

(Translation)^{*}

CIVIL AND COMMERCIAL CODE
BOOK III
SPECIFIC CONTRACTS
TITLE XXII
PARTNERSHIPS AND COMPANIES

CHAPTER I
GENERAL PROVISIONS

Section 1012. A contract for the organisation of a partnership or a company is a contract whereby two or more persons agree to unite for a common undertaking, with a view to sharing profits which may be derived therefrom.

Section 1013. There are three kinds of partnerships or companies; namely:

- (1) ordinary partnerships;
- (2) limited partnerships; and
- (3) limited companies.

Section 1014. Offices for the registration of partnerships and companies shall be established by Regulations issued by the Minister responsible for the registration of partnerships and companies.

Section 1015. A partnership or a company, upon registration being made in accordance with the provisions of this Title, constitutes a juristic person distinct from the partners or shareholders of whom it is composed.

Section 1016. The registration shall be made at the Registration Office of that part of the Kingdom where the principal business office of the partnership or company is situated.

Any alteration subsequently made in the registered particulars and any alteration in any other matters required or allowed to be registered by the provisions of this Title shall be registered at the same Registration Office.

Section 1017. If a fact to be registered or published happens in a foreign country, the period for its registration or publication shall be computed from the time when notice thereof arrives at the place of registration or publication.

Section 1018. There shall be paid in respect of registration such fees as may be provided by the regulations issued by the competent Minister.

^{*}Translation by Dr. Pinai Nanakorn, Faculty of Law, Thammasat University, for the Department of Business Development, Ministry of Commerce

Section 1019. If an application for registration or a document subject to registration does not contain all the particulars required by this Title to be mentioned therein, or if any of the particulars mentioned in such application or document is contrary to law, or if any of the documents prescribed to be deposited with the application is not produced, or if any other condition imposed by law is not complied with, the Registrar may decline to make any entry in the register until the application or document has been completed or modified or until all the prescribed documents are produced, or until the condition is fulfilled.

***Section 1020.** Every person is entitled to inspect the documents kept by the Registrar or to require a certified copy or extract of any document to be delivered to that person by the Registrar upon payment of such fee as prescribed by the Ministerial Regulation.

Any interested person in a partnership or company is entitled to require the Registrar to issue a certificate of the registration of that partnership or company upon payment of such fee as prescribed by the Ministerial Regulation.

Section 1021. Every Registrar shall cause to be published periodically in the Government Gazette, in the form prescribed by the competent Minister, a summary of the entries made in the register.

Section 1022. Upon such publication being made, the registered documents or matters referred to in the summary shall be deemed to be known to all persons, whether connected with the partnership or company or not

****Section 1023.** No advantage may be taken by the partner, the partnership or the company against third persons of the existence of the agreements, documents or particulars required by this Title to be registered until the registration thereof has been effected, but third persons may take advantage of such existence.

Notwithstanding, the partner, shareholder, partnership or company having received performance of an obligation before the registration is not bound to make restitution.

*****Section 1023/1.** A partnership or a company may not set up against *bona fide* third persons section 1023 for escaping liability on the ground of lack of authority of the partner, partnership, company or director.

Section 1024. As between the partners or shareholders, the partners and the partnership or the shareholders and the company, all books, accounts and documents of any partnership or company or of the liquidators of any partnership or company are presumed to be correct evidence of all matters therein recorded.

* As amended by section 3 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

** As amended by section 4 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

*** As amended by section 5 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

CHAPTER II
ORDINARY PARTNERSHIPS

PART I
DEFINITION

Section 1025. The ordinary partnership is that kind of partnership in which all the partners are jointly and unlimitedly liable for all the obligations of the partnership.

PART II
RELATIONSHIP BETWEEN PARTNERS

Section 1026. Each partner must bring a contribution to the partnership. Such contribution may consist of money, other properties or services.

Section 1027. In case of doubt, contributions are presumed to be of equal value.

Section 1028. If the contribution brought by any partner consists merely of his personal services and the contract of partnership does not fix the value of such services, the share of such partner in the profits is equivalent to the average of the shares of the partners whose contributions are in money or other property.

Section 1029. If a partner brings as a contribution the use of property, the relationship between such partner and the partnership with regard to delivery and repair, liability for defects, liability for eviction and exclusion of liability are governed by the provisions of this Code concerning Hire of Property.

Section 1030. If a partner brings as a contribution the ownership of particular property, the relationship between such partner and the partnership with regard to delivery and repair, liability for defects, liability for eviction and exclusion of liability are governed by the provisions of this Code concerning Sale.

Section 1031. If any partner wholly fails to deliver his contribution, a written notice must be served on such partner by registered post demanding delivery of his contribution within a reasonable time, failing which such partner may be excluded from the partnership by a decision of all or a majority of other partners, as provided in the contract.

Section 1032. No change in the original contract of partnership or in the nature of the business may be made except by the consent of all the partners, unless there be an agreement providing otherwise.

Section 1033. If nothing has been agreed between the partners as to the management of the partnership, that partnership may be managed by each of the partners, provided that no partner may enter into a contract to which another partner objects.

In such case, each partner is deemed the managing partner.

Section 1034. If it is agreed that matters relating to the business of the partnership shall be decided by a majority of partners, each partner shall have one vote, irrespective the amount of his contribution.

Section 1035. If it is agreed that the partnership shall be managed by several managing partners, the partnership may be managed by each of the managing partners, provided that no managing partner may do anything to which another managing partner objects.

Section 1036. Managing partners may be removed from their position only by the consent of all the other partners, unless there be an agreement providing otherwise.

Section 1037. Even if partners have agreed that the partnership shall be managed by one or more managing partners, each non-managing partner has the right to enquire at any time into the management of the business of the partnership and to inspect and copy any of the partnership's books, accounts and documents.

Section 1038. No partner may, whether on his own account or on account of another person, carry on any business of the same nature as and competing with that of the partnership without the consent of the other partners.

If any partner acts contrary to the provisions of this section, the other partners are entitled to claim from him all the profits which he has made or compensation for the injury which the partnership has suffered thereby, provided that such claim cannot be entered later than one year after the date of the contravention.

Section 1039. A partner is bound to manage the business of the partnership with as much care as he would take of his own business.

Section 1040. No person may be introduced as a partner in the partnership without the consent of all partners, unless there be an agreement providing otherwise.

Section 1041. If any partner, without the consent of the other partners, transfers to a third person the whole or part of his share in the profits of the partnership, such third person does not become a partner.

Section 1042. The relationship of the managing partners with the other partners are governed by the provisions of this Code concerning Agency.

