

Pakistan Stock Exchange

Growth Enterprise Market (GEM) Board



This presentation has been prepared by Pakistan Stock Exchange (PSX) solely for information purposes. This presentation does not constitute, in part or whole, an invitation, recommendation, offer, or solicitation to enter into any contract or take an investment decision in relation to any securities. Certain information contained in this presentation may be forward looking and may reflect PSX's beliefs and expectations of the future. PSX does not undertake any obligation to update any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation and it does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved.

In addition, any past performance mentioned in this presentation is only for illustrative purpose and should not be taken as an indication or guarantee of future results. Certain information or data in this presentation may have been obtained from external sources that PSX believes to be reliable. PSX makes no representations as to the accuracy or completeness of that data, and such data involves risks and uncertainties and is subject to change based on various factors. Neither PSX nor any of its respective affiliates, officials or advisors shall have any liability whatsoever (in negligence or otherwise) for any loss arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.

A person's hands are shown typing on a laptop keyboard. The background is a blurred image of a person working at a computer. Overlaid on the image are various financial data points and charts, including a bar chart with values like 83.5, 90.2, +3.5, +83.4, 71.2, 67.5, and 71.2. There are also some green and purple lines representing data trends. The overall color scheme is blue and green.

What is the GEM Board?

Growth Enterprise Market Board is a listing platform aimed at facilitating Growth oriented businesses whether small, medium or greenfield businesses to raise capital to fund their growth and expansion plans.

Requisites and Features of GEM Board Listing



<p>The company has to be registered as a public entity</p>	<p>Minimum post issuance paid up capital of PKR 25 Million with no upper limit cap to the amount raised</p>	<p>Listing can be to raise fresh capital or offer shares for sale</p>	<p>Audited financial accounts for at least two preceding years by a QCR (Quality Control Review) rated audit firm. Not applicable for green field projects</p>
<p>Minimum number of Directors should be seven</p>	<p>Company website should be available</p>	<p>Must issue at least 10% of the post issue paid up capital.</p>	<p>Securities should be offered through Fixed Price method where the issue size is fully underwritten</p>
<p>Or through Book Building with eligible investors where the issue size is not less than 5 million shares and PKR 50 million</p>	<p>An Information Memorandum (IM) will be prepared and circulated</p>	<p>The Code of Corporate Governance will be selectively applicable on companies as approved by the commission.</p>	<p>Sponsors will have to retain 100% of their shareholding in the Issuer and their subsequent right and bonus shares issued, for a lock-in period of not less than a year.</p>
<p>Sponsor will hold at least 25% of the post issue paid up capital of the Issuer for a lock in period of not less than 3 years.</p>	<p>Minimum number of subscribers required is 10.</p>	<p>There are no profitability requirements for the GEM Board.</p>	

Why List - Benefits of Listing



Debt Limit Enhancement

Banks improve loan limits with competitive interest rates to listed companies with higher paid up capital or Equity

Enhances Company's Public Profile

IPOs can be effective branding and marketing tools as they attract media interest. Listed companies are regarded as industry leaders in their respective sectors.

HR Capital

Highly skilled employees are attracted to listed companies. Moreover, companies can offer Employee Stock Options to their existing work force.

Raise Long Term Working Capital

For funding expansions, mergers, working capital requirements, etc.

Improved Relations with Bankers and Suppliers

Due to the requisite of making financial accounts public and disclosing all price sensitive information, the banker's and supplier's trust on the company enhances.

Higher Company Valuation

For valuation of a public listed company all stakeholders use market value rather than book value which is mostly higher

Business Continuity and Succession Planning

Listing makes transition from first generation to the next hassle free



Advantages of Listing on GEM Board



Cost Effective

Listing on GEM board involves reduced costs to raise capital with no SECP Fee and a minimized PSX initial listing fee capped at PKR 50,000.

Flexible Fund Raising

Listing on GEM board allows to raise capital from a large base of accredited investors. No requirement for term sheet, exclusivity clause and signing SHA, as in a typical private fund raise.

Brand Building

Listing on GEM board creates brand recognition and adds value in the profile of the company. This brings company one step closer to the Main board.



Exit and Capital Raising

GEM board provides an opportunity for the sponsors to raise additional capital and also to liquidate portion of their shareholding.

