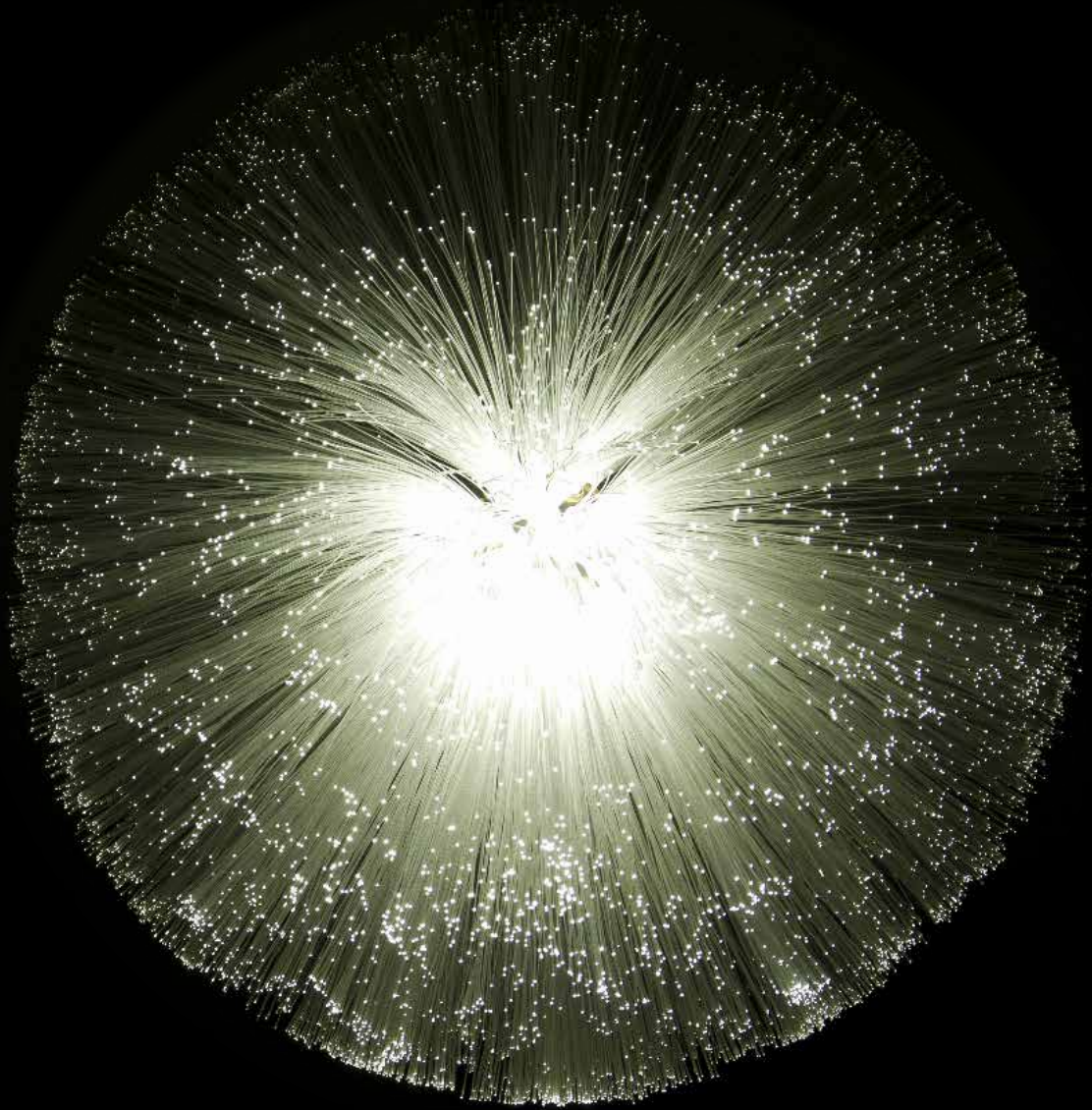


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Audit & Assurance
Global IFRS and Offering Services



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Going public

Turning an enterprise into a publicly traded company through an Initial Public Offering (IPO) is a significant milestone for your company. It calls for the combined efforts of advisers from the accounting, legal, financial advisory and underwriting professions.

