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# TITLE XXII.
# PARTNERSHIPS AND COMPANIES.

## CHAPTER I.
## GENERAL PROVISIONS.

1129. — A contract of partnership or company is a contract whereby two or more persons agree to unite for a common undertaking, with a view of sharing the profits which may be derived therefrom.

1130. — There are three kinds of partnerships or companies, that is to say :

1) Ordinary partnerships. 2) Limited partnerships. 3) Limited companies.

1131. — Offices for the registration of partnerships and companies shall be established by regulations issued by the Minister of Justice.

1132. — Every registered partnership or company constitutes a juristic person distinct from the partners or shareholders of whom it is composed.

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1133. — The registration must 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 alterations subsequently made in the registered particulars, as well as any other matters ordered or allowed to be registered by this Title must be registered at the same place.

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.

1134. — There shall be paid in respect of registration such fees as may be provided by the regulations issued by the Minister of Justice.

1135. — If an application for registration or a document subject to registration does not contain all the particulars required by this Title to be mentioned in it, or if any of the documents prescribed te be deposited with it are not produced, or if any other condition imposed by law is not complied with, the Registrar must decline to make any entry in his register till the application or document has been completed or modified or till the prescribed documents are produced, or till the condition is fulfilled.

1136. — Every person is entitled to inspect the documents kept by the Registrar, or to require a certificate of the registration of any partnership or company, or a certified copy or extract of any other document, to be delivered to him by the Registrar, on payment of such fee as may be prescribed by the regulations issued by the Minister of Justice. [338]

1137. — Every Registrar shall cause to be published periodically in the Government Gazette, in the form provided by special rules to be issued by the Minister of Justice, a summary of the entries made in his register.

1138. — On 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.

1139. — Until such ~~app~~[pub]lication has been made, no advantage can be taken by the partners, the partnership or the company against third persons of the existence of the non-registered agreements, documents or particulars, but third persons may take advantage of such existence.

However, the partner, shareholder, partnership or company who has, before such publication, received performance of an obligation is

not bound to make restitution.

1140. — As between the partners or shareholders, the partners and the partnership, 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.

## CHAPTER II. [339]

## ORDINARY PARTNERSHIPS.

### [Part] I. — DEFINITION.

1141. — 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. — RELATION OF PARTNERS BETWEEN THEMSELVES.

1142. — Each partner must bring a contribution to the partnership.

Such contribution may consist of money or other properties or of services.

1143. — In case of doubt, contributions are presumed to be of equal value.

1144. — If the contribution of the 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 properties.

1145. — If a partner brings as contribution the use of a property, [340] the relations between such partner and the partnership with regard to :

delivery and repair,
liability for defects,
liability for eviction,
clause of non-liability,

are governed by the provisions of this Code concerning Hire of property.

1146. — If the contribution of a partner consists of the ownership of a property, the relations between such partner and the partnership with regard to:

delivery and repair,
liability for defects,
liability for eviction,
clause of non-liability.

are governed by the provisions of this Code concerning Sale.

1147. — If a partner fails to deliver his contribution, he may be excluded from the partnership by a decision of all the other partners, or of such majority as provided in the contract.

If the excluded partner had delivered part of his contribution, such part or its value must be returned to him.

1148. — No change in the original contract of partnership or in the nature of the business can be made except by the consent of all the partners, unless there be an agreement to the contrary. [341]

1149. — If nothing has been agreed between the partners as to the management of the business of the partnership, such business may be managed by each of the partners, provided that no partner can enter into a contract to which another partner objects.

In such case, every partner is a managing partner.

1150. — 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 of the amount of his contribution.

1151. — If it is agreed that the business of the partnership shall be managed by several managing partners, such business may be managed by each of the managing partners, provided that no managing partner can do anything to which another managing partner objects.

1152. — Managing partners can be removed from their position only by the consent of all the other partners, unless there be an agreement to the contrary.

1153. — Even if the partners have agreed that the business of the partnership shall be managed by one or more managing partners, every non-managing partner has the right to enquire at any time into the management of the business and to inspect and copy any of the partnership books and documents. [342]

1154. — No partner can either on his own account or on account of another person carry on, without the consent of the other partners, any business of the same nature as and competing with that of the partnership.

1155. — If a partner acts contrary to the provisions of Section 1154, 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, but their right is extinguished by prescription one year after date of contravention.

1156. — A partner is bound to manage the business of the partnership with as much care as he would take of his own business.

1157. — No person may be introduced as a partner in the partnership without the consent of all the partners, unless there be an agreement to the contrary.

1158. — If a 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.

1159. — The relations of the managing partners with the other partners are governed by the provisions of this Code concerning Agency. [343]

1160. — 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 co[n]cerning the relations between spontaneous agent and principal shall apply.

1161. — The share of each partner in the profits or losses is in proportion to his contribution.

1162. — 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.

1163. — No partner is entitled to remuneration for having managed the business of the partnership, unless there be an agreement to the contrary.

1164. — If the name of a partner whose membership has ceased is used in the firm name, he is entitled to demand that such use shall cease.

1165. — A partner can claim from the other partners a share even in a transaction where his own name did not appear.

## [Part] III. — RELATIONS OF PARTNERS WITH THIRD PERSONS. [344]

1166. — No partner can acquire any right against third persons by a transaction where his own name did not appear.

1167. — 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.

1168.—A partner whose membership has ceased continues to be liable in respect of obligations incurred by the partnership before such membership ceased.

1169. — A person who becomes member of a partnership is liable for any obligations incurred by the partnership before he became a partner.

1170. — 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.

1171. — A person who by words spoken or written, or by conduct, or by consenting to the use of his name in the firm name of the partnership, represents himself. or who knowingly suffers himself to be represented as a member of a partnership becomes liable to third persons as a partner for all the obligations of the partnership. [345]

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

## [Part] IV. — DISSOLUTION AND LIQUIDATION OF ORDINARY PARTNERSHIPS.

1172. — An ordinary partnership is dissolved :

1) In the cases, if any, provided by the contract of partnership.

2) If made for a definite period of time, by the expiration of such period.

3) If made for a single undertaking, by the termination of such undertaking

4) If made for an indefinite period of time, by any of the partners giving to the other partners one month notice of his intention to withdraw from the partnership.

5) By any of the partners dying or becoming bankrupt or incapacitated.

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 suing. wil[l]fully or by gross negligence violates any essential obligation imposed upon him by the partnership contract. [346]

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.

3) When there is any other cause making the continuance of the partnership an impossibility.

1173. — If at the expiration of the period agreed upon, the business of the partnership is continued by the partners or by such of them as habitually managed it during the said period, without any settlement or liquidation of accounts, the partners are deemed to have agreed to continue[ ]the partnership for an indefinite period of time.

