



Smart decisions. Lasting value.

# Listing your company on Bursa Malaysia

IPOs in 2020

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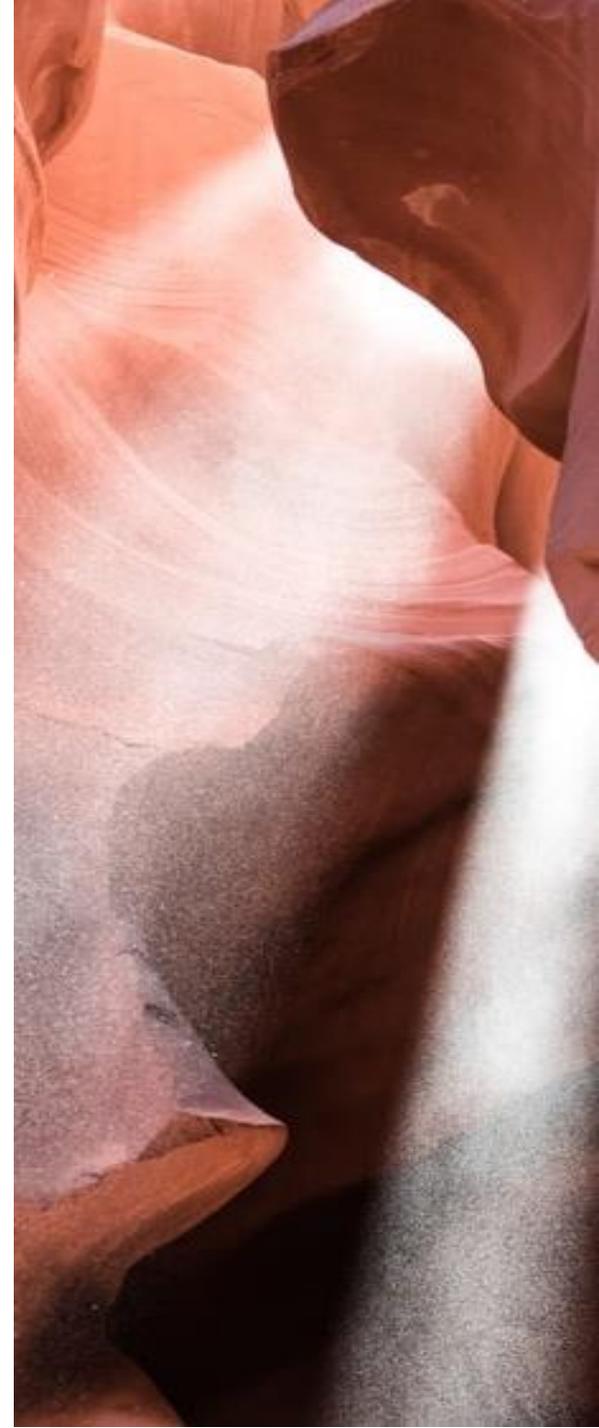
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# 1. Introduction

We live in interesting times where wealth can be created in numerous ways. One of them is to list a company.

A listed company's shares become a form of currency which can be used for a variety of purposes. An example would be to use the shares as currency for the acquisition of businesses to grow the listed company. A bigger and more competitive company is always more attractive to future investors.

In a nutshell, success builds upon success. Many other opportunities will also follow. Access to capital is not only restricted to issuing of shares but to having access to the capital market by way of bonds, convertible loan stocks, etc.

Truly, one just needs some imagination to be able to harness the power of the stock exchange.

We are honored to share with you in this publication some of our knowledge on IPOs based on our many years of experience in this field as IPO advisers, reporting accountants, listed company auditors, listed company tax consultants and listed company internal auditors.

If you are contemplating an IPO, please feel free to contact us for a chat. We will be most glad to travel on this interesting journey with you. Like the quote says **“If you want to go fast go alone. If you want to go far go together.”**

Together, we can work to make your IPO a great success!



**Onn Kien Hoe**  
Partner, Corporate Advisory

# **2. How to list on Bursa Malaysia?**

## 2. How to list on Bursa Malaysia?

On how to list, we tabulate below the criteria for listing and the process involved.

### 2.1 General view of criteria

All listing candidates have to meet certain criteria whether quantitative or qualitative. Details of criteria which are not elaborated in this report can be found in the Bursa Malaysia website.

	Quantitative criteria	Qualitative criteria	Additional criteria for foreign companies	Key listing criteria
1. <b>LEAP Market</b> – primary listing	Yes	Yes	-	-
2. <b>ACE Market</b> – primary listing	Yes	Yes	Yes	-
3. <b>Main Market</b> – primary listing	Yes	Yes	Yes	-
4. <b>Main Market</b> – secondary listing	-	Yes	-	-
5. <b>Main Market</b> - Special Purpose Acquisition Companies (SPAC)	-	-	-	Yes

## 2.2 Criteria for listing

Bursa Malaysia has 3 markets on which companies can be listed - LEAP, ACE and Main Market. The 3 markets cater to different sizes of companies. Details of the criteria for listing are as follows:

