilities of the advisers:

**PRINCIPAL ADVISER/SPONSOR/APPROVED ADVISER**

Your Principal Adviser/Sponsor/Approved Adviser who is your lead adviser will be the “go-to” entity throughout your listing process.

The scope of work of your lead adviser includes the following:

- Advise on the optimum listing structure, timing of the listing and pricing/valuation of your company;
- Coordinate and collaborate with other professionals involved in your listing exercise in preparing the relevant application and documents (including the Prospectus and/or Information Memorandum) and oversee the due diligence process to ensure compliance with all regulatory requirements;
- Submit your listing application and required documents to the relevant authorities (including lodgement of Prospectus and/or Information Memorandum) and attend to any queries raised by the regulators; and
- Act as the sole or lead agent for matters relating to underwriting and placement/distribution of your company’s securities.

For the ACE Market and LEAP Market, there are post-listing sponsorship or advisory requirements for a period of three years to be complied with. The Sponsor or Approved Adviser who submitted the listing application of a company must continue to guide the newly listed company on their responsibilities and obligations for at least one full financial year upon the company’s admission on Bursa Malaysia.

For ACE Market companies that have met the quantitative criteria for admission of the Main Market, the sponsorship period is only one year after listing.

**LEGAL FIRM**

Lawyers are an integral part of the listing process and the due diligence working group (DDWG) as they provide advice on all legal matters in relation to your application.

The scope of work of your lawyers include the following:

- Draft all necessary legal documents in relation to the listing exercise which include the due diligence planning memorandum, due diligence report and minutes of meetings;
- Conduct statutory searches, critically review, compile and collate all relevant documents in relation to the listing application such as corporate records, licenses, agreements, permits and material litigations, amongst others;
- Undertake the legal due diligence and verification exercise on the information provided in your application documents and disclosure documents i.e. Prospectus and/or Information Memorandum to ensure that all disclosures are accurate, not misleading and free of material omissions.

**ACCOUNTING FIRM**

Accountants are also an integral part of the listing process.

Your accountants, which must be a firm registered with the SC’s Audit Oversight Board, will prepare the Accountants’ Report for inclusion in the Prospectus and/or Information Memorandum and undertake the due diligence relating to the financial information provided in your listing application and disclosure documents.
If required, they will also undertake the due diligence on the internal control systems of the applicant and review reports on forward looking financial information.

**INDEPENDENT PROPERTY VALUER**

An independent property valuer needs to be appointed if your company’s listing exercise involves any property, plant, machinery and equipment that have been or to be revalued. The appointment of an independent property valuer is compulsory for a property investment or property development company seeking for a listing.

Your independent property valuer will be required to provide a valuation report as part of the listing process.

**INDEPENDENT BUSINESS AND MARKET RESEARCHER**

An independent business or market research company can help you to develop a report on your company’s business prospects, market positioning and risks. This report can further enhance the credibility and appeal of your company in the eyes of potential investors.

Unlike the Main Market and LEAP Market, inclusion of an independent market research report in the Prospectus is mandatory for the ACE Market.

**ISSUING HOUSE**

Typically, if your company will be listed on either the Main Market or ACE Market, the issuing house will oversee the balloting, issuance and allotment process of your company’s shares. This is done after the Prospectus is issued and the offering period for the IPO has closed.

For the LEAP Market, the sales/distributions of a company’s shares are commonly conducted via a private placement exercise which does not involve an issuing house.

**PUBLIC RELATIONS (PR) COMPANY**

Positive perception is crucial to a successful listing exercise. While it is not compulsory for companies to engage the services of a PR agency, it is undeniable that such agency plays an important element to the listing process and beyond as it is tasked to raise awareness, interest and appeal for the soon-to-be-listed company.

The PR campaign will also kick-start your company’s investor relations programme prior to listing while helping to build long term corporate brand equity and investor interest post-listing.
LISTING PROCESS

You have thoroughly assessed the position of your company, weighed the benefits of a listing against the various considerations highlighted and have decided that listing is the best route for you. Broadly, the key processes are phased as follows:

Here are the more granular steps involved in a listing exercise:

1. **APPOINTING PROFESSIONALS**

   You will need to identify and appoint your Principal Adviser/Sponsor/Approved Adviser as your lead adviser. The lead adviser will assist you in the selection and appointment of the various relevant experts and professionals. It will also assist you in forming a DDWG in which your directors and senior management will also need to be part of.

