

C. ADDITIONAL REQUIREMENTS

121 Original Listing Application

Companies seeking admissions to the Official List must submit an application for original listing in accordance with Part II of this Manual. Application for original listing is designed to serve the purpose of placing before the Exchange the information essential to its determination as to the suitability of the securities for public trading on the Exchange.

122 Propectus

All Companies seeking admission to the official List of the Exchange, whether through a public lissue, offer for sale or an Introduction must issue a prospectus which must, in addition to complying with the prospectus requirements of the Companies Act, comply with the prospectus requirements of the Exchange as set out in Part VII.

123 Additional Listings

Following listing, Companies and their registrars are not permitted to issue any securities in excess of those authorised for listing until the Exchange has approved an additional listing covering the additional securities as described in Part IV.

124 Listing Undertaking

Companies applying for listing on the Exchange are required to enter into an Undertaking with the Exchange to comply with all the listing requirements and policies of the Exchange. (see Appendix I).

125 Allotment of shares reserved for employee etc.

Companies seeking admission to the Official List may be permitted by the Exchange to reserve up to 10% of the offered shares for allotment to their employees, executive directors, customers, suppliers etc, provided that the companies lodge with the Exchange a statement giving number of shares to be allotted to the following categories of persons and the basis of allotment:-

- (a) employees;
- (b) executive directors;
- (c) customers;
- (d) suppliers; and
- (e) others (state relationship with issuer).

Thailand

Reply to the Asian-African Legal Consultative Committee's Questionnaire

1. What have been the social, economic and political factors which have led your Government to go in for privatization ?
 - Economy is the main factor which has led the Thai Government to adopt the policy of privatizaiton. Thailand's high rate of economic expansion has led to the problem of the lack of basic infrastructure and the consequential bottle-neck problems. In order to support the country's rapid economic expansion, it is, therefore, necessary for the Thai State enterprises to expand their services in co-operation with the private sector.
2. How is the term 'privatization' defined in your country ?
 - In Thailand, the term 'privatization' connotes the increase in the private sector's role in the management of State enterprises.
3. What aims has your country set for privatization ?
 - The objectives set by Thailand in the case of privatization are as follows:
 1. to maintain Thailand's financial stability by reducing foreign loans;
 2. to reduce the burden of government subsidies;
 3. to improve the efficiency in the management of state enterprises; and
 4. to mobilize the private sector to use more of their savings to invest in State enterprises by means of increasing the potential of the domestic capital market.
4. What is the precise sphere of privatization (sectors and industries) ?
 - The sphere of privatization mainly covers the following infrastructure:
 1. transportation;
 2. communication; and
 3. energy.
5. What are the economic, financial, fiscal and legal preconditions for privatization in your country ?
 - The preconditions for privatization in Thailand are as follows :
 1. A clear plan of action;

2. Legal preparation including amendment of the existing legislation which impedes privatization, and enactment of new legislation to facilitate privatization;
 3. Public relations campaigns with a view to making the objectives of privatization clear and acceptable to the public; and
 4. Development of capital market to support privatization.
6. The patterns/procedures for privatization applied in Thailand appear to be as follows:
- i) *Private sale of shares* was introduced in the case of the Chonburi Sugar Industry Co. Ltd., whereby all of its shares were sold to the private sector;
 - ii) *Public offering of shares* was introduced in the case of the North East Jute Mill Co. Ltd., whereby its shares were sold in the stock Exchange in Thailand;
 - iii) *New private investments* were introduced in the case of the Thai Airways International Co. Ltd., whereby its capital was increased and its shares will be listed in the Stock Exchange of Thailand;
 - iv) *Joint venture* as in the case of the NARAYANA Phand Co. Ltd., and the Erawan Hotel, of which the Government is now a minority shareholder;
 - v) *Concessions* as in the cases of the Bangkok Mass Transit Authority and the Transport Company Limited whereby part of their bus routes were conceded to the private sector (a similar method is used in the case of the second phase of the Express Ways Project); and
 - vi) *Liquidation* as in the case of the Jute Mill of Ministry of Finance.
 - Legal problems concerning privatization arise when some State enterprises want to sell their shares to the public. Since these State enterprises were not established in the form of limited companies, they, therefore, have no share capital. However legislation allowing the division of the capital of these State enterprises into shares to being contemplated.
 - In some cases, investment and competition by the private sector have not yet been possible since certain existing legislation, such as the laws on telegraphic and telephone services still prohibit the private sector from providing such services.
 - So far, Thailand has not enacted any legislation specifically to protect the interests of either the State or the private sector in case of privatization.

