

# **Enterprise Law**

**(Amended)**

(Unofficial Translation)

If There is any ambiguous interpretation,  
the Lao text shall prevail.

All rights reserved

2023



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

National Assembly

No. 74/NA

Vientiane Capital, dated 29 December 2022

**Resolution of the National Assembly of the Lao  
People's Democratic Republic**

**On the Approval of the Enterprise Law  
(Amended)**

- Pursuant to Article 53, point 1 of the Constitution of the Lao People's Democratic Republic No. 63/NA, dated 8 December 2015; and

- Pursuant to Article 11, point 1 of the Law on National Assembly and Law on Provincial Assembly No. 82/NA, dated 30 June 2020.

After the 4<sup>th</sup> Ordinary Session of the IX National Assembly Legislature, wide and deep studies and considerations were undertaken and agreement was reached on the content of the Law on Enterprise (Amended) on 21 December 2022 and approved in the agenda of the afternoon session of 29 December 2022.

**The National Assembly Meeting resolved that:**

**Article 1.** The Law on Enterprise (Amended) was approved by majority votes of members of the national assembly attended the meeting.

**Article 2.** This Resolution is effective from the date it is signed.

**President of the National Assembly**  
[Seal and Signature]  
**Saysomphone Phomvihane**



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

President

No. 029/PO

Vientiane Capital, dated 10.02.2023

**Decree of the President of the Lao People's Democratic Republic**

**On the Promulgation of the Enterprise Law (Amended)**

- Pursuant to Chapter VI, Article 67, point 1 of the Constitution of the Lao People's Democratic Republic (Amended in 2015);
- Pursuant to Resolution No. 74/NA, dated 29 December 2022, of the National Assembly on an approval of Law on Enterprise (Amended);
- and
- Pursuant to Proposal No. 11/NASC, dated 27 January 2023, of the National Assembly Standing Committee.

**The President of the Lao People's Democratic Republic Decrees that:**

**Article 1.** The Law on Enterprise Registration (Amended) is hereby promulgated.

**Article 2.** This Decree is effective from the date it is signed.

**President of the Lao People's Democratic Republic**

**[Seal and Signature]**

**Thongloun Sisoulith**

# CONTENTS

	Pages
<b>PART I GENERAL PROVISIONS</b> .....	1
Article 1 (Amended) Purpose.....	1
Article 2 (Amended) Enterprise .....	1
Article 3 (Amended) Interpretation of terms.....	2
Article 4 (Amended) State policies on enterprises.....	4
Article 5 (New) The principle of enterprise operation.....	4
Article 6 (Amended) Right to establish an enterprise.....	5
Article 7 Equality of doing business .....	5
Article 8 (Amended) Enterprise obligations.....	5
Article 9 (Amended) Application of the Law .....	6
Article 10 (Amended) International cooperation.....	6
<b>PART II ENTERPRISE</b> .....	6
<b>SECTION 1 TYPE, FORM, AND KIND OF ENTERPRISE</b> .....	6
Article 11 (Amended) Type of enterprise.....	6
Article 12 Forms of enterprise.....	7
Article 13 (Amended) Kinds of partnership and company .....	7
Article 14 (Amended) Conversion of forms and kinds of enterprise.....	7
<b>SECTION 2 ENTERPRISE REGISTRATION</b> .....	8
Article 15 (Amended) Enterprise registration .....	8
Article 16 (Amended) Application for enterprise registration .....	8
Article 17 (Amended) Consideration of application for enterprise registration .....	9
Article 18 (New) Content of enterprise registration certificate .....	9
Article 19 (New) Business activities after enterprise registration.....	9
Article 20 (Amended) Registered capital .....	10
Article 21 (Amended) Effect of registration of an enterprise.....	10
Article 22 (Amended) Enterprise’s seal.....	11
Article 23 Invalid enterprise registration .....	11

Article 24 (Amended) Alteration of the substance of an enterprise registration certificate.....	11
Article 25 (New) Termination of the enterprise registration certificate .....	12
Article 26 (Amended) Disclosure of registered substances .....	12
<b>SECTION 3 ENTERPRISE NAME</b> .....	12
Article 27 (Amended) Name of enterprise .....	12
Article 28 (Amended) Prohibited enterprise names .....	13
Article 29 (New) Enterprise name sign .....	13
Article 30 Termination of an enterprise name.....	13
<b>PART III INDIVIDUAL ENTERPRISE</b> .....	14
Article 31 (Amended) Documents notified on application for enterprise registration.....	14
Article 32 (New) Capital contributions.....	14
Article 33 The owner’s rights and duties.....	15
Article 34 Manager .....	15
Article 35 Contract to hire a manager .....	16
Article 36 (Amended) Dissolution and liquidation.....	16
<b>PART IV PARTNERSHIP</b> .....	17
<b>SECTION 1 GENERAL PRINCIPLES OF THE PARTNERSHIP</b> .....	17
Article 37 Partnership partners .....	17
Article 38 (Amended) Partnership contract of incorporation.....	17
Article 39 Status of the legal entity of a partnership .....	18
Article 40 Partnership branches .....	18
Article 41 Partnership bylaws .....	18
Article 42 (Amended) Alteration of the contract of incorporation or the by laws .....	19
<b>SECTION 2 ORDINARY PARTNERSHIP</b> .....	20
<b>A. ENTERPRISE REGISTRATION AND INTERNAL RELATIONS OF AN ORDINARY PARTNERSHIP</b> .....	20

Article 43 (Amended) Documents included in the application for enterprise registration.....	20
Article 44 (Amended) Capital contributions .....	20
Article 45 Shares .....	21
Article 46 Manager .....	21
Article 47 Appointment or removal of the manager.....	21
Article 48 Rights and duties of the manager .....	22
Article 49 Rights and duties of partners.....	22
Article 50 Admission of new partners and transfers of shares.....	23
Article 51 (Amended) Prohibited conduct or business operation for partners .....	23
<b>B. THE EXTERNAL RELATIONSHIPS OF THE ORDINARY PARTNERSHIP .....</b>	<b>24</b>
Article 52 Liability for debt.....	24
Article 53 Rights attaching to an interest.....	25
Article 54 Liabilities of leaving and entering partnership .....	25
<b>C. MERGER AND DIVISION OF ORDINARY PARTNERSHIPS .....</b>	<b>25</b>
Article 55 (Amended) Merger of ordinary partnerships.....	25
Article 56 (New) Division of ordinary partnership.....	26
Article 57 (Amended) Objection to the merger and the effect of the merger .....	26
<b>D. DISSOLUTION OF AN ORDINARY PARTNERSHIP .....</b>	<b>27</b>
Article 58 (Amended) Reason for dissolution.....	27
Article 59 Dissolution by partner agreement.....	27
Article 60 (Amended) Dissolution by court decision .....	27
Article 61 (Amended) Dissolution by law .....	28
Article 62 (Amended) Effects of dissolution.....	28
<b>E. LIQUIDATION OF AN ORDINARY PARTNERSHIP .....</b>	<b>29</b>
Article 63 (Amended) Method of liquidation .....	29
Article 64 Appointing or removing the liquidator .....	29

Article 65 (Amended) Appointment of the liquidator by the court.....	30
Article 66 Replacement appointment .....	30
Article 67 (Amended) Rights and duties of the liquidator .....	30
Article 68 (Amended) Performing duties of multi-liquidators.....	32
Article 69 (Amended) Priority in the payment and distribution of debts .....	32
Article 70 (Amended) Duty of the liquidator after liquidation .....	32
Article 71 (Amended) Responsibility of the liquidator .....	33
Article 72 (Amended) Notification of the dissolution and withdrawal of enterprise registration.....	33
Article 73 (Amended) Liabilities of the ordinary partnership’s partners after dissolution .....	34
<b>SECTION 3 LIMITED PARTNERSHIP .....</b>	<b>34</b>
<b>A. GENERAL PRINCIPLES AND ENTERPRISE REGISTRATION.....</b>	<b>34</b>
Article 74 Liability of partners .....	34
Article 75 (Amended) Documents included in the application for enterprise registration.....	34
<b>B. RELATION OF LIMITED PARTNER TO LIMITED PARTNERSHIP AND OUTSIDE PERSONS .....</b>	<b>35</b>
Article 76 (Amended) Capital contribution.....	35
Article 77 (Amended) Transfer of shares .....	35
Article 78 Liabilities of a limited partner interfering in the limited partnership management .....	36
Article 79 (Amended) Effect of permission to use a name .....	36
Article 80 (Amended) Dividend or interest.....	36
Article 81 Rights and duties of limited partners.....	37
Article 82 (Amended) Application of the provisions of the ordinary partnership.....	37
<b>PART V COMPANIES .....</b>	<b>38</b>
<b>SECTION 1 GENERAL PRINCIPLES OF COMPANIES.....</b>	<b>38</b>

Article 83 Shareholders of a company.....	38
Article 84 Status of legal entity and branch of company.....	38
Article 85 (Amended) Group company.....	38
Article 86 (Amended) Company’s contract of incorporation .....	39
Article 87 (Amended) Company bylaws.....	39
Article 88 (Amended) Alteration of the contract of incorporation or the by laws .....	40
<b>SECTION 2 LIMITED COMPANY .....</b>	<b>40</b>
<b>A. GENERAL PRINCIPLES AND ESTABLISHMENT .....</b>	<b>40</b>
Article 89 Limited company’s holding of shares.....	40
Article 90 (Amended) Having less or more shareholders than the number fixed.....	41
Article 91 (Amended) Establishment of a limited company.....	41
Article 92 Promoters of a limited company .....	42
Article 93 Promoter’s liability to subscribers .....	42
Article 94 Promoter’s liability to outside persons.....	42
Article 95 Rights and duties of the statutory meeting of a limited company .....	43
Article 96 Resolution of the statutory meeting.....	43
Article 97 (Amended) Documents required for application of enterprise registration .....	44
Article 98 (Amended) Responsibility of a director for default of registration .....	44
<b>B. SHARES AND SHARE CERTIFICATES OF A LIMITED COMPANY .....</b>	<b>44</b>
Article 99 (Amended) Shares.....	44
Article 100 Share value and share issue for less or more than the value .....	45
Article 101 (New) Contribution of shares .....	45
Article 102 (Amended) Effect of default in payment.....	45
Article 103 Rights and duties of common shareholders.....	46
Article 104 Rights and duties of preferred shareholders .....	47



Article 105 (Amended) Issuing the share certificates of a limited company .....	48
Article 106 (Amended) Share certificates .....	48
Article 107 (Amended) Transfer of shares .....	49
Article 108 Transfer of shares by law .....	49
Article 109 (Amended) Restrictions on transfer of shares by law ....	50
Article 110 (Amended) Register book of shareholders .....	50
Article 111 Voidness of the transfer of share .....	51
Article 112 The responsibilities of transferors and transferees of a share.....	51
<b>C. INCREASE OR REDUCTION OF THE CAPITAL OF A LIMITED COMPANY.....</b>	<b>52</b>
Article 113 (Amended) Increase of capital.....	52
Article 114 Offering additional shares for sale .....	52
Article 115 Reductions of capital.....	53
Article 116 (Amended) Notification to creditors .....	53
Article 117 Objection and responsibility for notification .....	54
Article 118 Registration of increase or reduction of capital .....	54
<b>D. DIRECTOR AND BOARD OF DIRECTORS OF A LIMITED COMPANY .....</b>	<b>55</b>
Article 119 (Amended) Director .....	55
Article 120 Qualifications of a director .....	56
Article 121 Appointment or removal of a director .....	56
Article 122 Method of voting for appointment or removal of a director .....	57
Article 123 Number and term of office of directors .....	57
Article 124 Liabilities of a director .....	58
Article 125 Liability for misconduct of directors.....	58
Article 126 Measures against a director’s misconduct .....	59
Article 127 (Amended) Performance of a director’s duties in the name of a limited company .....	59
Article 128 (Amended) Restrictions on a director to conduct business .....	60