Section 1043. If a non-managing partner manages the business of the partnership or a managing partner acts beyond the scope of his authority, the provisions of this Code concerning Management of Affairs without Mandate shall apply.

Section 1044. The share of each partner in the profits or losses is in proportion to his contribution.

Section 1045. If the share of a partner is fixed only as to profits or only as to losses, the proportion is presumed to be the same for profits and losses.

Section 1046. No partner is entitled to remuneration for having managed the business of the partnership, unless there be an agreement providing otherwise.

Section 1047. If the name of a partner whose membership has ceased is used in the firm name, such partner is entitled to demand that such use shall cease.

Section 1048. A partner may claim from the other partners a share even in a transaction where his own name did not appear.

PART III

RELATIONSHIP OF PARTNERS WITH THIRD PERSONS

Section 1049. No partner can acquire any right against third persons by a transaction where his own name did not appear.

Section 1150. All the partners are bound by the acts done by any of them in the ordinary course of the business of the partnership and are jointly and unlimitedly liable for the performance of the obligations incurred in such management.

Section 1151. A partner whose membership has ceased continues to be liable in respect of obligations incurred by the partnership before such membership ceased.

Section 1152. A person who becomes a member of a partnership is liable for any obligations incurred by the partnership before he became a partner.

Section 1153. No restriction of the power of a member of a non-registered partnership to bind the other partners can have effect with respect to third persons.

Section 1054. A person who, by spoken or written words, or by conduct, or by consenting to the use of his name in the firm name of the partnership, represents himself as a member of a partnership, or who knows of his being represented as a member of a partnership without making objection thereto, becomes liable to third persons as a partner for all the obligations of the partnership.

If after the death of a partner the partnership's business is continued in the old firm name, the continued use of that old name or of the name of deceased partner as part thereof does not in itself make the deceased partner's estate liable for any obligations incurred by the partnership after his death.

PART IV

DISSOLUTION AND LIQUIDATION OF ORDINARY PARTNERSHIPS

Section 1055. An ordinary partnership is dissolved upon the following circumstances:

- (1) if the contract of partnership provides for any specific case of dissolution, upon the occurrence of such case;
- (2) if the contract of partnership is made for a definite period of time, upon the expiration of such period;
- (3) if the contract of partnership is made specifically for a single undertaking, upon the termination of such undertaking;
- (4) upon any of the partners giving to the other partners due notice as provided by section 1056; or
- (5) upon the death of any partner or any partner becoming a bankrupt or an incompetent person.

Section 1056. If a partnership is entered upon for any indefinite period, it can only be terminated by a partner at the end of a financial year of the partnership; and such partner must give at least six month's notice of his intention to terminate.

Section 1057. An ordinary partnership may also be dissolved by the Court on application by a partner in any of the following cases:

- (1) when a partner, other than the partner instituting an action, willfully or by gross negligence, violates any essential obligation imposed upon him by the contract of partnership;
- (2) when the business of the partnership can only be carried on at a loss and there is no prospect of its fortunes being retrieved; or
- (3) when there is any other cause making the continuance of the partnership an impossibility.

Section 1058. Upon the occurrence of any event connected with one partner which, pursuant to the provisions of section 1057 or section 1067, entitles the remaining partners to demand the dissolution of the partnership, the Court may, upon the application of the remaining

partners, order the expulsion of the partner in question from the partnership instead of the dissolution thereof.

For the purpose of the division of property between the partnership and the expelled partner, the partnership's property must be assessed at the value at which it stood at the time when the application for the expulsion was first made.

Section 1059. If, at the expiration of the period agreed upon, the business of the partnership is continued by all the partners or by such of them as habitually managed it during the said period, without any liquidation or settlement of accounts, the partners are deemed to have agreed to continue the partnership for an indefinite period of time.

Section 1060. In any case specified in section 1055, sub-section (4) or (5), if the subsisting partners buy the share of the partner whose membership has ceased, the contract of partnership continues between the subsisting partners.

Section 1061. After the dissolution of a partnership, the liquidation shall be carried out, unless some other method of adjustment of property between the partners has been agreed upon or unless the partnership is adjudicated bankrupt.

If the dissolution is brought about by notice given by a creditor of one of the partners or by the bankruptcy of one of the partners, the liquidation can only be dispensed with by the consent of the creditor or of the official receiver.

The liquidation shall be carried out by all the partners or by other persons appointed by the partners.

The appointment of liquidators is decided by a majority of votes of the partners.

Section 1062. The liquidation shall be made in the following order:

- (1) performance of all the obligations incurred towards third persons;
- (2) reimbursement of advances made and expenses incurred by the partners in managing the business of the partnership; and
- (3) a return of the contributions made by each partner.

The balance, if any, shall be distributed as profit between the partners.

Section 1063. If, after the performance of the obligations incurred towards third persons and reimbursement of advances and expenses, the assets are insufficient to return the whole of contributions to the partners, the deficiency constitutes a loss which must be divided as such.

PART V

REGISTRATION OF ORDINARY PARTNERSHIPS

Section 1064. An ordinary partnership may be registered.

The entry in the register shall contain the following particulars:

- (1) the firm name of the partnership;
- (2) objects of the partnership;
- (3) addresses of the principal business office and of all branch offices;
- (4) names, addresses and occupations of every partner, provided that if any partner has a trade name the entry in the register shall contain both his name and his trade name;
- (5) names of the managing partners, in case only some of the partners have been appointed as such;
- (6) restrictions, if any, imposed upon the powers of the managing partners; and
- (7) seals which are binding on the partnership.

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

The entry must be signed by every member of the partnership and must also be sealed with the common seal of the partnership.

A certificate of registration shall be made and delivered by the Registrar to the partnership.

***Section 1064/1.** Any managing partner in a registered partnership who intends to resign from his post shall submit a letter of resignation to any other managing partner. The resignation takes effect as from the date on which the letter of resignation reaches such other managing partner.

In the case where a registered partnership has one managing partner, the managing partner intending to resign shall, in writing accompanied by the letter of resignation, notify it to any other partner for the purpose of holding a meeting and considering the appointment of a new managing partner. The resignation takes effect as from the date on which the letter of resignation reaches such partner.

The managing partner who resigns under paragraph one or paragraph two may also notify the Registrar of his resignation.

***Section 1064/2.** Where there occurs any change in managing partners, the registered partnership shall cause such change to be registered within fourteen days as from the date of such change.

Section 1065. A partner can take advantage against third persons of any right acquired by the registered partnership, even though his name did not appear in the transaction.

Section 1066. No partner of a registered partnership may, whether on his own account or on account of another person, carry on any business of the same nature as and competing with that of the partnership or become a member with unlimited liability in another partnership carrying on a business of the same nature as and competing with that of the registered partnership, unless upon consent of all the other partners.