Main	ACE	LEAP
<b>2.2.1 Quantitative Admission Criteria</b>		
<p>A company to be listed on the Main Board has to meet either the profit test or the market capitalisation test below.</p> <p><b>a) Profit Test</b></p> <ul style="list-style-type: none"> <li>• Uninterrupted profit of 3 to 5 full financial years (“FY”), with aggregate after-tax profit of at least RM20 million;</li> <li>• After-tax profit of at least RM6 million for the most recent FY; and</li> <li>• Have been operating in the same core business over at least the profit track record years prior to submission.</li> </ul> <p><b>b) Market Capitalisation Test (expected market capital value on listing)</b></p> <ul style="list-style-type: none"> <li>• A total market capitalisation of at least RM500 million upon listing; and</li> <li>• Incorporated and generated operating revenue for at least one full FY prior to submission.</li> </ul> <p><b>2.2.1.2 An Infrastructure Project Corporation has to meet the criteria below:</b></p> <p><b><u>Infrastructure Project Corporation Test</u></b></p> <ul style="list-style-type: none"> <li>• Must have the right to build and operate an infrastructure project in or outside Malaysia, with project costs of not less than RM500 million; and</li> <li>• The concession or licence for the infrastructure project has been awarded by a government or a state agency, in or outside Malaysia, with a remaining concession or licence period of at least 15 years from the date of submission.</li> </ul>	<p>No minimum operating track record or profit requirement. In practice, a profit of RM3 million to RM4 million is required.</p>	<p>No minimum operating track record or profit requirement. In practice, a profit record is required to facilitate valuation of the IPO shares.</p>

## 2.2 Criteria for listing (cont'd)

Main	ACE	LEAP									
<b>2.2.2 Public Spread</b> This refers to the percent of shares that must be sold to the public and the minimum number of shareholders that a listed entity must have.											
At least 25% of the company's total number of shares; and a minimum of 1,000 public shareholders holding not less than 100 shares each.	At least 25% of the company's total number of shares; and a minimum of 200 public shareholders holding not less than 100 shares each.	At least 10% of the company's total number of ordinary shares at admission.									
<u>With effect from 1 March 2021</u> Bursa may consider a lower public spread if the company applies to Bursa with the following <b>quantitative and qualitative</b> criteria met:		Not applicable									
<table border="1"> <thead> <tr> <th>Quantitative</th> <th>Market Capitalisation</th> <th>Min Lower Spread</th> </tr> </thead> <tbody> <tr> <td></td> <td>&gt;RM1 bil up to RM3 bil</td> <td>20%</td> </tr> <tr> <td></td> <td>&gt;RM3 bil</td> <td>15%</td> </tr> </tbody> </table>	Quantitative	Market Capitalisation	Min Lower Spread		>RM1 bil up to RM3 bil	20%		>RM3 bil	15%	<ol style="list-style-type: none"> <li><b>Sufficient liquid market</b> – consider the concentration, number of securities and spread between bid and ask price of trade volume.</li> <li><b>Orderly and fair trading</b> – any queries on Unusual Market Activity (UMA) and indication of manipulative activities.</li> <li><b>Satisfactory corporate governance conduct and compliance record</b> – Any enforcement / action against the company or its directors by authorities (including Securities Commission).</li> <li><b>Reasonable justification for the lower public spread</b> – e.g. actual non-compliance beyond control of listed company, controlling shareholder or its directors.</li> </ol>	
Quantitative	Market Capitalisation	Min Lower Spread									
	>RM1 bil up to RM3 bil	20%									
	>RM3 bil	15%									

## 2.2 Criteria for listing (cont'd)

Main	ACE	LEAP
<p><b>2.2.3 Bumiputera Equity Requirement*</b> This refers to the % of IPO shares that must be allocated to the Bumiputeras for subscription in an IPO.</p>		
<p>Allocation of 50% of the public spread requirement to Bumiputera investors at the point of listing.</p>	<p>No requirement at the point of listing.</p> <p>Allocation of 12.5% of the enlarged share capital to Ministry of International Trade and Industry (MITI) for subscription by recognised Bumiputera investors.</p> <p>Allocation must be done within 1 year after achieving Main Market profit track record, or 5 years after being listed on ACE Market, whichever is the earlier.</p>	<p>No requirement at the point of listing.</p>
<p>* <i>Companies with Multimedia Super Corridor (MSC) status, BioNexus status and companies with predominantly foreign-based operations are exempted from the Bumiputera equity requirement.</i></p>		
<p><b>2.2.4 Sponsorship pre and post-listing</b> This refers to the appointment of a sponsor to advise and support a listing under the Bursa Listing Rules.</p>		
<p>Not applicable. Although a sponsor is not required, an Adviser is required.</p>	<p>Engage a Sponsor to assess the suitability for listing. Sponsorship is required for at least 3 full financial years post listing and the Sponsor who submitted the listing application must act as the Sponsor for at least 1 full financial year following admission.</p> <p>For ACE Market corporations that have met the Main Market admission criteria, sponsorship is for one full financial year.</p>	<p>Engage an Approved Adviser to assess the suitability for listing.</p> <p>Secure and maintain a Continuing Adviser for at least 3 years post listing and the Approved Adviser who submitted the listing application must act as the Continuing Adviser for at least 1 financial year after admission.</p>

## 2.2 Criteria for listing (cont'd)

Main	ACE	LEAP
<b>2.2.5 Core Business</b>		
<p>An identifiable core business in which the listing candidate has majority ownership and management control.</p> <p>Core business must not be holding of investments in other listed companies.</p>	<p>Core business must not be holding of investments in other listed companies.</p>	<p>A clearly identifiable core business.</p>
<b>2.2.6 Management Continuity and Capability</b>		
<p>Continuity of substantially the same management for at least 3 full financial years prior to submission; or</p> <p>For market capitalisation test or infrastructure project corporation test, continuity is for the period since the commencement of operations (if less than 3 full financial years).</p>	<p>Continuity of substantially the same management for 3 full financial years prior to submission or since its incorporation (if less than 3 full financial years).</p>	<p>Not applicable.</p>
<b>2.2.7 Financial Position &amp; Liquidity</b>		
<ul style="list-style-type: none"> <li>• Sufficient level of working capital for at least 12 months from the date of prospectus;</li> <li>• Positive cash flow from operating activities for listing via profit test and market capitalisation test; and</li> <li>• No accumulated losses based on its latest audited financial statements for listing via profit test.</li> </ul>	<p>Sufficient level of working capital for at least 12 months from the date of prospectus.</p>	<p>Not applicable.</p>

