

March 2008

Listing Manual

for Common Shares

The Stock Exchange of Thailand

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INTRODUCTION

As a company expands its business, additional funding is usually required to support expansion and further investment. Offering securities to the public is an alternative financing method, with lower funding costs than borrowing from financial institutions. Such a public offering must initially be approved by the Securities and Exchange Commission (SEC) before the actual public offering in the primary market. To add flexibility to the capital market and to create a channel to enhance liquidity for public companies, these securities may be traded in the secondary market—The Stock Exchange of Thailand (SET). Since its establishment in 1975, SET has played a vital role in helping companies raise capital, benefiting not only the company's business aspirations but also the country's long-term economic development.

To ensure the credibility and integrity of securities trading, the exchange has placed special emphasis on the overall quality of listed companies by improving the standards of its listing rules and regulations. A listed company must comply with all SET's listing requirements prior to obtaining listing status.

This manual aims to provide an overview of the benefits of listing, as well as general information on the exchange's rules and regulations, listing procedures, and the responsibilities of a listed company.

For additional information, interested companies are invited to contact:

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LISTING BENEFITS

For Listed Companies

Source of Long-term Capital

SET serves as a valuable source of long-term capital for listed companies. Through the exchange, a company may raise funds to finance its expansion plans, enhance its competitiveness, and establish an appropriate financial structure. Apart from issuing and listing of common shares, a listed firm can also raise additional capital by issuing and listing other types of securities such as preferred shares, warrants, debentures, and convertible debentures.

Positive Public Image

Because SET and the SEC scrutinize listed companies before approving listing status, they generally present a positive public image. To a certain extent, listed companies are also perceived as being financially healthy as well as carrying out transparent information disclosure. This image may play an important role in boosting the firm's credibility, increasing its bargaining power, and indirectly building awareness and popularity with regard to its products and services. Moreover, the dissemination of company information through official SET channels is beneficial to the company in terms of enhanced public acceptance and reputation. These benefits can be the equivalent of substantial advertising expenses that non-listed competitors have to pay to develop and gain such reputation and public acceptance.

A Catalyst for the Participation of Foreign Partners

In the global economic order, building a strategic alliance with complementary strengths can greatly enhance the competitiveness of a company. Status as a listed company can encourage foreign investment in a firm, thereby contributing to continuous business expansion and the strengthening of the listed company's operations.

Establishment of Management's Accountability and Professionally-Run Organization

The confidence of public investors, as reflected to some extent in the level of stock prices, depends on each company's operational standards. In public companies, management must be accountable to shareholders who ensure that the firm operates in an appropriate manner. Owners and shareholders will benefit from the company's enhancement of operational efficiency.

Employee Pride

Another benefit of being a listed company, which is generally overlooked, is the pride it instills in employees. Employee goodwill will arise if an employer has sound business operations, a good image, a well-respected reputation and public acceptance. Establishing shared value within the organization can be an important tool for management. It can make employees aware of their company's reputation and encourage them to enhance it.

Tax Privileges on Dividend

A listed firm obtains tax privileges from holding shares in other companies incorporated under Thai law, laws governing mutual funds or the Industrial Finance Corporation of Thailand Act. Any dividend received from such firms will be tax exempt. However, such dividends must be received from stocks or investment units that have been invested in by the listed firms for at least three months both before and after the date of the dividend payment.

For Shareholders

Increased Liquidity

Listing on SET can increase a company's liquidity. Shareholders can find potential buyers more easily as their stocks are now marketable securities. The market value of a listed company can be more easily determined and its shares can be established as an acceptable form of collateral for loans.

Shareholder Protection

To ensure the benefits of investors are protected, SET has implemented rules and regulations with regard to securities trading and disclosure of listed companies' information to ensure transparency, sufficiency, and timeliness of the information and equal access by investors.

Tax Privileges

Individual shareholders of listed companies will be granted tax privileges as follows:

1. Proceeds from sale of listed securities will be exempt from personal income taxes.
2. Individuals who receive dividends from listed companies must pay a withholding tax of 10% and fulfill one of the steps below:
 - Individuals who wish not to be credited with part or all of the withholding tax must exclude the dividend when declaring personal income for tax purposes; or
 - Individuals may include the dividend when declaring personal income for tax purposes, provided that three-sevenths of the dividend received is later credited.

