

CORPORATE PROPOSALS

EQUITY

In 2020, the SC received 9 equity applications of which 3 applications were for IPO, which included a proposed secondary listing on the Main Market, 1 was in relation to a proposed acquisition resulting in a significant change of business direction or policy and 5 were for transfer of listings to the Main Market. A total of 5 equity applications were considered in 2020 (Table 1).

There were 19 new listings, of which 2 were on the Main Market, 10 were on the ACE Market and the remaining 7 were on the LEAP Market with a total market capitalisation of RM11.9 billion. The total amount of funds raised from these new listings in 2020 was approximately RM2 billion.

Despite the unprecedented challenges faced due to the COVID-19 pandemic, the Malaysian capital market saw the entrance of Mr D.I.Y Group (M) Bhd (Mr DIY), a prominent home improvement and mass merchandise retailer with a market capitalisation of RM10.04 billion and a total of RM1.51 billion raised (Table 2). Mr DIY's market capitalisation is the largest since the listing of Lotte Chemical Titan Holding Bhd on the Main Market in 2017.

The SC also registered 38 equity prospectuses in 2020, comprising 11 prospectuses for IPO and 27 abridged prospectuses (Table 3).

TABLE 1

Status of equity applications

Applications	2020	2019
Brought forward from the previous year	3	4
Received during the year	9	5
Total for consideration	12	9
Approved during the year	(5)	(5)
Not approved during the year	-	-
Returned during the year	-	-
Total considered during the year	(5)	(5)
Withdrawn during the year	(1)	(1)
Carried forward to the next year	6	3

TABLE 2

Equity applications approved by type of proposals

Type of proposals	2020		2019	
	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	1	1,506.38	4	459.94
Transfer from ACE Market to Main Market	4	–	1	–
TOTAL	5	1,506.38	5	459.94

TABLE 3

Registration of equity prospectuses

Applications	2020	2019
Prospectus	11	13
Abridged prospectus	27	12
TOTAL	38	25

CORPORATE BONDS AND SUKUK

The Malaysian corporate bonds and sukuk market reported total issuances of RM104.58 billion in 2020, a 21.26% decrease from RM132.82 billion issued in 2019.

In 2020, the SC received 64 lodgements under the LOLA Framework for issuances of corporate bonds and sukuk, as compared to 77 lodgements in the previous year (Table 4). Ringgit-denominated corporate bonds and sukuk issues continued to form the majority of the proposals lodged with the SC with a total nominal value of RM124.79 billion, of which 79.33% or RM99 billion were sukuk (Table 5).

There has been an overall decline in the maturity profile of ringgit-denominated corporate bonds and

sukuk lodged with the SC in 2020. The number of ringgit-denominated corporate bonds and sukuk with tenures of 1 to 7 years and 8 to 15 years have decreased by 9.09% and 52.63% respectively, while ringgit-denominated corporate bonds and sukuk with tenures of above 15 years have remained the same (Chart 1).

In 2020, a total of 40 ratings were assigned by credit rating agencies to ringgit-denominated corporate bonds and sukuk issues lodged with the SC. The number of unrated issues has decreased by 41.86% as compared to 2019 (Chart 2).

There were 4 foreign currency-denominated corporate bonds and sukuk lodged with the SC in 2020, comprising 2 corporate bonds and 2 sukuk.

TABLE 4

Number of corporate bonds and sukuk lodgements and applications

	2020	2019
Lodgements ¹	64	77
Applications		
- Received	-	1
- Approved	-	1

Note:

¹ Pursuant to the LOLA Framework.

