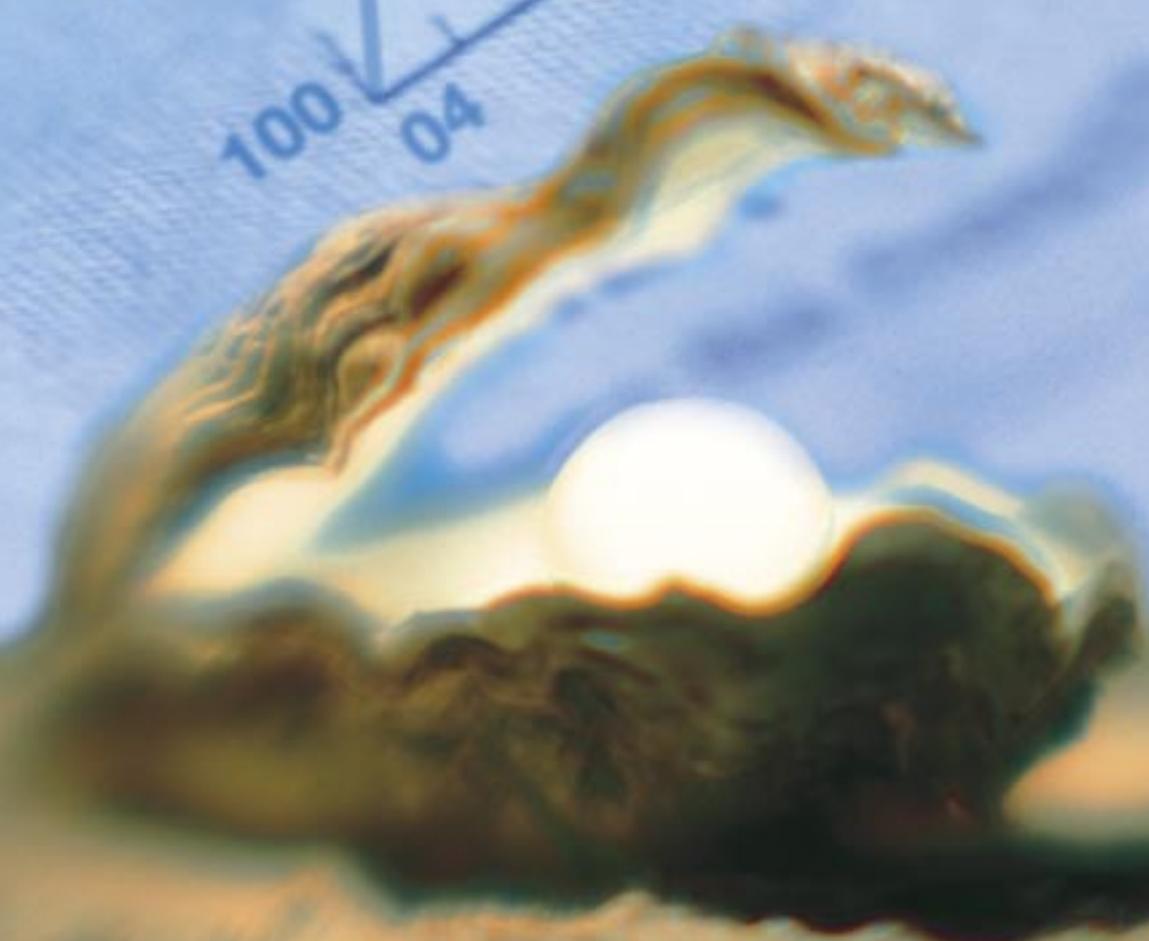




**DEM**

Development & Enterprise Market



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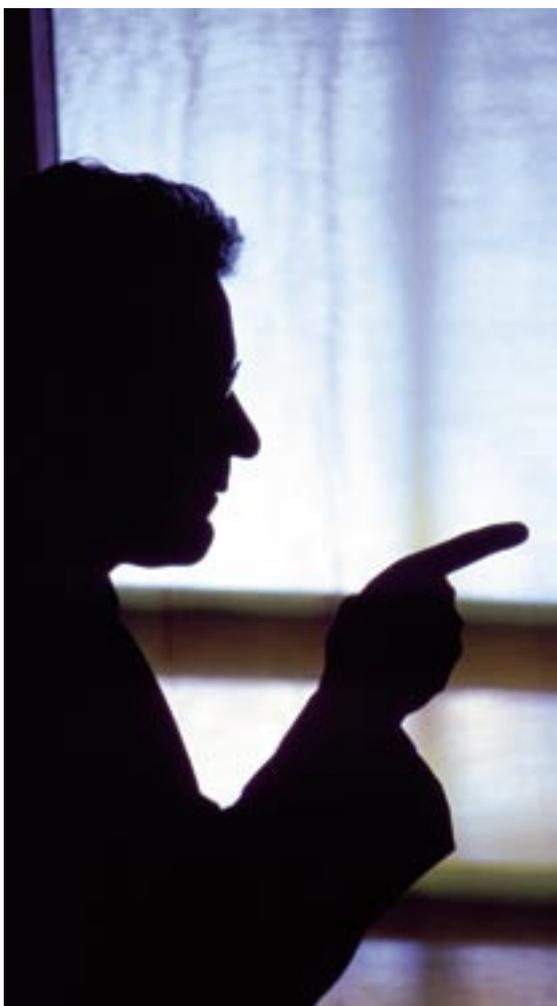
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# Contents

# Foreword

The Stock Exchange of Mauritius (SEM) is pleased to present this brochure to enable companies, investors and other stakeholders to understand the Development & Enterprise Market (DEM).



The DEM is a market designed not only for existing Over-The-Counter (OTC) companies, but also for small and medium-sized enterprises as well as for newly set-up companies which possess a good growth potential. This initiative fits well with the SEM's objective of opening up the stock market to a wider range of both local and international companies. The DEM is built on a simplified regulatory environment and easy-to-comply-with listing rules.

as why it could be right for your company. It also provides practical guidance to the admission process and post-listing requirements. For a better understanding of the DEM and its rules, stakeholders are requested to visit our corporate website [[www.semindex.com](http://www.semindex.com)] or contact the Listing Division of the SEM.

This brochure covers a broad spectrum of issues and tells you more about the DEM as well

#### Disclaimer:

This brochure does not constitute an invitation to investors to purchase securities of companies listed on the DEM. The Stock Exchange of Mauritius disclaims all liability and shall not be held liable for any damage, loss or costs incurred resulting from any use of the information therein. Appropriate independent advice should be obtained before making any investment decision.

