

## CORPORATE PROPOSALS

### EQUITY

The SC received 20 equity applications in 2022, of which 8 applications were for IPO, 3 were in relation to a proposed acquisition resulting in a significant change of business direction or policy and 9 were for transfer of listings to the Main Market.

Out of the total 27 equity applications for consideration in 2022, 18 were considered, 1 was withdrawn and 1 lapsed as it exceeded the validity period of 6 months from date of submission while the remaining 7 will be considered in 2023 (Table 1).

In 2022, the SC approved 16 equity applications, of which 6 were for IPO on the Main Market of Bursa Malaysia with a total market capitalisation of RM9.44

billion. The estimated amount of funds raised from these IPOs is RM3.08 billion (Table 2). The remaining applications approved include 2 proposed acquisition resulting in a significant change of business direction or policy and 8 transfers of listing from the ACE Market to the Main Market.

There were 35 new listings<sup>1</sup> in 2022, of which 5 were on the Main Market, 25 were on the ACE Market and the remaining 5 were on the LEAP Market with a total market capitalisation of RM11.15 billion. The total amount of funds raised from these new listings in 2022 was approximately RM3.49 billion.

The SC also registered 34 equity prospectuses, comprising 19 prospectuses for IPO and 15 abridged prospectuses (Table 3).

**TABLE 1**

Status of equity applications

Applications	2022	2021
Brought forward from 2021	7	6
Received during 2022	20	17
<b>Total for consideration</b>	<b>27</b>	<b>23</b>
Approved during 2022	16	13
Not approved during 2022	2	-
Returned during 2022	-	-
<b>Total considered during 2022</b>	<b>(18)</b>	<b>(13)</b>
Withdrawn during 2022	(1)	(3)
Lapsed (Exceeded 6-month validity period)	(1)	-
<b>Carried forward to 2023</b>	<b>7</b>	<b>7</b>

<sup>1</sup> Include listing of AME Real Estate Investment Trust (AME REIT).

**TABLE 2**  
Equity applications approved by type of proposals

Type of proposals	2022		2021	
	No. of proposals approved	Estimated amount to be raised (RM million)	No. of proposals approved	Estimated amount to be raised (RM million)
IPO on Main Market: – Domestic companies	6	3,075.57	8	3,512.42
Secondary listing on Main Market	-	-	1	-
Restructuring / Mergers and acquisitions	2	-	-	-
Transfer from ACE Market to Main Market	8	-	4	-
<b>TOTAL</b>	<b>16</b>	<b>3,075.57</b>	<b>13</b>	<b>3,512.42</b>

**TABLE 3**  
Registration of equity prospectuses

	2022	2021
Prospectus	19	14
Abridged Prospectus	15	40
<b>TOTAL</b>	<b>34</b>	<b>54</b>

## CORPORATE BONDS AND SUKUK

The Malaysian corporate bonds and sukuk market reported total issuances of RM153.32 billion in 2022, representing a 34.16% increase from RM114.28 billion issued in 2021.

In 2022, the SC received 62 lodgements under the LOLA Framework and approved 2 applications for issuances of corporate bonds and sukuk, as compared to 72 lodgements received and 4 applications approved in 2021 (Table 4). Ringgit-denominated corporate bonds and sukuk issues continued to form the majority of the proposals approved by/lodged with the SC with a total nominal value of RM187.27 billion, of which 78.96% or RM147.87 billion were sukuk (Table 5).

The total number of ringgit-denominated corporate bonds and sukuk approved by/lodged with the SC with tenures of 1 to 7 years and 8 to 15 years decreased by 19.05% and 37.50% respectively. There was also an 11.11% decrease in the total number of ringgit-denominated corporate bonds and sukuk with tenures of more than 15 years (Chart 1).

In 2022, a total of 45 ratings were assigned by credit rating agencies to ringgit-denominated corporate bonds and sukuk issues lodged with the SC, as compared to 63 ratings assigned in 2021. The number of unrated issues has decreased by 27.27% as compared to 2021 (Chart 2).

There were 2 foreign currency-denominated corporate bonds and sukuk lodged with the SC in 2022.