7. Has your Government set up a statutory body to supervise privatization process ? If so, what is its role, rights and obligations.
- At present two government agencies have been assigned to look after and supervise privatization process. The Office of the National Economic and Social Development Board is responsible for policy matters, while the Ministry of Finance looks after the actual implementation of the privatization schemes.

1. What have been the social, economic and political factors which have led your Government to go in for privatization ?
 - Reduce dependence on Government.
 - Develop the domestic capital market.
 - Improve the efficiency and performance of services and activities.
 - Promote wider share ownership among the public services.
 - Rationalize the utilization of public service.
2. How the term privatization is defined in your country ?
 - Transferring most of activities and services provided by Government and public sector to private sector with a view to develop, upgrade and enhance the efficiency of services provided to the consumer.
3. What are the aims your country has set for privatization ?
 - Decrease migration of capital and stimulated resource of Mobilization.
 - Improve the performance of national economy.
 - Ensure the continued involvement and development of private sector.
4. What are the economic, financial, fiscal and legal preconditions for privatization in your country ?
 - Privatization is still in very early stages by our country, the process is still under study by local and international institutions, therefore such preconditions are not defined yet.
5. What is the precise sphere of privatization (sector and industries) ?
 - Not defined yet.
6. Those details are still understudy.
7. Whether your Government has set up a statutory body to supervise privatization process ? If so, what is its role, rights and obligations.
 - The Government has still not set up a statutory body to supervise privatization process.

1. What have been the social, economic and political factors which have led your Government to go in for privatization ?
 1. The privatization programme, which is being implemented by the Prime Minister, Public Participation Administration (PPA) at present was initiated in 1984 as an integral part of the liberal economic policies of the last decade. Making the economy more responsive to the market forces was the main goal of these policies. The role of the government in the economy was decided to be confined to the areas where private sector could not and would not enter due to the considerations of profitability, scale and nature of public services such as defence, health, education and infrastructure. It was also emphasized that the major objective would be the governance of the economy by market mechanisms. Within this perspective the SEE's and their subsidiaries and equity participations were decided to be privatised by opening them to domestic and foreign capital.
2. How the term "privatization" is defined in your country ?
 2. The privatization, as it is implemented in Turkey by the Public Participation Administration is understood to be transfer of state ownership in State Economic Enterprises (SEE's) their subsidiaries and equity participations through sale to the private sector. The sale methods include block sale of shares to domestic and private investors, and public offering of shares on the domestic stock market. Also, one divisional unit's management rights have been transferred to the private sector.
3. What aims has your country set for privatization ?
 3. Until now, 8 SEE's 28 subsidiaries, 4 banks and the state shares in 71 participations have been transferred to the PPA for privatization. In addition to these, 27 incomplete and non-operating units of various SEE's were also turned over to the PPA for privatization. 25 privatized companies are currently being traded on the Istanbul Stock Exchange.
Since 1986, 27 companies were fully privatized, whereas 23 firms were privatised partially. The state shares are less than 1% in 7 of these 23 firms.
The total revenue generated since the initiation of the programme

amounts to, approximately, US \$980 million as of May 26, 1992, of which US \$951.7 million has been raised through privatizations realized between 1989 and May, 1992.

With PETKIM, SUMERBANK, THY, POAS and TUPRAS, which were all former SEE's and affiliates previously operating under Decree 233, the preliminary work has encompassed preparation of new articles of association in compliance with the Commercial Code and the abolishment of Advisory Boards. By the initial public offerings (with the exception of SUMERBANK) these companies acquired the status of Joint Stock Companies and were put under the supervision of the Capital Market Board.

Under the privatization programme, which is being implemented since 1986, 19 companies were privatized through public offerings, 28 companies through block sales and, 3 companies through a combination of both methods.

During the same period 18 incomplete and non-operating units were sold and the management rights of an entity was transferred.