## 2.2 Criteria for listing (cont'd)

Main	ACE	LEAP
<b>2.2.8 Moratorium on Shares</b> This refers to the period during which the IPO shares are not allowed to be disposed of.		
<p>Applies to promoters' entire shareholdings for 6 months from the date of admission.</p> <p>Subsequent sell down is allowed with conditions for companies listed under infrastructure project corporation test.</p>	<p>Applies to promoters' entire shareholdings for 6 months from the date of admission.</p> <p>Subsequently, at least 45% must be retained for another 6 months and thereafter, further sell down is allowed on a staggered basis over a period of 3 years.</p> <p>Moratorium applies to promoters of ACE Market corporations that have met the Main Market admission criteria for a period of 6 months from the date of admission.</p>	<p>Applies to promoters' entire shareholdings for 12 months from the date of admission.</p> <p>Subsequently, at least 45% must be retained for another 36 months.</p>
<b>2.2.9 Transactions with Related Parties</b>		
<p>Must be based on terms and conditions which are not unfavourable to the company.</p> <p>All trade debts exceeding the normal credit period and all non-trade debts, owing by the interested persons to the company or its subsidiary companies must be fully settled prior to listing.</p>	<p>Must be based on terms and conditions which are not unfavourable to the company.</p> <p>All trade debts exceeding the normal credit period and all non-trade debts, owing by the interested persons to the company or its subsidiary companies must be fully settled prior to listing.</p>	<p>Must be based on terms and conditions which are not unfavourable to the company.</p> <p>All trade debts exceeding the normal credit period and all non-trade debts, owing by the interested persons to the company or its subsidiary companies must be fully settled prior to listing.</p>
<b>2.2.10 Additional Requirements for: Mineral, Oil and Gas Exploration and Extraction Corporations or Assets</b>		
<p>Sufficient level of working capital for at least 18 months from the date of prospectus.</p>	<p>Not applicable.</p>	<p>Not applicable.</p>

## 2.2 Criteria for listing (cont'd)

Main	ACE	LEAP
<b>2.2.11 Type of Investors</b> This refers to the type of investors who are allowed to subscribe for the IPO shares.		
Members of the public.	Members of the public.	Only Sophisticated Investors (as prescribed under the Capital Markets and Services Act 2007) are allowed to subscribe.
<b>2.2.12 Place of Incorporation</b>		
From a jurisdiction with standards of laws and regulations equivalent to those in Malaysia, particularly with respect to: corporate governance; shareholders and minority interest protection; and regulation of take-overs and mergers.  The company making variations to its constituent documents has to provide those standards (if the jurisdiction does not provide comparable standards above and such variations are possible).		The rules are silent on this but in practice, the rules for ACE should apply.
<b>2.2.13 Approval of Regulatory Authorities of Foreign Jurisdiction</b>		
Prior approval of all relevant regulatory authorities of the jurisdiction(s) in which the listing candidate is incorporated or carries out its core business operations before issuing its prospectus.		The rules are silent on this but in practice, the rules for ACE should apply.
<b>2.2.14 Registration</b>		
Must be registered as a foreign company under the Companies Act 2016.		The rules are silent on this but in practice, the rules for ACE should apply.
<b>2.2.15 Accounting Standards</b>		
Accounting standards must be in accordance with the Financial Reporting Act 1997, which include International Accounting Standards.		The rules are silent on this but in practice, the rules for ACE should apply.

## 2.2 Criteria for listing (cont'd)

Main	ACE	LEAP
<b>2.2.16 Auditing Standards</b>		
Standards applied in Malaysia or International Standards of Auditing.		The rules are silent on this but in practice, the rules for ACE should apply.
<b>2.2.17 Translation of Documents</b>		
All documents to be submitted to the authorities (including financial statements), which are in a language other than English, must be accompanied by a certified English translation.		The rules are silent on this but in practice, the rules for ACE should apply.
<b>2.2.18 Valuation Of Assets</b>		
Standards applied in Malaysia or International Valuation Standards.		The rules are silent on this but in practice, the rules for ACE should apply.
<b>2.2.19 Currency Denomination</b>		
The applicant is required to consult Bursa Malaysia and obtain approval of Bank Negara Malaysia for quotation of securities in a foreign currency.		The rules are silent on this but in practice, the rules for ACE should apply.
<b>2.2.20 Resident Directors</b>		
<p>Companies with predominantly Malaysian-based operations must have a majority of directors whose principal or only place of residence is in Malaysia.</p> <p>Companies with predominantly foreign-based operations must have at least two independent directors whose principal or only place of residence is in Malaysia and at least one of these directors must be a member of the company's audit committee.</p>		The rules are silent on this but in practice, the rules for ACE should apply.

