

Thai Limited Company Law

Thai Limited Company Law pasted below is from Thailand Civil and Commercial Code (issued in 1992). There are provisions about nature and formation of a Thai limited company, shares and shareholders, management (including directors, general meetings, Balance Sheet, dividend and reserve, accounts), audit, inspection, increase and decrease of capital, debentures, dissolution, amalgamation of companies, notices, and conversion of a registered or limited partnership into a Thai limited company.

For complete Thai Limited Company laws, read first GENERAL PROVISIONS in Thai partnership and company laws.

For liquidation of companies, read Thai Limited Company and Partnership Liquidation Law.

CHAPTER IV

LIMITED COMPANIES

PART I

Nature and Formation of Limited Companies

Section 1096. A limited company is that kind of which is formed with the Capital divided into shares, and the liability of the shareholders is limited to the amount, if any, unpaid on the shares respectively held by them.

Section 1096 bis. *(Repealed)*

Section 1097. Any three or more persons may, by subscribing their names to a memorandum and otherwise complying with the provisions of this Code, promote and form a limited company.

*[*Amendment to the Civil & Commercial Code (No.18) B.E. 2551 (A.D. 2008)]*

Section 1098. The memorandum must contain the following particulars:

- (1) The name of the proposed company, which must always end with the word "limited".
- (2) The part of the Kingdom in which the registered office of the company shall be situated.
- (3) The objects of the company.
- (4) A declaration that the liability of the shareholders shall be limited

(5) The amount of share capital with which the company proposes to be registered, and the divisions thereof into shares of a fixed amount.

(6) The names, addresses, occupations and signatures of the promoters, and the number of shares subscribed by each of them.

Section 1099. The memorandum must be made in two original copies at least and signed by the promoters, and the signatures shall be certified by two witnesses.

One of the copies of the memorandum must be deposited and registered at the Registration Office of that part of the Kingdom in which the registered office of the company is declared to be situated.

Section 1100. Every promoter must subscribe at least one share.

The liability of the directors of a limited company may be unlimited.

In such case, a statement to that effect must be inserted in the memorandum.

The unlimited liability of a director terminates at the expiration of two years after the date at which he ceased to hold office.

Section 1102. No invitation to subscribe for shares shall be made to the public.

Section 1103. *(Repealed)*

Section 1104. The whole number of shares with which the company proposes to be registered must be subscribed or allotted before registration of the company.

Section 1105. Shares may not be issued at a lower price than their nominal amount.

The issue of shares at a higher price than their nominal amount is permissible, if sanctioned by the memorandum. In such case the excess amount must be paid together with the first payment.

The first payment on the shares must not be less than twenty-five per cent of their nominal amounts.

Section 1106. A person by subscribing for shares bind himself, on condition that the company be formed, to pay to the company the amount of such shares in conformity with the prospectus and regulations.

Section 1107. When all the shares to be paid in money have been subscribed, the promoters must without delay hold a general meeting of subscribers which shall be called the statutory meeting.

The promoters shall, at least seven days before the day on which the meeting is to be held, forward to every subscriber a statutory report, duly certified by them, containing the particulars of the business to be transacted at the statutory meeting under the following Section.

The promoters shall cause a copy of the statutory report, certified as by this Section required, to be filed with the Registrar of companies forthwith after sending thereof to the subscribers.

The promoters shall also cause a list showing the names, descriptions and addresses of the subscribers, and the number of shares subscribed by them respectively, to be produced at the meeting.

The provisions of Section 1176, 1187, 1188, 1189, 1191, 1192 and 1195 shall apply *mutatis mutandis* to statutory meeting.

Section 1108. The business to be transacted at the statutory meeting:

- (1) The adoption of the regulations of the company, if any.
- (2) The ratification of any contracts entered into and any expenses incurred by the promoters in promoting the company.
- (3) The fixing of the amount, if any, to be paid to the promoters.
- (4) The fixing of the number of preference shares, if any, to be issued, and the nature and extent of the preferential rights accruing to them.
- (5) The fixing of the number of ordinary shares or preference shares to be allotted as fully or partly paid-up otherwise than in money, if any, and the amount up to which they shall be considered as paid-up. The description of the service or property in return for which such ordinary shares or preference shares shall be allotted as paid-up shall be expressly laid down before the meeting.

(6) The appointment of the first directors and auditors and the fixing of their respective powers.