**TABLE 4**

Number of corporate bonds and sukuk lodgements and applications

	2022	2021
<b>Lodgements<sup>1</sup></b>	62	72
<b>Applications</b>		
- Received	2	6
- Approved	2	4
- Withdrawn	-	2

Note:

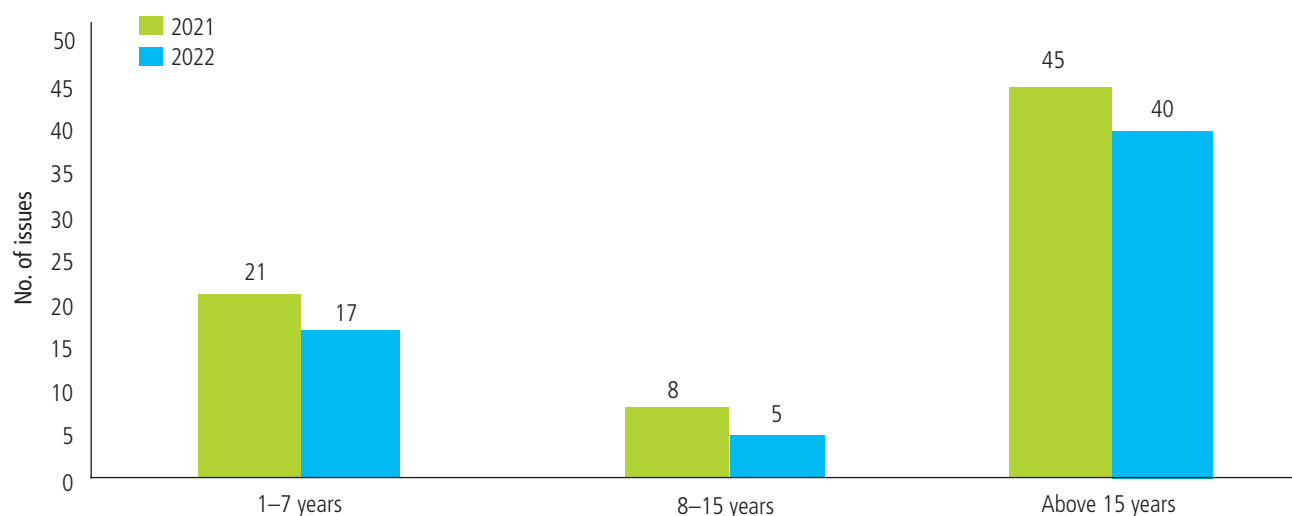
<sup>1</sup> Pursuant to the LOLA Framework.**TABLE 5**

Lodged/approved ringgit-denominated corporate bonds and sukuk issues

Type of issues	2022		2021	
	No. of issues	Nominal amount (RM million)	No. of issues	Nominal amount (RM million)
<b>Corporate bonds</b>				
- Commercial papers/Medium-term notes	15	19,030.00	12	13,240.00
- Bonds	-	-	2	3,200.00
- Loan stocks	2	370.24	3	164.64
<b>Subtotal</b>	<b>17</b>	<b>19,400.24</b>	<b>17</b>	<b>16,604.64</b>
<b>Sukuk</b>				
- Islamic commercial papers/Islamic medium-term notes	40	140,849.00	49	113,196.00
- Islamic bonds	-	-	2	30,000.00
- Islamic loan stocks	3	7,016.00	2	1,032.06
<b>Subtotal</b>	<b>43</b>	<b>147,865.00</b>	<b>53</b>	<b>144,228.06</b>
<b>Combination of corporate bonds and sukuk</b>				
- Commercial papers/Islamic commercial papers	2	20,000.00	4	2,000.00
<b>Subtotal</b>	<b>2</b>	<b>20,000.00</b>	<b>4</b>	<b>2,000.00</b>
<b>TOTAL</b>	<b>62</b>	<b>187,265.24</b>	<b>74</b>	<b>162,832.70</b>

