

**Procedures and guidelines for listed companies facing delisting
due to operations or financial conditions**

In order to supervise listed companies compliance with the Exchange's rules, The Stock Exchange of Thailand (SET) will delist a firm which does not meet all aspects of those regulations concerning its operation and financial conditions.

By virtue of no. 9(6) of The Stock Exchange of Thailand Regulations on Delisting of Securities, SET hereby declares that ordinary shares of any company may be delisted if their operation or financial conditions fall within the following criteria:

(a) The assets used in the operation of the listed company have significantly decreased or will do so as a result of sale, disposition, letting, separation, operation suspension, abandonment, destruction, deterioration, seizure, expropriation or any other cause having the same effect;

(b) Operations are halted entirely or almost entirely for any reason whatsoever, regardless of whether such cessation is due to an act of the listed firm or another person;

(c) The auditor issues a disclaimer or an adverse opinion on the financial statements of the public company for three consecutive years;

(d) The financial conditions disclosed in the latest audited financial statements or consolidated financial statements shows that shareholders' equity is less than zero. *(Details in attachment)*

To provide listed firms with guidelines to resolve their operations or financial problems, protect minority shareholder interests, take care of weak listed companies by separating them from financially strong ones and promote public firms in rehabilitating their business and maintaining their listing status, SET is issuing the following guidelines:

1. Post a Non-Compliance sign (NC) to warn investors that the firm could be delisted and post a Suspension sign (SP) to note the suspension of securities trading while the company undertakes a rehabilitation period of two (2) years from the date it was subjected to possible delisting.

2. If, within two (2) years of entering rehabilitation, a firm is able to improve to the point where it is no longer in danger of being delisted, the NC and SP signs will be lifted to allow the trading of its securities.

3. However, if a company is still in danger of being delisted after two (2) years of rehabilitation, SET will remove its securities from the trading board and transfer them to the Non-performing Group (NPG). However, the firm's listing status will remain unchanged and the company will still be responsible for information disclosure and compliance as required of other listed firms.

A firm in the NPG will return to its normal sector when it is no longer in danger of being delisted.

Procedures

1. SET posts NC and SP sign for 30 days: The Exchange publicly announces that the listed firm is subject to possible delisting and sends a written notice to inform it of these actions. SET posts NC (Non-Compliance) and SP (Suspension) signs to suspend the trading of the company's securities for thirty (30) days from the date of the announcement, to allow management time to make decisions which benefit all parties concerned.

2. Listed company discloses its actions: The listed firm involved must publicly inform SET and its investors:

2.1 That it has decided on one of the following actions: to prepare a rehabilitation plan to propose to company shareholders; to attempt rehabilitation under the Bankruptcy Act; or to undertake another option that will benefit all parties involved in the firm.

(a) If the company decides to propose a rehabilitation plan to shareholders, it must:

- appoint an independent financial advisor to assist management in preparing the plan
- co-operate with the independent financial advisor in organizing a meeting to present the plan to analysts and shareholders for shareholder approval.

The rehabilitation plan must be based on reasonable assumptions and show clear procedures and methods of assessment for each procedure. Moreover, the plan should include a quarterly financial forecast reviewed by the company's auditor, quarterly information on production, distribution, revenue, costs of production, selling and administration expenses, financial expenses, net profit and any other relevant details.

(b) If the firm decides to petition the court to remedy its status under the Bankruptcy Act, it must:

- be able to appoint a "planner" as agreed in court to prepare the required rehabilitation plan and be a financial advisor
- be able to implement the rehabilitation plan approved by its creditors and the court in lieu of any approved by company shareholders.

2.2 That it has a program for implementing the above decisions.

3. SET allows trading for 30 days and then again posts an SP sign: When the 30-day period is over and the management has informed the Exchange of its decision, the Exchange will lift the SP sign and allow trading of these securities for a further thirty (30) days, and then re-impose the SP sign until the company has met the bourse's criteria for removal from being delisted. If, however, the management does not inform SET of its decision by the end of the initial 30-day period, the Exchange will maintain the SP sign on the company's securities until it publicly informs SET and investors of its decision.

4. Firm submits a rehabilitation plan to SET:

4.1 To ensure that shareholders and investors have sufficient information about the listed firm's rehabilitation plan to assess it and monitor the company's progress, the firm must submit the rehabilitation plan and completely disclose any other necessary conditions involved to SET and all shareholders before the meeting. The company must also submit the opinions of an independent financial advisor and independent directors concerning the firm's rehabilitation, together with any related documents, before consideration and approval of the plan.

