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# GOING PUBLIC

## A PRACTICAL GUIDE TO LISTING ON BURSA MALAYSIA





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# BURSA MALAYSIA YOUR LISTING DESTINATION

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As a frontline regulator and 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.

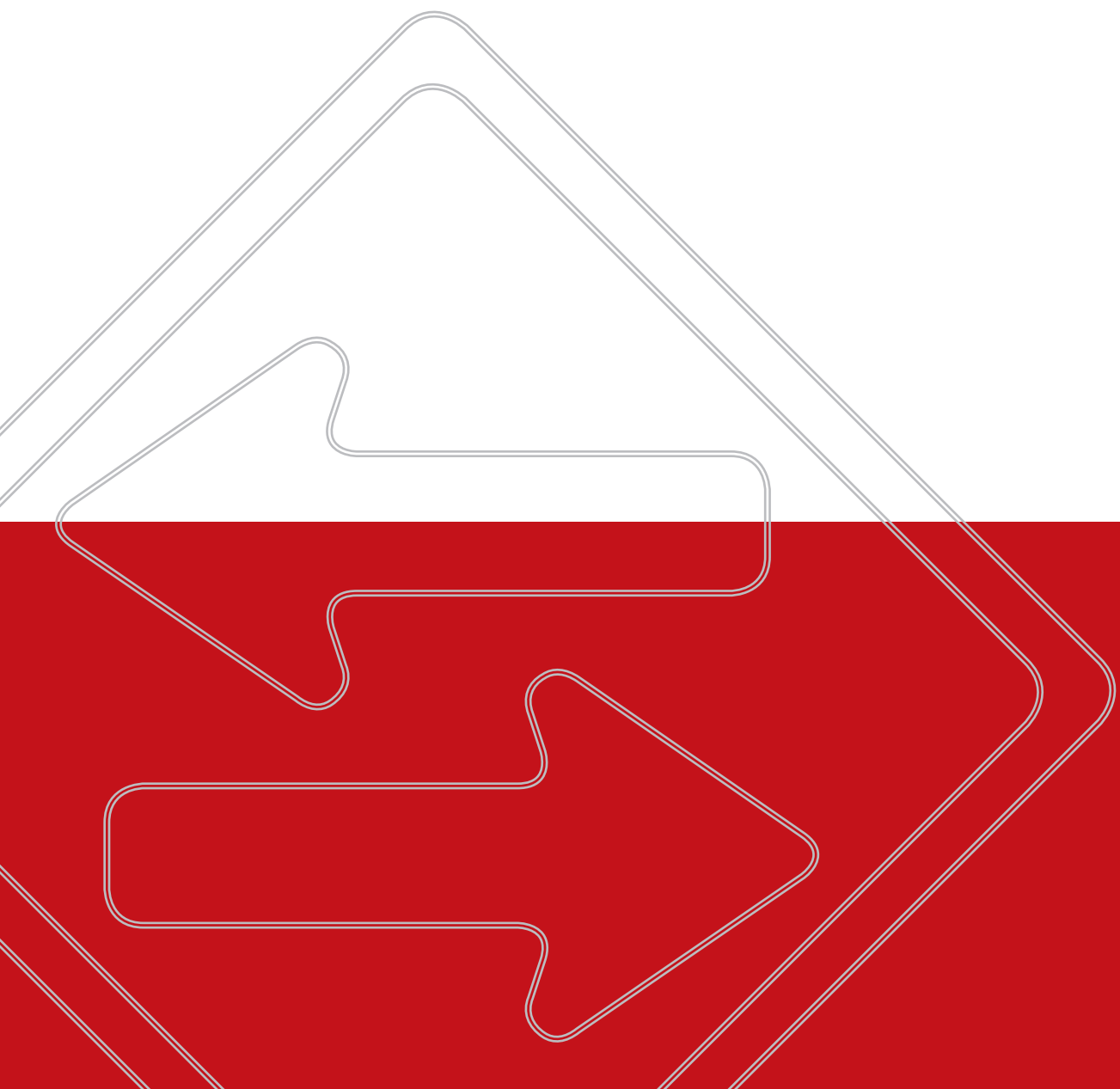
Towards this end, the Malaysian capital market today features a sound regulatory framework that is geared for efficient access to capital and investment, while at the same time, providing robust protection for investors. As a result, the Malaysian capital market showcases a platform where quality companies are listed, leveraging on advanced market infrastructure.