## 2.3 Listing of Special Purpose Acquisition Companies (“SPAC”)

Main	ACE	LEAP
<b>2.3.1 Listing Board</b>		
SPAC is allowed to be listed on Main Market only.	-	-
<b>2.3.2 Place of Incorporation</b>		
Must be incorporated in Malaysia under the Companies Act 2016.	-	-
<b>2.3.3 Minimum Funds Raised</b>		
RM150 million.	-	-
<b>2.3.4 Management Team Credibility</b>		
Members of its management team must have the experience, qualification and competence to: a) Achieve the SPAC’s business objective and strategy disclosed in the prospectus; and b) Perform their individual roles, including understanding of the nature of their obligations and those of the SPAC.	-	-
<b>2.3.5 Management Team Ownership</b>		
Must in aggregate own at least 10% equity interest in the SPAC on the date of its listing.	-	-

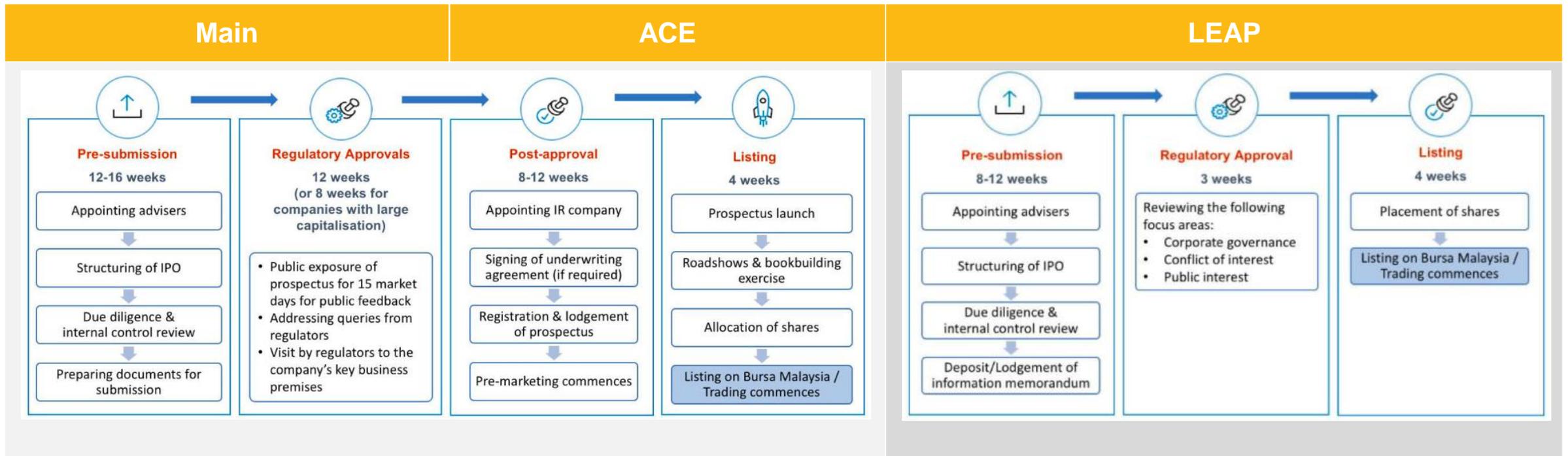
## 2.3 Listing of SPAC (Cont'd)

Main	ACE	LEAP
<b>2.3.6 Moratorium on Securities</b>		
<p>Management team's entire interest from date of listing until completion of the qualifying acquisition.</p> <p>Upon completion of the qualifying acquisition, sell down is allowed on a staggered basis over a period of two years.</p>	-	-
<b>2.3.7 Management of Proceeds</b>		
<p>Must place at least 90% of the gross proceeds raised in a trust account and may only be released by the custodian upon termination of the trust account.</p> <p>At least 80% of the amount in trust account to be used for qualifying acquisition.</p>	-	-
<b>2.3.8 Qualifying Acquisition</b>		
<p>Must complete qualifying acquisition within 36 months from the listing date.</p>	-	-

## 2.4 Listing process

The listing process is shown below and the time frame from submission of the listing documents to the Securities Commission until actual listing can be up to 7 months.

The diagrams below are obtained from Bursa Malaysia's website and publications.



Source: Bursa Malaysia

## 2.4 Listing process (cont'd)

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



Source: Bursa Malaysia

# **3. How much can you raise in an IPO?**

# 3. How much can you raise in an IPO?

## 3.1 Proceeds from an IPO

The proceeds that can be raised in an IPO will depend on the valuation of your company and the percentage of the total shares that will be sold to the public.

**Amount raised**

**= Valuation of your company (say RM80 mil) x % sold to the public (say 25%)  
= RM20 million**

## 3.2 Valuation of your company

The valuation of your company depends on the profit track record, the nature of the business, the growth rate of your company in terms of turnover and profits, dividend policy and many other factors. Eventually, based on these factors, investors will arrive at an earnings multiple to be placed on your company known as the Price Earnings (PE) ratio. The PE ratio should be comparable to companies in your industry which are already listed on the stock exchange, after adjusting for discounts or uplifts to take into consideration certain factors eg competitive strengths, size of your company, management quality and etc.

To arrive at the valuation, this PE ratio will be multiplied by your company's profit after tax (PAT). The PAT is usually the sustainable PAT in the coming year.

**Valuation**

**= PE ratio (say 8 times) x profit after tax (say RM10 mil) = RM80 million**

### 3.3 Recipient of the IPO proceeds

The proceeds of the IPO can flow either to your company or to the shareholders of your company depending on whether the sale of shares to the public is a public issue or an offer for sale. In a public issue, your company will be issuing new shares to the public, in which event, the proceeds from the new issue will flow to your company. However, if the shares to be sold to the public are from the existing shareholders who wish to sell down their existing shareholding, the proceeds from the offer for sale will flow to the shareholders of your company.

