

Legal Update

Minimum wage rates to increase

The Ministry of Labor announced the regulation increasing minimum wage rates which shall be activated from 1 January 2007. The new minimum wage rate is to protect employee rights of unskilled workers who expect to join labor market in 2007 in order for these workers to be able to earn for their livings along cost of living in 2007.

These regulations apply to all businesses and rates depend largely on the location of the workplace. The details of regulation are as follows:

Applied Province(s)		Rate of Minimum Wage (Baht / Day)
1.	Bangkok Metropolis, Nonthaburi, Nakhon Pathom, Pathumthani, Samut Prakarn and Samut Sakhon	191
2.	Phuket	186
3.	Chonburi	172
4.	Saraburi	168
5.	Nakhon Ratchasima	162
6.	Rayong	161
7.	Phra Nakhon Si Ayutthaya, Ranong and Chachoengsao	160
8.	Chiang Mai and Phang Nga	159
9.	Krabi and Phetchaburi	156
10.	Kanchanaburi, Chanthaburi and Lopburi.	155
11.	Sakaeo, Ratchaburi and Samut Songkhram,	154
12.	Trang, Prachinburi, Ang Thong, Singburi, Songkhla, Prachuap Khiri Khan,	152
13.	Loei and Udon Thani,	150
14.	Chumphon, Trad, Suphanburi, Lamphun, Lampang and Sukhothai	149
15.	Kalasin, Khon Kaen, Yala, Satun, Nakhon Phanom, Nakhon Si Thammarat, Narathiwat, Buriram Pattani and Nong Khai	148
16.	Tak, Nakhon Sawan, Phitsanulok , Surat Thani Phetchabun, Uttaradit, Kamphaeng Phet, Phattalung and Nakhon Nayok	147
17.	Chainat, Chaiyaphum, Chiang Rai Maha Sarakham Mukdahan, Roi Et, Yasothon Sisaket, Sakhon Nakhon, Nongbua Lamphu and Uthai Thani	146
18.	Phichit, Mae Hong Son, Surin, Ubon Ratchathani and Amnat Charoen	145
19.	Phayao and Phrae	144
20.	Nan	143

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Amendment to Foreign Business Act

The Foreign Business Act Committee, Ministry of Commerce has recently announced that list of businesses in Schedule 3 of the Foreign Business Act would be amended in order to clarify whether the services sector will be opened to foreign enterprises. It is reported that the amended classification of businesses in Schedule 3 should offer clearer view to foreign investors on which types of businesses are opened or restricted, in order to restore foreign investors' confidence and to prevent future problems from ambiguous classification.

Telecommunications would also be included in Schedule 3 as one of reserved businesses. The businesses as listed in Schedules 1 and 2 of the Act would not be changed since they involve national security and environment.

Moreover, the law would be changed to give a clearer definition of "nominee" as part of an effort to prevent using of loopholes arising from the current law. The current law focused solely on the number of shares held by foreigners, regardless of their voting rights which allow foreign minor shareholders to have higher priority than local major shareholders.

The committee has sought to identify "nominee" through both shareholding and voting right. Under the proposed amendment, the Committee would consider both shareholding ratio and voting right in determining whether a Thai company is actually a foreign company. A company which foreigners have voting right higher than 50 percent will be deemed as foreign company, although the foreign shareholders hold shares less than 50 percent.

However, the Ministry of Commerce expects to allow business operators, who fail to comply with the new provision, approximately up to one year to remedy their shareholding structure and follow other conditions in order to avoid being designated as foreign company. The Committee would study all comments by the end of this month and forward the final draft to the Ministry to seek approval from the Cabinet.

Sources : *Post Today* 12 December 2006, *The Nation* 13 December 2006.

Nominee in Public Limited Company is in Spotlight

The Ministry of Commerce expects to solve nominee problem by proposing the new ministerial regulation in order to monitor public limited companies, commanding that a public limited company will be obliged to disclose in its annual report details of 10 major shareholders together with their brief personal information. In case it appears that a shareholder, including a custodian, is nominated to hold shares on behalf of others, such shareholder is required to clarify such status and the actual beneficiary thereof. This regulation shall be proposed to the Cabinet for further consideration and approval and it is expected to be enforced in the year 2008. The Ministry assured that these procedures would not intend to obstruct foreign investors but would offer more transparency business atmosphere for the nation.

Other ministerial regulations governing the public limited companies which shall be in effect in 1 January 2007 are as follows:

- (i) Regulation relating to the share repurchase: In case the company uses its accumulated profits for the repurchase of shares, the company must allocate for the reserve fund equivalent to the share repurchase amount and such amount cannot be distributed as dividend.
- (ii) Regulation relating to new proxy form: In the new proxy form, a shareholder may appoint more than one person to attend and vote at a shareholders' meeting, provided that only one person could attend the meeting on behalf of such shareholder.

Source: *Post Today* 23 November 2006.

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