

Consideration of the Applicant's Qualifications

1. Can a company which has obtained investment promotion from the BOI be listed in the Exchange in all circumstances?

Answer Not under all circumstances. The company must operate business in a prescribed industry and possess the qualifications pursuant to the rules on listing of ordinary shares as listed securities for companies that operate business in the prescribed industries.

In this regard, the company will be exempted from the rules on the total operating income in the latest year in case the company has obtained investment promotion from the BOI in the A1-A2^{1/} category which concerns and supports a prescribed industry and the project for which the BOI has been obtained already generated commercial income. Nonetheless, the majority of the company's income must be from the operation of business in the prescribed industry or from the operation of business in the prescribed industry with the growth rate in the latest year pursuant to the rules stipulated.

^{1/} The company may examine the information on business categories promoted by the BOI under the prescribed industry at www.set.or.th under "Rules and Regulations" "Issuers" "Simplified Regulations".

2. Can a company operating business in a prescribed industry without the investment promotion from the BOI be listed under these rules?

Answer Yes, the company's minimum total operating income must be pursuant to the rules stipulated (Baht 5,000 million for SET and Baht 1,000 for mai) and the majority of the company's income must be from the operation of business in the prescribed industry or from the operation of business in the prescribed industry with the growth rate in the latest year pursuant to the rules stipulated.

3. Must other qualifications of the applicant such as paid-up capital, free float, governance, risk management, internal control system, work management etc. still be in accordance with the current rules?

Answer Yes

4. In an event a company is uncertain whether its business can be categorized as a prescribed industry, what actions should be taken?

Answer The company may seek preliminary consultation with the Exchange starting from the pre-consultation stage by preparing the assessment of the operation of business in the prescribed industry (self-assessment) form containing the minimum information as prescribed by the Exchange. In case of lack of clarity concerning the operation of business in the prescribed industry, the Exchange may discuss such information with the working group consisting of representatives from the relevant agencies and experts with no direct interests in the matter.

Consideration of the Total Operating Income and the Income from the Operation of Business in the Prescribed Industry

5. For how many years must a company have generated commercial income from the business in the prescribed industry before submitting the application to be listed?

Answer No minimum time period is prescribed, albeit the company's operating income derived from the operation of business in the prescribed industry in the latest year before the submission of the application shall be pursuant to any of the following:

- The income from the operation of business in the prescribed industry must exceed 50 percent of the total operating income; or

- The income from the operation of business in the prescribed industry must not be less than the minimum prescribed (Baht 1,000 million for SET and Baht 200 million for mai) with the growth rate in the latest year of at least 20% compared with the previous year,

based on the information in the financial statements of the latest year as audited by an auditor. In this regard, the method for the consideration of income derived from the normal course of business will be similar to that of net profit derived from the normal course of business.

6. In an event a company operates several unrelated businesses within the prescribed industries, how will consideration with regard to the income from the operation of business in the prescribed industry be undertaken?

Answer Consideration will be undertaken with regard to the operating income for each business separately whereby the operating income in the latest year for at least 1 business shall be pursuant to the rules stipulated.

7. How will consideration be undertaken with regard to the business in the prescribed industry which constitutes the company's core business?

Answer The company's operating income derived from the operation of business in the prescribed industry must exceed 50 percent of the total operating income pursuant to the separate financial statements or the consolidated financial statements, as the case may be, or in an event the company operates more than 2 businesses, consideration will be undertaken to ensure that the majority of the income is the operating income derived from the operation of business in the prescribed industry. In this regard, the Exchange may consider other factors which can demonstrate that such business will be the company's core business.

On this basis, the income from the operation of businesses which are related to or supports one another may be combined together as one business.

8. In an event a company generates income from the operation of business in its traditional form that is not yet categorized as a prescribed industry, but employs technology or innovation which enhances the potential of such traditional business, how will consideration with regard to the income from the operation of business in the prescribed industry be undertaken?

Answer In an event technology or innovation is employed to develop, improve or enhance the potential of the company's business operation such as increasing the efficiency of the overall products and services or manufacturing process and such constitutes a part of related business operation, the income from the operation of business in its traditional form may be combined together with the income from the operation of business in the prescribed industry, for example, if the company engages in traditional agriculture and subsequently expands the business to cover manufacturing or provision of machinery or modern agricultural equipment in order to enhance the potential of its business operation, the income from the operation of traditional agriculture business may be considered as income from the operation of business in the prescribed industry.

