

**Decree-Law No. 41/2011**

**of 21 September**

**Timor-Leste Investment Company**

This law reflects the Government's commitment to establish the institutions necessary to ensure secure foundations for the development of national economy. The purpose of the Timor-Leste Investment Company is to promote investment opportunities and the growth of national wealth, leading strategic projects with major trade impact.

It is aimed at promoting investment in sectors of the economy that are vital to development, bearing in mind the passage of the Timorese economy from an economy based on petroleum to a non-oil economy that creates this structure as part of the State business sector.

Thus,

The Government decrees, pursuant to Article 115.1(i) of the Constitution, as law, the following:

**Article 1**

**Creation and statutes**

1. The Timor-Leste Investment Company SA, hereinafter CITL, SA is created.
2. The CITL, SA is a limited company established solely with public capital.
3. The present law is sufficient evidence for all legal purposes, including business registration.
4. The statutes of the CITL, SA, published in annex to this law, are an integral part.

**Article 2**

**Nature**

The CITL, SA, shall have legal personality, being endowed with administrative, financial and asset management autonomy.

**Article 3**

**Legal status**

1. The CITL, SA is governed by this ordinance, by its statutes, the rules applicable to companies and any other applicable law.
2. The CITL, SA is not subject to the rules that apply to public companies, except as expressly provided in this regard.
3. Unless it is in the national interest and there is no legal impediment, the relations between the CITL, SA and the State or other public entities shall not result in situations that may in any way prevent, restrict or distort competition.

**Article 4**

**Mission**

1. The mission of the CITL, SA is to promote the development of commercial and industrial activities in Timor-Leste and contribute to the growth of national wealth.
2. To pursue its mission, the CITL SA may carry out any commercial activities permitted by law.

**Article 5**  
**Capital**

1. The capital is 200 million U.S. dollars.
2. The shares of the CITL, SA belong to the state.
3. It is up to the General Assembly to decide on increases in capital and payment as necessary to finance the expansion of activities of the CITL, SA.

**Article 6**  
**Functions of the State as shareholder**

1. The State's shareholder rights are exercised by the minister of finance or whoever is designated, by order.
2. The minister of finance may issue written guidelines for the exercise of the State's rights as shareholder.

**Article 7**  
**Selection and election of members of the General Assembly, the Board of Directors and the Audit Committee**

The board members of the General Assembly, the Board of Directors and the Audit Committee are selected and elected in accordance with the statutes of the CITL, SA.

**Article 8**  
**Registration of interests**

1. Each member of the governing bodies must disclose to the President of the General Assembly all activities likely to generate inconsistencies or impediments and any acts that can provide income or financial conflicts of interest, including:
  - a) Possession of or participation in real and personal property, whether inside or outside of Timor-Leste;
  - b) Possession of vehicles;
  - c) Income;
  - d) Obligations and debts;
  - e) Any positions in other corporations;
  - f) Gifts received during the year from a position above the CITL, SA worth more than \$ 500 and the names and other personal details of people who donated the gifts;
  - g) Any obligations acquired or settled during the last twelve months;
  - h) Any rights or interests relating to a claim.
2. Each member of the Board of Directors or the Audit Committee must declare any conflict of interest on their appointment or as soon as possible after becoming aware of conflict of interest.
3. Failure to comply with the provisions of the preceding paragraph sets up a situation of just cause for dismissal.
4. The CITL, SA shall maintain a register of assets of all members of the board.

