SIAM PREMIER

SPI

ISSUE 3
31 MARCH 2025

NEWSLETTER

HKEX Designates the SET as a Recognised Stock Exchange

In a significant move announced by the Stock Exchange of Hong Kong Limited ("**HKEX**") on 10 March 2025, the Stock Exchange of Thailand ("**SET**") has officially been designated as a Recognised Stock Exchange ("**RSE**"). The SET's recognition by HKEX signifies a milestone in the collaboration between Hong Kong's and Thailand's financial markets, and is expected to enhance trading opportunities and increase investor accessibility across the region.

Importance of Recognition

Previously, there were certain restrictions for a company incorporated in Thailand to raise funds through an initial public offering on the HKEX, either under the rules of HKEX or Thai domestic rules regarding foreign business ownership. This is because a Thai company may not qualify to IPO on HKEX. As such, a business in Thailand seeking to list on the HKEX was required to go through a share restructuring process so the overseas holding company, which would have to have a majority shareholding, could be qualified as the listing company on the HKEX, while it could legally operate a business in Thailand.

However, with the designation of SET as an RSE, Thai companies with a primary listing on SET could apply for a secondary listing on HKEX directly. This development is expected to facilitate greater capital flows between Hong Kong and Thailand, providing mutual benefits for investors and listed companies in both markets.

Implications for Listed Companies in Thailand

With the recognition by HKEX, Thai companies listed on SET could see increased interest from Hong Kong investors. The Thai companies may find it easier to attract capital or financing from international investors. Status as an RSE could also enhance trust and credibility, potentially leading to more favorable financing conditions and valuation.

Having said that, in addition to the regulatory compliance for listing on SET, the listed companies in Thailand will need to ensure compliance with any new regulatory frameworks that may emerge as the secondary listing on HKEX, such as additional reporting requirements or standard of governance to meet expectations from Hong Kong investors.

Nonetheless, Thai companies listed on SET that wish to apply for a secondary listing on HKEX, shall have to qualify and fulfill the requirements specified under HKEX's listing rules. For example, the applicant must qualify for market capitalization test, revenue test and/or have good track records for regulatory compliance for a certain period of full financial years on SET.

Conclusion

The recognition of SET as an RSE by the HKEX marks a significant step towards greater financial integration in the region. Qualified Thai listed companies must adapt to new opportunities while navigating potential challenges associated with increased scrutiny and regulatory requirements.

For further information or legal consultation, please contact:

Authors:

Tassanu Chutikanon
Partner
tassanu@siampremier.com

Tipanand Valyasevi
Associate
tipanand@siampremier.com