1174. — In any case under Section 1172, 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.

1175.—When a partnership is dissolved, the partners must liquidate its business.

1176. — The liquidation must be made in the following order :

1) Performance of the obligations incurred towards third persons,

2) Reimbursement of advances made and expenses incurred by [347]
the partners in managing the business of the partnership.

3) Return of the contributions made by each partner.

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

1177. — 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 the contributions to the partners, the deficiency constitutes a loss and must be divided as such.

## [Part] V. — REGISTRATION OF ORDINARY PARTNERSHIPS.

1178. — An ordinary partnership may be constituted as a juristic person distinct from the persons of whom it is composed, by being registered as provided in the following sections.

1179. — The entry in the register must contain the following particulars :

1) The firm name of the partnership.

2) Its object.

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

4) The full names, addresses and occupations of every partner : if [348]
a partner has a trade name the entry in the register must contain his name and his trade name.

5) The names of the managing partners, if only some of the partners have been appointed as such.

6) The restrictions, if any, imposed upon the powers of the managing partners.

7) The seal or 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 and sealed by every member of the partnership, and must also be sealed with the common seal of the partnership.

1180. — A certificate of registration must be delivered to the partnership.

1181. —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.

1182. — No partner of a registered partnership may, either on his own account or on account of another person, carry on without the consent of all the other partners any business of the same nature as and competing with that of the partnership or without such consent be a member of another registered partnership or limited [349] partnership having the same object.

Such prohibition does not apply if it was already known to the partners at the time of registration of the partnership that one of them was engaged in a business or in another partnership having the same object, and if his withdrawal was not stipulated in the contract of partnership.

1183. — If a partner acts contrary to the provisions of section 1182 the registered partnership is entitled to claim from him all the profits which he has made or compensation for the injury which the registered partnership has suffered thereby.

1184. — The right described in the foregoing section is extinguished by prescription one year after date of contravention.

1185. — The liability of a partner in a registered partnership in respect to obligations incurred by the partnership before he ceased to be a member of such partnership, is extinguished by prescription two years after he ceased to be a member.

1186. — In addition to the cases provided by Section 1172 a registered partnership is dissolved if it becomes bankrupt.

1187, — The creditor of an obligation due by a registered partnership is entitled, as soon as the partner_ ship is in default, to demand performance of the obligation from any of the partners. [350]

1188. — In the case provided by section 1187, 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,

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

1189. — As long as a registered partnership is not dissolved the creditors of a partner can exercise their rights only on the profits or other sums due by the partnership to such partner. After dissolution they can exercise their rights on the share of such partner in the assets of the partnership.

## [Part] VI. — AMALGAMATION OF REGISTERED PARTNERSHIPS.

1190. — A registered partnership may amalgamate with another registered partnership with the consent of all the partners, unless there be an agreement to the contrary.

1191. — When a registered partnership has decided to amalgamate, the partnership must publish twice 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 date of notice any objection they may have to it. [351]

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

exist.

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

1192. — 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.

1193. — The new partnership is entitled to the rights and subject to the liabilities of the amalgamated partnerships.

## CHAPTER III.

## LIMITED PARTNERSHIPS.

1194. — A limited partnership is that kind of partnership which is entered between :

1) One or more partners whose liability is limited to such amount as they may respectively 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. [352]

1195. — A limited partnership must be registered.

1196. — 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 object of such partnership.

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

4) The full names, trade names, addresses and occupations of the

partners with limited liability, and the amount of their respective contributions to the partnership

5) The full names, trade names, addresses and occupations of the partners with unlimited liability.

6) The names of the managing partners.

7) The restrictions, if any, imposed upon the power of the 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 and sealed by every member of the partnership, and must also be sealed with the common seal of the partnership.

1197. — A certificate of registration shall be delivered to the partnership. [353]

1198. — 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.

1199. — The provisions concerning ordinary partnerships apply to limited partnerships in so far as they are not excluded or modified by the provisions of this Chapter III.

1200. — If there are several partners with unlimited liability, the rules of the ordinary partnership apply to their relations to one another and to the partnership.

1201. — The firm name shall not contain any of the names of the partners with limited liability.

1202. — A partner with limited liability who expressly or impliedly consents to the use of his name in the firm name is liable to third persons in the same manner as if he was a partner with unlimited liability.

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

1203. — The contributions of the partners with limited liability must be in money or other properties. [354]

1204. — No dividend or interest can 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 can be distributed to partners with limited liability until the said losses have been made good.

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

1205. — If a partner with limited liability has, by letter, circular or otherwise, informed third persons that his contribution is greater than the registered amount, he becomes liable for such greater amount.

1206. — 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, they have effect only as to obligations incurred by the partnership after their registration.

1207. — A limited partnership must be managed only by the partners with unlimited liability.

1208. — If a partner with limited liability interferes with the management of the partnership, he becomes jointly and unlimitedly liable for all the obligations of the partnership. [355]

Opinions and advice, votes given for the appointment or dismissal of managers in cases provided by the contract of

partnership, are not considered as interference with the management of the partnership.

1209. — A partner with limited liability may be appointed a liquidator of the partnership.

1910. — Partners with limited liability may carry on any business, either 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.

1211. — Partners with limited liability may transfer their shares without the consent of the other partners.

1212. — Unless otherwise provided by the contract, a limited partnership is not dissolved by the death of one of the partners with limited liability or by his becoming bankrupt or incapacitated.

1213. — If a partner with limited liability dies, his heirs become partners in his place, unless otherwise provided by the contract.

1214. — If a partner with limited liability becomes bankrupt, his share in the partnership must be as an asset of the bankruptcy. [356]

1215. — The creditors of a limited partnership have no action against the partner with limited liability as long as the partnership is not dissolved.

After the dissolution of the partnership, they can enter actions against every 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 assets of the partnership.

3) Dividends and interest which the partner may have received

in bad faith and contrary to the provisions of Section 1204.

## CHAPTER IV.

## LIMITED COMPANIES.

### [Part] I. — NATURE AND FORMATION OF LIMITED COMPANIES

1216. — A limited company is that kind of company which is formed with a capital divided into equal shares, the liability of the shareholders being limited to the amount, if any, unpaid on the shares respectively held by them.

1217. — Any seven or more persons may, by subscribing their names to a memorandum and otherwise complying with the provisions of this Code, promote and form a limited company. [357]

1218. — The memorandum must contain:

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 object of the company.

4) A declaration that the liability shareholders shall be limited.

5) The amount of capital with which the company proposes to be registered.

6) The number and amount of shares.

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

1219. — The liability of the directors of a limited company may be unlimited. In such case, a statement to that effect must be inserted in the memorandum.