Section 1109. A promoter or a subscriber who has a special interest in a resolution cannot exercise the right of voting.

No resolution of the statutory meeting are valid unless passed by a majority including at least one half of the total number of subscribers entitled to vote, and representing at least one half of the total number of shares of such subscribers.

Section 1110. After the statutory meeting is held, the promoters shall hand over the business to the directors.

The directors shall thereupon cause the promoters and subscribers to pay forthwith upon each share payable in money such amount, not less than twenty-five per cent, as provided by the prospectus, notice, advertisement or invitation.

Section 1111. When the amount mentioned in Section 1110 has been paid, the directors must apply for the registration of the company.

The application and entry in the register must contain, in conformity with the decisions of the statutory meeting, the following particulars:

(1) The total number of shares subscribed or allotted, distinguishing ordinary shares and preference shares.

(2) The number of ordinary shares or preference shares allotted as fully or partly paid-up otherwise than in money, and in the latter case, the extent to which they are so paid up.

(3) The amount already paid in money on each share.

(4) The total amount of money received in respect of shares.

(5) The names, occupations and addresses of the directors.

(6) If the directors have power to act separately, their respective powers and the number or names of the directors whose signature is binding on the company.

(7) The period, if any has been fixed, for which the company is formed.

(8) The address of the principal of business office and of all branch offices.

The entry may contain any other particulars which the directors may deem expedient to make to the public.

The application must be accompanied by the copy of the regulations, if any, and of the proceedings of the statutory meeting, both certified by the signature of at least one director.

A certificate of registration shall be delivered to the company.

Section 1111/1*. In forming a company, the directors may, upon completing all the following steps on the day the memorandum of association is made by the promoters; apply for registration of the memorandum of association and registration of the company on the same day.

1. Have all shares to be registered by the company subscribed;
2. Hold a statutory meeting to consider the business as provided in Section 1108, the meeting being attended by all promoters and subscribers and the business to be transacted at the meeting being approved by all promoters and subscribers;
3. Have the promoters hand over the business to the directors; and
4. Have the directors cause the subscribers to pay the amount for each share as provided in Section 1110 paragraph two and the amount is actually paid.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1112. If registration does not take place within three months after the statutory meeting, the company is not formed, and all the money received from the applicants must be repaid without deduction.

If any such money has not been so repaid within three months after the statutory meeting, the directors of the company are jointly liable to repay that money with interest from the expiration of the three months.

Provided that a director shall not be liable for repayment of interest if he proves that the loss of money or delay was not due to his fault.

Section 1113. The promoters of the company are jointly and unlimitedly liable for all obligations and disbursement not approved by the statutory meeting; even if approved they remain so liable until the registration of the company.

Section 1114. After a company is registered, a subscriber of shares cannot enter a claim for cancellation by the Court of his subscription on the ground of, mistake, duress or fraud.

Section 1115. If the name inserted in a memorandum is identical with the name of an existing registered company or with the name inserted in a registered memorandum, or so nearly resembling the same as to be likely to deceive the public, any interested person can enter a claim for compensation against the promoters of the company and can ask for an order from the Court that the name be changed.

Upon such order being made, the new name must be registered in the place of the former name and the certificate of registration must be altered accordingly.

Section 1116. Any interested person is entitled to obtain from any company a copy of its memorandum and registration, for which a sum not exceeding one Baht per copy may be charged by the company.

PART II

Shares and Shareholders

Section 1117. The amount of a share may not be less than five Baht.

Section 1118. Shares are indivisible.

If a share is held by two or more persons in common, they must appoint one of them to exercise their rights as shareholders.

Persons holding a share in common are jointly liable to the company for payment of the amount of the share.

Section 1119. The whole amount of every share must be paid in money, except shares allotted under Section 1108 sub-section 5, or under Section 1221.

A shareholder cannot avail himself of a set-off against the company as to payments on shares.

Section 1120. Unless otherwise decided by a general meeting, the directors may make calls upon the shareholders in respect of all money being due on their shares.

Section 1121. Twenty-one days notice at least must be given by registered letter of each call and each shareholder must pay the amount of such call to the person and at the time and place fixed by the directors.

Section 1122. If the call payable in respect of any share has not been paid on the day fixed for payment thereof, the holder of such share is bound to pay interest from the day fixed for payment to the time of the actual payment.

Section 1123. If a shareholder fails to pay a call on the day fixed for payment thereof, the directors may give him notice by registered letter to pay such call with interest.