9. Can the income from the operation of business in the prescribed industry and its growth rate be calculated "pro rate" on a quarterly basis?

Answer The income from the operation of business in the prescribed industry will be considered on a yearly basis based on the information in the latest annual financial statements as audited by an auditor on a "non-pro rate" basis.

10. In case the company has obtained the investment promotion certificate from the Board of Investment (BOI) in the A1-A2 category, will it be exempted from the rules on the total operating income?

Answer The company must start generating commercial income from the project for which the BOI in the A1-A2 category has been obtained that supports the prescribed industry before the date of the submission of application. After the listing, in case the company has the duty to disclose the progress in the development of the project to the BOI, the disclosure shall also be made via the information disclosure system of the Exchange.

Guideline for Consideration in case the Applicant is a Holding Company

11. In case the applicant is a holding company, how will the operating income be considered and how is the company to maintain the subsidiary operating the core business?

Answer The operating income will be considered pursuant to the consolidated financial statements as audited by an auditor. In this case, the applicant must have a subsidiary operating the core business in the prescribed industry. This also applies to applicants who rely on the listing qualifications in an event the company or the subsidiary has obtained the investment promotion from the BOI in the A1-A2 category, in which case the company must maintain its shareholding in the subsidiary operating the core business for a period of at least 3 years after listing.

Example

Subsidiary of Holding Co.	Operating Income in the Latest Year
Company A: sale of consumer goods business	6,000
Company B: cold storage business (in the prescribed industry)	1,500
Company C: business of the storage of agricultural products using advanced technology	1

Scenario 1: The Company C obtained the BOI in the A2 category to be used to support the cold storage business of the Company B

Since the cold storage business of the Company B is one of the prescribed industries and involves the use of technology for the storage of agricultural products of the Company C, which has obtained BOI in the A2 category to be used to support the Company B's business, it can be considered that the subsidiaries operating the core business are the Company B and the Company C. Thus, the company is required to maintain its shareholding in both companies for at least 3 years from the first day the trading of its shares commences. Moreover, because the company has not yet operated the business in the prescribed industry as its core business on the date of listing, the company's income from the operation of business in such industry (Company B + Company C) must not be less than Baht 1,000 million with the growth rate of 20% in the latest year.

Scenario 2: The Company C did not obtain the BOI in the A2 category to be used to support the cold storage business of the Company B or the Company C has obtained the BOI in a high category, but has not yet generated commercial income

In this case, the company relies on the Company B's cold storage business to be listed under the rules on the operation of business in the prescribed industries, but the company did not obtain the BOI in a high category for its business. Therefore, the company's total operating income must not be less than Baht 5,000 million, which must include the Company A's income in order to satisfy the relevant qualifications. Consequently, the subsidiaries operating the core business here are the Company A and the Company B, and the company must maintain the shareholding in both companies for at least 3 years from the first day the trading of its shares commences.

Guideline for Consideration in case the Applicant is a Foreign Company

12. In case the applicant is a foreign company, how will the proportion of benefit to the Thai economy applicable to the foreign company be considered?

Answer In case of a foreign company, in addition to the income from the prescribed industry pursuant to the rules, there must also be a proportion of benefit to the Thai economy. In this regard, the company and the financial advisor must demonstrate that Thailand is an important production base or that the people in Thailand use the products or services of the foreign company whereby any one or several of the characteristics are satisfied pursuant to the guideline prescribed by the Exchange such as:

1) Thailand is an important production base	<ul style="list-style-type: none">• The investment or use of raw materials in Thailand compared with the amount of investment or use of raw materials by the company must not be less than 15 percent and not less than Baht 500 million per year; or• The employment of Thai persons compared with the total number of personnel in Thailand must not be less than 50 percent and not less than 200 persons per year.
2) The people in Thailand use the products or services of the foreign company	<ul style="list-style-type: none">• The income from the operation of business in Thailand compared with the total income of the company must not be less than 15 percent and not less than Baht 750 million per year; or• The number of product or service users in Thailand compared with the total number of customers of the company must not be less than 15 percent per year.

