

# Grounds for Possible Delisting and Elimination of the Ground

## Financial conditions or operational performance not meeting requirements

- In the case that the listed company has operations or financial status that may be subject to delisting. Before November 1, 2021, The SET will announce that it may be delisted in stage 1 with a sign Non-compliance (NC) in 3 stages. Each term has a period of 1 year: NC stage 1, NC stage 2, and NC stage 3. The revised guidelines are summarized in accordance with the information underlined and part of the previous criteria according to the information that is ticked out as follows.

Reason for delisting	Conditions and period for improving the qualifications of listed companies.	
	Stage 1 Period for the elimination of grounds for delisting	Stage 2 Period for the repossession of qualifications in order to resume trading
Financial position (1) Equity < 0 (2) stop doing business (3) The auditor does not express an opinion for 3 consecutive years (4) Annual operating income < specified amount for 3 consecutive years, SET < 100 million baht, mai < 50 million baht for 3 consecutive years.	Resolve the grounds for possible delisting within 3 years (may request an extension of 1 year) <del>For example, in the case of Equity &lt; 0, the Equity is not less than 0, etc.</del> <u>According to the reasons that have been announced in each item are as follows:</u> (1) <u>Equity &gt; 0</u> (2) <u>having a business operation</u> (3) <u>Auditor's report of the annual financial statements or annual consolidated financial statements is not a type that does not express an opinion or express an opinion that the financial statements are inaccurate.</u> (4) <u>Operating income in the cumulative period or latest year ≥ specified amount SET ≥ 100 million baht mai ≥ 50 million baht.</u> <del>During the Company is in stage 1 the SET will announce the list of listed companies in 3 periods of 1 year each, namely NC stage 1, NC stage 2 and NC stage 3.</del>	Qualifications are as follows within 2 years (may request an extension of 1 year) <ul style="list-style-type: none"> <li>• Equity: SET ≥ 800 / mai ≥ 100 MB.</li> <li>• Profit from core business for 1 year or 4 quarters: SET ≥ 75 / mai ≥ 25 million baht, and there is a net profit in the accumulated period before applying.</li> <li>• Financial position and operating performance are stable considering consisting of Cash flow from operating income and retained loss,</li> <li>• Qualifications for maintaining the status of listed company</li> <li>• Free float ≥ 15%, 150</li> <li>• Debt restructuring &gt; 75%</li> <li>• If the business is rehabilitated according to bankruptcy law. The company had to leave the reconstruction through the courts<sup>1</sup></li> </ul>

Reason for delisting	Conditions and period for improving the qualifications of listed companies.	
	Stage 1 Period for the elimination of grounds for delisting	Stage 2 Period for the repossession of qualifications in order to resume trading
	(* Considered from annual financial statements or annual consolidated financial statements audited by auditors)	
	<p>Qualifications for requesting an extension of time It must have all of the following :</p> <ul style="list-style-type: none"> <li>• Equity <math>\geq</math> 100 million baht or profit from the main business for 1 year or 4 quarters <math>\geq</math> 25 million baht.</li> <li>• Has a core business that will continue to operate the business.</li> <li>• There are clearly plan for resolving the delisting reasons and there is progress in action.</li> </ul> <p>There are directors, executives, and controlling persons who do not have any prohibited characteristics under the SEC criteria and complete information disclosure.</p> <p>*Consider the annual budget or the latest 4 quarter budget that has been audited or reviewed by an auditor. (depending on the case)</p>	

Subject	Details
<b>Consideration criteria for the grounds of delisting</b>	<p>Operation performance or financial conditions of the listed company falls within any of these following cases:</p> <ul style="list-style-type: none"> <li>○ The operation is halted entirely or almost entirely;</li> <li>○ The auditor issues a disclaimer opinion on the financial statements of the listed company for 3 consecutive years;</li> <li>○ The latest audited financial statements show that the shareholders' equity is lower than zero.</li> <li>○ Operating income in the annual budget audited by SET auditor &lt; 100 million baht, mai &lt; 50 million baht for 3 consecutive years.</li> </ul> <p><b><u>Consideration criteria in the event that the shareholders' equity is lower than zero:</u></b></p> <ol style="list-style-type: none"> <li>1. The financial condition shows that the shareholders' equity is lower than zero.</li> <li>2. The financial condition shows that the shareholders' equity is higher than zero, but the auditor has issued a qualified opinion, or a disclaimer, or an adverse opinion on the financial statements. If the financial statements are to be adjusted accordingly, the shareholders' equity will become lower than zero.</li> <li>3. The Stock Exchange will not announce grounds for delisting. If the listed company can make a change to make the shareholder's equity value greater than zero. The budget must be submitted for review or audit. which has information ending on the date the incident was resolved or a report showing that the incident was resolved along with the annual budget</li> </ol>
<b>Procedures for action upon</b>	To warn investors to be cautious in their investment, SET will consider information from financial statements that have been audited or reviewed by auditors and proceed as follows;