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 company, both locally and globally.

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 and the Malaysian Investment Banking Association (MIBA), this 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**



# MAKING THE DECISION TO LIST

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**Opportunities multiply as they are seized.**

*– Sun Tzu. Military strategist and author of the Art of War*

A successful initial public offering (IPO) and listing on a stock exchange can be an important endeavour for a company to meet its long-term goals and aspirations. Nevertheless, your reasons to list your privately held company may vary.

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**
- **Market Benchmark**

The regulatory benchmark is a prescribed set of rules under the Securities Commission Malaysia's (SC) Equity Guidelines and Bursa Malaysia's Listing Requirements.

The market benchmark, however, has no prescribed set of rules and is purely market driven. This means that while your company may qualify against the regulatory benchmark, your company's suitability for listing is still subject to the market's or investors' expectation of your company's business.

## Regulatory Benchmark

The regulatory benchmark consists of a prescribed set of rules. This makes it a simple way for you to determine your company's eligibility for listing. But before you begin to place ticks on the proverbial checklist, you must first determine whether your company is suited for a Main Market listing or an ACE Market listing and the factors considered in assessing a listing application.



For established companies with a profit track record of three to five full financial years or companies with a sizeable business.



An alternative sponsor-driven market designed for companies of all business sectors that have excellent growth potential.

## Main Market: Listing Factors for Consideration

Prior to giving your company the green light to list on the Main Market, the SC will take into consideration whether your company has met the standards in terms of quality, size, operations, as well as management experience and expertise. The SC will also look at the integrity of your directors and key personnel and ascertain if your listing proposals are against public interest.

Generally, a company should have the following attributes for listing on the Main Market:

- **Identifiable Core Business**

A company that has majority ownership and management control of an identifiable core business, which is the principle source of operating revenue or after-tax profit. A core business premised on owning investments in other listed corporations or businesses will not qualify.

- **Good Management**

A company that is effectively managed by capable people in terms of experience and qualification with management continuity well in place.

- **No Conflicts of Interest**

A company that has resolved satisfactorily any conflicts of interest situations.

- **Strong Business Prospects**

A company that is involved in a growth industry, possessing sizeable brand equity and market share, making inroads against its competitors and having a core business that is well positioned to reap returns.

- **Healthy Financial Position**

A company with positive cash flow from operating activities as well as sufficient working capital for at least 12 months.

- **Good Corporate Governance**

A company with strong corporate governance policies and practices.

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 Consideration

In reviewing a listing application for the ACE Market, Bursa Malaysia essentially relies on the Sponsor to assess the suitability of the listing applicant. Additionally, Bursa Malaysia will also assess your listing proposal to ascertain if it is against public interest. The following attributes would allow a Sponsor to decide that a company is well-suited to list on the ACE Market:

- **Growth Prospects**  
A company in which its core business and its industry are expected to have a visible growth trajectory within the foreseeable future.
- **Responsible Directors**  
A company in which its directors are fully aware of and understand their fiduciary obligations.
- **Capable Directors and Management**  
A company with a leadership team of good standing and who has demonstrated the capability and ability to grow the business.
- **Risk Management**  
A company whose internal control and risk management systems are in place in view of the company's business and growth plans.
- **Commitment to Compliance**  
A company with sufficient systems, procedures, policies, controls and resources in place to ensure continuous compliance with the relevant rules and regulations.
- **Good Corporate Governance**  
A company whose founders, promoters, directors and management team have a good track record in corporate governance and are not in a conflict of interest situation with the company.

Similar to the Main Market, relevant and adequate disclosures will be made in your Prospectus articulating the prospects of your company and your investment proposition. Companies listed on the ACE Market may subsequently apply for a transfer to the Main Market provided they meet the profit track record required for the Main Market.