4.2 The firm must submit five (5) copies of the rehabilitation plan approved by shareholders or the court to the Exchange.

5. Firm submits report on rehabilitation progress: A company subject to possible delisting and its independent financial advisor/planner or plan administrator appointed by the court are jointly obligated to report quarterly to SET on the rehabilitation plan's implementation. These reports are to be submitted with the financial statements. A firm must report any significant rehabilitation progress to SET promptly.

In the event of rehabilitation under the Bankruptcy Act with an SP sign having been posted, the company is exempt from filing its reviewed quarterly financial

statements but must submit financial statements covering the first six (6) months of the accounting year. However, the firm is responsible for submitting rehabilitation progress reports to SET on a quarterly basis or on the due date for submitting quarterly financial statements.

6. SET applies criteria in considering two-year rehabilitation: A company in danger of possible delisting in the normal sector is given two (2) years for rehabilitation from the date of any announcement of possible delisting. The decision will be based on either (a) the first financial statements submitted following the end of the given rehabilitation period or (b) the latest reviewed/audited financial statements. For example, if the Exchange announced possible delisting in March 9, 2006 for a firm based on its financial statements ending December 31, 2005, SET will consider the financial statements due for submission on May 15, 2008 for the period ending March 31, 2008.

Guidelines and procedures for removal from being delisted

If a listed company wishes to be removed from being delisted, it shall apply to resume trading in its normal sector and submit material information to demonstrate that its financial and operation problems have been completely resolved. In this matter, the Exchange applies the following criteria:

1. General (non-back-door listing)

1.1 Criteria:

- (1) The firm must show positive shareholder equity (after adjustment in accordance with the auditor's opinion) of:
 - \geq THB 20 million to resume trading on mai
 - \geq THB 300 million to resume trading on SET
- (2) The company must show a net profit from its core business which must be ongoing in the future, and have not less than one (1) year's continuous operational results under the management of most executives from the same management group as existed prior to the submission of the application. SET will consider the listed company's status based on the audited annual financial statements or four (4) consecutive quarters. The following conditions apply:
 - net profit must be from the most recent year and there must be accumulated net profit in the period prior to the submission of an application to resume trading on mai.
 - net profit must be at least THB 30 million and there must be accumulated net profit in the period prior to the submission of an application to resume trading on SET.
- (3) The firm must have successfully restructured over 75% of its total debt, been able to settle debt with creditors in a timely manner during the period specified in (2) above and have debt-restructuring plans that protect minority shareholder rights¹. (In case a company entering into a business rehabilitation process under the Bankruptcy Act, the firm will be considered having successfully restructuring over 75% of its total debt if its plan has been approved by the court.)

¹ If debt-restructuring plans involve capital reduction, capital increase or issuance of convertible securities to debtors or major shareholders and their connected persons, or any action that decreases the proportion of existing shareholders to less than 10% of paid-up capital, SET will deem that such a procedure is detrimental to minority shareholder rights. However, this guideline does not affect debt-restructuring plans that have already commenced or have been previously included in a signed contract or agreement before March 28, 2003, or any plans that decrease the proportion of existing shareholders' results from their having renounced their rights to subscribe for new shares (see circular letter dated July 17, 2003)

(4) The Exchange considers that the firm has strong a financial position and performance on an ongoing basis with demonstrable cash flow.

(5) If the company meets the qualifications for maintaining SET-listed status except for share distribution, it shall comply with the guidelines for listed firms regarding inadequate distribution to minority shareholders.

(6) In cases of rehabilitation under the Bankruptcy Act, the court has issued an order ruling that the company be released from the rehabilitation plan.

1.2 Silent Period

If SET considers that a company is eligible for transfer to its normal sector, the Exchange will direct that strategic shareholders² may not sell their shares in the aggregate amount of fifty-five percent (55%) of its paid-up capital for one (1) year (silent period), starting from the date of trading in the firm's normal sector. Such shareholders will be allowed to trade twenty-five percent (25%) of all shares that are subject to the prohibition of sale after six (6) months from the first trading date. This prohibition also applies if a firm increases its capital or issues securities that are convertible into ordinary shares with an allocation of these shares or securities to existing shareholders during the silent period.

2. Back-door listing

Where a listed company is the result of a joint venture or an acquisition of a new business and/or assets to reinforce its business, which can be considered as back-door listing under the Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, and the listed firm applies for removal from being delisted within one (1) year from the investment date or the date of acquiring the new asset or business, SET will consider the qualification for exclusion from being delisted as in 1.1 above. However, the Exchange will specify an additional silent period from one (1) to two (2) years and strategic shareholders will be allowed to trade twenty-five percent (25%) of their shares that are subject to the prohibition of sale, after six (6) months from the first trading date, and another twenty-five percent (25%) during each subsequent six (6) months.