* As added by section 3 of the Act Amending the Civil and Commercial Code (No. 15), B.E. 2549 (2006)

Such prohibition does not apply if it was already known to all the partners at the time of registration of the partnership that one of the partners was engaged in a business or became a member of any other partnership having the same object and if his withdrawal was not required in the contract of partnership.

Section 1067. If a partner acts contrary to the provisions of the foregoing section, the registered partnership is entitled to claim from him all the profits which he had made or compensation for the injury which the registered partnership has suffered thereby.

Such claim cannot be entered later than one year after the date of the contravention.

The provisions of this section are without prejudice to the rights of the remaining partners to demand the dissolution of the partnership.

Section 1068. The liability of a partner in a registered partnership with respect to obligations incurred by the partnership before he ceased to be a member of such partnership is limited to a period of two years after he ceased to be a member.

Section 1069. In addition to the cases provided by section 1055, a registered partnership is dissolved if it becomes bankrupt.

Section 1070. The creditor of an obligation due by a registered partnership is entitled, as soon as the partnership is in default, to demand performance of the obligation from any of the partners.

Section 1071. In the case provide by section 1070, if the partner proves:

(1) that the assets of the partnership are sufficient to perform the whole or part of the obligation; and

(2) that enforcement against the partnership would not be difficult,

then, the Court may, in its discretion, order that the obligation be enforced first against the assets of the partnership.

Section 1072. If a registered partnership remains undissolved, the creditors of a partner may exercise their rights only on the profits or other sums due by the partnership to such partner. If such partnership has been dissolved, the creditors may exercise their rights on the share of such partner in the assets of the partnership.

PART VI

AMALGAMATION OF REGISTERED PARTNERSHIPS

Section 1073. A registered partnership may amalgamate with another registered partnership with the consent of all the partners, unless there be an agreement providing otherwise.

Section 1074. When a registered partnership has decided to amalgamate, the partnership must publish such decision twice at least in a local paper and send to all creditors known to the partnership a notice of the proposed amalgamation requiring the creditors to present within three months from the date of the notice any objection they may have to it.

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

If any objection is raised, the partnership may not proceed with the amalgamation unless it has satisfied the claim or given a security for it.

Section 1075. When the amalgamation has been made, it shall be the duty of each of the partnerships to cause the amalgamation to be registered as a new partnership.

Section 1076. The new partnership is entitled to the rights and subject to the liabilities of the amalgamated partnership.

CHAPTER III **LIMITED PARTNERSHIPS**

Section 1077. A limited partnership is that kind of partnership in which there are two types of partners as follows:

(1) one or more partners whose liability is limited to such amount as they may undertake to contribute to the partnership; and

(2) one or more partners who are jointly and unlimitedly liable for all the obligations of the partnership.

Section 1078. A limited partnership must be registered.

The entry in the register must contain the following particulars:

(1) the firm name of the partnership;

(2) a statement that the partnership is a limited partnership and the objects of such partnership;

(3) addresses of the principal business office and of all branch offices;

(4) names, trade names, addresses and occupations of the partners with limited liability, and the amount of their contributions to the partnership;

(5) names, trade names, addresses and occupations of the partners with unlimited liability;

(6) names of managing partners;

(7) restrictions, if any, imposed upon the powers of managing partners to bind the partnership.

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

The entry must be signed by every member of the partnership and must also be sealed with the common seal of the partnership.

A certificate of registration shall be made and delivered by the Registrar to the partnership.

***Section 1078/1.** Any managing partner who wishes to resign from his post shall submit a letter of resignation to any other managing partner. The resignation takes effect as from the date the letter of resignation reaches such other managing partner.

In the case where a limited partnership has one managing partner, the managing partner intending to resign shall, in writing accompanied by the letter of resignation, notify it to any other partner for the purpose of holding a meeting and considering the appointment of a new managing partner. The resignation takes effect as from the date the letter of resignation reaches such partner.

The managing partner who resigns under paragraph one or paragraph two may also notify the Registrar of his resignation.

***Section 1078/2.** Where there occurs any change in managing partners, the limited partnership shall cause such change to be registered within fourteen days as from the date of such change.

Section 1079. Until registration, a limited partnership is deemed an ordinary partnership in which all the partners are jointly and unlimitedly liable for all the obligations of the partnership.

Section 1080. The provisions concerning Ordinary Partnerships also apply to Limited Partnerships insofar as they are not excluded or modified by the provisions of this Chapter III.

If there are several partners with unlimited liability, the provisions applicable to an ordinary partnership shall apply to the relationship as between themselves and the relationship between such partners and the partnership.

Section 1081. The firm name shall not contain any of the names of the partners with limited liability.

Section 1082. If any partner with limited liability expressly or impliedly consents to the use of his name in the firm name of the partnership, such partner shall be liable to third persons in the same manner as if he were a partner with unlimited liability.

But as between the partners themselves, the liability of such partner remains governed by the contract of partnership.

* As added by section 4 of the Act Amending the Civil and Commercial Code (No. 15), B.E. 2549 (2006)

Section 1083. The contributions of the partners with limited liability must be in money or other property.

Section 1084. No dividend or interest may be distributed to partners with limited liability except out of the profits made by the partnership.

If the capital of the partnership has been reduced by losses, no dividend or interest may be distributed to partners with limited liability until the said losses have fully been made good.

But a partner with limited liability cannot be obliged to return the dividend or interest which he has received in good faith.

Section 1085. If a partner with limited liability has, by letter, circular or otherwise, informed third persons that his contribution is greater than the registered amount, such partner must be liable for such greater amount.

Section 1086. Agreements entered into between the partners for altering the nature or reducing the amount of the contribution of a partner with limited liability have no effect as regards third persons until registered.

When registered, such agreements have effect only as to obligations incurred by the partnership after their registration.

Section 1087. A limited partnership must be managed only by the partners with unlimited liability.

Section 1088. If a partner with limited liability interferes with the management of the partnership, such person becomes jointly and unlimited liable for all the obligations of the partnership.

The expression of opinions and advice or the casting of votes for the appointment or dismissal of managers in cases provided by the contract of partnership is not considered as interference with the management of the partnership.

Section 1089. A partner with limited liability may be appointed as a liquidator of the partnership.

Section 1090. Partners with limited liability may carry on any business, whether on their own account or on the account of third persons, even if such business is of the same nature as that of the partnership.

Section 1091. Partners with limited liability may transfer their shares without the consent of other partners.

Section 1092. A limited partnership is not dissolved by the death of one of the partners with limited liability or by his becoming a bankrupt or an incompetent person, unless otherwise provided by the contract.