## Market Benchmark

The market benchmark for listing has no prescribed set of rules. It 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 financial performance 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 (market share).

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 an Investment Bank 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.





# **BENEFITS OF LISTING**



# BENEFITS OF LISTING

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**Luck is what happens  
when preparation meets  
opportunity.**

- Seneca. Roman philosopher in the  
mid-century AD

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:

### Access to Capital

- By listing your company, you will have access to capital to meet your company's expansion plans and goals.
- In addition to raising funds through the IPO, a listing also provides you with an avenue to continuously tap into the capital market for future fund raising 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); or
  - the debt capital markets (e.g. bond issue)

### 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.

### Enhance Credibility

- With the requirement to comply with various disclosure and compliance rules under an established regulatory structure, a listed company's perceived risk is generally lower. This can enable you to conduct business on more advantageous terms.

### Enhance Profile and Visibility

- As a listed entity, your company will generally be perceived more positively in terms of its financial and business strength when compared with being a privately held one.
- A listing also enhances the visibility and profile of your company, its promoters as well as its products and services.
- Listed companies will generally receive greater media coverage, further raising awareness of your company's products and services.

### 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.

### 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 professional or reputable institutional investors who may in turn facilitate wider business networks and opportunities.





**IS YOUR  
COMPANY  
PREPARED  
TO LIST?**

# IS YOUR COMPANY PREPARED TO LIST?

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**Effort and courage are not enough without purpose and direction.**

*- John F. Kennedy.  
35th President of the United States*

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 board 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:**

### **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.

### **Are you and your management team prepared to invest the time and effort that goes into a listing?**

The road to a 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.

## Are you prepared to bear the cost involved in the listing process and ongoing cost of maintaining the listing?

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.

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

- Principal Adviser
- Sponsor (for listing on the ACE Market)
- Lawyers
- Reporting Accountants
- Underwriters, if required
- Placement Agent/Book-Runner
- Public Relations (PR) Firm
- Issuing House
- Valuers, if required
- Independent Market Researchers, if required
- 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.

It is also important to note that for the listing on the ACE Market, your company must secure and maintain the services of a Sponsor for at least three full financial years after your admission into the ACE Market. This is a listing cost that you should account for.

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

The greater accountability to outside 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 required 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 own 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](http://www.bursamalaysia.com)



## 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 original shareholders of your company will be diluted subsequent to listing. This is because new shares will be issued and the original shareholders may have to sell their shares to meet the public shareholding requirements. Once listed, at least 25% of the shares must be in public hands. This inevitably involves a certain degree of dilution in control to outside shareholders whose views must be taken into account. 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 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](http://www.bursamalaysia.com)





# **PARTIES IN A LISTING EXERCISE**

# PARTIES IN A LISTING EXERCISE

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**Coming together is the beginning, keeping together is progress, working together is success.**

*– Henry Ford. Founder of the Ford Motor Company*

The road to listing may be challenging but it is certainly not a lonely one. As part of the process to become a listed entity, it will be necessary for you to engage advisers from different fields who will guide and assist you throughout your journey.

Your advisers would normally comprise members of the corporate advisory, legal and accounting fraternities. In addition, other professionals including 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:



## **A snapshot of the specific responsibilities of the advisers/professionals:**

### **Investment Bank as Principal Adviser**

Your principal adviser will be the “go-to” entity throughout your listing process.

As principal adviser, your investment bank will advise you on the optimum listing structure, timing of the listing and pricing of your company. It also advises on all regulatory requirements relevant to the process.

Your principal adviser will also coordinate and collaborate with other professionals including accountants, lawyers, market researchers and valuers in preparing the relevant application documents (including the Prospectus) and oversee the whole listing exercise, including the due diligence process.

Your principal adviser will also be responsible for submitting the application documents to the regulators as well as submitting the Prospectus for registration and lodgement with the relevant authorities.

If required, your principal adviser can also act as the placement agent, book runner and managing underwriter for your IPO.

For an ACE Market listing, the principal adviser also undertakes the role of a Sponsor. The Sponsor would essentially determine the suitability of an applicant to be listed. Post-listing, the Sponsor will continue to advise and guide the listed ACE Market company on their responsibilities and obligations as a listed entity.