The notice must fix a reasonable time within which such call and interest must be paid.

It must also fix the place where payment must be made. The notice may also state that in the case of non-payment the share in respect of which such call was made may be forfeited.

Section 1124. If a statement as to forfeiture has been made in the notice the directors may, as long as the call and interest remain unpaid, declare the shares to be forfeited.

Section 1125. Shares forfeited must be sold without delay by public auction. The proceeds must be applied to the payment of the call and interest due. The surplus, if any must be returned to the shareholder.

Section 1126. The title of the purchaser of the forfeited share is not affected by any irregularity in the proceedings of such forfeiture and sale.

Section 1127. A certificate or certificates shall be delivered to each shareholder for the shares held by him.

The delivery of a certificate may be subject to the payment of such fee, not exceeding fifty satang, as the directors may decide.

Section 1128. Every certificate of shares shall be signed by one of the directors at least, and shall bear the seal of the company.

It must contain the following particulars:

1. The name of the company.
2. The numbers of the shares to which it applies.
3. The amount of each share.
4. In the case the shares are not fully paid up, the amount paid on each share.
5. The name of the shareholder or a statement that the certificate is to bearer.

Section 1129. Shares are transferable without the assets of the company unless, in case of shares entered in a name certificate, it is otherwise provided in the regulations of the company.

The transfer of shares entered in a name certificate is void unless made in writing and signed by the transferor and the transferee whose signatures shall be certified by one witness at least.

Such transfer is invalid as against the company and third person until the fact of the transfer and the name and address of the transferee are entered in the register of shareholders.

Section 1130. The company may decline to register a transfer of shares on which a call is due.

Section 1131. The transfer book may be closed during fourteen days immediately preceding the ordinary general meeting.

Section 1132. If by some event such as the death or bankruptcy of any shareholder, another person becomes entitled to a share, the company shall, on surrender of the share certificate when possible, and on proper evidence being produced, register such other person as a shareholder.

Section 1133. The transferor of a share not fully paid up continues to be liable for the full amount unpaid thereon, provided that:

(1) No transferor shall be liable in respect to any obligation of the company incurred after the transfer.

(2) No transferor shall be liable to continue unless it appears to the Court that the existing shareholders are unable to satisfy the contributions required to be made by them.

No action against the transferor for such liability can be entered later than two years after the transfer has been entered in the register of shareholders.

Section 1134. Certificates to bearer may be issued only if authorized by the regulations of the company and for shares which are fully paid up. In such case the holder of a name certificate is entitled to receive certificate to bearer on surrendering the name certificate for cancellation.

Section 1135. Shares entered in a certificate to bearer are transferred by the mere delivery of certificate.

Section 1136. The holder of a certificate to bearer is entitled to receive a name certificate on surrendering the certificate to bearer for cancellation.

Section 1137. If it is prescribed by the regulations of the company that a director must hold a certain number of shares of the company as a qualification for such office, such shares must be shares entered in a name certificate.

Section 1138. Every limited company must keep a register of shareholders containing the following particulars:

1. The names and addresses, and occupations, if any, of the shareholders, a statement of the shares held by each shareholder, distinguishing each share by its number and of the amount paid or agreed to be considered as paid on the shares of each shareholder.
2. The date at which each person was entered in the register as a shareholder.
3. The date at which each shareholder ceased to be a shareholder.
4. The numbers and date of certificates issued to bearer, and the respective numbers of shares entered in each such certificate.
5. The date of cancellation of any name certificate or certificate bearer.

Section 1139. The register of shareholders commencing from the date of the registration of the company shall be kept at the registered office of the company. It shall be gratuitously open to inspection by the shareholders, during business hours, subjected to such reasonable restrictions as the directors may impose, but not less than 2 hours a day.

It shall be the duty of the directors to send once at least in every year to the Registrar, and not later than on the fourteenth day after the ordinary meeting, a copy of the list of all shareholders at the time such meeting and those who have ceased to be shareholders since the date of the last ordinary meeting. Such list shall include all particulars specified in the foregoing section.

Section 1140. Any shareholders is entitled to require a copy of such register or of any part thereof to be delivered to him on payment of fifty satang for every hundred words required to be copied.

Section 1141. The register of shareholders is presumed to be correct evidence of any matters directed or authorized by law to be inserted therein.

Section 1142. If preference shares have been issued, the preferential rights attributed to such shares cannot be altered.

