

# Newsletter

## **CABINET APPROVES ADDITIONAL AMENDMENTS TO THAILAND'S CIVIL AND COMMERCIAL CODE**

On 23 June 2020, the Cabinet approved a draft Act amending certain sections of the Civil and Commercial Code ("CCC"), in addition to the draft Act amending the CCC as approved by the Cabinet on 9 June 2020 ([see our newsletter](#)). The draft Act will now be sent to the National Assembly for their consideration, approval and enactment. The key amendments contained in this draft Act include the following:

### **Mergers**

Currently, the CCC only allows 'amalgamation' whereby two or more entities merge into a new entity. A long-awaited other form of 'merger' is where one (or more) entity is merged into another existing entity.

### **Other key amendments to the CCC contained in the draft Act which impact on private companies - as approved by the Cabinet**

- **Number of promoters and minimum number of shareholders requirement**  
The minimum number of promoters required for registration of a private company will be reduced from three to two persons. In addition, a court may dissolve a company if the number of shareholders is reduced to be one shareholder or upon an occurrence of any other cause which results in the company being unable to continue its business. The latter ground was originally imposed by the Order of the Head of the National Council for Peace and Order No. 21/2560. This means that in practice a private company is required to have at least two shareholders at all times.
- **Minimum requirement for the number of shareholders attending a shareholders meeting**  
Currently the CCC does not clearly state the requirement, but interpretation of the term meeting suggests that at least two shareholders or proxies must attend a shareholders meeting. The draft Act clearly sets out this requirement.
- **Time limit for payment of dividends**  
The payment of the dividend must be made within one month from the date of a resolution being adopted by the shareholders or the board of directors meeting approving the dividend payment. This requirement was originally imposed by the Order of the Head of the National Council for Peace and Order No. 21/2560. Failure to comply with this requirement will result in a penalty in the form of a fine under the Act Prescribing Offences Related to Registered Partnerships, Limited Partnerships, Limited Companies, Associations and Foundations, B.E. 2499 (1956), as amended. The amendment of this Act received Cabinet approval on the same day.
- **Dispute resolution between directors and shareholders**  
The articles of association to be approved at the statutory meeting of the shareholders may include provisions setting out dispute resolution mechanisms to resolve disputes between directors and shareholders. This regulation was originally imposed by the Order of the Head of the National Council for Peace and Order No. 21/2560.

Chandler MHM will provide further updates if there are further developments in this area.

Should you require any advice in relation to the issues raised above please contact the authors in the right-hand column.

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Peangnate Sawatdipong is a partner in the Corporate and M&A practice group. She specializes in corporate law, and has extensive experience in: advising foreign investors on establishing private companies in Thailand; in assisting with company registrations; in obtaining foreign business licenses or certificates with the Company Registration Office, Ministry of Commerce, Board of Investment promotion, and with obtaining licenses issued by the Industrial Estate Authority of Thailand. She drafts Thai and English commercial agreements, conducts due diligence for licenses, permits and government approvals regarding major industrial projects, and regularly closes transactions at the Commercial Registration Office for a broad range of projects in Thailand. She also represents companies in share or asset acquisitions, and provides advice on work permits, visa applications, and real estate matters.

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