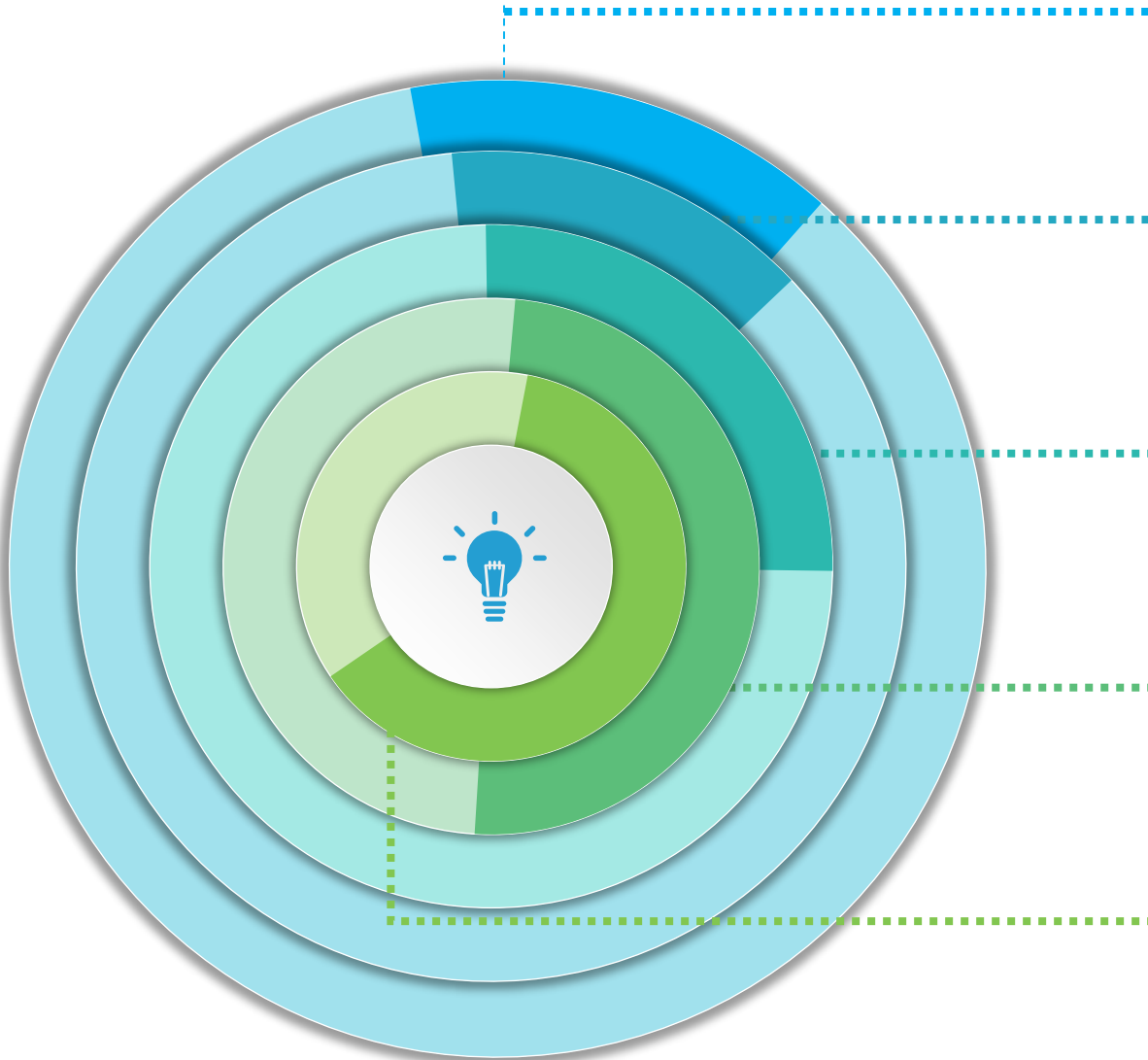
Clear Regulations & FX Structure

The exchange has been facilitating foreign investors since 1991. With the availability of foreign investors, listing on GEM board can help attract investment from foreign investors.