**Article 9**  
**CITL SA's Strategic Plan**

1. The Board shall prepare each year a company's strategic plan and send it to the shareholder at least 30 days before the general meeting of shareholders.
2. The strategic plan should cover a period of at least three years and include details of:
  - a) The objectives of the CITL, SA;
  - b) Assumptions about the business environment in which the CITL, SA operates;
  - c) The business strategies of the CITL, SA;
  - d) Investment programs and financing of the CITL, SA;
  - e) Targets and financial projections for the CITL, SA;
  - f) The quarterly and annual budgets;
  - g) The dividend policy of the CITL, SA;
  - h) Compliance with the law applicable to companies by the CITL, SA;
  - i) Analysis of strategic plans and performance against previous targets;
  - j) Analysis of factors that may affect the achievement of targets and create significant financial risks to the CITL, SA or to the State of Timor-Leste;
  - k) Strategies for human resources and industrial relations strategies, and
  - l) Relations with stakeholders and strategies to manage these relationships.
3. The plan should also include any other matters requested by the shareholder.
4. The Board of Directors shall, within a reasonable time, notify the shareholder in respect of:
  - a) Any significant changes to the plan, and
  - b) Matters which may significantly affect the achievement of the plan.

**Article 10**  
**Obligation to provide information**

1. Without prejudice to the rights of shareholders under applicable law to the Companies Act to request information, the CITL, SA must provide the shareholder the following:
  - a) Within 30 days after the end of each quarter, the accounting report for that period;
  - b) Within 90 days after the end of the financial year, an accounting report for that period;
  - c) Within 90 days after the end of the financial year, the opinion of the Supervisory Board for the previous financial year, and
  - d) Within five days of its publication, the annual report of the CITL, SA
2. The documents listed in the preceding paragraph, should be organized to allow the identification of any other financial flows and transactions that occur between the CITL, SA and the State or other public entities.

## **Article 11 Transparency**

The CITL, SA shall publish on its official website, as well as make freely available to the public in both official languages and in English, the following information, up to date:

- a) The legal framework applicable to the CITL, SA;
- b) Its organizational structure and its internal organization;
- c) The duties and powers of each of its internal organs and sections;
- d) The financial statements and annual reports of the CITL, SA;
- e) Information on subsidiaries and other affiliated companies or holding company capital;
- f) The composition of its organs and identification of persons responsible for administration;
- g) Personal information, including the number of employees and their jobs.

## **Article 12 Labour relations**

1. Workers of the CITL, SA, are subject to the legal contract of employment and contract for services.
2. The process of recruitment is preceded by a public announcement and the second objective selection criteria, to establish the rules of procedure.

## **Article 13 Entry into force**

The present law shall enter into force on the day following its publication.

Approved by the Council of Ministers on 3 June 2011.

The Prime Minister

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**Kay Rala Xanana Gusmao**

The Minister of Finance

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**Emilia Pires**

Promulgated on 19 September 2011

To be published.

The President of the Republic

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**Jose Ramos-Horta**

## **ANNEX**

### **STATUTES OF THE TIMOR-LESTE INVESTMENT COMPANY, SA**

#### **CHAPTER I GENERAL PROVISIONS**

##### **Article 1 Nature, name and length**

The Timor-Leste Investment Company, CITL, SA, hereinafter CITL, SA, a corporation is composed exclusively of public capital and is governed by these statutes and under general law and applicable special.

##### **Article 2 Headquarters, branches, agencies and other forms of representation**

1. The CITL, SA has its headquarters in Dili.
2. The Board of Directors may:
  - a) Establish the headquarters of the CITL, SA elsewhere in the territory of Timor-Leste, and
  - b) Establish offices, branches, representative offices, facilities, or other forms of local representation anywhere in the national territory or a foreign country.

##### **Article 3 Purpose of company**

The aim of the CITL, SA is to promote commercial activities in Timor-Leste and contribute to the growth of national wealth.

#### **CHAPTER II CAPITAL AND OTHER FINANCIAL RESOURCES**

##### **Article 4 Capital**

1. The company's share capital is 200 million dollars.
2. It is the responsibility of the General Assembly to decide on issuing additional capital and the payment thereof when such an increase is necessary to support the expansion of activities of the CITL, SA.

