

# The posting of CB CS CC and CF signs

## Rule Summary

In order to increase investors' benefits protection measures, SET has issued the criteria for the posting of sign on securities of listed company, to inform investors of listed companies with risks in connection with financial position, operating result, financial liquidity or with qualification not being in compliance with the prescribed criteria. The investors shall only purchase such securities through Cash Balance account.

The criteria for posting of signs to warn investors shall comprise of "CB" (Business), "CS" (Financial Statements), "CC" (Non-compliance) and "CF" (Free Float) as follows;

### 1. The criteria for posting of signs

#### 1.1. Criteria regarding Financial Position

Sign	Details	
	The Posting of Signs	The Lifting of Signs
<b>CB (Business)</b>	<ul style="list-style-type: none"> <li>The shareholders' equity is less than 50% of paid-up capital<sup>/1</sup> in the latest financial statement.</li> <li>There is continuously net loss for 3 years and causing of the shareholders' equity less than 100% of paid-up capital.<sup>/1</sup></li> <li>The Regulatory of financial institutions, securities companies, life insurance or non-life insurance companies have been publicly ordered by its regulator to rectify financial position or operating result by temporarily discontinuing their partial operation or business expansion which are significant orders to the financial status and operating results.</li> <li>The company or debtor or regulator has submitted the company's rehabilitation petition and the court has accepted the petition.</li> <li>The company has been filed for bankruptcy by the debtors and the court has accepted the petition.</li> </ul>	<ul style="list-style-type: none"> <li>The shareholders' equity is equal to 50% or more of paid-up capital<sup>/1</sup> in the latest financial statement.</li> <li>There is net profit or the shareholders' equity is equal to 100% or more of the paid-up capital in the recent fiscal year.</li> <li>The company is able to show that it has proceeded to eliminate the financial position and performance issues in accordance with the instruction of the regulating authority.</li> <li>The court has dismissed the rehabilitation petition, or dismissed the bankruptcy claim or the creditor withdraw the bankruptcy claim.</li> </ul>
	<ul style="list-style-type: none"> <li>The operating income in the latest annual financial statement is less than THB 100 million for SET and THB 50 million for mai.</li> </ul>	<ul style="list-style-type: none"> <li>The operating income in the latest annual financial statement is greater than or equal to THB 100 million for SET and THB 50 million for mai.</li> </ul>
	<ul style="list-style-type: none"> <li>The Listed company or its subsidiary is in default in payment with financial institutions or is in default or unable to comply with legal obligations under transactions respecting issuance of bonds.<sup>/2</sup> In case of their subsidiaries, SET will consider the event of default with the value of <math>\geq 5\%</math> of the total assets of the company.</li> </ul>	<ul style="list-style-type: none"> <li>The Listed company is able to show that it has solved the issue of being in default of payment with financial institution, or the ThaiBMA<sup>/2</sup> has cancelled the posting of sign on the company's or on the subsidiary's bonds.</li> </ul>

### 1.2. Criteria regarding Financial Statements

Sign	Details	
	The Posting of Signs	The Lifting of Signs
<b>CS (Financial Statements)</b>	<ul style="list-style-type: none"> <li>The latest auditor's report contains the issuance of a disclaimer opinion on the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>The company has submitted the financial statement that does not contain such characteristics.</li> </ul>
	<ul style="list-style-type: none"> <li>The SEC has ordered the company to rectify financial statements or arrange a special audit.</li> </ul>	<ul style="list-style-type: none"> <li>The company has submitted the rectified financial statements or special audit as ordered by the SEC.</li> </ul>

### 1.3. Criteria regarding Qualifications that not being in compliance with the prescribed criteria

Sign	Details	
	The Posting of Signs	The Lifting of Signs
<b>CC (Non-Compliance)</b>	<ul style="list-style-type: none"> <li>The listed company that has total assets or almost all of its total assets in the form of cash or short-term assets (Cash Company).</li> </ul>	<ul style="list-style-type: none"> <li>The company has resolved the status of cash company within specified deadline. <sup>/3</sup></li> </ul>
	<ul style="list-style-type: none"> <li>The listed company has not completely audit committee for more than 3 months (Audit Committee &lt; 3 members)</li> </ul>	<ul style="list-style-type: none"> <li>The listed company have a complete audit committee.</li> </ul>
	<ul style="list-style-type: none"> <li>The listed company have characteristics as an investment company.<sup>/4</sup>  (SET will consider the company's financial statements ending from August 1, 2024, onward. The further details are available in Q&amp;A section.)</li> </ul>	<ul style="list-style-type: none"> <li>The listed company's business operation in the manner of an investment company has been rectified.</li> </ul>
<b>CF (Free Float)</b>	<ul style="list-style-type: none"> <li>The Listed company has a distribution of small shareholdings that does not meet the criteria (&lt; 150 shareholders or &lt;15% of paid-up capital).</li> </ul>	<ul style="list-style-type: none"> <li>Minority shareholdings are distributed according to the criteria.</li> </ul>

#### Remarks

<sup>/1</sup> The paid-up capital means the paid-up capital deducting the discounts on share capital and the discounts from business restructuring in accordance with the calculating method stipulated by the SET. In any case, the paid-up capital after those deductions shall be greater than zero.