Section 1143. A limited company may not own its own shares or take them in pledge.

Management of Limited Companies

1. 1. GENERAL PROVISIONS

Section 1144. Every limited company shall be managed by a director or directors under the control of the general meeting of shareholder and according to the regulations of the company.

Section 1145. After registration of the company, no regulations may be made and no additions to or alterations of the regulations or of the contents of the memorandum may be adopted except by passing a special resolution.

Section 1146. It shall be the duty of the company to cause to be registered every new regulation, addition or alteration within fourteen days after the date of the special resolution.

Section 1147*. (Repealed)

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1148. Every limited company may have a registered office to which all communications and notices may be addressed.

Notice of the situation of the registered office and of any change therein, shall be given to the Registrar of companies, who shall record the same.

Section 1149. As long as the shares have not been fully paid up, the company may not print or mention the capital of the company in any notice, advertisement, bills, invoices, letters or other documents, without clearly mentioning at the same time what proportion of such capital has been paid up.

2. DIRECTORS

Section 1150. The number and remuneration of the directors shall be fixed by a general meeting.

Section 1151. A director can be appointed or removed only by a general meeting.

Section 1152. At the first ordinary meeting after the registration of the company and at the first ordinary meeting in every subsequent year one-third of the directors, or, if their number is not a multiple of three, then the number nearest to one-third must retire from office.

Section 1153. Any director who wishes to resign from his post shall tender his resignation letter to the company. The resignation shall take effect from the date of resignation letter reaches the company.

The director who resigns under paragraph one here of may notify the Registrar of his resignation.

Section 1154. If a director becomes bankrupt or incapacitated, his office is vacated.

Section 1155. Any vacancy occurring in the board of directors otherwise than by rotation may be filled up by the directors, but any person so appointed shall retain his office during such time only as the vacating director was entitled to retain the same.

Section 1156. If a general meeting removes a director before the expiration of his period of office, and appoints another person in his stead, the person so appointed shall retain his office during such time only as the removed director was entitled to retain the same.

Section 1157. When there is a change of a director or directors, the company shall effect the registration thereof within fourteen days from the date of such change.

Section 1158. Unless otherwise provided by the regulations of the company, the directors have the powers described in the six following Sections.

Section 1159. The subsisting directors may act notwithstanding any vacancy among them but, if and so long as their number is reduced below the number necessary to form a quorum, the subsisting directors may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the company but for no other purpose.

Section 1160. The directors may fix the quorum necessary for the transaction of business at their meetings and unless so fixed the quorum shall (when the number of directors exceeds three) be three.

Section 1161. Questions arising at any meeting of directors are decided by a majority of votes, in case of an equality of votes the chairman has a casting vote.

Section 1162. A director may at any time summon a meeting of directors.

Section 1163. The directors may elect a chairman of their meetings, and fix the period for which he is to hold office, but if no such chairman is elected, or if at any meeting the chairman is not present at the time appointed for holding the same, the directors present may choose one of their members to be chairman of such meeting.

Section 1164. The directors may delegate any of their powers to managers or to committees consisting of members of their body. Every manager or committee shall, in the exercise of the power so delegated, conform to any order or regulation that may be imposed on them by the directors.

Section 1165. Unless otherwise provided by the delegation, questions arising at any meeting of a committee shall be decided by a majority of votes of the members; in case of an equality of votes the chairman has a casting vote.

Section 1166. All acts done by a director shall, notwithstanding that it be afterwards discovered that there was some defect in his appointment, or that he was disqualified, be as valid as if such person had been duly appointed and was qualified to be a director.

Section 1167. The relations between the directors, the company and third persons are governed by the provisions of this Code concerning AGENCY.

Section 1168. The directors must in their conduct of the business apply the diligence of a careful business man.

In particular they are jointly responsible:

(1) For the payment of shares by the shareholders being actually made;

(2) For the existence and regular keeping of the books and documents prescribed by law;

(3) For the proper distribution of the dividend or interest as prescribed by law;

(4) For the proper enforcement of resolutions of the general meetings.

A director must not without the consent of the general meeting of shareholders, undertake commercial transactions of the same nature as and competing with that of the company, either on his own account or that of a third person, nor may he be a partner with unlimited liability in another concern carrying on business of the same nature as and competing with that of the company.

Section 1169. Claims against the directors for compensation for injury caused by them to the company may be entered by the company or, in case the company refuses to act, by any of the shareholders.