# DEM: Development & Enterprise Market

The Development & Enterprise Market (DEM) has been designed to create new and varied opportunities for a wide range of companies. It is built on a simplified listing framework that differs from the one governing companies listed on the Official Market.



The DEM is a new market, which is designed for companies currently quoted on the OTC Market and also for small and medium enterprises with a sound business plan to facilitate their access to capital for future growth. It is meant for companies wishing to avail themselves of the facilities and advantages associated with an organized market to raise capital for their future developments.

The DEM is an exchange-regulated market that offers access to the financial market with streamlined listing requirements and relatively easy-to-comply-with post-listing obligations for OTC and other companies with a good growth potential. A listing on the DEM will provide companies with an objective market valuation for their shares and improve their reputation, credibility and profile in the eyes of different stakeholders, including customers, suppliers, investors and the public in general.

The DEM is also in line with Government's policy to foster the development of a dynamic business environment in Mauritius and the emergence of a diversified financial services sector where companies can raise capital from a variety of sources and where investors can have access to a wider array of investment opportunities.

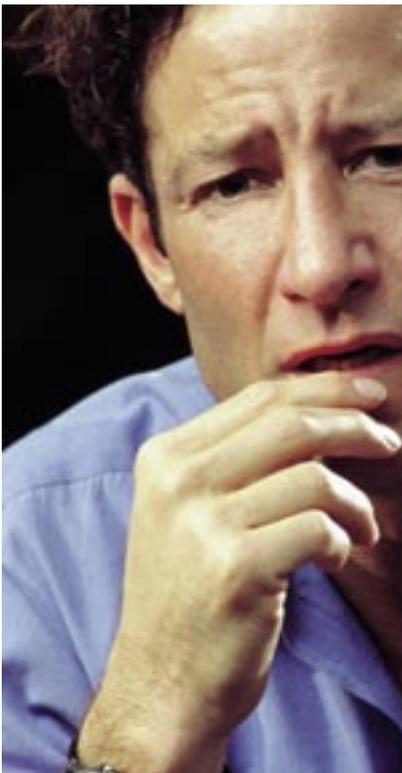
Whether as a means of gaining a first experience on a public market or as a stepping stone to the Official Market, the flexibility of the DEM makes it attractive to a wide range of companies, from young, venture capital-backed businesses to long established family concerns.