Capital Gains Tax

Listing the company on GEM results in lower taxes for shareholders. As on Sale of Shares of unlisted company Income tax is applied whereas Capital Gains Tax is applied of selling of a listed company shares

Advantages of Listing for IT/ITeS companies



Global Joint Ventures

Listed companies attract foreign partnerships and alliances with improved valuations potential



Negotiation Power multiplies – commands a premium

They are able to negotiate with suppliers and customers for better deals, lines and prices



Better Valuation and Exit/Entry Strategy

Listed structure provides better valuation and existing shareholders can easily exit or reduce holding



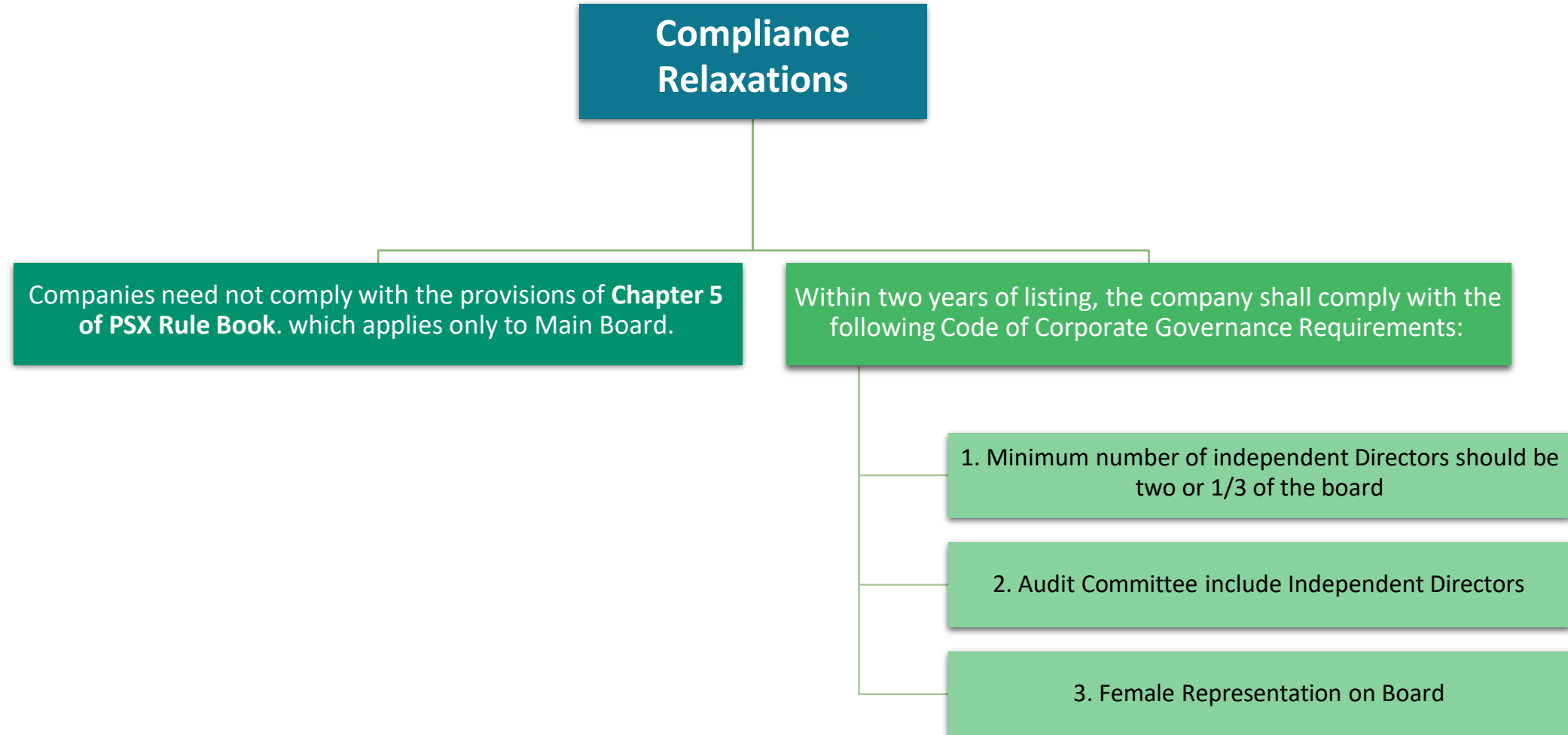
New Shareholders / Investors inclusion

Foreign and domestic investors can invest and / divest easily due to the open SCRA structure



International Transactions and Employee Stock Options

- Foreign Exchange transactions are seamless and speedy.
- Employee Stock Options are more transparent and attractive. Preferred by employees as it has a transparent price and a high level of liquidity.