2. **IMPLEMENTING ORGANISATIONAL CHANGES**

   Your lead adviser will help you assess your company’s position in view of the listing exercise. Areas of focus will include corporate structure, composition of your Board of Directors, corporate governance and your internal controls framework. Enhancements will be proposed and you may have to make the necessary changes where required.

   **Note:**

   For listing on the Main Market and ACE Market, appointment of independent directors is required under Bursa Malaysia’s Listing Requirements. If your company is subject to this requirement, the required number of independent directors is at least two or one-third of the members of your Board, whichever is higher.
3

METHOD OF LISTING AND VALUATION

Together with your lead adviser, depending on the nature of your business and its capital requirements, you will need to decide on a suitable equity structure and the method of offering your company’s shares. Generally, it is by way of issuance of new shares or offer for sale of existing shares.

Paramount to the above is the valuation of your company, which will be determined not only on past and future earnings potential, but also by the prevailing market condition. This would be impacted by, amongst others, the amount you are seeking to raise and its purpose, as well as its effect on your company’s growth prospects.

If your company is not in need of any additional funds but you would like to get it listed on Bursa Malaysia, this can be done through listing by way of introduction.

4

PREPARING DOCUMENTS FOR SUBMISSION

The preparation of the listing application by the DDWG will be in tandem with the process of deciding on the method of listing and valuation of your company.

To prepare the listing application as well as the disclosure documents (i.e. Prospectus/Information Memorandum), the advisers that form part of your DDWG will gather extensive and detailed information of your company. As part of the process, the regulators require the company’s directors, senior management and any other relevant parties to make written declarations.

Your advisers will also make due inquiries prior to the submission of the application documents to ensure that all information are true, accurate and not misleading.

5

SUBMISSION AND REVIEW

The review of your listing application and disclosure documents will begin following the submission of the application documents.

For listing on the Main Market or ACE Market, your Prospectus will go through a public exposure period on the SC’s website for a period of 15 market days for public feedback. At the same time, you and your senior management team along with your lead adviser may need to prepare for a site visit and attend to enquiries from the regulators. During the process, you may have to amend your Prospectus for enhanced disclosure.

For listing on the LEAP Market, you would have lodged a copy of your Information Memorandum with the SC prior to submitting your listing application to Bursa Malaysia. A copy of the lodged Information Memorandum will form part of your submission documents too.
APPROVALS

For Main Market listing application, you will be issued a letter of approval for the IPO and an approval-in-principles for the Prospectus registration by the SC.

For ACE Market listing application, you will be issued the letter of approval for the IPO by Bursa Malaysia while the approval-in-principle for Prospectus registration will be issued by the SC.

For LEAP Market listing application, you will be issued the letter of approval for the IPO by Bursa Malaysia.

POST APPROVAL IMPLEMENTATION

For listing on the Main Market and ACE Market, upon obtaining the approval letter, the steps to be undertaken include the following:

- Update and register the Prospectus of your company;
- Prepare for the signing of an underwriting agreement between your adviser and your company, if you deem it necessary for the IPO shares of your company to be underwritten so that you have the assurance of raising a pre-determined minimum amount from the listing exercise;
- Conduct roadshows and investor briefings to start promoting and selling your company’s IPO shares to, amongst others, institutional and Sophisticated Investors;
- Launch the Prospectus of your company to invite the public to subscribe to your company’s IPO shares;
- Commence the balloting process (which will be conducted by your appointed Issuing House) after the offer period ends in the event your company’s IPO shares are over-subscribed by the public.

For listing on the LEAP Market, the post approval process is simpler considering that the Information Memorandum has already been lodged earlier. As such, the focus would be just to secure and conclude the subscription of your company’s IPO shares from the potential Sophisticated Investors, which typically are done via a private placement exercise.