GENERAL LISTING CRITERIA FOR COMMON SHARES

The revision of listing criteria is in line with the exchange's policy of enhancing the quality and attractiveness of listed companies. The new criteria were also devised to facilitate listings by companies with good prospects but which nonetheless had been unable to mobilize funds on the exchange due to an economic downturn. SET also places special emphasis on financial information disclosure, management and good corporate governance practices. Especially important is the sufficiency and timeliness of, as well as access to, information. All investors should receive information necessary for investment decisions at the same time.

To be listed on SET, all the following qualifications must be met by common-share listing applicants:

1. Qualifications of Common Shares
 - Must be of bearer type;
 - Must contain the holder's name;
 - Must not be subject to restrictions on transfer of ordinary shares, unless the restrictions are in accordance with laws, and are included in the articles of association of the company.
2. Qualifications of the Applicant

	Qualifications
Status of the Applicant	Public limited company or corporation established under a special law
Paid-up Capital for Common Shares (After public offering)	≥ THB 300 million
Distribution of Minor Shareholding – No. of minor shareholders/ Non-strategic shareholders “Strategic shareholders” refers to -- Directors, managers, and executive management, including related persons and associated persons -- Shareholders who have a holding of above 5%, including related persons	≥ 1,000 shareholders hold ≥ 25% of paid-up capital for companies with THB 300 million ≤ paid-up capital < THB 3,000 million. hold ≥ 20% of paid-up capital for companies with paid-up ≥ THB 3,000 million.
Public Offering – Approval – No. of shares cumulatively offered for sale paid-up cap < THB 500M paid-up cap ≥ THB 500M – Method of public offering	Has been granted an approval by the SEC ≥ 15% of paid-up capital ≥ 10% of paid-up capital or THB 75 million, whichever is higher Offering through an underwriter
Track Record	<ul style="list-style-type: none"> ▪ Must have been in operation for at least 3 years; ▪ Must have had the same company management for at least one year prior to the application date; ▪ Must have had net profit all of the followings: <ul style="list-style-type: none"> – Combined minimum net profits from operations of THB 50 million over the past 2 or 3 years; – Net profit from operations of Bt 30 million for the latest full year, and

	Qualifications
	<ul style="list-style-type: none"> – Net profits from operations in the year of filing the listing application, as shown by combining all quarterly results for that year. ▪ For a privatized state enterprise, operations prior to privatization will be considered as a continuation of operations.
Financial Condition and Liquidity	<ul style="list-style-type: none"> ▪ Have a stable and healthy financial condition and have sufficient working capital. ▪ Have a minimum total shareholders' equity of THB 300 million.
Management – Management and Control Persons – Scope of Duties and Responsibilities	<ul style="list-style-type: none"> ▪ Qualifications for management and control persons should be in line with SEC regulations and they should not possess any characteristics as prohibited by the SEC*. ▪ Duties and responsibilities must be clearly defined as specified by the SEC*.
Corporate Governance and Internal Control	<ul style="list-style-type: none"> ▪ Have good corporate governance practices and a qualified audit committee as specified by the SET. ▪ Have effective auditing and internal control systems as specified by the SEC*.
Conflict of Interest	<ul style="list-style-type: none"> ▪ Must have no existing or potential conflict of interests as specified by the SEC*.
Articles of Association of the Applicant	<ul style="list-style-type: none"> ▪ Must ensure that the articles of association of the applicant and its subsidiaries are in line with the SEC* rules and regulations.
Financial Statements and Auditors	<ul style="list-style-type: none"> ▪ Must ensure that financial statements have been prepared in accordance with SEC* rules and regulations. ▪ The applicant 's auditor must be approved by the SEC*
Provident Fund	<ul style="list-style-type: none"> ▪ On the date the listing application is filed, the provident fund of the applicant must already be established.

