

ANNUAL GENERAL MEETING REQUIREMENTS

Generally speaking, most private limited companies have a financial year ending on Dec 31. In order to comply with the legal requirements on Partnerships and Companies under the Thai Civil and Commercial Code (CCC), these companies must convene an annual general meeting of the shareholders (AGM) to consider and approve, among other things, their audited financial statements within four months after the end of their fiscal year, meaning by the end of April each year.

Within one month after the AGM, companies must submit their audited financial statement, an updated list of shareholders, and other required documents to the Commerce Ministry. Therefore, as April is fast approaching, it is certainly worthwhile for companies and their directors to review the key legal procedures for holding an AGM.

Before the AGM can be held, the board of directors must carry out several actions. It must first issue a notice calling for the AGM and fix the date of the meeting (which, again, must be within the month of April if the financial year ended on Dec 31). The law also requires that the notice must specify the place, date, and time of the meeting, as well as the nature of business to be transacted. Businesses should note that due to a recent amendment to the CCC, the board must also arrange for the notice to be published

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in a local newspaper and distributed via registered mail to all shareholders with an acknowledgement receipt, no less than seven days prior to the meeting.

Generally, the business to be discussed and approved at the AGM consists of receiving and considering the directors' report and the company's audited financial statement and accounts for the preceding financial year; electing directors in place of those retiring by rotation or otherwise; appointing an auditor(s) for the ensuing year and fixing their remuneration; and transacting any other business.

Within one month after the AGM, the board must prepare and submit the following documents to the Commerce Ministry:

- ◆ Official Form Sor. Bor. Chor. 3 (official form for submission together with the company's financial statement);
- ◆ Official Form Sor. Bor. Chor. 3/1 (official form for submission to the Bank of Thailand);
- ◆ Updated list of shareholders as of the date of the AGM;

◆ Original of the company's audited financial statement.

Penalties will be imposed on the company and the director(s) for failure to comply with these requirements. For not holding the AGM or for failure to hold the meeting within the required timeframe (four months after the end of its fiscal year), the company will be fined 20,000 baht, while the director(s) will be fined 50,000 baht. Late submission of the company's audited financial statement to the Commerce Ministry will result in a fine of 600 baht for the company as well as the director(s), and this fine will be doubled if submission is later than two months. Failure to submit the financial statement to the ministry will result in the director(s) being liable for the penalties as stipulated under relevant laws.

To avoid incurring these penalties, the directors of private limited companies should ensure that they are fully aware of the AGM requirements as stipulated by the CCC. Compliance within the allowable timeline is an important element in maintaining good corporate governance in the eyes of both shareholders and government officials.

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