We have the right team with the right expertise to assist you to navigate the complex route and become a public listed company.

Our professionals can deliver immediate, comprehensive services for the Bursa Malaysia and other markets such as China Mainland, Hong Kong SAR, New York, NASDAQ, London and Singapore.

Considerations for going public

You need to consider thoroughly before making the decision to take your company public. You should assess the advantages and disadvantages of a listed company before embarking on this significant milestone for your company.

A public listed company has many advantages, including:

- Enhanced access to capital market
- Improved visibility and credibility of the company
- Reduced personal funding and guarantees
- Provide liquidity to shareholders
- Improved corporate governance
- Helps attract and retain talent

A few challenges of a public listed company that the senior management should be aware of are:

- Increased regulatory oversight
- Enhanced reporting requirements
- Increased pressure to grow
- Equity dilution

You must weigh the advantages and disadvantages of going public in tandem with the plans you have for your company. Although this is significant milestone for your company, you should consider alternatives and discuss the matter thoroughly with your accountants, lawyers and other professional advisers.

The time required for a listing varies by company. It depends on the complexity of the corporate structure and their respective activities, and also the listing requirements of the stock exchange. Any company offering securities must comply with that jurisdiction's accounting principles and disclosure requirements, as well as the rules and regulations of the regulatory authorities. There are strict interpretations and frequent changes. Failure to comply may result in, at a minimum, significant time delay to the listing process.

Are you ready to go public?

Companies that are ready to go public generally share a certain number of characteristics. Most of these companies have progressed beyond the start-up phase to a certain size and have become profitable, with prospect of further significant growth.

The public market readily accepts companies that have achieved the following:

- A track record of revenue growth
- Capable leadership
- An experienced and credible management team
- Operations in a strong industry with potential for high performance

Listing criteria on Bursa Malaysia

Quantitative criteria

	Main Market	ACE Market
Companies	Platform for established companies to raise funds	Alternative sponsor driven market designed for companies with growth potential from all business sectors
Mode of Listing:		No minimum operating track record or profit requirement
(a) Profit Test	Uninterrupted profit after tax ("PAT") of 3 - 5 full financial years ("FY"), with aggregate of at least RM20 million; and PAT of at least RM6 million for the most recent full FY	
(b) Market Capitalisation Test	A total market capitalisation of at least RM500 million upon listing; and Incorporated and generated operating revenue for at least 1 full FY prior to submission	
(c) Infrastructure Project Corporation Test	Must have the right to build and operate an infrastructure project in or outside Malaysia: <ul style="list-style-type: none"> • with project costs of not less than RM500 million; and • the concession or licence has been awarded by a government or a state agency, in or outside Malaysia, with remaining concession or licence period of at least 15 years 	
Public spread	At least 25% of the Company's share capital; and Minimum of 1,000 public shareholders holding not less than 100 shares each	At least 25% of the Company's share capital; and Minimum of 200 public shareholders holding not less than 100 shares each
Bumiputera equity requirement*	Allocation of 50% of the public spread requirement to Bumiputera investors on best effort basis	No requirement upon initial listing. Allocation on best effort basis of 12.5% of their enlarged issued and paid-up share capital to Bumiputera investors: <ul style="list-style-type: none"> • within 1 year after receiving Main Market profit track record or • 5 years after being listed on ACE Market, whichever is earlier

* Companies with MSC status, BioNexus status and companies with predominantly foreign-based operations are exempted from the Bumiputera equity requirement.

