

Listing in Malaysia

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Listing in Malaysia can be achieved through any of the three available markets on the only stock exchange in Malaysia, Bursa Malaysia Securities Berhad ("Bursa Securities"). The three markets are, the Main Market, the Access, Certainty, Efficiency ("ACE") Market and the Leading Entrepreneur Accelerator Platform ("LEAP") Market.

Main Market - For established companies with an aggregate profit track record of at least RM20 million for the latest 3 to 5 years where the latest year's profit is at least RM6 million.

ACE Market - Sponsor-driven and for fast-growing companies with no requirements on historical profit track record.

LEAP Market - Platform for small and medium enterprises ("SMEs") which have not met the requirements of the ACE Market to raise funds. The LEAP Market is only accessible to Sophisticated Investors. Sophisticated Investors are entities with net assets exceeding RM10 million or individuals with net personal assets exceeding RM3 million or whose gross annual income exceeds RM300,000.



The inverted triangle depicts the accessibility of funds from the public but also the level of scrutiny faced by the entities.

Why list your privately-owned company?

- Raise capital for expansion of existing business
- Enable the current investors to realise their investments, i.e. cashing out their investments
- Attract, motivate and retain key employees
- Provide liquidity to company shares
- Increase corporate transparency to access funds through borrowings
- Succession planning
- Better profiling and market presence as a listed company to new suppliers/customers/employees

What are the drawbacks of listing?

- Loss of ultimate control
- Greater accountability to shareholders and general public
- Increased level of scrutiny from shareholders and the public
- Increased disclosure and reporting requirements
- Upfront costs of listing

How long does the listing process take?

The listing process of each entity varies depending on the readiness of the company or the complexity of the company's business. The submission must be made to the approving authority no later than six months from the latest financial year end.

Pre-submission

- Appointment of advisors and building the due diligence working group ("DDWG")
- Due diligence process

Submission

- Submission of listing application and prospectus for approval no later than 6 months from the financial year end

Approval

- Public exposure of Prospectus for public comments
- Addressing queries from approving authority

Post approval

- Update of prospectus
- Registration and lodgement of prospectus

IPO

- Launch of prospectus to the public
- Roadshows to market the company's shares

Listing

- Officially trading on Bursa Securities

Post listing

- Quarter/bi-annual reporting
- On-going investor relations

Who are members of the DDWG?

- Promoters
- Principal advisors
- Independent market researchers
- Lawyers
- Reporting accountants
- Company secretary

Now that you have decided to embark on this journey to list your company, is your company ready?

Your company will be put up to mark to two benchmarks:

Regulatory benchmark - A set of rules and guidelines under the Securities Commission's Equity Guidelines and Bursa Securities' ACE Market and LEAP Market listing requirements.

Market benchmark - Your company will be compared against its peers in the industry it operates.

Basic regulatory requirements

	Main Market	ACE Market	LEAP Market
Approving authority	Securities Commission Malaysia	Bursa Securities	Bursa Securities
Mode of listing	• Aggregate group PATAMI of RM20million over 3 to 5 years. At least RM6million for the latest year.	• No minimum requirement.	• No minimum requirement.
Profit test			
Market capitalisation test	• Total market capitalisation of at least RM500million upon listing.	• No minimum requirement.	• No minimum requirement.
Infrastructure project corporation test	• Have rights to build and operate an infrastructure project in or outside Malaysia with project cost of at least RM500million • Concession awarded by a government/state agency with at least 15 years remaining.	• Not applicable.	• Not applicable.
Public shareholder spread	25%	25%	10%
Moratorium on Promoters	• Must maintain entire shareholding for the first six months after listing.	• Must maintain entire shareholding for the first six months after listing. • Must maintain at least 45% shareholding for the next six months. • Promoters can dispose of the remaining shareholding up to a maximum of 1/3 per annum.	• Must maintain entire shareholding for the first twelve months after listing. • Must maintain at least 45% shareholding for the next thirty-six months. • Must maintain 45% shareholding until the company generates one full year of operating profits.

Baker Tilly Malaysia is registered with the Audit Oversight Board and is eligible to act as Reporting Accountants. For enquiries, please contact Paul Tan at paul.tan@bakertilly.my or Amy Loke at amy.loke@bakertilly.my