The principal adviser must act as your Sponsor for at least one full financial year following the date your company is admitted into the ACE Market. During the period, the Sponsor cannot resign and your company cannot terminate the Sponsor’s appointment.

## Legal Firm

Lawyers are an integral part of the listing process as they provide advice on all legal matters in relation to your application.

Your lawyers will act as secretary for the due diligence working group (DDWG). They will also undertake the legal due diligence and verification exercise on the application documents and the Prospectus.

Your lawyers will also ensure that the due diligence review conducted are within reason while making certain that the application documents and the Prospectus are accurate and free of material omissions.

Your lawyers will also be responsible for drafting all necessary documents including the due diligence planning memorandum, due diligence report and minutes of meetings.

They will also 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.

## Accounting Firm

Accountants are also an integral part of the listing process.

Your accountants will prepare the Accountants' Report for the listing application and Prospectus as well as undertake the due diligence on the application documents and the Prospectus on information relating to the financial information.

If required, they will also undertake the due diligence on the internal control systems of the applicant as well as reviewing reports on future financial performance.





## Property Valuer

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

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

## Business and Market Researcher

An independent business or market research company can help you 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.

## Issuing House

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.

## Public Relations Company

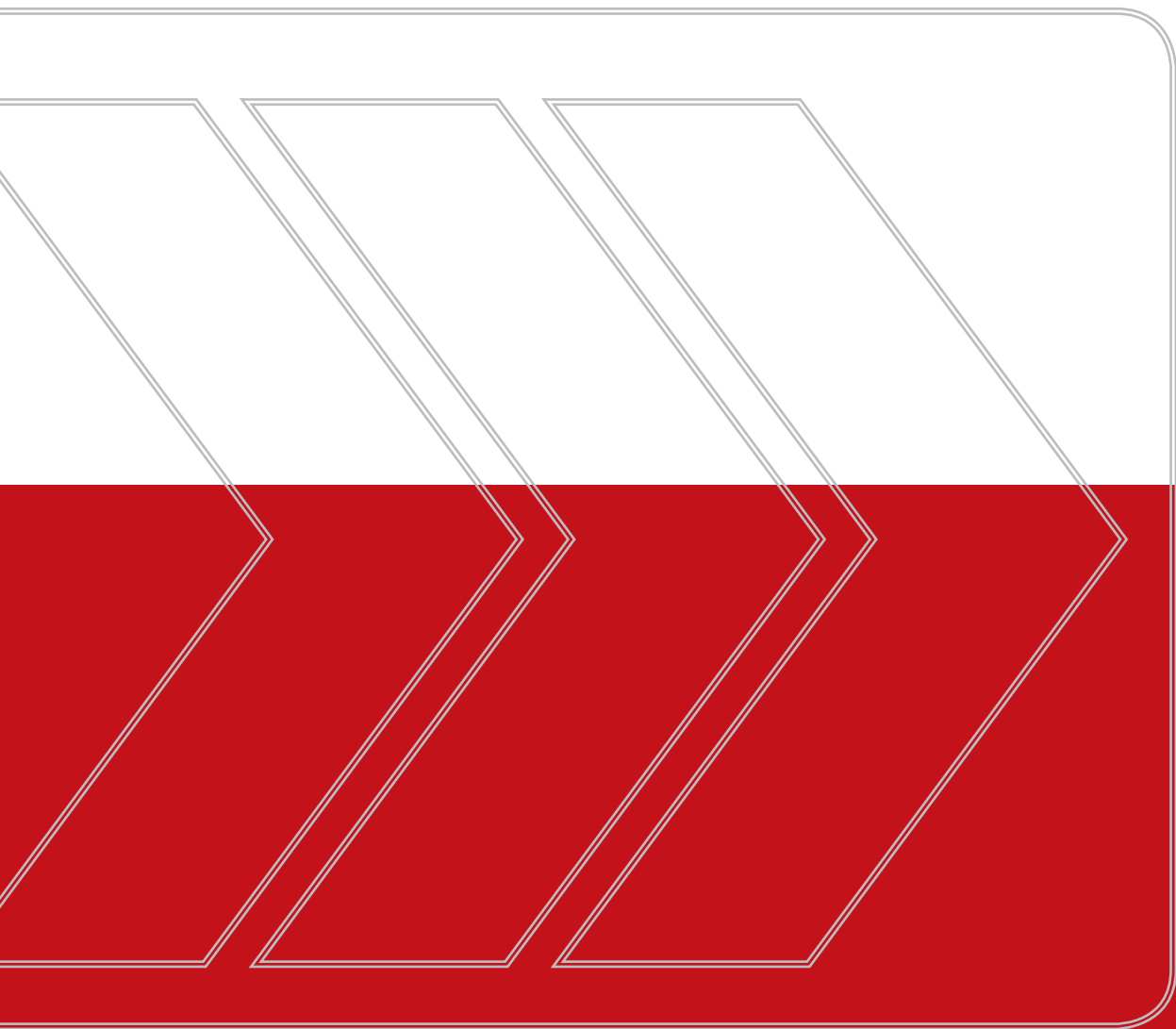
Positive perception is crucial to a successful listing exercise. The PR agency is an important element to the listing process and beyond as it is tasked to raise awareness, interest and appeal for the soon-to-be-listed company.