LISTING

Your company’s IPO will be marked by a listing ceremony at Bursa Malaysia. The trading of your company’s shares will commence on that day. It is a significant milestone and you now have the prestige of being a Bursa Malaysia listed company.
It is important to emphasise that professional advisers play a very important role in a successful listing exercise. It is best that a company applying to be listed appoints a team of advisers who understands the company’s business, its strategic direction as well as the industry in which it operates. The company should also be comfortable working closely with the team of professionals selected to facilitate the listing exercise which can take from six months to a year.

For the Main Market and ACE Market, the process involved is largely similar. The timeline below gives you an estimated indication of the duration of your listing process from start to finish.

<table>
<thead>
<tr>
<th>PROCESS</th>
<th>ESTIMATED TIMELINE</th>
<th>KEY SCOPE</th>
</tr>
</thead>
</table>
| Preparation & Pre-submission | Up to 16 weeks     | • Appointing advisers  
• Structuring of IPO  
• Due diligence & internal control review  
• Preparing documents for submission |
| Regulatory Review & Approval | 12 weeks (or 8 weeks for companies with large capitalisation) | • Public exposure of prospectus for 15 market days for public feedback  
• Addressing queries from regulators  
• Visit by regulators to the company’s key business premises |
| Post-Approval               | Up to 12 weeks     | • Appointing IR company, if any  
• Signing of underwriting agreement, if required  
• Registration & lodgement of Prospectus  
• Pre-marketing commences |
| Admission / Listing         | 3-4 weeks          | • Prospectus launch  
• Roadshows & bookbuilding exercise  
• Allocation of shares  
• Listing on Bursa Malaysia / Trading commences |
For the LEAP Market, the entire process is relatively simpler considering that this is a qualified market which only allows the participation of Sophisticated Investors. The listing process and estimated timeline for the LEAP Market is as shown below:

<table>
<thead>
<tr>
<th>PROCESS</th>
<th>ESTIMATED TIMELINE</th>
<th>KEY SCOPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation &amp; Pre-submission</td>
<td>8 – 12 weeks</td>
<td>• Appointing advisers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Structuring of IPO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Due diligence &amp; internal control review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Deposit/lodgement of Information Memorandum</td>
</tr>
<tr>
<td>Regulatory Review &amp; Approval</td>
<td>3 weeks</td>
<td>• Reviewing the following focus areas:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Public interest</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Conflict of interest</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Corporate governance</td>
</tr>
<tr>
<td>Admission / Listing</td>
<td>3-4 weeks</td>
<td>• Placement of shares</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Listing on Bursa Malaysia / Trading commences</td>
</tr>
</tbody>
</table>

NOTES:

• The above timeline is an indicative timeline which is subject to issues and circumstances which may arise during the due diligence process. The listing exercise may take longer than indicated depending on the complexity and size of the IPO.

• The actual timeline for pre-approval and post-approval process could vary depending on the progress of the due diligence work and the availability of the latest audited accounts. For Main Market and ACE Market, the audited accounts should not be more than 6 months from the date of submission/registration of Prospectus.

• Companies have up to 6 months from the date of regulatory approval to complete their listings on Bursa Malaysia.
As indicated in the estimated timeline, the preparation and pre-submission stage takes a relatively long time to set the foundation right and to effect the changes required in transforming your privately held company into a public listed company. Some examples of common issues to be addressed during the pre-submission stage are –

- Satisfactory resolution of conflicts of interest situation;
- Related party transactions must be based on terms and conditions which are not unfavourable to your company;
- Obtain valid licenses, permits, authority approvals for your business and properties;
- Proper documentation of arrangements that affect your business operations with stakeholders such as shareholders, suppliers and/or customers;
- Appointment of auditors registered with the SC’s Audit Oversight Board as your company’s auditor;
- Migration of accounts preparation from the Malaysian Private Equity Reporting Standards to the Malaysian Financial Reporting Standards; and
- Formation of realistic future plans and strategies for your business.