The shares of PPA in 25 companies are being traded on the Istanbul Stock Exchange. 22 of these were publicly offered previously within the frame of the programme. The market capitalization of the remaining shares in the PPA portfolio of companies equals to TL 13, 765 billion (\$ 2 712 million) as of December 31, 1991.

The privatization proceeds in 1991 amount to approx. TL 798 billion (\$ 223 million) and the planned revenue for 1992 is TL 5.5 trillion (\$ 869 million). As the Turkish stock market is rather new and developing the PPA is careful not to oversupply the market with the privatization issues in order to leave room for private floatation as well.

The preparations for the public and global offerings and block sales to foreign and domestic investors of shares in companies under the privatization programme, like ERDEMIR and Cukurova Elektirk A. S., within 1992, are in progress (ADR and IDR offerings may also be considered). Discussions for formation of joint ventures that will result from spin-offs or asset sales in companies like PETKIM, the petrochemicals complex, is also under consideration.

Total expected revenue from 1992 privatization activities is projected as US \$868.6 million (TL 5.5 trillion), 15% of the amount is likely to come in the form of dividend yields and

85% in the form of state share sale proceeds.

Within next five years, PPA projects to earn US \$10 billion from privatization activities.

4. What is the precise sphere of privatization (sectors and industries)?
 4. The following sectors of activity are included in the privatization program :
 - Cement
 - Petroleum and Petrochemical
 - Iron and Steel
 - Electric and Electronic
 - Banking and Insurance
 - Agriculture, Forestry and Livestock
 - Animal Feeds
 - Food
 - Transport and Services
 - Automotive
5. What are the economic, financial, fiscal and legal preconditions for privatization in your country ?
 5. The procedures, authority and responsibilities concerning the privatization process are set forward by Laws 2983 and 3291. Law 2983 has been modified and lately Public Participation High Council (PPHC) was founded on January 6, 1992, by Law Empowered Decree 473 as the decision-making body of PPA. PPHC is comprised of Minister of State and Deputy Prime Minister, Minister of State, Minister of Public Works and Housing, Undersecretary of State Planning Organisation, Undersecretary of Treasury and Foreign Trade, Chariman of Public Participation Administration and chaired by Mr. Suleyman Demirel, the Prime Minsiter.

A Privatization Master Plan has been prepared by the PPA in the light of the knowledge accumulated through the application of the global privatization policy and the individual company studies prepared by internationally accredited domestic and foreign investment bankers. Within this framework the necessary legal and financial measures to be taken for the acceleration of the privatisation programme has been defined and a sale agenda for the companies under the privatization programme has been prepared. State Economic Enterprises were further classified according to the related privatization strategies. The steps that should be followed in the privatization of state monopolies are

also included within the Master Plan, the related regulation plan and the legal propositions have been prepared by the PPA.

6. The basic methods and procedures for privatisation appear to be as follows :

- Private sale of shares,
- Public offering of shares,
- Management/Employees Buy-out,
- Sale of assets,
- Restructuring,
- New private investments
- Leases and Management Contracts,

6. In February 1988, the first public offering example was realized by the sale of 22% of the shares in TELETAS, the 40% state-owned telecommunications company. During the TELETAS sale 19 underwriters and 30 dealers were employed. The shares were offered to the public through 4,822 bank branches across Turkey and 42,000 people purchased the shares during the offering.

The second important case in the privatization programme was the block sale of the 88.3% state-owned shares in ANSAN to a subsidiary of Coca Cola on November 18, 1988. The purchaser is to offer to the public 15% of the shares by the end of the fifth year following the sale.

70% of USAS, Airport Catering Services, Company shares were sold in block to SAS Service Partners (SSP) in August 1989. PPA retained 30% of the shares which are to be offered to the public at a later date. The buyer, SSP has also undertaken to invest US \$ 8.5 million to Turkish airports for catering services within five years following the sale.

The five cement factories of CITOSAN were sold to a French group, Ciments Francais, in October 1989. All of the state-owned shares in the Ankara, Balikesir, Soke and Trakya cement companies and 51% of the state-owned shares in Afyon Cimento Sanayii were sold. Simonts Francais has undertaken to offer to the public at least 40% of the total shares of these companies within five years following the sale and, at the same time to invest a minimum amount of US \$ 60 million capital in the companies.