Accredited Investors for GEM Board Companies



Only Accredited Investors are authorized to invest and trade shares in the GEM Board, which include institutional investors and individual investors.

Institutional Investors include:

Accredited individual investors are people registered with the NCCPL having assets of at least **Rs. 5 million**.

Financial Institutions

Company as defined in the Companies Act

Insurance Company

Trust

Securities Broker

Funds

Foreign Investors

Any other entity as specified by the Commission



Initial Listing Fees

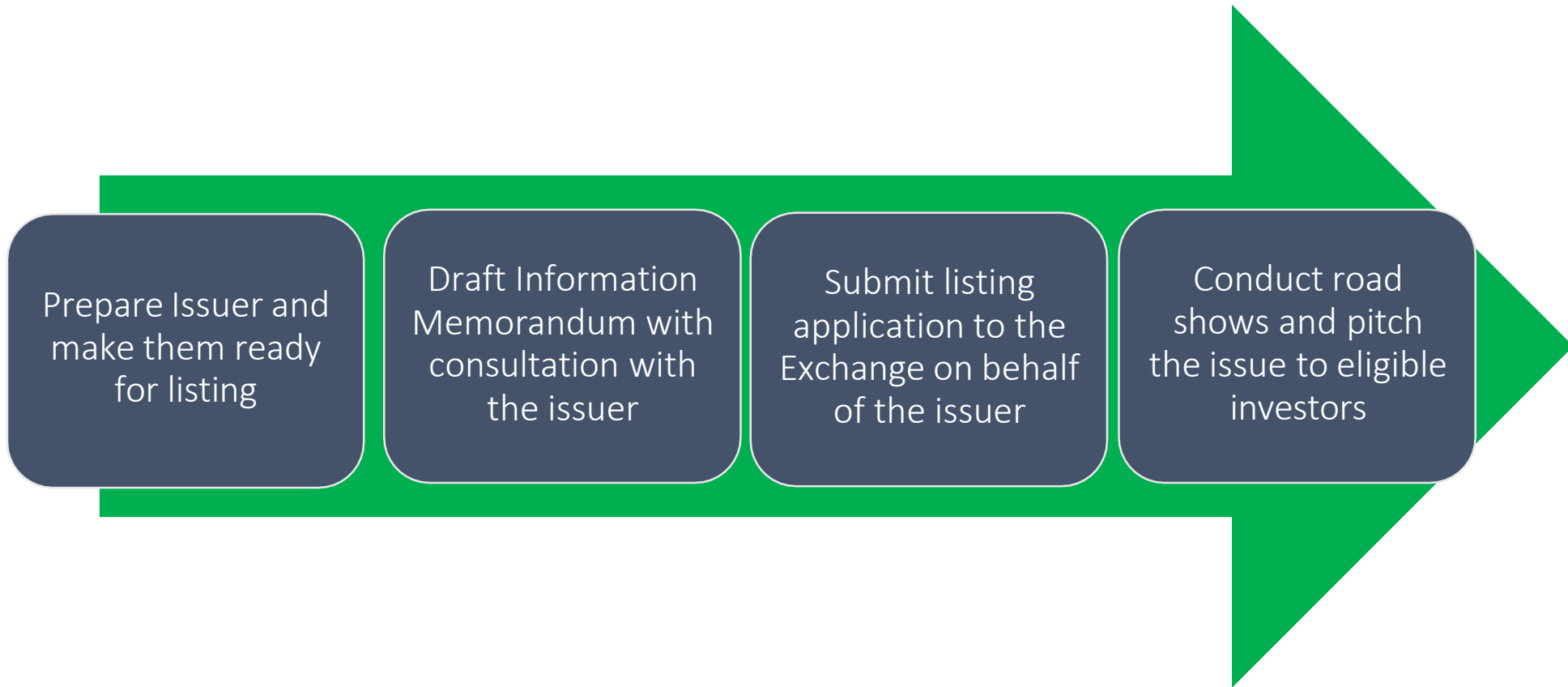
- 0.05% of Post Paid Up Capital
- Capped at PKR 50,000-/