Article 129 Liability to outside persons in appointment of a director .....	61
Article 130 (Amended) Termination of directors .....	61
Article 131 Registration book for directors .....	62
Article 132 (Amended) Board of directors.....	63
Article 133 Rights and duties of the board of directors .....	63
Article 134 Quorum of the board of directors .....	63
Article 135 President and vice president of the board of directors ...	64
Article 136 Convening the board of directors meeting.....	64
Article 137 Resolutions and records of the board of directors meeting.....	65
Article 138 Officers and employees of a limited company.....	65
<b>E. SHAREHOLDERS' MEETING OF A LIMITED COMPANY.....</b>	<b>66</b>
Article 139 (Amended) Shareholders' meetings.....	66
Article 140 Notice to shareholders before holding the meeting.....	67
Article 141 Quorum .....	68
Article 142 (Amended) Agenda of the meeting.....	68
Article 143 Venue and rules of a meeting .....	68
Article 144 (Amended) Restriction on voting.....	69
Article 145 Assigning a proxy to attend a meeting.....	69
Article 146 Resolutions of a shareholders' meeting .....	70
Article 147 (Amended) Special resolutions of a shareholders' meeting .....	70
Article 148 Method of adopting a resolution .....	71
Article 149 Protection of minority shareholder rights and interests .....	71
Article 150 Nullification of the resolution.....	71
Article 151 Persons having the right to request nullification of the meeting's resolution .....	72
Article 152 (Amended) Rights and duties of an ordinary meeting...	72
<b>F. FINANCES OF A LIMITED COMPANY.....</b>	<b>73</b>
Article 153 Distribution of dividends .....	73
Article 154 (Amended) Reserve funds.....	73

Article 155 Use of a reserve fund.....	74
<b>G. AUDIT OF A LIMITED COMPANY.....</b>	<b>74</b>
Article 156 (Amended) An audit .....	74
Article 157 (Amended) Rights and duties of an auditor.....	74
Article 158 (Amended) Right of shareholders to inspect documents.....	75
<b>H. MERGER, DIVISION AND DISSOLUTION OF A LIMITED COMPANY .....</b>	<b>75</b>
Article 159 (Amended) Merger of a limited company.....	75
Article 160 (New) Division of limited company .....	76
Article 161 (Amended) Reason for dissolution .....	76
Article 162 Dissolution by law .....	76
Article 163 Dissolution by a court decision .....	77
Article 164 Effect of temporary dissolution .....	77
<b>I. LIQUIDATION OF A LIMITED COMPANY.....</b>	<b>78</b>
Article 165 Method of liquidation.....	78
Article 166 Appointing or removing the liquidator .....	78
Article 167 Appointment of the liquidator by the court .....	78
Article 168 Replacing a liquidator that cannot perform his/her duties .....	79
Article 169 Priority in the payment and distribution of debts .....	79
Article 170 (Amended) Application of the provisions of liquidation of the ordinary partnership .....	79
<b>SECTION 3 SOLE LIMITED COMPANY .....</b>	<b>80</b>
Article 171 (Amended) Establishment of a sole limited company...	80
Article 172 (Amended) Documents required for notification of an application for enterprise registration ....	80
Article 173 (Amended) Contribution and transfer of shares of a sole limited company .....	80
Article 174 (New) Effect of default in payment .....	81
Article 175 (Amended) Having more than one shareholder.....	81

Article 176 (Amended) Shareholder’s rights and duties .....	81
Article 177 (Amended) Manager .....	82
Article 178 Contract to hire a manager.....	82
Article 179 (Amended) Application of the provisions of the limited company.....	83
<b>SECTION 4 PUBLIC COMPANIES .....</b>	<b>83</b>
<b>A. GENERAL PRINCIPLES AND ESTABLISHMENT .....</b>	<b>83</b>
Article 180 (Amended) Principle for the number of shareholders of a public company.....	83
Article 181 Promoters of a public company.....	84
Article 182 (Amended) Holding a statutory meeting of a public company .....	84
Article 183 Contract of incorporation of a public company.....	85
<b>B. SHARES AND DEBENTURES OF A PUBLIC COMPANY.....</b>	<b>85</b>
Article 184 (Amended) Shares and share contributions.....	85
Article 185 (Amended) Share certificates .....	86
Article 186 Transfer of shares .....	86
Article 187 Debentures .....	87
Article 188 (Amended) Application of the provisions on limited companies and other relevant provisions ...	87
<b>PART VI STATE-OWNED ENTERPRISES .....</b>	<b>88</b>
Article 189 (Amended) State-owned enterprises.....	88
Article 190 Conditions for establishing a State-owned enterprise....	88
Article 191 (Amended) Fundamental principles for the business operations of a State-owned enterprise.....	89
Article 192 (Amended) Board of directors of a State-owned enterprise.....	89
Article 193 (New) Qualification and requirements of board of directors .....	90
Article 194 Rights and duties of a board of directors .....	90

Article 195 (New) Board of directors .....	91
Article 196 (New) Qualifications and requirements of members of a board of directors from the State .....	91
Article 197 (New) Rights and duties of the board of directors .....	92
Article 198 (New) Responsibilities of directors and boards of directors .....	93
Article 199 (Amended) Access to capital sources of State-owned enterprises .....	94
Article 200 (New) Sale of shares of State-owned enterprises .....	94
Article 201 (New) Conversion of State-owned enterprises to other forms .....	95
<b>PART VII MIXED ENTERPRISE</b> .....	96
Article 202 Mixed enterprise.....	96
Article 203 Other sectors holding shares in a State enterprise .....	96
Article 204 State sector holding shares in enterprises in other sectors .....	96
<b>PART VIII NATIONAL CHAMBER OF COMMERCE AND INDUSTRY</b> .....	97
Article 205 (New) National Chamber of Commerce and Industry .....	97
Article 206 (New) Rights and duties of the National Chamber of Commerce and Industry.....	97
<b>PART IX PROHIBITIONS</b> .....	98
Article 207 (New) General prohibitions .....	98
Article 208 (New) Restrictions for civil servants and registrars .....	99
Article 209 (New) Restrictions for enterprises.....	99
<b>PART X MANAGEMENT AND INSPECTION OF ENTERPRISES</b> .....	100
Article 210 (Amended) Management and inspection agencies .....	100
Article 211 (New) Rights and duties of management and inspection agencies .....	100

Article 212 (Amended) Rights and duties of agencies authorized for business operation .....	101
Article 213 (New) Rights and duties of other agencies and relevant local government agencies .....	102
Article 214 (New) Enterprise inspection .....	103
Article 215 (New) Forms of enterprise inspection.....	103
Article 216 (New) The registrar .....	103
Article 217 (New) Rights and duties of the registrar .....	103
<b>PART XI AWARDS AND SANCTIONS.....</b>	<b>104</b>
Article 218 (Amended) Awards.....	104
Article 219 (Amended) Sanctions.....	104
<b>PART XII FINAL ROVISIONS .....</b>	<b>105</b>
Article 220 Implementation.....	105
Article 221 (Amended) Effectiveness .....	105



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

National Assembly

No.33/NA

Vientiane Capital, dated 29 DEC 2022

(Unofficial Translation)

**ENTERPRISE LAW (Amended)**

**PART I**  
**GENERAL PROVISIONS**

**Article 1 (Amended) Purpose**

The Enterprise Law stipulates principles, rules and measures for establishing, operating, managing, and monitoring an enterprise, with a view to promoting production, business, and services in all economic sectors, aiming to expand productive forces and improve productive relations, to strengthen the development and growth of the national economy, and to improve the standard of living of all ethnic groups.

**Article 2 (Amended) Enterprise**

“Enterprise” means a business organization that has its own name, assets, management system and office, and that is registered in compliance with this Law.

### Article 3 (Amended) Interpretation of terms

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

1. **“Business”** means an activity operating at one or all stages, starting from the stage of production to the provision of services, aiming to gain profits and utilize benefits for the public interest;

2. **“Individual enterprise”** means a form of enterprise owned by one person. Individual enterprises conduct business in the interests of an owner. The owner is solely and unlimitedly responsible for the enterprise’s liabilities;

3. **“Partnership”** means 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;

4. **“Ordinary partnership”** means 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;

5. **“Limited partnership”** means a type of partnership in which some partners are unlimitedly responsible for the enterprise’s liability, called “general partners”, and others have limited liability, and are called “limited partners”;

6. **“Company”** means a form of enterprise created by dividing the 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;

7. **“Limited company”** means 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;

8. **“Sole limited company”** means a type of company having one shareholder;



9. **“Public company”** means a type of company having as founding shareholders at least three persons, that aims to raise funds through the capital markets as identified in laws and regulations related to securities work;

10. **“Share”** means 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;

11. **“Common share”** means a type of share that the owner of the share cannot redeem;

12. **“Preferred share”** means a type of share that the owner of the share can redeem and has specific rights and duties different from common shares;

13. **“Share certificate”** means a legal document showing the portion of the partner’s or shareholder’s right and ownership in a partnership and company or shareholder;

14. **“Debenture”** means a company’s loan document without an unsecured debt security such that the debenture holders have legal rights as a guaranty to get paid back their money with interest as agreed;

15. **“Partner”** means an investor in the partnership who has the right to vote for one share per one vote without depending on the capital value of the shares;

16. **“Shareholder”** means an investor in the company who has the right to vote one share per one vote depending on the number of shares held;

17. **“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, obligation to the government, and debts;

18. **“Quorum”** means the minimum number of meeting attendees that legally allows the meeting to open;

19. A **“Liquidator”** is a person appointed by the court or enterprise to carry out rights and duties regarding asset mobilization of a dissolved enterprise, in order to liquidate the assets to the enterprise’s creditors and to the owners, partners, or shareholders of relevant enterprises;

20. **“Enterprise registration certificate”** means the document certifying the establishment of an enterprise according to the Law;

21. **“Business license”** means a document certifying the business operation in any business from the relevant sectoral agencies as specified in the Law;

22. **“Business activities that are not in the control lists”** means activities that require a business license and activities that can be conducted without a business license; and

23. **“Capitalization as labor”** refers to physical or mental labor that constitutes capital.

#### **Article 4 (Amended) State policies on enterprises**

The State encourages and promotes individuals, legal entities, and organizations, both domestically and internationally, to establish enterprises or participate in business operations in all sectors in accordance with the Law by setting tax policies, taxes, regulations, measures, providing information, services, and other facilities for enterprises with a view to contributing to the development of the economy and society.

The State protects the legitimate rights and interests of enterprises such as capital and assets used in legal business activities.

#### **Article 5 (New) The principle of enterprise operation**

Enterprise operations must comply with the following principles:

1. Establish and operate a business in accordance with policy guidelines, laws and national socio-economic development plans, and under the management of relevant sectoral agencies;
2. Comply with the accounting rules as stated in the Law on Enterprise Accounting;
3. Be fair, transparent, and available for inspection; and
4. Participation of mass organizations according to the law.

### **Article 6 (Amended) Right to establish an enterprise**

Lao citizens, permanent residents, persons without nationality residing in the Lao People's Democratic Republic and expatriates, including their organizations, are all entitled to conduct business operations in accordance with the laws of the Lao PDR.

### **Article 7 Equality of doing business**

All economic sectors, 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 8 (Amended) Enterprise obligations**

Enterprises have the obligation to conduct business in compliance with their purposes and their accounting rules, perform their obligations toward the State, join the social security system, protect the legitimate rights and interests of workers, preserve the environment, provide information, cooperate with and contribute toward national and public security.

## **Article 9 (Amended) Application of the Law**

This Law applies to all enterprises including individuals, legal entities and organizations, both domestic and international, establishing and operating businesses in the Lao PDR.

## **Article 10 (Amended) International cooperation**

The State encourages enterprises to cooperate with foreign countries, regions, and international business operations by exchanging information and experiences, attracting capital, science, technology, and innovation, and exchanging experience of advanced business management; expanding markets, and integrating in the region and the world.

# **PART II ENTERPRISE**

## **SECTION 1**

### **TYPE, FORM, AND KIND OF ENTERPRISE**

## **Article 11 (Amended) Type of enterprise**

There are four types of enterprise, namely State enterprise, mixed enterprise, private enterprise, and cooperative enterprise.

State enterprises, mixed enterprises and private enterprises establish and operate their businesses as stipulated in this Law.

The establishment and operation of cooperative enterprises are governed by separate regulations.

## **Article 12 Forms of enterprise**

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

There are three forms of enterprise:

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

## **Article 13 (Amended) Kinds of partnership and company**

There are two kinds of partnership:

1. Ordinary partnership; and
2. Limited partnership.

There are three kinds of companies:

1. Limited company;
2. Sole limited company; and
3. Public company.

## **Article 14 (Amended) Conversion of forms and kinds of enterprise**

Conversion from an individual enterprise to a partnership can be done by increasing the number and/or 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 an individual or partnership to a company, shall comply

with the requirement of establishment and operation of enterprises as specified in this Law. Conversion of an individual or partnership to a company can be done by only properly dissolving and fully liquidating existing enterprise as defined in this Law.

A regulation on the conversion of types of enterprises will be separately specified.

## **SECTION 2**

### **ENTERPRISE REGISTRATION**

#### **Article 15 (Amended) Enterprise registration**

Enterprise registration is the approval of the legitimate establishment of an enterprise, where enterprise registration is done once for the whole business duration of an enterprise.

Conducting business shall be first registered as an enterprise with the enterprise registration authorities in the industry and commerce sector, including investment in the special economic zone, and then an application shall be made for permission to invest or conduct business with the relevant sectoral sectors, except for businesses that do not need to notify enterprise registration, which is defined in separate regulations.

#### **Article 16 (Amended) Application for enterprise registration**

A person having the intention to apply for enterprise registration can submit an application form and documents to the relevant registrar of the industry and commerce sector directly or by an electronic system.

The application for enterprise registration through an electronic system will be defined in separate regulations.

## **Article 17 (Amended) Consideration of application for enterprise registration**

The registrar shall consider issuing the enterprise registration certificate within three working days of the date of receiving full application for enterprise registration, and record data into the national enterprise information system.

## **Article 18 (New) Content of enterprise registration certificate**

The enterprise registration certificate has the following content:

1. Enterprise name;
2. Code of enterprise, Taxpayer Identity Number (TIN);
3. Forms and/or kinds of enterprise;
4. Business location;
5. Registered capital;
6. Director or manager; and
7. Enterprise owner, partners or shareholders.

## **Article 19 (New) Business activities after enterprise registration**

Enterprises registered before doing business shall comply with each case as follows:

1. The business activity included in the Control List shall apply for the investment and business operation with the relevant sectoral agencies in accordance with the law; and
2. The business activity not included in the Control List shall be applied for the business operation with the relevant sectoral agencies in accordance with the law.

After the relevant sectoral agency has issued, changed, suspended, or revoked the investment license and/or business operating license, the relevant agency shall submit it

to the registrar concerned within five working days of the date of issuance of that license.

An enterprise can apply for an investment permit and/or apply for a business operation in several activities from several agencies unless otherwise provided by law.

### **Article 20 (Amended) Registered capital**

The enterprise's registered capital is an individual, legal entity or organization's capital notified to the application for enterprise registration. The registered capital shall be accurate and provided in full in accordance with relevant laws and regulations. In case of violation, the violator shall be liable before the law for the false statement.

The enterprise's registered capital may consist of material, money, or labor depending on each form or kind of the enterprise as defined in this Law.

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

### **Article 21 (Amended) Effect of registration of an enterprise**

Registration of an enterprise leads to the following effects:

1. An individual enterprise is not a legal entity;
2. A juristic person of a partnership or a company comes into existence separate from its investors; and
3. An enterprise name is registered as a name.



## **Article 22 (Amended) Enterprise's seal**

An enterprise is able to apply for its seal-making to the public security sector by submitting a copy of its enterprise registration certificate in accordance with the Law.

The public security sector shall consider making a seal and issuing a license to use the seal within two working days of the date of application for seal making.

## **Article 23 Invalid enterprise registration**

Invalid enterprise registration means an enterprise has registered, but with an error occurring partly or totally with respect to the enterprise's form, kind, and truth, which requires alteration. The alteration can be made by a correction. In case the error cannot be corrected, the enterprise concerned shall be dissolved following the procedures specified in this Law.

Enterprise registration made to a person prohibited by law and in violation of this Law is invalid.

The invalidity of enterprise registration or dissolution of the enterprise does not exonerate the enterprise from its liabilities.

## **Article 24 (Amended) Alteration of the substance of an enterprise registration certificate**

Alteration of information specified in the enterprise registration certificate after registration shall be reported to the registrar concerned within 30 days of the date the altered information is agreed on. After receiving the notification, the registrar shall consider the alteration of the substances of the certificate within 30 working days of the date the full document has been received.

An enterprise that has brought forward information to notify changes to the substance of the enterprise registration

certificate that is wrong, or has notified changes later than the deadline as defined in the first paragraph of this article, cannot use this as an excuse to avoid responsibility for its actions to innocent outsiders.

### **Article 25 (New) Termination of the enterprise registration certificate**

The registrar is entitled to cancel the enterprise registration certificate in the following cases:

1. Cancel the original enterprise registration certificate after issuing a new enterprise registration certificate to replace the old enterprise registration certificate that is dirty, torn, or damaged according to the proposal of the enterprise;
2. Cancel any enterprise registration certificate in case of issuance of a duplicate enterprise registration certificate; and
3. Cancel the original enterprise registration certificate in case of changes in the substance of the enterprise registration certificate.

### **Article 26 (Amended) Disclosure of registered substances**

Any individual, legal entity and organization is entitled to see or copy the registration documents of enterprises filed with the registrar. The person requesting copying must pay fees based on the relevant regulation.

## **SECTION 3**

### **ENTERPRISE NAME**

#### **Article 27 (Amended) Name of enterprise**

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. The person who is the first subscriber for the

name of an enterprise is entitled to use that name with first priority.

The name of an enterprise shall always include the form and/or kind of enterprise, except State-owned enterprise and mixed enterprises.

The name subscribed for enterprise registration will be ineffective if the subscribing enterprise has not been registered.

### **Article 28 (Amended) Prohibited enterprise names**

Enterprise names that are prohibited:

1. The same name as other named enterprises except the name of an individual enterprise;
2. A name being contrary to the fine national and cultural morals and public order;
3. A name being identical with a name of a country, or international organization; and
4. A name that is the same or similar to the name of the enterprise's form or kind.

### **Article 29 (New) Enterprise name sign**

Enterprises must have a sign showing the enterprise name as registered in the contents of the enterprise registration certificate, and must attach the sign to the front of their office within 60 days of the date of enterprise registration;

The enterprise name sign must include the Lao language, content, background color, font, size and types as defined in the Law on Signs and related regulations.

### **Article 30 Termination of an enterprise name**

An enterprise name shall terminate together with the enterprise's dissolution. The owner of the enterprise name,

after cessation of the name, shall remove any sign containing such name within seven days of the date its termination is reported.

The business operation of a person or legal entity using a terminated name or an enterprise registration of a dissolved enterprise shall be deemed as business operation without enterprise registration.

### **PART III**

### **INDIVIDUAL ENTERPRISE**

#### **Article 31 (Amended) Documents notified on application for enterprise registration**

The application for the registration of an individual enterprise shall contain the following main documents:

1. Application for enterprise registration;
2. Copy of ID, family book or passport of the owner; and
3. Letter of authorization or power of attorney of a person to whom the right is granted.

#### **Article 32 (New) Capital contributions**

The individual enterprise's capital is derived from the contributions of the owner of the enterprise. The contribution may be made in cash or in-kind; and

The capital shall be invested by the owner of an individual enterprise either in cash or in-kind after enterprise registration unless other specified by law.

### **Article 33 The owner's rights and duties**

The rights and duties of the individual enterprise owner are to:

1. Manage the enterprise's 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 stated in the Law on Enterprise Accounting;
4. Comply with obligations toward the State; and
5. Perform other rights and duties as specified in law.

### **Article 34 Manager**

The manager of an individual enterprise may be the owner of the enterprise or the owner may hire one or more persons from outside to manage. A hired manager is entitled to receive compensation as agreed with the owner of the individual 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 stated in the hire contract and under the supervision of the owner.

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

## **Article 35 Contract to hire a manager**

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 particulars relating to rights, duties, wages, 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 relevant law.

## **Article 36 (Amended) Dissolution and liquidation**

An individual enterprise may be dissolved in the following cases:

1. The owner of the individual enterprise decides to dissolve;
2. A court order to dissolve;
3. Bankruptcy; and
4. The owner of the enterprise dies or becomes incapacitated without heir.

The dissolution of individual enterprises shall in any case fully liquidate the labor costs as the priority, and taxes and other liabilities defined by law. The owner of an enterprise, in the case of its dissolution, shall perform liquidation him/herself or appoint an outsider to be the liquidator. After completion of the liquidation, a report shall be made to the relevant registrars to eliminate the name of the enterprise from the national enterprise information database, and to notify the elimination of such name through any social media platforms within three working days of the date the dissolution notification is received.

Liquidation in the case of dissolution resulting from a court order or the bankruptcy of the individual enterprise shall be done as defined by the law on recovery and bankruptcy of the enterprise, and other relevant laws.

In the case of a liquidation not being accurate, the liquidator shall be responsible for the damages arising from the liquidation.

## **PART IV**

### **PARTNERSHIP**

#### **SECTION 1**

#### **GENERAL PRINCIPLES OF THE PARTNERSHIP**

##### **Article 37 Partnership partners**

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

A partner may be a person or a legal entity.

##### **Article 38 (Amended) Partnership contract of incorporation**

A partnership’s contract of incorporation shall be made in writing and be consistent with the Law on Contract and Tort, in which the substances of the contract are:

1. Enterprise name;
2. Business objective;
3. Business office location;
4. Stated capital or share values of the partnership classified according to cash, in-kind or labor;
5. Name, address and nationality of the partners;
6. Name and signature of the partners; and
7. Other necessary information.

### **Article 39 Status of the legal entity of a partnership**

The status of the legal entity of a partnership includes:

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

### **Article 40 Partnership branches**

A partnership registered in Lao PDR does not have to register its branches, and a branch has no legal person status separate from the partnership.

A branch office is located in a specific place, and the partnership of such a branch shall report to the registrar concerned.

A foreign partnership having the intention to establish a branch in the Lao PDR shall report for enterprise registration as stipulated in this Law.

When establishing a branch of a Lao partnership abroad, the law of the country concerned is applied.

When a branch of a legal entity is sued, that legal person is a defendant. This provision shall be effective for a foreign legal entity having a branch in the Lao PDR.

### **Article 41 Partnership bylaws**

The bylaws of a partnership shall contain the following main particulars:



1. The contents mentioned in subparagraphs 1 to 5 of Article 38 of this Law;

2. Name, address, and nationality of the managing partner. In case all partners are not jointly managing the partnership, the bylaws may impose restrictions upon the powers of the managing partner;

3. Method of distribution of dividends and liability for losses;

4. Method and period for the contribution of shares;

5. The management system;

6. Meetings and method of voting;

7. Methods for dispute settlement; and

8. Dissolution and liquidation.

The substances mentioned in subparagraph 1 of this Article shall be included in the application for enterprise registration, unless a partnership shall include additional substances in the application.

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

#### **Article 42 (Amended) Alteration of the contract of incorporation or the bylaws**

Alteration of the contract of incorporation or the bylaws of the partnership shall be unanimously agreed by all partners unless otherwise agreed.

**SECTION 2**  
**ORDINARY PARTNERSHIP**

**A. Enterprise registration and internal relations of an ordinary partnership**

**Article 43 (Amended) Documents included in the application for enterprise registration**

The application for the enterprise registration of an ordinary partnership shall contain the following main documents:

1. Application for enterprise registration;
2. Contract of incorporation of the ordinary partnership;
3. Copy of ID, family book or passport of partner and manager;
4. Letter agreed by legal entity in the case of a partner being a legal entity; and
5. Letter of authorization or power of attorney of a person to whom the right is granted.

**Article 44 (Amended) Capital contributions**

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

An in-kind capital contribution shall be evaluated in cash in accordance with the law.

A capital contribution in the form of labor shall be evaluated in cash as agreed by partners. It is prohibited to record the value of capital contributed by labor in the balance sheet of an ordinary partnership.

The capital shall be invested by all partners of the ordinary partnership in cash and/or in-kind as agreed by all partners after enterprise registration;

In addition to the capital specified in paragraph 1 of this Article, the partners of the ordinary partnership are entitled to contribute their personal property to any business operation of the ordinary partnership, as agreed. Methods for utilization of properties, including liabilities and profits of distribution, shall be agreed by all partners.

#### **Article 45 Shares**

An 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.

#### **Article 46 Manager**

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 manager.

The manager is an agent 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 outsiders. A manager appointed from outside may have a salary or remuneration as agreed by the partners.

#### **Article 47 Appointment or removal of the manager**

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

A partner who is the subject of appointment or removal as manager has no right to vote.

#### **Article 48 Rights and duties of the manager**

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; and
3. Employ outsiders to help conduct any business of the ordinary partnership that is his/her responsibility.

Management of the ordinary partnership, where there are many partners who are managers, shall be based on a majority vote or as may be agreed otherwise by stipulating such in the bylaws. When voting, each partner has one vote;

Where there is only one manager, he/she is solely entitled to manage the ordinary partnership, unless restrictions are otherwise specified that impose upon his/her power;

The restrictions mentioned in paragraph 3 of this Article shall not affect outsiders if such restrictions have not been specified in the bylaw of the ordinary partnership.

#### **Article 49 Rights and duties of partners**

Partners have the following rights and duties:

1. Have information on the entire business situation of the ordinary partnership at all times;
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. Enjoy the right of veto, objection, or warning if such has been agreed, but the detailed matters it applies to and the method of exercising it shall be imposed in the bylaws; and

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

## **Article 50 Admission of new partners and transfers 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 newly issued shares;

Upon admission of a new partner or a transfer of shares, the ordinary partnership shall notify the registrar 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 transference of shares or for other reasons, may cause its dissolution; and

Where the ordinary partnership's enterprise name is composed of the names of partners, the ordinary partnership has the right to delete the name of a partner from the name of the partnership when such a partner leaves the partnership.

## **Article 51 (Amended) Prohibited conduct or business operation for partners**

A partner's conduct or business operations that compete with their own ordinary partnership is prohibited, unless agreed

by all partners, a partner's conduct or business operations prior to joining as partners without any objection from other partners.

Conduct or business operations deemed to compete with an 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; and
3. Being 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.

## **B. The external relationships of the ordinary partnership**

### **Article 52 Liability for debt**

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; and
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 53 Rights attaching to an interest**

All partners are entitled to an interest of the ordinary partnership resulting from an external relationship of the partnership, regardless of whether such interest is acquired in the name of the partnership.

### **Article 54 Liabilities of leaving and entering partnership**

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 of the date the partner is approved to leave the partnership, except when a longer period has been agreed for such liability.

A new 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. Merger and division of ordinary partnerships**

### **Article 55 (Amended) Merger 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. A unanimous vote of the partners at a meeting of the merged ordinary partnerships;
2. Notice being given through any appropriate means of mass media at least once within 10 working days of the date of

such a resolution, to enable creditors to express their objections within 30 days of the date the objecting creditor has received the notification, and the creditors have no objection, or fail to reply within such a period; and

3. Registration as a new enterprise or changes being made to the substance of the enterprise registration certificate.

### **Article 56 (New) Division of ordinary partnership**

An ordinary partnership may divide into two or more ordinary partnerships by dividing the properties, rights, obligations, and liabilities of such an enterprise divided and partners into ordinary partnerships.

An ordinary partnership may divide only in compliance with the following conditions:

1. A unanimous vote of the partners meeting of the ordinary partnerships;

2. Notice being given to the creditors of the division through any appropriate means of mass media at least once within 10 working days of the date of such a resolution, to enable creditors to express their objections within 30 days of the date the objecting creditor has received the notification, and the creditors have no objection, or fail to reply within such a period; and

3. Registration as a newly divided enterprise and changes being made to the substance of the original enterprise registration certificate.

### **Article 57 (Amended) Objection to the merger and the effect of the merger**

The merger or division of an ordinary partnership which has been objected to by any creditor is unable to proceed except after such objecting creditor's debt has been paid. Otherwise agreed with the creditor;



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

After having registered as a new enterprise or changing the substance of ordinary partnerships that are merged or divided, such ordinary partnerships shall be responsible for the obligations and liabilities as agreed at a meeting of partners.

#### **D. Dissolution of an ordinary partnership**

##### **Article 58 (Amended) Reason for dissolution**

An ordinary partnership may be dissolved for any of three following reasons:

1. Dissolution by partners' agreement;
2. Dissolution by court decision; and
3. Dissolution by law.

The dissolution of an ordinary partnership, for whatever reason, shall be registered for dissolution with the registrar within 10 working days of the date the reason for dissolution has arisen, to carry out liquidation and comply with the dissolution procedure as defined by this Law, except for a dissolution made by a court decision.

##### **Article 59 Dissolution by partner agreement**

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

##### **Article 60 (Amended) Dissolution by court decision**

Any partner of an ordinary 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 face losses that the ordinary partnership is not in a position to overcome;

2. Force majeure is causing the ordinary partnership to be unable to continue operating its business;

3. He/she was deceived or forced to be a partner; and

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.

Partners may request the court to order the partner who is the cause of such a 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, except if the partners have agreed otherwise.

### **Article 61 (Amended) Dissolution by law**

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

1. Dissolution under the provisions of the contract of incorporation or the bylaws of the ordinary partnership;

2. Only one partner remains in the ordinary partnership;

3. Dissolution as defined in Article 23 of this Law.

### **Article 62 (Amended) Effects of dissolution**

Dissolution of the ordinary partnership has the following effects:

1. A partner is suspended from claiming the benefits of partners in the ordinary partnership;

2. The liability of a partner for the unpaid portion of his/her share does not cease;

3. Suspension of payments by the ordinary partnership except labor cost and tax;

4. The undue debts of the ordinary partnership shall be liquidated; and

5. 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 by the registrar.

## **E. Liquidation of an ordinary partnership**

### **Article 63 (Amended) Method 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 grounds for dissolution are the result of a court decision, or the ordinary partnership has only one remaining partner.

### **Article 64 Appointing or removing the 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 that he/she has been appointed by.

## **Article 65 (Amended) Appointment of the liquidator by the court**

Appointment of the liquidator, in the case of the dissolution of the ordinary partnership that is the result of a court decision or the grounds of the only remaining partner shall only be made by the court as described in Article 60 of this law, unless otherwise defined by law.

In the case of the dissolution of the ordinary partnership on the grounds 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 case there are many heirs they must appoint one person as their representative.

## **Article 66 Replacement appointment**

In case the liquidator is unable to perform his/her duties for any reason, namely: the 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 10 working days of the date of the appointment, removal or termination of the liquidator, give notice of such appointment, removal or termination of the duty to the public as mentioned in this Article, Article 65 and Article 67 of this Law.

## **Article 67 (Amended) Rights and duties of the liquidator**

The liquidator's rights and duties are to:

1. Give written notice of the dissolution to the creditors of the ordinary partnership to claim their debts, and declare it to the public through any appropriate means of mass media within 10 working days of the date of having the grounds for such dissolution, and to the creditors to enable submission of documents on the debts of the ordinary partnership;

2. Collect all assets and create an inventory of the property and a balance sheet;

3. Continue to complete the pending work of the enterprise;

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 recover debts, and sell or transfer the property of the ordinary partnership;

6. Submit the balance sheet to the partners and 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 where the liquidator has been appointed by the court;

8. Convene a creditors and partners meeting, at least once within six months, to approve or make decisions on necessary issues;

9. Perform duties as assigned at the partners and the creditors meeting;

10. Make a payment of debts to creditors and distribute the residual assets to the partners;

11. Perform mediation duties or take legal action in the court on behalf of the ordinary partnership; and

12. Report to the partners or the court, where 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.

The liquidation in cases of dissolution by a court decision shall comply with the court decision and relevant laws.

## **Article 68 (Amended) Performing duties of multi-liquidators**

Performance of the duties of multiple 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.

The restrictions for exercising the right of the liquidator as being assigned have no effect on outside persons.

## **Article 69 (Amended) Priority in the payment and distribution of debts**

Payment and distribution of debts shall be executed according to the following priorities:

1. Employee salaries, labor costs, or other benefits of employees as defined by the Law on Labor;
2. Taxes;
3. Secured debts;
4. Unsecured debts;
5. Debts of the ordinary partnership owed to partners as described in paragraph 4, Article 44 of this Law; and
6. Distribution of the remaining assets to partners. The capital contribution in labor is not compensable, unless otherwise agreed by partners.

In case of remaining payable debts, debt responsibility shall be divided among shareholders according to the share of capital contribution of the shareholders.

## **Article 70 (Amended) Duty of the liquidator after liquidation**

After completion of the liquidation process the liquidator shall:

1. Prepare the statement and summary of the distribution of property and of the payment of debts, and submit them

promptly to the creditor and partner meetings for adoption;

2. Notify the public of the distribution of property and payment of debts within 10 working days of the date of completion of the distribution of properties and payment of debts; and

3. Report to the registrar concerned to dissolve the enterprise within 10 working days of the date the meeting of creditors and partners adopted the distribution of properties and payment of debts.

### **Article 71 (Amended) Responsibility of the liquidator**

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

1. Any conduct causing damage to the ordinary partnership by intention or by gross negligence during the performance of duties assigned, such as 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; and

2. Conduct toward the principal, creditors and outside persons as described in the law concerned.

### **Article 72 (Amended) Notification of the dissolution and withdrawal of enterprise registration**

The registrars concerned shall give notice of the dissolution of the ordinary partnership through any appropriate means of mass media within three working days of the date of receiving the notification from the liquidator, and erase the name of such ordinary partnership from the national enterprise information database;

The legal entity of the ordinary partnership is terminated from the date the registrar is notified of the dissolution of the ordinary partnership.

**Article 73 (Amended) Liabilities of the ordinary partnership's partners after dissolution**

All partners shall jointly be liable for the debt of the ordinary partnership remaining unpaid for five years from the date of having issuance of notification of the dissolution of the ordinary partnership.

**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 (Amended) Documents included in the application for enterprise registration**

Documents included in the application for enterprise registration of a limited partnership shall be used the same as those described in Article 43 of this Law.



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

### **Article 76 (Amended) 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;

Partners of a limited partnership shall contribute capital either in case and/or in-kind as agreed by partners after completion of enterprise registration.

### **Article 77 (Amended) Transfer of shares**

A limited partner may transfer his/her shares without the consent of other partners. The transfer of such shares may be effective with respect to outside persons if notice of it is given to the registrar and a change is made to the substances of the enterprise registration certificate.

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 shares of the bankrupt partner are sold as determined in the Law on Enterprise Bankruptcy. Selling of the bankrupt partner's shares leads to removal of such partner from 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 interfering in the limited partnership management**

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 follows:

1. The limited partner may be unlimitedly liable for damage to the enterprise and outside persons caused by his/her action;

2. Where such action has been supported or ratified or assigned by the limited partnership, or the former knows but does not object to 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 subparagraphs 1 and 2 of this Article shall only be unlimitedly liable to outside persons, but his/her limited liability to the limited partnership remains unchanged.

## **Article 79 (Amended) Effect of permission to use a name**

A limited partner who allows the 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 (Amended) Dividend or interest**

The limited partner is entitled to receive dividends or interest 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.

Dividends or interest that have 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 be clearly specified in the limited partnership's bylaws; and
5. Freely carry on any legitimate business, whether such business is similar or of the same nature as that of the limited partnership.

Enjoying the rights and implementing the duties as mentioned in subparagraphs 1 to 5 of this Article are not considered as interference with the management of the limited partnership as stipulated in Article 78 of this Law.

### **Article 82 (Amended) Application of the provisions of the 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 relations of the enterprise, merger, dissolution and liquidation of limited partnership as specified in A, B, C, D and E, Section 2 Part IV of

this Law, shall be applied, mutatis mutandis, to the limited partnership.

## **PART V COMPANIES**

### **SECTION 1 GENERAL PRINCIPLES OF COMPANIES**

#### **Article 83 Shareholders of a company**

A contributor to 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 an individual or a legal entity.

#### **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 (Amended) Group company**

A group company is a group of companies that are related to each other as legal entities to jointly conduct business according to a contract in any business but not registered as a new enterprise.

The rights, obligations and responsibilities of the companies included in the group are defined in separate regulations.

### **Article 86 (Amended) Company's contract of incorporation**

A company's contract of incorporation shall be made in writing and comply with the Law on Contract and Tort.

The contents of company's contract of incorporation shall be:

1. Enterprise name;
2. Business objectives;
3. Location of business office;
4. Stated capital classified into value, amount of shares, kind, cash, common 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 rights 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/she has ceased to hold office;
7. Names and signatures of promoters; and
8. Other necessary contents.

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

### **Article 87 (Amended) Company bylaws**

The company must have bylaws. The bylaws shall have the following main contents:

1. The items described in subparagraphs 1 to 6, Article 86, of this Law;
2. Method of profit or dividend distribution;

3. Method and timeframe of share contribution;
4. Management;
5. Meetings and resolutions;
6. Mechanism and procedure of dispute settlement; and
7. Dissolution and liquidation.

Besides these, the company may include additional contents of limited company in accordance with the Law.

The company's bylaws shall have the director's signature.

### **Article 88 (Amended) Alteration of the contract of incorporation or the bylaws**

Alteration of the contract of incorporation or the bylaws of the company shall be made by special vote at a shareholder meeting as stipulated in Article 149 of this Law.

## **SECTION 2 LIMITED COMPANY**

### **A. General principles and establishment**

#### **Article 89 Limited company's holding of shares**

A limited company may be a shareholder of other companies or a partner in partnerships, but such shareholding shall not be based on the treasury stock of the other company itself.

## **Article 90 (Amended) Having less or more shareholders than the number fixed**

A limited company having as shareholders more than 30 persons may continue to maintain its limited company's status, but this can be done by only special voting as described in Article 147 of this Law.

In case the limited company does not require maintaining the limited company's status or does not have sufficient votes for maintaining it as mentioned in paragraph 1 of this Article, the limited company shall alter the contents of its enterprise registration to be consistent with the establishment procedure and principles of a public company, or dissolve.

A limited company with only one remaining shareholder shall change its name to be a "sole limited company" and carry on as specified in Section 3 Part V of this Law, or dissolve.

## **Article 91 (Amended) Establishment of a limited company**

Establishment of a limited company shall follow the steps and conditions below:

1. There must be at least two promoters who shall jointly make and sign a contract of incorporation;
2. After notification of the contract of incorporation as stated in subparagraph 1 of this Article, they shall arrange for subscription of all shares. 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's 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 at the statutory meeting; and
5. The director must register the company within 30 days of the date the statutory meeting is closed.

## **Article 92 Promoters of a limited company**

A promoter is a person who initiates the establishment of any limited company, he/she is not an agent 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 Promoter's liability to subscribers**

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

1. Business operation in his/her own interests;
2. Concealment of income or expenses relating to the limited company's establishment;
3. An expense or contract that does not fall within the scope of the limited company's objectives for its establishment;
4. Overvaluation of his/her own assets; and
5. Other responsibilities as described in this Law.

The promoters shall compensate and solve problems concerning damage arising from the conduct mentioned above.

## **Article 94 Promoter's liability to 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's creation, if such contracts or expenses are not ratified or are ratified, but the limited company fails to achieve enterprise registration.



## **Article 95 Rights and duties of the statutory meeting of a limited company**

The statutory meeting has the following rights and duties:

1. Ratify the bylaws of the limited company;
2. Ratify the limited company's contract of incorporation and other contracts related to the establishment of the limited company that the promoters have signed with outside persons, including for the promoter's expenses for the creation of the limited company;
3. Agree on the common shares and preferred shares, if any; and
4. Elect the first directors of the limited company.

The promoters must, 10 working days before the day of opening 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 the statutory meeting**

The resolution of the statutory meeting is effective only when there are votes cast by 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 voting to elect the directors of the limited company.

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

## **Article 97 (Amended) Documents required for application of enterprise registration**

Application documents giving notice of the registration of the limited company consist of:

1. Application for enterprise registration;
2. Contract of incorporation of the limited company;
3. Copy of ID, family book or passport of shareholders and director;
4. Agreement letter from the legal entity or organization, where shareholders are entity or organization;
5. Letter of authorization or power of attorney of authorized person; and
6. Other necessary documents.

## **Article 98 (Amended) Responsibility of a director for default of registration**

In case the limited company has not been registered as an enterprise within the time specified in subparagraph 5, Article 91, the director shall be responsible for that action.

### **B. Shares and share certificates of a limited company**

#### **Article 99 (Amended) Shares**

A share of a limited company shall have the same value and not be less than 2,000 kip.

Each share of a limited company shall be owned by one shareholder.

Shares of a limited company may be contributed in cash or in-kind. The share contributed in-kind shall be evaluated in cash by complying with law.

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 Article 99 except where the limited company reduces its capital as determined in Article 115 of this Law. The restriction as stated 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 113 of this Law.

## **Article 101 (New) Contribution of shares**

Shareholders of limited company shall fully contribute his/her shares either in cash or in-kind as agreed by the shareholders' meeting after registration of the enterprise;

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 of the period and the amount of money required to be paid by the shareholder within 10 days, as agreed by the shareholders' meeting;

Payment of shares is not permitted to deduct debt with the limited company to pay for shares, unless such payment has been approved by special vote of the shareholders' meeting.

## **Article 102 (Amended) Effect of default in payment**

The shareholder failing to pay the shares at the amount and the time of payment as specified in Article 101 of this law shall have voting rights in the shareholders' meeting and dividends corresponding to the amount of their paid shares. Where shareholders fail to pay for the shares, such

shareholders do not have the voting rights in the shareholders' meeting and may be withdrew from being shareholder of such company;

If a shareholder fails to pay the shares as specified in paragraph 1 of this Article, the director shall report to the registrar concerned to alter the contents of the enterprise registration certificate by reducing the registered capital, changing the portion of shares of shareholders, shareholders and form, or dissolve within 60 days of the date that paying the shares is due in accordance with this Law. Such shareholders are liable for the value of their shares remaining unpaid prior to the date of changing the contents of enterprise registration with the registrar concerned.

Where the shareholder failing to pay the share as specified in paragraph 1 above is the director, Article 126 of this Law applies.

### **Article 103 Rights and duties of common shareholders**

The owner of a common share is called a “common shareholder”. 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 for shares when due;
4. Fully protect his/her interests;
5. Receive information and inspect documents as specified in the bylaws of the limited company;
6. Bring lawsuits against directors, officers or employees of the limited company who cause damage to his/her interest;
7. Be liable for the value of [his/her] 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 have contributed; and

12. Exercise other rights and duties 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 104 Rights and duties of preferred shareholders**

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

1. Rights and duties as prescribed in subparagraphs 1 to 6 of Article 103 of this Law;

2. A preemptive right to receive residual assets and dividends over a common shareholder. The dividends received may be in fixed amount or a percentage of the shares as agreed by shareholders;

3. Other preferred rights. Alteration or modification of such preferred rights shall be stipulated in the bylaws of the limited company; and

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 105 (Amended) Issuing the share certificates of a limited company**

The director, within 30 days of the date of registration of the limited company and payment of shares, 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 a value at least equal to the value of one share.

### **Article 106 (Amended) Share certificates**

A 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; and
7. Director's signature and seal.

## **Article 107 (Amended) Transfer of shares**

Transfer of a share certificate 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 prohibiting share transfer by law;
3. It is based on the transfer of shares by law;
4. It has been made in writing that shall contain the names and signatures of the transferor and transferee followed by the names and signatures of the transferor's and transferee's witnesses, with at least one person for each side and references of share certificates; and
5. It has been registered for transfer.

In case there is an intention to transfer a share to an outsider, such share shall be firstly offered for sale to the limited company's shareholders.

The director of the limited company may reject a registration for the 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 108 Transfer of shares by law**

Transfer of shares by law is the transfer of shares resulting from transfer as mentioned in paragraph 2 Article 102 and paragraph 3 Article 111 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 109 (Amended) Restrictions on transfer of shares by law**

The transfer of shares by law has the following restrictions:

1. Restrictions on transfer of shares by other laws such as: restriction on shareholding by foreigners, permanent residents or persons without nationality, in particular types of business, if any;

2. Transfer of shares during attachment of the limited company's assets; and

3. Transfer of shares during the period the register book of shareholders is closed, if this has been agreed by shareholders or specified in the bylaws of the limited company.

### **Article 110 (Amended) Register book of shareholders**

The register book of shareholders consists of the following contents:

1. Name, address and nationality of the shareholder;

2. Number of shares, value of shares, reference numbers of share certificates;

3. Value remaining unpaid;

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; and

6. Other contents seen as necessary.

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

### **Article 111 Voidness of the transfer of share**

The transfer of a share may be void if such transfer violates the requirements prescribed in paragraph 1 Article 107 of this Law.

The transferee, in the case of the voidness of shares transferred, does not become a shareholder of the limited company the share of which 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 a share.

### **Article 112 The responsibilities of transferors and transferees of a share**

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

1. As described in paragraph 4 Article 107 of this Law;
2. The share transferred has been called for payment; and
3. The transferee of shares cannot pay for the number of unpaid shares.

The responsibility of the transferor of shares is 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 law suit against the transferor.

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

### **C. Increase or reduction of the capital of a limited company**

#### **Article 113 (Amended) 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 vote of the shareholders' meeting as specified in Article 147 of this Law.

Increases of capital shall not deduct from a limited company to liquidate the shares for increasing the capital unless receiving specific resolution of the meeting of shareholders.

#### **Article 114 Offering additional shares for sale**

Offering additional shares for sale shall comply with the following order of priority:

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;  
and

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 102 of this Law shall be applied to the subscriber who fails to pay for additional shares by the date specified.

### **Article 115 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 2,000 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 20 of this law;

3. Reductions of registered capital can be made only by special resolution as stated in Article 147 of this Law; and

4. The creditor of the limited company has no objection to the reduction of such capital.

### **Article 116 (Amended) 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 and 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 thirty days from the date the notification is received. A creditor who

fails to reply within the mentioned period shall be deemed to have no objection; and

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

### **Article 117 Objection and responsibility for notification**

An objection by any creditor may cause the limited company to be unable to reduce its capital, except 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 118 Registration of increase or reduction of capital**

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

1. The registration for an increase of capital shall be made within 10 working days of the date determined for payment of the additional shares subscribed; and

2. The registration for a reduction of capital shall be made within 10 working days of the date of having no objection, or of 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 once within 10 working days of the date of such registration.

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

## **D. Director and board of directors of a limited company**

### **Article 119 (Amended) Director**

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

A director of the limited company has no salary but receives 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 rights 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 with outside persons, such a director is called the "Executive Director."

In case the president of the board of directors is simultaneously appointed to be the Executive Director, such person will be called the "President Director."

## **Article 120 Qualifications of a director**

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

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

## **Article 121 Appointment or removal of a director**

A director is appointed according to the following cases:

1. The first director is appointed by the statutory meeting of the limited company;
2. A subsequent director is appointed by the shareholders' meeting; and
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 this 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 sufficient ground for such action, or 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 122 Method of voting for appointment or removal of a director**

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 a number of objecting votes equal to the number of votes cast for the selection of such director.

Straight voting is voting for the 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 123 Number and term of office 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 a term as agreed in the shareholders' meeting.

The term of a director appointed in accordance with subparagraph 3 Article 121 of this Law shall be equal to the remaining term of the director replaced by the appointment thereof.

#### **Article 124 Liabilities of a 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; and
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 correspond with the law.

#### **Article 125 Liability for misconduct 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 124 of this Law.

In case of a violation of the scope of rights 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 relevant laws.

#### **Article 126 Measures against a director's misconduct**

The limited company shall take measures against a director who commits misconduct as specified in Article 124 of this Law. The detailed measures against the director shall be stipulated in the bylaws of the limited company.

Where the limited company has not taken any measures as described in paragraph 1 of this Article, one or more shareholders, whose shares account for 4 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 aforementioned shareholder is entitled to, on behalf of the limited company, bring a law suit for a court decision to fine or suspend such misconduct of the director concerned.

#### **Article 127 (Amended) Performance of a director's duties in the name of a 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 of limited company and the resolutions of the shareholders' meeting;

2. Calling 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 and effectiveness;

4. Setting up the accounting books, maintaining and keeping all of 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;

7. Distributing dividends in a proper manner;

8. Administering and using the officers or employees of the limited company; and

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 128 (Amended) Restrictions on a director to conduct business**

It is prohibited for the director to conduct a business as follows:

1. Operating 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. Being 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. Conducting 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; and

4. Borrowing 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 126 of this Law shall be applied.

## **Article 129 Liability to outside persons in appointment of a director**

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

## **Article 130 (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 for the termination of the position;

3. There is a court decision as specified in paragraph 4

Article 121 of this Law; and

4. The director dies, becomes bankrupt or incapacitated, resigns or lacks qualifications as described in Article 120 of this Law.

After termination and the appointment of a new director has been done, the limited company shall notify the registrar concerned to register such alteration within 30 working days of the date the new appointment is made.

A new alteration shall become effective for outside persons only when such alteration 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, where all of its members are terminated from office, continue to carry out necessary tasks until a new board of directors has replaced it.

### **Article 131 Registration book for directors**

A registration book for directors shall be composed of the following contents:

1. Name, nationality, date, month and 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; and
3. Date, month and year of being elected as a director.

The registration book of directors and report on the shareholders' meeting must be kept in the headquarters of the limited company and made available for shareholders to see or inspect.

### **Article 132 (Amended) Board of directors**

A limited company may set up a board of directors. A limited company with assets more than 50 billion kip shall have a board of directors and an auditor.

The board of directors conducts its activities based on the principles and means 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 stated in Articles 133 to 137 of this Law.

### **Article 133 Rights and duties of the board of directors**

The rights and duties of the board of directors are:

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

### **Article 134 Quorum of the 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.

Where the number of non-vacant directors is less 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 135 President and vice president of the board of directors**

The president and vice president are elected from the directors.

The president of the board of directors leads board of directors meetings and shareholders' meetings, 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.

A president who cannot attend the board of directors' meeting or the meeting of shareholders shall empower any vice president to chair the meeting. In case there is no vice president or there is a vice president but he/she cannot attend such meetings, the 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 136 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 a person who 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, a so-called “informal meeting”, through any means of media.

### **Article 137 Resolutions and records of the board of directors meeting**

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

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

A director who has a special interest or related direct interest in the resolution to be voted upon 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 using any means of media.

Each board of directors meeting shall have a record or report of 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 trade secrets or the competitive strategy of the limited company.

### **Article 138 Officers and employees of a limited company**

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 board of directors. Employees of the limited company are hired or removed by the manager.

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

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 manager appointed, shall perform the manager's rights and duties.

## **E. Shareholders' meeting of a limited company**

### **Article 139 (Amended) Shareholders' meetings**

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

Ordinary meetings 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 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 petitions the court and the latter orders the limited company to hold the meeting; and
3. When shareholders who hold shares equal to at least 10 percent of total contributed shares request that a meeting be held.

For convening a meeting as stated in subparagraph 3 of this Article, the shareholders abovementioned shall subscribe their names to a letter and 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, the board of directors or the director must hold the extraordinary meeting within 30 days of the date the letter requesting the meeting is received.

#### **Article 140 Notice to shareholders before holding the meeting**

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 141 Quorum**

The limited company shall determine the quorum of and the rules for conducting the meeting in its bylaws. Where no such provision has been 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, cannot be included in the quorum of the shareholders' meeting.

## **Article 142 (Amended) Agenda of the meeting**

The chairperson of the meeting shall keep and follow the order of the meeting's agenda as agreed. Alteration of the order of the 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 but only when there are shareholders present with a number of shares representing more than 5 percent 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 140 of this Law.

## **Article 143 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.

If a quorum is not present two hours after the appointed time of the meeting, the chairperson is entitled to order suspension of the meeting.

A new meeting shall be set within 15 working days of the date of suspension of the [prior] meeting, and the new meeting may be conducted whether or not a quorum is present.

#### **Article 144 (Amended) 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 for the shares; and
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.

#### **Article 145 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 contents:

1. Name of the proxy and of the shareholder assigning him/her;
2. Number of shares of the shareholder assigned; and
3. The meeting 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 146 Resolutions of a shareholders' meeting**

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

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

## **Article 147 (Amended) Special resolutions of a shareholders' meeting**

To hold a meeting for a special resolution, the limited company shall give notice to shareholders as stipulated in Article 140 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. A special resolution may become effective only when there are votes of shareholders or proxies of at least two-thirds of those in attendance at the meeting, and being the shares of at least 80 percent of total contributed shares.

The matters requiring special resolutions are:

1. Voting on the matters specified in this Law;
2. Alteration of the bylaws or the contract of incorporation;
3. Increase or reduction of capital;
4. Merger, division 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. Sale or transfer of the assets up to 50 percent of all

assets; and

8. Maintaining the status of a limited company when the number of its shareholders exceed 30 persons.

#### **Article 148 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 149 Protection of minority shareholder rights and interests**

A resolution of the shareholders' meeting shall be effective when there are votes as mentioned in Articles 146 and 147 of this Law, but thereafter if it appears that the resolution that was 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 150 Nullification of the resolution**

A resolution of the shareholders' meeting may only be nullified by a court decision. The court may come to the decision to nullify such resolution in the case of:

1. Violation of the bylaws or the contract of incorporation of the limited company;
2. Violation of the rules for voting; and
3. Breaching the rules on notification before holding the meeting as prescribed in Article 140 of this Law.

## **Article 151 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 60 days of the date the shareholders' meeting has voted for such resolution.

## **Article 152 (Amended) Rights and duties of an ordinary meeting**

The rights and duties of an ordinary meeting are:

1. Adopt the bylaws and contract of incorporation of the limited company;
2. Elect or remove a director or board of directors;
3. Elect or remove 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 other employees of the limited company;
6. Approve the summary report of the business operations, statement of income and expenses and the business plan of the limited company;
7. Adopt the method of dividend distribution; and
8. Exercise other rights and duties as necessary.

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

## **F. Finances of a limited company**

### **Article 153 Distribution of dividends**

The distribution of dividends shall be made at a 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 are still accumulated losses in the following year.

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 of the date the dividend has been distributed.

### **Article 154 (Amended) Reserve funds**

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

The compulsory reserve fund is a fund to prevent the risk of business in which the limited company shall annually, after deducting losses, put 10 percent of the net profit into such fund unless otherwise agreed by the law. 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 a meeting of shareholders.

## **Article 155 Use of a 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 shareholders' meeting has approved it.

### **G. Audit of a limited company**

## **Article 156 (Amended) An audit**

An audit of a limited company 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 permanently or periodically as agreed by shareholders in their meeting, and comply with relevant laws related to audit works.

## **Article 157 (Amended) Rights and duties of an auditor**

An auditor has the following rights and duties:

1. Receive wages;
2. Inspect the limited company's accounts at any time deemed necessary;
3. Inquire of the director, officers or employees of the limited company for any matters relating to his/her target of accounting inspection; and
4. Inspect the report on finance of the limited company and send it with the balance sheet to the shareholders' meeting and, report and certify the accuracy or error of the accounting system or data relating to the limited company's account.



## **Article 158 (Amended) Right 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.

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, Division and Dissolution of a Limited Company**

### **Article 159 (Amended) Merger of a limited company**

A limited company may merge with one or more 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 147 of this Law;
2. There has been notice to the creditors, through any means of mass media at least once within 10 working days of the date of having such resolution, to enable them to express their objections within 30 days of the date the creditor has received the notification, and the creditors making no objection or failing to reply within such period shall be deemed as having no objection; and
3. There has been registration as a new enterprise or a change to the contents of enterprise registration.

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

## **Article 160 (New) Division of limited company**

A limited company may divide into two or more companies by dividing the assets, rights, obligations and liabilities of such a divided company and shareholders of the company.

A limited company may divide only when:

1. There is a special resolution as specified in Article 147 of this Law;
2. There has been notice to the all creditors by any means of mass media at least once within 10 working days of the date of having such a resolution for division, to enable them to express their objections within 30 days of the date the creditor has received the notification, and 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 divided enterprise or a change to the contents of original enterprise registration.

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

## **Article 161 (Amended) Reason for dissolution**

A limited company may be dissolved for two reasons:

1. Dissolution by law; and
2. Dissolution by a court decision.

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

## **Article 162 Dissolution by law**

The limited company may be dissolved on any of the following grounds:

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 147 of this Law;
3. Bankruptcy; and
4. Dissolution as prescribed in Article 23 of this Law.

### **Article 163 Dissolution by a court decision**

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

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 unable to continue operating its business; and
5. There remains only a single shareholder or there are more than 30 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 164 Effect of temporary dissolution**

The dissolution of a 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 165 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 where the ground of dissolution results from bankruptcy, a court decision or the limited company has only one shareholder remaining or has as shareholders numbering more than 30 persons.

### **Article 166 Appointing or removing the liquidator**

Appointing or removing the liquidator shall be stipulated in the bylaws of the limited company. Where the bylaws have not stipulated such provisions, the appointment or removal of the liquidator shall be made by a shareholders' meeting with the votes of at least two thirds of shareholders and proxies attending the meeting. The liquidator shall be a legal entity and may be a person from inside or outside 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 167 of this Law may be removed by the same process by which he/she has been appointed.

### **Article 167 Appointment of the liquidator by the court**

Appointment of the liquidator in the case of the dissolution of a limited company that is the result of bankruptcy, a court decision, having only one shareholder

remaining or having more than 30 persons as shareholders shall only be made by the court.

### **Article 168 Replacing a liquidator that cannot perform his/her duties**

An appointment to replace a liquidator who 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 notify the public, as mentioned in this Article, and Articles 166 and Article 167 of this Law, regarding the appointment, removal or termination of the duty of the liquidator within 10 working days of the date of appointment, removal or termination thereof.

### **Article 169 Priority in the payment and distribution of debts**

The payment and distribution of debts shall be executed by following the order of priority fixed in subparagraphs 1 to 4 of 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 170 (Amended) Application of the provisions of liquidation of the ordinary partnership**

In addition to the provisions as determined in this subsection I, Section 2 Part V, the liquidation of a limited company shall be 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, as appropriate.

### **SECTION 3**

#### **SOLE LIMITED COMPANY**

##### **Article 171 (Amended) Establishment of a sole limited company**

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

1. Shall be established as an individual or an entity; and
2. Register the enterprise.

##### **Article 172 (Amended) Documents required for notification of an application for enterprise registration**

The application for the enterprise registration of sole limited company shall contain the following main documents:

1. Application for enterprise registration;
2. Copy of ID, family book, or passport of partner and manager;
3. Letter agreed by legal entity or organization in case of a partner being a legal entity;
4. Letter of authorization or power of attorney of a person to whom the right is granted; and
5. Other necessary documents.

##### **Article 173 (Amended) 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.

The manager of a sole limited company, within 30 days of the date of enterprise registration and share contributed, shall issue its share certificates. Share certificates shall be signed by the manager with a company stamp if any.

### **Article 174 (New) Effect of default in payment**

The shareholder of the sole limited company failing to pay and/or contribute the shares at the amount and the time of payment as specified in Article 173 of this law shall amend the contents of enterprise registration or apply for dissolution with the registrar concerned within 30 days of the date and time of that paying the shares becomes due, in accordance with this law. Such shareholders are liable for the value of their shares remaining unpaid prior to the date of changing the contents of enterprise registration with the relevant registrar.

### **Article 175 (Amended) 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 accordance with A to I, Section 2 Part V of this Law, or otherwise dissolve.

### **Article 176 (Amended) Shareholder's rights and duties**

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

1. Adopt the bylaws of the sole limited company;
2. Employ a manager when necessary;
3. Hire or remove the auditor, if necessary;

4. Determine the salary of the manager, the wages of the auditor and other employees;
5. Approve the report of business operations, income and expenditure and the business plan of the sole limited company;
6. The use of the profit made; and
7. Exercise other rights and duties determined in the bylaws of the sole limited company.

### **Article 177 (Amended) Manager**

The manager of a sole limited company may be the shareholder himself/herself or a person hired 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 the supervision of the shareholder.

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

The hired manager of a sole limited company is prohibited from the following business:

1. Conducting the same or similar type of sole limited company, whether for himself/herself or for the benefit of others, unless otherwise agreed by the shareholders; and
2. Assuming unlimited liability of a partner in a partnership operating the same or similar type of sole limited company, unless otherwise agreed by the shareholders.

### **Article 178 Contract to hire a manager**

A contract to hire a 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 between the manager, the sole limited company and outsiders shall be based on relevant law.

### **Article 179 (Amended) Application of the provisions of the limited company**

In addition to the provisions determined in Section 3 of this Part, the limited company's provisions for increases or reduction of capital, finance, audit, merger, dissolution, and liquidation shall be applied as described in subparagraphs c, f, g, h and i, section 2, part V of this Law as appropriate.

## **SECTION 4**

### **PUBLIC COMPANIES**

#### **A. General principles and establishment**

### **Article 180 (Amended) Principle for the number of shareholders of a public company**

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

A public company with a number of shareholders less than three persons and/or with an objective of capital mobilization through the capital market shall change the type of business or dissolve and carry out liquidation as prescribed in subsection I, Section 2, Part V of this Law.

## **Article 181 Promoters of a public company**

A promoter of a public company must be an individual or legal entity as follows:

1. With full capacity to act;
2. Not be a bankrupt person who has not passed the restricted period;
3. Has never been in prison for a crime relating to fraud or embezzlement; and
4. Jointly holds the shares of at least 10 percent of the registered capital.

A Lao citizen, permanent resident, person without nationality residing in Lao PDR or expatriate is entitled to be a promoter of a public company of up to and including 100 percent of their number, except that in the case of necessity at least 50 percent of a public company's promoters shall be Lao citizens, which will be stipulated in detail by the government.

## **Article 182 (Amended) Holding a statutory meeting of a public company**

A statutory meeting of a public company must open within 90 days of the contract of incorporation of the public company being notified to the office of the registrar and the shares being fully subscribed.

In case the statutory meeting of a public company cannot be held as stipulated in paragraph 1 of this Article, the promoters shall notify the subscribers of the public company within 10 working days of the date of the agreement to postpone the meeting.

The next meeting must be held within 30 days of the date the notice to the registrar has been made. The contract of incorporation of the public company will be, if this second

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, center district, capital, province, and capital city where its headquarters of the public company is located, and the meeting shall be attended by the promoters and subscribers having shares of at least two thirds of total shares.

### **Article 183 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.

The open sale of 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.

## **B. Shares and Debentures of a Public Company**

### **Article 184 (Amended) Shares and share contributions**

A share of a public company shall not be more than 100,000 kip.

Shareholders of a public company shall fully contribute their shares, whether in cash or in-kind, as agreed by the shareholders' meeting after enterprise registration.

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

The shareholders who do not contribute the shares as described in subparagraph 2 of this Article shall be liable for such unpaid shares as specified in Article 102 of this Law.

## **Article 185 (Amended) Share certificates**

Share certificates of a public company shall contain the following:

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. Value of unpaid shares and issue date of the share certificate, if any;
7. Date, month, and year of the issue date of the share certificate;
8. Name and signature of the director, with the stamp of the public company; and
9. Other necessary contents.

Share certificates of a public company are negotiable.

## **Article 186 Transfer of shares**

Shares of a public company can be transferred among insiders or outsiders. The transfer of a share certificate is completed after the transferor endorses the back of the share certificate by specifying the name of the 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 a request for registration of the transfer; and
2. Outsiders when the public company registers the registration of 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 of 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 of 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 from transferring shares as stipulated in subparagraph 4 Article 181 of this Law within two years of the date of the enterprise registration of the public company.

## **Article 187 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.

The public company borrowing money by issuing debentures offered for sale to the public may be done only when there is a special resolution as specified in Article 147 of this Law.

## **Article 188 (Amended) Application of the provisions on limited companies and other relevant provisions**

In addition to the provisions stipulated in Section 4, 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, mutatis mutandis, to a public company as specified in Articles 93, 94, 97, subsections c, b, h, I, Section 2 of this Law, as appropriate.

## **PART VI**

### **STATE-OWNED ENTERPRISES**

#### **Article 189 (Amended) State-owned enterprises**

State enterprises are established by the State with a capital contribution of more than 50 percent of the total capital, or by transferring other types of enterprise to the State enterprise, as agreed by the State or national assembly.

A State-owned enterprise is established, managed and operated based on the principles of the company vehicle.

Separate regulations for the establishment, management, and business activities of the State shall be developed.

#### **Article 190 Conditions for establishing a State-owned enterprise**

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

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

2. Business activities offering public utilities, which are not provided by other economic sectors or other types of enterprise; and

3. Business activities that are financially sound, economically viable and provide opportunity for capital accumulation.

## **Article 191 (Amended) Fundamental principles for the business operations of a State-owned enterprise**

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

1. Strict compliance with guidelines and policy, laws, governmental social-economic development plans, and regular supervision of relevant sectoral agencies;
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; and
4. Ensure the full participation of Mass organizations, in view of contributing toward improving the efficiency of business operations.

## **Article 192 (Amended) Board of directors of a State-owned enterprise**

The board of directors is established from the date of establishing the State-owned enterprise, and consists of the president, vice president, members and relevant unit of the enterprise as supporting unit.

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

The details of the organization and operations of a board of directors will be developed in separate regulations.

## **Article 193 (New) Qualification and requirements of board of directors**

A board of directors from the State appointed by the Ministry of Finance and has the following qualifications:

1. Be a person with full capacity and experience in the areas of business management or other subjects for at least three years, and have a good management history. The president of the board of directors shall have experience in managing an organization for at least three years, and shall have at least a level three management position. The vice president and board of director members shall have had at least a level five management position;

2. Have at least a bachelor's degree in law, auditing, finance, accounting, public administration, marketing or investment;

3. Be honest, and exhibit good behavior, vision, ethics, morality, creativity, transparency and leadership;

4. Has never been convicted by a court of deprivation of liberty due to intentional wrongdoing or banned from doing business; and

5. Have a good health.

## **Article 194 Rights and duties of a board of directors**

The rights and duties of a board of directors are:

1. Study the enterprise's management strategy and plan;  
2. Evaluate results of the enterprise's business operations;

3. Be responsible for the effective use of State assets and capital;

4. Study and elect directors for proposal to the Minister of the Ministry of Finance for appointment or removal;

5. Approve the appointment of an external auditor;

6. Monitor and inspect directors' activities relating to



the enterprise; and

7. Exercise other rights and duties as specified in relevant laws and regulations.

### **Article 195 (New) Board of directors**

The board of directors provides the executive management of the daily business activities of the State-owned enterprise, and consists of a number of directors and deputy directors.

The board of directors of State-owned enterprises receives salaries and other benefits according to the agreement of the board of directors or shareholders' meeting, and according to the labor contract.

The board of directors operates within the scope of rights and duties as defined in Article 197 of this Law and the bylaws of State-owned enterprises, but under the management of the board of directors and the meeting of shareholders.

### **Article 196 (New) Qualifications and requirements of members of a board of directors from the State**

A person appointed to a board of directors by the Government has the following qualifications and requirements:

1. Be a good business manager and have at least five years of business management experience;
2. Have the required knowledge, skills, and level of expertise in law, auditing, finance, accounting, personnel management, marketing or investment, and a Bachelor's degree or higher;
3. Be honest, exhibit good behavior, and be responsible for their duties;

4. Has never been convicted by a court of deprivation of liberty due to intentional wrongdoing or banned from doing business;
5. Declare their assets before taking office; and
6. Have good health.

The board of directors went through the selection process on the basis of competition.

### **Article 197 (New) Rights and duties of the board of directors**

A board of directors of State-owned enterprises has the following rights and duties:

1. Create, update, and propose amendments to strategies, rules, business plans, management, and annual personnel development plans to present to the board of directors for consideration;
2. Research, create, and improve State-owned enterprise joint venture contracts;
3. Create an annual investment plan, capital increase or decrease, merger, establishment, dissolution of State-owned enterprises, State-owned enterprise branches, sales, transfer of shares, or all or part of activities, determine capital contribution and important financial ratios to present to the Board of Directors for consideration;
4. Manage the daily affairs of State-owned enterprises;
5. Manage and implement the annual income-expenditure plan, including the disbursement of administrative payments, salaries, labor payments, allowances, net pensions, policy payments, and various funds as defined by the Law and according to the agreement of the shareholders' meeting;

6. Represent the State-owned enterprise in signing documents of the State-owned enterprise, such as purchase and sale contracts, lease agreements, and official documents;

7. Issuing agreements to appoint or dismiss the position of the head, deputy head of department, unit, branch, representative office, and other important positions, including recruitment, reshuffling, and dismissal of staff positions within the State-owned enterprise;

8. Verify, provide information and documents to internal and external auditors accurately and in a timely fashion, and disseminate financial reports that have been audited as described in the laws and regulations;

9. Improve and correct existing issues according to the recommendations of internal and external auditors;

10. Share dividends as agreed by the shareholders' meeting;

11. Receive remuneration in the form of salary, meeting fees, and other policies as specified in the rules of the enterprise or according to the labor contract;

12. Evaluate, praise, and discipline employees of State-owned enterprises who are under their responsibility; and

13. Exercise rights and perform other duties as assigned by the shareholders' meeting or the board of directors.

## **Article 198 (New) Responsibilities of directors and boards of directors**

The director and the board of directors of State-owned enterprises are directly responsible for results and losses in business operations. They are also legally responsible for their actions that violate the law, the regulations of State-owned enterprises, resolutions of

shareholders' meetings or the board of directors, and other related regulations.

### **Article 199 (Amended) Access to capital sources of State-owned enterprises**

State-owned enterprises can access the following sources of funding:

1. State-contributed funding;
2. Partnership with other business partners;
3. Taking land or other property as collateral for a loan;  
and
4. Issuance of securities.

Taking land or other assets of State-owned enterprises as collateral for loans and access to capital through the issuance of securities is defined in separate regulations.

### **Article 200 (New) Sale of shares of State-owned enterprises**

The board of directors or the meeting of shareholders can consider the sale of shares of State-owned enterprises in any part or in whole to individuals or legal entities, and submit a request to the Ministry of Finance for consideration, and report to the Government for consideration and approval. The Government must submit to the National Assembly for consideration the sale of shares of State-owned enterprises that have a strategic nature related to economic-financial stability or national security. If such a sale results in the State's share ratio falling below 50 percent, the State-owned enterprise must be converted into another type of enterprise.

## **Article 201 (New) Conversion of State-owned enterprises to other forms**

State-owned enterprises may be converted to other types of enterprises and other forms, such as limited companies and public companies, according to State policies and market economy mechanisms in each period, in order to improve and strengthen the enterprises.

State-owned enterprises that intend to change to another form must make a submission to the Ministry of Finance based on an agreement made at a shareholders' meeting or by the board of directors. After receiving the proposal, the Ministry of Finance, in coordination with State-owned enterprises, ministries, agencies to which State-owned enterprises belong, and relevant parties, conducts research on the transformation of State-owned enterprises in order to formulate a proposal for consideration by the Government.

In the event that there is no proposal for conversion, but if it is deemed necessary, the Ministry of Finance is in charge of coordinating with State-owned enterprises, ministries, organizations to which the State-owned enterprise belongs, and relevant agencies to research the conversion and make the proposal for governmental consideration.

If the Government agrees to convert a State-owned enterprise, the Ministry of Finance coordinates with State-owned enterprises, ministries to which the State-owned enterprise belongs, and relevant agencies to appoint a State-owned enterprise conversion committee, which will create a plan, evaluate the organization and its activities, including the value of assets, and carry out the conversion and establish of a new enterprise in accordance with relevant laws.

Relevant ministries, organizations, and local government agencies must research and select State-owned enterprises under their management to be designated as strategic State-owned enterprises, but any State-owned enterprises that are not strategic State-owned enterprises

should be considered for transformation into other forms of enterprise.

The National Assembly is the body that considers the transformation of State-owned enterprises that have strategic characteristics related to economic stability and national security, as proposed by the Government.

## **PART VII**

### **MIXED ENTERPRISE**

#### **Article 202 Mixed enterprise**

A mixed enterprise is an enterprise invested jointly by State and/or State enterprises and other sectors (domestic or foreign investors). State or State enterprise called "State sector".

There are two types of joint investment between the State sector and other sectors:

1. Other sectors holding shares in a State enterprise; and
2. The State sector holds shares in an enterprise of other sector.

#### **Article 203 Other sectors holding shares in a State enterprise**

Other sectors are able to hold shares in a State enterprise totaling no more than the capital proportion, as determined in paragraph 1 Article 189 of this Law.

#### **Article 204 State sector holding shares in enterprises in other sectors**

The State sector is able to hold various proportions of shares in enterprises in other sectors, as agreed by the relevant parties.

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

If enterprise is 50:50 jointly owned by the State and non-State sectors, the parties shall develop detailed regulations on voting power and other aspects of enterprise governance.

## **PART VIII**

### **NATIONAL CHAMBER OF COMMERCE AND INDUSTRY**

#### **Article 205 (New) National Chamber of Commerce and Industry**

The National Chamber of Commerce and Industry is a social organization of the business sector, with independence in terms of activity and budget.

The National Chamber of Commerce and Industry has a role as a representative for labor, economic associations, that is, business groups, cooperatives, groups of independent business operators and business units that are established and operate legally in the Lao PDR in mobilizing, educating, leading, organizing, and gathering business units to promote sectors including business, trade, industry, handicraft, agriculture, finance, and services. This includes protecting the legitimate rights and interests of enterprises that operate legally.

#### **Article 206 (New) Rights and duties of the National Chamber of Commerce and Industry**

The National Chamber of Commerce and Industry has the following rights and duties:

Act in compliance with the policies, laws, and regulations of the National Chamber of Commerce and Industry;

Mobilize, organize, and gather business units to help each other;

Encourage and promote the business units that are its members to operate in a highly effective and legal manner;

Give advice, provide information, and coordinate with the relevant public sectors to facilitate the establishment of new enterprises;

Apply measures to protect the rights and legitimate interests of members, based on relevant laws and regulations; and

Exercise rights and perform other duties as defined by law.

The organization and activities of the National Chamber of Commerce and Industry are developed in separate regulations.

## **PART IX**

### **PROHIBITIONS**

#### **Article 207 (New) General prohibitions**

It is prohibited for individuals, legal entities, and organizations to behave as follows:

1. Engage in prohibited or illegal business activities;
2. Conduct business activities without registering the enterprise;
3. Delay the establishment and activity of business in all forms; and
4. Act in other ways that violate the law.



## **Article 208 (New) Restrictions for civil servants and registrars**

Civil servants and registrars are prohibited from:

1. Abusing power, duty, or position, or using violence, coercion or threats to gain personal benefit, or benefit of their family, relatives or associates;
2. Conspiring with or facilitating investors to obtain benefits that are against the law;
3. Demanding, requesting, or receiving bribes from investors or others;
4. Pressing, delaying, or demanding additional documents in an application for enterprise registration, contrary to the law;
5. Rejecting an application for enterprise registration without reason;
6. Registering enterprises incorrectly;
7. Refusing to disclose enterprise registration information;
8. Renewing an enterprise registration certificate;
9. Being a broker or falsifying enterprise registration documents; and
10. Acting in other ways that violate the law.

## **Article 209 (New) Restrictions for enterprises**

Enterprises are prohibited from:

1. Conducting business without permission, continuing to conduct business in cases of suspension or withdrawal of a business license;
2. Conducting business not in accordance with requirements and standards as stipulated in law;

3. Allowing an enterprise registration certificate to be used by other persons;
4. Falsifying documents or providing false information;
5. Receiving bribes, non-cooperation or obstructing the performance of relevant State officials; and
6. Acting in other ways that violate the law.

## **PART X**

### **MANAGEMENT AND INSPECTION OF ENTERPRISES**

#### **Article 210 (Amended) Management and inspection agencies**

The Government is responsible for managing and inspecting enterprises in a centralized and uniform manner throughout the country, by assigning the industry and commerce sectors – the sector that is authorized to conduct business – to be the main body for supervision and inspection of enterprises according to their roles, in coordination with other relevant sectoral agencies and local authorities.

The management and inspection agencies consist of the following:

1. The industry and commerce sectors; and
2. Sectors that are authorized to conduct business.

#### **Article 211 (New) Rights and duties of management and inspection agencies**

Management and inspection agencies have the following rights and duties:

1. Study and formulate policies, strategic plans, and laws on business operations in order to make proposals to the Government for consideration;
2. Implement policies, strategic plans, sub-regulations, plans, programs and projects related to business operations and

implementation;

3. Disseminate policies, strategic plans, laws, sub-regulations, plans, programs and projects related to business operation;

4. Monitor the implementation of laws, sub-regulations, plans, programs and projects related to enterprise;

5. Promote, manage and monitor the implementation of enterprise registration, and business operating licensing, according to the scope their responsibility;

6. Develop and promulgate printed forms related to business registration and business operating licensing;

7. Create, develop, manage and use the national enterprise information system, and provide information on enterprises to the public and private sectors;

8. Link the national enterprise database with related sectors;

9. Receive and consider resolving the proposals of individuals, legal entities and organizations regarding enterprise;

10. Coordinate with relevant sectoral agencies and local government agencies in managing and monitoring enterprises;

11. Summarize and report the implementation of their work to the upper level regularly; and

12. Exercise rights and perform other duties prescribe by law.

## **Article 212 (Amended) Rights and duties of agencies authorized for business operation**

Agencies authorized for business operation are subject to the following rights and duties in managing and inspecting enterprises:

1. Study and formulate policies, strategic plans, and laws on business operations to make proposals for governmental consideration;

2. Implement policies, strategic plans, laws into legislation

under the law, plans, programs and projects related to business operations and implementation;

3. Disseminate policies, strategic plans, laws, legislation under the law, plans, programs and projects related to business operation;

4. Manage and monitor business operations;

5. Consider issuing, changing, suspending, canceling or revoking business operating licenses and notifying the relevant enterprise registration authorities;

6. Perform sanctions against enterprises that violate the law;

7. Link their information with the national enterprise information system in order to exchange information on enterprises;

8. Receive and consider resolving the proposals of individuals, legal entities or organizations regarding business operation;

9. Coordinate with relevant sectoral agencies and local government agencies in managing and monitoring the business operation of enterprises;

10. Summarize and report the implementation of their work to the upper level regularly; and

11. Exercise rights and perform other duties prescribed by law.

### **Article 213 (New) Rights and duties of other agencies and relevant local government agencies**

Other agencies and relevant local government agencies have the right and duty to guide, promote and coordinate, and cooperate with the management and inspection agencies of enterprises, in order to implement relevant laws and regulations according to their roles and responsibilities.

## **Article 214 (New) Enterprise inspection**

All operations of the enterprise are managed, monitored and inspected by the enterprise management and inspection agencies, as defined in Article 210 of this Law, and relevant laws and regulations.

## **Article 215 (New) Forms of enterprise inspection**

Enterprise inspection is carried out in the three following ways:

1. Inspection according to a regular plan, which is a inspection carried out according to a plan on a regular basis and with a certain deadline;
2. Inspection by notifying in advance, which is an inspection when deemed necessary. The target must be notified of the inspection at least 24 hours in advance; and
3. A sudden inspection, which is an urgent inspection without giving the target advance notification.

The inspection can involve document inspection and actual performance at the inspection site.

## **Article 216 (New) The registrar**

A registrar is a civil servant who has been appointed or dismissed as a registrar from the industry and commerce sectors.

The appointment and dismissal of the registrar are stipulated in a separate regulation.

## **Article 217 (New) Rights and duties of the registrar**

1. Provide advice on establishing, changing the contents of the enterprise registration certificate and dissolving the enterprise;
2. Consider issuing, changing the contents of the enterprise registration certificate and dissolving the enterprise;

3. Manage the organization of all types of enterprises at management level, regarding establishment, changes in the content of the enterprise registration certificate and dissolution, as stipulated in this law;

4. Collect, protect and provide information on enterprise registration;

5. Eliminate or propose elimination of an enterprise registration certificate;

6. Suspend the use of an enterprise registration certificate, as proposed by the tax authorities;

7. Delete the name of an enterprise from the national enterprise information database at its management level, according to the procedures set forth in this Law; and

8. Exercise rights and perform other duties prescribe by law.

## **PART XI**

### **AWARDS AND SANCTIONS**

#### **Article 218 (Amended) Awards**

An individual, legal entity or organization with outstanding performance according to this Law shall receive the appropriate awards and benefits, in accordance with the law.

#### **Article 219 (Amended) Sanctions**

A registrar, individual, legal entity or organization that violates this Law shall be sanctioned in the form of education, warning, disciplining, fining, providing compensation for civil damage, or criminally punished, as provided in law.

**PART XII**  
**FINAL ROVISIONS**

**Article 220 Implementation**

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

**Article 221 (Amended) Effectiveness**

This Law enters into force from 30 March 2023, after 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.

This Enterprise Law supersedes Enterprise Law, No. 46/NA, dated 26 December 2013.

President of the National Assembly  
[Seal and Signature]  
Saysomphone Phomvihane