Such claims may also be enforced by the creditors of the company in so far as their claims against the company remain unsatisfied.

Section 1170. When the acts of a director have been approved by a general meeting, such director is no longer liable for the said acts to the shareholders who have approved them, or to the company.

Shareholders who did not approve of such acts cannot enter their action later than six months after the date of the general meeting on which such acts were approved.

3. GENERAL MEETINGS

Section 1171. A general meeting of shareholders shall be held within six months after the registration, and shall subsequently be held at least every 12 months. Such meeting is called an ordinary meeting.

All other general meetings are called extraordinary meetings.

Section 1172. The directors may summon extraordinary meeting whenever they think fit.

They must without delay summons such meeting when the company has lost half the amount of its capital, in order to inform the shareholders of such loss.

Section 1173. Extraordinary meetings must be summoned if a requisition to that effect is made in writing by shareholders holding not less than one-fifth of the shares of the company. The requisition must specify the object for which the meeting is required to be summoned.

Section 1174. Whenever a requisition for the summoning of an extraordinary meeting is made by the shareholders according to the last preceding Section, the directors shall forthwith summon such meeting.

If the meeting is not summoned within thirty days after the date of the requisition, the requisition, or any other shareholder amounting to the required number, may themselves summon it.

Section 1175*. Notice of the summoning of every general meeting shall be published at least once in a local paper not later than seven days before the date fixed for the meeting, and sent by post with acknowledgement of receipt to every shareholder whose name appears in the register of shareholders not later than seven days or, in case the notice is for a special resolution to be made by the general meeting, fourteen days before the date fixed for the meeting.

The notice of the summoning of a general meeting shall specify the place, the day and the hour of the meeting and the nature of the business to be transacted. In case the notice is for a special resolution to be made in the general meeting, the substance of the proposed resolution shall also be included in the notice.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1176. Every shareholder has the right to be present at any general meeting.

Section 1177. Unless there are provisions to the contrary in the regulations of the company, the rules provided by the following Sections shall apply to general meetings.

Section 1178. A general meeting may not transact any business unless shareholders representing at least one-fourth of the capital of the company are present.

Section 1179. If within an hour from the time appointment for the general meeting the quorum prescribed by Section 1178 is not present, the meeting, if summoned upon the requisition of shareholders, shall be dissolved.

If the general meeting had not been summoned upon the requisition of shareholders, another general meeting shall be summoned within fourteen days and at such meeting no quorum shall be necessary.

Section 1180. The chairman of the board of directors shall preside at every general meeting of shareholders.

If there is no such chairman, or if at any general meeting he is not present within fifteen minutes after the time appointed for the holding the meeting, the shareholders present may elect one of their members to be chairman.

Section 1181. The chairman may, with the consent of meeting, adjourn any general meeting, but no business may be transacted at any adjourned meeting other than the business left unfinished at the original meeting.

Section 1182. On a show of hands every shareholder present in person or represented by proxy shall have one vote. On a poll every shareholder shall have one vote for each share of which he is the holder.

Section 1183. If the regulations of the company provide that no shareholder is entitled to vote unless he is in possession of a certain number of shares, the shareholder who do not possess such number of shares have the right to join in order to form the said number and appoint one of them as proxy to represent them and vote at any general meeting.

Section 1184. No shareholder is entitled to vote unless all calls due by him have been paid.

Section 1185. A shareholder who has in a resolution, a special interest cannot vote on such resolution.

Section 1186. Holders of certificates to bearer may not vote unless they have deposited their certificate with the company before the meeting.

Section 1187. Any shareholder may vote by proxy, provided the power given to such proxy is in writing.

Section 1188. The instrument appointing a proxy shall be dated and signed by the shareholder and shall contain the following particulars:

1. The number of shares held by the shareholder
2. The name of the proxy
3. The meeting or meetings or the period for which the proxy is appointed.

Section 1189. The instrument appointing a proxy must be deposited with the chairman at or before the beginning of the meeting at which the proxy named in such instrument proposed to vote.

Section 1190. At any general meeting, a resolution put to the vote shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands, demanded by at least two shareholders.

Section 1191. At any general meeting, a declaration by the chairman that a resolution has on a show of hands, been passed or lost, and an entry to that effect in the books of the proceedings of the company shall be sufficient evidence of the fact.

If a poll is demanded, the result of the poll shall be deemed to be the resolution of the meeting.