Quantitative criteria

	Main Market	ACE Market
Sponsorship	Not applicable	Engage a Sponsor to assess the suitability for listing Sponsorship is required for at least three years post listing
Core business	An identifiable core business which it has majority ownership and management control Core business should not be holding of investment in other listed companies	Core business should not be holding of investment in other listed companies
Management continuity and capable	Continuity of substantially the same management for at least 3 full financial years prior to submission For market capitalisation test, since the commencement of operations (if less than 3 full financial years)	Continuity of substantially the same management for at least 3 full financial years prior to submission or since its incorporation (if less than 3 full financial years)
Financial position & liquidity	Sufficient level of working capital for at least 12 months; Positive cashflow from the operating activities for listing via profit test and market capitalisation test; and No accumulated losses based on its latest audited balance sheet as at the date of submission	Sufficient level of working capital for at least 12 months
Moratorium on securities	Promoters' entire shareholdings for 6 months from the date of admission Subsequent sell down with conditions for companies listed under Infrastructure Project Corporation test	Promoters' entire shareholdings for 6 months from the date of admission. 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
Transaction with related parties	Must be based on terms and conditions which are not unfavourable to the company 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	Must be based on terms and conditions which are not unfavourable to the company 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

Primary listing of foreign companies

Additional criteria

Aspect	Main Market & ACE Market
Place of Incorporation	<p>From a jurisdiction with standards of laws and regulations equivalent to those in Malaysia, particularly with respect to:</p> <ul style="list-style-type: none"> corporate governance; shareholders and minority interest protection; and regulation of take-overs and mergers <p>or</p> <p>The company making variations to its constituent documents to provide those standards</p>
Approval of regulatory authorities of foreign jurisdiction	Prior approval of all relevant regulatory authorities of the jurisdiction(s) in which it is incorporated or carries out its core business operations before issuing its listing prospectus
Registration	Must have been registered with the Registrar of Companies under the Companies Act 1965
Accounting standards	Standards in accordance with the Financial Reporting Act 1977, which include International Accounting Standards
Auditing standards	Standards applied in Malaysia or International Standards in Auditing
Translation of documents	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
Valuation of assets	Standards applied in Malaysia or International Valuation Standards
Currency denomination	Applicant is required to consult Bursa Malaysia and obtain approval of the Controller of Foreign Exchange for quotation of securities in a foreign currency
Resident directors	<p>Companies with predominantly Malaysian-based operations must have 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 1 director whose principal or only place of residence is in Malaysia</p>

Secondary listing of foreign companies



Qualitative criteria

Aspect	Main Market
Listing board	Secondary listing is allowed on Main Market only
Additional listing criteria	<p>In addition to complying with all Additional Criteria for Primary Listing of Foreign Companies, must comply with the following:</p> <p>Already have a primary listing on the main market of a foreign stock exchange which is a member of World Federation of Exchanges;</p> <p>Fully comply with the listing rules of its home exchange; and</p> <p>Home exchange where the applicant is primarily listed must have standards of disclosure rules at least equivalent to those of Bursa Malaysia</p>

Listing of Special Purpose Acquisition Companies (“SPAC”)

Key listing criteria

Aspect	Main Market & ACE Market
Listing board	SPAC is allowed on Main Market only
Place of incorporation	Must be incorporated in Malaysia under the Companies Act, 1965 The Securities Commission Malaysia may allow SPAC incorporated in a jurisdiction outside Malaysia the requirements set out under Additional Criteria for Primary Listing of Foreign Companies are complied with
Minimum fund raised	RM150 million
Management team credibility	Members of its management team have the experience, qualification and competence to: Achieve the SPAC’s business strategy; and Perform their individual roles, including understanding of the nature of their obligations and those of the SPAC
Management team ownership	Must in aggregate own at least 10% in the SPAC on the date of its listing
Moratorium on securities	Management team’s entire interest from date of listing until completion of the qualifying acquisition Upon completion of the qualifying acquisition, sell down is allowed on a staggered basis over a period of two years
Management of proceeds	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 At least 80% of the amount in trust account to be used for qualifying acquisition
Qualifying acquisition	Must complete qualifying acquisition within 36 months from the listing date

Time frame

The listing process (from the time you engage an adviser/sponsor to the day of listing) will normally take seven months, depending on the structure and complexity of the listing scheme. Upon approval, you will be given six months to complete your IPO process. The conceptual timeline for the listing process is as follows:

