



Introduction to MESDAQ Listing Requirements

A summary to present an overview.
Not to be relied upon on conclusive
legal advice.

Introduction

- Malaysian Exchange of Securities Dealing & Automated Quotation Bhd (MESDAQ) ~ commenced trading in April 1999 and serves ‘growth & technology companies’:
 - Lacking track record ~ difficult to secure conventional sources of financing;
 - No early exit route for venture capitalists;
- Full-disclosure system of regulation.

Admission to Official List

- Approval by Malaysia Securities Exchange Berhad (MSEB) subject to compliance with MSEB LR and Rules and Securities Commission guidelines;
- Admission criteria:
 - Involved in single biz activity or a set of substantially related biz activities ~ priority on technology based;
 - Adherence to requirement under Chapter 2 of MESDAQ LR; &
 - Assessment of qualitative aspects of biz

Requirements

- If technology-based biz ~ no need for profit record, if non-technology based ~ min requirement of 12 months activity generate operating revenue;
- Issued & paid up capital upon listing NOT less than RM2Million;
- NTA per share must NOT be below par value unless allowed by MSEB;
- Public offering must be by way of issuance of new shares to public and NOT offer for sale of existing shares.

Requirements

- Underwriting arrangements must be in place before IPO ~ merchant bankers;
 - Exclude shares allotted for Bumiputra investors, directors and employees & other shareholders with irrevocable undertaking to subscribe.
- Public shareholding spread:
 - Min 25% and Max 49%
 - At least 200 public shareholders
 - Promoters must collectively hold min 51% of nominal issued & paid-up capital and observe moratorium on 45% for one (1) year and thereafter only trade up to a limit of 1/3 of shareholding p.a.

Requirements

- Compliance with NDP
 - With track & profit record – min 30% Bumiputra equity participation on admission;
 - Without track & profit record – min 40% Bumiputra equity participation within (i) 5 years of admission, or (ii) 1 year after achieving profit record required for 2nd Board listing, whichever is sooner.
- Utilization of proceeds
 - Must have definite plan & time frame for utilization of all funds raised in IPO.
- Compliance with Corp. Governance (Chp. 13)

Requirements

- Advisers are required for making the application for listing ~ Merchant Bankers;
- Sponsors are required for a period of 5 years after listing ~ Adviser must be sponsor for 1st year;

Process in brief

- Submission of application to MSEB and SC;
- Approval;
- Admission;
 - Final documents;
 - Filing of prospectus;
 - Newspaper publication;
 - Announce basis for allotment;
 - Issue shares per allotment;
 - Shares admitted to Official List;
 - Shares traded within 3 clear market days

Our role

- IPO

- Assist in sourcing and engaging of merchant banker as adviser/sponsor;
- Assist in sourcing and engaging of qualified Com. Secretary (with portfolio of listed clients);
- Due diligence exercise for applicant and advisor on facts and representations to MSEB and SC;
- Legal advisor on points of law and construction during IPO exercise.

- After listing

- Legal & compliance advisor to BOD on continuing listing obligations under MESDAQ LR and MCCG via (i) retainer, (ii) ad hoc engagement during quarterly BOD meetings and AGMs/EGMs.