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.



When it comes to listing a company in Malaysia, the capital market regulators governing the process are the SC and Bursa Malaysia. The eligibility for applicants to list on the Main Market will be reviewed by the SC while Bursa Malaysia will be giving the green light for applications to the ACE Market.

There may also be other regulatory authorities involved depending on the nature of your business and listing application. These authorities may include the Ministry of International Trade and Industry (MITI) and Bank Negara Malaysia (BNM) amongst others. Again, your advisers will be able to provide you with the necessary details on the regulatory approvals needed in your listing process.





# THE LISTING PROCESS

# THE LISTING PROCESS

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**A journey of a thousand miles must begin with a single step.**

*- Lao Tzu.  
Ancient Chinese philosopher*

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.



## Here are the various steps involved in a listing exercise:



### **Step 1** **Appointing Professionals**

You will need to identify and appoint your principal adviser. The principal adviser will assist you in the selection and appointment of the various relevant advisers and professionals. Your principal adviser will also assist you in forming a due diligence working group (DDWG) in which your directors and senior management will also need to be part of.



### **Step 2** **Implementing Organisational Changes**

Your principal 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.



### **Step 3** **Appointing Independent Directors**

You will have to appoint independent directors to your company's Board of Directors as required under Bursa Malaysia's Listing Requirements. There must be at least two independent directors or one-third of the members of your Board, whichever is higher.



**Step  
4**

## **Method of Listing and Valuation**

Together with your principal 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.



**Step  
5**

## **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 Prospectus, 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.



**Step  
6**

## **Submission and Review**

The review of your listing application and Prospectus will begin following the submission of the application documents. Your Prospectus (for listing on the Main Market and ACE Market) 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 principal adviser may need to attend to questions and enquiries from the regulators. During the process, you may have to amend your Prospectus for enhanced disclosure.



**Step  
7**

## **Approvals**

For Main Market listing application, you will be issued a letter of approval for the IPO and an approval-in-principle 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.



**Step  
8**

## **Registration of the Prospectus**

Once your company receives the approval for IPO, your company must now prepare to register its Prospectus. This includes making any necessary changes and updates. Your DDWG will need to conduct a final legal verification meeting before the registration of Prospectus. Once you have finalised your Prospectus, it will then need to be printed and distributed to the public.

After receiving the green light for the IPO, you may also finalise an underwriting agreement between your adviser and your company, if you deem it necessary. An underwriting agreement is where the underwriter will guarantee a certain price for a certain number of shares to the soon-to-be listed company for a fee. With an underwriting agreement, you will be assured of raising at least a pre-determined minimum amount from your listing exercise.





### **Investor Briefings**

Once your Prospectus is issued to the public, the offer period begins. This is the time when you will need to start your IR campaign. IR activities can include road shows, briefings and presentations to investors by the company's directors and promoters. IR initiatives are best complemented by a robust PR campaign spearheaded by your PR firm.