Annual Listing Fees

- PKR 50,000-/ on Paid Up Capital up-to PKR 50 Million
- PKR 100,000-/ on Paid Up Capital between PKR 50-100 Million
- PKR 200,000-/ on Paid Up Capital exceeding PKR 100 Million

Responsibilities of Advisors / Consultants to the Issue for GEM Board



Information Required on Website



Business Activities of the Issuer

Details Regarding Board of Directors

Past Financial Performance.
(Not applicable for Greenfield Projects)

Management Details

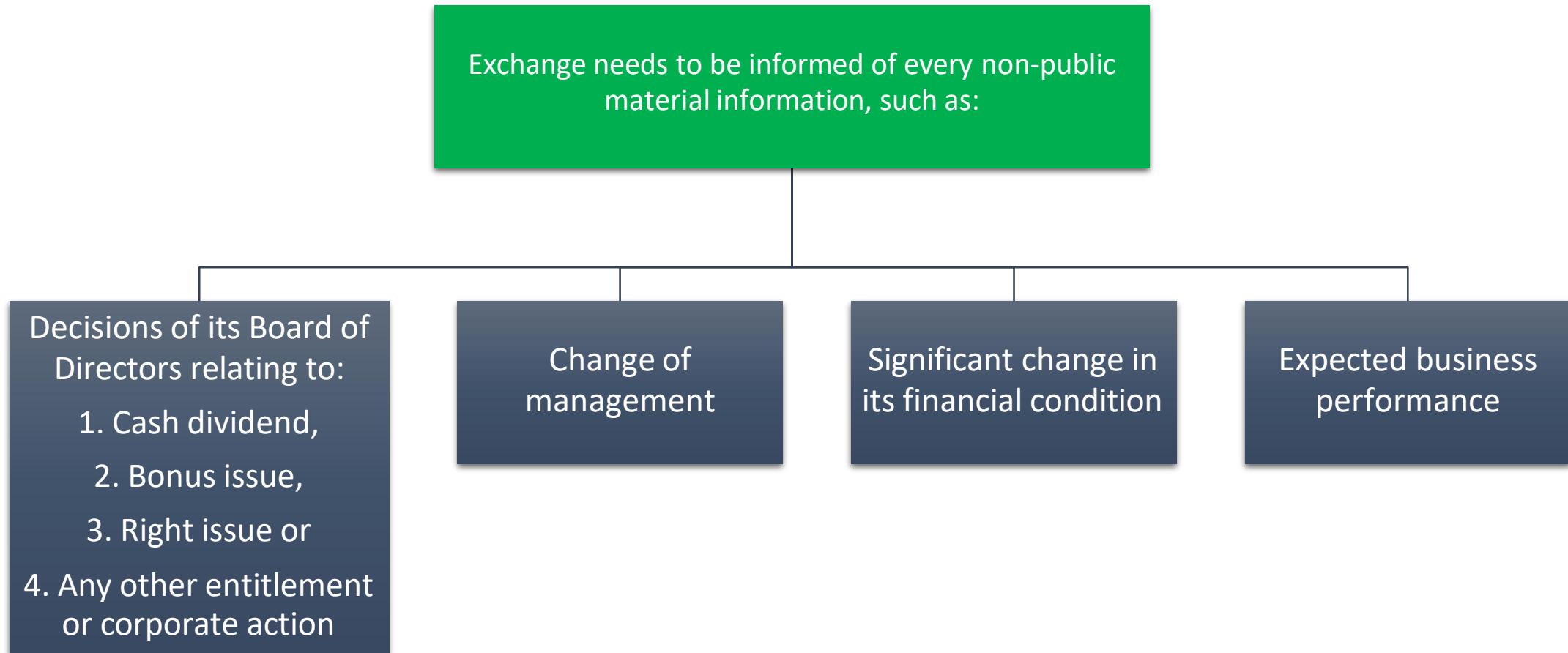
Shareholding Details

Name of Group and Associated Companies

Information Memorandum
Minimum information / disclosures required in the IM are contained in Schedule-I of Chapter 5A of PSX Rule Book.