Section 1192. If a poll is duly demanded, it shall be taken in such manner as the chairman directs.

Section 1193. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.

Section 1194*. Any resolution to carry out a business required by law to be passed as a special resolution shall be passed by a majority of not less than three-fourths of the votes of the present shareholders who are eligible to vote.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1195. If a general meeting has been summoned or held or a resolution passed contrary to the provisions of this Title or contrary to the regulations of the company, the Court shall on application of any director or shareholder, cancel any such resolution or any resolutions passed at such irregular general meeting, provided that the application is entered within one month after the date of resolution.

4. BALANCE SHEET

Section 1196. A balance-sheet must be made at least once every twelve months, at the end of such twelve months as constitute the financial year of the company.

It must contain a summary of the assets and liabilities of the company and a profit and loss account.

Section 1197. The balance-sheet must be examined by one or more auditors and submitted for adoption to a general meeting within four months after its date.

A copy of it must be sent to every person entered in the register of shareholders at least three days before the general meeting.

Copies must also be kept open at the offices of the company during the same period for inspection by the holders of certificates to bearer.

Section 1198. On submitting the balance-sheet, the directors must lay before the general meeting a report showing how the business of the company was conducted during the year under review.

Section 1199. Any person is entitled to obtain from any company a copy of its latest balance-sheet on payment of a sum not exceeding twenty Baht.

It shall be the duty of the directors to send to the Registrar a copy of every balance sheet not later than one month after it has been adopted by the general meeting.

5. DIVIDEND AND RESERVE

Section 1200. The distribution of dividend must be made in proportion to the amount paid upon each share, unless otherwise decided with regards to preference shares.

Section 1201. No dividend may be declared except by a resolution passed in a general meeting.

The directors may from time to time pay to the shareholders such interim dividends as appeared to the directors to be justified by the profits of the company.

No dividend shall be paid otherwise than out of profits. If the company has incurred losses, no dividend may be paid unless such losses have been made good.

Section 1202. The company must appropriate to a reserve fund, at each distribution of dividend, at least one-twentieth of the profits arising from the business of the company, until the reserve fund reaches one-tenth part of the capital of the company or such higher proportion thereof as may be stipulated in the regulations of the company.

If shares have been issued at a value higher than the face value, the excess must be added to the reserve fund until the latter has reached the amount mentioned in the forgoing paragraph.

Section 1203. If dividend has been paid contrary to the provisions of the last two preceding Sections, the creditors of the company are entitled to have the amount so distributed returned to the company, provided that a shareholder cannot be obliged to return dividend which he has received in good faith.

Section 1204*. Notice of any dividend that may have been declared shall be given by letter to each shareholder whose name appears on the register of shareholders. If the company has any share represented by a certificate issued to bearer, the notice shall also be published once at least in a local paper.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1205. No dividend can bear interest against the company.

6. BOOKS AND ACCOUNTS

Section 1206. The directors must cause true accounts to be kept:

- (1) Of the sums received and expended by the company and of the matters in respect of which each receipt or expenditure takes place.
- (2) Of the assets and liabilities of the company.

Section 1207. The directors may cause minutes of all proceedings and resolutions of meetings of shareholders and directors to be duly entered in the books which shall be kept at the registered office of the company. Any such minutes signed by the chairman of the meeting at which such

resolution were passed or proceedings had, or by the chairman of the next succeeding meeting, are presumed correct evidence of the matters therein contained, and all resolutions and proceedings of which minutes have been made are presumed to have been duly passed.

Any shareholder may at any time during business hours demand inspection of the above documents.

PART IV

Audit

Section. 1208. The auditors may be shareholders of the company; but no person is eligible as an auditor who is interested otherwise than as a shareholder in any transaction of the company, and no director or other agent or employee of the company is eligible as an auditor during his continuance in office.

Section 1209. The auditors shall be elected every year at an ordinary meeting.

A retiring auditor is eligible for re-election.

Section 1210. The remuneration of the auditors shall be fixed in any general meeting.

Section 1211. If any casual vacancy occurs among the auditors, the directors shall forthwith summon an extraordinary meeting for the purpose of filling the vacancy.

Section 1212. If no election of auditors is made in a manner aforesaid, the Court shall, on the application of not less than five shareholders, appoint an auditor for the current year and fix his remuneration.

Section 1213. Every auditor shall at all reasonable time have access to the books and accounts of the company, and with regard to such books and accounts he may examine the directors or any other agents or employees of the company.