The unlimited liability of a director terminates at the expiration

of two years after the date at which he ceased to hold office.

1220. — No promoter may subscribe less than one share. [358]

1221. — The memorandum must be made in two original copies at least and signed by the promoters, and the signatures shall be certified by two witnesses at least.

1222. — One of the copies of the memorandum must be deposited and registered at the Registration Office of that part of the Kingdom in which the registered office of the company is declared to be situated.

A certificate of registration shall be delivered to the promoters.

1223. — No invitation to subscribe for shares may be published before registration of the memorandum.

1224. — A copy of every prospectus, notice, advertisement or other invitation to subscribe for shares must be dated and signed by the promoters of the company, and registered before its publication.

1225. — Every such prospectus, notice, advertisement or invitation must state :

1) The contents of the memorandum.

2) The amount payable in money on each share before the registration of the company.

3) The number and amount of preference shares, if any, the [359] nature and extent of the preferential rights accruing to such shares, and the reason why they are proposed to be issued.

4) The number and amount, if any, of ordinary shares or preference shares to be allotted as fully or partly paid up otherwise than in money, the extent to which they shall be considered as paid up, and a description of the services or property in return for which such shares are proposed to be allotted.

5) The amount or estimated amount of preliminary expenses.

6) The amount, if any, intended to be paid to any promoter, and the reasons for such payment.

7) Full particulars of the nature and extent of any material contracts entered into by the promoters whether in their own names or in the name of the company in connection with the promotion, the management or the future business of the company.

1226. — The whole number of shares with which the company proposes to be registered must be subscribed or allotted before registration of the company.

1227. — The amount payable on each share before the registration of the company cannot be less than fifteen per cent of the nominal amount of the share.

1228. — A person by subscribing for shares binds himself, on condition that the company be formed, to pay to the company the amount of such shares in conformity with the prospectus and regulations. [360]

1229. — When all the shares to be paid in money have been subscribed, the promoters must hold a general meeting of the subscribers which shall be called the statutory meeting.

1230. — The business to be transacted at the statutory meeting is :

1) The adoption of the regulations of the company, if any.

2) The ratification of any contracts entered into and any expenses incurred by the promoters in promoting the company.

3) The fixing of the amount, if any, to be paid to the promoters.

4) The fixing of the number of preference shares. if any are to be issued, and the nature and extent of the preferential rights accruing to them.

5) The fixing of the number of ordinary shares or preference

shares to be allotted as fully or partly paid up otherwise than in money, if any, and the amount up to which they shall be considered as paid up.

The description of the services or property in return for which such ordinary shares or preference shares shall be allotted as paid up otherwise than in money shall be expressly laid down before the meeting.

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

1231. — A promoter or subscriber cannot take part in the vote if he has in the question some interest contradictory to the interest of other promoters or subscribers. [361]

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

1232. — After the statutory meeting is held, the promoters shall hand over the business to the directors.

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

1233. — When the amount mentioned in section 1232 has been paid, the directors must apply for registration of the company.

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

1234. — The directors must at the same time deposit at the Registration Office fifty printed copies of the memorandum and of the regulations, if any, of the company.

1235. — The application and the entry in the register must contain, in conformity with the decisions of statutory meeting, the following particulars : [362]

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

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

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

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

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

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

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

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

1236. — A certificate of registration shall be delivered to the company.

1237. — If registration does not take place within three months after the statutory meeting, the company is not formed, and all the money received from the applicants must be repaid without deduction. [363]

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

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

1238. — Until registration, the promoters are jointly and unlimitedly liable for all obligations and disbursements sanctioned by the statutory meeting.

1239. — The promoters of the company remain jointly and unlimitedly liable for all obligations and disbursement[s] not approved by the statutory meeting.

1240. — Upon the registration being made, the company is formed as a juristic person, distinct from the shareholders of whom it is composed, and subject to Siamese law and Siamese jurisdiction.

1241. — 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.

1242. — If the name inserted in a memorandum is identical with the name of an existing registered company or with the name inserted in a registered memorandum, or so nearly resembling the same as to be likely to deceive the public, any interested person can enter a claim for compensation against the promoters of the company and can ask for an order from the Court that the name be changed. [364]

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.

1243. — Any person is entitled to obtain from any company a copy of its memorandum and regulations, if any, on payment of a sum not exceeding one baht.

1244. — Railway, Insurance, Banking, or Land and Mortgage Companies cannot be formed unless incorporated by Royal Charter.

## [Part] II. — SHARES AND SHAREHOLDERS.

1245. — The amount of a share may not be less than ten baht.

1246. — Shares of more than ten baht may be divided into shares of not less than ten baht.

1247. — The whole amount of every share must be paid in money, except shares allotted under Section 1230 subsection 5, or under Section 1356. [365]

1948. — Unless otherwise decided by a general meeting, the directors may make calls upon the shareholders respect of all moneys unpaid on their shares.

1249. — Twenty-one days notice at least must be given by registered letter of each call and each shareholder must pay the amount of such call to the persons and at the time and place fixed by the directors.

1250. — If the call payable in respect of any share has not been paid on the day fixed for payment thereof the holder of such share is bound to pay interest from the day fixed for payment to the time of the actual payment.

1251. — If a shareholder fails to pay a call on the day fixed for payment thereof, the directors may give him notice by registered letter to pay such call with interest.

1252. — The notice must fix a reasonable time within which such call and interest must be paid. It must also fix the place where payment must be made. The notice may also state that in the case of non-payment the share in respect of which such call was made may be forfeited by the company.

1253. — If a statement as to forfeiture has been m in the notice the directors may, as long as the call and interest remain unpaid, declare the shares to be forfeited. [366]

1254. — Shares forfeited must be sold at once 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.

1255. — The title of the purchaser of a forfeited share is not affected by any irregularity in the proceedings of such forfeiture and sale.

1256. — A certificate or certificates shall be delivered to each shareholder for the shares held by him.

1257. — The delivery of a certificate may be subject to the payment of such fee, not exceeding fifty satang, as the directors may decide.

1258. — Every certificate of shares shall be signed by one of the directors at least, and shall bear the seal of the company.

It must contain the following particulars :

1) The name of the company.

2) The numbers of the shares to which it applies.

3) The amount of each share.

4) In case the shares are not fully paid up, the amount paid on each share. [367]

5) The name of the shareholder or a mention that the certificate is to bearer.

1259. — A transfer of shares entered in a name certificate is void unless made in writing.

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

1260. — The instrument of transfer of shares must be signed by the transferor and the transferee whose signatures shall be certified

by one witness at least. The instrument must state the numbers of the shares to which it refers.

1261. — The company can decline to register a transfer of shares on which a call is due.