*Note: The SEC rules and regulations: Kor. Jor. 12/2000 "Approval for the offering of newly issued securities" (Thai)

Relaxation for Quantitative Listing Criteria for Common Shares

In case it deems that the admission of the issuer is beneficial to the Thai equity market, the Board of Governors of The Stock Exchange of Thailand may accept the listing of the issuer, by relaxing quantitative listing criteria, as it deems appropriate.

SPECIAL LISTING CRITERIA

To meet the needs of specific types of companies, SET also provides listing opportunities through the use of various categories or criteria tailored to accommodate specific company types. Specific categories include companies engaged in infrastructure projects and holding companies.

CRITERIA FOR COMPANIES ENGAGED IN INFRASTRUCTURE PROJECTS

An infrastructure project is defined as a construction or business development project which clearly benefits the country economically and socially in at least one of the following areas: power generation and transmission, water supply, land transportation (such as expressways or tollways, seaports, airports, telecommunications, and environmental control and treatment systems.

In its bid to encourage companies engaged in infrastructure projects, the SET has provided special listing requirements for securities in this category. The requirements which apply to such companies are the same as those that apply to a general company, except there is no requirement for a three-year track record. Furthermore, business operations and market capitalization are not required for these companies. The applicant must comply with additional requirements as follows:

	Additional Requirements
Nature of Business	<ul style="list-style-type: none">▪ Have a concession period of ≥ 20 years with ≥ 15 years remaining as of the application date, <u>or</u> obtain specific permission from a government agency/state enterprise, <u>or</u> possess a contract to sell products/services which can generate stable revenues.
Sources of Finance	<ul style="list-style-type: none">▪ Possess confirmed and sufficient sources of finance

CRITERIA FOR HOLDING COMPANIES

A holding company is defined as a firm with no substantial operations of its own whose business activities consist solely of holding shares in other operating companies thus realizing its earnings from such investments.

Holding companies have recently gained increased popularity. This is due to a number of factors, including (1) recent business growth and the likelihood that the company will expand to new businesses through subsidiaries which may or may not relate to the current business; (2) increasingly, affiliated companies with different structures have expressed the intention to list their securities on the exchange. Restructuring such affiliated companies can be complex, financially difficult, and time consuming; or (3) differences in the line of businesses within the same group can be a problem when selecting a particular company as an applicant company.

In line with these developments, the exchange has provided special listing criteria for company groups structured in the form of holding companies. Such companies are allowed to apply for listing without a three-year track record but must meet additional requirements as follows:

Holding Company	Core Company
<ol style="list-style-type: none"> 1. The applicant must comply with all criteria applying to listed companies in general, except for the track record and market capitalization criteria. 2. The applicant must also hold shares in a core subsidiary in one of the following ways: <ul style="list-style-type: none"> ▪ At least 75% of the core subsidiary's paid-up capital; ▪ At least 51% of the core subsidiary's paid-up capital if the core subsidiary is involved in an infrastructure project; and ▪ At least the minimum percentage defined by the SEC if the core subsidiary's operation is in a foreign country. 3. The majority of the applicant's management team has also been management of the core subsidiary for at least one year before the application date, except for an applicant that is a financial institution that is required by a government agency or the core company that engaged in infrastructure project. 4. The applicant must have control over the core subsidiary. 5. Once listed, the applicant must maintain its shareholding in the core subsidiary for at least the three following years during which any changes of shareholding in the core subsidiary will be allowed only if a qualified substitute is provided. 	<p>A core subsidiary is defined as any operating firm with a core business activity which contributes to a holding company. The characteristics of a core subsidiary are as follows:</p> <ol style="list-style-type: none"> 1. A core subsidiary company, by itself, must be qualified according to the requirements applied to general, infrastructure or foreign companies (except for requirements regarding share distribution and audit committee). 2. A core subsidiary must not be a listed company. 3. A core subsidiary must perform its own core business <p>(The accounting practices of a core subsidiary must be in line with either the Thai Accounting Standards or International Accounting Standards or AICPA or FASB)</p>