Financial condition or operational performance not meeting the requirements – January 2025

Subject	Details
<p><b>the possible delisting of ordinary shares of the listed company</b></p>	<ol style="list-style-type: none"> <li>1. its operation : the shareholders' equity               <ul style="list-style-type: none"> <li>o The Stock Exchange will post a CB (Business) sign. Investors must purchase such securities with a Cash Balance account only.</li> <li>o When the latest statement of shareholders' equity is less than 50% of the paid-up capital. (Details appear in the matter of posting the CB mark)</li> <li>o - Annual net loss for 3 consecutive years until shareholders' equity is less than 100% of paid-up capital.</li> </ul> </li> <li>2. Financial status: In the case of income from operations               <ul style="list-style-type: none"> <li>o The Stock Exchange will post the CB (Business) sign. Investors must purchase such securities with a Cash Balance account only when operating income Cumulative or annual installments less than 100 million baht (SET) or less than 50 million baht (mai)(details appear in the posting of the CB sign)</li> </ul> </li> <li>3. Financial statements : In the case the auditor does not express an opinion on the financial statements               <ul style="list-style-type: none"> <li>o The Stock Exchange will post the CS (Financial Statements) sign. Investors must purchase such securities with a Cash Balance account only in the event that the auditor does not express an opinion on the latest statement. (Details appear in the CS sign posting)</li> <li>o The Stock Exchange will post the SP sign for 1 day to give users of information in the financial statements time to consider the auditor's opinion. together with the numbers in the financial statements carefully Including acknowledging the company's clarification first and taking measures against listed companies in accordance with the regulations of the Stock Exchange regarding measures to take in cases where listed companies have events that may affect their financial position and business operations.</li> </ul> </li> </ol>
<p><b>Posting a sign when the company may be possible delisting</b></p>	<p>To encourage the listed company to have a clear plan and expedite rehabilitation, the SET shall take the following actions:</p> <ul style="list-style-type: none"> <li>• Post SP (Suspension) sign on the listed company's securities to suspend trading from the day of the announcement that its operational performance or financial condition falls within possible delisting criteria, such as when the listed company's audited financial statement shows that the shareholders' equity is lower than zero.</li> <li>• Announce that the securities of the listed company may potentially be delisted (NC Stage 1) and post NC (Non-compliance) sign within 7 business days from the day there is a ground for potentially delisting, then prohibiting the trading of securities for another 1 month.</li> <li>• When SP sign has been posted for 1 month and the listed company has informed of its rehabilitation plan, the SET will allow trading of its securities for 1 month with NC sign posted and can be purchased with Cash Balance account only. After that, SP sign will be posted until the company can make progress in rehabilitation, eliminate the ground for delisting, and repossess the qualifications to resume trading.</li> <li>• Order the listed company to report or disclose on the progress of rehabilitation every 3 months, or on the date the quarterly financial statement is due for submission.</li> </ul> <p>If the company is qualified to resume trading within the specified period. The company can submit an application to the SET to consider removing NC and SP to resume trading.</p>