# Why join a public market?

Deciding to join a public market is a major milestone in the history of your company. It is important to make the right choice as this can have a big impact on the future success of your organisation.

## Why choose a listing on the Stock Exchange of Mauritius?

Floatation on a public market, be it on the DEM or the Official Market, is seen primarily as an opportunity to raise funds for future growth. However the benefits go much deeper and wider than that. At the Stock Exchange of Mauritius, we regard a company's decision to join any of our markets as the start of a lasting partnership. We believe that access to capital is just one of the many reasons why a company might consider going public.



A company might choose to list on the Stock Exchange of Mauritius in order to:

- access capital for growth, both at the time of floatation and later through further issues
- obtain an objective market value for its business
- raise a company's visibility and enhance its status with customers and suppliers at home and overseas
- have better bargaining position towards financiers

- enhance management practices
- foster employee motivation

However, the decision to list your company's shares on a public market is a significant one and it must be based on an honest and realistic assessment of your company and it must be made after full consideration of all the alternative routes by which your business might achieve its goals.

## Why join the DEM?

While the benefits of a listing on either the Official Market or the DEM are clear-cut, some companies may find it unsuitable to join the Exchange's Official Market at such an early point in time due to their current stage of development, size, age or type of business.

Here are just a few of the key reasons why you may consider joining the DEM:

### Simplified access for companies

The minimum market capitalisation is only Rs 20M with a minimum requirement of 10% of the shareholding to be held in public hands. Overall, the entry requirements for the DEM are less stringent when compared with those of the Official Market. In this way, this flexible approach ensures appropriate quality and regulatory control of prospective DEM companies whilst at the same time making the DEM as open as possible to a wide range of growing companies.

Likewise, companies which do not meet the above requirements may still be admitted on the DEM, provided they undertake to meet the above requirements within a period of one year from the date of admission. The rules also provide flexibility for applicants with no track record to seek admission on the DEM if they submit a detailed business plan covering at least 3 years and certified by an independent financial adviser acceptable to the Exchange. The business plan should clearly demonstrate sustained viability of the applicant and disclose risk factors associated with its business.

#### Open to foreign investors

Unlike the OTC Market, the DEM will be open to foreign investors and may potentially attract more investor interest on the shares of companies listed on the DEM.

#### Financial benefits

- A more cost effective and efficient way to raise capital for future expansion.
- Better bargaining position towards financiers.

#### Company benefits

- Enhance company status among all its stakeholders.
- Raise company visibility through regular publication of prices and other relevant market data on the Exchange's website, through international data vendors and in the local press.
- Improve corporate governance standards and enhance shareholders' value.

- Attract new investors and open up new investment avenues.

#### Employee benefits

- Increase sense of belonging within the organisation.
- Foster employee motivation.
- Increase professional recognition.

#### Investor and Shareholder benefits

- Improve liquidity of underlying shares.
- Objective market valuation of shares which are liquid.
- Publication of regular market information.
- Additional protection of shareholders' rights.

# So thinking about joining?

As a publicly listed company, you undertake to abide by a number of ongoing requirements. These are primarily requirements for regular disclosure to the market to ensure that investors can take investment decisions on a fully informed basis.

## Supporting you every step of the way

Throughout the joining process, we will make sure you have all the support and information you need to make the right decisions for your business. These are the main resources you will have at your disposal:



### Relationship Management

Our Listing Division Team will provide you with support and guidance both before and after you join.

### Publications/Mailings

Our regular publications, namely the weekly Official Bulletin and the monthly Newsletter will keep you abreast of all the key developments in the DEM.

### Website

Our corporate website will be a daily updated valuable source of information both when you are considering joining the DEM and after you have joined.

### 4 simple steps to joining

We have made listing as simple and as cost-effective as possible. The processes of the DEM are kept relatively simple, so that companies can focus on running their businesses while at the same time abiding by the continuing obligations of a DEM company.