1262. — The transfer book may be closed during the fourteen days immediately preceding the ordinary general meeting.

1263. — If by some event such as the death, bankruptcy or marriage of any shareholder, another person becomes entitled to a share, the company shall, on surrender of the share certificate, when possible, and proper evidence being produced, register such other person as a shareholder. [368]

1264. — The transferor of a share not fully paid up continues to be liable for the full amount unpaid thereon, provided that:

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

2) No transferor 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.

1265. — The liability of the transferor is extinguished by prescription two years after the transfer.

1266. — Certificates to bearer may be issued only if authorised by the regulations of the company and for shares which are fully paid up.

1267. — Shares entered in a certificate to bearer are transferred by the mere delivery of the certificate.

1268. — The. holder of a certificate to bearer is entitled to receive a name-certificate on surrendering the certificate to bearer for cancellation.

1269. — 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. [369]

1270. — Every registered company must keep a register of shareholders containing the following particulars :

1) The names, addresses and occupations of the holders of name-certificates, the numbers and dates of the certificates held by each of them, the respective number of the shares entered in each certificate and the amount paid on each share.

2) The numbers and dates of certificates issued to bearer, and the respective numbers of the shares entered in each such certificate.

3) The date of cancellation of any name-certificate or certificate to bearer.

1271. — The register of shareholders commencing from the date of the registration of the company shall be kept at the registered office of the company.

It shall be gratuitously open to inspection by the shareholders during the business hours, subject to such reasonable restriction as the directors may impose, but not less than two hours a day.

1272. — Any shareholder is entitled to require a copy of such register or of any part thereof to be delivered to him on payment of fifty satangs for every hundred words required to be copied.

1273. — The register of shareholders is presumed to be correct evidence of any matters directed or authorised by law to be inserted therein. [370]

1274. — A registered company may not own its own shares or take them in pledge.

## [Part] III. — MANAGEMENT OF LIMITED COMPANIES.

### 1. — GENERAL.

1275. — Every registered company shall be managed by a director or directors under the control of the general meeting of shareholders and according to the regulations of the company.

1276. — After registration of the company, no regulations may be made and no additions to or alterations of the regulations or of the contents of the memorandum may be adopted except by passing a special resolution.

1277. — It shall be the duty of the company to cause to be registered every new regulation, addition or alteration within fourteen days after the date of the special resolution.

1278. — Fifty printed copies of every new regulation or of the altered memorandum or regulations shall be deposited at the same time at the Registration Office.

1279. — Every limited company must have a registered office to which all communications and notices may be addressed. [371]

1280. — As long as the shares have not been fully bid up, the company may not print or mention the capital of the company in any notices, advertisements. is invoices, letters or other documents, without clearly mentioning at the same time what proportion of such capital has been paid up.

### 2. — DIRECTORS.

1281. — The n[u]mber and remuneration of the directors shall be fixed by a general meeting.

1282. — A director can be appointed or removed only by general meeting.

1283. — At the first ordinary general meeting after the registration of the company and at the first ordinary general meeting in every subsequent year one third of the directors (or, if their number is not a multiple of three, then the number nearest to one third) must retire from office.

1284. — Unless otherwise agreed by the directors between themselves, the directors to retire during the first and second years following the registration company shall be drawn by lots. In every subsequent year the directors who have been longest in office shall retire. [372]

1285. — A retiring director is re-eligible.

1286. — If a director becomes bankrupt or incapacitated his office is vacated.

1287. — Any vacancy occur[r]ing in the board of directors otherwise than by rotation may be filled up by the directors, but any person so appointed shall retain his office during such time only as the vacating director was entitled to retain the same.

1288. — 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.

1289. — The appointment of every new director shall be registered within fourteen days from its date.

1290. — Unless otherwise provided by the regulations of the company, the directors have the powers described in the six following sections.

1291. — The subsisting directors may act notwithstanding any vacancy among them. [373]

1292. — The directors may fix the quorum necessary for the transaction of business at their meetings.

1293 — Questions arising at any meeting of directors are decided by a majority of votes; in case of an equality of votes the chairman has a casting vote.

1294. — A director may at any time summon a meeting of directors.

1295. — The directors may elect a chairman of their meetings, and fix the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present at the time appointed for holding the same, the directors present may choose one of their number to be chairman of such meeting.

1296. — The directors may delegate any of their powers to managers or to committees consisting of members of their body. Every manager or commitee shall, in the exercise of the power so delegated, conform to any regulations that may be imposed on them by the directors.

1297. — Unless otherwise provided by the delegation, questions arising at any meeting of a committee shall be decided by a majority [374] of votes of the members; in case an equality of votes the chairman has a casting vote.

1298. — All acts done by a director shall, not. withstanding that it be afterwards discovered that there was some defect in his appointment, or that he was disqualified, be as valid as if such person had been duly appointed and was qualified to be a director.

1299. — Unless otherwise provided by this Title the relations between the directors, the company and third persons are governed by the provisions of this Code concerning Agency.

1300. — The liability of a company for the consequence of the

wrongful acts committed by its directors in the course of their management is governed by sections 122 and 123 of this Code.

1301. — Claims against the directors for compensation for injury caused by them to the company can be entered by the company or in case the company refuses to act, by any of the shareholders.

1302. — 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.

1303. — The liability of the directors to shareholders who did not approve such acts is extinguished by ~~prse~~[pres]cription six months after date of the general meeting in which such acts were approved. [375]

### 3. — GENERAL MEETINGS.

1304. — A general meeting of shareholders shall be held within six months after the registration, and shall subsequently be held once at least in every twelve months.

Such meeting is called an ordinary general meeting.

All other general meetings are called extraordinary meetings.

1305. — The directors can summon extraordinary meetings whenever they think fit.

1306. — Extraordinary general meetings must be summoned if a requisition to that effect is made in writing by shareholders holding not less than one fifth of the shares of the company. The requisition must specify the object for which the meeting is required to be summoned.

1307. — Whenever a requisition for the summoning of an extraordinary general meeting is made by shareholders according to the last preceding section, the directors shall forth with summon such meeting.

If the meeting is not summoned within thirty days after the date of the requisition, the requisitionists, or any other shareholders amounting to the required number, may themselves summon it. [376]

1308. — Notice of the summoning of every general meeting shall either be published as least twice in a local paper, not later than seven days before the date fixed for the meeting, or shall be sent by post not later than seven days before the date fixed for the meeting to every shareholder whose name appears in the register of shareholders.

The notice shall specify the place, the day and the hour of meeting and the nature of the business to be transacted.

1309. — Every shareholder has the right to be present at any general meeting.

1310. — 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. But section 1306 shall apply notwithstanding any provision to the contrary.