Section 1093. If a partner with limited liability dies, his heirs become partners in place, unless otherwise provided by the contract.

Section 1094. If a partner with limited liability becomes bankrupt, his share in the partnership must be sold as an asset of the bankruptcy.

Section 1095. As long as the registered partnership is not dissolved, creditors of the partnership have no action against the partners with limited liability.

After the dissolution of such partnership, its creditors can enter actions against any partner with limited liability up to the following amounts:

(1) the part of the contribution of such partner which has not been delivered to the partnership;

(2) such part of the contribution as the partner may have withdrawn from the asset of the partnership; and

(3) dividends and interest with the partner may have received in bad faith and contrary to the provisions of section 1084.

CHAPTER IV LIMITED COMPANIES

PART I NATURE AND FORMATION OF LIMITED COMPANIES

***Section 1096.** A limited company is that kind of company which is formed with a capital being divided into shares of an equal value and with the liability of the shareholders being limited to the amount unpaid on the shares held by them.

****Section 1096 bis.** (Repealed)

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

* As amended by section 3 of the Act Amending the Civil and Commercial Code (No. 11), B.E. 2535 (1992)

** Repealed by section 4 of the Act Amending the Civil and Commercial Code (No. 11), B.E. 2535 (1992)

*** As amended by section 6 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

Section 1098. The memorandum of association 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 division thereof into shares of a fixed value; and
- (6) the names, addresses, occupations and signatures of the promoters, and the number of shares subscribed by each of them.

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

One of the copies of the memorandum of association must be registered and deposited 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 for at least one share.

Section 1101. 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 of association.

The unlimited liability of a director terminates at the expiration of two years as from the date on 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 value.

The issue of shares at a higher price than their nominal value is permissible, if authorised by the memorandum of association and, 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 value.

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

* As amended by section 5 of the Act Amending the Civil and Commercial Code (No. 9), B.E. 2521 (1978)

** Repealed by section 6 of the Act Amending the Civil and Commercial Code (No. 9), B.E. 2521 (1978)

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. This meeting 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 and containing the particulars of the business to be transacted at the statutory meeting under the following sections.

When the statutory report has been forwarded to subscribers, the promoters shall cause a copy of the report, duly certified as required by this section, to be furnished to the Registrar of Companies forthwith.

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 sections 1176, 1187, 1188, 1189, 1191, 1192 and 1195 shall apply *mutatis mutandis* to the statutory meeting.

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

- (1) the adoption of the regulations of the company;
- (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 of money to be paid to the promoters, if it is so intended;
- (4) the fixing of the number of preference shares, if any, to be issued, and the nature and extent of the preferential rights accruing therefrom;
- (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;
provided that 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 before the meeting; and
- (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 matter to be decided on cannot exercise the right of voting.

No resolutions 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. When the statutory meeting has been held, the promoters shall hand over the business to the directors.

The directors shall thereupon cause the promoters and subscribers to make payment for each share payable in money in such amount, being 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 shall 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 case of such shares as allotted as partly paid up, 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 all shares;

(5) the names, occupations and addresses of all directors;

(6) if the directors have the power to act separately, their respective powers and the number or names of the directors whose signatures are binding on the company;

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

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

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

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

*(Repealed)

A certificate of registration shall be made by the Registrar and delivered to the company.

****Sections 1111/1.** In forming a company, if all the following actions have been taken within the day the promoters have completed preparation of the memorandum of association, the directors may apply for the registration of the memorandum of association and the registration of the company simultaneously on the same day:

(1) causing to be subscribed the total number of shares with which the company intends to be registered;

(2) holding a statutory meeting for considering the business under section 1108, with all the promoters and subscribers attending the meeting and all the promoters and subscribers approving the business transacted at the meeting;

* Paragraph five is repealed by section 7 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008).

** As amended by section 8 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

(3) handing over all the business by the promoters to the directors;

(4) making a call by directors upon subscribers for making payment for shares under section 1110 paragraph two, with such payment having been remitted.

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 subscribers must be repaid in full 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 the principal amount of that money together with interest to be calculated as from the expiration of such three-month period.

Notwithstanding, a director shall not be liable for repayment of the principal or payment of interest if he can prove 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, and even in the case of such approval, 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 of association is identical with the name of an existing registered company or with the name inserted in any other registered memorandum of association, 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 of association and regulations, for which a sum not exceeding ten Baht per copy may be charged by the company.

PART II SHARES AND SHAREHOLDERS

****Section 1117.** The value of each share may not be less than five Baht.

* As amended by section 7 of the Act Amending the Civil and Commercial Code (No. 14), B.E. 2548 (2005)

** As amended by section 3 of the Act Amending the Civil and Commercial Code, B.E. 2477 (1934) (No. 2).

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 value of the share.

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

A shareholder may not make a set-off against the company as to payments on shares.

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

Section 1121. Twenty-one days' notice at least must be given, by a letter sent via registered post, of each call for payment on shares and each shareholder must pay the amount of such call to the person and at the place and time fixed by the directors.

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

Section 1123. If a shareholder fails to make the call payment on the day fixed therefor, the directors may give that person a notice, by a letter sent via registered post, demanding such call payment with interest.

The notice must fix a reasonable time within which such call payment must be made together with interest, and must also fix the place of such payment. 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 the forfeiture has been made in the notice, the directors may, as long as the amount in respect of which the call was made 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 share certificate or share certificates shall be issued and delivered by the company to each shareholder for the shares held by him.

*The delivery of a share certificate may be subject to the payment of such fee, not exceeding ten Baht, as the directors may decide.

* As amended by section 8 of the Act Amending the Civil and Commercial Code (No. 14), B.E. 2548 (2005)

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

A share certificate must contain the following particulars:

- (1) the name of the company;
- (2) the reference numbers of the shares to which it applies;
- (3) the value of each share;
- (4) in the case where the shares are not fully paid up, the amount paid on each share; and
- (5) the name of the shareholder or a statement that the certificate is issued to bearer.

Section 1129. Shares are transferable without the assent 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 a signature of one witness at least. The instrument must also state the reference numbers of shares so transferred.

Such transfer is invalid as against the company and third persons 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 in respect of which a call payment remains in arrears.

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 a surrender of the share certificate when possible, and on production of proper evidence, 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 of any obligation of the company incurred after the transfer; and
- (2) no transferor shall be liable to contribute 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 authorised 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 a certificate to bearer on surrendering the name certificate for cancellation.