It is critical to resolve any issues encountered at early stage. As such, you should share full details of your company and ask as many questions as possible to clarify any issues of concern that you may have. Once again, you are encouraged to contact Bursa Malaysia’s IPO Marketing Team for a free consultation session.
NEW CHAPTER
AFTER A SUCCESSFUL LISTING
NEW CHAPTER AFTER A SUCCESSFUL LISTING

You have seized the opportunity and successfully listed your company on Bursa Malaysia. You are now part of a fraternity of listed companies in one of the largest bourses in Asia. As such, you will be able to benefit from the advantages enjoyed by other Bursa Malaysia listed companies to meet your business goals.

Nevertheless, it is important for you to view your successful listing as a beginning and not as an end. A public listed company has a different set of requirements in terms of disclosure and communications compared with a privately held one. From the day your company’s shares are traded on the Exchange, you have to be aware of and observe the continuing obligations as a listed entity.

These requirements are collectively known as continuing listing obligations and they include the following:

DISCLOSURE OF PRICE-SENSITIVE INFORMATION
Your company is required to disclose information that may impact your company’s share price or the trading activities of your company’s shares.

RESPONSE TO UNUSUAL MARKET ACTIVITY
Your company has to keep track of the trading activities of its shares. This is to ensure that it will be able to respond to queries from the relevant authorities as and when unusual price movements and trading activities occur.

RESPONSE TO RUMOURS OR REPORTS
While rumours may be cause for excitement in the market, it can also cause uncertainty to investors. Your company must make the necessary investigations and subsequent clarifications, be it confirming, denying, or clarifying a reported rumour related to your company and its operations.

DISCLOSURE OF IMPORTANT MATTERS RELATING TO YOUR LISTED COMPANY
Some of the corporate initiatives that may require you to make the necessary disclosures are when your company is:

- issuing new shares of securities;
- proposing to undertake transactions such as acquisitions or disposal of assets;
- entering into a joint venture agreement or merger; making a change in management;
- introducing a new product or discovery that will impact its business;
- hit with a default on interest, principal payments or both in respect of loans; or
- changing its general business direction.
PERIODIC FINANCIAL REPORTING
As a listed entity, your company must also disclose or announce its financial information in a timely manner as shown in the table below:

<table>
<thead>
<tr>
<th>PROCESS</th>
<th>MAIN MARKET AND ACE MARKET</th>
<th>LEAP MARKET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Periodic financial information (unaudited)</td>
<td>Quarterly basis and within two months from the end of each financial quarter</td>
<td>Semi-annual basis and within two months from the end of each financial period</td>
</tr>
<tr>
<td>Audited financial statements &amp; annual report</td>
<td>The audited financial statements form part of the content of the annual report and the annual report must be issued within four months from the financial year end</td>
<td>The audited financial statements must be announced within four months from the financial year end. Issuance of annual report is not required for companies listed on the LEAP Market</td>
</tr>
</tbody>
</table>

MAINTAINING THE MINIMUM PUBLIC SPREAD REQUIREMENTS
Periodic reports from your company’s share registrars must be obtained to keep track of your company’s compliance with the public spread requirements.

REPORTING ON TRANSACTIONS
Your company has to continuously disclose information on certain transactions by directors and related parties. These include related party transactions and recurrent related party transactions.

There are also strict rules against insider trading. Directors and senior management are usually privy to information before it is disclosed to the public. Hence, they are prohibited from trading in the company’s shares during a specified period in conjunction with the corporate exercise or a transaction.
In addition to complying with the continuing listing obligations, you also have to be mindful that your listed company will now have a higher profile in the investment community, in the media as well as in the perception of the general public.

The way you position your company in the hearts and minds of your stakeholders is important in order to realise the full benefits of being a listed company. After all, a company that is perceived to be well-run, transparent and committed towards building long-term value for its shareholders will be the ones who would be able to maintain investors’ attention and compete for capital amongst the many available investment options.

**Here are some essential factors you should consider to enhance your listed company’s profile and reputation:**

- **MAINTAINING ROBUST INVESTOR RELATIONS**

  It is vital that you maintain your company’s profile and stimulate interest in your company on a sustained basis. A steadfast commitment to good IR can build shareholder loyalty leading to a fair assessment and valuation of your company in the long term.