**Proceeds flowing  
to your company**

**= new issue of shares (say 6 million shares) x IPO share price (say RM2 each)  
= RM12 million**

**Proceeds flowing  
to the shareholders  
of your company**

**= offer for sale (say 4 million shares) x IPO share price (say RM2 each)  
= RM8 million**

**Total proceeds from the IPO = RM20 million.**

In most cases, an IPO would involve a public issue solely or a combination of both public issue and offer for sale. It is very rare for the IPO to consist solely of an offer for sale.

# **4. What are the costs of listing?**

# 4. What are the costs of listing?

The costs of listing depend on a number of factors which are principally the size of the listing and the market listed on. A summary of the main costs involved are as follows:

## 4.1 Expenses

	Type of expense	Basis of expense
1.	Bursa processing fee	
	a) Main Market	RM80,000 & 0.05% of the total market value of securities to be listed and nominal value of any additional securities issued or to be issued subject to a maximum of RM800,000 (inclusive of fees for review of asset valuation, if any)
	a) Ace Market	RM30,000
	a) LEAP Market	RM9,000
2.	Fee for registration of prospectus payable to Securities Commission	RM15,000 for Main Market and Ace Market
3.	Fee for lodgment of Information Memorandum (LEAP)	RM500
4.	Initial listing fee	a) Main Market and Ace Market – 0.01% of the total market value of share capital (Minimum of RM10,000 for ACE Market and RM20,000 for Main Market; and maximum of RM20,000 for ACE Market and RM200,000 for Main Market). b) LEAP Market - RM3,000

## 4.1 Expenses (cont'd)

Type of expense	Basis of expense
5. Annual listing fee	a) Main Market – 0.0025% of the total market value of share capital (Minimum of RM20,000 and maximum of RM100,000). b) Ace Market - 0.012% of the total market value of share capital (Minimum of RM10,000 and maximum of RM20,000). c) LEAP Market - RM5,000
6. Professional fees (legal advisers, reporting accountants, auditors, valuers, company secretary, internal auditors, independent market researchers, etc)	Volume of work and complexity involved
7. Issuing house	Volume of work and complexity involved
8. Investment Bank's fees	
a) Advisory fee	Volume of work and complexity involved
a) Underwriting and placement fee	Usually 2% of shares underwritten or placed
a) Brokerage fee	Usually 1% of shares offered to Malaysian public via ballot
9. Printing charges, advertising and miscellaneous	As incurred

## 4.2 Overall estimated costs of listing

Type of fees	Main	ACE	LEAP
Approximate minimum fees	RM4+ million	RM3 mil to RM4 mil	RM1 mil to RM2 mil

## 4.3 Advisers

Adviser	Role	Main	ACE	LEAP
1. Adviser or sponsor	To advise on the IPO and submit the application to the SC and Bursa	Yes - Adviser	Yes - Sponsor	Yes – Approved Adviser
2. Legal adviser	To advise on the legal issues in the IPO and ensure that they are properly dealt with	Yes	Yes	Yes
3. Reporting accountants	To issue an Accountant's Report for incorporation into the Prospectus	Yes	Yes	Yes in practice but not stipulated in the Listing Rules
4. Auditors	To audit the financial statements and ensure they meet Malaysian Financial Reporting Standards. Auditors have to be AOB registered partners and firms.	Yes	Yes	Yes
5. Valuer	To value the properties of the listing candidate, if applicable	Yes	Yes	Yes
6. Independent market researcher	To perform an independent market research on the business of the listing candidate	Yes	Yes	Yes in practice but not stipulated in the Listing Rules
7. Company secretary	To manage the secretarial records and registers of the listed company	Yes	Yes	Yes
8. Book running agent	To act as the lead underwriter and marketing agent for large IPOs	Maybe	Not likely	No
9. Placement agent	To sell the IPO shares privately to the placement agent's clients	Maybe	Maybe	Maybe
10. Underwriter	To assume the risk of buying the entire inventory of shares issued in the IPO and sell it to the public at the IPO price	Yes	Yes	No
11. Issuing house	To manage the applications for shares issued to the public including the balloting process	Yes	Yes	No