If new investors have met all the qualifications for new listings in SET or mai from the submission date onward, SET will consider the qualifications of the company as in 1.1 above, excepting the net profit criteria referred to 1.1 (2), and that the silent period will be one (1) year.

3. Other conditions:

The Exchange may impose the following requirements:

- (1) A new listing agreement and/or
- (2) Any requirement or disclosure of additional information to eliminate any conflict of interest between a public firm and its major shareholders or management.

4. Announcement of transfer back to normal sector

SET will disseminate information concerning a firm's return to its normal sector to shareholders and investors seven (7) working days prior to the date of such transfer.

Protecting minor shareholders

² Strategic shareholders refer to the notification concerning Listing Ordinary Shares or Preferred Shares as Listed Securities.

If SET's Board of Governors finds that it is necessary to order the delisting of a company's securities, it will post an SP sign to inform investors about the delisting and allow trading of its securities for at least thirty (30) days before delisting.

Policy Implementation

These new procedures and guidelines will come into effect on May 1, 2008, and supersede the delisting procedures and guidelines dated 3 July, 2006.

However, the new procedures and guidelines will not affect any listed firm that applies to resume trading in its normal sector and has submitted complete material information before May 1, 2008.

Listing and Disclosure Department
Listing Companies Development Department

Criteria for assessing shareholder equity

Ordinary shares of any listed company may be delisted if its operation or financial conditions fall within the criteria for delisting as detailed in SET's regulations. Based on the financial conditions disclosed in a listed firm's latest audited financial statements or consolidated financial statements, the following criteria for delisting apply:

1. If shareholder equity is less than zero.

2. When shareholder equity is greater than zero, but the auditors' report includes a qualified opinion, a disclaimer or an adverse opinion.

In these cases, a firm's financial statements must be adjusted in accordance with the auditors' opinion. If the resulting adjustment causes shareholder equity to decrease to less than zero, then the firm meets the delisting criterion.

In considering an adjustment resulting from the auditors' opinion, the Exchange will use figures that have been verified by the auditors when adjusting shareholder equity in the company's balance sheet. The criteria for adjustments are as follows:

2.1 If the auditors specify an exact qualified figure, this specified figure will be subtracted from the shareholder equity.

2.2 If the auditors state that a company has not set up an allowance for possible losses on assets, e.g., accounts receivable, inventories or investments, and has not specified an exact figure for adjustment, the total figure for any possible loss in asset value will be subtracted from the shareholder equity.

2.3 If a company does not record investments in its subsidiaries and associated companies using the equity method, the total amount of the investment will represent the possible loss on such investments and they will be subtracted from the shareholder equity.

2.4 If the auditors state that a company faces a legal, off-balance sheet loss or any other contingent liability, the figure specified by the auditors will be subtracted from the shareholder equity.

SET will adjust a listed company's shareholder equity based on the auditors' opinion using the criteria given above within seven (7) working days of the filing date of its financial statements to the Exchange.

3. When losses arise from foreign exchange rates.

In considering shareholder equity, only losses arising from foreign debts that existed before any change to the managed float system was announced will be deemed by SET as unrealized foreign exchange losses. If a listed firm wants this condition waived, it must provide the following:

3.1 Details of any losses mentioned in the management report, including complete data on how changes in the THB exchange rate have impacted the firm and how the company has distinguished between realized and unrealized losses. A listed firm must also detail the proportion of foreign debt due in the current fiscal year and in each successive accounting period.

3.2 The management report mentioned in 3.1 must be reviewed by an independent auditor and submitted to SET together with the company's financial statement.

The Exchange will not accept any appraisal of assets whose value has been increased base on a THB valuation change as a reason to relax the delisting consideration criteria.

4. SET will not announce that a company needs to prepare a rehabilitation plan if the company has been able to eliminate the problem by increasing its shareholder equity to more than zero. However, a company cannot rely solely on capital decreases, but should use this technique in conjunction with other strategies, e.g., capital increases, injection of new capital by strategic partner or some other method, that achieve the same result. This should provide a public firm with additional working capital and allow it to continue normal business operations. The company must disclose all available information on such transactions to the public and must receive approval from its shareholders before proceeding. The firm must submit financial statements, as of the date the problem is resolved, and have these reviewed by auditors or submit a report showing that the causes that required the rehabilitation plan have been eliminated, together with audited financial statements.