- **RESPECTING MINORITY SHAREHOLDERS**

  It is important to note that the minority shareholders must be given equitable treatment. They have the rights to be informed on important information, to attend Annual General Meetings, to vote, to nominate and elect directors of your company and to have a say on their remuneration. Unlike the Main Market and ACE Market, it is not mandatory for companies listed on the LEAP Market to conduct Annual General Meetings.

  In general, the interest of minority shareholders is protected by the appointment of independent directors as board members in your company. Appointment of independent directors is mandatory for the Main Market and ACE Market. For the LEAP Market, appointment of independent directors is optional although such practice is highly encouraged.

- **EMBRACING GOOD CORPORATE GOVERNANCE**

  Strong corporate governance is a reflection of commitment towards sustainable growth. The regulators of the Malaysian capital market are committed to ensuring high standards of corporate governance. Hence, it is vital that your listed company has a robust corporate governance policy in place and adhered to company-wide.

- **ESTABLISHING A DIVIDEND POLICY**

  It is encouraged to have a dividend policy, which is often looked upon as an “appealing” factor to investors.
The role of Bursa Malaysia is not confined to being a frontline regulator in ensuring our public listed companies complying with all the obligations required of them. Once your company becomes part of Bursa Malaysia’s marketplace, Bursa Malaysia also plays the role as your growth partner. It is committed to providing you with access to a whole range of products and services that will help enhance your company’s profile and visibility, which include the following:

• **INVESTOR RELATIONS**

Develop or improve your IR strategy with Bursa Malaysia’s IR Manual and IR Manual Workbook which offers insight into best practices and the policies and processes which accompany successful IR activities.

Bursa Malaysia’s IR Manual and IR Manual Workbook are available on Bursa Malaysia’s website [www.bursamalaysia.com](http://www.bursamalaysia.com).

You can also keep abreast of current developments in the IR industry by joining the Malaysian Investor Relations Association (MIRA). Established by Bursa Malaysia and funded by the Capital Market Development Fund (a statutory fund under the purview of the Securities Commission Malaysia), MIRA is Malaysia’s first and only professional association committed to promote good practice of IR by listed companies.

• **INDEX**

All Malaysian companies listed on Bursa Malaysia’s Main Market and ACE Market are eligible for inclusion into, amongst others, the following index series, subject to the respective indices’ screening criteria.

- Bursa Malaysia Index Series
- FTSE Bursa Malaysia Index Series
- FTSE ASEAN Index Series

Mirroring the global standard for capital markets, the indices made available to Bursa Malaysia listed entities are well tracked locally, regionally and internationally. For example, the FTSE ASEAN4Good Bursa Malaysia Index comprises Malaysian public listed companies (PLCs) with strong corporate governance track records and robust sustainable practices.

As an index constituent, the performance of your company is provided a broader exposure to domestic and international finance professionals. In addition, inclusion in key indices also support liquidity and capital raising for eligible listed companies.

• **PROMOTIONAL/PROFILE ACTIVITIES**

Bursa Malaysia actively promotes its PLCs to local and foreign investors through various promotional events such as conferences and roadshows organised locally as well as in overseas markets.
The transition from a private company to a public company is a major undertaking. Naturally, it is understandable that making the decision to list is not an easy one. Nevertheless, if you believe that your company has reached a certain stage and that the capital market is the avenue for you to take your company to the next level, now is the time to list. It will be a challenging road but a worthwhile one.

We trust you have found this guide to be informative. To help you take your next step, please contact your principal adviser. They are well-experienced and have helped companies such as yours tap the many advantages of the Malaysian capital market.

For more information on listing your company on Bursa Malaysia, you can contact your preferred adviser(s) for discussion. The contact details are available on Bursa Malaysia website www.bursamalaysia.com.

You are highly encouraged to contact Bursa Malaysia’s IPO Marketing Team for a free consultation session. The general contact details are as follows:

Tel : (603) 2034 7000
Fax : (603) 2026 3661
Email : listing@bursamalaysia.com