1311. — A general meeting cannot transact any business unless shareholders representing at least one fourth of the capital of the company are present.

1312. — If within an hour from the time appointed for the general meeting the quorum prescribed by Section 1311 is not present, the meeting, if summoned upon the requisition of shareholders, shall be dissolved.

If the general meeting had not been summoned upon the requisition of shareholders, another general meeting shall be summoned within fourteen days and at such meeting no quorum shall be necessary. [377]

1313. — The chairman of the board of directors shall preside at every general meeting of shareholders.

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

1314. — The chairman may, with the consent of the meeting adjourn any general meeting, but no business can be transacted at any adjourned meeting other than the business left unfinished at the original meeting.

1315. — Every shareholder has one vote for every share held by him.

1316. — If the regulations of the company provide that no shareholder is entitled to vote unless he is possessed 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.

1317. — No shareholder is entitled to vote unless all calls due by him have been paid. [378]

1318. — A shareholder who has in a resolution some interest contradictory to the interest of the other shareholders cannot vote on such resolution.

1319. — Holders of certificates to bearer cannot vote unless they have deposited their certificates with the company before the meeting.

1320. — Every shareholder may vote by proxy. provided the power given to such proxy be in writing.

1321.—No person may be appointed a proxy who is not a shareholder.

1322. — The instrument appointing a proxy shall be dated and signed by the shareholder and shall contain the following particulars :

1) The number of shares held by the shareholder. 2) The name of the proxy.

3) The meeting or meetings or the period for which the proxy is appointed.

1323. — The instrument appointing a proxy must be deposited with the chairman at or before the beginning of the meeting at which the proxy named in such instrument proposes to vote. [379]

1324. — At any general meeting, a resolution is passed if adopted by a majority of votes.

1325. — At any general meeting, unless a poll be demanded by at least two shareholders, a declaration by the chairman that a resolution has been passed and an entry to that effect in the books of the company shall be sufficient evidence of the fact.

1326. — If a poll is demanded it shall be taken in such manner as the chairman directs.

1327. — In case of equality of votes, the chairman has a casting vote.

1328. — A resolution is deemed to be a special resolution if passed by two successive general meetings in the following way:

The substance of the proposed resolution has been included in the notice for summoning the first general meeting

The resolution has been passed in the first meeting by a majority of not less than three fourths of the votes.

The subsequent general meeting has been summoned and has been held not less than fourteen day and not more than six weeks after the former meeting. [380]

The full text of the resolution passed in the first meeting has been included in the notice summoning the second meeting.

The resolution passed in the former meeting has been confirmed in the subsequent meeting by a majority of two thirds of the votes.

1329. — If preference shares have been issued, the preferential rights attributed to such shares cannot be altered.

1330. — If a general meeting has been summoned or held or a resolution passed contrary to the provisions of this Title or contrary to the regulations of the company the Court shall, on application of any director or shareholder, cancel any such resolution or any resolutions passed at such irregular general meeting, provided that the application be entered within one month after the date of resolution.

### 4. — BALANCE-SHEET.

1331. — A balance-sheet must be made at least once in every twelve months. at the end of such twelve months as constitute the financial year of the company.

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

1332. — The balance-sheet must be examined by one . more [381]
auditors and submitted for adoption to a general meeting within four months after its date.

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

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

1333. — On submitting 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.

1334. — Any person is entitled to obtain from any company a copy of its latest balance — sheet on payment of a sum not exceeding fifty satang.

### 5. — DIVIDENDS AND INTERESTS.

1335. — The distribution of dividends or interest must be made in proportion to the amount paid upon each share, unless otherwise decided with regard to preference shares.

1336. — No dividend or interest may be paid to the shareholders except in execution of a resolution passed by a general meeting and [382] out of the profits arising the business of the company.

1337. — If the company has incurred losses, no dividend or interest may be paid unless such losses have been made good.

1338. — If dividends or interest 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 or interest which he has received in good faith.

1339. — Notice of any dividend that may have been declared shall be either published twice in a local paper or given by letter to each shareholder whose name appears on the register of shareholders.

1340. — No dividend can bear interest against the company.

### 6. — BOOKS AND ACCOUNTS.

1341. — The directors must cause true accounts to be kept :

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

2) Of the assets and liabilities of the company. [383]

1342. — The directors must cause minutes of all proceedings and resolutions of meetings of shareholders and directors to be duly entered in the books. Any such minute signed by the chairman of the meeting at which such resolutions were passed or proceedings had. or by the chairman of the next succeeding meeting, are presumed correct evidence of the matters therein contained, and all resolutions and proceedings of which minutes have been so made are presumed to have been duly passed.

## [Part] IV. — AUDIT.

1343. — The auditors may be shareholders of the company ; but no person is eligible as an auditor who is interested otherwise than as a shareholder in any transaction of the company and no director or other agent or employee of the company is eligible as an auditor during his continuance in office.

1344. — The auditors shall be elected every year by the ordinary general meeting.

A retiring auditor is re-eligible.

1345. — The remuneration of the auditors shall be fixed by the general meeting.

1346. — If any casual vacancy occurs among the auditors, the directors shall forth with summon extraordinary general meeting for the purpose of filling the vacancy. [384]

1347 — If no election of auditors is made in 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.

1348. — Every auditor shall at all reasonable times have access to the books and accounts of the company and he can in relation to such books and accounts examine the directors or any other agents or employees of the company.

1349. — The auditors must make a report to the ordinary general meeting on the balance sheet and accounts.

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

## [Part] V. — INSPECTION.

1350. — Upon the application of shareholders holding not less than one fifth part of the shares of the company, the Minister of Justice shall appoint one or more competent inspectors to examine into the affairs of any registered company and to report thereon. [385]

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

1351. — 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.

1352. — The inspectors must make a report to be written or printed as the Minister of Justice directs. Copies must be forwarded by the Minister to the registered office of the company and to the shareholders upon whose application the inspection was made.

1353. — All expenses of such inspection must be repaid by the applicants, unless the company, in the first general meeting after such inspection is finished, consents that the same shall be paid out of the assets of the company.

1354. — The Minister of Justice may also, of his own motion, appoint inspectors to report to the Government on the affairs of the company. Such appointment lies entirely within the discretion of the Minister.

## [Part] VI. — INCREASES AND REDUCTIONS OF CAPITAL. [386]

1355. — A registered company can by special resolution increase its capital by issuing new shares.

1356. — No new shares of a registered company can be allotted as fully or partly paid up otherwise than in money, except in execution of a special resolution.

1357. — Unless decided otherwise by a general meeting, all new shares must be offered to the shareholders in proportion to the shares held by them.