Section 1214. The auditors must make a report to the ordinary meeting on the balance-sheet and accounts.

They must state in such report whether in their opinion the balance-sheet is properly drawn up so as to exhibit and correct view of the state of the affairs of the company.

PART V

Inspection

Section 1215. Upon the application of shareholders holding not less than one-fifth part of the shares of the company, the competent Minister shall appoint one or more competent inspectors to examine into the affairs of any limited company and to report thereon.

The Minister, before appointing any such inspector, may require the applicants to give security for payment of expenses of the inspection.

Section 1216. The directors, employees and agents of the company are bound to produce to the inspectors all books and documents in their custody or power.

Any inspector may examine upon oath the directors, employees and agents of the company in relation to its business.

Section 1217. The inspectors must make a report to be written or printed as the competent Minister directs. Copies must be forwarded by the Minister to the registered office of the company and to the shareholders upon whose application the inspection was made.

Section 1218. All expenses of such inspection must be repaid by the applicants, unless the company, in the first general meeting after such inspection is finished, consents that the same shall be paid out of the assets of the company.

Section 1220. The competent Minister may also, of his own motion, appoint inspectors to report to the Government on the affairs of the company. Such appointment lies entirely within the discretion of the Minister.

PART VI

Increase and Reductions of Capital

Section 1220. A limited company can by special resolution increase its capital by issuing new shares.

Section 1221. No new shares of a limited company may be allotted as fully or partly paid-up otherwise than in money, except in execution of a special resolution.

Section 1222. All new shares must be offered to the shareholders in proportion to the shares held by them.

Such offer must be made by notice specifying the number of shares to which the shareholder is entitled, and fixing a date after which the offer, if not accepted, shall be deemed to be declined.

After such date or on the receipt of intimation from the shareholder that he declined to accept the shares offered, the director may offer such shares for subscription to other shareholders or may subscribe the shares to himself.

Section 1223. A notice to any shareholder to subscribe for New Shares must be dated and Signed to the directors.

Section 1224. A limited company may, by special resolution, reduce its capital either by lowering the amount of each share or by reducing the number of shares.

Section 1225. The capital of the company may not be reduced to less than one-fourth of its total amounts.

Section 1226*. When a company proposes to reduce its capital, it must publish once at least in a local paper and send to all creditors known to the company a notice of the particulars of the proposed reduction, requiring the creditors to present within thirty days from the date of such notice any objection they may have to such reduction.

If no objection is raised within the period of thirty days, none is deemed to exist.

If an objection is raised, the company cannot proceed with the reduction of its capital unless it has satisfied the claim or given security for it.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1227. If a creditor has, in consequence of his ignorance of the proposed reduction of capital, failed to give notice of his objection thereto, and such ignorance was in no way due to his fault, those shareholders of the company to whom has been refunded or remitted a portion of their shares remain, for a period of two years from the date of registration of such reduction, personally liable to such creditor to the extent of the amount refunded or remitted.

Section 1228. The special resolution by which any increase or reduction of capital has been authorized must be registered by the company within fourteen days after its date.

PART VII

Debentures

Section 1229. Debentures may not be issued.

Section 1230 to 1235 (Repealed)

PART VIII

Dissolution

Section 1236. A limited company is dissolved:

1. In the case, if any, provided by its regulations.
2. If formed for a period of time, by the expiration of such period.
3. If formed for a single undertaking, by the termination of such undertaking.
4. By a special resolution to dissolve.
5. By the company becoming bankrupt

Section 1237. A limited company may also be dissolved by the court on the following grounds:

1. If default is made in filing the statutory report or in holding the statutory meeting.
2. If the company does not commence business within a year from the date of registration or suspends its business for a whole year.
3. If the business of the company can only be carried on at a loss and there is no prospect of its fortunes, being retrieved.
4. If the number of the shareholders is reduced to less than three*.

However, in the case of default in filing the statutory report or in holding the statutory meeting, the Court may, instead of dissolving the company, direct that the statutory report be filed or the statutory meeting be held as it may think fit.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

PART IX

Amalgamation of Limited Companies

Section 1238. A limited company may not amalgamate with another limited company Except by special resolution.

Section 1239. The special resolution by which an amalgamation is decided must be registered by the company within fourteen days from its date.

