

IPOs: A Stepping Stone to Greater Heights

By Amy Loke
Senior Manager, Transaction Reporting

Baker Tilly Malaysia assisted in the successful listing of six companies this year where we acted as the statutory auditors and reporting accountants for these initial public offering ("IPO") exercises. This makes us the audit firm with the most number of listings in a year from a total of 18 listings up to October 2020.

We started the year on a high note when **Ace Innovate Asia Berhad** successfully listed on the LEAP market of Bursa Malaysia on 7 January. This was our third LEAP listing in 2 years. Ace Innovate Asia Berhad group was our client in our Batu Pahat office. When the company decided to take the LEAP, our Transaction Reporting department was called in to act as the recognised auditors for the listing exercise. This was one of the smoothest sailing listing exercises we had. The entire process, from start to finish (up to approval from authorities) took no more than 6 months without any major issues.

Ace Innovate Asia Berhad managed to raise RM10 million from sophisticated investors.

Our next client to be listed was **ACO Group Berhad**. This one was undoubtedly the most memorable one as the Company was listed on 18 March 2020, the first day of the nationwide Movement Control Order ("MCO") imposed by the Malaysian Government. As with all listing exercises, the most exciting part is to witness the gong ceremony, which is always at the same time, 9am sharp, the opening of the market for the day. Our only regret is that we were not able to attend the listing ceremony due to the MCO.

ACO Group Berhad managed to raise RM16.2 million from the IPO.

When the MCO was first announced, the stock market took a hard tumble. This caused many companies to re-think their IPO journey. However, our clients were unfazed and decided straightaway not to let this come in the way of their goal of being a listed company. The beauty of our Transaction Reporting team is that we are not tied down by statutory-deadline peak periods the way that our colleagues in other audit teams are. As such, we were able to support our clients through weeks and months of hard work and undivided attention to ensure a smooth due diligence process.

In an IPO due diligence process, numbers and figures are drilled down to the most minute detail to support the Company in drafting the Management Discussion and Analysis for the track record years disclosed in the Prospectus. This process is the most tedious and painstaking process for us as reporting accountants. Our team is trained to anticipate the depth and breadth of information needed to present meaningful information.

During the MCO and Conditional MCO ("CMCO") period, our team pushed through to revert to queries from the authorities with countless emails, texts, calls and virtual calls. During this period, we obtained approval from the authorities for the listing of **Ocean Vantage Holdings Berhad** on the ACE Market. This was also our first experience with a virtual prospectus launch due to strict COVID-19 standard operating procedures. We were really glad that once we entered the Recovery MCO ("RMC") period, we were able to attend the listing ceremony at Bursa Malaysia on 22 July where Ocean Vantage Holdings Berhad raised RM21.37 million from the IPO.

With three companies listed in a year, that is already a new record for Baker Tilly Malaysia and our Transaction Reporting team. But we were not done yet. We had another three listings in the pipeline.

Our fourth listing for the year was **Southern Cable Group Berhad**, a company based in Alor Setar, Kedah. Although inter-state travel was restricted, our team had already gotten used to working offsite and online, and were able to complete our tasks with no major hurdles. Southern Cable Group Berhad was listed on the ACE Market on 16 October and raised RM71.2 million amid the increase in daily new COVID-19 cases. Due to the COVID-19 situation, Southern Cable Group Berhad's listing ceremony was telecasted online. It was only the second listing in Bursa Malaysia's history that was done in this manner. We should expect to see more virtual listing ceremonies moving forward until the pandemic situation settles.

We continued our momentum in October with the listing of **Aneka Jaringan Holdings Berhad** on 20 October on the ACE Market. Aneka Jaringan Holdings Berhad was quite a challenging case as it required the company to move from the Malaysian Private Entity Reporting Standards ("MPERS") financial reporting framework to the Malaysian Financial Reporting Standards ("MFRS") framework. However, once the accounting bit was sorted, it was smooth sailing all the way to the end.

Aneka Jaringan Holdings Berhad raised RM46.16 million.

Our next listing was **Econframe Berhad** on 27 October on the ACE Market. This was one of our more ambitious cases we took on in terms of the tight timeline. The entire engagement took about 12 months from the commencement of audit up to the listing date. Econframe Berhad had the same sort of challenges as Aneka Jaringan Holdings Berhad which are typical of IPO clients. Nevertheless, bringing our countless accounting and auditing experience onboard, the team resolved issue after issue, which led to the eventual successful listing of the Company.

Econframe Berhad raised RM18.2 million from its IPO.

All listing and corporate exercises that require reporting accountants are handled by our specialised Transaction Reporting team, which was established 10 years ago with a headcount of only 2 persons. Today, the team is 40-person strong. Our Transaction Reporting team retains and accumulates these experiences gained throughout the years to anticipate and adequately address any accounting and reporting issues from the beginning of the IPO process.

Since inception, we have assisted in the successful listing of more than 10 companies.

If you have IPOs in your plans, please contact us for a complimentary readiness assessment to see if your company is ready to take the first steps to greater heights. We are able to provide insights to your IPO journey **Now, For Tomorrow.**

Contact Our Experts

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Our Experts



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Paul Tan (Partner, Head of Transaction Reporting) and Joe Heng (Partner, Audit & Assurance/ Chief Operating Officer)

Baker Tilly Malaysia

Introduction

Baker Tilly ranks among the largest accounting and business advisory firms in Malaysia, with 50 Partners and Directors, 6 offices across Malaysia and an office in Phnom Penh, Cambodia, and a staff force of over 800 professionals.

With more than 40 years of experience in Malaysia, strengthened by our access to an international network of professionals and specialists spanning across 146 countries, we have the edge and capacity to provide high-quality audit & assurance, tax, financial advisory, global business solutions services to multinational corporations, publicly listed corporations, organizations in the public sector, and small and medium-sized corporations, across all industries.

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