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

After such date or on the receipt of an intimation from the shareholder that he declines to accept the shares offered, the director may offer such shares for subscription to third persons.

1358. — Every prospectus, notice, advertisement or other invitation to third persons to subscribe for new shares must be dated and signed by the directors and registered before its publication.

1359. — Every such prospectus, notice, advertisement or invitation must contain the following particulars :

1) The names, occupations and addressess of the directors and auditors. [387]

2) The contents of the memorandum of association.

3) The registered capital of the company, distinguishing ordinary shares and preference shares, and shares paid up otherwise than in money.

4) The total amount paid up in money on the capital.

5) A summary of the last balance-sheet showing the assets and liabilities of the company.

6) The number and amount of the new shares, and the object for which they are issued.

7) The amount payable on application on each share ; such amount cannot be less than fifteen per cent of the nominal amount of the shares.

8) If the whole or part of the new shares are preference shares, the preferential rights accruing to such shares.

9) The number and amount, if any, of new shares to be allotted as fully or partly paid up otherwise than in money, the extent to which they shall be considered as paid up and a description of the services or property in return for which such shares are proposed to be allotted.

1360. — A limited company can, by special resolution, reduce its capital either by lowering the amount of each share or by reducing the number of shares.

1361. — The capital of the company cannot be reduced to less than one fourth of its total amount.

1362. — When a company proposes to reduce its capital, it must [388] publish seven times in a local paper and send to all creditors known to the company a notice of the particulars of the proposed reduction, requiring the creditors to present within three months from the date of such notice any objection they may have to such reduction.

1363. — If no objection is raised within the period of three months, none is deemed to exist.

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

1364. — If a creditor has, in consequence of his ignorance of the proposed reduction of capital, failed to give notice of his objection thereto, and such ignorance was in no way due to his fault, those shareholders of the company to whom has been refunded or remitted

a portion of their shares remain, for a period of two years from the date of registration of such reduction, personally liable to such creditor to the extent of the amount refunded or remitted.

1365. — The special resolution by which any increase or reduction of capital has been authorised must be registered within fourteen days after its date by the care of the company.

## [Part] VII.—DEBENTURES.

1366. — Debentures cannot be issued except by a special resolution.

1367 — The total amount of debentures cannot exceed the amount which has been paid up on the capital. [389]

If the latest balance-sheet shows the amount of the assets to be less than the amount which has been paid up on the capital, the total amount of debentures cannot exceed the amount represented by the assets.

1368. — The amount of a debenture cannot be less than fifty baht.

1369. — Every debenture must be paid in money.

1370. — Before debentures are issued the following particulars must be registered :

1) The total amount of the loan.

2) The total number of debentures.

3) The amount of each debenture.

4) The rate of interest.

5) The manner in which and the time within which the debentures must be reimbursed.

6) If the company has issued any debentures before, the amount

for which the company is still indebted on account of such debentures.

7) The price at which the debentures are to be issued.

8) The manner in which and the time within which the debentures must be paid up.

9) The share capital of the company and the total amount which has been paid upon it. [390]

10) The amount represented by the existing assets of the company as shown by the latest balance-sheet.

1371. — Every prospectus, notice, advertisement or other invitation to subscribe for debentures must be dated and signed by the directors, and registered before its publication, and must contain the particulars mentioned in Section 1370.

1372. — The provisions of Sections 1256 to 1261 and 1263 to 1268 concerning certificates for shares apply to certificates for debentures, *mutatis mutandis*.

1373. — Every certificate of debentures must contain the particulars mentioned in sub — sections 1 to 5 of Section 1370.

## [Part] VIII. — DISSOLUTION.

1374. — A limited company is dissolved :

1) In the cases, if any, provided by its regulations,

2) If formed for a period of time, by the expiration of such period.

3) If formed for a single undertaking, by the termination of that undertaking.

4) By a special resolution to dissolve. [391]

5) By the company becoming bankrupt.

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

1) If default is made in filing the statutory report or in holding the statutory meeting.

2) If the company does not commence its business within a year from the date of registration or suspends its business for a whole year.

3) If the business of the company can only be married on at a loss and there is no prospect of its fortunes being retrieved.

## [Part] IX. — AMALGAMATION OF LIMITED COMPANIES.

1375. — A limited company cannot amalgamate with another ~~registered~~ [limited] company except by special resolution.

1376. — The special resolution by which an amalgamation is decided must be registered by the company within fourteen days from its date.

1377. — The company must publish seven times in a local paper and send to all creditors known to the company by registered letter a notice of the particulars of the proposed amalgamation requiring the creditors to present within six months after the date of notice any objection they may have to it.

If no objection is raised during such period, none is deemed to exist. [392]

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

1378. — 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.

1379. — The share capital of the new company must be equivalent to the total share capital of the amalgamated companies.

1380.—The new company is entitled to the rights and subject to the liabilities of the amalgamated companies.

## [Part] X. — NOTICES.

1381. — A notice is deemed to be duly served by the company to a shareholder if it is delivered personally or sent by post to such shareholder at the address appearing in the register of shareholders.

1382. — Any notice sent by post in a letter properly addressed is deemed to have been served at the time when such letter would have been delivered in the ordinary course of post. [393]

## CHAPTER V.

## LIQUIDATION OF REGISTERED PARTNERSHIPS, LIMITED PARTNERSHIPS AND LIMITED COMPANIES.

1383. — The liquidation of a bankrupt registered partnership or limited partnership or limited company shall be made, as far as practicable, in accordance with the provisions of the Law of Bankruptcy for the time being in force.

[Regulations for the liquidation of partnerships and companies may be issued by the Minister of Justice.]

1384. — When a general meeting is prescribed in this Chapter, this means :

1) As to registered partnerships and limited partnerships, a meeting of all the partners, in which a majority of votes decides.

2) As to limited companies, the general meeting provided by section 1304.

1385. — A partnership or company is deemed to continue after its dissolution as far as it is necessary for the purpose of liquidation.

1386. — The duties of the liquidators are to settle the affairs of

the partnership or company, to pay its debts and to distribute its assets.

1387. — Upon dissolution of a partnership or company for any other cause than bankruptcy, the managing partners or directors become liquidators unless otherwise provided by the contract of partnership or by the regulations of the company. [394]

If there are no persons to be liquidators under the preceding provision, a liquidator or liquidators shall be appointed by the *b*[C]ourt upon the application of any interested person.

1388. — The managing partners or directors retain as liquidators the same respective powers which they had as managing partners or directors.

1389. — Within fourteen days after the date of dissolution (or, in case of liquidators appointed by the Court, after the date of appointment), the liquidators must:

1) Notify the public by two successive advertisements in a local paper that the partnership or company is dissolved and that its creditors must apply for payment to the liquidators, and

2) Send a similar notice by registered letter to each creditor whose name appears in the books or documents of the partnership or company.

