Issuing convertible bonds

1. Practices are similar to those for bond issuance
2. Any conversion must be proceeded within the maturity of such convertible bonds.
3. Comply with the regulations in protecting investors; such as
   - Requirement for reserved shares: The number of reserved shares for convertible bonds offered for sale plus the number of reserved shares to support convertible bonds or warrants issued earlier but excluding ESOP shares, shall not exceed 50 percent of total number of shares sold.
   - Revision of rights / Compensation
4. Comply with the regulations in protecting shareholders; such as
   - Notice calling a shareholders' meeting shall contain material information included; Details of conversion, including the dilution effect and allocation method, shall be specified.
   - Shareholders' resolution: Clearly state that there will be reserved shares to accommodate conversion, including the dilution effect and allocation method, shall be specified.
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Qualifications

- Cost of bond issuance, e.g., fees for bond offering, or the interest rate
- Conditions after bond issuance, e.g., debt-to-equity ratio, prohibition of dividend payments exceeding a prescribed limit.
- Time considerations: the credit rating procedure of bonds takes approximately 3-4 months; a credit rating review takes 2-3 weeks.
- The proper timing to issue bonds, e.g., a low interest rate environment, low supply of bonds in the market, or an unfavorable equity market.
- Key factors contributing to bond issuance success include market timing, having a high credit rating, strong story of issuer, an effective marketing program, targeting investors, and distribution strengths.

List of Debt Instruments as Listed Securities

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offering value ≥ THB100 million</td>
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Isuance and offering have been approved by agency in charge of supervising (if permission is required).

In case the applicant is a listed company:

- The applicant of ordinary shares shall not be in a period where purchase or sale of listed securities is prohibited because the applicant is undergoing any of the following:
  - In the process of remedy for eliminating the grounds for delisting ordinary shares after a notice thereof from the Exchange; or
  - In the process according to the reorganization plan under the law relating to bankruptcy; or
  - Processing which adversely affects the rights and benefits of shareholders.

No transfer restriction

Reference: Regulations of the Stock Exchange of Thailand, Re: Listing of Debt Instruments as Listed Securities, 2004

Bond & Convertible Bond

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Advantages of convertible bonds include:

- The dilution effect from using convertible bonds will be gradual, unlike if funds were raised using ordinary shares.
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Benefits of offering and issuing bonds

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For more information, please contact:
The Stock Exchange of Thailand: Fixed Income and Other Products Department; Tel.: 02 229 2770

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**Offering bonds vs. convertible bonds**

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<th>Public Offering (PO)</th>
<th>Private Placement (PP)</th>
</tr>
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<tbody>
<tr>
<td>Investor type</td>
<td>General investors</td>
<td>PP: II &amp; HNW (Institution Investor/ High Net Worth)</td>
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<td>Offering details</td>
<td>Filing for approval</td>
<td>Generally approved</td>
</tr>
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<td>Filing for approval to the SEC</td>
<td>Pre-approval terms</td>
<td>- Transfer restrictions</td>
</tr>
<tr>
<td></td>
<td>- Credit Rating*</td>
<td></td>
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<tr>
<td></td>
<td>- Registering with ThaiBMA</td>
<td></td>
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<tr>
<td></td>
<td>Financial advisory (FA)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Secondary market</td>
<td>SET</td>
</tr>
</tbody>
</table>

**Applicant qualifications (by offering type)**
- Be a Thai company (and a public company limited for convertible bonds)
- Be a foreign bank with a full branch operation in Thailand
- Have an auditor’s report indicating that the issuer’s financial statements are in accordance with public company and international accounting standards.
- In accordance with Section 56 or Section 57 of Securities and Exchange Act as per orders of the SEC or SET, the firm must not be under investigation for submitting or revising its financial statements or reports.
- Its directors and executives must be on the SEC’s white list / controlling persons must not have any prohibited characteristics.
- The company must not have offered for sale of any securities that were significantly against approval conditions.

**Key procedures for offering and issuing bonds (for listed companies)**

1. Request shareholder approval
2. Request SEC approval + Filing
3. Bond offering + selling
4. Report of Shareholder and ThaiBMA approval
5. ThaiBMA approve (additional) If listing on SET

- Apply for registration at ThaiBMA
- Registering with ThaiBMA and SET
- Filing to SEC (Free form: Form 69-S)
- Effective Filing
- Offering for sale
- Issuing bond
- Appl. SEC approval for listing on SET
- Approval for listing
- Commence trading
- Approval for all types and values of debt instruments (not exceeding the amounts approved by shareholders) as well as frequency of issuance over two years
- Report subscription results to SEC within 15 days following the end of the offering month
- Filing for SEC approval* (Shelf approval)

*Credit-rating agencies endorsed by the SEC include TRIS and FITCH Ratings

**Public offering (PO) Private placement (PP)**

- Pre-approval terms
- Transfer restrictions
- Credit Rating*
- Registering with ThaiBMA
- Financial advisory (FA)
- Secondary market
  - SET
  - OTC (over the counter)