### Pre-Joining

#### Step 1:

We will support you in deciding whether joining the DEM is right for your company and let you know the benefits that your company can derive from this market.

#### Step 2:

We will help you understand all the pre-listing and post-listing obligations of a company seeking to list on the DEM.

### Post Joining

#### Step 3:

We will be at your disposal to answer questions that you may have with regard to compliance with the DEM rules.

#### Step 4:

We will discuss with you how you can make most of the DEM and maximise your company value.

## How to decide if your company should be listed?

In deciding to list your company, you need to consider the following questions:

- Where do you want your current business plan to take your company?
- What are your likely capital requirements?
- How can you use the stock market to enhance shareholders' value?
- How strong is your competitive position and how can it be maintained and strengthened?
- What is the quality of the management team and of the Board?
- What will attract investors to your company and are you ready to commit time to communicate to investors?

## What you need to know first

Companies seeking access to the DEM are required to have reached a certain size, have a defined number of shares in public hands and show a reasonable trading record. The table below highlights the minimum entry requirements for the DEM.



Min market cap	Rs 20m
Min no. shareholders	100
Min % in public hands	10%
Min financial record	1 year unqualified
Working capital statement	Favourable

However admission may be granted to:

- a class of securities where less than 10% of that class is in public hands or where the number of shareholders is less than 100 provided that the applicant undertakes to increase the shareholding in public hands to 10% and the number of shareholders to 100 not later than the end of the first year of admission
- an applicant even though such applicant has no proven track record, provided the applicant submits to the Exchange a sound business plan, certified by an independent financial adviser acceptable to the Exchange, covering at least 3 years and demonstrating clearly the sustained viability of the applicant. The applicant shall also disclose the risk factors specific to the company or its industry and that are material to the securities being admitted to trading.

An applicant which is an investment company must comply with the following additional requirements:

- It must invest in ten or more securities, each of which has been issued by non-related parties;
- It must not lend to or invest in the securities of any one company or group (including loans to or shares in its subsidiaries) more than 20% of its gross assets at the time when the investment or loan is made; for this purpose any existing holding in the company concerned must be aggregated with the proposed new investment (this restriction does not apply to cash deposits awaiting investment);
- It must not pay dividends unless such dividends are covered by income received from underlying investments.

## Fees

The annual fees, comprising both SEM Listing Fees and CDS Service Fees, are based on average market capitalisation. Our fees are competitive and we are committed to supporting you every step of the way – before, during and after your admission.

## Trading Schedule

Trading on the DEM will be done through SEM's Automated Trading System (SEMATS) and investors will be able to follow the market on a real-time basis through i-Net. The DEM trading schedule will be as follows:

DEM Trading Days	Mondays/Wednesdays/ Fridays
Pre-opening	1.00 – 1.20 p.m.
Opening of market	1.20 p.m.
Continuous	1.20 – 2.20 p.m.
Closing	2.20 p.m.
Publication of market information sheet	3.00 p.m.

## Brokerage fees

The brokerage fee claimed by a stockbroking company to its client is set out below and is apportioned among the stockbroking company, the Stock Exchange of Mauritius, the Central Depository & Settlement Co. Ltd and the Financial Services Commission.

Value of Transaction (Rs)	Stockbroking Company (%)	SEM (%)	CDS (%)	FSC (%)	Total fee claimed for apportionment (%)
Not exceeding 3 million	0.75	0.25	0.20	0.05	1.25
More than 3 million but not exceeding 6 million	0.70	0.25	0.15	0.05	1.15
More than 6 million but not exceeding 10 million	0.60	0.25	0.15	0.05	1.05
More than 10 million	0.50	0.25	0.10	0.05	0.90

# How to list on the DEM?

## Fast-track Route for OTC companies

A simplified fast-track admission process exists for OTC companies that have been on the market for at least 6 months.

The streamlined process to join the DEM makes it easier and more cost-effective for growing companies to join a regulated market that has been specifically designed with promising companies' needs in mind.