# **5. IPOs on Bursa Malaysia in 2020**

# IPOs on Bursa Malaysia in 2020

Company information			Shares for sale				Listing info			Performance stats in prospectus / info memo			Share price info						IPO costs vs funds raised			Others
	Company	Nature of business	Public issue ('000 units)	Offer for sale ('000 units)	Pte placement ('000 units)	Total shares sold ('000 units)	Market	Issued capital ('000 units)	Listing date	Financial year before IPO (audited)	Revenue RM'000 in yr before IPO (audited)	PAT RM'000 in yr before IPO (audited)	Issue price RM	Share price on listing day	EPS (PAT before IPO/enlarged cap)	PE based on issue price & enlarged cap	Gain/(Loss) on listing (%)	Market cap after listing (RM'000)	IPO costs (RM'000)	Proceeds from IPO (RM '000)	IPO costs / funds raised	RA / auditors
1	ICT ZONE ASIA BERHAD	ICT equipment trading, leasing and services	-	-	-	-	LEAP	533,758	15-Dec-20	31.01.2020	38,910	3454	0.16	0.18	0.0065	24.73	13%	96,076	472	-	N/A	
2	ECONFRAME BERHAD	Manufacturing of doors	65,000	32,500	-	97,500	ACE	325,000	27-Oct-20	31.08.2019	44,089	8,135	0.28	0.37	0.0250	11.19	32%	120,250	3,000	27,300	11%	
3	MR D.I.Y. GROUP (M) BERHAD	Retail of home improvement products	188,400	753,090	-	941,490	Main	6,276,600	26-Oct-20	31.12.2019	2,275,587	317,568	1.60	1.75	0.0506	31.62	9%	10,984,050	25,300	1,506,384	2%	
4	ANEKA JARINGAN HOLDINGS BERHAD	Construction and civil engineering works	139890	-	-	139,890	ACE	538100	20-Oct-20	31.08.2019	221172	20,134	0	0.29	0.037416837	8.8196	-0.12	15604900%	4,600	46,164	0	
5	SOUTHERN CABLE GROUP BERHAD	Manufacturer of cables	209,348	20,000	-	229,348	ACE	800,000	16-Oct-20	31.12.2019	656,687	28,549	0.34	0.33	0.0357	9.53	-3%	264,000	4,500	77,978	6%	
6	SAMAIDEN GROUP BERHAD	Contractor for solar photovoltaic systems	61,155	-	-	61,155	ACE	210,000	15-Oct-20	30.06.2020	76,170	7,229	0.48	0.805	0.0344	13.94	68%	169,050	3,200	29,354	11%	Crowe
7	OPTIMAX HOLDINGS BERHAD	Provision of eye specialist services	70,000	-	-	70,000	ACE	270,000	18-Aug-20	31.12.2019	62,619	8,739	0.30	0.685	0.0324	9.27	128%	184,950	3,600	21,000	17%	
8	REDPLANET BERHAD	Provision of geographic information sytems and ICT systems	-	-	19,930	19,930	LEAP	159,397	4-Aug-20	30.06.2019	15,229	2,926	0.22	0.32	0.0184	9.81	78%	51,007	1,000	4,385	23%	Crowe

# IPOs on Bursa Malaysia in 2020

Company information			Shares for sale				Listing info			Performance stats in prospectus / info memo			Share price info						IPO costs vs funds raised			Others
	Company	Nature of business	Public issue ('000 units)	Offer for sale ('000 units)	Pte placement ('000 units)	Total shares sold ('000 units)	Market	Issued capital ('000 units)	Listing date	Financial year before IPO (audited)	Revenue RM'000 in yr before IPO (audited)	PAT RM'000 in yr before IPO (audited)	Issue price RM	Share price on listing day	EPS (PAT before IPO/enlarged cap)	PE based on issue price & enlarged cap	Gain/ (Loss) on listing (%)	Market cap after listing (RM'000)	IPO costs (RM'000)	Proceeds from IPO (RM '000)	IPO costs / funds raised	RA / auditors
9	AURORA ITALIA INTERNATIONAL BERHAD	Design and manufacturing of jewellery	-	-	30,605	30,605	LEAP	306,050	24-Jul-20	31.03.2019	13,805	2,105	0.10	0.18	0.0069	14.54	80%	55,089	1,000	3,061	33%	
10	TCS GROUP HOLDINGS BERHAD	Contractors for construction services	90,000	18,000	-	108,000	ACE	360,000	23-Jul-20	31.12.2019	358,424	15,657	0.23	0.45	0.0435	5.29	96%	162,000	3,500	24,840	14%	
11	OCEAN VANTAGE HOLDINGS BERHAD	Provision of support services for oil and gas industry	82,200	41,100	-	123,300	ACE	411,000	22-Jul-20	31.12.2019	58,284	6,917	0.26	0.53	0.0168	15.45	104%	217,830	3,000	32,058	9%	
12	RESERVOIR LINK ENERGY BHD	Provision of well services for oil and gas industry	57,126	31,000	-	88,126	ACE	285,000	15-Jul-20	31.12.2019	80,031	9,713	0.41	0.515	0.0340	12.07	26%	146,775	3,500	36,132	10%	Crowe
13	POLYDAMIC GROUP BERHAD	Manufacture and sale of air pollution control solutions	-	-	13,236	13,236	LEAP	88,236	23-Mar-20	30.06.2019	15,953	1,501	0.18	0.20	0.0170	10.58	11%	17,647	1,100	2,382	46.18%	
14	ACO GROUP BERHAD	Distribution of electrical products and accessories	58,000	25,000	-	83,000	ACE	300,000	18-Mar-20	28.02.2020	134,287	7,835	0.28	0.16	0.0261	10.72	-43%	48,000	3,300	23,240	14.20%	
15	COSMOS TECHNOLOGY INTERNATIONAL BERHAD	Distribution and servicing of fluid control products and manufacturing of metal parts	-	-	19,240	19,240	LEAP	192,376	9-Mar-20	30.04.2019	44,078	5,280	0.28	0.365	0.0274	10.20	30%	70,217	1,000	5,387	18.56%	
16	INNATURE BERHAD	Retailing and distribution of The Body Shop products	74,074	103,200	-	177,274	Main	705,881	20-Feb-20	31.12.2018	184,474	45,625	0.68	0.66	0.0646	10.52	-7%	447,458	6,370	120,570	5.28%	