**CHART 1**

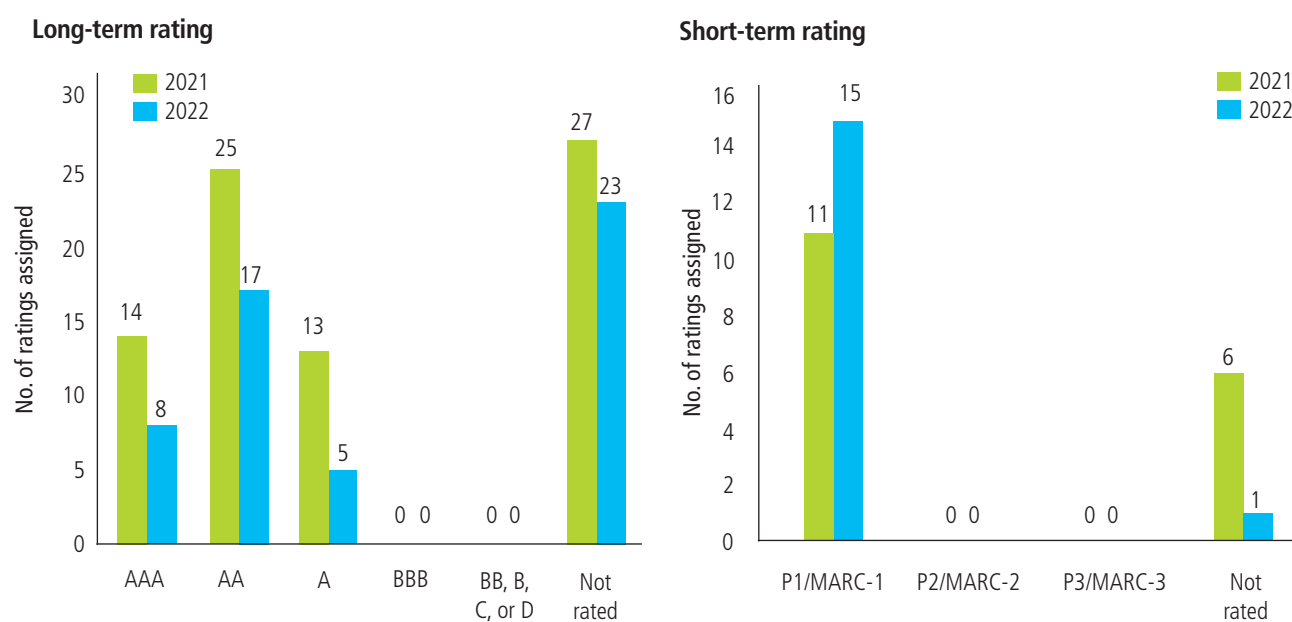
Tenure of lodged/approved ringgit-denominated corporate bonds and sukuk issues



Note:  
Tenure of facility, and not the respective notes or papers under the facility.

**CHART 2**

Rating summary of lodged/approved ringgit-denominated corporate bonds and sukuk issues



Note:  
A corporate bond or sukuk issue may be assigned with more than 1 credit rating (e.g. for commercial papers/medium-term notes programmes, both short-term rating accorded for commercial papers and long-term rating for medium-term notes are taken into account).

## TAKE-OVERS AND MERGERS

In Malaysia, take-overs and mergers are regulated under the CMSA, the *Malaysian Code on Take-overs and Mergers 2016* (Code) and the *Rules on Take-overs, Mergers and Compulsory Acquisitions* (Rules). In this regard, the Code sets out the broad principles to be adhered to by parties involved in take-overs, mergers and compulsory acquisitions and the Rules provides the operational and conduct requirements. One of the key objectives of the Code and Rules is to ensure that the acquisition of control takes place in an efficient, competitive and an informed market.

The SC supervises take-over and merger activities including vetting of disclosure documents. Further, the SC also focuses on the conduct of relevant parties involving the offeree company's shareholders to ensure that the shareholders are treated fairly and are given the opportunity to decide on the merits of a take-over and are afforded equal treatment by an offeror. However, it is important to note that the take-overs regulations are not concerned with the financial or commercial advantages or disadvantages of a take-over, which are matters for the offeree company and its shareholders to decide. From time to time, the SC also reviews the take-overs policies to ensure that the requirements provide an orderly framework within which take-overs, mergers and compulsory acquisitions are to be conducted.

In 2022, the SC considered a total of 77 applications under the Rules compared to 79 applications in 2021. The SC declined to give its approval for 2 of the 77 applications that it received in 2022. The SC cleared 18 offer documents involving a total offer value of RM2.10 billion or an average of RM116.93 million per offer, which represented a decrease of RM6.49 billion against the previous year (2021: 18 offers with total offer value of RM8.59 billion or an average of RM477.17 million per offer). Of these 18 offers, 3 offers were undertaken by way of schemes (2021: 3 schemes).

In 2022, the privatisation scheme of Cocoaland Holdings Bhd by Fraser & Neave Holdings Bhd was the largest offer at RM0.49 billion in offer value, representing 23% of the total offer value in 2022. Other notable offers in terms of offer value include Mulpha International Bhd and Hextar Industries Bhd with offer values of RM0.36 billion and RM0.24 billion, respectively.