1390. — The dissolution of the partnership or company and the names of the liquidators must be registered within fourteen days after the date of dissolution by the liquidators.

1391. — 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. [395]

1392. — The business of the general meeting is :

1) To confirm the directors as liquidators, or to appoint other

liquidators in their stead, and

2) To examine the balance-sheet.

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

1393. — Liquidators not appointed by the Court may be removed and superseded by a unanimous vote of the partners or by a general meeting of the shareholders. Liquidators either appointed by the Court or not may be removed and superseded by the Court on the request of one of the partners or of the shareholders representing one twentieth part of the paid up capital of the company.

1394. — Any change amongst the liquidators must be registered, within fourteen days after the date of change, by the liquidators.

1395. — The liquidators have power:

1) To bring or defend any legal proceeding, civil or criminal, and to make compromises, in the name of the partnership or company.

@2) To carry on the business of the partnership or company, as far as may be necessary for a beneficial settlement of the affairs. [396]

3) To sell the movéable and immovéable property of the partnership or company.

4) To do all other acts as may be necessary for a beneficial settlement of the liquidation.

1396. — No limitation of the power of the liquidators is valid as against third persons.

1397. — Unless 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 except if done by them jointly.

1398. — A resolution of a general meeting or a decision of the Court authorising a liquidator or liquidators to act separately must

be registered within fourteen days from its date.

1399. — All costs, charges and expenses properly incurred in the liquidation must be paid by the liquidators in preference to other debts.

1400. — If a creditor does not apply for payment, the liquidators must deposit the amount due to him as described by the provisions of this . Code concerning deposit in lieu of performance.

1401. — The liquidators can require the partners or shareholders [397] to pay such part of their contributions or shares as may be still unpaid.

1402. — 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 it would be called for at a later period.

1403. — If the liquidators find that after the whole of the contributions or shares has been paid up, the assets shall be insufficient to meet the liabilities, they must apply at once to the Court to have the partnership or company declared bankrupt.

1404. — The liquidators must deposit every three months at the Registration Office a report of their dealings, showing the situation of the accounts of the liquidation. Such report shall be open gratuitously for inspection to the partners, shareholders, or creditors.

1405. — If the liquidation continues for more than one year, the liquidators must summon a general meeting at the end of each year from che beginning of the liquidation, and must lay before this meeting a report of their dealings and a detailed account of the situation.

1406. — Only so much of the property of the partnership or company may be divided amongst the partners or shareholders as is [398] not required for performing all the obligations of the partnership or

company.

1407. — As soon as the affairs of the partnership or company are fully liquidated, the liquidators must call a general meeting before which they must lay an account showing the manner in which the liquidation has been conducted.

After the account is approved, the proceedings of the meeting must be registered, within fourteen days from its date, by the liquidators.

1408. — The books, accounts and documents of the liquidated partnership or company shall be deposited at the same time with the Registrar who shall keep them during ten years after the end of the liquidation.

All interested persons shall be allowed to consult them there gratuitously.

1409. — The obligations incurred by :

1) The partnership or company,

2) The partners or shareholders as such,

3) The liquidators as such,

are extinguished by prescription two years after the registration of the end of the liquidation.

1410. — The provisions of Sections 1305 to 1327, 1330 and 1342 apply to general meetings held during liquidation, *mutatis mutandis*.

## CHAPTER VI. [399]

## PENALTIES.

1411. — Whoever publishes a prospectus, notice, advertisement or other invitation to subscribe for shares of a limited company before the memorandum of the said company is registered, shall be

punished with fine of one hundred to one thousand baht.

1412. — Whoever publishes a prospectus, advertisement or other invitation to subscribe for debentures of a limited company before the said company is registered[,] shall be punished with fine of one hundred to one thousand baht.

1413. — Whoever publishes a prospectus, notice, advertisement or other invitation to subscribe for shares or debentures contrary to the provisions of sections 1224, 1225, 1358, 1359, 1371, shall be punished with fine of one hundred to one thousand baht.

1414. — Whoever makes or causes to be made in any memorandum for the promotion of a company or in any prospectus, notice, advertisement or other invitation to subscribe for shares or debentures, or in any of the entries for registration provided by this Title, a statement which he knows to be false in any material point, shall be punished with imprisonment not exceeding three years[,] or fine not exceeding five thousand baht or both.

1415. — If a registered company fails in any seal, signboard, notice, advertisement, letter, circular or other document of the company to mention the word "limited" at the end of its name, such company shall be punished with a fine not exceeding one hundred baht. [400]

1416. — If a company fails to comply with any of the provisions of Section 1270 concerning the keeping of the register of shareholders, such company shall be punished with fine not exceeding twenty baht for every day during which such default continues.

1417. — If a company fails to comply within the proper time with any of the provisions of Sections 1277, 1365, 1376, 1378 concerning registration, such company shall be punished with fine not exceeding twenty baht for every day during which such default continues.

1418. — If a company fails to comply with the provisions of

Section 1243 concerning delivery of copies of the memorandum and regulations, ~~of~~[or] Section 1271 concerning the register of shareholders, ~~of~~[or] Section 1280 providing how the capital of a company shall be mentioned in the documents of the company, such company shall be punished with fine not exceeding fifty baht.

1419. — If a company acquires its own shares or takes them in pledge, or fails to sell forfeited shares contrary to the provisions of section 1254, such company shall be punished with fine not exceeding ten baht for every share unduly acquired or kept.

1420. — If the default for which a company has been fined under Sections 1414, 1415, 1416, 1418, 1419 is due to the fault of one or more of its directors, such company is entitled to recover from the said directors the amount of the fines, costs and other expenses incurred in connection with the action. [401]

1421. — If a certificate to bearer of shares or debentures is issued contrary to the provisions of Sections 1266 or 1372, every director who has signed such certificates shall be punished with fine not exceeding one thousand baht.

1422. — If any of the meetings prescribed by Section 1304 or 1306 is not summoned, every director of the company shall be punished with fine not exceeding fifty baht for every day during which such default continues.

1423. — If dividends or interest are paid out contrary to the provisions of Section 1336 or 1337, every director of the company shall be punished with imprisonment not exceeding one year or fine not exceeding five thousand baht, or both.

1424. — If default is made in complying with any of the provisions of Sections 1289 concerning the registration of the appointment of new directors, or 1331 or 1332 concerning the balance-sheet or of Secti~~o~~[o]n 1342 concerning minutes of proceedings and resolutions, every director of the company shall be punished with fine not exceeding one thousand baht.