##### **Article 5 Representation of the capital**

1. The capital is represented by twenty million shares, each with a nominal value of \$ 10.
2. The shares of "CITL, SA" belong to the state.

##### **Article 6 Other means of financing**

1. The CITL, SA may issue bonds.
2. Except where prohibited by law, the issuance of bonds will be decided by the Board of Directors.

## **CHAPTER III BODIES OF COMPANY**

### **Article 7 Organs**

1. The bodies of the CITL, SA are the following:
  - a) The General Assembly;
  - b) The Board of Directors;
  - c) The Audit Committee.
2. The Board must appoint a company secretary for advancing skills prescribed by the Commercial Companies laws.

### **Article 8 Composition and term of office of members of the company**

Members of the Board of Directors are elected for a period of four years with the possibility of reelection.

Members of the Supervisory Board are elected for a period of four years with the possibility of reelection.

### **Article 9 Minutes**

The decisions of the meetings held by the company are recorded.

The minutes of meetings of the Board shall be signed by those present.

Minutes of a General Assembly are drafted and signed by the President, the Vice-President and Secretary of the General Assembly.

## **SECTION I GENERAL ASSEMBLY**

### **Article 10 General Assembly**

1. The State is represented in the General Assembly by the Minister of Finance or by whom he appoints by decree.
2. All active members of the organs of the CITL, SA must be present at the General Assembly.
3. Legal representatives may be present at meetings of the General Assembly, as well as persons whose presence is authorized by the President of the General Assembly, including any person proposed by the Board of Directors and any technical element of the CITL, SA to clarify specific issues to be evaluated by the General Assembly.

### **Article 11 Composition and powers of the board of the General Assembly**

1. The General Assembly is directed by the board of the General Assembly, composed of the president, vice president and secretary of the General Assembly.

2. It is the responsibility of the board of the General Assembly to guide the meetings and prepare the minutes thereof.
3. The President is responsible for convening meetings of the General Assembly in accordance with the legal formalities.
4. In the absence of the President, his/her functions are exercised by the Vice President.

**Article 12**  
**Notice and General Meeting**

The General Assembly will be held at least once a year or at any time upon request of the Board, the Supervisory Board or the State, as sole shareholder.

The General Assembly is convened by the Chairman of the General Assembly or by his deputy, with an advance of at least 30 days, by letter to shareholders outlining the issues to be discussed at the meeting.

The General Assembly meets at the headquarters of the CITL, SA or elsewhere in the territory specified in the notice of the meeting.

**Article 13**  
**Powers of the General Assembly**

1. The General Assembly decides on all matters within its competence, as provided by law in the statutes of the CITL, SA.
2. The powers of the General Assembly are the following:
  - a) Decide on the annual report and audited annual accounts;
  - b) Decide on the proposed appropriation of profits;
  - c) Annually review the management and supervision of the CITL, SA;
  - d) To elect the members of the board of General Assembly, the Board of Directors and Audit Committee;
  - e) Decide on the necessary amendments to the bylaws and capital increases;
  - f) Deliberate and set the remuneration of the members of the CITL, SA;
  - g) Authorize the acquisition and sale of real estate and investments with value of more than 20% of the share capital.
  - h) Decide on purchasing share capital of other companies;
  - i) Resolve any issues that it is convened to resolve.

**SECTION II**  
**BOARD OF DIRECTORS**

**Article 14**  
**Composition of the Board of Directors**

The Board of Directors of the CITL, SA is composed of a President, a Vice-President and one, three or five other members.

**Article 15**  
**Duties of the Board of Directors**

The powers of the Board are:

- a) Manage the business and perform all acts relating to the objectives of the CITL, SA;
- b) Establish the internal organization of the CITL, SA and elaborate rules and instructions as it deems appropriate;
- c) Hire staff and establish their contractual conditions, and exercise powers of direction and discipline of employees;
- d) Acquire, encumber and transfer any assets and rights, movable or immovable, including shares and investments, when it considers appropriate, notwithstanding the provisions in Article 13.2(g);
- e) Decide on the question of issuing bonds;
- f) Execute and enforce the laws, statutes and decisions of the General Assembly;
- g) Representing the CITL, SA in court or arbitration;
- h) Exercise any other powers of the Board of Directors by law or by statute.