## IPOs on Bursa Malaysia in 2020

Company information			Shares for sale				Listing info			Performance stats in prospectus / info memo			Share price info						IPO costs vs funds raised			Others
	Company	Nature of business	Public issue ('000 units)	Offer for sale ('000 units)	Pte placement ('000 units)	Total shares sold ('000 units)	Market	Issued capital ('000 units)	Listing date	Financial year before IPO (audited)	Revenue RM'000 in yr before IPO (audited)	PAT RM'000 in yr before IPO (audited)	Issue price RM	Share price on listing day	EPS (PAT before IPO/enlarged cap)	PE based on issue price & enlarged cap	Gain/ (Loss) on listing (%)	Market cap after listing (RM'000)	IPO costs (RM'000)	Proceeds from IPO (RM '000)	IPO costs / funds raised	RA / auditors
17	POWERWELL HOLDINGS BERHAD	Design, manufacturing and trading of electricity distribution products	87,400	58,055	-	145,455	ACE	580,552	22-Jan-20	31.12.2018	105,352	12,134	0.25	0.285	0.0209	11.96	14%	165,457	4,100	36,340	11.28%	
18	ACE INNOVATE ASIA BERHAD	Gold bullion trading	-	-	39,000	39,000	LEAP	300,033	7-Jan-20	31.12.2018	1,088,729	4,754	0.26	0.33	0.0158	16.41	27%	99,011	920	10,140	9.07%	
19	SUPERGENICS BERHAD	Development of clean rooms	-	-	25,000	25,000	LEAP	93,000	6-Jan-20	31.12.2018	6,656	1,518	0.20	0.28	0.0163	12.25	40%	26,040	1,000	5,000	20.00%	

# 7 facts about IPO listings on Bursa Malaysia in 2020



Total of **19 listings** in 2020

[30 listings in 2019]

LEAP Market **7** listings  
ACE Market **10** listings  
Main Market **2** listings



Total of **RM2.01 bil** IPO funds raised

[RM1.97 bil in 2019]



Market capitalization **RM13.48 billion**

[RM7.92 billion in 2019]



**13.1** Average PE of the IPOs

[16.19 in 2019]

LEAP Market **14.1** average PE  
ACE Market **10.8** average PE  
Main Market **21.1** average PE



**30%** Average gains on listing

[18% in 2019]

LEAP Market **40%**  
ACE Market **41%**  
Main Market **1%**



**3.7%** Average listing costs as % of funds raised

[14% in 2019]

LEAP Market **21%**  
ACE Market **10%**  
Main Market **2%**



Average turnover of IPOs

**RM 288 mil**

[RM275 million in 2019]

LEAP Market **RM175m & RM3.1m**  
ACE Market **RM180m & RM12.5m**  
Main Market **RM1,230m & RM181.6m**

Profit After Tax

**RM 27 mil**

[RM20 mil in 2019]



Crowe had the **2<sup>nd</sup>** highest no. of IPOs (3) amongst the accounting firms in Malaysia

# 5. What can Crowe do for you in an IPO?

Crowe Malaysia is glad to be of service to you in your IPO. We are able to act in the following capacities:

## a) LEAP Adviser to list a company on the LEAP Market

Crowe Advisory Sdn Bhd is an Approved Advisor for the LEAP Market of the Bursa Malaysia. As an Approved Advisor, we are authorized to carry out both initial listing activities and post-listing activities for IPOs on the LEAP market. This authorization includes submitting IPO applications to the Bursa Malaysia and advising companies for such IPOs.

## b) IPO adviser to advise on preparing a company for an IPO

Embarking on the journey from being a private company to becoming a publicly listed one can be exciting but complex. With strategies to consider, procedures to follow, tasks to complete and decisions to be made at every turn, having trusted consultants whom you can count on every step of the way will be a deciding factor on whether your IPO will make or break.

As the number one IPO leader in Malaysia with over 20 years' experience in successful IPO executions, Crowe Malaysia has assisted public and private company clients in reaching their goals through audit, tax, advisory, risk, and performance services. We are ready to help you overcome the hurdles to becoming a public listed company on the road of the long and demanding IPO process.

## c) Reporting Accountants for an IPO

As 'Reporting Accountants', we provide assurance on the reliability of financial information disclosed in IPO documents prepared for submission to Bursa Malaysia and the Securities Commission of Malaysia. The submission documents take the form of an Information Memorandum for the LEAP Market and a Prospectus for the Main and ACE Market.

## d) External auditors of the IPO company

Generally, all companies are required to circulate their financial statements to shareholders within 6 months from their financial year end and file their audited financial statements with the Companies Commission of Malaysia within thirty days thereafter. Companies which are listed on Bursa Malaysia have additional requirements to file their audited financial statements and annual reports with the Companies Commission of Malaysia and Bursa Malaysia within 4 months of their financial year end.

Crowe Malaysia is uniquely positioned to assist clients to comply with these audit requirements. With 14 offices throughout Malaysia, and our position as the 5th largest accounting firm with more than 1,300 employees, we have the resources, industry knowledge and experience to conduct audits of companies in different industries with multiple business locations, and of different sizes and complexity.

## 5. What can Crowe do for you in an IPO? (cont'd)

### e) Internal auditors for internal audits and Enterprise Risk Management of the IPO company (if Crowe Malaysia are not the external auditors)

Internal audit is an important corporate function to deter corporate fraud and to assess whether company policies and procedures are being followed. Internal audit is a mandatory requirement for all companies listed on the Bursa Malaysia (Malaysian Stock Exchange). Such audits can be conducted in-house or outsourced to a firm such as Crowe Malaysia. In some cases, internal audit may be co-sourced where both the company's own internal audit team and Crowe Malaysia work collaboratively to perform internal audits so as to leverage off Crowe Malaysia's deep expertise.