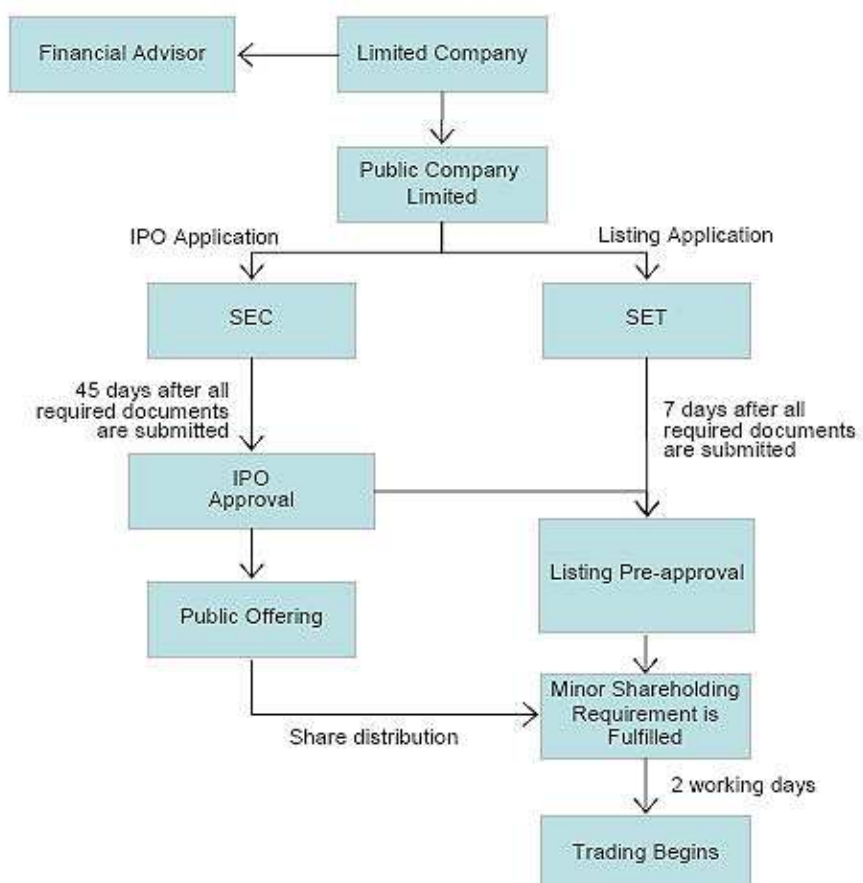
LISTING PROCEDURES

In order to offer securities to the public, the transformation of a limited company into a public company limited under the Public Company Act B.E. 2535 is required. This law has played an essential role in the protection of public investors.

To file a listing application, the applicant may either

- 1) submit a listing application to the exchange following the SEC's approval of the public offering, or
- 2) submit listing and public offering applications to the SET and SEC simultaneously ("Parallel Listing").

The consideration of the listing application by the exchange will normally be completed within seven days after all required documents and information have been submitted to the exchange. In practice, however, SET may complete consideration of the listing application within ten days after all required documents and information have been submitted. The applicant must appoint a financial advisor, approved by the SEC and independent from the applicant, to coordinate listing activities with the SET and prepare listing documents in conjunction with the applicant.



PREPARATION FOR LISTING OF COMMON SHARES

Duration	Descriptions
3 to 6 months before listing application filing	<ul style="list-style-type: none"> ▪ Study relevant rules and regulations such as the Public Company Act, SEC rules and regulations governing the issue and the offering of securities to the public, and SET listing rules and regulations ▪ Appoint a financial advisor approved by the SEC ▪ Discuss company information with a financial advisor in order to examine the applicant's qualifications and make appropriate adjustment as needed in accordance with relevant requirements ▪ Plan for information preparation and make schedules ▪ Restructure shareholding of the applicant and the other companies in the group, eliminate existing or potential conflict of interest, and establish a good corporate governance ▪ Prepare financial statements and other accounting reports in line with acceptable accounting standards ▪ Establish an audit committee and appoint independent directors
2 to 5 months before listing application filing	<ul style="list-style-type: none"> ▪ Transform to a public limited company ▪ Prepare an initial public offering (IPO) application and relevant documents ▪ Plan for and study pricing and distribution of securities ▪ Prepare public relations plan
1 to 2 months before listing application filing	<ul style="list-style-type: none"> ▪ Establish provident fund ▪ Appoint share registrar ▪ Submit IPO application to the SEC ▪ Prepare for company visit and management interview by the SEC ▪ Prepare listing application and relevant documents
A listing application is filed (SET will give complete consideration of a listing application within seven days after all required documents and information have been submitted)	<ul style="list-style-type: none"> ▪ Submit a listing application to the exchange ▪ Prepare for company visit and management interview by SET officers (For parallel application filings, the SEC and the SET will visit the company together) ▪ Distribute shares to the public ▪ Submit share distribution report and other required documents to SET ▪ Trading begins within three days after share distribution report and other required documents have been submitted to the exchange

