

## Explanation

### Re: Practice Guideline for Service of Limited Company Shareholders Meeting Invitation Notice

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This explanation provides a guideline for the implementation of the Act Amending the Civil and Commercial Code (No. 18) B.E. 2551 (2008), which revised the law on partnerships and companies in relation to shareholders' meeting notices. The law came into force as from 1<sup>st</sup> July B.E. 2551 (2008).

It appears that the requirements concerning notice of shareholders meeting for limited companies under the revised provisions of section 1175, which provides that all limited companies have to send shareholders meeting notices to all shareholders listed in the company's register by registered reply post as well as publish such shareholders meeting notice at least once in a local newspaper, have caused two problems for business operators, as follows.

Firstly, the requirement that a limited company must publish its shareholders meeting notice in a local newspaper caused certain problems and practical burden. That is, most companies in Thailand are family companies. The service of notices of shareholders meetings are often simply done by sending a letter, notification by telephone or direct delivery of meeting invitation to the shareholders. Thus, the legal requirement of notice publication in a newspaper creates an unnecessary burden. Moreover, during the month of May every year, limited companies and public limited companies numbering more than 200,000 entities have to convene annual shareholders meetings at the same time. Newspapers do not have sufficient advertising space for such notices. As a consequence, many companies fear that a general meeting of shareholders that had not published a notice of invitation would be void, with the possibility of criminal actions for non-compliance with the law. The Department of Business Development has not remained indifferent to this matter. Work is currently being undertaken to draft a law to amend the problematic issue. Under this new draft, the rules for giving notice of a shareholders meeting would follow the same rules as a notice of dividend payment. In other words, notices of invitation to a shareholders meeting should be sent by registered reply post to all shareholders listed in the company's register. Publication of a notices of invitation to a shareholders meeting would be required only for a limited company that has issued bearer shares. Where all of a company's shares are named shares, there would no longer be a requirement of publication of notice of shareholders meeting in a newspaper. At present, a hearing of stakeholders has already been conducted for this draft law. It is expected that

the draft law can be submitted to the Ministry for consideration in the beginning of July this year.

Secondly, as regards the service of meeting invitation, there is a problem on how to lawfully send a meeting notice to shareholders since the provisions on service of notice under the Civil and Commercial Code for partnerships and companies are stipulated in two sections, namely section 1175 (specific rules governing the service of shareholders meeting notice) and section 1244 (general rules for service of company notice to shareholders). In order to clarify this issue, the Department of Business Development therefore wishes to provide the following guideline pertaining to the proper service of shareholders meeting notice. Service of shareholders meeting notice may be effected by 2 methods, namely delivery by registered reply post to the shareholder named in the company's register or delivery of shareholders meeting notice directly to the shareholder named in the register. However, in the latter case, if the shareholder rejects delivery, the company will have to send such notice of shareholders meeting invitation by registered reply post.

This explanation is hereby given for general notice.

Department of Business Development  
3 July B.E. 2552 (2009)