One of the key requirements of the Malaysian Code on Corporate Governance is for the Board to establish an effective risk management and internal control framework, disclose the key features of the framework and the adequacy and effectiveness of the framework. At Crowe, we help clients develop the framework by identifying significant risks affecting the organization, assessing the risks and developing controls to mitigate and manage these risks. In addition, we can review existing internal control frameworks to assess whether they are still adequate and effective to comply with regulatory requirements, and accordingly, provide our recommendations to address any gaps noted.

### f) Tax consultants for IPOs

IPOs require pre-IPO restructuring, a process that raises significant and costly tax issues if not handled properly. We, at Crowe, have extensive experience in assisting clients manage these tax issues in an IPO. We can also act as corporate tax agents to manage the compliance tax affairs of the IPO company prior to and post listing.



# Talk to us about your IPO aspirations today

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**James Chan**

Partner,  
Audit



**Lee Kok Wai**

Partner,  
Audit



**Onn Kien Hoe**

Partner,  
Corporate Advisory



**Chin Kit Seong**

Partner,  
Audit

# Our Offices (West Malaysia)

## **Kuala Lumpur**

Level 16, Tower C,  
Megan Avenue 2,  
12 Jalan Yap Kwan Seng,  
50450 Kuala Lumpur,  
Malaysia

+603 2788 9898 | Main  
+603 2788 9899 Fax

## **Klang**

Suite 50-3, Setia Avenue,  
No. 2, Jalan Setia Prima  
SU13/S,  
Setia Alam, Seksyen U13,  
40170 Shah Alam,  
Selangor, Malaysia

+603 3343 0730 | Main  
+603 3344 3036 Fax

## **Ipoh**

A-2-16, 2nd Floor, Wisma MFCB  
1, Persiaran Greentown 2  
Greentown Business Centre  
30450 Ipoh, Perak Darul Ridzuan  
Malaysia

+605 238 0411 | Main

## **Penang**

Level 6, Wisma Penang Garden,  
42 Jalan Sultan Ahmad Shah,  
10050 Penang, Malaysia

+604 227 7061 | Main  
+604 227 8011 | Fax

## **Melaka**

52 Jalan Kota Laksamana 2/15,  
Taman Kota Laksamana, Seksyen 2,  
75200 Melaka, Malaysia

+606 282 5995 Main  
+606 283 6449 Fax

## **Johor Bahru**

E-2-3 Pusat Komersial Bayu Tasek,  
Persiaran Southkey 1,  
Kota Southkey,  
80150 Johor Bahru,  
Johor, Malaysia

+607 288 6627 Main  
+607 338 4627 Fax

## **Muar**

8, Jalan Pesta 1/1,  
Taman Tun Dr. Ismail 1,  
Jalan Bakri, 84000 Muar,  
Johor, Malaysia

+606 952 4328 Main  
+606 952 7328 Fax

# Our Offices (East Malaysia)

## **Kuching- iCom Square**

2nd Floor, C378, Block C,  
iCom Square,  
Jalan Pending,  
93450 Kuching,  
Sarawak, Malaysia

+6082 552 688 Main  
+6082 266 987 Fax

## **Kuching- Brighton Square**

2nd Floor,  
Lots 11994 - 11996,  
Brighton Square,  
Jalan Song,  
93350 Kuching,  
Sarawak, Malaysia

+6082 285 566 Main  
+6082 285 533 Fax

## **Miri**

Lot 2395, Block 4,  
Bulatan Business Park,  
Jalan Bulatan Park, 98000 Miri,  
Sarawak, Malaysia

+6085 658 835 Main  
+6085 655 001 Fax

## **Bintulu**

1st floor, Lot 4542-4543,  
Jalan Abang Galau Shophouse,  
Kampung Masjid, 97000 Bintulu,  
Sarawak, Malaysia

+6086 333 328 Main  
+6086 334 802 Fax

## **Labuan**

Lot 36, Block D, Lazenda Centre,  
Jalan OKK Abdullah, P.O. Box  
81599, 87025, Labuan, Malaysia

+6087 417 128 Main  
+6087 417 129 Fax

## **Sibu**

1st & 2nd Floor, No. 1 Lorong  
Pahlawan 7A2, Jalan Pahlawan,  
96000 Sibu, Sarawak, Malaysia

+6084 211 777 Main  
+6084 216 622 Fax

## **Kota Kinabalu**

Damai Plaza 3, 3rd Floor, C11, Jalan  
Damai 88300, P.O. Box 11003,  
88811 Kota Kinabalu, Sabah, Malaysia

+6088 233 733 Main  
+6088 238 955 Fax



## Contact us

Crowe Malaysia PLT  
Level 16, Tower C  
Megan Avenue 2  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia

Tel. +603 2788 9999  
[info@crowe.my](mailto:info@crowe.my)

[www.crowe.my](http://www.crowe.my)

## About Crowe Malaysia PLT

Crowe Malaysia PLT is the 5th largest accounting firm in Malaysia and an independent member of Crowe Global. The firm in Malaysia has 14 offices, employs over 1,300 staff, serves mid-to-large companies that are privately-owned, publicly-listed and multinational entities, and is registered with the Audit Oversight Board in Malaysia and the Public Company Accounting Oversight Board in the US.

## About Crowe Global

Ranked the 8th largest accounting network in the world, Crowe Global has over 250 independent accounting and advisory firms in 146 countries. For almost 100 years, Crowe has made smart decisions for multinational clients working across borders. Our leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide. Their exceptional knowledge of business, local laws and customs provide lasting value to clients undertaking international projects.

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