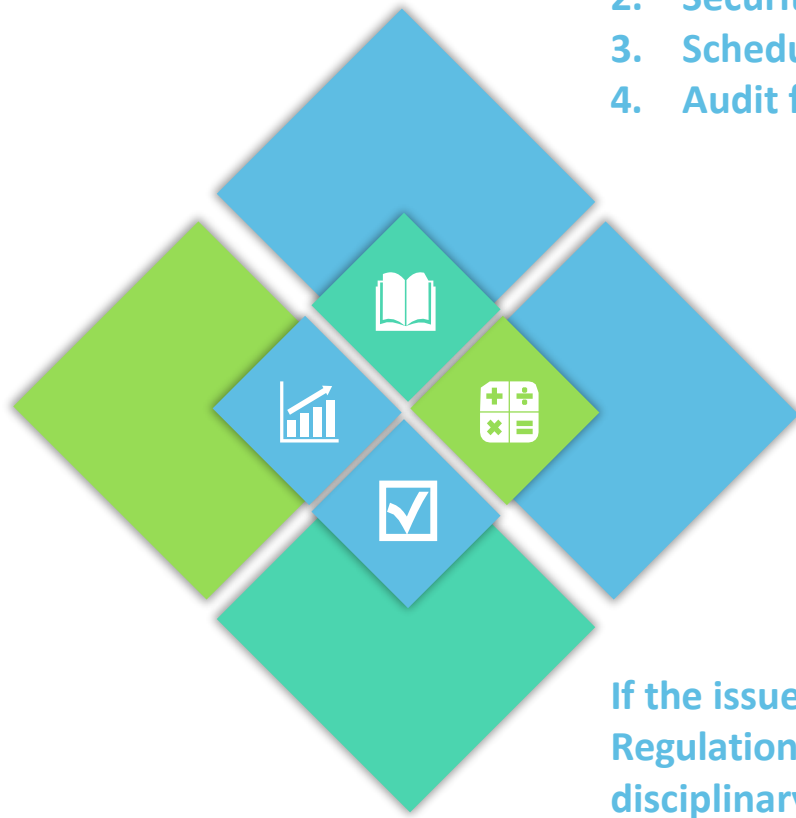
Half yearly progress providing the status of the commitment mentioned in the IM

Disclosure of Price Sensitive Information – Post Listing



Advisors to the issue for GEM listing include;

1. Consultants To the Issue (CTIs),
2. Security Brokers licensed by the SECP,
3. Scheduled Banks,
4. Audit firms recognized by ICAP or ICMAP.



An Issuer may issue equity securities at premium to the par value

Trading shall take place through PSX Automated Trading System Settlement and custody as per existing regulations through NCCPL and CDC

If the issuer violates any provision of GEM Regulations, the Exchange may take any disciplinary action such as: Imposing a fine, Placing issuer in the Defaulters' Segment, Suspend trading, etc.

GEM Board vs Main Board



GEM Board
Only Information Memorandum (IM) required
Only 3 clauses of the Code of Corporate Governance is applicable as per approval of SECP
Only eligible investors can participate
Initial listing fees capped at PKR 50,000
Minimum post issuance paid up capital of PKR 25 Million
All TREC Holders can act as Advisors to the Issue. Audit firms, Banks are also eligible to act as GEM Board listing Advisor.

Main Board
A full Prospectus is required.
Code of Corporate Governance applies
General public can invest
Initial listing fees capped at PKR 1.5 Million
Minimum post issuance paid up capital of PKR 200 Million
Only approved TREC Holders by the SECP can act as Advisors to the Issue.

Procedure to get your company listed on the Exchange?



Appoints Advisor

- The Issuer finalizes an advisor, who does the initial due diligence in regards to financials, corporate structuring, legal and regulatory requirements etc., and formulates your company's business plan moving forward. In short makes the Issuer listing ready.

Business Plan evaluation

- The business plan is evaluated by the advisor using different methodologies and its demand is gauged for the "Final Offer Structure" to get maximum value of the shares to be offered.