Note: The above preparation period is an estimate based on the assumption that the overall qualifications of the applicant primarily comply with SET listing requirements with only slight adjustments, if any, required.

LISTING FEES

Application Fee	Initial Fee	Annual Fee												
THB 50,000	0.05% of paid-up capital Min. THB 100,000 Max. THB 3,000,000	Regressive rate varies by the level of paid-up capital as follows: (capital: million baht) <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;"><i>rate</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">< 200</td> <td style="text-align: right;">0.035 %</td> </tr> <tr> <td style="text-align: center;">$200 < \text{capital} \leq 1,000$</td> <td style="text-align: right;">0.030%</td> </tr> <tr> <td style="text-align: center;">$1,000 < \text{capital} \leq 5,000$</td> <td style="text-align: right;">0.025%</td> </tr> <tr> <td style="text-align: center;">$5,000 < \text{capital} \leq 10,000$</td> <td style="text-align: right;">0.020%</td> </tr> <tr> <td style="text-align: center;">$> 10,000$</td> <td style="text-align: right;">0.010%</td> </tr> </tbody> </table> Min. THB 50,000 Max. THB 3,000,000		<i>rate</i>	< 200	0.035 %	$200 < \text{capital} \leq 1,000$	0.030%	$1,000 < \text{capital} \leq 5,000$	0.025%	$5,000 < \text{capital} \leq 10,000$	0.020%	$> 10,000$	0.010%
	<i>rate</i>													
< 200	0.035 %													
$200 < \text{capital} \leq 1,000$	0.030%													
$1,000 < \text{capital} \leq 5,000$	0.025%													
$5,000 < \text{capital} \leq 10,000$	0.020%													
$> 10,000$	0.010%													

- Notes:**
1. Annual fees will be calculated based on listing duration.
 2. Paid-up capital includes all listed paid-up shares of common and preferred stocks.

SILENT PERIOD

A silent period is required for one year after listing. This means strategic shareholders, who hold at least 55% of the firm's paid-up capital after the IPO, are prohibited from selling their shares and securities during the first six months after listing. They will be permitted to sell a maximum of 25% of the locked-up shares every six months thereafter.

Strategic shareholders are:

- Directors, managers, and executive management, including related persons and associated persons
- Shareholders who have a holding above 5%, including related persons

Relaxation of silent period rule in the case of a secondary listing

In case of a secondary listing, companies are exempted from the silent period rule provided they comply with the silent period rules of the relevant foreign exchanges.

REGISTRAR

The applicant should designate Thailand Securities Depository Co., Ltd (TSD) or a person approved by SET to act as its securities registrar.

CORPORATE DISCLOSURE

In order to ensure transparent, fair and orderly trading at the exchange, listed companies are required to disclose to the public information necessary for informed investment decision-making. Such information must be accurate, sufficient and timely. In addition, listed companies must also take reasonable steps to ensure that their investors have equal access to such information. The disclosure of material information is classified into two categories as follows:

1. Information reported on a regular basis:
 - Reviewed quarterly financial statements (within 45 days from the end of the accounting period)

- Audited financial statements (within three months from the end of the accounting period)
- Annual report and an AGM notice (within 110 days from the end of the fiscal year accounting period)
- Form 56-1: disclosure report for additional information (within three months from the end of the accounting period)

Note: To eliminate duplicate filings of the same reports to the SEC and the SET, listed companies can file the original reports of such information with both organizations, in line with the procedures and the number of times specified by the SEC, and send copies of such information to the SET.

