

Venture Capital Fund for Enhancing Competitiveness of Thai Business

In order to enhance competitiveness of Thai business, the Venture Capital Fund of 5,000 million baht for investment in SMEs was funded on July 22, 2003. The framework and condition are as follows:

Objectives

1. To raise capital fund for SME entrepreneurs who have high business potential and belong to the selected business categories. Additionally, to promote SMEs in accordance with SME Strategic Promotion Policies in order to elevate Thai business potential.
2. To reduce debt to equity of SMEs and offer support to SME entrepreneurs in management, marketing, accounting, etc until they are able to raise their own equity financing from Stock Exchange of Thailand or become independent.
3. To give support to SME entrepreneurs in framing their working system and gaining good quality
4. To promote and develop capital market and strengthen financial development system of Thailand
5. To encourage better working system and projects in private sectors
6. To support organizations and projects which aim to develop SMEs

Target Groups

1. fashion & Design Based
2. Software and IT
3. Food & Herbs
4. Automotive Parts
5. Tourism
6. Export Oriented Business
7. Business which supports those groups from 1-6
8. Projects which involve or support SMEs according to government policies

Characteristics of Target Business

1. Innovation base oriented
2. Good creativity
3. High potential for commerce in domestic and international market and high growth industry
4. Skill base oriented
5. Good economic return

Condition for Venture Capital Investment

1. Classified as SMEs according to the definition described by the Ministry of Industry and registered with the Ministry of Commerce
2. On the day of investment, SME shall has asset of no more than 200 millions Baht and has no more than 200 employees
3. Venture Capital shall hold share no more than 25% - 35% of registered capital after joint venture investment
4. The length of joint venture investment depends on the condition of SMEs
5. Venture Capital shall increase the share under the following conditions:



- 5.1 Start up enterprises where Venture Capital shall buy shares at par value
 - 5.2 In the case of already existed enterprises, Venture Capital shall buy share under the following conditions:
 - Retain earning, Venture Capital may buy share at par value
 - Retain loss, Venture Capital may buy shares to reduce losses before undertake joint venture investment
 - 5.3 Other conditions as judged by the committee
6. Condition for exit joint venture investment
 - 6.1 When SMEs registered with MAI/SET, Venture Capital may sell shares by market value or P/E Ratio according to the industry
 - 6.2 If SMEs cannot register with MAI/SET, Venture Capital shall sell share to the original owners or new owners at book value or prices purchased by Venture Capital plus MLR from Krung Thai Bank Plc., calculated by the year of joint venture investment at the highest price
 - 6.3 Other conditions as judged by the committee
7. Venture Capital may appoint representatives to be committee of SMEs
 8. Venture Capital shall appoint consultants and advisors to assist SMEs for the purpose of helping SMEs to become successful
 9. Before entering joint venture with Venture Capital, SMEs must prepare to be evaluated by the representative appointed by Venture Capital.
The representative may conduct due diligence study and may evaluate assets, dept, on going contracts, and other aspect of SMEs before entering joint venture investment