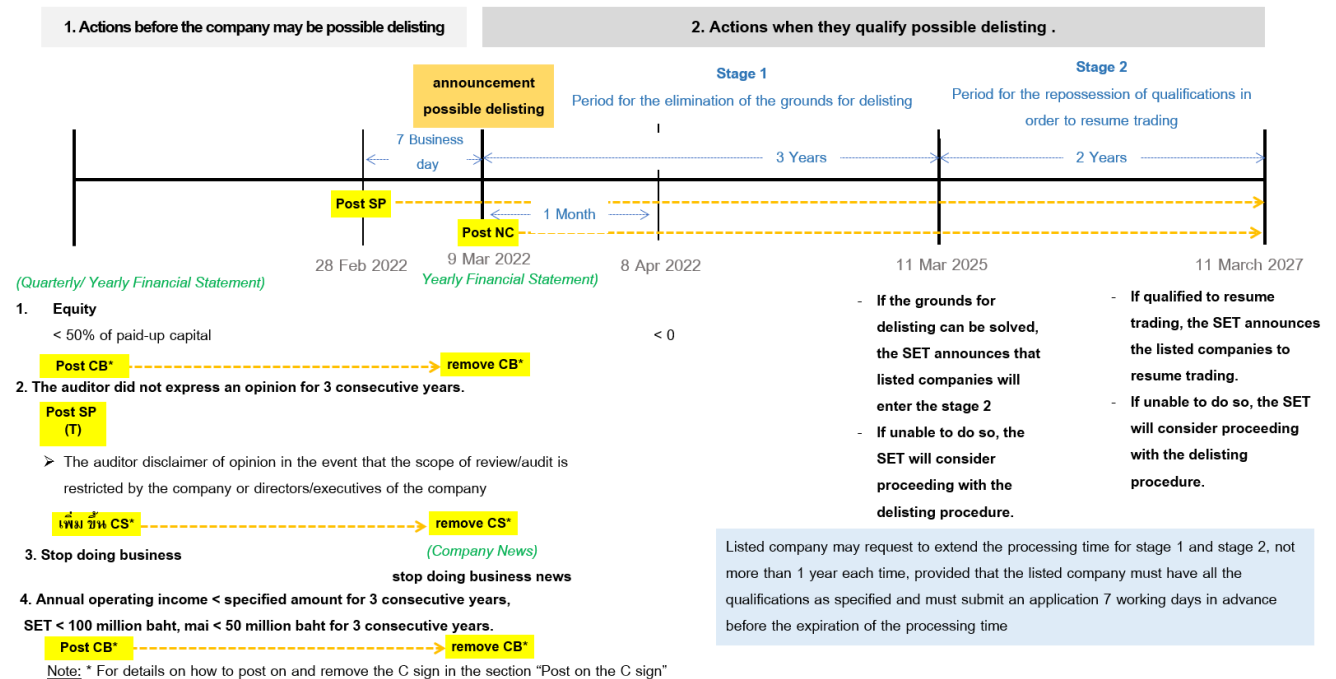
Subject	Details
	<p><b>Rehabilitation period</b> is divided into two parts:</p> <p><b>1) Period for the elimination of the grounds for delisting</b></p> <p>There is a period of 3 years from the date the securities are announced as potentially subject to delisting.</p> <ul style="list-style-type: none"> <li>▪ If the listed company is able to eliminate the grounds for delisting within 3 years from the date of the announcement that its securities may be delisted due to grounds such as <ul style="list-style-type: none"> <li>○ There is a business</li> <li>○ The auditor's report is not of the type to express an opinion. (Considered from the annual financial statements that have been audited by the auditor)</li> <li>○ Equity is greater than zero (Considered from the annual financial statements that have been audited by the auditor)</li> <li>○ Operating income in the cumulative period or latest year that has been audited or reviewed by SET auditors is not less than 100 million baht, mai not less than 50 million baht.</li> </ul> </li> </ul> <p>The listed company shall submit written notice to the SET to inform such a ground has been completely eliminated. Then the SET will announce the listed company having entered the period of repossession of qualification in order to resume trading (Stage 2).</p> <ul style="list-style-type: none"> <li>▪ If the listed company is <u>unable</u> to eliminate the grounds for delisting within 3 years from the date of the announcement that its securities may potentially be delisted, the SET shall consider an order for delisting, and the trading will be allowed for 7 business days before delisting with NC sign posted and can be purchased with Cash Balance account only.</li> </ul> <p><b>2) Period for the repossession of qualifications in order to resume trading (Stage 2)</b> is within 2 years from the date that the SET announced the securities move to stage 2 .</p> <ul style="list-style-type: none"> <li>▪ If the listed company is able to repossess the qualifications in order to resume trading within 2 years, the listed company can submit request with SET to have NC and SP signs removed, and to allow its securities to be traded as normal.</li> <li>▪ If the listed company is <u>unable</u> to repossess the qualifications in order to resume trading within 2 years, the SET shall consider an order for delisting, and the trading will be allowed for 7 business days before delisting with NC sign posted and can be purchased with Cash Balance account only.</li> </ul>
<p><b>Rehabilitation period extension</b></p>	<p>The listed company can request for rehabilitation period extension for Stage 1 - Period of the elimination of the grounds for delisting; and Stage 2 - once for each period and shall not exceed one year for each period. The request shall be proceeded 7 business days before each period expires, with explanations and supporting information to show the listed company is <u>fully qualified</u> as follows:</p> <ol style="list-style-type: none"> <li>1) There is shareholder equity. (after adjusting the auditor's opinion) or having net profit from operations from the main business for 1 year. It will consider the annual financial statements or the most recent 4 quarter financial statements that have been audited or reviewed. (as the case may be) as specified in the securities acceptance criteria, effective January 1, 2025. As required to have shareholder equity of not less than 100 million baht or net profit of not less than 25 million baht.</li> </ol>

Subject	Details
	<ol style="list-style-type: none"> <li>2) Apparently, there is a main business to be operated on a continuous basis taking into account factors such as commercial revenue, assets used in the operation of the main business, licenses/concessions required to operate such business, etc.</li> <li>3) There is a procedure to eliminate the grounds for delisting, clear progress, such as rehabilitation plan approved by the bankruptcy court or by the shareholders, <b>and</b> adherence to such plan or agreement or have a debt restructuring agreement and the implementation plan.</li> <li>4) Other qualifications i.e. management and controlling parties do not possess the prohibited characteristics pursuant to the notifications of the SEC, and compliance with disclosure rules i.e. submitting complete financial statements within the time period prescribed.</li> </ol>
<b>Consideration on the repossession of qualifications in order to resume trading</b>	<p>The listed company shall <b><u>possess all qualifications</u></b>. and must continue to exist until the date the Stock Exchange allows listed securities of listed companies to resume trading on the Stock Exchange as follows:</p> <ol style="list-style-type: none"> <li>1) Shareholders' equity (after the adjustment of the auditor's opinion): <ul style="list-style-type: none"> <li>o Trading on mai : At least 100 million baht</li> <li>o Trading on SET : At least 800 million baht</li> </ul> </li> <li>2) There is a net profit from the normal operation of the main business, which shall continue to be operated in the future on a continuous basis, under the continuous majority management of the same group for at least 1 year prior to the submission of the request. The SET shall consider the annual financial statement or the financial statement of the 4 quarters audited by the auditor and and consider the net profit in the accumulated period from the audited or reviewed financial statements. (depending on the case) and must continue to exist until the date the Stock Exchange allows listed securities of listed companies to resume trading on the Stock Exchange.: <ul style="list-style-type: none"> <li>o Trading on mai: Net profit is not less than 25 million baht, and net profit in the accumulated period prior to the submission of request.</li> <li>o Trading on SET: Net profit is not less than 75 million baht, and net profit in the accumulated period prior to the submission of request.</li> </ul> </li> <li>3) Debt restructuring has been conducted for more than 75 % of all the listed company's debts. The listed company can repay the debts to the creditor within the time period prescribed. The debt restructuring plan shall take into account the rights and privileges of minority shareholders i.e. the equity of existing shareholders shall not be reduced to less than 10 % of the paid-up capital after the undertakings.</li> <li>4) Financial position and operating results are stable pursuant to the conditions of its business on a continuous basis, taking into account cash flow and accumulated loss of the business.</li> <li>5) Possess all the qualifications pursuant to the criteria for maintaining listing status before submitting the request, and the distribution of minority shareholdings shall not be less than 15% and at least 150 minority shareholders.</li> <li>6) The listed company undertaking the habilitation pursuant to the law on bankruptcy shall no longer be under the rehabilitation as approved by the court.</li> </ol> <p>The company must meet the specified criteria continuously. The SET may also prescribe conditions for the listed company to take additional actions as follows:</p>

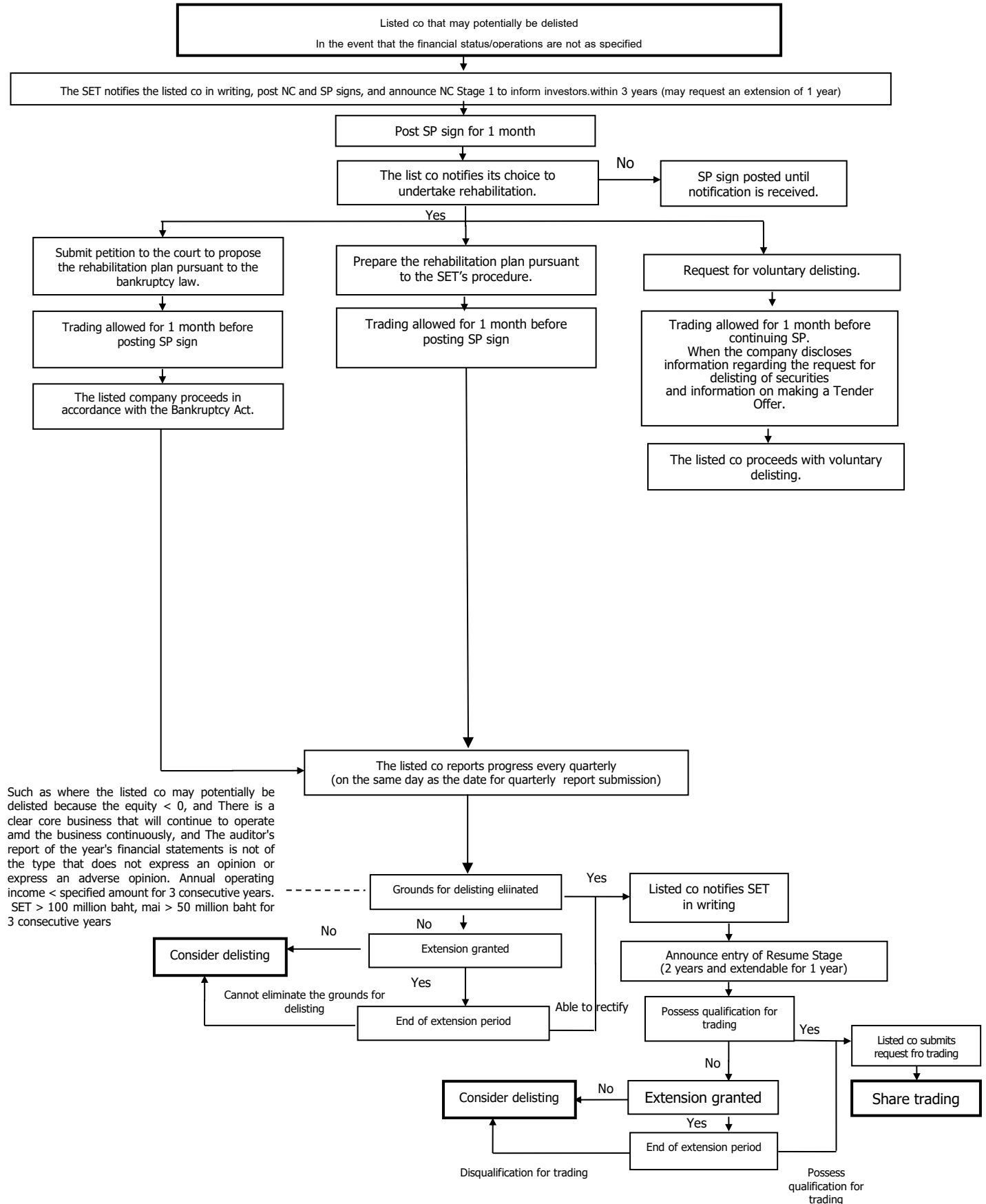
Subject	Details
	<ul style="list-style-type: none"> <li>• That the listed company signs the new listing agreement; or</li> <li>• That the listed company takes any action or discloses additional information in order to eliminate conflict of interest between the listed company and its majority shareholder or management.</li> </ul>
<b>Silent Period in case the Company is Qualified Resume Trading</b>	<p>The listed company's strategic shareholders are prohibited to sell their shares amounting to 55% per the paid-up capital:</p> <ul style="list-style-type: none"> <li>• General request to eliminate the delisting ground: One-year silent period from the date of the commencement of trading.</li> <li>• In case the listed company has its financial position and operating results improved with the involvement of a new partner or supports in terms of new business, regarded as the Backdoor Listing: <ul style="list-style-type: none"> <li>○ One-year silent period if the new joint venture partner possesses all the qualifications pursuant to the SET's or mai's listed regulations, on the date of the submission of request to eliminate the delisting ground.</li> <li>○ Two-year silent period if the request to eliminate the delisting ground is submitted within one year, from the date of the joint venture or the acquisition of new business or assets. The SET shall consider the listed company's qualifications pursuant to the general criteria for trading resumption.</li> </ul> </li> </ul> <p>Every six months after the date of trading commencement, shareholders under the silent period can sell 25% of all the securities prohibited from being traded.</p>
<b>Actions for listed companies to resume trading</b>	<ol style="list-style-type: none"> <li>1. Submit an application to the Stock Exchange no less than 7 business days before the due date of the processing period in Phase 2.</li> <li>2. Have a financial advisor co-create the request.</li> </ol> <p>The Stock Exchange may send the request along with various information. to the Office of the Securities and Exchange Commission (SEC) for consideration as well. The listed company must submit information for consideration as additionally requested by the Stock Exchange and/or the SEC Office.</p>
<b>Announcement of Trading Resumption</b>	<p>The SET shall disseminate information about the resumption of trading 7 business days in advance before the listed company's securities commence trading. In this regard, listed companies must organize meetings to present and explain information about the business and operating results of the listed company to shareholders, investors, and related persons. According to the guidelines set by the Stock Exchange, at least 1 time within 1 year from the date of the announcement that common shares of listed companies will resume trading on the Stock Exchange.</p>
<b>Delist</b>	<p>If the company is unable to resolve all the grounds for delisting or does not have the qualifications to return to trading within the specified time. SET will consider delisting which will be open for trading 7 business days before the delisting and still post the NC sign and trading with a Cash Balance account.</p>

# Procedures

## Financial conditions or operational performance not meeting requirements



# Procedure and Guideline for Action against Listed Companies





## Q&As

- ① Q : In considering negative shareholders' equity which may lead to possible delisting, will this include only the shareholders' equity, or the shareholders' equity plus the non-controlling interests' equity in the subsidiary?

A : Only the shareholders' equity of the listed company will be considered, not including the non-controlling interests' equity in the subsidiary.

- ② Q : In case the shareholders' equity in the separate report is positive, while that in the consolidated report is negative, will this be considered for possible delisting?

A: The shareholders' equity in the consolidated financial statement will be considered. If it shows a negative equity, the company may face possible delisting.

- ③ Q : In case the auditor issues a disclaimer on the financial statement for 2 years consecutively, and issues a qualified opinion on the following year, then a disclaimer again in the following year, will this be considered as in the case where the auditor issues a disclaimer on the financial statement for 3 consecutive years?

A : This will not be the case where the auditor issues a disclaimer on the financial statement for 3 consecutive years.

However, if the SEC orders the listed company to amend its financial statement thereafter and the auditor switches from issuing an qualified opinion to a disclaimer, then it will be the case where the auditor issues a disclaimer on the financial statement for 3 consecutive years, resulting in possible delisting.

- ④ Q : In case the listed company's operational performance or financial conditions fall within the criteria of possible delisting, will the company have to submit the financial statement as per normal schedule?

A : In case the listed company's operational performance or financial conditions fall within the criteria of possible delisting (not including the case where the auditor issues a disclaimer on the financial statement for 3 consecutive years), the listed company can choose to proceed with either of the following:

- Submit the financial statement for the first six months of an accounting year (reviewed version not required), along with the Interim Management Discussion and Analysis, instead of the quarterly reports. These shall be submitted within 45 days from the last day of the first 6-month period of that accounting year; or
- Submit the audited financial statements within 3 months from the last day of that accounting period.

- ⑤ Q : In case the listed company's performance or financial conditions fall within the delisting criteria, and the company must report the progress of rehabilitation every quarterly on the same day as quarterly report submission, if the company submits first 6-month statements along with the Interim Management Discussion and Analysis instead of the quarterly reports, can the company report the progress of rehabilitation at the same time with the 6-month financial reports?

A : When the listed company does not produce quarterly financial statements, the company still has to report the progress of rehabilitation every 3 months.

6 Q : When considering the net profit in the accumulated period prior to the submission of request to resume trading, what does that 'accumulated period' means?

A : When the listed company submits a request to resume trading during the period of quarterly report submission, the company has to submit financial reports for that quarter as well. For example, if the company's accounting period ends on 31 December and the request is submitted in September, the company will have to submit the 6-month report that shows net profit from operation.

7 Q : Is there any difference when considering the repossession of qualifications based on different ground of performance or financial conditions i.e. the case where the listed company's show negative equity, and the case where the auditor issues a disclaimer on the financial statement for 3 consecutive years?

A : In case the listed company's performance or financial conditions fall within any criteria for possible delisting (negative equity / the auditor issues a disclaimer opinion on the financial statement for 3 consecutive years / assets used in operation have significantly lessened / the business ceases all or most of its operations/ Operating income in the cumulative period or latest year SET > 100 million baht mai > 50 million baht), the consideration for repossession of qualifications to resume trading will not be different.

8 Q : Eligibility criteria to resume trading in the event that operations or positions may be subject to revocation on a case-by-case basis. For example, the shareholder's equity is less than zero and the reason why the auditor does not express an opinion on the financial statements for 3 consecutive years is different?

A : In the event that the operation or financial status of a listed company is subject to the possibility of delisting for all 3 reasons (shareholders' equity is less than zero/ The auditor does not express an opinion on the financial statements for 3 consecutive years / stop doing all or almost all of the business) with the same criteria for considering qualifications to return to trading for all reasons.

## Related regulations

### **SET's regulations**

1. Regulation of the Stock Exchange of Thailand Re: Delisting of Securities B.E. 2564 (2021)
2. Notification of the Board of Governors of The Stock Exchange of Thailand Re: procedures for action for the elimination of the grounds for possible delisting of ordinary shares B.E. 2564 (2021)
  - Chapter 2 Procedures for action against listed companies whose operation or financial position fit the criteria for possible delisting
3. Bor.Jor (Wor) 2/2021 Re: Revision of the rules that relating to the delisting of listed securities and disclosure of information.
4. Circular Memo Bor.Jor. (Wor.) 13/2560: Revision of the Rules for the Delisting of Securities
5. SET Regulation: Listing of Ordinary Shares or Preferred Shares as Listed Securities, B.E.2558 (2015)
6. SET Regulation: Listing of Securities, Disclosure of Information and Delisting of Securities in the "Market for Alternative Investment (mai)" B.E. 2560 (2017)
7. Bor.Jor (Wor) 1/2019 Re: The regulations adjustment according to Regulatory Reform Plan
8. SET Regulation : Rules, conditions and procedures for temporary suspension of securities trading B.E.2562 (2019)
9. Notification of the Stock Exchange of Thailand : Purchase of securities through Cash Balance Account B.E. 2562 (2019)
10. Bor.Jor./Aor 14-00 Regulation of the Stock Exchange of Thailand Re: Measure in case of Events that may affect the Listed Companies' Financial Position and Business Operation B.E. 2561 (2018)
11. Bor.Jor (Wor) 2/2024 Improving the criteria of the Stock Exchange of Thailand to enhance supervision of listed companies and information disclosure.
12. Bor.Jor. (Wor) 7/2024 Revisions of Stock Exchange of Thailand's Regulations on Supervision of Trusts, Property Funds, and Infrastructure Funds and on Qualification Criteria for Listed Companies Subject to Possible Delisting
13. Notification of the Board of Governors of The Stock Exchange of Thailand Re: procedures for action for the elimination of the grounds for possible delisting of ordinary shares B.E. 2567 (2024)
  - Chapter 2 Procedures for action against listed companies whose operation or financial position fit the criteria for possible delisting

### **Regulations of other authorities:**

Notification of the Capital Market Supervisory Board (CMSB) No. TorJor. 44/2556: Rules, Conditions and Procedures for Disclosure regarding Financial and Non-financial Information of Securities Issuers