SET has specified the calculation guideline of the measure as follow

**Step 1** Calculate shareholders' equity to paid-up capital deducting the discounts on share capital ratio as follows:

$$\frac{\text{Equity}}{\text{Paid-up Capital - Discounts on Share Capital}} \times$$

**In case the result of the calculation in Step 1  $\geq$  50%:** Not qualified as CB (Business)

**In case the result of the calculation in Step 1  $<$  50%:** To calculate Step 2

**Step 2 In case the result of the calculation in Step 1  $<$  50%**

To deduct the discounts from business restructuring from the paid-up capital, such as the adjustment of equity interests under reverse takeover, the deficits arising from business combination under common control, among other items, as follows:

$$\frac{\text{Equity}}{\text{Paid-up Capital - Discounts on Share Capital - Discounts from Business Restructuring}} \times$$

However, the deduction shall not be greater than the current paid-up capital.

**In case the result of the calculation in Step 2  $\geq$  50%:** Not qualified as CB (Business)

**In case the result of the calculation in Step 2  $<$  50%:** Qualified as CB (Business)

<sup>/2</sup> With respect to the default in payment or failure to comply with its obligation under transactions respecting issuance of bonds, the Exchange will refer to the posting of signs by the Thai Bond Market Association (ThaiBMA), such as, DP (Default Payment), DNP (Default not related to payment), FP (Failed to Pay), FPG (Failed to Pay with Guarantee), etc.

<sup>/3</sup> Please study the delisting in the cash company case regulation.

<sup>/4</sup> The definition of an Investment Company in accordance with the Notification of the Capital Market Supervisory Board, means investments in securities, derivatives or digital assets in one or more of the following manners at a collective total exceeding 40 percent of the total assets as per the most recent financial statements or the consolidated financial.

(1) Investments in shares in another company which is not, or will not become, a subsidiary or an associate, except for the investment in companies that cooperate or support businesses, or an affiliated company under the same parent company, or a network company that can demonstrate a policy or direction of cooperation or support for mutual operations.

(2) Investments with the objective of generating returns from increases in capital gain or other returns exempted investment in government bonds, debt instruments issued by the Ministry of Finance with an unconditional, full guarantee of principal and interest and units in money market funds or units in general fixed income funds.

The calculation of the proportion of such investments includes the investments in securities, derivatives or digital assets of subsidiary which is a non-financial institution and the investments in shares which are issued by an associate and engaged a non-financial institution.

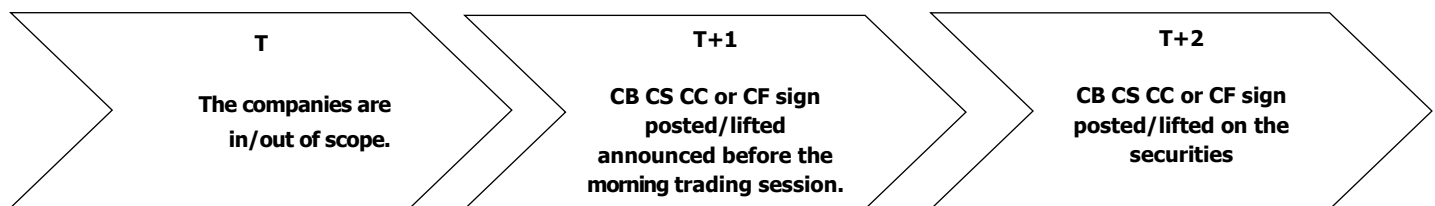
## **2. Procedures to be taken by listed companies posted with CB, CS, CC and CF signs**

The listed company is required to set up a meeting in order to provide information to the investors and concerned persons (Public Presentation) within 15 days since the day that CB CS CC and CF sign are posted by providing of the plan to solve the problems and report on resolving progress to the company's Board Of Directors (BOD) and Audit Committee to approve. Also, aforementioned plan and progress must be reported through the SET Disclosure System.

## Process

Whenever there is information that the listed company appeared to be in the scope of CB CS CC and CF sign posting, SET will announce to post on the next business day before the morning trading session. As a result, investors have to purchase such securities with Cash Balance account on the next business day from the notified date onwards.

SET will lift the CB CS CC and CF sign by the announcement in advance for 1 business day when the company has completely resolved mentioned problems or the company's securities has already been announced to be possible delisting.



## Related Regulations

### SET's regulations

- Measure in case of Events that may affect the Listed Companies' Financial Condition and Business Operation B.E. 2561 (2018)
- Regulation of the Stock Exchange of Thailand Re : Delisting of Securities B.E. 2564 (2021)
- Regulation of the Stock Exchange of Thailand Re : Rules, Conditions and Procedures for Temporary Suspension of Listed Securities Trading B.E. 2562 (2019)
- Notification of the Stock Exchange of Thailand Re : Procedures on Trading, Clearing and Settlement of Securities in the Exchange B.E. 2560 (2017)
- Notification of the Stock Exchange of Thailand Re : Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004
- Procedure for Actions against Listed Companies whose Performance or Financial Position fits the Criteria for Possible Delisting
- Bor.Jor. (Wor) 2/2024 Re: Revision to the rules of the Stock Exchange of Thailand to enhance supervision of listed companies and disclosure of information
- Bor.Jor. (Wor) 5/2024 Revision to the Rules of Investment Company

### Others related regulation

- Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares