



**LAO PEOPLE DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY**

The President

No: 065/POR
Vientiane Capital, 28/01/2014

**DECREE OF THE PRESIDENT
OF LAO PEOPLE DEMOCRATIC REPUBLIC
ON PROMULGATION OF THE LAW ON ENTERPRISES
(AMENDED VERSION)**

- Pursuant to the Constitution of Lao People Democratic Republic, Section IV, Article 67, Clause 1;
- Pursuant to Resolution of the National Assembly, No. 024/NA, dated 26 December 2013;
- Pursuant to the Letter of Proposal of the Standing Committee of the National Assembly, No. 018/SC, dated 23/01/2014,

**The President of
Lao People Democratic Republic issues the Presidential Decree:**

Article 1. To promulgate the Law on Enterprises (Amended version).

Article 2. This Presidential Decree is effective from the signing date.

President of Lao PDR

Signature & Seal]

Choummaly Sayasone



**LAO PEOPLE DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY**

National Assembly

No. 024/NA

**RESOLUTION
OF MEETING OF NATIONAL ASSEMBLY
ON ADOPTION OF THE LAW ON ENTERPRISE
(AMENDED VERSION)**

Pursuant to the Constitution of Lao People Democratic Republic, Article 53 Clause 1 and the Law on National Assembly of Lao People Democratic Republic relating to the rights and duties of the National Assembly.

Following the 6th Ordinary Session of the National Assembly Meeting, VII Legislature, has widely and deeply considered the contents of the Law on Enterprises (Amended version) in the morning Session held on 26 December 2013,

The Meeting of the National Assembly decided:

Article 1. To adopt the Law on Enterprises (Amended version) with a vote of majority.

Article 2. This Resolution is effective from the signing date.

Vientiane Capital, 26 December 2013

President of National Assembly

[Signature & Seal]

Pany Yathortu



LAO PEOPLE DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

National Assembly

No. 46/NA

Vientiane Capital, 26 December 2013

LAW
ON ENTERPRISES
(AMENDED VERSION)

PART I
GENERAL PROVISIONS

Article 1 Objectives

The Law on Enterprises determines principles, regulations and measures on the establishment, operation and management of enterprises in the Lao People's Democratic Republic in order to promote the production, business and services in all economic sectors with the aims to develop the productive forces and to improve productive relations, to strengthen the development and growth of the national economy, and to improve the livelihood of multi-ethnic people.

Article 2 (Amended) Enterprise

Enterprise means a business organization of a person or juristic person that has its own name, assets, management system and office, and that is registered in compliance with this Law. Enterprise is also called a "Business unit".

Article 3 (Amended) Interpretation of terms

Defined terms used in the law shall be interpreted as follows:

1. **Business** means an activity operating in one or all stages of an investment process starting from the stage of production to the provision of services, aiming to gain profits and utilize the benefits for the public interest;
2. **Negative List** is the list of business activities with high sensitivity, mainly for national security, public order, traditions and environment that are required to have inspection by relevant sectoral agencies prior to the registration of an enterprise;

3. **Individual enterprise** is a form of enterprise created by one person. Individual enterprise conducts business in the interests of an owner. The owner is solely and unlimitedly responsible for the enterprise's liabilities;
4. **Partnership** is a form of enterprise created on the basis of a contract of at least two or more investors for mobilization of capital, with a view to jointly conducting business and sharing the profits;
5. **Ordinary partnership** is a type of partnership conducting business jointly by its partners based on trust between themselves and all partners are unlimitedly responsible for the enterprise's liabilities;
6. **Limited partnership** is a type of partnership in which some of its partners are unlimitedly responsible for the enterprise's liability, called "general partners", and others whose liability is limited, are called "limited partners";
7. **Company** is a form of enterprise created by dividing capital into shares of equal value. The shareholders are responsible for the company's liabilities up to the value of the unpaid portion of their shares;
8. **Limited company** is a type of company having as shareholders at least two persons but not exceeding thirty persons except in the case described in paragraph one, Article 90, of this Law and a limited company with one shareholder, the so called "sole limited company";
9. **Public company** is a type of company having as founding shareholders at least nine persons, with free transferability of shares and entitlement to openly sell the shares;
10. **Openly sell the shares** means offering to the public to sell the shares of the public company in the stock market or outside the stock market in accordance with to the relevant law or regulation;
11. **Share** is the partnership's or company's capital divided into portions of non-equal or equal value depending on the type of partnership or company as specified in this Law;
12. **Common share** is a type of share that the owner of the share cannot redeem;
13. **Preferred share** is a type of share that the owner of the share can redeem and has rights and duties different from common shares;
14. **Share certificate** is a legal document showing the portion of partner's or shareholder's right and ownership in a partnership or company;
15. **Debenture** is an unsecured debt security such that the debenture holders have legal rights as guaranty to get paid back their money with interest as agreed;

16. **Dividend** is an amount of money distributed to partners or shareholders deriving from the partnership's or company's net profit after deducting initial capital, costs and debts;
17. **Quorum** means the minimum number of meeting attendees that legally allows the meeting to open;
18. **Trade secret** means important information concerning the methodology of an enterprise's production, business or services that, if it is disclosed, causes serious damage to the enterprise's stability and financial status;
19. **Liquidator** is a person who has been appointed by the court or a dissolved or bankrupt enterprise to carry out rights and the duties regarding asset mobilization, in order to liquidate the assets to the enterprise's creditors and to the owners, partners or shareholders for the remaining portion of assets.

Article 4 Rights of Establishment of Enterprise

Lao citizens, aliens, stateless persons residing in the Lao People Democratic Republic and foreigners, including their organizations are all entitled to establish the enterprises or engage in business operations in accordance with the relevant laws and regulations of the Lao PDR.

Article 5 Equality in Business Operation

All economic sectors, whether foreign or domestic, are interrelated and compete on an equal footing before the law in conducting business, with a view to increasing productive forces and expanding production, businesses and services.

Article 6 Obligations of Enterprise

Enterprises have the obligations to conduct their business operations in accordance with their business purposes, to keep accounting books, to perform fiscal obligations towards the government, to protect the legitimate rights and interests of workers, to protect the environment, and to observe other relevant laws and regulations of the Lao PDR.

Article 7 State Policy, Protection of Rights and Interests of Enterprise

The State encourages all persons and organizations, whether foreign or domestic, to establish enterprises or engage in operating businesses in all business sectors that are not prohibited, by facilitating measures for them through tax incentives, regulations, information support and other services. This policy aims at promoting all enterprises to make their contributions to develop the socio-economy.

The legitimate rights and interests of enterprises such as their capital and property are protected by law.

Article 8 International Relation and Cooperation

State encourages international relations and cooperation in business operation in order to attract capital, science, and technology; exchange information and experience of advanced business management; expand markets and integrate within the region and the world.

Article 9 (Amended) Scope of Application

This law applies to all enterprises establishing and operating businesses in the Lao PDR.

**PART II
ENTERPRISES**

**SECTION 1
TYPES, FORMS AND KINDS OF ENTERPRISES**

Article 10 (Amended) Types of Enterprises

In the Lao PDR, there are four types of enterprise, namely, private enterprise, State enterprise, mixed enterprise and cooperative enterprise.

Private enterprises may establish and operate their businesses by applying the forms and the kinds of enterprise as identified in Part III, Part IV and Part V of this Law.

State enterprises and mixed enterprises may establish and operate their businesses as stipulated in Part VI and Part VII of this Law.

Establishment and operations of cooperatives are governed by separate regulations.

Article 11 Forms of Enterprises

Form of enterprise is the business organization that is the basis of establishing and operating all types of enterprise.

There are three forms of enterprises as shown below:

1. Individual enterprise;
2. Partnership;
3. Company.

Article 12 Kinds of Partnerships and Companies

There are four kinds of partnership and company as below:

1. Two kinds of partnership:
 - a. Ordinary partnership;
 - b. Limited partnership;
2. Two kinds of company:

- a. Limited company, including sole limited company;
- b. Public company.

Article 13 (New) Conversion of Forms and Kinds

Conversion from an individual enterprise to a partnership can be done by increasing the number and type of partners, after which the partnership shall be established and operated as determined in this Law. The individual enterprise's liabilities in this regard shall become the new partnership's liabilities, unless the individual enterprise has properly dissolved and fully liquidated before establishing such a partnership.

Conversion of other kinds of enterprises namely from a partnership to a company can be done by only properly dissolving and fully liquidating existing enterprise and filling new enterprise registration notification as defined in this Law.

Conversion of types of enterprises is determined in specific regulations.

SECTION 2 REGISTRATION OF ENTERPRISES

Article 14 (Amended) Enterprise registration

Enterprise registration is the approval of legitimate establishment of an enterprise.

Conducting business shall be registered as an enterprise unless otherwise provided.

Enterprise registration is done once for the whole business duration of an enterprise.

Article 15 (Amended) Notification of enterprise registration

A person having the intention to conduct business shall give notice by submitting an application for enterprise registration to the relevant registrar of industry and commerce sector unless otherwise provided.

Article 16 (Amended) Steps for consideration of enterprise registration

After receiving an application for enterprise registration, the registrar concerned shall verify whether the business activity that the applicant intends to carry on is in the Negative List or not.

If the business activity is not included in the Negative List, the registrar concerned shall consider the application.

In case the business activity is included in the Negative List, the registrar concerned shall immediately submit the application to the relevant sectoral agency.

Article 17 (Amended) Timeframe for Consideration of Enterprise Registration

For business such business activity which is not included in the Negative List and has no restrictions, the registration authority concerned shall consider the application within no more than ten working days from the date the application is received.

For the Business activity which is included in the Negative List, the relevant sector shall consider the application and respond to the registration authority concerned within no more than ten working days from the date the application is received, except for such business activity that requires more time to conduct technical verification.

After receiving the positive response in writing from the relevant sector, the registration authority shall consider the application within no more than three working days.

In case of receiving the negative response from the relevant sector, the registration authority shall notify in writing to the applicant with no more than three working days from the date the response is received.

The Negative List and time required for technical verification beyond what is stipulated in paragraph 2 of this Article shall be approved by the government.

Article 18 (Amended) Consideration of Application for Enterprise Registration by the Relevant Sector

The relevant sector shall consider application for enterprise registration based on its business management and development policy and regulations in collaboration with other sectors and local authorities concerned and then, give response in writing to the registration authority. Any rejection to application for enterprise registration shall be accompanied with detailed justifications, which will form basis for the registration authority's notification to the applicant concerned.

All relevant sectoral authorities shall develop their regulations stipulating clear procedure and time required to consider application to conduct business activity in the negative list.

Article 19 Invalid Enterprise Registration

Invalid enterprise registration means an enterprise has registered but with error occurring partly or totally with respect to the enterprise form, type or the fact which requires a remedy. Such remedy can properly be made by making amendments thereto. If such error cannot be corrected, the enterprise concerned shall be dissolved in compliance with the procedures as specified in this Law.

Any enterprise registration made to a person prohibited by law or in violation of this Law shall be void

Invalidity of enterprise registration or dissolution of the enterprise shall not release the enterprise from its liabilities.

Article 20 (Amended) Effects of Enterprise Registration

Registration of an enterprise has the following effects:

1. A juristic person of a partnership or a company comes into existence separate from its investors, having rights, duties and liabilities within the scope of its objectives and bylaws;
2. An enterprise is entitled to conduct all business activities as defined in the enterprise registration certificate by fully and strictly implementing all relevant procedures, conditions, criteria or regulations whether such business activity is or not included in the Negative List;
3. Matters registered are disclosed and available for all interested persons as determined in paragraph 1 Article 24 of this Law;
4. It is at the same time registration of the name of the enterprise.

After enterprise registration, all enterprises shall register for tax collection and maintain proper accounting system as determined in the relevant laws or regulations.

Article 21 (New) Making of Enterprise Seal

An enterprise can apply for its seal making to public security sector by only submitting its enterprise registration certificate.

The public security sector shall make seal within five working days from the date the enterprise registration certificate is received.

Article 22 Effect of Failure of Business Operation

An enterprise, within ninety days from the date of the registration of the enterprise, shall start to conduct business. In case the enterprise fails to conduct business within the period mentioned or has conducted business, but continuously and unreasonably stops operating and paying tax for twelve months, the registration authority concerned shall notify the enterprise in question to come for explanation. Failing to come within ten working days from the date the notification is received, or unreasonable explanations will lead the enterprise concerned to be considered as having stopped operation and to be dissolved following the procedures as stipulated in this Law.

Article 23 Alteration of registered matters of an enterprise

Alteration of registered matters of an enterprise such as its objective or capital after registration shall be reported to the registrar concerned within one month from the date the altered matters are agreed on, except for the alteration of matters relating to business in the Negative List which shall be made in compliance with paragraph 3 Article 16 and paragraph 2 Article 17 of this Law.

The enterprise that has registered matters in error or reported the alterations later than stipulated in the paragraph 1 of this Article, whether or not intentionally,

cannot set up the untruth of such matters against, or cannot be exonerated from, liability to an innocent outside person.

Article 24 Disclosure of registered matters

Any person or organization is entitled to see or copy the registration documents of enterprises filed with the registrar. These registration documents include all documents that the enterprises submit for their registration as stipulated in this Law. The person requesting copying must pay fees based on the relevant regulation.

Other documents, in addition to the documents mentioned in paragraph 1 of this Article, can be disclosed only with the permission of the relevant enterprises unless otherwise provided by law.

Article 25 Registered Capital

An individual enterprise registered capital refers to the capital declared for registration by such enterprise' owner to the registration authority.

The registered capital of a partnership or company refers to the total share value as stipulated in subparagraph 4 Article 38 and subparagraph 4 Article 86 of this Law. This registered capital is called in other words as "stated capital" of the partnership or company.

The relevant sector is entitled to impose a minimum registered capital as a criterion for registration of an enterprise for some critical business activities, but this can be done only with the government approval.

The registered capital must be accurate. In case of violation, the violator shall be liable before the law for the false statement.

SECTION 3 NAMES OF ENTERPRISES

Article 26 Selection of Enterprise Name

The name of an enterprise may use the name or family name of one or several joint investors or use any other name as agreed. Any person who has first subscribed for the name of an enterprise shall have priority over such name. The name of an enterprise set up under a specific form or type of enterprise shall at all time indicate the name of such form or type.

The subscribed name subscribed will be terminated if the subscribing enterprise has not been registered.

The enterprise, after registration, shall post a sign indicating its name.

Article 27 (Amended) Prohibited Enterprise Names

Enterprise names that are prohibited and cannot be registered are:

1. An ambiguous, same or similar name to other names of enterprises or to the well-known name of another enterprise;

2. A name being contrary to the fine national and cultural morals and the public order;
3. A name being identical with a name of a country, international organization, national typical culture or historical site;
4. A name that is the same or similar to the name of enterprise form or kind.

Article 28 (Amended) Allowing to Use Enterprise Names or Enterprise Registration by Other Persons

Allowing to use an enterprise name by other persons shall be made in writing and in compliance with the relevant laws.

In case of authorization of use of the enterprise name has been made not in writing, but if there is evidence to believe that the owner of the enterprise knew thereabout, did not complain or did not make any objections, or has supported such use, it shall be deemed as due authorization.

Enterprise registration certificate shall be authorized to be used by other persons or legal entities. In case of violation, the authorizing person shall be liable to all consequences resulting from such authorization.

Business operation of the assignee as mentioned above, shall be deemed as business operation without enterprise registration and shall be subjected to the measures as defined in the Article 212 of this Law.

Article 29 (Amended) Liability for Authorization to Use Enterprise Names or Enterprise Registration by Other Persons

A person allowing other persons to use his/her enterprise name shall be liable to third persons as agreed in the contract or as stipulated in the law.

A person assigning a person lacking capacity to use his/her enterprise name shall be liable for the assignee's action.

A person shall jointly be responsible for the action of the persons or legal entities prohibited by law, if he/she authorizes them to use his/her enterprise name. Business operation of such authorized persons shall be deemed as business operation without enterprise registration.

It is prohibited for a State company to allow another person to use its enterprise name or enterprise registration. In case of violation, the violators shall be liable for all consequences of his/her action towards third persons.

Article 30 Transfer of Enterprise Name and Prohibitions

An enterprise name may be transferred in cases:

1. Where it is transferred together with all an enterprise businesses, including its rights and obligations;
2. Where the enterprise is dissolved in the proper manner.

The transferee, after properly transfer as mentioned in subparagraph 1 above, shall notify the transferred enterprise's debtors and creditors within sixty days and the registration authority concerned within five working days from the date the transfer is made.

Improper transfer of the enterprise name in any manner, including market monopolization by transfer of an enterprise name, is prohibited. In case of violation, both transferor and transferee shall be liable before the relevant laws and regulations of Lao PDR.

The transfer of a State company's name to another enterprise in a different sector is prohibited.

Article 31 Cancellation of Enterprise Name

An enterprise name shall be cancelled together with the enterprise dissolution. The owner of the enterprise name, after cancellation of name, shall remove any sign containing such name within seven days from the date its cancellation is notified.

The business operation of individuals or legal entities using a cancelled name or an enterprise registration of a dissolved enterprise shall be deemed as business operation without enterprise registration.

PART III INDIVIDUAL ENTERPRISES

Article 32 Filing an Application for Enterprise Registration

Any person intending to establish an individual enterprise shall file an application with the main contents as below:

1. Enterprise name and kind of business;
2. Name, address and nationality of the owner and managers;
3. Location of Enterprise;
4. Registered capital.

Article 33 Rights and Duties of the Owner of Enterprise

The rights and duties of the owner are to:

1. Manage the enterprise business or assign another person to manage the enterprise on his/her behalf;
2. Solely decide on the use of the realized profit and on other issues of the enterprise;
3. Comply with the accounting rules as provided for in the Law on Enterprise Accounting;
4. Fulfil obligations toward the State;

5. Exercise and Perform other rights and duties as specified in the relevant laws and regulations.

Article 34 Manager

The manager of an individual enterprise may be the owner of the enterprise or may hire one or more persons from outside to manage. A hired manager is entitled to receive remuneration as agreed with the owner of the enterprise.

An individual enterprise having several managers may authorize one of them to solely have the power to supervise and sign contracts with outsiders on behalf of the individual enterprise. Such a manager is called the “General Manager”. This provision is applied to the manager of a partnership and a sole limited company.

The manager shall act in the scope of rights and duties as provided for in the contract and under the supervision of the owner.

The manager may partly delegate his/her managing duties to another person for help.

Article 35 (Amended) Manager Employment Contract

A contract to hire a manager shall be made in writing as stipulated in the Law on Contract and Tort. The hire contract shall contain details relating to rights, duties, wage, and liabilities of the parties and the termination of the contract.

The relationship among the enterprise’s owner, the hired manager and outsiders shall be based on the relevant law.

Article 36 Dissolution and Liquidation

An individual enterprise may dissolve in case of:

1. The owner of the enterprise’s decision to dissolve;
2. The court’s order to dissolve;
3. Bankruptcy;
4. The owner of the enterprise dies or becomes incapacitated without heirs.

The owner of an individual enterprise, in the case of its dissolution, shall perform liquidation him/her-self or appoint an outsider to be the liquidator except for the appointment of a liquidator in the case of a dissolution resulting from the court’s order or the bankruptcy of the enterprise, and in this case the liquidator shall be appointed by the court.

PART IV PARTNERSHIP

SECTION 1 GENERAL PRINCIPLES OF PARTNERSHIP

Article 37 Partners of Partnership

The investor in a partnership is called a “partner”.

A partner of a partnership may be a person or a juristic person.

Article 38 Contract on Partnership

The contract on the establishment of a partnership shall be made in writing and in consistent with the Law on Contract and Tort of the Lao PDR.

Agreement on the establishment of a partnership shall contain the main contents as below:

1. Enterprise name;
2. Business objective;
3. Name, address of the principal business office and all branch offices, if any;
4. Stated capital or share values classified into cash, kind or labor;
5. Name, address and nationality of the partners;
6. Name and signature of the partners.

Stated capital as mentioned in subparagraph 4 of this Article is the partnership’s registered capital.

Article 39 Status of Partnership as Legal Entity

Status of a partnership as a legal entity includes:

1. Name and nationality of the partnership;
2. Address of the principal business offices including all branch offices, if any;
3. Property and capital;
4. Partnership’s bylaws;
5. Liability according to the type of partnership;
6. Legal capacity of the partnership in exercise of its rights and obligations, and in being a defendant or plaintiff in legal proceedings similarly to a natural person.

Article 40 Branch of Partnership

Establishment of a branch, for a partnership registered in Lao PDR, does not have to have registration and the branch has no juristic person status separate from the partnership.

A partnership's branch shall be notified to the registration authority where such is located.

A foreign partnership's branch located in Lao PDR is required to be register in accordance with this Law.

The establishment of a partnership's branch in a foreign country shall be complied with the laws and regulation of that country.

Any lawsuit against whether a domestic or foreign branch of a legal entity in Lao PDR shall be considered as a suit against the legal entity of such branch. This provision applies also to a foreign legal entity having a branch in the Lao PDR.

Article 41 Partnership Bylaws

The bylaws of a partnership shall contain the main details as below:

1. The contents mentioned in subparagraph 1 to 5 Article 38 of this Law;
2. Name, address and nationality of the manager. In case of no co-managers are elected form other partners, a restrictionon the use powers of the manager may be ;
3. Method of distribution of dividends and liability for losses;
4. Method and period for payment of shares;
5. The management system;
6. Meetings and method of voting;
7. Methods for dispute resolutiong;
8. Dissolution and liquidation.

The contents mentioned in subparagraph 1 of this Article shall be included in the application for enterprise registration. In addition, a partnership may include additional contents in the application.

The partnership's bylaws shall have the manager's signature.

Article 42 (Amended) Modification of Contract on Incorporation and Bylaws

Modification of the Contract of incorporation and the bylaws of the partnership shall be unanimously agreed by all partners, unless otherwise agreed.

A resolution of a meeting on the amendment and modification of the contract on the incorporation or bylaws shall be registered with the registration authority within ten working days from the date of the resolution of the shareholders' meeting for such amendment and modification is made.

SECTION 2

ORDINARY PARTNERSHIP

A. Enterprise registration and internal relations of the ordinary partnership

Article 43 Application for Enterprise Registration

Application for enterprise registration of an ordinary partnership shall contain the main documents below:

1. Application for enterprise registration;
2. Contract of incorporation of the ordinary partnership with the names and signatures of all partners;
3. Name, address and nationality of the manager, in case of no co-managers;
4. Bylaws of the ordinary partnership.

The application for enterprise registration shall have the manager's signature.

Article 44 Capital Contribution

The ordinary partnership's capital is derived from the contributions of the partners. The contribution may be made in cash, kind or labor.

A capital contribution in kind or labor shall be evaluated in cash. It is prohibited to record the value of capital contributed in labor in the balance sheet of the ordinary partnership.

Methods and period for payment of shares as stipulated in paragraph 1 of this Article shall be decided by all partners. Prior to enterprise registration, all partners shall made full payment of their shares as it is agreed.

In addition to the capital specified in paragraph 1 of this Article, the partners of the ordinary partnership may contribute their personal properties to any business operation of the ordinary partnership as agreed.

The utilization of the capital in paragraph 4 of this Article, including the liabilities and the distribution of profits, shall be agreed upon by all partners.

Article 45 Shares

The ordinary partnership's shares are not necessarily equal in value or size.

Upon full payment of shares as specified in paragraph 3 of Article 44 of this Law, the ordinary partnership shall issue share certificates to all partners according to their contributions.

The share certificates of the ordinary partnership are not negotiable.

Article 46 Managers

All partners of the ordinary partnership are entitled to jointly be the manager, or to agree to appoint one or more partners to be the managers.

A manager is a representative of the ordinary partnership and other partners. The manager shall not have a salary or remuneration for his/her performance of the duties, unless otherwise agreed.

The manager of the ordinary partnership may be appointed from among the outsiders. The manager appointed from outside may have a salary or remuneration as agreed by the partners.

Article 47 Appointment or Removal of Managers

Appointment or removal of the manager shall be made unanimously by all partners, unless otherwise agreed. One partner has one vote for voting.

The partner to be voted as a manager or to be removed from being a manager shall have no right of voting.

Article 48 Rights and Duties of Managers

The manager has the following rights and duties:

1. Fully perform duties in the interests of the partnership and in good faith;
2. Perform rights and duties as specified in the bylaws of the ordinary partnership;
3. Employ outsiders to help in conducting any business of the ordinary partnership that is under his/her responsibility.

The management of the ordinary partnership in the case of co-managers shall be based on a majority vote or otherwise, as it may be agreed in the bylaws. For voting, each person shall have one vote.

In case of a single manager, the manager shall have the sole authority to manage and administer the ordinary partnership, unless restrictions are otherwise provided for.

The restrictions mentioned in paragraph 3 of this Article shall have no effects on the outsiders if such restrictions have not been specified in the enterprise registration file.

Article 49 Rights and Duties of Partners

Partners have the following rights and duties:

1. Make inquiries on the entire business situation of the ordinary partnership at any time;
2. Inspect or copy accounting and other documents of the ordinary partnership;
3. Receive dividends and be liable for losses as agreed;
4. Be unlimitedly responsible for the ordinary partnership's liabilities;
5. Have the right of veto, objection or demand, if the same has been agreed, but the detailed on the cases methods of the rights of the same shall be determined in the bylaws;

6. Receive the distribution portion of the contributed capital and the profit as agreed when the ordinary partnership is dissolved.

Article 50 Admission of New Partners and Transfer of Shares

The ordinary partnership is not entitled to admit a new partner and each partner is unable to transfer his/her shares to another, unless otherwise agreed.

The admission of a new partner or a transfer of a share, if it is agreed, shall be made unanimously by all partners.

The admission of a new partner may be executed by transferring the shares to an outside person or by allowing an outside person to buy shares newly issued.

Upon admission of a new partner or a transfer of shares, the ordinary partnership shall notify the registration authority concerned no later than five working days from the date of such admission or transfer.

The ordinary partnership with only one partner left by the transfer of shares or for other reasons may cause its dissolution.

In case the name of an ordinary partnership is composed of the names of partners, the ordinary partnership has the right to delete the name of any partners from the name of the partnership when such partners left the partnership.

Article 51 Prohibited Conducts or Business Operation for Partners

A partner's conduct or business operations that competes with their own ordinary partnership are prohibited.

The conduct or business operations deemed to compete with the ordinary partnership are as follows:

1. Conducting business that has similar objectives to the ordinary partnership on his/her own behalf;
2. Conducting business that has similar objectives to the ordinary partnership on behalf of another person such as being the manager or director of another enterprise;
3. Be the partner of another ordinary partnership or limited partnership that has unlimited liability.

For any breach of the restrictions mentioned in this Article, the ordinary partnership is entitled to claim all profits resulting from such conduct or business operations of that partner or to take legal action to dissolve the ordinary partnership.

Article 52 Exemption from Prohibitions

The prohibition specified in Article 51 of this Law may be exempted if:

1. All partners have unanimously consented ;
2. Objection was not made to the partner's conduct or business operations that have existed prior to his/her joining the partnership.

B. The external relationships of the ordinary partnership

Article 53 Liability for Debts

Each partner shall be unlimitedly liable for the debt of the ordinary partnership. Creditors, after failure of the ordinary partnership to pay its debts, are entitled to make claim thereof from each partner.

All partners may agree on the portion of the liability of each partner for the debts or losses of the ordinary partnership, but such agreement shall have no effect on outside persons.

A partner is liable for a debt of the ordinary partnership when:

1. The debt arises from the performance of duties by the manager or by other partners that fall within the scope of the bylaws of the ordinary partnership;
2. The debt results from the performance of any duties to achieve an objective of the ordinary partnership and such performance is adopted by all partners.

Article 54 Rights of Benefits

All partners are entitled to receive the benefits of the ordinary partnership resulting from an external relationship of the partnership regardless of whether such benefits are acquired in the name of the partnership or not.

Article 55 Liability of Leaving and Entering Partners

A partner leaving an ordinary partnership shall be liable for the debts of the partnership incurred prior to such leaving.

The liabilities mentioned above will terminate within one year from the date the partner is approved to leave the partnership, except when there is an agreement to have a longer period for such liability.

A newly entering partner shall be liable for the whole of the debts of the ordinary partnership, unless otherwise agreed, but such agreement has no effect on outside persons.

C. Merge of ordinary partnerships

Article 56 Merge of Ordinary Partnerships

An ordinary partnership may merge with one or more ordinary partnerships to become any one of the existing ordinary partnerships or to become a new ordinary partnership.

Ordinary partnerships may merge only in compliance with the following conditions:

1. Have a unanimous vote of the partners meeting of the merged ordinary partnerships, unless agreed otherwise. The merger resolution shall be

registered with the registration authority within ten working days from the date of having such resolution;

2. Have given notice through any appropriate means of mass media at least one time within ten working days from the date of having such resolution to the creditors to express their objections within sixty days from the date the objecting creditor has received the notification and the creditors have no objection or fail to reply within such period;
3. Have registered as a new enterprise.

Article 57 Objection to Merge and Effects of Merge

The ordinary partnership of which the merger has been objected thereto by any creditors is unable to proceed with the merger, unless all debts of such creditors has been paid.

The merger of an ordinary partnership is not the dissolution of the enterprise, and it does not lead to the cessation of the previous rights and obligations of the merged enterprises.

D. Dissolution of an ordinary partnership

Article 58 Reasons for Dissolution

The ordinary partnership may be dissolved for any of three reasons, namely: by partners' agreement, by a court's decision and by law.

The dissolution of an ordinary partnership, for whatever reason, shall be registered for temporary dissolution with the registration authority within ten working days from the date the reason for dissolution has arisen.

Article 59 Dissolution by Agreement of Partners

An ordinary partnership may be dissolved at any time by unanimous agreement of all partners.

Article 60 Dissolution by Court Decision

Any partner of the partnership may request the court to consider dissolution of the ordinary partnership when it is seen that:

1. The business operations of the ordinary partnership are facing losses that the ordinary partnership is not in the position to overcome;
2. A force majeure is occurred and causing the ordinary partnership unable to continue business operation;
3. Such partner was deceived or forced to be a partner;
4. Any partner has breached or is intentionally breaching the contract of incorporation or the bylaws or any negligence is causing serious damage to the ordinary partnership.

The partner making the request to the court for dissolution shall not be such partner who is the cause of the above-mentioned problems.

Partners may request the court to order the partner who is the cause of such problem to compensate for the damage or to cease from being a partner of the ordinary partnership instead of ordering its dissolution. In the former case, the ordinary partnership must distribute its assets to him/her at the market value at the time of such asset distribution by deduction of the value of the damage that he/she has caused, unless otherwise agreed by partners.

Article 61 Dissolution by Law

An ordinary partnership may be dissolved on any of the following grounds of law:

1. Dissolution under the provisions of the Agreement of incorporation or the bylaws of the ordinary partnership;
2. Only one partner remains in the ordinary partnership;
3. Death, bankruptcy or incapacity of any partner, unless agreed otherwise;
4. Dissolution as provided for in Section 2 and 3, Part II of this Law.

In case of the death of a partner, where the ordinary partnership does not dissolve, the heirs shall have full rights in the distributed profits or property of the deceased partner.

Article 62 Effects of Temporary Dissolution

Temporary dissolution of the ordinary partnership has the following effects:

1. Rights to claim of partners in the ordinary partnership are temporarily suspended;
2. The liability of a partner for the unpaid portion of [his/her] share does not cease;
3. Temporary suspension of payments by the ordinary partnership and the undue debts of the ordinary partnership shall become due;
4. The ordinary partnership is not entitled to conduct business, but its legal entity status remains in existence until the partnership has been given notice of its complete dissolution and permanently withdrawn the enterprise registration, so as to finish pending tasks and undertake the liquidation.

E. Liquidation of an ordinary partnership

Article 63 Methods of Liquidation

The partners may agree to choose the method of distribution or liquidation as described in the bylaws of the ordinary partnership or as agreed by themselves except in the case where the ground of dissolution is the result of bankruptcy, the court's decision or the ordinary partnership has only one remaining partner.

Article 64 Appointment or Removal of Liquidator

The liquidation of the ordinary partnership may be executed by the manager or all partners jointly as the liquidator or by appointment of one partner or an outside person to conduct the liquidation. Such appointment shall have the unanimous vote of the partners.

In the case of no unanimous vote for appointing the liquidator as stipulated in first paragraph of this Article, the partners of the ordinary partnership may request the court to appoint such liquidator.

The liquidator as specified in this Article and Article 65 of this Law may be removed by the same process, he/she has been appointed by.

Article 65 Appointment of Liquidator by Court

Appointment of the liquidator in the case of the dissolution of the ordinary partnership that is the result of bankruptcy, the court's decision or the ground of only one partner remaining shall only be made by the court.

In case of dissolution of the ordinary partnership on the ground of the death of a partner, the heirs of the deceased partner shall have the rights to be or jointly to be the liquidator.

In the event that there are many heirs, they shall have to appoint one person as their representative.

Article 66 Replacement Appointment

After appointment, if the liquidator is unable to perform his/her duties for any reason, namely: death of the liquidator or the liquidator becomes incapacitated, all partners shall jointly be the liquidator until a new liquidator has been appointed.

The ordinary partnership shall, within ten working days from the date of the appointment, removal or termination of the liquidator, give notice of such appointment, removal or termination of duty to the public as mentioned in this Article, Article 64 and Article 65 of this Law.

Article 67 Rights and Duties of Liquidator

If an ordinary partnership is dissolved, the liquidator shall have the following rights and duties:

1. Give written notice on the dissolution to the creditors of the ordinary partnership to claim their debts and announce the public on the dissolution through any appropriate means of mass media within ten working days from the date of having the ground for such dissolution;
2. Collect all assets and make an inventory of the property and a balance sheet;

3. Continue to wind up pending affairs;
4. Get payment for his/her performance of duties borne by the ordinary partnership as agreed;
5. Undertake necessary measures to protect property, claim to fully get back debts, and sell or transfer the property of the ordinary partnership;
6. Submit the balance sheet to an auditor to approve its authenticity;
7. Report on the properties collected and on the result of work to the creditors concerned, the partners or the court in case the liquidator has been appointed by the court;
8. Convene the creditors and partners meeting, at least one time within six months, to approve or make decisions on necessary issues;
9. Perform duties as assigned by the partners and the creditors meeting;
10. Quarterly submit the balance sheet to the registration;
11. Make payment of debts to creditors and distribute the residual assets to the partners;
12. Perform mediation duties or take legal action in the court on behalf of the ordinary partnership;
13. Report to the partners or the court in case the liquidator has been appointed by the court, if he/she has found that the ordinary partnership's, including the partners', properties are insufficient to pay the debts. In case the ordinary partnership is unable to solve its insolvent situation, the liquidator may bring a bankruptcy action to the court.

After the court has decided for the bankruptcy of the enterprise, the bankruptcy proceeding shall be based on the Enterprise Bankruptcy Law. In this case, the rights and duties of the liquidator shall be terminated when all liquidation tasks have been transferred to the attachment committee.

Article 68 Performance of Duties of Several Liquidators

Performance of the duties of several liquidators shall be based on majority voting by counting one person as one vote, except where each liquidator has been assigned to perform a different duty, but each of the former shall notify the registration within ten working days from the date having such appointment.

The restrictions for the liquidator have no effect on outside persons.

Article 69 Priority in Payment of Debts and Distribution of Assets

Payment of debts and distribution of assets shall be made in the following priority orders:

1. Salaries of the employees;
2. Debts owned to the State that do not arise from a contract between the State and individuals as determined in paragraph 4 of the Security Law;

3. Secured debts;
4. Unsecured debts;
5. Debts of the ordinary partnership owed to partners as described in paragraphs 4 and 5, Article 44 of this Law;
6. Distribution of the profits or losses among the partners;
7. Return of capital contributions to partners, of which the contribution in labor is not compensable, unless there is a contract between the partners at the time of such contribution that agrees to compensate it.

Article 70 Duties of Liquidator after Liquidation

After completion of the liquidation process the liquidator shall:

1. Prepare the statement and summary on the distribution of property and on the payment of debts and submit them promptly to the creditors and partners meetings for adoption;
2. Notify the public on the distribution of property and payment of debts within ten working days from the date the distribution of properties and payment of debts is completed;
3. Hand over all liquidation-related documents to the ordinary partnership concerned and register the completion of the liquidation with the registration authority.

Article 71 Responsibilities of Liquidators

The liquidator shall be responsible for his/her own actions as follows:

1. Any action causing damage to the ordinary partnership or to an outside person by intention or by gross-negligence during performance of duties assigned. Gross-negligence means negligence in refusing to act or in acting when he/she knows that it is a mistake or should know the damaging consequences of such action;
2. Action toward the assignors and outside persons as described in the relevant laws.

Article 72 Notification on Dissolution and Permanent Withdrawal of Enterprise Registration

The liquidator shall give notice on the permanent dissolution of the ordinary partnership to the registration authority concerned within ten working days from the date of notifying the same to the public as stipulated in subparagraph 2 Article 70 of this Law.

The registration authority concerned shall delete the name of enterprise as specified in paragraph 1 above from the enterprise registration book and give notice of such deletion to the public within ten working days from the date of the deletion.

The legal entity status of the ordinary partnership is terminated from the date the court decides for the permanent dissolution of the enterprise.

The dissolution of the ordinary partnership resulting from bankruptcy or merger does not require registration for dissolution.

Article 73 Liabilities of Ordinary Partners

All partners shall jointly be liable for the debts of the ordinary partnership remaining unpaid for three years from the date on which the court has decided for its permanent dissolution.

The court, in the case of paragraph 1 above, is entitled to appoint a liquidator for carrying out the liquidation process until the debts have been paid.

SECTION 3 LIMITED PARTNERSHIP

A. General principles and enterprise registration

Article 74 Liability of partners

A general partner is unlimitedly liable for the debts of the limited partnership.

A limited partner is liable for the debts of the limited partnership not exceeding his/her unpaid portion of the shares.

In the establishment period during which the limited partnership has not been registered, all partners of the limited partnership are unlimitedly liable for the debts of the partnership.

Article 75 Notification for enterprise registration

Notification for enterprise registration of a limited partnership shall be complied with Article 43 of this Law.

B. Relation of limited partner to limited partnership and outside persons

Article 76 Capital Contribution

A limited partner may contribute capital to the limited partnership in cash or in kind; but labor contribution is not allowed. A limited partnership's shares are not necessarily of equal value.

The method and time of capital contribution shall be based on all partners' decisions in the limited partnership.

Article 77 Transfer of Shares

A limited partner may transfer his/her shares without requirement of the consent of other partners. The transfer of such shares may be perfected only if such transfer is notified to registration authority and there is a change in the enterprise registre.

A limited partner may solve any problem facing him/her subject to the provisions below:

1. Death of partner, the heirs of the deceased partner are entitled to replace him/her, unless otherwise agreed;
2. Bankruptcy of a partner, the share of the bankrupt partner must be sold and handed over to the liquidation committee as determined in the Law on Enterprise Bankruptcy. Selling of the bankrupt partner's share leads to removal of such partner from being a partner of the limited partnership; however, the limited partnership remains in existence to continue business operations;
3. Incapacity of a partner, the guardian of such partner shall take care to manage his/her interests, except as he/she has previously agreed otherwise.

Article 78 Liabilities of a Limited Partner Management of a Limited Partnership

A limited partner is not entitled to be the manager as general partner except he/she has been appointed by the general partner.

In case the limited partner acts as the manager without having been appointed there may be consequences as in each case below:

1. Be unlimitedly liable for damage to the enterprise and outside persons caused by his/her action;
2. In case such action has been supported or ratified or assigned by the limited partnership or the former knows but does not object in order to stop the action, the limited partnership shall jointly be liable for damages to an outside person.

A limited partner interfering in the limited partnership management as mentioned in the subparagraph above shall only be unlimitedly liable to outside persons, but his/her limited liability to the limited partnership remains unchanged.

Article 79 Effects of Allowing to Use the Name

The enterprise name of the limited partnership may be comprised of the names or family names of the general partners.

A limited partner who allows a limited partnership to use his/her name whether expressly or impliedly shall be unlimitedly liable for the debts of the limited partnership to outside persons, but his/her limited liability to the limited partnership remains unchanged.

Article 80 Dividends or Interests

The limited partner is entitled to receive dividends or interests in the portions or amounts as agreed, according to the profits made by the limited partnership, except

when the limited partnership suffers losses, or its capital is reduced by cumulative losses.

Distribution of dividends or interests shall be made at the end of the year as fixed in the Enterprise Accounting Law.

Dividends or interest that has been validly paid by the limited partnership cannot be called for return.

Article 81 Rights and Duties of Limited Partners

The limited partner has the following rights and duties:

1. Instruct, give advice and enquire of the manager regarding the limited partnership's business activities;
2. Be, if he/she is appointed, a liquidator of the limited partnership;
3. Appoint or dismiss the manager, unless otherwise agreed;
4. Vote for the amendment of the bylaws and for dissolution of the limited partnership. The method of voting shall clearly specify in the limited partnership's bylaws;
5. Freely carry on any legitimate business, whether such business is similar or of the same nature as that of the limited partnership.

The exercise of rights and the performance of duties as mentioned in subparagraph 1 to 5 of this Article are not considered as interference with the management of the limited partnership as stipulated in the Article 78 of this Law.

Article 82 Application of Provisions of Ordinary Partnership

In addition to the provisions as determined in this Section 3 Part IV, the ordinary partnership's provisions on enterprise registration, internal and external relation of the enterprise, merger, dissolution and liquidation of enterprise as specified in Section 2 Part IV of this Law, shall be applied to the limited partnership.

**PART V
COMPANIES**

**SECTION 1
GENERAL PRINCIPLES OF COMPANIES**

Article 83 Shareholders of a Company

A contributor of a company's capital is called a "shareholder".

The shareholders are responsible for the company's liabilities not exceeding the value of the unpaid portion of their shares.

A company may have one or more shareholders.

A shareholder or promoter of a company may be a natural person or a juristic person.

Article 84 Status of Legal Entity and Branch of Company

The company's legal entity status and branch is the same as legal entity and branch of the partnership as described in Article 39 and Article 40 of this Law.

Article 85 Group Company

A company purchasing another company's shares enough to control the management power of that company is called a "group company".

A company that has its management power controlled by another company is called an "affiliate company".

The level of controlled management power that is prohibited shall be based on the relevant laws or regulations.

Article 86 (Amended) Contract on Incorporation

The contract on incorporation shall be made in writing and complied with the Law on Contract and Tort of the Lao PDR.

The contract on incorporation shall have the main contents as below:

1. Enterprise name;
2. Business objectives;
3. Name and address of headquarters and branch, if any;
4. Stated capital classified into value, amount of shares, kind, cash, ordinary shares or preferred shares;
5. Name, address and nationality of the company's promoters, including the amount of shares subscribed by each;
6. A statement of the director's right to be unlimitedly liable for the debts of the company. The unlimited liability of the director as specified in this subparagraph shall terminate at the expiration of one year after the date on which he ceased to hold office;
7. Names and signatures of promoters.

The stated capital as mentioned in subparagraph 4 of this Article is the company's registered capital.

A company having one shareholder does not need to have a contract on incorporation.

Article 87 Bylaws of Company

The bylaws of company shall have the main contents as below:

1. The items described in subparagraph 1 to 6 Article 86 of this Law;
2. Method of profit or dividend distribution;
3. Method and period for share contribution;

4. Management;
5. Meetings and resolutions;
6. Dispute resolution;
7. Dissolution and liquidation.

The contents mentioned in subparagraph 1 of this Article shall be included in the application for enterprise registration. Besides these, the company may include additional contents in the application.

The company bylaws shall have the director's signature.

Article 88 Modification of Company and Bylaws

Any amendment and modification of the of the contents of the contract of incorporation and the bylaws of the company shall be made by special resolution the shareholder meeting as stipulated in Article 149 of this Law.

A shareholder meeting's resolution on amendment and modification of contract of incorporation or the bylaws shall be registered with the registration authority concerned within ten working days from the date the resolution of the shareholder.

SECTION 2 LIMITED COMPANY

A. General principles and establishment

Article 89 Shareholding of Limited Company

A limited company may be a shareholder of other companies or a partner of other partnerships but shall not be a shareholder of its own limited company.

Article 90 More or Less Shareholders than the Number Fixed

A limited company having the shareholders more than thirty persons may continue to maintain its limited company status, but this can be done by only special resolution as described in Article 149 of this Law.

If the limited company does not wish to maintain its status as a limited company or does not obtain sufficient votes for maintaining it as mentioned in paragraph 1 of this Article, the limited company shall modify the contents of its enterprise registration to be consistent with the procedure and principles of a public company or shall dissolve the company.

A limited company with only one remaining shareholder shall change its name to be a "sole limited company" and carry on as specified in J, Section 2 Part V of this Law or shall dissolve the company.

Article 91 Establishment of a Limited Company

Establishment of a limited company shall be complied with the following the procedure and conditions:

1. There must be at least two promoters who shall jointly make and sign a contract of incorporation and give notice of the same to the registration authority where the limited company head office is located;
2. After notification of the contract of incorporation as said in subparagraph 1 of this Article, arrangement for subscription of all shares shall be procured. It is prohibited to arrange for people to subscribe the shares by openly selling the shares to the public. A person who subscribes a limited company shares is called a “subscriber of the shares”
3. Hold a statutory meeting;
4. The promoter hands over all business to the company’s director appointed in the statutory meeting;
5. The company’s director calls on the promoters and subscribers for full payment of the shares as stipulated in paragraph 1 Article 101 of this Law;
6. After the subscription for payment has been fully made as mentioned in subparagraph 5 of this Article, the director must register the company within thirty days from the date of such full payment.

Article 92 Promoters of a Limited Company

A promoter is a person who initiates the establishment of any limited company, but he/she shall not a proxy of the limited company and must hold at least one share.

The main duty of a promoter is to arrange all business for establishing a limited company until the statutory meeting is held.

Article 93 Liability Promoters towards Subscribers

The promoters must be liable to the subscribers for any conducts as follows:

1. Business operation for their own interests;
2. Concealment of incomes or expenses relating to the limited company incorporation;
3. expense or conclude a contract that does not fall in the objectives of the scope of the incorporation of limited company;
4. Overvaluation of their own assets;
5. Other responsibilities as described in this Law.

The promoters shall compensate and solve problems concerning damage arising from the conducts as above-mentioned.

Article 94 Liability of Promoter toward Outside Persons

The promoters shall be jointly and unlimitedly liable for contracts with outside persons that they have made during the establishment of the limited company or expenses related to the limited company incorporation, if such contracts or expenses are

not be approved or are approved by the statutory meeting but the limited company fails to get enterprise registration.

Article 95 Rights and duties of Statutory Meeting of Limited Company

The statutory meeting has the following rights and duties:

1. Adopt the bylaws of the limited company;
2. Approve the limited contract of incorporation and other contracts related to the incorporation of the limited company that the promoters have signed with outside persons including the expenses incurred by the promoters in related to the incorporation the limited company;
3. Agree on the common shares and preferred shares, if any;
4. Elect the first directors of the limited company.

The promoters shall, ten working days prior the opening date of the statutory meeting of the limited company, send all subscribers a report on the establishment along with a list of share subscribers, their addresses and the number of shares that have been subscribed by each.

Article 96 Resolution of Statutory Meeting

The resolution of the statutory meeting is effective only when such resolution has obtained a vote more than half of the promoters and subscribers that shall represent not less than half of the total number of shares. The resolution shall be voted as one share equals one vote.

A promoter or subscriber is not entitled to vote for a matter in which he/she has a special interest in a resolution except for the voting to elect the directors of the limited company.

The statutory meeting shall decide on the matters of which a promoter or subscriber has a special interest or related direct interest.

Article 97 Filing Notification for Enterprise Registration

For filing a notification for enterprise registration of limited company, the following documents shall be required:

1. Application and contract of incorporation of the limited company;
2. Minute of the statutory meeting of the incorporation of the limited company;
3. Bylaws.

The application for registration shall be signed by the director.

Article 98 Responsibility of a Director for Default of Registration

The registration must reject registration of a limited company if the period as specified in subparagraph 6 Article 91 of this Law has expired, except for the delay of

registration resulting from a necessary reasons that are not the fault of the director or if the shareholders have voted to continue the registration by a vote of more than four-fifths of the paid shares.

In case the limited company has not been registered, the director shall return all shares to the subscribers within three months from the date the registration has rejected.

After three months, the director who fails to fully return the shares to subscribers shall be liable to return the remaining shares along with interest based on the banking rate for credit at that time of being, except for the director who can prove that he/she has not defaulted in the registration and share return thereof.

B. Shares and share certificates of a limited company

Article 99 Shares

A share of a limited company shall not be less than two thousand kip.

Each share of a limited company may be owned by one or more shareholders by assigning one person to exercise the right as shareholder of the limited company, but all are jointly liable to the limited company for the unpaid portion of the share.

Shares of a limited company may be contributed in cash or in kind. The share contributed in kind shall be evaluated in cash by two thirds of the votes of the promoters and subscribers in the statutory meeting, unless otherwise provided. Share contributions other than in kind and cash shall be agreed on in the statutory meeting of the limited company.

A limited company may have two types of shares, namely common shares and preferred shares.

Article 100 Share Value and Share issue for Less or More than the Value

A limited company's share value shall be stated in the contract of incorporation. The share value as such is called the "stated value".

A limited company is not entitled to issue shares for less than the value specified in paragraph 1 above, except in the case when the limited company reduces its capital as determined in Article 117 of this Law. The restriction as said in this paragraph is not applied to a shareholder's purchase and sale prices for a share.

Increase of a limited company's share value can be done only by complying with Article 115 of this Law.

Article 101 Contribution of Shares prior to Enterprise Registration

Contribution of shares prior to enterprise registration means the shares are required to be contributed after the statutory meeting of the limited company as described in subparagraph 5 Article 91 of this Law. With respect to contribution of shares in this case, a subscriber shall fully contribute his/her shares if they are in kind and at least seventy percent of the value of shares subscribed if they are in cash.

After registration of the enterprise, the director of the limited company may call for payment at any time for the remaining shares, unless otherwise provided for in the bylaws of the limited company.

Article 102 Contribution of shares after enterprise registration

Calling for payment of shares as stipulated in paragraph 2 Article 101 of this Law, the director of the limited company shall call each shareholder to pay according to the portion of shares he/she holds by giving written notice on the period and the amount of money required to be paid by the shareholder within thirty days.

Payment of shares as said above or payment of shares in other cases, such as an increase of capital as stipulated in Article 115 of this Law, shall be made in cash and it is not permitted to offset debt with the limited company, unless such payment has been approved by special resolution of the shareholders meeting.

Article 103 Effects of Default in Payment

The shareholder failing to pay the shares upon their becoming due for the first call as notified by the director of the limited company shall pay interest for the unpaid portion based on the banking rate for credit at the time of payment, calculated from the date the notification is received and such shareholder shall have the voting rights in the shareholders meeting corresponding to the amount of his/her paid shares.

If a shareholder fails to pay both the shares and the interest thereon upon becoming due for the second call, the director is entitled to sell such shares according to the priorities determined in subparagraphs 1 to 4 Article 116 of this Law, with a view to paying up both the shares and the interest to the limited company. Any excess amount from paying up as such shall be returned to the shareholder concerned.

In case the amount of share selling as mentioned in paragraph 2 of this Article is not sufficient, the director is entitled to call for full payment or otherwise the limited company may refuse to register share transfers or suspend the voting rights of the shareholder concerned in the shareholders meeting.

Article 104 Rights and Duties of Common Shareholders

The owner of a common share is called a “common shareholder”. The common shareholders have the following rights and duties:

1. Present opinions on the business of the limited company;
2. Participate in the activities of the limited company;
3. Pay the shares when due;
4. Fully protect their interests;
5. Receive information and inspect documents as specified in the bylaws of the limited company;
6. Bring lawsuits against directors, officers and employees of the limited company who cause damage to their interests;
7. Be liable for the value of the shares remaining unpaid;

8. Have a preemptive right over outside persons when shareholders of the limited company transfer or sell shares;
9. Elect or dismiss the director of the limited company;
10. Receive the residual assets, in the case of the dissolution of the limited company, distributed after liquidation;
11. Receive dividends in proportion to shares they contributed;
12. Exercise and perform other rights and duties as prescribed by law.

The distribution of dividends and assets as described in subparagraphs 10 and 11 of this Article can be made only after the preferred shareholders and creditors of the limited company have been paid.

Article 105 (Amended) Rights and Duties of Preferred Shareholders

The owner of a preferred share is called “preferred shareholder.” The preferred shareholders have the following rights and duties:

1. Rights and duties as prescribed in subparagraphs 1 to 6 of Article 104 of this Law;
2. A preemptive right to receive the residual assets and dividends over a common shareholder. The dividends received may be in fixed amount or in percentage of the shares as agreed by shareholders;
3. Other preferred rights. Modification or modification of such preferred rights shall be stipulated in the bylaws of the limited company;
4. Be able to withdraw their shares provided that the limited company is in a profitable state or the preferred shareholders may seek a person to buy their shares after the limited company refuses to buy such shares, unless otherwise agreed.

In case the limited company agrees to buy the shares as prescribed in subparagraph 4 of this Article, the price of the purchase shall be the price stated in the share certificate or the price as agreed by shareholders.

Preferred shareholders are not entitled to elect directors of the limited company.

Article 106 Issuing the Share Certificates of a Limited Company

The director, within thirty days from the date of registration of the limited company, shall issue share certificates to shareholders. Each share certificate shall be signed by the director and shall bear the limited company’s seal.

A share certificate shall have value at least equal to the value of one share.

There are two types of share certificate for the limited company, namely, registered share certificates and bearer share certificates.

Article 107 Registered Share Certificates

A registered share certificate shall have the following main contents:

1. Reference number of the share certificate;
2. Name of the limited company;
3. Name of the shareholder;
4. Amount of the shareholding of the shareholder;
5. Value of a share;
6. Unpaid value of the share and the term for payment, if this can be identified;
7. Director's signature and seal.

A registered share certificate may be issued for of unpaid shares. A registered share certificate may be converted to a bearer share certificate provided that the shareholder has fully paid his/her shares and has registered for cancellation of such share certificate.

In case it is stipulated in the bylaws of the limited company that a director must hold a certain number of shares of the limited company, the director has the obligation to hold only registered share certificates.

Article 108 Bearer Share Certificate

A bearer share certificate is a negotiable instrument and may be issued only by complying with the following requirements:

1. Be a fully paid share certificate;
2. There is a statement appearing in the bylaws that the limited company is entitled to issue such type of share certificate.

The contents of a bearer share certificate are similarly to the contents of a registered share certificate, except for the contents relating to the name of the shareholder and the unpaid value of the share.

A bearer share certificate may be converted to a registered share certificate by cancellation of such share certificate and issuance of a registered share certificates to replace it.

Article 109 Transfer of Shares

Transfer of a bearer share of a limited company can be made by handing over such share certificate to another.

Transfer of a registered share can be made only when:

1. It complies with the provisions on the restrictions for transfer of shares as provided in the bylaws of the limited company;
2. It is not in contradiction with the restrictions on share transfer as specified in the bylaws;
3. It is based on the transfer of shares by law;

4. It has been made in a writing that shall contain the reference numbers of the share certificates transferred, the names and signatures of the transferor and transferee followed by the names and signatures of transferor's and transferee's witnesses, with at least one person for each side;
5. It has been registered for transfer. In case there is an intention to transfer a share to an outsider, such share shall firstly be offered for sale to the limited company's shareholders, and secondly, registered for transfer with identification of the transferee's name and address in the registration for the transfer.

The director of the limited company may reject registration for transfer of a registered share if such share has not been fully paid.

In case the limited company has registered the transfer of shares as described in paragraph 3 above, the transferor remains liable to the creditor for the unpaid portion of share he/she has transferred.

Article 110 Transfer of Shares by Law

Transfer of shares by law is the transfer of shares resulting from transfer as mentioned in paragraph 2 Article 103 and paragraph 3 Article 113 of this Law or transfer resulting from the death, bankruptcy, or other circumstances of a shareholder.

A person who has received a transfer of shares by law shall present full and valid evidence relating to the acquisition of the shares transferred together with the share certificates to the limited company concerned for issuance of new share certificates and registration of the new shareholder of the limited company.

Article 111 Restriction on Transfer of Shares by Law

Transfer of shares by law has the following restrictions:

1. Restrictions as prescribed in paragraph 3 Article 103 of this Law;
2. Restrictions on transfer of share by other laws such as: restriction on shareholding by foreigners, permanent residents or persons without nationality in particular types of business, if any;
3. Transfer of shares during attachment of the limited company's assets;
4. Transfer of shares during the period the register of shareholders is closed, if this has been agreed by shareholders or specified in the bylaws of the limited company.

Article 112 Register of Shareholders

The register of shareholders consists of the main contents below:

1. Name, address and nationality of the shareholder;
2. Number of shares, value of shares, reference numbers of share certificates classified into the types of registered shares and bearer shares;

3. Value remaining unpaid for the type of registered shares;
4. Date, month, year registered as a shareholder of the limited company;
5. Date, month, year of cancellation from being a shareholder of the limited company.

The register of shareholders shall be kept in the office of the limited company for the availability of shareholders to inspect at an agreed time.

The director of the limited company shall, no later than the date of 25 December of every year, send a copy of the register of shareholders for each modification or at least once every year, if there is no modification, to the registration concerned.

Article 113 Validness of Transfer of Registered Shares

The transfer of a registered share may be void if such transfer violates the requirements prescribed in paragraph 2 Article 109 of this Law.

The transferee, in the case of validness of shares transferred, does not become a shareholder of the limited company of which the share has been transferred until [the case] is solved correctly. The share transferor in this case remains the owner of the shares transferred.

A transferee who has possessed a share in good faith for more than two years without any complaint or objection, is entitled to be the lawful owner of such share.

Article 114 Responsibilities of Share Transferors and Transferees

The transferor of share shall be liable to creditors for the amount remaining unpaid in these cases:

1. As described in paragraph 4 Article 109 of this Law;
2. The share transferred has been called for payment;
3. The transferee of shares cannot pay for the amount of unpaid shares.

The responsibility of the transferor of shares is the responsibility to the creditor and such responsibility shall terminate after one year from the date of registration of the transfer of shares. The limited company is not entitled to bring lawsuit against the transferor.

The transferee obtains all rights, duties and obligations attaching to the share transferred.

C. Increase or reduction of capital of a limited company

Article 115 Increase of Capital

A limited company may increase its registered capital by issuing new shares or increasing the value of each share.

Increases of registered capital shall be approved by special resolution of the shareholders meeting as specified in Article 149 of this Law.

Article 116 Offering Additional Shares for Sale

Offering additional shares for sale shall comply with the priority order as below:

1. Offer to shareholders of the limited company according to the proportion of shares they hold by giving them written notice that specifies the date for reply. A shareholder who is in default of reply or replies later than the specified date shall be deemed as having waived his/her rights;
2. Offer to the shareholders of the limited company who are interested in buying the shares offered after the specified date has lapsed or shareholders rejecting to buy the shares in their portion;
3. The director is entitled to buy the shares remaining from the sale as mentioned in subparagraph 2 of this Article;
4. Offer to outside persons. Methods and procedures for transfer of shares shall be stipulated in the bylaws of the limited company.

The measures prescribed in Article 103 of this Law shall be applied to the subscriber who fails to pay for additional shares by the date specified.

Article 117 Reductions of Capital

Reductions of the registered capital of the limited company can be done by reducing the value of each share or the number of shares. Reductions of the registered capital shall comply with the following requirements:

1. The value of a share shall not be reduced to less than two thousand kip;
2. The capital remaining after reduction shall not be less than half of the registered capital and the minimum capital fixed for the relevant sector as provided in paragraph 3 Article 25 of this Law ;
3. Reductions of registered capital can be made only by special resolution as said in the Article 149 of this Law;
4. The creditor of the limited company has no objection to the reduction of such capital.

Article 118 Notification to Creditors

Notification to the creditors for expressing objection shall be carried out as follows:

1. Give written notice to all creditors of the limited company by specifying the purpose of the capital reduction, the value of shares or the number of shares reduced. The reply period for objections shall not be less than two months from the date the notification is received. A creditor who fails to reply within the mentioned period shall be deemed to have no objection;

2. Advertise through any mass media at least ten times by giving notice of the period for reply and the contents as stipulated in subparagraph 1 of this Article.

Article 119 Objection and Responsibility for Notification

The objection of any creditor may cause the limited company not to be able to reduce its capital, except for after such creditor's debts have been paid.

If any creditor has not received the notification for reduction of capital by the fault of the limited company, the limited company shall pay the debt to that creditor within no more than one year from the date of the shareholders meeting that has adopted the resolution for reduction of capital.

In case it is the fault of the creditor it shall be deemed that the creditor has no objection.

Article 120 Registration of Increase or Decrease of Shares

A limited company having an increase or reduction of capital as specified in this Part C shall register for such with the registration concerned as follows:

1. The registration for an increase of capital shall be made within ten working days from the date determined for payment of the additional shares subscribed;
2. The registration for a reduction of capital shall be made within ten working days from the date of having no objection or from the date of having paid the debts for the creditor who has objected to the capital reduction.

The limited company, after registration of the increase or reduction of capital, shall notify the public through the mass media at least one time within ten working days from the date of such registration.

The application for registration of capital modification shall consist of a list of the names of shareholders whose share values or number of shares have increased or decreased, nationality, address, numbers of the share certificates and the number of shares held.

D. Director and board of directors of a limited company

Article 121 (Amended) Directors

A director is an representative of the limited company. The relationship between the director, the limited company and outside persons shall be based on the law concerned.

A director of the limited company has no salary, but shall receive an annual honorarium and remuneration for each meeting at the rate or in the amount agreed upon by the shareholders meeting, except for a director appointed from outside persons or as otherwise agreed.

A director may or may not be a shareholder, unless otherwise agreed.

All activities of the director shall be within the scope of the powers and duties as described in the bylaws of the limited company and shall be under the supervision of the shareholders meeting.

A limited company may have several directors depending on the need of the limited company.

If a limited company has several directors but assigns one of them to solely have power to engage in making contracts in the name of the limited company, such a director shall be called the “Managing Director.”

If the chairman of the board of directors is simultaneously appointed to be the Managing Director, such chairman shall be called the “President Director.”

Article 122 Qualifications of Directors

A director of the limited company shall have the following qualifications:

1. Not be a juristic person;
2. Be a person with full legal capacity;
3. Not be a bankrupt person who has not passed the restricted period for conducting business;
4. Has never been in prison for a crime relating to fraud or embezzlement.

Article 123 Appointment or Removal of Directors

A director is appointed according to the cases below:

1. The first director is appointed by the statutory meeting of the limited company;
2. A subsequent director is appointed by the shareholders meeting;
3. The post of a director vacant between two shareholders meetings shall be filled by the meeting of the board of directors. The appointment of the mentioned director, in the case the limited company has no board of directors, shall be stipulated in the bylaws.

A director of a limited company is dismissed by the shareholders meeting regardless of how the director has been appointed.

The dismissal of a director may be executed at any time if there is enough ground for such action, including mistrust.

A shareholder or the board of directors of a limited company is not entitled to bring a law suit to the court for the appointment or removal of a director, except when the appointment or removal violates the procedure as determined in this Law or the bylaws of the limited company.

Article 123 Methods of Voting for Appointment or Removal of Directors

Voting for the selection or removal of a director may be executed by two methods, namely, cumulative voting and straight voting.

Cumulative voting means the permission for each shareholder to multiply the number of shares he/she holds by the number of candidates to be elected then casting his/her votes for a candidate or several candidates that he/she elects to be a director. The counting of votes shall regard one share as one vote. The candidate for whom the most votes are cast shall be elected as a director.

The dismissal of a director elected by cumulative voting can be done only when there is the number of objecting votes is equal to the number of votes cast for the selection of such director.

Straight voting is voting for election of only one director by casting votes of one share equal to one vote.

The elected candidate as mentioned in paragraph 4 of this Article is a person who has votes cast for him/her by more than half of the votes of shareholders and representatives of the shareholders attending the meeting. The dismissal of the director in this case shall proceed by the same method as when he/she was elected.

Article 125 Number and Office Term of Directors

The number of directors of the limited company may be one or several persons as stipulated in the bylaws or as agreed in the shareholders meeting.

A director of a limited company has an office term of two years and can be reelected.

The term of a director elected in accordance with subparagraph 3 Article 123 of this Law shall be equal to the remaining term of the director replaced by the election thereof.

Article 126 Liabilities of Director

The director shall be liable for following conduct:

1. Violating the scope of business purpose as prescribed in the bylaws or contract of incorporation of the limited company;
2. Violating the bylaws of the limited company;
3. Acting beyond the scope of power and duties assigned;
4. Non-performance of the rights and duties assigned.

Any director may be released from liability if it is proved that he/she has not been involved in the violation thereof or has objected to the resolution on such misconduct stated in the record of the meeting.

A shareholder must return money in the proportion that director has paid in violation of the bylaws of the limited company.

The civil liabilities of the director to outside persons shall be complied with the relevant laws.

Article 127 Liabilities for Misconducts of Directors

The limited company shall be liable for the misconduct of a director when any misconduct has been adopted by the shareholders meeting as prescribed in subparagraphs 1 to 4 Article 126 of this Law.

In case of a violation of the scope of power and duties assigned to the directors, officers or employees that is not a violation of the scope of business purpose of the limited company, the latter shall be liable to outside persons. The internal liabilities among the limited company and directors, officers or employees of the limited company shall be executed in accordance with the laws concerned.

Article 128 Measures Against Misconducts of Directors

The limited company shall take measures against a director who commits misconduct as specified in Article 126 of this Law. The detailed measures against the director shall be stipulated in the bylaws of the limited company.

In the case the limited company has not taken any measures as described in paragraph 1 of this Article, one or more shareholders, whose shares account for four percent of the total contributed shares of the limited company may notify in writing the limited company to fine or suspend the director involved in such conduct.

In case of failure to act or improper action by the limited company against the violating director, the mentioned shareholder is entitled to, on behalf of the limited company, bring a law suit for the court's decision to fine or suspend such misconduct of the director concerned.

Article 129 Performance of Duties on behalf of Limited Company

The performance of the duties of a director is classified into two types, namely, the performance of the duties as an agent of the limited company and the performance of specific duties.

The performance of duties as an agent of the limited company shall comply with the relevant laws. This provision shall similarly apply to the officers or employees of the limited company.

Performance of the specific duties of the directors includes:

1. Managing the business of the limited company to properly operate as specified in the contract of incorporation, the bylaws and the resolutions of the shareholders meeting;
2. Call for payment of shares in the amount and period of time as specified;
3. Managing and using the capital of the limited company in compliance with its purposes;
4. Setting up the accounting books, maintaining and keeping all the limited company's documents;
5. Cooperating with the auditor in explaining the authenticity and the source of data and information appearing in the balance sheet before submission to the shareholders meeting for approval;

6. Circulating copies of the balance sheet to shareholders and keeping some copies for shareholders with bearer shares to inspect when requested;
7. Distributing dividends in a proper manner;
8. Administering and using the officers or employees of the limited company;
9. Informing the limited company of his/her interests, whether direct or indirect, relating to any contracts, or increase or reduction of shares held by him/her in the limited company or in its affiliate company that have occurred within the accounting year.

Article 130 Restrictions for Directors

It is prohibited for the director to conduct a business that has the following competing character with the limited company:

1. Operate the same or a similar business as the limited company, whether such operation is for his/her own interest or for the interest of another person, unless otherwise agreed by the shareholders meeting;
2. Be a partner of an ordinary partnership or a general partner of a limited partnership that conducts the same or similar business with his/her limited company, unless otherwise agreed by the shareholders meeting;
3. Conduct any business with his/her own limited company whether such operation is for his/her own interest or for the interest of another person, unless otherwise agreed;
4. Borrow the limited company's money by himself/herself, or by his/her family's member or close relatives, except as otherwise stipulated in the bylaws of the limited company. These restrictions apply to the officers and employees of the limited company.

In the case of violation of the restrictions mentioned in this Article, the measures stipulated in the Article 128 of this Law shall be applied.

Article 131 Liabilities for Outside Persons in Appointing a Director

A director who has been appointed in contradiction to the bylaws of the limited company or to his/her qualifications or other reasons cannot be set up as grounds for exoneration from the responsibility toward an outside person.

Article 132 (Amended) Termination of Directors

A director of a limited company may be terminated on any of the following grounds:

1. The term of office ends;
2. A shareholders meeting votes to remove [him/her];
3. There is a decision of the court as specified in paragraph 4 Article 123 of this Law;
4. The director dies, becomes bankrupt or incapacitated, resigns or lacks qualifications as described in Article 122 of this Law.

After termination and the appointment of a new director has been done, the limited company shall notify the registration concerned to register such modification within ten working days from the date the new appointment is made.

A new modification shall become effective for outside persons only when such modification has registered as described in paragraph 2 of this Article.

Resignation of a director shall be effective from the date the director's notice for resignation is received by the limited company.

The board of directors shall, in the case all of its members are terminated from office, continue to carry out the necessary tasks until the new board of directors has replaced it except as otherwise ordered by the court as prescribed in subparagraph 3 of this Article.

Article 133 Registration Book for Directors

A registration book for directors is composed of:

1. Name, nationality, date month year of birth and address of directors;
2. Types of share, values, reference numbers of share certificates and numbers of shares held by each director;
3. Date, month and year of being elected to be directors;
4. The registration book of directors and report on the shareholders meeting must be kept in the headquarters of the limited company to be made available for shareholders to see or inspect.

Article 134 Board of Directors

A limited company having two directors may set up "board of directors" unless otherwise agreed. A limited company with assets more than five billion kip shall have a board of directors and an auditor.

The board of directors conducts its activities based on the principles and means as prescribed in the bylaws of the limited company. In case the bylaws of the limited company have not stipulated the matters thereof, the board of directors shall conduct its activities as said in Articles 136 to 139 of this Law.

The board of directors carries on its activities by dividing its tasks among each of the directors.

The board of directors shall have a president and may choose not to have a vice president.

Article 135 (Amended) Rights and Duties of Board of Directors

The rights and duties of the board of directors are the following:

1. Be the focal point [of the limited company] and regulate the activities of the directors;
2. Fill any director vacancy between two ordinary shareholders meetings;

3. Make the plan of the limited company's business activities and submit it to the shareholders meeting for approval;
4. Exercise and perform other rights and duties as stipulated in the bylaws of the limited company.

Article 136 (Amended) Quorum of Board of Directors

A quorum of the board of directors is subject to the decision of the board of directors itself but shall not be less than half of the total number of directors. In case there are only two directors, the quorum shall be two persons.

If there is a vacancy in office of any director but the number of directors necessary to form a quorum is sufficient, the board of directors may continue to conduct its activities until a new director has been appointed for replacement.

In case the number of non-vacant directors is lesser than the number necessary to form a quorum as determined in paragraph 1 of this Article, the board of directors cannot continue to conduct any activities except an activity for the purpose of increasing [its membership] to the full number of directors.

Article 137 (Amended) President and Vice Presidents of Board of Directors

The president and vice president are elected from the directors. The president of the board of directors leads the board of directors meeting, shareholders meeting and performs other rights and duties as determined in the bylaws of the limited company.

The vice president of the board of directors performs duties to assist the president as assigned.

The president who cannot attend the board of directors' meeting or the meeting of shareholders shall empower any vice president to chair the meeting thereof. In case there is no or there is a vice president, but he/she cannot attend such meetings, [board of director or shareholder meeting] shall select any director to be the chairperson for that meeting.

The chairperson of the shareholders meeting for a limited company that has no board of directors shall be any director elected to chair the meeting thereof.

Article 138 (Amended) Convening the Board of Directors Meeting

Any director is entitled to convene a meeting of the board of directors.

A director shall attend the meeting by himself/ herself. It is prohibited to allow another person to attend the meeting, except such person as has been unanimously agreed by the other directors. A proxy or representative may raise opinions, but he/she is not entitled to vote.

If it is necessary, the board of directors may hold a meeting, the so called "informal meeting" through any means of media.

Article 139 (Amended) Resolutions and Records of Board of Directors Meeting

A resolution of the board of directors meeting will be effective only when there are more than half of the votes of the directors attending the meeting. A director shall have one vote.

The president of the board of directors, as a director, votes the same way as other directors do. If the result for such voting is equal, the president has the right to make one more vote for the decision.

A director who has a special interest or related direct interest in the resolution to be voted shall not be allowed to vote.

The voting for resolutions of informal meetings shall be stipulated in the bylaws of the limited company by describing in detail the voting methods while using any means of media.

Each board of directors meeting shall have a record or report on the meeting. The record of the board of directors meeting shall be kept in the headquarters of the limited company to be available for the shareholders to see or inspect, except documents or information that are considered as trade secrets or the competitive strategy of the limited company.

Article 140 (Amended) Officers and Employees of Limited Companies

The limited company's officers consist of a manager, secretary, accountant and other officers.

The limited company's officers are appointed or removed by the board of directors or the director if the limited company has no the board of directors. Employees of the limited company are hired or fired by the manager.

The limited company's officers receive salaries. The employees receive wages as their return. The officers' rates of salary and employees' wage shall be approved by the shareholders meeting of the limited company. The minimum wage shall not be less than what is defined in relevant law and regulations.

The limited company's officers and employees shall perform their rights and duties as authorized.

The relations among directors, officers and employees of the limited company shall be based on the laws concerned.

Hiring and assigning duties must be made in writing by specifying in detail the rights and duties assigned with the signature of the assignor.

The director, in the case of a limited company that has no the manager appointed, shall perform the manager's rights and duties, thereof.

E. The shareholders meeting of the limited company

Article 141 (Amended) Shareholders meetings

The shareholders meeting is the supreme organ of the limited company. There are two types of shareholders meeting, namely, the ordinary meeting and the extraordinary meeting.

The ordinary meeting shall be held at least once a year. The time period to hold such meeting shall be fixed in the bylaws of the limited company.

An extraordinary meeting may be held at any time whenever necessary such as vacation of [the post of] any auditor.

An extraordinary meeting may be convened in the following cases:

1. When more than half of the directors have agreed to hold a shareholders meeting;
2. When a shareholder requests the court and the latter orders the limited company to hold the meeting;
3. When shareholders who hold shares equal to at least twenty percent of total contributed shares request holding of a meeting.

For convening a meeting as said in subparagraph 3 of this Article, the shareholders mentioned above shall subscribe their names to a letter and then submit it to the board of directors or the director by specifying the purpose of the request to hold the meeting. After receiving the letter, within thirty days from the date the letter requesting to hold the meeting is received, the board of directors or the director must hold the extraordinary meeting.

Article 142 (Amended) Notices to Shareholders before Holding the Meetings

At least five working days before holding the ordinary or extraordinary meeting, the board of directors or the director shall send a notice to all shareholders regarding the date, opening and closing time, and venue of the meeting together with all necessary documents relating to the meeting.

The board of directors or the director, in the case the shareholders meeting is postponed, shall proceed to hold the next meeting the same way as addressed in paragraph 1 of this Article.

Giving notice to the shareholders may be made by directly sending a notice or through the appropriate means of mass media.

Article 143 Quorum

The limited company shall determine the quorum of and the rules for conducting the meeting in its bylaws. In case there is no such provision stipulated, the quorum shall be at least two shareholders attending the meeting with more than half of shares contributed.

The limited company's bylaws may define a quorum as otherwise agreed but it shall not be less than the quorum mentioned in paragraph 1 of this Article.

Void shares resulting from transfer, even if their shareholder attends the meeting, can not be counted to be included in the quorum of the shareholders meeting.

Article 144 Agenda of Meeting

The chairperson of the meeting shall keep and follow the order of the meeting's agenda as agreed. Modification of the order of the meeting's agenda may be done only when there are votes of more than half of the shareholders attending the meeting.

The shareholders meeting may put an additional matter on the agenda if it is proposed by shareholders with a number of shares more than one third of paid shares.

In the case there is a matter that needs more time for consideration, the meeting may agree to postpone the matter to consider it at another time by holding an additional meeting without carrying out the summoning procedures for such meeting as said in Article 142 of this Law.

Article 145 Venue and Rules of a Meeting

The shareholders meeting shall be held at the headquarters of the limited company, except in the case of necessity or it is otherwise agreed.

After two hours from the appointed time for the meeting, if a quorum is not present, the chairperson of the meeting is entitled to order suspension of the meeting thereof.

A new meeting shall be set within fifteen working days from the date of suspension of the [prior] meeting and this time the meeting may be conducted regardless of whether or not a quorum is present.

Article 146 Restriction on Voting

Any shareholder's voting rights may be restricted in the following cases:

1. A case as described in the bylaws of the limited company;
2. The shareholder has not fully paid the shares, unless otherwise agreed;
3. Be a shareholder of a bearer share except where before the holding of the meeting he/she has displayed such share to the board of directors or the director ;
4. Be a shareholder who has a special interest or related direct interest in the matter to be voted on for adoption.

Determination of the shareholder as said in subparagraph 4 of this Article shall be decided by the shareholders meeting.

Article 147 (Amended) Assigning a Proxy to Attend a Meeting

A shareholder may assign any proxy to attend the meeting on his/her behalf but such assignment shall be made in writing and handed over, before the holding of

the meeting, to the board of directors or the director, which shall have the following main contents:

1. Name of the proxy and of the shareholder assigning [him/her];
2. Number of shares of the shareholder assigned;
3. The meeting's venue, time and the terms of the assignment. In the case of authorizing the proxy to vote on his/her behalf, such a statement shall be shown.

The proxy has equal votes to the votes of the assigning shareholder, except as provided otherwise in the assignment.

Article 148 Resolutions of Shareholders Meeting

The resolutions of the shareholders meeting are classified in two types, namely, general resolutions and special resolutions.

General resolutions shall become effective only when the counted votes for are more than half of the votes attending the meeting with the counting of one share equal to one vote.

Article 149 Special Resolutions of Shareholders Meeting

To hold a meeting for a special resolution, [the limited company] shall give prior notice to shareholders as stipulated in Article 142 of this Law with specification of the matters for such voting.

The shareholders meeting for the special resolution may be held one or more times. The special resolution may become effective only when there are votes of shareholders and proxies of at least two-thirds of those in attendance at the meeting being the shares of at least eighty percent of total contributed shares.

The matters requiring special resolutions are the following:

1. Voting on the matters specified in this Law;
2. Modification of the bylaws or the contract of incorporation of the limited company;
3. Increase or reduction of capital;
4. Merger or dissolution of the limited company;
5. Sale or transfer of all the business or a substantial part of the limited company to another person;
6. Purchase or acquisition of the business of another enterprise;
7. Vote for maintaining the status of a limited company when the numbers of its shareholders exceeds thirty persons.

The special resolution shall, within ten working days from the date of the resolution, be registered with the registration concerned.

Article 150 Method of Adopting a Resolution

Voting for special resolutions or general resolutions of the shareholders meeting may be conducted by poll or in an open manner depending on the decision of each meeting.

Article 151 Protection of Minority of Shareholders' Rights and Interests

A resolution of the shareholders meeting shall be effective when there are votes as mentioned in Article 148 and 149 of this Law, but thereafter if it appears that the resolution that was been objected to by minority shareholders causes serious damage to the limited company, the latter shall compensate the minority shareholders for such damage as agreed.

Article 152 Nullification of Resolution

A resolution of the shareholders meeting may only be nullified by the court decision. The court may come to the decision to nullify such resolution when there are the cases below:

1. Violation of the bylaws or the contract of incorporation of the limited company;
2. Violation of the rules for voting;
3. Breaching the rules on notification before holding the meeting as prescribed in Article 142 of this Law.

Article 153 Persons having the right to request nullification of the meeting's resolution

The persons who are entitled to request the court to nullify a resolution of the shareholders meeting are the shareholders and the board of directors.

In case of the death or lack of capacity of any shareholder, his/her heir or guardian has the same right to request the court to nullify a resolution of the shareholders meeting.

The request for nullification of the meeting's resolution shall be made within sixty days from the date the shareholders meeting has voted for such resolution.

Article 154 (Amended) Rights and Duties of Ordinary Meeting

The main rights and duties of an ordinary meeting are as follows:

1. Adopt the bylaws and contract of incorporation of the limited company;
2. Elect the director or agree to set up a board of directors;
3. Elect the auditors;
4. Decide the annual honorarium and remuneration for meetings or the salary of the directors;
5. Decide the officers' salary, the wage of the auditor and employees of the limited company. The wage of an auditor who has appointed by the

court as said in paragraph 3 Article 160 of this Law will be fixed by the court;

6. Approve the summary report on the business operations, statement of income and expenses and the business plan of the limited company;
7. Adopt the method of dividend distribution;
8. Exercise other rights and duties as it sees necessary.

An extraordinary meeting performs rights and duties in necessary matters occurring between two ordinary meetings.

F. Finances of a limited company

Article 155 Distribution of Dividends

The distribution of dividends shall be made in percentage rate equal to the shares contributed, unless otherwise agreed. Before distribution of dividends, the approval of the shareholders meeting is required.

It is prohibited for the limited company to distribute dividends when there still are accumulated losses.

In the case of a violation as specified in paragraph 2 of this Article that causes disadvantages to a creditor of the limited company, a creditor may bring a law suit against shareholders to return the dividends distributed, but such action shall be undertaken within one year from the date the dividend has been distributed.

Article 156 Reserve funds

There are two types of reserve fund, namely, the compulsory reserve fund and other provisional reserve fund.

The compulsory reserve fund is a fund to prevent the risk of business and the limited company shall annually, after deducting losses, put ten percent of the net profit into such fund. When this reserve fund accumulates half of the registered capital, the limited company may suspend such deduction, unless otherwise provided by the bylaws of the limited company.

Other provisional reserve funds may be established as agreed in meeting of shareholders.

Article 157 Use of the reserve fund

The compulsory reserve fund of the limited company shall only be used to recover from the losses of the limited company, unless otherwise provided by law. Other provisional reserve funds of the limited company may be used for recovery from losses if the shareholder's meeting has approved it.

G. Audit of a limited company

Article 158 The audit

The audit is an examination of the accuracy of the information and method of recording of accounts as stipulated in the Enterprise Accounting law.

The shareholders' audit is carried out through auditors elected by them in the shareholders meeting.

The limited company may hire auditors from the date of its establishment, he/she may be hired permanently or periodically as agreed by shareholders in their meeting, except for a limited company with assets more than five billion kip.

Article 159 Qualifications of the auditors

The auditors shall have the following qualifications:

1. Not be a director, officer or employee of the limited company;
2. Have no special interests or related direct interests in the limited company. A shareholder shall not be deemed as such a person.

An auditor may be a shareholder or an outside person.

Article 160 (Amended) Appointment or Removal of Auditors

The auditors are appointed or removed by the shareholders meeting.

In the case of a vacancy for an auditor, regardless of its reason, the board of directors or the director shall convene an extraordinary meeting to elect a replacement auditor so as to have a full number of auditors.

At least three shareholders are, in the case of violation of the mentioned paragraph 2 of this Article, entitled to subscribe their names to a request to the court for appointing an auditor.

Article 161 Rights and Duties of Auditors

An auditor has the following rights and duties:

1. Receive wages;
2. Inspect the limited company's accounts at any time as it is seen necessary;
3. Inquire of the director, officers or employees of the limited company for any matters relating to his/her target of accounting inspection;
4. Write the report on the income and expenses and send it with the balance sheet to the shareholders meeting and, based on the documents mentioned, reports and certifies the accuracy or error of the accounting system or data relating to the limited company's account.

Article 162 Annual Report on Business Operations

The annual report on business operations of the limited company shall have the following main contents:

1. Total capital, registered capital and number of issued shares remaining unpaid;
2. Type of shares and number of issued shares having been paid;
3. Name, address and types of business of other companies or affiliate companies that the limited company holds the shares of including the types and number of shares held;
4. The information as specified in subparagraph 9 Article 129 of this Law;
5. Any remuneration that each director receives from the limited company in amount or value;
6. Other issues as provided under the bylaws of the limited company.

Article 163 Rights of Shareholders to Inspect Documents

The shareholders have the right to inspect or copy the enterprise registration documents of the limited company at any time during business hours, except for documents relating to trade secrets and competitive strategies.

Fees for copying shall be collected on a cost basis for the copy only.

Shareholders are entitled to request the director of the limited company to sign to certify the authenticity of the copy made for them.

H. Merger and dissolution of a limited company

Article 164 Merger of Limited Company

A limited company may merge with other companies to become any of the existing companies or a new company.

A limited company may merge only when:

1. There is a special resolution as specified in Article 149 of this Law;
2. There has been notice to the creditors, through any means of mass media at least three times within ten working days from the date of having such resolution, to express their objections within sixty days from the date the creditor has received the notification. The creditors making no objection or failing to reply within such period shall be deemed as having no objection;
3. There has been registration as a new enterprise.

Objection and the effect of merger of the limited company shall be the same as stipulated in Article 57 of this Law.

Article 165 Reason for Dissolution

A limited company may be dissolved for two reasons, namely: by law and by the court's decision.

The dissolution of the limited company shall be registered for temporary dissolution as stipulated in paragraph 2 Article 58 of this Law.

Article 166 Dissolution by Law

The limited company may be dissolved on any ground of law as follows:

1. Dissolution as described in the bylaws of the limited company;
2. The shareholders meeting of the limited company has [approved] the resolution to dissolve as specified in Article 149 of this Law;
3. Bankruptcy;
4. Dissolution as prescribed in Section 2 and 3 Part II of this Law.

Article 167 Dissolution by Court Decision

Any director or shareholder may request the court to consider dissolution of the limited company on ground of any of the following:

1. Violation of the provisions or procedures of establishment as provided in this Law;
2. Breach of the contract of incorporation or the bylaws of the limited company;
3. The limited company faces continuous losses in its business operations and is not be able to overcome them;
4. Force majeure is causing the limited company to be not able to continue operating its business;
5. There remains only a single shareholder or there are more than thirty shareholders in the limited company, except for the case as stipulated in Article 90 of this Law.

Upon receipt of the request, the court may consider dissolution or make an order to the limited company concerned to solve the problem instead, if it is not serious or able to be solved

Article 168 Effect of Temporary Dissolution

The dissolution of the limited company shall have the same effects as the dissolution of a partnership identified in Article 62 of this Law.

I. Liquidation of a limited company

Article 169 Method of Liquidation

The shareholders may agree to choose the method of distribution or liquidation as described in the bylaws of the limited company or as agreed by themselves, except in the case where the ground of dissolution results from bankruptcy, the court's

decision or the limited company has only one shareholder remaining or has as shareholders more than thirty persons.

Article 170 Appointment or Removal of Liquidators

Appointment or removal of liquidators shall be stipulated in the bylaws of the limited company. In case the bylaws have not stipulated such provisions, the appointment or removal of the liquidator shall be made by the shareholders meeting with the votes of at least two-thirds of shareholders and proxies attending the meeting. The liquidator shall be a natural person and may be a person from inside or outside of the limited company.

In case the votes of the shareholders for appointing the liquidator are insufficient as stipulated in paragraph 1 of this Article, persons having special interest in the limited company may request the court to appoint such a liquidator.

The liquidator as specified in this Article and Article 171 of this Law may be removed by the same process, he/she has been appointed by.

Article 171 Appointment of Liquidator by Court

Appointment of the liquidator in the case of the dissolution of the limited company that is the result of bankruptcy, the court's decision, having only one shareholder remaining or having as shareholders more than thirty persons shall only be made by the court.

Article 172 Replacement Appointment

A replacement appointment of the liquidator, in case the appointed liquidator is unable to perform his/her duties for any reason, namely: the death of the liquidator or the liquidator becomes a person lacking [legal] capacity, shall be made in the way the appointed liquidator has been appointed.

The limited company shall have to notify the public, as mentioned in this Article, Article 170 and Article 171 of this Law, regarding the appointment, removal or termination of the duty of the liquidator within ten working days from the date of appointment, removal or termination thereof.

Article 173 Priority in Payment and Distribution of Debts

The payment and distribution of debts shall be executed by following the order of the priority as fixed in subparagraph 1 to 4 Article 69 of this Law.

The residual assets, after the creditors' debts have been fully paid as mentioned in paragraph 1 of this Article, shall distributed to all shareholders.

Article 174 Application of Provisions on Liquidation of Ordinary Partnership

In addition to the provisions as determined in this subsection I, Section 2 Part V, the liquidation of the limited company shall be, *mutatis mutandis* executed in

compliance with Article 67 on the rights and duties of the liquidator, Article 68 on performance of the duties of multi-liquidators, Article 70 on the duties of the liquidator after liquidation, Article 71 on the responsibility of the liquidator and Article 72 on notification of the dissolution and permanent withdrawal of the enterprise registration under this Law.

J. Sole Limited Company

Article 175 Establishment of Sole Limited Company

For establishment of a sole limited company, the following steps must be taken:

1. Fully contribute the shares in the name of sole limited company as stipulated in paragraph 1 Article 177 of this Law;
2. Draft the bylaws of the sole limited company;
3. Register of the enterprise.

Article 176 Notification of Enterprise Registration

Enterprise registration of a sole limited company shall require the following documents:

1. Application and assignment certificate for the appointment of the manager, if any;
2. The bylaws of the sole limited company;
3. All documents said above shall be signed by the shareholder and the manager, if the shareholder has appointed one thereof.

Article 177 Contribution and Transfer of Shares of a Sole Limited Company

The shareholder of a sole limited company shall fully contribute his/her shares, whether in kind or in cash, before registration of the enterprise.

The shares of the sole limited company, after its enterprise registration, are not subject to withdrawal, but they are transferable and heritable.

A sole limited company, within thirty days from the date of enterprise registration, shall submit its share certificates to the registration concerned for approval.

Share certificates of a sole limited company are not negotiable.

Article 178 Having More than One Shareholder

A sole limited company having more than one shareholder, shall alter its name to the name of a limited company and shall carry out [procedures] in accord with A to I Section 2 Part V of this Law or otherwise dissolve.

Article 179 Rights and Duties of Shareholders

The shareholder of a sole limited company has the following rights and duties:

1. Adopt the bylaws of the sole limited company;
2. Employ the manager;
3. Hire the auditor, if it is seen as necessary;
4. Determine the salary of the manager, the wages of the auditor and other employees;
5. Approve the report on business operations, income and expenditure and the business plan of the sole limited company;
6. Decide on the use of the profit made;
7. Implement other rights and duties as determined in the bylaws of the sole limited company.

Article 180 Manager

The manager of a sole limited company may be the shareholder himself/herself or a hired person from outside. The hired manager is entitled to receive compensation as agreed. The shareholder may hire one or more managers.

The hired manager shall conduct all activities as stipulated in the bylaws of the sole limited company and be under supervision of the shareholder.

The hired manager may partly delegate his/her managing duties to another person for help.

Article 181 (Amended) Contract to Hire a Manager

The contract to hire the manager of a sole limited company shall be made in writing as stipulated in the Law on Contract and Tort. The hiring contract shall contain particulars relating to rights, duties, wages and the liabilities of the parties and termination of the contract.

The relationship among the manager, the sole limited company and outsiders shall be based on the relevant law.

Article 182 Restrictions on Hiring the Managers

The hired manager is not entitled to conduct business competitive with the sole limited company as follows:

1. Conduct business that has the same or similar type of business as the sole limited company, whether on his/her own account or on the account of another person, unless otherwise agreed by the shareholder;
2. Be the partner with unlimited liability of a partnership conducting the same or similar type of business as the sole limited company, unless otherwise agreed by the shareholder.

Article 183 Application of Provisions of Limited Company

In addition to the provisions as determined in subsection J, Section 2 of this Part, the limited company's provisions on increases or reduction of capital, finance,

audit, merger, dissolution and liquidation shall be applied, *mutatis mutandis* to a sole limited company.

SECTION 3

PUBLIC COMPANIES

A. General Principles and Establishment

Article 184 Principle on the Number of Shareholders of Public Company

A public company shall have as founding shareholders at least nine persons and an auditor from the date of its enterprise registration.

A public company with a number of shareholders less than nine persons shall be dissolved and carry out the liquidation prescribed in subsection I Section 2 Part V of this Law.

Article 185 Promoters of a Public Company

A promoter of a public company must be individual or juristic person below:

1. Having full capacity to act;
2. Not be a bankrupt person who has not passed the restricted period to conduct business as imposed by the court's order;
3. Has never been in prison for a crime relating to fraud or embezzlement;
4. Jointly holding the shares of at least ten percent of the registered capital.

A Lao citizen, permanent resident, person without nationality residing in Lao PDR or expatriate (foreign investor) is entitled to be a promoter of a public company of [up to and including] one hundred percent of their number, except that in the case of necessity at least fifty percent of a public company's promoters shall be Lao citizens which will be stipulated in detail by the government.

Article 186 Holding of Statutory Meeting of a Public Company

The statutory meeting of public company must open within ninety days after the contract of incorporation of the public company has been notified to the office of the registration and the shares have been fully subscribed.

In case the statutory meeting of a public company is unable to be held as stipulated in paragraph 1 of this Article, the promoters shall notify the registration concerned within ten working days from the date of the agreement to postpone the meeting.

The next meeting must be held within thirty days from the date notice to the registration has been made. The contract of incorporation of the public company will

be, if this [second] time a meeting cannot be held, invalid and the public company's promoters must fully return shares paid to the subscribers.

The statutory meeting of a public company must be held in the district or province where its headquarters is located, and the meeting shall be attended by the promoters and subscribers having shares of at least two thirds of total shares.

Article 187 Contract of Incorporation of a Public Company

The contract of incorporation of a public company shall contain the particulars specified in Article 86 of this Law and shall have a statement showing the intention to openly sell the shares.

Open sale of the shares can be made only when the public company has been registered and [must be] carried out in compliance with the law relating to the sale of stock.

The law relating to the sale of stock will be separately enacted.

B. Shares and debentures of a public company

Article 188 Shares and Share Contributions

A share of a public company shall not be more than one hundred thousand kip.

Shareholders of a public company shall fully contribute their shares, whether in cash or in kind.

The shareholders, after the public company has registered, may not request the court to [permit] withdrawal their shares.

Article 189 Share Certificates

Share certificates of a public company shall have their main contents as follows:

1. Reference number of the share certificate;
2. Name and number of the enterprise registration certificate of the public company;
3. Name and nationality of the shareholder;
4. Number of shares held by the shareholder;
5. Value of a share;
6. Issue date of the share certificate;
7. Name and signature of the director with the stamp of the public company.

Share certificates of a public company are negotiable.

Article 190 Transfer of Shares

Shares of a public company can be transferred among insiders and outsiders.

The transfer of a share certificate is completed after the transferor endorses the back of

the share certificate by specifying the name of transferee along with the [transferor's own] name and signature and the transferor delivers such share certificate to the transferee.

The transfer of a share will be effective with respect to:

1. The public company when the public company receives the request for registration of the transfer;
2. Outsiders when the public company registers the transfer.

After receiving the request, if it is seen that the transfer of shares is proper in procedure, the public company must register the transfer within five working days from the date the request is received.

In case the transfer is improper, the public company must notify the requesting person to make a correction within five working days from the date the request is received.

The method and time of the request to issue a new share certificate for replacement of an old one shall be specified in the bylaws of the public company.

The promoters of a public company are prohibited to transfer shares as stipulated in subparagraph 4 Article 185 of this Law within two years from the date of the enterprise registration of the public company.

Article 191 Debentures

A public company may borrow money by issuing a debenture offered for sale to the public. Issuance of the debenture and its offer for sale shall comply with the steps and the rules stipulated in the law relating to the sale of stock.

Borrowing money by the public company by issuing debentures offered for sale to the public may be done only when there is a special resolution as specified in Article 149 of this Law.

C. Merger of Public Company

Article 192 Merger of a Public Company

A public company may merge with another company to become any of the existing companies or a new company.

The merger of a public company, in addition to the provisions stipulated in this Subsection C, shall be executed in conformity with the merger procedure as stipulated in Article 164 of this Law.

Article 193 Objection of Shareholders to Merger

A public company that has been subject to an objection to the merger by a shareholder must buy the shares of such shareholder at the stock market price at the time purchased.

In case there is no comparable price appearing in the stock market, the purchase price of the mentioned shares shall be the price estimated by independent experts who are appointed by a special resolution of the shareholders meeting.

The public company is entitled to, notwithstanding that there is a shareholder who objects to the merger refusing to sell his/her shares at the price as stipulated in paragraph 2 of this Article, undertake the merger and the objecting shareholder shall automatically become a shareholder of the merged company.

Article 194 Merger Period and Registration of a Merged Public Company

The merger of a public company shall be completed within one hundred and fifty days from the date the resolutions of all the merged public companies have been adopted and the new merged company shall be registered within ten working days from the date the merger is complete.

Article 195 (Amended) Application of Provisions on Limited Company

In addition to the provisions as stipulated in Section 3 Part V of this Law, the limited company provisions on notification of enterprise registration, the responsibilities of promoters, increases or reductions of capital, director and board of directors, shareholder meetings, finance, audit and liquidation shall be applied to the public company.

PART VI STATE ENTERPRISE

Article 196 (New) State Enterprise

State enterprise is established by the State with its capital contribution more than fifty percent of the total capital or by transferring other type of enterprise to state enterprise as agreed with the investors concerned.

State enterprise called “State owned enterprise”. In case a State-owned enterprise is established managed and operated based on the principles of the company vehicle, it is called ‘State company’.

Separate regulations governing establishment, operations, and transfer to state owned enterprise shall be developed.

Article 197 (New) Conditions for Establishing State-Owned Enterprise

A State-owned enterprise shall be established for operating the following business sectors:

1. Important and crucial business sectors for the the nation, which are not opened to other economic sectors to conduct business activities, namely activities that are considered strtaegic and concerned to national security;

2. Business activities offering public utilities, which are not provided by other economic sectors;
3. Business activities that are financially sound, economically viable and provide opportunity for capital accumulation.

Article 198 (New) Fundamental Principles for Business Operations of a State-Owned Enterprise

Business operations of State-owned enterprises shall be conducted based on the following key principles:

1. Strict compliance with the party's guideline and policy, government's social-economic development plan, prevailing laws or regulations, and regular supervision of relevant sectoral authorities;
2. Independent business operations based on commercial principles and fully liable to the State's assets and capital;
3. Maintain a good, transparent and modern management system and be subject to regular internal and external audits;
4. Ensure full participation of Mass organizations, in view of contributing toward improving efficiency of business operations.

Article 199 (New) Board of Directors of a State-Owned Enterprise

Board of directors is established from the date of establishing the State-Owned Enterprise. Its role is to guide and lead the enterprise's management strategy and plan.

Board of directors of a State-owned enterprise consists of president, vice president, members and relevant unit of Enterprise as supporting unit.

President of board of directors shall be government officer and permanently work in enterprise, he/she oversees overall responsibilities for enterprise's business operations, including State's assets and capital.

Vice president of board of directors is director of a State-owned Enterprise. He/she has the duty to directly manage enterprise's business operation. In case of necessity, a director of a State-owned enterprise can be hired from outside the government.

The details on organization and operations of a board of directors will be separately provided for.

Article 200 (New) Rights and duties of board of directors

The rights and duties of board of directors are the following:

1. Study enterprise's management strategy and plan;
2. Evaluate result of enterprise's business operations;
3. Be responsible for effective use of State's assets and capital;
4. Approve appointment of external auditor;
5. Monitor and inspect the activities of the enterprise management;

6. Exercise and perform other rights and duties as specified in relevant laws or regulations.

Article 201 (New) Access to Sources of Capital of State-Owned Enterprise

The State-owned enterprise can access to the following sources of capital:

1. Contribution made by State;
2. Contributions from other investors;
3. Using its land or other assets as security for loan;
4. Stock market.

Regulations on use of land or other assets as security for loan and access to capital sources in the stock market by a State-owned enterprise will be separately provided for.

PART VII MIXED ENTERPRISE

Article 202 (New) Mixed Enterprise

Mixed enterprise is an enterprise invested jointly by State or State enterprises and other sectors, both domestic and foreign sectors. State or State enterprise called “public sector”.

There are 2 types of joint investment between State sector and other sectors as below:

1. Other sectors hold shares in State enterprises;
2. Public sector holds shares in enterprises of other sectors.

Article 203 (New) Other Sectors holding Shares in State Enterprise

Other sectors may hold shares in State enterprise no more than capital proportion as determined in paragraph 1 Article 196 of this Law.

Article 204 (New) Public Sector holding Shares in Enterprise of other Sectors

A public sector is may hold various proportion of shares in enterprise of other sectors as agreed by the parties.

Proportion of shares held by a public sector, regardless of its size, cannot cause to converse a non-state enterprise to a State enterprise unless the parties concerned have agreed to such conversion, which shall take place based on relevant regulations.

In case an enterprise is 50:50 jointly owned by state and non-public sector, the parties shall develop detailed regulations on voting power and other aspects of enterprise governance.

PART VIII

MANAGEMENT AND INSPECTION OF ENTERPRISES

Article 205 (Amended) Management and Inspection Authorities

The government is responsible for overall supervision and inspection of an enterprise through creating good business environment and authorizing relevant authorities, in coordination with local authorities concerned, to be main body for supervision and inspection of enterprise according to their roles.

Article 206 (Amended) Rights and Duties of Supervision and Inspection Authorities

Rights and duties of the supervision and inspection authorities are the following:

1. Study and formulate policy and regulation on the supervision, inspection and development of business operation in business activity under the scope of their duties;
2. Clearly authorize, the supervision and inspection duties relating to business activity under the scope of their duties, to local authorities;
3. Encourage enterprises to implement policy, law or regulations on business operation relating to the authorities' duties, provide technical assistance and support human resource development;
4. Make and be responsible for decision on issuance or rejection of issuance of an enterprise registration certificate for business activity in the negative list that falls under authorities' responsibilities;
5. Add or reduce business activity to or from the authorities' Negative List for the government's approval;
6. Supervise and inspect the enterprise's business operations in the business activity within the scope of their duties and take actions against any violations as specified in the regulations concerned;
7. Notify to the registration to cease business operations of the enterprise violating the authorities' regulations. The notification shall be made in writing with a clear explanations of reasons of the cease;
8. Exercise other rights and duties as stipulated in the laws.

Regulations on cease of business operations will be separately promulgated.

Article 207 (Amended) Chamber of Commerce and Industry

Chamber of Commerce and Industry is a social organization of businesspersons; acting as an interface between State authorities and business units and a representative of employers, business associations and all types of enterprises that are established and conduct their businesses in Lao PDR.

The Chamber of Commerce and Industry has the role to provide suggestions to the government regarding business environment; bring round, educate, organize and mobilize businesspersons, in order to encourage them to make contributions to the development of economy, trade, finance and services, and protect legitimate rights and interests of enterprises as they conduct lawful business activities as stipulated in the laws.

Regulations on organization and operation, rights and duties of the Chamber of Commerce and Industry will be separately provided for.

**PART IX
AWARDS AND SANCTIONS**

Article 208 Awards

Any person or organization with outstanding performance according to this Law shall receive the appropriate awards and other benefits.

Article 209 Sanctions

Any person or organization that violates this Law shall be sanctioned depending on the serious or non-serious category of the offence.

Article 210 Holding Back Registration of Enterprise

The registration or other persons concerned who impede the procedure for enterprise registration in any way such as unreasonably requesting the applicant to supply additional documents, losing documents and prolonging the procedure of registration shall be disciplined by, namely, educating, changing the job, removal from the position or sacking.

The provision as mentioned in paragraph 1 above shall be applied to verification and consideration of businesses included in the Negative List of the concerned line ministry.

Article 211 Order to Re-register

Any person who orders the re-registration of an enterprise shall be disciplined by, namely, changing the job, removal from the position or sacking.

The provision as mentioned in paragraph 1 above shall be applied to all types of re-licensing regarding the businesses included in the Negative List of the concerned line ministry, unless otherwise permitted by the government.

Article 212 Business Operation without Enterprise Registration

Any person who operates a business without registration of the enterprise shall be fined from 1.000.000 kip to 10.000.000 kip per each time.

The legitimate interests of the creditor of the person conducting business without registration of the enterprise shall be protected, if he/she has engaged in the business with such person in good faith.

Article 213 Operating Business Outside of Purposes

Any individual or legal entity conducting business outside of the purposes of its enterprise shall be educated or fined from 1.000.000 kip to 5.000.000 kip per each time.

Article 214 Invalid Enterprise Registration

The registration certificate of invalid enterprise registration as stipulated in Article 19 of this Law shall be revoked.

The registration who invalidly issues a registration certificate to individuals or legal entities as stipulated in paragraph 1 above shall be disciplined by, namely, changing the job, removal from the position or sacking.

Article 215 Disclosing and Rejecting to Disclose Information

The registration or other persons who disclose information without permission of the enterprise concerned as determined in paragraph 2 Article 24 of this Law, shall be deemed to have disclosed administrative secrets and be punished as stipulated in the Penal Law and sacked.

The registration who does not allow the public to see or copy, or rejects to disclose the information as stipulated in paragraph 1 Article 24 of this Law shall be disciplined by, namely, educating, changing the job, removal from the position or sacking.

Article 216 Failing to Post a Sign or Using an Incorrect Enterprise Name

Failing to post a sign or using an enterprise name that is inconsistent with the form or kind of his/her enterprise shall be, after seven days from when notification has been made, educated or fined 200.000 kip per each time.

Article 217 Using a Prohibited Enterprise Name

A person who uses a prohibited enterprise name as mentioned in Article 27 of this Law shall be educated or fined 300.000 kip and cease the use of such name.

Article 218 Failing to Remove the Sign after Dissolution

Failing to remove the sign after the enterprise has been dissolved as specified in paragraph 1 Article 31 of this Law shall be educated or fined 500.000 kip and such sign shall be removed.

Article 219 Other violations

Any person or organization violating this Law that causes damage to another person shall be responsible for compensation for such damage.

In case the violation is a criminal offense, the violator shall be punished as specified in the Penal law.

**PART X
FINAL PROVISIONS**

Article 220 Implementation

The government of Lao PDR is responsible for the implementation of this Law.

Article 221 (Amended) Effectiveness

The present law enters into force from the date the President of State of the Lao People's Democratic Republic issues the Presidential Decree for its promulgation and after publishing in the official gazette five days.

This Enterprise Law supersedes the Enterprise Law, No. 11/ NA, dated 9 NOV 2005.

Other provisions in contradiction of this Law shall be abolished.

President of the National Assembly

Pany Yathortou