Section 1135. Shares entered in a certificate to bearer are transferrable by the mere delivery of the 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. A 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 reference number, and of the amount paid or agreed to be considered as paid on the shares of each shareholder;

(2) the date on which each person was entered in the register as a shareholder;

(3) the date on which each shareholder ceased to be a shareholder;

(4) the reference numbers and date of certificates issued to bearer, and the respective reference numbers of shares entered in each such certificate; and

(5) the date of cancellation of any name certificate or certificate to 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. Such register shall be gratuitously open to inspection by the shareholders, during business hours, subject to such reasonable time-restrictions as the directors may impose, but not less than two 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 of 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 shareholder is entitled to require a copy of such register or of any part thereof to be delivered to him on payment of a fee not exceeding five Baht per page.

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

* As amended by section 9 of the Act Amending the Civil and Commercial Code (No. 14), B.E. 2548 (2005)

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 its own shares in pledge.

PART III

MANAGEMENT OF LIMITED COMPANIES

1. GENERAL PROVISIONS

Section 1144. Every limited company shall be managed by a director or directors in accordance with the regulations of the company and under the control of the general meeting of shareholders.

Section 1145. After registration of the company, no new regulations may be made and no additions to or alterations of the regulations or the contents of the memorandum of association 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 as from the date of the special resolution.

***Section 1147.** (Repealed)

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

A notice of the location of the registered office and of any change therein shall be given to the Registrar of companies, and the Registrar shall cause the same to be recorded in the register.

Section 1149. As long as the shares have not been fully paid up, the company may print or indicate the capital of the company in any writing such as advertisements, bills, invoices or letters only with a clear indication therein as to what proportion of such capital has been paid up.

2. DIRECTORS

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

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

* Repealed by section 9 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

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 must vacate office. If the number of directors is not a multiple of three, then the number nearest to one-third must vacate office.

Section 1153. The directors to vacate office in the first and second years following the registration of the company shall, unless otherwise agreed by the directors between themselves, be drawn by lots. In every subsequent year, the directors who have been longest in office shall vacate office.

The vacating director may be re-appointed.

***Section 1153/1.** Any director who wishes to resign from his post shall submit a resignation letter to the company. The resignation takes effect as from the date on which the letter of resignation reaches the company.

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

Section 1154. If any director becomes a bankrupt or an incompetent person, such director shall vacate office.

Section 1155. If any vacancy occurs in the board of directors otherwise than by rotation, such vacancy 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.** Where there occurs any change in directors, the company shall cause such change to be registered within fourteen days as 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 only 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 purposes.

* As amended by section 5 of the Act Amending the Civil and Commercial Code (No. 15), B.E. 2549 (2006)

** As amended by section 6 of the Act Amending the Civil and Commercial Code (No. 15), B.E. 2549 (2006)

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 shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a casting vote.

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

Section 1163. The directors may elect one amongst themselves as chairman of their meetings and fix the period for which the chairman is to hold office, but if no such chairman is elected, or if at any meeting the chairman is not present at the appointed time, the directors present may elect one amongst themselves as 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 regulations 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 shall have a casting vote.

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

Section 1167. The relationship between the directors and 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 of the company, apply the diligence of a careful businessperson.

In particular, directors are jointly responsible for the following matters:

- (1) the actual payment of shares by the shareholders;
- (2) the availability and regular keeping of the books and documents prescribed by law;
- (3) the proper distribution of dividends or interest as prescribed by law; and
- (4) 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, whether on his own account or on account of another 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.

The foregoing provisions apply also to persons representing the directors.

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 insofar 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 such acts cannot enter their action later than six months as from 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 as from the date of the registration of the company, and shall subsequently be held at least every twelve months.

Such meeting is called an ordinary meeting.

All other general meetings are called extraordinary meetings.

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

If the company has incurred a loss up to one half of the amount of its capital, the directors must forthwith summon an extraordinary meeting in order to inform the shareholders of such loss.

Section 1173. An extraordinary meeting 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. Such written requisition must specify the purpose 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 pursuant to the last preceding section, the directors shall forthwith summon such meeting.

If the meeting is not summoned within thirty days as from the date of the requisition, all the shareholders making such requisition or any other shareholders holding the required number of shares may themselves summon it.

***Section 1175** A notice summoning 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 thereof, to every shareholder whose name appears in the company's register of shareholders not later than seven days before the date fixed for the meeting, save that, in the case of a notice summoning a general meeting for passing a special resolution, such acts must be performed not later than fourteen days before the date fixed for the meeting.

The notice summoning a general meeting shall specify the place, date and time of the meeting and the nature of the business to be transacted; and, in the case of the notice summoning a general meeting for passing a special resolution, such notice shall also specify the matters to be proposed for passing the resolution.

Section 1176. Every shareholder has the right to be present at any kind of general meeting on every occasion of its being held.

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. At a general meeting, no business may be transacted unless shareholders representing at least one-fourth of the capital of the company are present.

Section 1179. If, after an hour from the time appointed for the general meeting, the quorum prescribed by section 1178 is not constituted by the number of shareholders present at the meeting, the general 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 subsequent meeting no quorum is required to be constituted.

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

If there is no such chairman, or if the chairman is not present within fifteen minutes after the time appointed for the holding the meeting, the shareholders present at the meeting may elect one amongst themselves to be chairman.

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

Section 1182. In casting votes by a show of hands, every shareholder present in person or represented by proxy shall have one vote but, in casting votes by secret ballot, every shareholder shall have one vote for each share held by him.

* As amended by section 10 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

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 shareholders 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 call payments demanded from him have been made.

Section 1185. A shareholder who has a special interest in any matter on which a resolution is to be passed at a meeting may not vote on such matter.

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

Section 1187. Any shareholder may vote by proxy, provided that the power given to such proxy must be 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 appointing a proxy;
- (2) the name of the proxy; and
- (3) the meeting or meetings or the period for which the proxy is appointed.

Section 1189. The instrument appointing a proxy must, if the proxy named therein proposes to vote at a meeting, be deposited with the chairman at or prior to the beginning of such meeting.

Section 1190. At any general meeting, a resolution put to the vote shall be decided by a show of hands, unless a secret ballot 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, by a show of hands, been passed or lost and an entry to that effect in the books of minutes of the company's meetings shall be sufficient evidence of the fact.

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

Section 1192. If a secret ballot 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 in the case of voting by a show of hands or by a secret ballot, the chairman of the meeting shall have an additional vote as a casting vote.

***Section 1194.** In the case where any matter is required by law to be approved by a special resolution, a general meeting must pass a resolution on such matter by a majority consisting of not less than three-fourths of total votes of the shareholders present at the meeting and entitled to vote.

Section 1195. If a general meeting has been summoned or held or passed a resolution 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 the resolution of such irregular general meeting, provided that the application is entered within one month as from the date of the 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.

A balance-sheet 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 to a general meeting for adoption within four months as from its date.