An applicant, which has been an OTC company for at least 6 months immediately preceding the application, is only required to produce an abbreviated admission document containing the following information:



- (a) The published annual accounts for the last three years.
- (b) The latest half yearly report, where such report is available, or the latest report that reflects the overall financial situation of the company since the last published annual financial statements.
- (c) Any prospectus or offering document published by the applicant in the last 12 months;
- (d) A description of any significant change in the financial or trading position of the applicant, which has occurred since the end of the latest published financial statements, or a negative statement;
- (e) A statement by its directors that in their opinion after having made due and careful enquiry, the working capital available to the company and its group will be sufficient for its present requirements, that is for at least twelve months from the date of admission of its securities. (such statement is not required where the abbreviated admission document is published within 90 days of the date on which the auditors signed their report on the applicant's financial statements or where the applicant's financial statements are unqualified and there are no material uncertainties);
- (f) The date on which the securities will be admitted to trading and on which dealings will commence, the number and nominal value of the securities where applicable and a description of the rights attached to the securities.
- (g) A Responsibility statement signed by at least two directors of the company on behalf of the Board to the effect that they accept responsibility for the contents of the document and that where applicable, to the best of their knowledge and belief, and after making reasonable inquiries the document complies with the applicable legislation, regulations or FSC rules.

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## Admission Process for Non-OTC and Foreign Companies

Non-OTC companies and Foreign Companies seeking access to the DEM should satisfy the minimum entry requirements and will have to submit a full-fledged admission document.

Non-OTC companies and Foreign Companies are required to satisfy the minimum entry requirements for the DEM. However, companies which do not meet the requirements as regards the minimum number of shareholders and percentage of a class of securities in public hands may still be admitted on this market, provided they undertake to meet those requirements within a period of one year from the date of admission.

Non - OTC companies will have to submit a full-fledged admission document containing, inter alia, the following key information:

- (a) A Responsibility statement signed by at least two directors of the company on behalf of the Board to the effect that they accept responsibility for the contents of document provided and that to the best of their knowledge the document complies with the applicable legislation, any other applicable regulations or rules;
- (b) Prominent disclosure of risk factors that are specific to the company or its industry and that are material to the securities being offered and/or admitted to trading in order to assess the market risk associated with these securities in a section headed "Risk Factors";
- (c) Information regarding background history of the company;
- (d) A description, (including the amount) of the company's principal investments for each financial year for the period covered by the historical financial information up to the date of the admission document, the company's principal investments that are in progress, and Information concerning the company's principal future investments on which its management have already made firm commitments;
- (e) A business overview and description of key factors relating to the nature of the company's operations and its principal activities, an indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development;
- (f) To the extent not covered elsewhere in the admission document, provide an operating and financial review, i.e. a description of the company's financial condition and Operating Results;
- (g) A list of major shareholders of the company, and the name of any person who, insofar as known to its directors, is interested directly or indirectly in 5% or more of its capital, together with the amount, expressed as a percentage, of each such person's interest;
- (h) Financial information concerning the company's assets and liabilities, financial position and profits and losses;
- (i) Source and accuracy of information obtained from third parties and statement by experts, where applicable;
- (j) Information concerning the securities to be offered/admitted to trading;
- (k) Admission to trading and dealing arrangements following an offer of securities;
- (l) Any other factual information that the applicant considers necessary to enable investors to form a full understanding of the matters contained in the admission document.

## On-going Disclosure requirements for DEM companies

The DEM has on-going disclosure requirements to take into account the specific profile of growing companies. The objective is to provide a cost-effective market solution for these companies while ensuring that certain standards are met to ensure investor confidence. Therefore, companies are required to communicate key information to the market.

DEM companies will enhance transparency by conforming to on-going disclosure requirements which, inter alia, include the following key information:



- (a) Immediately issue a press release and notify the Exchange where a material change in its affairs occurs;
- (b) When a DEM company makes a significant transaction, it must immediately issue a press release and notify the Exchange, giving details of the transaction and other information required under the rules;
- (c) A DEM company which proposes to enter into a related party transaction must deliver an announcement to the Exchange and issue a press release without delay as soon as the terms of the transaction are agreed, disclosing information to the market as required by the DEM Rules.
- (d) Prepare half-yearly financial statements according to IFRS, which must be published as soon as possible but not later than 90 days after the end of each semester;
- (e) Publish annual financial statements prepared in accordance with IFRS and audited according to ISA, which must be notified as soon as possible but not later than 14 days before the date of the DEM company's annual meeting nor more than 6 months after the end of the financial period to which the financial statements relate;
- (f) Any document provided by a DEM company to its shareholders, must be made available to the public at the same time for at least one month, free of charge, at an address which must be notified through the delivery of an announcement to the Exchange and the issue of a press release by the DEM company;
- (g) Inform the Exchange of any proposed action affecting the rights of its existing shareholders.