Finalization of Underwritings (Fixed price)

- After the terms of underwriting have been finalized, bankers to the issue and share registrar are appointed by the advisor
- The Central Depository Company (CDC) checks for eligibility and induction into their virtual share depository system.
- Finalize pre-listing investors with the help of your advisor

Regulatory Filings

- Advisor submits requisite regulatory documents for PSX and obtain the necessary approvals.

Marketing

- Advisor conducts road-shows, investor presentations and other marketing and sales events to create awareness about the upcoming issuance.

Subscriptions and Balloting

- Share registrar and balloter collect subscription results form all bankers to the issue.

Post Issue Clearance

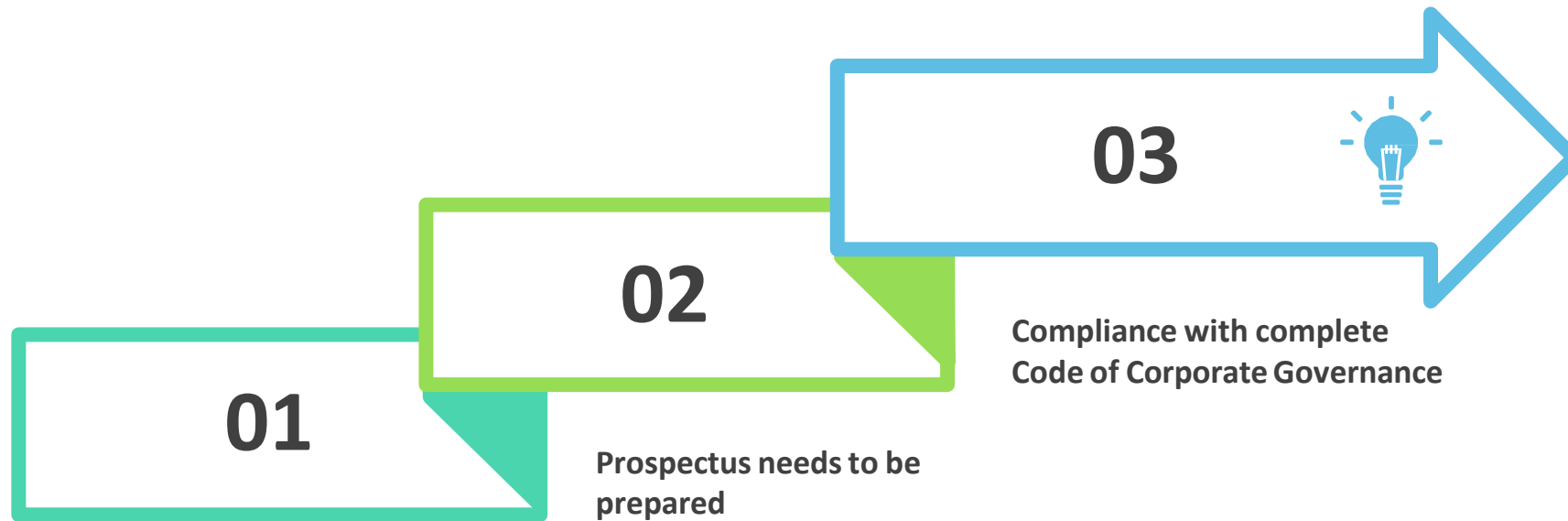
- The bank will transfer the money from the subscriber to the issuers.
- The company's equity securities can be traded on the GEM Board.

What will be your Growth Strategy?



Migration to Main Board

The issuer may migrate to the Main Board after fulfilling criteria prescribed by PSX Rule Book Chapter 5 including:



Contact Information



Lahore

Sarmad Hussain

Email: sarmad.Hussain@psx.com.pk

Telephone: 111-001-122 Ext. 4653 | Direct: 021-35274653

Islamabad & Peshawar

Saqib Ali

Email: saqib.ali@psx.com.pk

Telephone: 111-001-122 Ext. 4673 | Direct: 021-35274673

Thank You!

For any further information or queries please contact:

info@psx.com.pk

Serving Investors & Industry

Stock Exchange Building, Stock Exchange Road,
Karachi-74000, Pakistan.

Tel: (+92)111-001-122, Website: www.psx.com.pk