USAS and CITOSAN sales were challenged in administrative courts and two decisions have been issued to cancel the sales. Both the Prime Minister and the PPA have appealed the decisions

to the Council of State requesting withdrawal. The Government has pronounced its willingness to continue the privatization programme at an increased pace and to remove all the related legal obstacles in due course.

The six out of the eight equity participations which are quoted in the Istanbul Stock Exchange namely Eregli Demir ve Celik Fabrikalari T.A.S. (ERDEMIR), largest flat steel producer in the country, Cukurova Elektrik A.S. and Kepez Elektrik A.S. (two electric utilities), Arcelik A.S. (electrical appliances producer), Bolu Cimento Sanayii A.S. (cement) and Celik Halat ve Tel Sanayii A.S. (steel cable manufacturer) shares were offered to public across Turkey through the branches of a major Turkish Bank, in April 1990. By these three groups of public offerings, widespread share ownership throughout the country has gained an important momentum.

78% of PETKIM shares was privatized by a public offering, which included an employee share ownership scheme held in June 1990. In this first example of SEE privatization in Turkey 75,933 applications were made and sales proceeds of 384 billion TL's was obtained.

Between October, 1990 and June, 1991 shares in 6 cement factories (namely Konya, Unye, Mardin, Adana, Afyon, Nigde), 2 chain stores (Migros and GIMA), a major automobile manufacturer and its marketing company (TOFAS, Turk and TOFAS Oto), Turkish Airlines, Turkish Petroleum Refineries (TUPRAS), a petroleum products distributor (Petrol Ofisi) and spare parts manufacturer (DITAS) were offered to the public.

60% of the state shares in Adana Kagit Torba Sanayi T.A.S. were sold to the CITOSAN Employee Pension Fund in March, 1991, 38% state shares in TURKKABLO A.O. were sold to its core investor Nokia and Finn Fund in April 1991, and 30% of state shares in Gunes Sigorta A.S. (insurance company) was sold to a French Company GAN International in June 1991.

During January-July 1992, state shares in CAYBANK, TAT KONSERVE, IPRAZ, CAMSAN, NIGDE, CIMENTO, RAY SIGORTA, POLINAS, GUNEYSU, SEKER SIGORTA, MEYSU were sold in block, generating a revenue of approximately TL 687.5 billion (\$ 199.2 million), of which TL 350 million (\$ 65 million) resulted from the Ipragaz sale.

7. Whether your Government has set up a statutory body to supervise

privatization process ? If so, what is its role, rights and obligations.

7. The Prime Minister, Housing Development and Public Participation Administration (HDPPA) was founded in February, 1984, the objectives of which could be summarized as financing mass housing projects, implementing the privatization programme together with the financing of major infrastructure projects such as highways and dams. The Administration was split into two separate bodies, namely, Public Participation Administration and Housing Development Administration in April 1990. Now the PPA is vested with the authority of conducting the privatization programme, managing the Public Participation Fund and financing major infrastructure projects. The Administration currently employs 170 people, the majority of which is working at the main Ankara quarters, and has an office in Istanbul.

The sources of the Public Participation Fund (PPF) are comprised of a certain share of the fuel consumption tax; toll revenues generated by bridges and highways operating revenues coming from the generation of electricity from dams financed by the PPA, drinking water facilities, free trade zones, funds generated by privatization and, revenue sharing notes issued and are infrastructure financing, financing of projects in those regions with a priority in development, privatization expenses, capital requirements of firms under the privatization programmes, revenue sharing notes, principal and interest payments, various expenses related with those infrastructure projects financed by PPF and, the servicing of foreign loans obtained.

Currently a total of 1,426 kilometers long highways is expected to be completed by the end of 1994, are being financed by the PPF. Of this, 225 km has been completed and is presently in operation. As of the end of 1991 us Dollars 6,131 million has been transferred to highway construction from the Fund. The necessary financing for the completion of the undertaken highway construction is planned to be approximately US \$ 4 million. PPF also provided financing for 21 dams, of which 13 have been completed and are operational. The total financing provided from the Fund for the dams amounts to US Dollar, 1,723 million as at the end of 1991. Also 14 major drinking water projects are being financed together with Mersin and Antalya Free Trade Zones for which a total of US \$ 151 million has been spent by the PPA so far.