

Our Ref: IS/TAC/RO/LD 32/20 [AddIncreasedMandate/Covid-19]

10 November 2020

**The Company Secretary**  
(ACE Market Listed Corporations)

Via email

Dear Sir/Madam,

**TEMPORARY MEASURE TO FACILITATE SECONDARY FUND RAISING VIA AN ENHANCED RIGHTS ISSUE FRAMEWORK**

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**(A) INTRODUCTION**

1. Bursa Malaysia Securities Berhad (“the Exchange”) is committed to render our continuous support and assistance to listed corporations in these trying and challenging times amid the COVID-19 pandemic. Hence, further to our various relief measures announced earlier to listed corporation<sup>1</sup>, the Exchange is pleased to accord further flexibility to facilitate secondary fund raising by eligible listed corporations expeditiously, through an enhanced rights issue framework.

**(B) BACKGROUND**

2. The unprecedented speed and scale of the COVID-19 pandemic has greatly affected businesses and the community at large, both domestically and globally. The lingering impacts from this pandemic have called for continuous attention and solutions from policy makers across the globe to help overcome the challenges faced.
3. Alongside the broader efforts by the Government and regulators in charting the recovery path for our nation, the Exchange takes cognisance that we need to constantly explore ways in facilitating the fundraising activities of our listed corporations which are in dire need to raise funds expeditiously to meet their capital requirements.
4. In response to this, the Exchange had, among others, on 16 April 2020, introduced an interim measure which allows listed corporations to increase the general mandate limit for a new issue of securities from the existing 10% under Rule 6.04 of the ACE Market Listing Requirements (“ACE LR”) to not more than 20% of the total number of issued shares (excluding treasury shares) (“**20% General Mandate**”), subject to compliance with certain conditions. The listed corporations may utilise the 20% General Mandate by 31 December 2021.

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<sup>1</sup> Please refer to the letters from the Exchange to listed corporations dated 17, 24 and 26 March 2020, 16 April 2020 and 6 May 2020. These letters are available on the Exchange’s website at: [https://www.bursamalaysia.com/regulation/listing\\_requirements/ace\\_market/directives\\_clarifications](https://www.bursamalaysia.com/regulation/listing_requirements/ace_market/directives_clarifications)

**TEMPORARY MEASURE TO FACILITATE SECONDARY FUND RAISING VIA AN ENHANCED RIGHTS ISSUE FRAMEWORK**
**(C) ENHANCED GENERAL MANDATE FOR RIGHTS ISSUE ON PRO RATA BASIS**

5. In addition to the existing relief measures, the Exchange is introducing further flexibility to facilitate secondary fund raising by eligible listed corporations expeditiously, through an enhanced rights issue framework. In this regard, the Exchange will allow a listed corporation to undertake a rights issue on a pro rata basis through a higher general mandate if the requirements below are met (“Enhanced Rights Issue Mandate”):

No.	Key Aspect	Details of Requirement
(a)	Eligible listed corporations	Applicable to listed corporations with existing controlling shareholders <sup>2</sup> .
(b)	Approvals and relevant legal requirements	The eligible listed corporation must - <ul style="list-style-type: none"> <li>(i) procure approval of its shareholders for the Enhanced Rights Issue Mandate at a general meeting;</li> <li>(ii) comply with all the relevant applicable legal requirements including its constitution or relevant constituent document; and</li> <li>(iii) in addition to the existing disclosures required in the statement accompanying the proposed resolution under Rule 6.04(3) of the ACE LR, include the views of the board of directors that the Enhanced Rights Issue Mandate is in the best interest of the eligible listed corporation and its shareholders, as well as the basis for such views.</li> </ul>
(c)	Issuance type and limit	(i) The Enhanced Rights Issue Mandate can only be utilised for rights issue of ordinary shares and not any other types of securities.

<sup>2</sup> Rule 1.01 of the ACE LR defines a “controlling shareholder” to mean any person who is, or a group of persons who together are, entitled to exercise or control the exercise of more than 33% (or such other percentage as may be prescribed in the Take-Overs and Mergers Code as being the level for triggering a mandatory general offer) of the voting shares in a company, or who is or are in a position to control the composition of a majority of the board of directors of such company.



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No.	Key Aspect	Details of Requirement
		(ii) Any issue of new shares must not exceed 50% of the total number of issued shares (excluding treasury shares).
(d)	Pricing	The shares are not priced at more than 30% discount to the theoretical ex-rights price.
(e)	Commitment from existing controlling shareholders	The eligible listed corporation must procure irrevocable letter(s) of undertaking from its existing controlling shareholders to subscribe for their full entitlements.
(f)	Other requirements	The eligible listed corporation must continue to comply with all the other requirements for new issue of securities under the ACE LR, including the obligation to announce the rights issue with information as prescribed in Appendix 6A of the ACE LR upon implementation of the same under the Enhanced Rights Issue Mandate.

6. The Enhanced Rights Issue Mandate is a flexibility accorded in addition to the earlier 20% General Mandate. This means that an eligible listed corporation may issue new rights shares of up to 50% of the total issued shares through the Enhanced Rights Issue Mandate above, in addition to the 20% General Mandate, irrespective whether or not it has previously obtained or utilised the 20% General Mandate.
7. The Enhanced Rights Issue Mandate may be utilised by an eligible listed corporation to issue new rights shares until 31 December 2021.
8. The Exchange will continue to monitor the situation to determine if additional relief measures are required to aid listed corporations during these challenging times.
9. If you have any queries on the above, please do not hesitate to contact Listing Advisory, Listing Department at 03 - 2034 7766.

Thank you.

Yours faithfully,



**REGULATION**