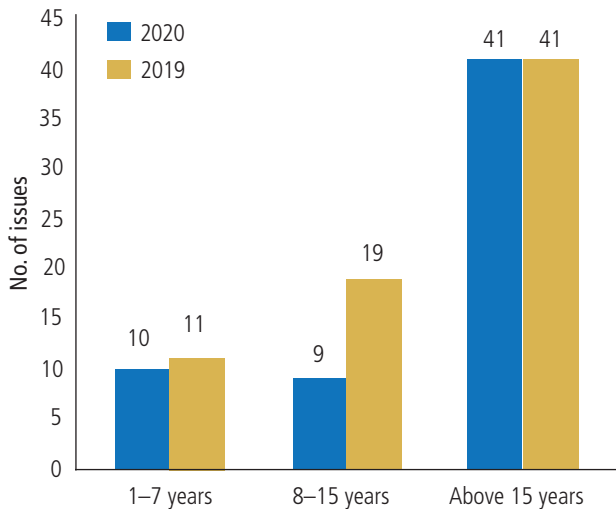
TABLE 5

Lodged/approved ringgit-denominated corporate bonds and sukuk issues

Type of issues	2020		2019	
	No. of issues	Nominal amount (RM million)	No. of issues	Nominal amount (RM million)
Corporate bonds				
- Commercial papers/Medium-term notes	13	23,791.00	26	36,788.00
- Bonds	-	-	6	13,670.00
- Loan stocks	-	-	1	172.47
Subtotal	13	23,791.00	33	50,630.47
Sukuk				
- Islamic commercial papers/ Islamic medium-term notes	43	95,010.00	33	88,943.84
- Islamic bonds	1	3,000.00	3	4,700.00
- Islamic loan stocks	1	990.00	-	-
Subtotal	45	99,000.00	36	93,643.84
Combination of corporate bonds and sukuk				
- Commercial papers/Medium-term notes	2	2,000.00	2	20,000.00
Subtotal	2	2,000.00	2	20,000.00
TOTAL	60	124,791.00	71	164,274.31

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.