A copy of the balance-sheet must be sent to every person entered in the register of shareholders at least three days prior to the general meeting.

Copies of the balance-sheet must also be kept open at the offices of the company during the same period for inspection by the holders of share 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 as from the date of its adoption by the general meeting.

5. DIVIDENDS AND RESERVE

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

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

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

* As amended by section 11 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

** As amended by section 10 of the Act Amending the Civil and Commercial Code (No. 14), B.E. 2548 (2005)

Section 1202. At each distribution of dividends, the company must appropriate to a reserve fund at least one-twentieth of the profits arising from the business of the company until the reserve fund reaches the amount equivalent to one-tenth of the capital of the company or such higher amount 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 dividends have 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 dividends which he has received in good faith.

***Section 1204.** A notice of any dividend that may have been declared shall be given, by a letter from the company, to each shareholder whose name appears on the register of shareholders. But in the case where the company has shares of which certificates are issued to bearers, such notice shall also be published once at least in a local paper.

Section 1205. No dividend, even if it remains unpaid, can bear interest against the company.

6. BOOKS AND ACCOUNTS

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

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

Section 1207. The directors may cause all minutes and resolutions of meetings of shareholders and meetings of directors to be duly entered in the books. Such books shall be kept at the registered office of the company. Any such minutes, when signed by the chairman of the meeting at which such resolutions were passed or at which proceedings were conducted or signed by the chairman of the next succeeding meeting, are presumed to be correct evidence of the matters entered in the books, and all resolutions and proceedings of which minutes have been entered are presumed to have been duly passed or conducted.

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

PART IV AUDIT

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

* As amended by section 12 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

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

An outgoing auditor is eligible for re-election.

Section 1210. The remuneration of the auditors shall be fixed at a general meeting.

Section 1211. If any casual vacancy occurs among the auditors, the directors shall summon an extraordinary meeting for the purpose of electing a new auditor to fill 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 may at all reasonable time have access to the books and accounts of the company and may, with regard to such books and accounts, enquire and examine the directors or any other persons who are agents or employees of the company.

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

The auditors must also state in such report whether in their opinion the balance-sheet is properly drawn up so as to exhibit a true 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 of the shares of the company, the competent Minister shall appoint one or more competent inspectors to examine into the affairs of such limited company and prepare a report thereon to be submitted for the Minister's information.

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 of such report 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, at the first general meeting after such inspection is finished, consents that the same shall be paid out of the assets of the company.

Section 1219. The competent Minister may, of his own motion, appoint one or more inspectors to examine the affairs of the company and prepare a report thereon for submission to the Government. Such appointment of inspectors lies entirely within the discretion of the Minister.

PART VI

INCREASE AND REDUCTION OF CAPITAL

Section 1220. A limited company can, by a 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 allotted must be offered to existing shareholders in proportion to the shares held by them.

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

When such fixed date has elapsed or when the shareholder has made an indication of a decline to accept the shares offered, the director may offer such shares to other shareholders for subscription or may himself subscribe for such shares.

****Section 1223.** A notice to shareholders to subscribe for new shares must be dated and signed by the directors.

Section 1224. A limited company may, by a special resolution of a meeting of shareholders, reduce its capital either by lowering the value 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 amount.

*****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 indicating the particulars of the proposed reduction and requiring the creditors to present within thirty days as 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 by any creditor, the company cannot proceed with the reduction of its capital unless it has satisfied the claim or given security for it.

* As amended by section 7 of the Act Amending the Civil and Commercial Code (No. 9), B.E. 2521 (1978)

** As amended by section 8 of the Act Amending the Civil and Commercial Code (No. 9), B.E. 2521 (1978)

*** As amended by section 13 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

Section 1227. If any 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, the shareholders of the company who have received a refund of a portion of their shares remain, for a period of two years as from the date of registration of such reduction of capital, personally liable to such creditor to the extent of the amount refunded.

Section 1228. The special resolution by which any increase or reduction of capital has been authorised must be registered by the company within fourteen days as from the date of such resolution.

PART VII DEBENTURES

* **Section 1229.** No debentures may be issued by a company.

** **Section 1230.** (Repealed)

** **Section 1231.** (Repealed)

** **Section 1232.** (Repealed)

** **Section 1233.** (Repealed)

** **Section 1234.** (Repealed)

** **Section 1235.** (Repealed)

PART VIII DISSOLUTION

Section 1236. A limited company is dissolved upon the occurrence of any of the following events:

(1) if the regulations of the company provide for any case of dissolution, upon the occurrence of such case;

(2) if the company is formed specifically for a period of time, upon the expiration of such period;

(3) if the company is formed specifically for carrying on any single undertaking, upon completion of such undertaking;

(4) upon a special resolution being passed to the effect of dissolution; or

(5) upon bankruptcy of the company.

* As amended by section 9 of the Act Amending the Civil and Commercial Code (No. 9), B.E. 2521 (1978)

** Repealed by section 10 of the Act Amending the Civil and Commercial Code (No. 9), B.E. 2521 (1978)

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

(1) a default is made in filing the statutory report or in holding the statutory meeting;

(2) the company does not commence business within a year as from the date of registration or suspends its business for one whole year;

(3) the business of the company can only be carried on at a loss and there is no prospect of its fortunes being retrieved; or

* (4) the number of the shareholders is reduced to less than three.

Notwithstanding, 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.

PART IX AMALGAMATION OF LIMITED COMPANIES

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

Section 1239. The special resolution by which an amalgamation is decided must be registered by the company within fourteen days as 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 indicating the particulars of the proposed amalgamation and requiring the creditors to present, within sixty days as from 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 by any creditor, the company may not proceed with the amalgamation unless it has satisfied the claim or given security for it.

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 amount representing the combination of the share capital of each amalgamated company.

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

* As amended by section 14 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

** As amended by section 15 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

**PART X
NOTICES**

Section 1244. A notice to be served by the company on a shareholder is deemed to be duly served 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 on the addressee at the time when such letter would have been delivered in the ordinary course of post.

**PART XI
REMOVAL OF DEFUNCT COMPANIES FROM THE REGISTER***

Section 1246. (Repealed)

**PART XII
TRANSFORMATION OF A REGISTERED PARTNERSHIP AND A LIMITED PARTNERSHIP
INTO A LIMITED COMPANY****

Section 1246/1. A registered partnership or limited partnership having at least three partners may be transformed into a limited company upon consent of all partners and upon the following actions being taken:

(1) notifying, in writing, the partners' consent to the transformation of a partnership into a limited company to the Registrar within fourteen days as from the date of all partners' consent;

(2) publishing once at least in a local paper and sending to all creditors known to the partnership a notice, in writing, indicating the particulars of the proposed transformation of the partnership into a company and requiring the creditors to present, within thirty days as from the date of the notice, any objections they may have to it.