In this regard, the Exchange may also consider the latest relevant information and the latest annual financial statements of the company as audited by an auditor.

13. Can the qualifications with regard to the total operating income be exempted in case of a foreign company?

Answer A foreign company may be exempted from the qualifications with regard to the total operating income as in the case of a Thai company if the company or its subsidiary has obtained investment promotion from the BOI in the A1-A2 category which supports the prescribed industry and the project for which the BOI has been obtained already started generating commercial income.

Disclosure of Information on the Operation of Business in the Prescribed Industry

14. In case the company operates its core business in the prescribed industry as of the date of the submission of application, how must the company disclose information on the operation of business in the prescribed industry and how must the company disclose such information after listing?

Answer 1. Disclosure of information in the filing

- Purpose of fund raising
- Sufficiency of revolving fund for the operation within the next 12 months such as the liquidity ratio, cash flows from operating activities, future liabilities etc.
- Assessment of the operation of business in the prescribed industry (self-assessment) form demonstrating that the prescribed industry is or will, by virtue of policy, become the company's core business within the time period prescribed by the company.

2. Disclosure of information after listing

- Sufficiency of revolving fund such as the liquidity ratio, cash flows from operating activities, future liabilities etc., which is to be disclosed within the same day as the due date for the submission of the financial statements for a consecutive period of 4 quarters from the date the trading of the shares in the Exchange commences.
- Organize opportunity days 2 times per year for a consecutive period of 3 years from the date the trading of the shares commences.

Change of Market by Virtue of the Rules on the Operation of Business in the Prescribed Industries

15. In case the company wishes to request to change the market by virtue of the rules on the operation of business in the prescribed industries, what information must the company prepare to be used to support the consideration?

Answer The company must prepare the following information jointly with the financial advisor to be used to support the decision of the Exchange:

- Checklist of listing requirements which demonstrates that the company possesses all the qualifications prescribed
- Assessment of the operation of business in the prescribed industry (self-assessment) form
- Sufficiency of revolving fund for the operation within the next 12 months such as the liquidity ratio, cash flows from operating activities, future liabilities etc.
- In an event the company raises fund to develop, improve or enhance the potential of the operation of business in the prescribed industry, the purpose of fund raising must be disclosed whereby the company must disclose such information to investors via the information disclosure system of the Exchange accordingly.

Moreover, the company must possess other qualifications pursuant to the rules stipulated such as having ordinary shares which have been listed for trading on the Exchange for not less than 1 year prior to the submission of application, not having any characteristics from which the Exchange may consider that the trading of the shares possesses abnormality, and having market capitalization for the average of 3 months prior to the date of the submission of application of not less than the rules stipulated.

16. How must the company comply with the conditions regarding the silent period and opportunity Day?

Answer In case the company submits application to change the market by relying on the qualifications pursuant to the rules on the operation of business in the prescribed industries, the company must ensure that 55 percent of the shares held by strategic shareholders are subject to the silent period and organize the opportunity days at least 2 times per year for a period of 3 years from the date the trading of the shares in the new market commences except where the listed company relies on the qualifications pursuant to these rules for the listing for the first time (new listing), in which case the entire time period may be combined altogether.

Rules Used for the New Listing	Rules Used for Change to the Market	Silent Period and Opportunity Day
Rules on prescribed industries	Rules on prescribed industries	The entire time period since the listing for the first time may be combined altogether
Profit test	Rules on prescribed industries	The rules on the silent period shall be complied with and the opportunity days shall be organized for a period of 3 years from the date the trading of the company's shares in the new market commences as if the company has never complied with such rules.
Market capitalization test		
Infrastructure company test		
Rules on prescribed industries	Profit test / Infrastructure company test	The entire time period since the listing for the first time may be combined altogether
Profit test		
Market capitalization test		
Infrastructure company test		

Others

17. How is the assessment of the operation of business in the prescribed industry (self-assessment) form to be submitted?

Answer The self-assessment is a document which must be disclosed in the filing of the SEC and is a supporting document specified in the checklist of documents to be submitted to the Exchange via the DIPO system.