**Article 16**  
**Delegation of management powers**

The Board of Directors may delegate to one or more of its members matters under the competence of the Board of Directors.

**Article 17**  
**Powers of the President**

1. The powers of the President of the Board, the following:
2. Representing the Board of Directors;
3. Coordinate the activities of the Board of Directors and organize and lead meetings of the Board of Directors;
4. Ensure the proper implementation of the resolutions of the Board.
5. In his absence, the Chairman of the Board of Directors is replaced by Vice-Chairman of the Board of Directors.

**Article 18**  
**Meetings and resolutions of the Board of Directors**

1. The Board of Directors ordinarily meets once a week and extraordinarily at the initiative of the President or upon request of a majority of the members of the Board.
2. The meeting will be held at the CITL, SA or any other location specified in the invitation.
3. The Board of Directors may have valid deliberations only if the majority of the members are present or represented at the meeting.
4. The President or his deputy has the casting vote.
5. Any member of the Board may have himself replaced by another member of the Board through a letter to the Board of Directors.



**Article 19**  
**Binding acts**

1. The CITL, SA commits itself through:
  - a) The signature of two members of the Board of Directors;
  - b) Signatures of one or more legal representatives, armed with power of attorney for this purpose;
  - c) The signature of a member of the Board, within the scope of a delegation of the Board for that purpose.
2. In situations of lesser importance to decide at a meeting of the Board of Directors, the signature of one member of the Board is sufficient.
3. The Board of Directors may decide, within legal limits, whether certain company documents are signed by stamp or mechanically.

**SECTION III**  
**AUDIT COMMITTEE**

**Article 20**  
**Structure and composition**

1. The Audit Committee is composed of three members appointed by the General Assembly.
2. Members of the Board of Directors cannot accumulate the Audit Committee functions.

**Article 21**  
**Powers**

1. The Audit Committee has the following powers:
  - a) Check the legality of acts of bodies of the company, its compliance with the statutes and other applicable legislation;
  - b) Monitor the implementation of the plan of activities and programs;
  - c) Periodically examine the company's accounting and budget execution;
  - d) Issue a detailed opinion on the balance sheet, report and accounts of the Board of Directors;
  - e) Rule on the performance and financial management of the company, about achieving results and benefits;
  - f) Rule on the criteria for valuation of assets, depreciation and return of capital, provisioning and reserves and the determination of financial results;
  - g) Advise on the acquisition, disposal or encumbrance of movable or immovable property subject to registration;
  - h) Communicate with members of the General Assembly to investigate irregularities in the management of the company;
  - i) Propose to the General Assembly to carry out external audits;
  - j) Anything else that may be applicable.
2. The Chairman of the Audit Committee will convene and preside at meetings of the Audit Committee, coordinate their activities and ensure proper implementation of its deliberations.

**CHAPTER VII**  
**FINANCIAL YEAR AND DISTRIBUTION OF PROFITS**

**Article 22**  
**Financial Year**

The financial year of the CITL, SA coincides with the calendar year.

**Article 23**  
**Distribution of profits**

1. Once approved, the annual net profits are applied as follows:
  - a) A minimum of 15% for the establishment of a reserve or for re-deposit in the same, and
  - b) The remainder for the purposes determined by the general meeting following a proposal by the Board of Directors.
2. The reserve referred to in paragraph 1(a) may only be used in accordance with the predictions of the Business Companies Act.
3. The CITL, SA may, in accordance with the law, pay dividends to its shareholder.

*[This the end of what was published in the *Jornal da Republica Serie I, No. 35*]*