

Our Ref: IS/TAC/RO/LD 31/20 [AddIncreasedMandate/Covid-19]

10 November 2020

The Company Secretary
(Main Market Listed Issuers)

Via email

Dear Sir/Madam,

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

(A) INTRODUCTION

1. Bursa Malaysia Securities Berhad (“the Exchange”) is committed to render our continuous support and assistance to listed issuers in these trying and challenging times amid the COVID-19 pandemic. Hence, further to our various relief measures announced earlier to listed issuers¹, the Exchange is pleased to accord further flexibility to facilitate secondary fund raising by eligible listed issuers 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 issuers 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 issuers to increase the general mandate limit for a new issue of securities from the existing 10% under paragraph 6.03 of the Main Market Listing Requirements (“Main 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 issuers may utilise the 20% General Mandate by 31 December 2021.

¹ Please refer to the letters from the Exchange to listed issuers 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/main_market/directives_clarifications

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(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 issuers expeditiously, through an enhanced rights issue framework. In this regard, the Exchange will allow a listed issuer 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 issuers	Applicable to listed corporations and listed real estate investment trusts (“REITs”) with existing controlling shareholders and controlling unit holders ² respectively.
(b)	Approvals and relevant legal requirements	The eligible listed issuer must - <ul style="list-style-type: none"> (i) procure approval of its shareholders or unit holders, as the case may be, for the Enhanced Rights Issue Mandate at a general meeting; (ii) comply with all the relevant applicable legal requirements including its constitution, deed or relevant constituent document; and (iii) in addition to the existing disclosures required in the statement accompanying the proposed resolution under paragraph 6.03(3) of the Main LR, include the views of the board of directors that the Enhanced Rights Issue Mandate is in the best interest of the eligible listed issuer and its shareholders or unit holders, as well as the basis for such views.

² Paragraph 1.01 of the Main LR defines a “controlling shareholder” and “controlling unit holder” 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 and voting units in a unit trust scheme, 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
(c)	Issuance type and limit	<p>(i) The Enhanced Rights Issue Mandate can only be utilised for rights issue of ordinary shares or units, as the case may be, and not any other types of securities.</p> <p>(ii) Any issue of new shares or units must not exceed 50% of the total number of issued shares (excluding treasury shares) or issued units, as the case may be.</p>
(d)	Pricing	The shares or units are not priced at more than 30% discount to the theoretical ex-rights price.
(e)	Commitment from existing controlling holders	The eligible listed issuer must procure irrevocable letter(s) of undertaking from its existing controlling shareholders or controlling unit holders, as the case may be, to subscribe for their full entitlements.
(f)	Other requirements	The eligible listed issuer must continue to comply with all the other requirements for new issue of securities under the Main LR, including the obligation to announce the rights issue with information as prescribed in Appendix 6A of the Main 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 issuer may issue new rights shares or units of up to 50% of the total issued shares or units 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 issuer to issue new rights shares or units until 31 December 2021.
8. The Exchange will continue to monitor the situation to determine if additional relief measures are required to aid listed issuers during these challenging times.

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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