# Who you will find on DEM?

DEM will list a broad range companies across different sectors of the economy which are seeking to develop their business in a supportive environment, and aiming to take their business to a whole new level. 43 companies representing a market capitalisation of about Rs 30.94 billion, have decided to list their securities on the DEM at its launch. The table below depicts the list of the 43 companies.



Companies	Type of Securities
1. ABC Motors Company Limited	Ordinary Shares
2. Alma Investments Company Limited	Ordinary Shares
3. The Anglo-Mauritius Assurance Society Limited	Ordinary Shares
4. Associated Commercial Co Ltd	Ordinary Shares
5. The Black River Investments Company Limited	Ordinary Shares
6. Casino Limited	Ordinary Shares
7. CIEL Investment Ltd	Ordinary Shares
8. CIEL Textile Ltd	Ordinary Shares
9. Compagnie Immobiliere Limitee	Ordinary Shares
10. Constance La Gaiete Company Limited	Ordinary Shares
11. Constance Hotels Services Limited	Ordinary Shares
12. Deep River-Beau Champ Limited	Ordinary & Preference Shares
13. Deep River Investment Limited	Ordinary 'B' Shares
14. Espitalier Noel Investment Trust Limited	Ordinary Shares
15. Espitalier Noel Limited	Preference Shares
16. Excelsior United Development Companies Limited	Ordinary Shares
17. Forges Tardieu Limited	Ordinary Shares
18. Forward Investment And Development Enterprises Limited	Ordinary Shares
19. Flacq United Estates Limited	Ordinary Shares
20. Hotelest Limited	Ordinary Shares
21. Indian Ocean International Bank Limited	Ordinary Shares
22. Les Moulins de la Concorde Ltee	Ordinary & Preference Shares
23. Livestock Feed Limited	Ordinary & Preference Shares
24. Margarine Industries Limited	Ordinary Shares
25. Mauritius Cosmetics Limited	Ordinary Shares
26. Mauritius Freeport Development Company Ltd	Ordinary Shares
27. Mauritius Secondary Industries Ltd	Ordinary Shares
28. Medical And Surgical Centre Limited	Ordinary Shares
29. Medine Shares Holding Company Limited	Ordinary & Preference Shares
30. Medine Sugar Estates Company Limited	Ordinary & Preference Shares
31. Paper Converting Company Limited	Ordinary Shares
32. Phoenix Investment Company Limited	Ordinary Shares
33. Quality Beverages Limited	Ordinary Shares
34. Robert Le Maire Limited	Ordinary Shares
35. Rose Hill Transport Limited	Ordinary Shares
36. SIT Land Holdings Ltd	Options
37. Soap & Allied Industries Limited	Ordinary Shares
38. Southern Cross Tourist Company Limited	Ordinary Shares
39. Tropical Paradise Co Ltd	Ordinary & Preference Shares
40. The Union Flacq Sugar Estates Company Limited	Ordinary Shares
41. The Union Sugar Estates Co Ltd	Ordinary Shares
42. United Bus Service Ltd	Ordinary Shares
43. Vital Water Bottling Co Ltd	Ordinary Shares

# What next?



Having assessed the advantages and responsibilities of a listing on the DEM and being convinced that this market is right for your company, you are invited to contact our Listing Division.

Our team will be able to talk you through the process in more detail, but broadly speaking these are the 2 key stages:

- **produce an admission document** (For more information please see the foregoing)
- **submit a declaration** confirming that the company will adhere to the DEM rules.

## SEM's ongoing commitment to you

We are committed to supporting you every step of the way – before, during and after your admission. We have a team to assist you with any queries you may have and to help you make the most of your experience on the DEM.

# Want to know more?

You can download copies of the following documents from our website at the following address:  
[www.semindex.com](http://www.semindex.com)

## Publications:

DEM: Development & Enterprise Market

## Other useful information on our website:

The register of Brokers

DEM Rules

Statistics on the DEM and its companies

Latest News and Announcements



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