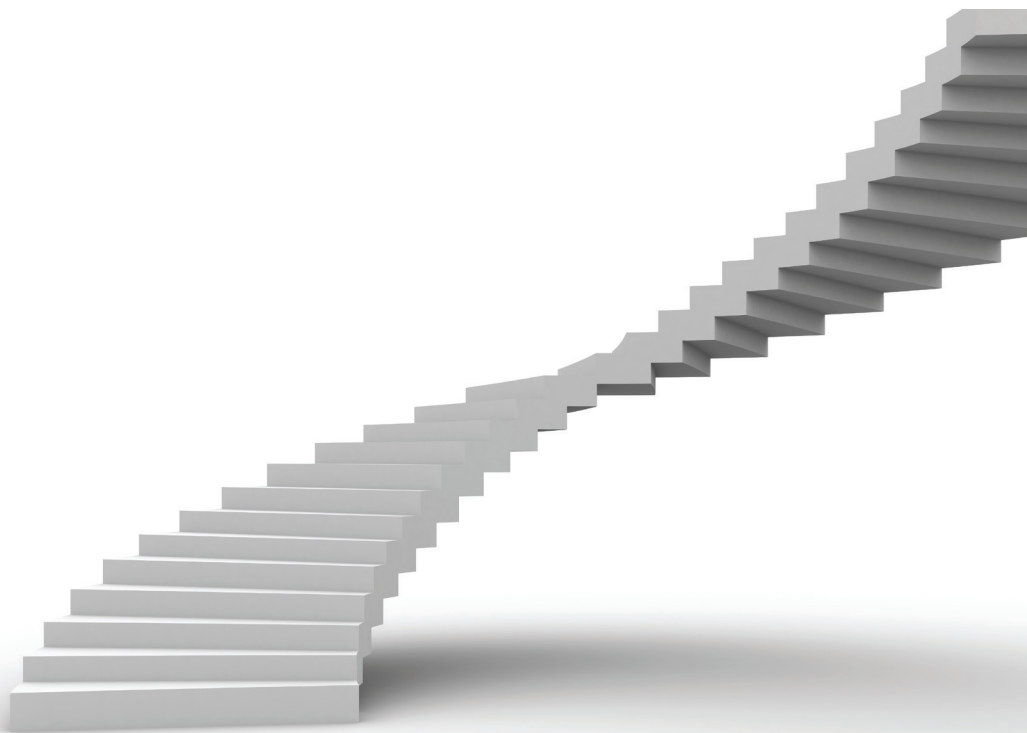
### **Balloting Process**

Once the offer period ends, balloting of the applications will commence. Your company's shares will subsequently be allotted to successful applicants.



### **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.



## Timeline

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.