1425. — If the advertisements prescribed by Section 1389 are not made in a local paper within the proper time, every liquidator shall be punished with fine not exceeding ten baht for every day during which such default continues. [402]

1426. — If default is made in complying within the proper time with any of the provisions of Sections 1390, 1394 or 1407 concerning registration, every liquidator shall be punished with fine not exceeding five baht for every day during which such default continues.

1427. — If the report prescribed by Section 1404 is not deposited at the Registration Office within the proper time, every liquidator shall be punished with fine not exceeding five baht for every day during which such default continues.

1428. — If during liquidation any of the meetings prescribed by Sections 1306 and 1405 is not summoned, every liquidator shall be punished with fine not exceeding twenty baht for every day during which such default continues.

1429. — A director or liquidator who proves that he has opposed the act or default described in Sections 1422 to 1428 shall not be liable to punishment under those Sections.

# TITLE XXIII.
# ASSOCIATIONS.

[403]

1430. — A contract of association is a contract whereby several persons agree to unite for a common undertaking other than that of sharing profits.

1431. — Every association must have regulations and must be registered.

1432. — The regulations must specify at least :

1) The name of the association.

2) Its object.

3) The address of its principal office.

4) Rules for the admission and exclusion of members.

5) Rules for the management of the association by committees, directors or otherwise.

1433. — The application for registration must be made in writing and signed by three of the members of the association at least. It must be accompanied by three copies of the regulations.

1434. — The offices for the registration of associations shall be established by regulations issued by the Minister responsible for the local administration.

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1435. — The Registration must be made at the Registration office of that part of the Kingdom where the principal office of the association is situated. Any alterations subsequently made in the registered particulars, as well as any other matters ordered to be registered by this Title must be registered at the same place.

1436. — The entry in the register must specify :

1) The name of the association.

2) Its object.

3) The address of its principal office.

4) The names, addresses and occupations of the person or persons entrusted with its management.

1437. — The registration shall be granted if the documents and particulars mentioned in Sections 1432 and 1436 are produced and if the persons entrusted with management of the association appear to be responsible persons whose standing corresponds to the object and importance of the association.

1438. — Every person may inspect the documents kept by the Registrar or require a certificate of the registration of any association, or a certified copy or extract of any other document, to be delivered to him by the Registrar, on payment of such fee as may be prescribed by the Regulations issued by the Minister responsible for the local administration.

1439. — Upon registration being made, the managers shall be [405] entitled to a certificate of registration.

1440. — Upon registration being made, the association formed as a juristic person, distinct from the persons of whom it is composed.

1441. — Unless otherwise provided by the regulations. no alterations of or additions to the regulations of an Association can be made, except by a resolution passed by a majority of the members of the association.

Three copies of every such addition or alteration must be deposited for registration within fourteen days from the date of the resolution.

1442. — Any change in the person or persons entrusted with the management of the association shall be registered within fourteen

days from the date of the change.

The Registrar may refuse to register the change if he is not satisfied that the new manager or managers are responsible persons as defined by Section 1437.

1443. — An association is represented in its relations with third persons by the person or persons entrusted with its management.

1444. — The relations between an association, the person or persons entrusted with its management, and third persons, are governed by the provisions of this Code concerning Agency. [406]

1445. — An association is jointly liable with the wrongdoer for the consequences of the wrongful acts which any of its members or managers may commit in pursuance of their common undertaking.

1446. — If the members of an association have to pay subscriptions, the whole of each subscription is due as soon as the period to which it applies has begun.

1447. — The membership in an association is not transferable.

1448. — Every member of an association is entitled to withdraw at any time from the association, provided he pays such subscriptions as may be due by him at that time.

1449.—Unless otherwise provided by the regulations, the liability of each member to the association is limited to the amount of the subscriptions due by him.

1450.—The creditors of an association cannot enter actions against the members of such association for obtaining performance of obligations incurred by the association.

1451. — If a resolution has been passed by an association contrary to its regulations or contrary to low the Court shall cancel [407]

such resolution on the application of any member or of the Public Prosecutor, provided that an application by a member shall not be made later than one month from the date of the resolution.

1452. — An association is dissolved :

1) In the cases, if any, provided by its regulations,

2) If formed for a definite period of time, by the expiration of such period.

3) If formed for a single undertaking, by the termination of such undertaking.

4) By a resolution to dissolve passed by the association in general meeting.

5) By the association becoming bankrupt.

6) By a decree published in the Government Gazette, as provided by Section 1453.

1453. — The Government may, by decree, order an association to be dissolved in any of the following cases:

1) If the object of the association is or becomes unlawful.

2) If, for any reason whatsoever, the association cannot be any more managed.

3) If the association appears to be managed by persons other than the registered managers.

4) If it appears that the association is or may become a danger to the public peace. [408]

5) If the association or any of its members or managers acts contrary to law.

6) If the person or persons proposed to be registered as managers are not responsible persons whose standing corresponds to the object and importance of the association.

1454. — If an association is dissolved under section 1453, the Government shall appoint a liquidator or liquidators of the association.

1455. — Sections 1385 to 1388, 1389 No. 1, 1390, 1393 to 1400, 1403, 1405 1407, 1408 and 1409 of Title XXII concerning Partnerships and Companies apply to the liquidation of associations, *mutatis mutandis*.

1456. — The liquidators can require the members to pay the subscriptions which were due by them at the time of dissolution.

1457. — After liquidation, the remaining assets, if any, cannot be distributed among the members of the association. They shall be transferred to such other juristic person as may have been designated by the regulations or by the association in general meeting.

1458. — If no juristic person has been designated by the regulations or by the association in general meeting, the remaining assets become the property of the State. [409]

1459. — If the notifications prescribed by this Title XXIII are not made to the Registrar within the proper time, the association shall be punished with fine not exceeding five baht for every day during which such default continues.

1460. — Whoever is a member of a non-registered association shall be punished with fine not exceeding five hundred baht.

The person or persons entrusted with the management of such an association shall be punished with fine not exceeding one thousand baht, or imprisonment not exceeding six months, or both.

1461. — Whoever continues being a member of an association, after publication of a decree for its dissolution shall be punished with fine not exceeding one thousand baht, or imprisonment not exceeding six months, or both.

Whoever continues being a manager of such an association shall be punished with fine not exceeding two thousand baht, or imprisonment not exceeding one year, or both[.]

1462. — Whoever is found guilty of recidive within one year, the prior and subsequent offences coming under the provisions of this Title, shall be liable to double the punishment prescribed for the subsequent offence. [410]

1463. — The provisions of this Code concerning Associations shall apply without prejudice to the punishment prescribed for any person being a member of a secret society or criminal association, as provided by Sections 177 to 182 of the Penal Code.