If an objection is raised by any creditor, the partnership may not proceed with the transformation unless it has satisfied the claim or given security for it.

Section 1246/2. In the case where no objection has been raised or where an objection has been raised but the partnership has satisfied the claim or given security for it, all the partners must meet for giving consent to and performing the following acts:

(1) preparing the memorandum of association and regulations of the company (if any);

* **PART XI REMOVAL OF DEFUNCT COMPANIES FROM THE REGISTER**, section 1246, is repealed by section 16 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008).

** **PART XII TRANSFORMATION OF A REGISTERED PARTNERSHIP AND A LIMITED PARTNERSHIP INTO A LIMITED COMPANY**, section 1246/1 to section 1246/7 is added by section 17 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008).

(2) fixing the company's amount of share capital, which must be equivalent to the contributions of all partners in the partnership, and fixing the number of shares of the company to which each partner is entitled;

(3) fixing the amount already paid in money on each share, provided that such amount must not be lower than twenty-five percent of the fixed value of each share;

(4) fixing the number of ordinary shares or preference shares and the nature and extent of the preferential rights accruing from shares to be issued and allotted to partners;

(5) appointing directors and fixing respective powers of directors;

(6) appointing auditors; and

(7) performing other acts necessary for the transformation.

In performing the acts under paragraph one, the provisions concerning Limited Companies insofar as they deal with such acts shall apply *mutatis mutandis*.

Section 1246/3. The former managing partners shall hand over the business, property, accounts, documents and evidence of the partnership to the board of directors of the company within fourteen days as from the date of the partners' consent and the completion of all the acts under section 1246/2.

In the case where any partner fails to make payment on his shares or makes payment in an amount not equivalent to twenty-five percent of the value of his share or fails to transfer the ownership of any property or to prepare documents evidencing the exercise of rights to or for the board of directors, the board of directors of the company shall give a notice in writing demanding the partner to make payment on his shares, transfer the ownership or prepare documents evidencing the exercise of rights, as the case may be, to or for the board of directors within thirty days as from the date of receipt of the written notice.

Section 1246/4. The board of directors of the company must file with the Registrar an application for registration of the transformation into a limited company within fourteen days as from the date of completion of the acts under section 1246/3.

In applying for registration of the transformation into a limited company, the board of directors shall also submit the minutes of the meeting at which partners gave consent to and performed the acts in connection with the transformation of a partnership into a limited company under section 1246/2, the memorandum of association, regulations and list of shareholders together with the application for registration.

Section 1246/5. When registration of the transformation of a registered partnership or a limited partnership into a limited company has been effected by the Registrar, the former registered partnership or limited partnership shall lose its status as a registered partnership or a limited partnership under the Civil and Commercial Code, and the Registrar shall make a note thereof on the register.

Section 1246/6. Upon registration of the transformation of a registered partnership or a limited partnership into a limited company, the company shall assume all property, obligations, rights and liabilities of the former registered partnership or limited partnership.

Section 1246/7. If, after the registration for the transformation into a limited company, the company is unable to perform obligations taken up from the transformed partnership, creditors may enforce the performance of such obligations against the partners of the transformed partnership to the extent of the partners' liability for the obligations of the partnership.

CHAPTER V

LIQUIDATION OF REGISTERED PARTNERSHIPS, LIMITED PARTNERSHIPS AND LIMITED COMPANIES

***Section 1247.** The liquidation of a bankrupt registered partnership, limited partnership or limited company shall be carried out, as far as practicable, in accordance with the provisions of law on bankruptcy for the time being in force.

The competent Minister may issue Ministerial Regulations governing the liquidation of partnerships and companies and prescribing the rate of fees therefor.

Section 1248. When reference is made to a general meeting in this Chapter, its means as follows:

(1) with respect to a registered partnership and a limited partnership, a meeting of all the partners, at which a decision is made by a majority of votes; and

(2) with respect to a limited company, the general meeting as provided by section 1171.

Section 1249. A partnership or company is deemed to continue after its dissolution as far as it is necessary for the purpose of liquidation.

Section 1250. The duties of the liquidators are to settle the affairs of the partnership or company, to pay its debts and to distribute its assets.

Section 1251. Upon dissolution of a partnership or a company for any other cause than bankruptcy, the managing partners of the partnership or directors of the company become liquidators unless otherwise provided by the contract of partnership or by the regulations of the company.

If there are no persons to be liquidators under the foregoing provision and an application is made by the Public Prosecutor or any other interested person, the Court shall appoint a liquidator or liquidators.

Section 1252. The managing partners or directors retain, as liquidators, the same respective powers which they had as managing partners or directors.

Section 1253. Within fourteen days as from the date of dissolution of a partnership or a company or, in the case where the Court has appointed liquidators, as from the date of appointment, the liquidators must:

****** (1) notify the public by publication once at least in a local paper that the partnership or company is dissolved and that its creditors must apply for payment to the liquidators; and

* As amended by section 4 of the Act Amending the Civil and Commercial Code, B.E. 2479 (1936)

** As amended by section 18 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008)

(2) send a similar written notice by registered post to each creditor whose name appears in the books, accounts or documents of the partnership or company.

Section 1254. The liquidators must cause the dissolution of the partnership or company to be registered within fourteen days as from the date of dissolution and, for this purpose, must also cause the names of all the liquidators to be entered in the register.

Section 1255. The liquidators must, as soon as possible, make a balance-sheet and have it examined and certified by the auditors, and must summon a general meeting.

Section 1256. The business to be transacted at the general meeting is as follows:

- (1) confirming the managing partners or directors as liquidators, or appointing new liquidators in their stead, and
- (2) adopting the balance-sheet.

The general meeting may direct the liquidators to make an inventory or to do whatever the meeting may deem appropriate for the settlement of the affairs of the partnership or company.

Section 1257. Liquidators not appointed by the Court may be removed and replaced by other persons by a unanimous vote of the partners or by a general meeting of the shareholders. But Liquidators, whether appointed by the Court or not, may be removed and replaced by other persons by the Court's order on the request of one of the partners or of the shareholders representing one-twentieth part of the paid-up capital of the company.

Section 1258. Any change amongst the liquidators must be caused to be registered, within fourteen days as from the date of such change, by the liquidators.

Section 1259. The liquidators have the powers as follows:

- (1) to bring or defend any legal proceedings, in relation to civil or criminal disputes, and to make compromises, in the name of the partnership or company;
- (2) carry on the business of the partnership or company, as may be necessary for a beneficial settlement of its affairs;
- (3) to sell the property of the partnership or company; and
- (4) to do all other acts as may be necessary for a beneficial settlement of the liquidation.