Section 1240. The company must publish once at least in a local paper and send to all creditors known to the company a notice of the particulars of the proposed amalgamation requiring the creditors to present within sixty days after the date of the notice any objections they may have to it.*

If no objection is raised during such period, none is deemed to exist.

If an objection is raised, the company cannot proceed with the amalgamation unless it has satisfied the claim or given security for it.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1241. When the amalgamation has been made, it must be registered within fourteen days by each amalgamated company and the limited company formed by the amalgamation must be registered as a new company.

Section 1242. The share capital of the new company must be equivalent to the total share capital of the amalgamated companies.

Section 1243. The new company is entitled to the rights and subject to the liabilities of the amalgamated companies.

PART X

Notices

Section 1244. A notice is deemed to be duly served by the company to a shareholder if it is delivered personally or sent by post to such shareholder at the address appearing in the register of shareholders.

Section 1245. Any notice sent by post in a letter properly addressed is deemed to have been served at the time when such letter would have been delivered in the ordinary course of post.

PART XI

Removal of Defunct Companies from Register

Section 1246* (Repealed)

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

PART XII

Conversion of a registered partnership or limited partnership into a limited company

Section 1246/1*. A registered partnership or limited partnership consisting of at least three partners may be converted into a limited company by consent of all partners and performance of the following:

- (1) Notification of the consent of partners to convert the partnership into a limited company to the Registrar in writing within fourteen days from the date of consent by all partners; and
- (2) Publication at least once in a local paper and sending to all creditors known to the partnership a notice of the particulars of the proposed conversion, requiring the creditors to present within thirty days from the date of such notice, any objection they may have to such conversion.

If an objection is raised, the partnership cannot proceed with the conversion unless it has satisfied the claim or given security for it.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1246/2*. If no objection is raised or an objection is raised but the claim has been satisfied or security has been given, all partners shall hold a meeting to consent to and proceed with the following:

- (1) Prepare the memorandum of association and the articles of association of the company (if any);
- (2) Fix the amount of share capital of the company, which shall be equivalent to the amount of total contributions of all partners, and fix the number of shares of the company to be vested with each partner;
- (3) Fix the amount already paid in money on each share, which shall be at least twenty-five percent of the stated value of each share;
- (4) Fix the number of ordinary shares or preference shares to be issued and allotted to the partners and the nature and extent of the preferential rights accruing to the preference shares;
- (5) Appoint directors and fix their respective powers;
- (6) Appoint auditors; and
- (7) Carry out other activities as necessary for the conversion.

In proceeding with the actions under the first paragraph, the provisions relating to a limited company regarding such respective actions shall *mutatis mutandis*.

*[*Amendment to the Civil & Commercial (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1246/3*. The former managing partners shall deliver the business, property, accounts, documents and evidence of the partnership to the board of directors of the company within fourteen days after the consent by partners and the completion of actions under Section 1246/2.

If any partner has not paid in at least twenty-five percent of the price of any share or has not transferred ownership of any property or produced any document or evidence of exercise of rights to the board of directors, the board of directors of the company shall issue a letter demanding that the partner pay in the share price, transfer the ownership, or produce the document or evidence of exercise of rights, as the case may be, for the board of directors within thirty days from the date of receipt of the demand letter.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1246/4*. The board of directors of the company shall file with the Registrar an application to register the conversion into a limited company within fourteen days from the date of full compliance with Section 1246/3.

In applying for registration of the conversion, the board of directors shall also submit to the Registrar, together with the application for registration, the minutes of partner's meeting on consideration of consenting to and proceeding with the conversion of the partnership into a limited company under Section 1246/2, the memorandum of association, the articles of association, and the list of shareholders.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1246/5*. After the conversion of the registered partnership or limited partnership into a limited company has been accepted for registration by the Registrar, the former registered partnership or limited partnership shall lose its status as a registered partnership or limited partnership under the Civil and Commercial Code and the Registrar shall make a note of such loss on the register.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1246/6*. After the registration for conversion of the registered partnership or limited partnership into a limited company, the company shall be vested with all the property, obligations, rights and responsibilities of the former registered partnership or limited partnership.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*

Section 1247/7*. If after the registration for conversion into a limited company, the company is unable to perform any obligation as vested from the converted partnership, the creditor of such obligation may enforce the performance of the obligation on the partners of the converted partnership to the extent that each partner is liable for the obligations of the partnership.

*[*Amendment to the Civil & Commercial Code (No. 18) B.E. 2551 (A.D. 2008)]*