2. Additional information reported as may be required:

- Immediate public disclosure of information which has or is likely to have an effect on the price of the company's securities, the interests of shareholders, or investment decisions. Examples of incidents requiring immediate disclosure include: a capital increase or decrease, payment or non-payment of dividends, and merger or acquisition of assets.
- Information to be reported to the exchange within three working days from the date on which such incidents occur (for example, change of a board member on the company's board of directors, change in the company's memorandum of association).
- Information to be reported to the exchange within 14 days (for example, report of ordinary or extraordinary general meeting of shareholders, a copy of shareholder name list as of the closing date of the share transfer).

To ensure material information reaches the widest possible audience as fast as possible, the exchange has developed an automated information management system ("SIMS"), which reports all information, in Thai and English, released by listed companies. Each firm is required to make disclosure directly to SIMS via the SET electronic network, known as ELCID (Electronic Company Information Disclosure system). This disclosure method helps to support investment decision-making.

FINANCIAL ADVISOR

Listing applications must be filed through an authorized financial advisor. A financial advisor must be a registered finance and/or securities company, or a financial institution, approved by the SEC to operate as a financial advisor.

The responsibilities and duties of a financial advisor are as follows:

1. Advise applicant companies regarding any required business restructuring;
2. Prepare and submit required documents as well as coordinate such activities with the SET;
3. Inform the applicant's management of SET rules and regulations governing listing and delisting of securities;
4. Perform due diligence;
5. Ensure all required information is disclosed to the SET by the applicant;
6. Advise and follow up on the performance of the applicant company for one year following the securities' listing.

A list of approved financial advisors is available at <http://www.sec.or.th>

AUDIT COMMITTEE

To be listed on the Stock Exchange of Thailand, the issuer is required to set up an audit committee to monitor good corporate governance. The composition of the committee and qualifications of audit committee members are listed below. The committee:

1. Must consist of at least three directors, with at least one member having financial and accounting knowledge;
2. Must be appointed by the board of directors and shareholders;
3. Must not have as members a non-executive director, an executive officer, an employee or an advisor who receives a regular salary from the applicant;
4. Must be free of any financial or other interest in the company's management and business;
5. Must not be holding shares exceeding 5% (including shares held by persons related to audit committee members) of the paid-up capital of the listed company.

CORPORATE GOVERNANCE

Corporate governance refers to a set of structures and processes ensuring that the board of directors can set policies, monitor and evaluate management performance so that the company's objectives, policies and business plans are achieved with care to all stakeholders and so that operations are in the best interest of the company.

The board of directors should consider the Good Corporate Governance Principles including

1. Ensuring that the rights of shareholders are protected;
2. Treating all shareholders equitably, whether they are major shareholders, minority shareholders or foreign shareholders;
3. Encouraging stakeholders to play roles for sustainable growth;
4. Disclosing material information and ensuring the internal system is transparent;
5. Performing board of directors' responsibilities to discharge fiduciary duties.

INVESTOR RELATIONS

Investor relations is the systematic communication of corporate information--including the company's actual performance, future business plans, direction and management vision--to investors and shareholders in order to reflect the fair market value. Such information, in turn, will bring about shareholders' benefits and future public offering / company's raising fund.

To ensure effective disclosure functions corresponding to SET's rules, the potential listing companies should have at least one employee, who has access to all necessary financial information and is responsible for this function. For most listed companies, this person reports directly to CEO, CFO or Corporate Planning Director.

An investor relations officer is responsible for the disclosure of information to SET and the communication of that information to institutional investors, retail investors, analysts and media.

Such information can be conveyed through a corporate website, annual report, 56-1 form, earning announcements, presentations or a company fact sheet.

Other common communications channels are analyst meetings, opportunity days, company visits and roadshows. Earning announcements, news releases and newsletters can be conveyed in print publications and via e-mail and corporate websites.

More information is available by contacting Corporate Governance and Investor Relations Center, the Stock Exchange of Thailand.

For more Information, contact

Issuer Marketing Department Tel. 02-229- 2000 ext. 2025, 2004-5, 2031-33

Corporate Governance and Investor Relations Center:

Corporate Governance Tel. 02-229- 2000 ext. 2604-7

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