T	<ul style="list-style-type: none"> • Board approves IPO and appointment of advisers • Structuring/ Pre-consultation with Securities Commission Malaysia (SC) • Due diligence/ Verification of information • Preparation of reports/ applications
T + 11 weeks	<p>Pre-Approval</p> <p>Structuring IPO & Submission</p> <ul style="list-style-type: none"> • Finalisation of IPO proposal • Preparation of valuation report (if required) • Drafting of submissions documents & prospectus
T + 21 weeks	<p>Approval</p> <p>Processing the Application</p> <ul style="list-style-type: none"> • Public exposure of prospectus • Addressing queries from regulators • Visit by regulators to the company's business premises • Evaluation & approval by regulators
T + 25 weeks	<p>Post – Approval</p> <p>Registration of Prospectus</p> <ul style="list-style-type: none"> • Updating of prospectus • Registration & lodgement of prospectus • Pre-marketing commences
T + 26 weeks	<p>IPO</p> <p>Prospectus Launch</p> <ul style="list-style-type: none"> • Prospectus launch • Roadshow & book-building exercise
T + 28 weeks	<p>Listing</p> <ul style="list-style-type: none"> • Allocation of shares • Trading commences

Major IPO steps



Due diligence process



The due diligence process itself is a period of intense activity. Major activities include:

- Submission of documents and preparing the prospectus
- Submitting the listing application
- Responding to comments from the regulators
- Issuing the prospectus to the general public

A prospectus contains full, true and plain disclosure about the company seeking a listing. Content includes a business and industry description, sales and marketing information, products and production methods, personnel information, financial information and the risks faced by the company.

Each of your advisers will go through a process of due diligence for its area to ensure there is no misleading or missing information in the prospectus.

The regulators will pose questions about the draft prospectus and other information that you submit. The draft prospectus will be modified as the company responds to the questions and requests of the regulators. Any delays in the response can result in a delay in approval. Given that the financial market is volatile, any unnecessary delays due to unfamiliarity with the listing process can close off a window of opportunity if a company cannot keep itself on track throughout the listing process.

Professionals and advisers



Listing on the stock exchange requires professionals who play important roles throughout the IPO process. Their valuable advice will ensure the company shares are successfully listed on the stock exchange. Hence, there is a professional fees to be paid to the lead managers, auditors, lawyers and public relations firms who are involved in the launch.

As going public requires careful planning and consultation with professional advisers, we recommend for professional advice be sought from an early stage in all cases. The following are the key professionals involved in the listing process:

1. Principal Adviser

The principal adviser will be the “go-to” entity throughout your listing process. A principal adviser is responsible:

- To advise you on the optimum listing structure, timing of the listing and pricing of your company as well as advises on all regulatory requirements relevant to the process.
- To coordinate and collaborate with other professionals including accountants, lawyers, market researchers and valuers in preparing the relevant application documents and to oversee the whole listing exercises which includes the due diligence process.
- For submitting the application documents to the regulators as well as submitting the Prospectus for registration and lodgement with the relevant authorities.

For listing on ACE market, the principal adviser also undertakes the role of a Sponsor. A 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 obligation as a listed entity.

2. Reporting Accountants / Auditors

Accountants are also an integral part of the listing process. Your accountants are responsible:

To 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.
To undertake the due diligence on the internal control systems of your application as well as reviewing reports on future financial performance, if required.

3. Lawyers

Lawyers provide advice on all legal matters in relation to your application. The lawyers are responsible:

- To 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.
- To 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.
- For drafting all necessary documents including the due diligence planning memorandum, due diligence report and minutes of meetings.
- To 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.

4. Other Professional Advisers

• Public Relations (PR)

PR agency is important 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.

• 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.

• Property Valuer

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

• Tax Adviser

A tax adviser may be required to provide expert opinion and advisory on any tax matters, particularly if the listing exercise involves group restructuring, transfer of properties and cross border activities.

What Deloitte can do for you?