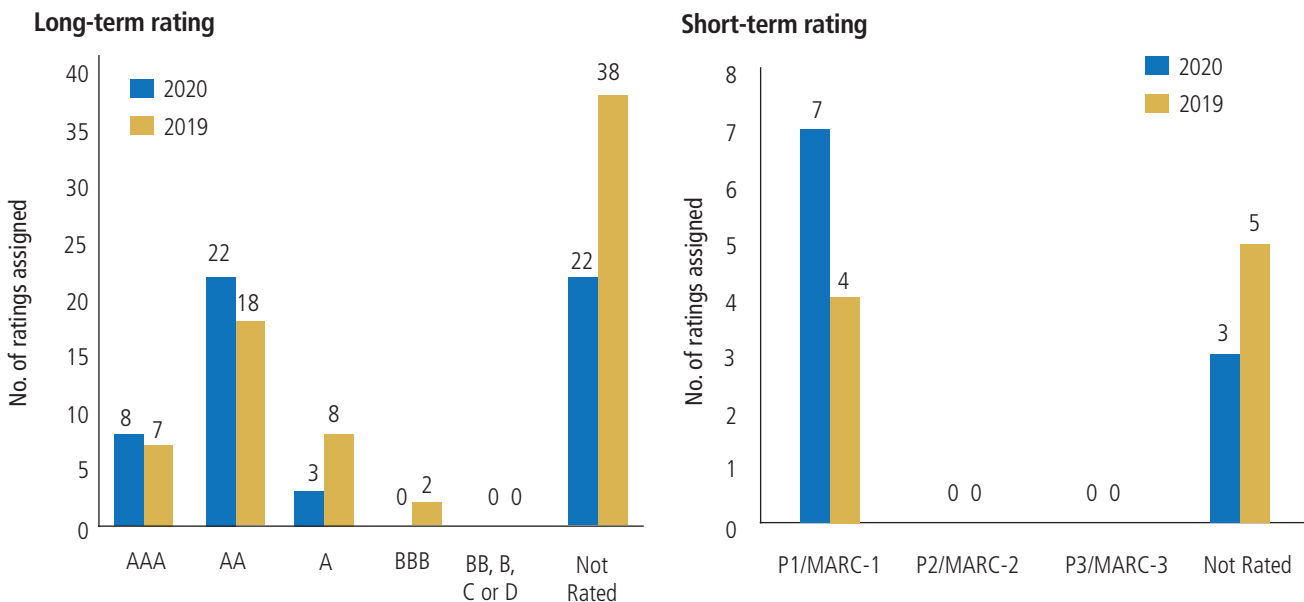
TAKE-OVERS AND MERGERS

Take-overs, mergers and acquisitions in Malaysia are primarily governed by the SC under the CMSA, the *Malaysian Code on Take-overs and Mergers 2016* (Code) and the *Rules on Take-overs, Mergers and Compulsory Acquisitions* (Rules) to ensure that the acquisition of voting shares or control of companies takes place in an efficient, competitive and informed market. The Code/Rules provides an orderly framework within which take-overs, mergers and compulsory acquisitions are to be conducted.

In 2020, the SC considered 80 applications under the Rules, compared to 81 applications in 2019. A total of 25 offer documents were cleared by the SC involving a total offer value of RM3.49 billion or an average of RM139.57 million per offer, which represented a decrease of RM1.41 billion against the previous year (2019: 22 offers with total offer value of RM4.90 billion or an average of RM222.50 million per offer).

CHART 2

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



Note:
A corporate bond or sukuk issue may be assigned 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).

Of these 25 offers, 6 offers were undertaken by way of schemes whereby 2 of the schemes involved unlisted public companies (2019: 6 schemes).

The offer in relation to TA Enterprise Bhd, was the largest offer during the year at RM0.74 billion in offer value, representing 21% of the total offer value for 2020. Other notable offers in term of offer values include TA Global Bhd and Caring Pharmacy Group Bhd with offer values of RM0.59 billion and RM0.26 billion, respectively.

In 2020, there were 11 proposed privatisation offers (2019: 11 proposed privatisation offers), whereby one such scheme, namely for Cycle & Carriage Bintang Bhd, was unsuccessful as it failed to obtain the requisite approval from its shareholders. As at 31 December 2020, save for the ongoing offer for TA Enterprise Bhd, all the other privatisation offers were either completed with the companies already delisted from the stock exchange or being implemented. The remaining 14 take-over offers were not privatisation offers, of which 2 offers were for unlisted companies, 2 offers were still ongoing as at 31 December 2020 and 3 offers namely for MESB Bhd, Watta Holding Bhd and Advance Information Marketing Bhd were not sufficiently attractive to garner the acceptances required to meet the acceptance condition.

A total of 21 offers were in relation to companies listed on the Main Market with the remaining 2 listed on the ACE Market of Bursa Malaysia Securities Bhd. The industrial products and services sector garnered the most interest with total offer value of RM0.93 billion (representing 27% of total offer value involving 7 target companies or 27% of total number of offers).

Additionally, the SC cleared 30 independent advice circulars comprising 23 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.

The SC also approved 13 applications for exemptions from having to undertake a mandatory take-over offer. Furthermore, the SC had considered 12 applications for various ancillary matters under the Rules and

other rulings, including the application by TA Enterprise Bhd to withdraw its take-over offer for TA Global Bhd due to the adverse impact of the COVID-19 pandemic on the financial performance of TA Global Bhd and its subsidiaries. The application for the withdrawal of offer was declined by the SC for reasons explained in its ruling published on 2 June 2020.

TABLE 6

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

Type of applications/ documents cleared	2020	2019
Clearance of offer/scheme documents	25	22
Clearance of independent advice circulars	30	26
Applications for exemption from mandatory offer obligation	13	17
Other applications	12	16
TOTAL	80	81

As part of its mandate, the SC also undertakes surveillance on take-over transactions to ensure compliance with the take-over requirements. In 2020, non-compliances identified included breaches of the mandatory offer obligation and failure by an adviser in its responsibility to ensure that its client complies with the Rules, for which appropriate actions have been taken, ranging from the issuance of reprimand and imposition of fine to issuance of infringement notices.

The SC encourages timely consultations to clarify the application of the Code/Rules and the SC's expectations to ensure compliance. In 2020, consultations with the SC involved various aspects of take-overs regulation including on take-over implications arising from certain deal structures, concert party matters, pre-conditions to take-over offers, possible favourable deals or action that tantamount to frustration of offers, and other general enquiries.