Of the 18 offers in 2022, 16 were in relation to offeree companies listed on the Main Market of Bursa Malaysia

Securities Bhd, 1 was in relation to an offeree company listed on the LEAP Market of Bursa Malaysia Securities Bhd and 1 was in relation to an unlisted public company. There were 5 privatisation exercises in 2022 (2021: 7 privatisation exercises), 4 of which were listed on the Main Market and 1 was listed on the LEAP Market. All 5 companies had since been successfully delisted from the stock exchange.

The offer by Jardine Cycle & Carriage Ltd in relation to Cycle & Carriage Bintang Bhd was the offeror's third attempt to privatise the company, after the offeror's earlier attempts by way of a selective capital reduction and repayment exercise in 2020 and the subsequent voluntary offer in 2021. Cycle and Carriage Bintang Bhd has since been delisted on 19 September 2022.

In terms of offer value, the consumer products and services sector was the highest with RM0.99 billion in total offer value, representing 47% of the total offer value and involved 5 offeree companies or 28% of the total number of offers. Another sector of significant interest was the industrial product and services sector with a total offer value of RM0.72 billion, representing 34% of the total offer value and involved 6 offeree companies or 33% of the total number of offers.

The SC also cleared 25 independent advice circulars comprising 18 circulars in relation to take-over offers/schemes and 7 circulars in relation to exemptions from the mandatory offer obligation pursuant to the whitewash procedures. Pursuant to the revised Rules issued on 28 December 2021, circulars for whitewash exemptions must be submitted to the SC for SC's comments and clearance on the contents relating to the whitewash exemptions. Subsequently, there were 3 whitewash circulars cleared by the SC in 2022.

Additionally, the SC considered 11 applications for exemptions from having to undertake a mandatory take-over offer, of which 6 applications related to whitewash exemptions. The remaining 5 applications related to acquisition of additional voting shares or rights by members of a group acting in concert whereby the SC did not approve 1 of the applications as it did not fully meet the factors stipulated in the Rules.

Further, the SC also considered 20 applications for various matters under the CMSA and the Rules, including 1 application which was not approved. A total of 6 applications were in relation to extensions of time sought to meet obligations under the Rules.

**TABLE 6**

Applications considered in relation to take-overs, mergers and compulsory acquisitions

Type of applications/documents cleared	2022	2021
Clearance of offer/scheme documents	18	19
Clearance of independent advice circulars	25	28
Clearance of whitewash circulars*	3	-
Applications for exemption from mandatory offer obligation	11	16
Other applications	20	16
<b>TOTAL</b>	<b>77</b>	<b>79</b>

Note:

\* Pursuant to the revised Rules on 28 December 2021, circulars for whitewash exemption must be submitted to the SC for the SC's comments and clearance on the contents relating to the whitewash exemption.

As part of its mandate, the SC also closely monitors misconduct and breaches relating to the take-overs regulations which could jeopardise the interests of the investing public. In 2022, there were non-compliances identified which included breaches of the mandatory offer obligation, failure by advisers to use all reasonable effort to ensure their clients comply with the take-overs regulations, furnishing of false or misleading information to the SC, non-compliances relating to dealings in securities during the offer period and/or disclosure of information to shareholders, for which the SC had directed appropriate remedies ranging from the issuance of reprimands and warnings, imposition of fines as well as infringement notices, where necessary.

The SC seeks to pre-empt major issues in take-overs and other relevant transactions by encouraging early consultation to clarify the application of the Code/Rules governing such transactions. In 2022, consultations with the SC involved diverse aspects of take-overs

regulation including on concert party matters, individual/single/collective trigger of the mandatory offer obligation, funding for offers, downstream offer implications and offer price, restrictions during and following close of the offer period and other general enquiries.

Apart from the SC's interaction with advisers while reviewing applications or consultations, the SC also engages practitioners to discuss novel or difficult points at hand and to ensure that the regulation of take-overs activities in Malaysia keeps up with changing circumstances. On 15 July 2022, the 7<sup>th</sup> focus group meeting was held between the SC and 9 participating legal firms to discuss on various corporate finance and investment related matters, including on take-overs and mergers. Further, on 14 October 2022, the SC had a fruitful dialogue session with representatives from 22 advisory firms and the Malaysian Investment Banking Association (MIBA) which were focused on recent take-over and merger issues encountered.