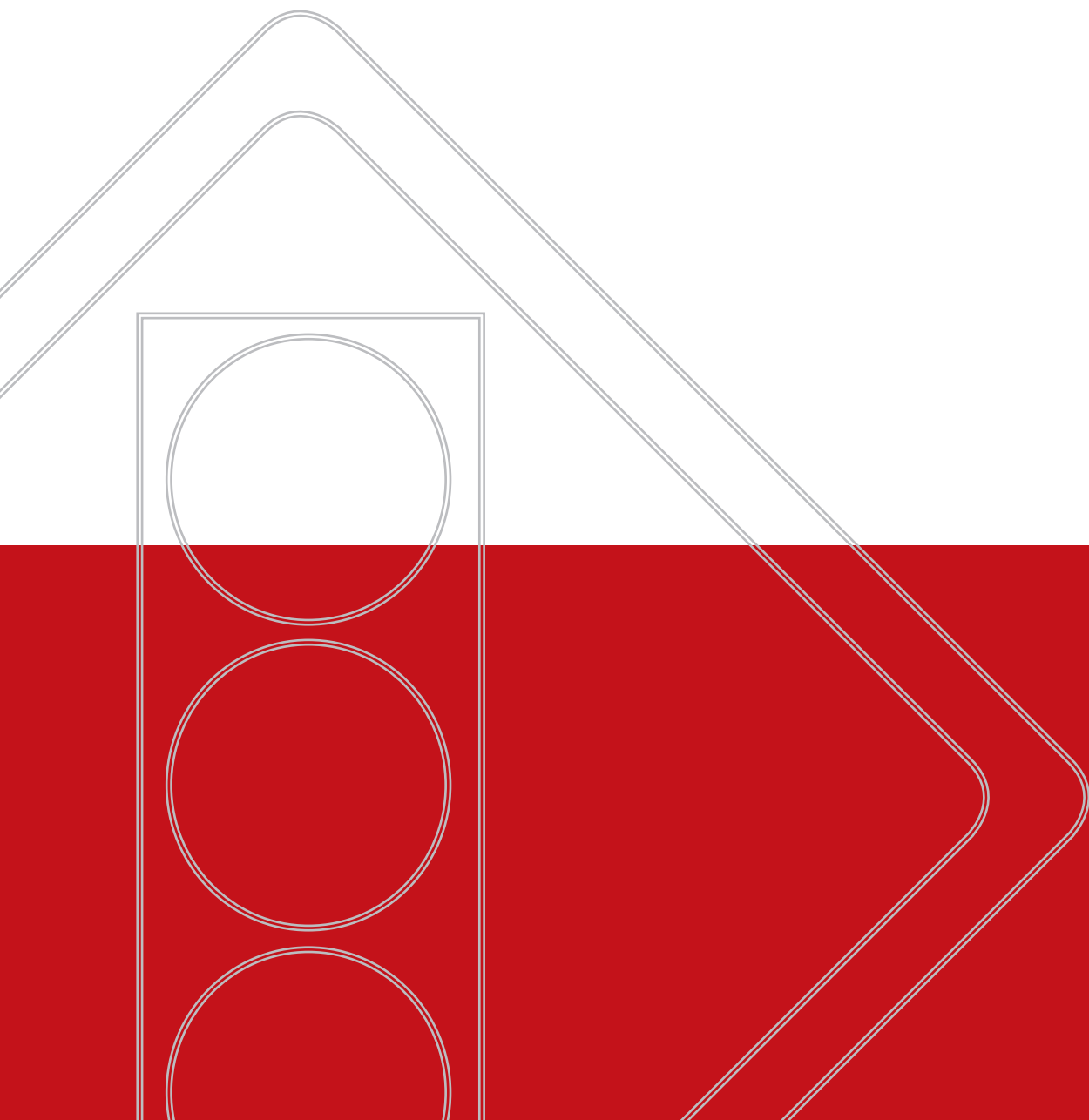
A company applying for admission to the ACE Market can only do so through a Sponsor. It is a pre-requisite for companies to be listed on the ACE Market to secure and maintain the services of a Sponsor for at least three full financial years after listing. A Sponsor submitting the application for the listing of a company must act as its Sponsor for at least one full financial year after listing. The list of Sponsors can be obtained from Bursa Malaysia's website [www.bursamalaysia.com](http://www.bursamalaysia.com)

The timeline below gives you an estimated indication of the duration of your listing process from start to finish:



### 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 which should not be more than 6 months from the date of submission/ registration of Prospectus.



# AFTER A SUCCESSFUL LISTING



# AFTER A SUCCESSFUL LISTING

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**Excellence is the gradual result of always striving to do better.**

*- Pat Riley. Former basketball player and coach in the NBA*

You have seized the opportunity and have 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 or 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 the following financial information:

- quarterly report to be released within two months from the end of each financial quarter;
- audited accounts to be released within four months from the financial year end; and
- annual report (containing the audited accounts) to be released within six months from the financial year end.

- **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 and Extraordinary General Meetings, to vote, to nominate and elect directors of your company and to have a say on their remuneration.

In general, the interest of minority shareholders is protected by the appointment of independent directors as board members in your company.

- **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.



# TO CONCLUDE...

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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 a principal adviser from the list on Bursa Malaysia's website **[www.bursamalaysia.com](http://www.bursamalaysia.com)**

You can also email your enquires to **[listing@bursamalaysia.com](mailto:listing@bursamalaysia.com)**