Section 1260. No restriction on the powers of the liquidators is valid as against third persons.

Section 1261. In the case of several liquidators, unless their powers are otherwise fixed by the general meeting or by the Court at the time of the appointment of the liquidators, no act of the liquidators is valid unless done by them jointly.

Section 1262. A resolution of a general meeting or a decision of the Court authorising liquidators to act separately must be registered within fourteen days as from the date of such resolution or decision.

Section 1263. All costs, charges and expenses properly incurred in the liquidation must be paid by the liquidators in preference to other debts.

Section 1264. If a creditor does not apply for payment, the liquidators must deposit the amount due in accordance with the provisions of the Code concerning Deposit in lieu of performance.

Section 1265. The liquidators may require the partners or shareholders to pay such part of their contributions or shares as may remain unpaid and such part must be paid at once, even if it was previously agreed by the contract of partnership or the regulations of the company that a call for payment would be made at a later time.

Section 1266. If the liquidators find that after the whole of the contributions or shares has been paid up the assets are insufficient to meet the liabilities, the liquidators must apply at once to the Court to have the partnership or company declared bankrupt.

Section 1267. The liquidators must deposit every three months at the Registration Office a report of their activities, showing the situation of the accounts of the liquidation, and such report shall be gratuitously open for inspection by the partners, shareholders or creditors.

Section 1268. If the liquidation continues for more than one year, the liquidators must summon a general meeting at the end of each year as from the beginning of the liquidation and must make a report, to be laid before this meeting, of their activities and give explanations of a detailed account of the situation.

Section 1269. Only so much of the property of the partnership or company may be divided amongst the partners or shareholders as is not required for performing all the obligations of the partnership or company.

Section 1270. As soon as the affairs of the partnership or company are fully liquidated, the liquidators shall make a report of the liquidation showing how the liquidation has been conducted and how the property of the partnership or company has been disposed of, and shall thereupon summon a general meeting for the purpose of laying before it the report and giving explanations thereof.

When the report has been approved by the general meeting, the proceedings of the meeting must be registered within fourteen days as from its date by the liquidators. Such registration is taken as being the end of the liquidation.

Section 1271. Upon completion of the liquidation, all the books, accounts and documents of the liquidated partnership or company shall be deposited with the Registrar within fourteen days as provided by the foregoing section, and the Registrar shall keep such books, accounts and documents for ten years as from the end of the liquidation.

All such books, accounts and documents shall be gratuitously open for inspection by any interested person.

Section 1272. No action for payment of debts due from the partnership or company or from the partners, shareholders or liquidators as such can be entered later than two years as from the end of the liquidation.

Section 1273. The provisions of section 1172 to section 1193, section 1195 and section 1207 shall apply to general meetings held during the liquidation *mutatis mutandis*.

CHAPTER VI
REMOVAL OF DEFUNCT REGISTERED PARTNERSHIPS, LIMITED PARTNERSHIPS
AND COMPANIES FROM THE REGISTER*

Section 1273/1 Where the Registrar has a reasonable cause to believe that a registered partnership, a limited partnership or a company is not carrying on business or in operation, the Registrar shall send a letter, by post requiring acknowledgement of receipt thereof, to the partnership or the company for inquiring whether the partnership or the company is carrying on business or in operation and informing that if no answer thereto is received within thirty days as from the date of sending the letter a notice will be published in a newspaper with a view to striking the name of the partnership or the company off the register.

If the Registrar receives an answer from such partnership or the company that it is no longer carrying on business or in operation, or does not receive any answer within thirty days as from the date of sending the letter, the Registrar shall publish once at least in a local newspaper and send a written notice, by post requiring acknowledgement of receipt thereof, to the partnership or the company that at the expiration of ninety days as from the date of sending that notice the name of the partnership or the company will be struck off the register unless good cause is shown to the contrary.

Section 1273/2. If, in the case where the partnership or the company is dissolved and under liquidation, the Registrar has a reasonable cause to believe that no liquidator is acting or that the affairs of the partnership or company are fully liquidated but the liquidator fails to prepare a liquidation report or fails to register with the Registrar the completion of the liquidation, the Registrar shall send a written notice, by post requiring acknowledgement of receipt thereof, to the partnership or the company and the liquidator at the last known address, demanding the action for the appointment of a liquidator, the submission of the liquidation report or the registration of the liquidation completion, as the case may be, and informing also that if such action has not been taken within one hundred and eighty days from the date of sending the notice it will be published in a newspaper with a view to striking the name of the partnership or the company off the register.

If the partnership, the company or the liquidator fails to take action within such time as specified under paragraph one, the Registrar shall publish once at least in a local newspaper and send a written notice, by post requiring acknowledgement of receipt

* **PART VI REMOVAL OF DEFUNCT REGISTERED PARTNERSHIPS, LIMITED PARTNERSHIPS AND COMPANIES FROM THE REGISTER**, section 1273/1 to section 1273/4, is added by section 19 of the Act Amending the Civil and Commercial Code (No. 18), B.E. 2551 (2008).

thereof, to the partnership or the company and the liquidator that at the expiration of ninety days as from the date of sending that notice the name of the partnership or the company will be struck off the register unless good cause is shown to the contrary.

Section 1273/3. At the expiration of the time mentioned in the written notice under section 1273/1 or section 1273/2 and no good cause is shown to the contrary by the partnership, the company or the liquidator, the Registrar may strike the name of the partnership or the company off the register. In this instance, such partnership or company shall cease to retain its legal personality as from the time the Registrar strikes its name off the register, provided that the liability of managing partners, partners, directors, managing officers and shareholders shall continue and may be enforced as if the legal personality of the partnership or the company had not ceased to exist.

Section 1273/4. If the partnership, any partner, the company, any shareholder or any creditor of the partnership or of the company feels unfairly aggrieved by the name of the partnership or the company having been struck off the register, the Court on the application of the partnership, partner, company, shareholder or creditor may, if satisfied that the partnership or the company was at the time of striking its name off the register carrying on business or in operation or otherwise that it is just that the partnership or company be restored to the register, order the name of the partnership or the company to be restored to the register, and thereupon the partnership or company shall be deemed to have continued in existence as if its name had not been struck off; and the Court may by the order give such directions and make such provisions as seem just for placing the partnership or the company and all other persons in the same position as nearly as may be as if the name of the partnership or the company had not been struck off.

An application for the name of the partnership or the company to be restored to the register may not be entered after the expiration of ten years as from the date of the name of the partnership or the company being struck off the register by the Registrar.