

**NEWSLETTER**

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## 1. Capital Market Supervisory Board Provides the New Exceptions to the Tender Offer Requirements for Listed Companies' Share Buyback

Due to subprime meltdown coupled with overseas financial crisis and Thailand's political turmoil, the SET index has been falling significantly over 2008 to the extent that the SET index is traded at around 6 multiple of the earning and individually shares of many listed companies are traded at the prices well below their book values. With the view of improving the current situations in the bear market, the Stock Exchange of Thailand ("SET") encourages the listed companies buy back their shares to signal the vote of confidence in their companies. In general, when the board of directors of a listed company arranges for the company to purchase back its shares, the board of directors of the company practically sends the signal to the investing public that the board believes the market price of its share is undervalued. Therefore, the SET hopes that share buyback scheme will indicate that the board of a listed company believes the share price is undervalued.

As soon as a listed company buys back its shares and the total amount of shares effectively is decreased, some shareholders who do not sell the shares in the share buyback scheme will see his or her shareholding triggers the tender offer point. Under the existing tender offer rules, if any share buyback causes the shareholding of any shareholder to trigger 25%, 50% or 75% of the total votes of any listed company and such shareholder still acquires any additional share(s) of such listed company later on, such shareholder will be required to make the tender offer to other shareholders, effectively giving the opportunity to other shareholders (equity investors) to exit in the event that the control of such listed company is likely to change the hand.

The Securities and Exchange Commission ("SEC") acting in the capacity of the Capital Market Supervisory Board issues the Notification of Capital Market Supervisory Board Re Special Directions on Acquisition of Securities for the Business Takeovers in order to Relieve the Impacts Arisen from Overseas Financial Crisis. In order to facilitate listed companies' share buyback, this Notification of the Capital Market Supervisory Board provides the new exceptions to the tender offer requirements in the case where the listed companies buyback the shares.

The newly issued Notification of Capital Market Supervisory Board will exempt the tender offer requirements for the shareholder under the following conditions:

1. The share buyback causes the shareholding of any shareholder to reach 25%, 50% or 75% of the total votes;
2. Such shareholder acquires the additional shares within 3 months from November 17, 2008; and
3. After the acquisition of the additional shares, the votes of the total shares (including additional shares) of such shareholder would have not reached 25%, 50% or 75% of the total votes of the listed company if the listed company had not purchased back its shares.

Moreover, in the event that any share buyback of a listed company causes the shareholding of any shareholder to reach 25% of the total votes of such listed company and such shareholder acquires the additional shares within 3 months from November 17, 2008 to the extent that his or her shareholding reaches 25% of the total votes of such listed company even if there were no share buyback, such person may apply for the exception (relaxation) from the Office of SEC. The Office of SEC will grant such exception (relaxation) to such shareholder if the shareholding of such shareholder does not reach 50% of total shares of a listed company and the shareholder has received the consent from other shareholders. Upon receipt of such exception (relaxation), such shareholder will not be required to make the tender offer.

For more information, please contact us.

#### TAX UPDATE

## 2. Premium for Health Insurance is No Longer Eligible for Tax Deduction

After consultation with the Office of Insurance Commission, the Revenue Department concludes that the premium paid for other types of insurance sold along with the life insurance is no longer eligible for personal income tax's deduction as the life insurance premium, in the case where the life insurance has other types of insurance, i.e. life insurance combined with the health insurance.

For more information, please contact us.

## LEGAL UPDATE

### 3. New Safety Regulations for Construction Work

The Labor Minister issues the ministerial regulations re stipulations of standards in administration and management of safety, vocational health and environment in the construction work by virtue of the Labor Protection Act, B.E. 2541 (1998). The new regulation will be mostly applicable to the employers who are the construction constructors.

For more information, please contact us.



### GENERAL COUNSEL SERVICES

### OUTSOURCED LEGAL SERVICES AT COST SAVING, FIXED RATE

General Counsel Services arrangement is a great solution for corporate companies who do not have in-house lawyers or have a stretched legal department, but require additional legal support in the cost-effective and flexible way.

NARIT & Associates proudly presents our General Counsel Services, unique outsourced in-house general counsel legal services, a new approach to your business at more affordable rates. General Counsel Services is a unique arrangement in which for a monthly fixed retainer fee, the clients are provided with the legal services that are traditionally rendered by the in-house legal counsels.

General Counsel Services brings the best of both worlds together, namely all the benefits and comfort of having in-house legal counsel as well as outsourcing flexibility and expertise of outside law firms. Corporate clients are benefited from an unlimited access to our legal advice, raising any legal questions to us as many as they wish.

#### LAW FIRM EXPERTISE AT A FIXED FEE

We offer the expertise of traditional international law firms at a fixed fee.

#### COST SAVING

Outsourced general counsel services costs the company less than hiring a fulltime in-house legal counsel. The lower costs and the other benefits of in-house general counsel can be achieved without the need to add another (expensive) person to the company payroll with its associated concerns and overhead costs.

#### HAND-ON SUPPORT

We provide full-time support from a team of experienced legal professionals in the most cost-effective way.

#### FLEXIBILITY

The company fully benefits from all flexibility and cost effectiveness of the outsourcing approach offered by our General Counsel Services.

#### CONTINUITY

Your outsourced general counsel from us is well acquainted with your business issues facing your company and consequently provides focused, relevant, practical, and cost effective legal advice that is becoming increasingly crucial to your business.

### **PART-TIME GENERAL COUNSEL**

If your legal needs do not justify hiring a full time in-house general counsel, all you need is part-time legal advice on various business issues, our General Counsel Services can fill the gap to satisfy your need.

### **EASY BUDGETING**

You can precisely and conveniently budget for legal fees, without worrying about the meter running or incurring additional costs.

### **IN-HOUSE ATTORNEY'S BENEFITS**

You have the advantages of an in-house attorney at a reasonable monthly rate.

### **AVAILABILITY OF TEMPORARY SERVICES**

Temporary general counsel services are also available to fill in the gap when your permanent general counsel takes her maternity leave, is on prolonged sick leave or leaves a job.

### **TAILOR MADE**

We structure our general counsel scheme based entirely on your particular needs. So your retainer scheme or project based scheme is tailor made to meet your particular needs.

## **OTHER LEGAL SERVICES**

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**Mergers & Acquisitions**

**Notarial Services**

**Private Clients**

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**Work Permit & Immigration**

Please contact our attorneys, should you require any legal assistance.

## FIRM PROFILE

**NARIT & ASSOCIATES** is international law firm based in Bangkok, Thailand with principal areas of practice on Corporate & Commercial, Mergers & Acquisitions, Tax Planning, Litigation & Dispute Resolution, Business Contracts/Agreements, Real Estate & Construction, Insurance and Employment.

We have experiences in advising our clients, from publicly held companies, Thai subsidiaries of multinational corporations to foreign and private investors, across a broad range of matters, including acquisitions of local companies, formation of joint venture companies, international sales, investment/divestment, distributorship, commercial contract tax planning, cross border tax planning, transfer pricing, remittance of profit and tax dispute.

As we aspire to be a fast growing legal service provider in Thailand, we are pleased to offer our high quality legal services at a very competitive rate, as compared to those of other international law firms.

Contact our lawyer to find out how we can help you.

## AREAS OF PRACTICE

Corporate & Commercial  
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