IPO readiness: Deloitte's services

Stage 1: Preliminary assessment of your company



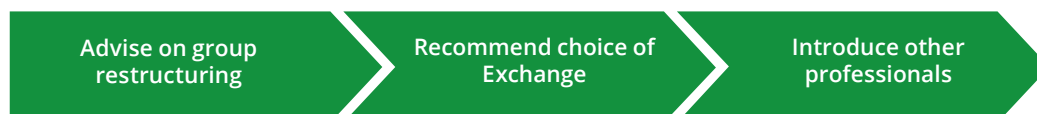
- Help to access your company's financial health by studying past business trends
- Help to identify entities with your portfolio of companies that are eligible for listing
- Recommend alternative financing - venture capitalists, pre-IPO investors, debt financing

Stage 2: Getting it right



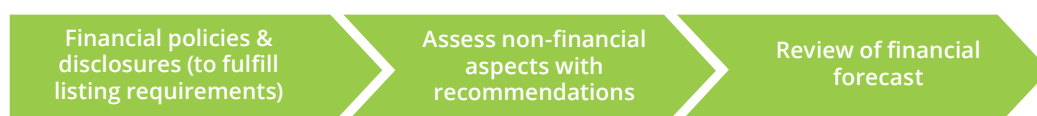
- Evaluate and assess the adequacy of your company's current internal controls and business processes
- Perform a governance readiness review
- Assist to implement "best practices" from our experience in auditing numerous clients
- Design a template for you to perform monthly or annual budgets, and coach your staff on how to best utilise this tool for effective business planning
- Re-align the accounts prepared based on currently adopted standards to the acceptable accounting standards for the purpose of listing

Stage 3: Decide on best course of action to raise capital



- Decide on the best form of corporate structure depending on your company's expansion needs
- Provide the PE ratio of another company of a comparable size and business, for your assessment and assist you in selecting the most relevant and appropriate exchange for IPO
- Introduce experienced legal counsel, underwriters and sponsors to assist with your financing plan

Stage 4: Presenting your company to other professional parties



- Provide advisory services to assist and coach your staff to prepare GAAP compliant financial statements which also fulfill regulatory obligations
- Compile non-financial profile of your company to be presented to potential investors
- Receive financial and comment on forecast to satisfy the requirements of fund raising, if required.

IPO application: Deloitte's services

Reporting Accountants	<ul style="list-style-type: none">• Issuance of Accountants' Report and Pro Forma Financial Information in accordance with Security Commission Malaysia's Equity Guidelines• Participant in Due Diligence Working Group (DDWG) – assist to address and resolve issues or relevant financial information raised by Securities Commission, Bursa Malaysia and/or other regulatory authorities• Agreed upon procedures ("comfort letter") on relevant financial information and/or management's discussion and analysis included in submission document and/or prospectus
Interim Audit / Review	<ul style="list-style-type: none">• Issuance of interim audit report or review report, if required
Review of financial forecast	<ul style="list-style-type: none">• If required, issuance of private report to the board of directors on the review of financial forecast. The procedures include checking of arithmetic accuracy of financial information prepared by the management, and reading and comparing the accounting policies applied to the financial forecast to be consistent with those applied in the audited financial statements
Others	<ul style="list-style-type: none">• Tax – Depending on the type of support required, our tax practitioner can work with you to review the most efficient tax structure for listing• Other reports as required by regulatory authorities – we can work with you to prepare any other reports as and when required by the relevant authorities

Post listing: Deloitte's services



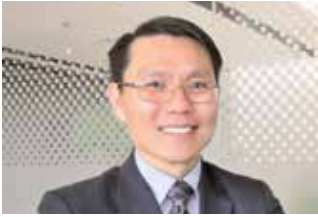
Audit / Audit Advisory

- Performing statutory audit services and issuance of statutory audit report.
- Performing a review of quarterly results and issuance of a review report, if required.
- Provide comments on quarterly results announcements to Bursa Malaysia.
- Technical updates on changes to accounting and auditing standards in Malaysia and Bursa Malaysia and other relevant regulatory reporting requirements.

Tax

- Tax compliance
- Tax efficiency review
- Tax advisory (including transfer pricing, GST)

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