

**THE LONRHO COMPANIES (ACQUISITION AND TRANSFER
OF MANAGEMENT ACT, 1979**

ACT, 1979

ARRANGEMENT OF SECTIONS

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THE UNITED REPUBLIC OF TANZANIA



No. 21 OF 1979

ASSENT,

Julius K. Nyerere
President

8TH December, 1979

An Act to give statutory effect to the acquisition, and to provide for the transfer of management, of Lonrho Companies in the United Republic and for other incidental or related matters

[.....]

WHEREAS the London Rhodesia (London), Limited (hereinafter referred to as "Lonrho"), a company incorporated outside the United Republic, was until the sixteenth day of September, 1978, holding all or a majority of shares in certain companies incorporated in the United Republic (hereinafter referred to as "Lonrho companies").

AND WHEREAS, the Government of the United Republic found it necessary in the public interest to terminate all connections between Lonrho and Lonrho companies as from the second day of June, 1978:

AND WHEREAS, subsequently, the Government of the United Republic directed that all shares in each of the Lonrho companies specified in the First Schedule to this Act and that part of shares owned by Lonrho in the companies specified in the Second Schedule to this Act, be acquired and vested, in the Treasury Registrar as from the sixteenth day of September, 1978:

AND WHEREAS, consequent upon the acquisition of all shares in each of the Lonrho Companies specified in the First Schedule to, this Act and that part of shares owned by Lonrho in the companies specified in the Second Schedule to this Act it is expedient to give statutory effect to that acquisition and to make other provisions to facilitate the more effectual take over of the Lonrho Companies:

Now, THEREFORE, this Act is enacted by the Parliament of the United Republic of Tanzania as follows-

PART I

PRELIMINARY

Short title and commencement	1. This Act may be cited as the Lonrho Companies (Acquisition and Transfer of Management) Act, 1979, and shall be deemed to have come into operation, on the sixteenth day of September, 1978.
Interpretation	<p>2. In this Act, unless the context requires otherwise-</p> <p>"the Board" means the Interim Management Board established by section 13;</p> <p>"effective date" means the midnight of 15th September, 1978;</p> <p>"interim body" means a body established by the Minister during the interim period for the purpose of better management of the Lonrho Companies during the interim period-</p> <p>"interim period" in relation to any Lonrho company means the period between the effective date and the date on which Lonrho company is transferred to an Organization under section 12;</p> <p>"Lonrho" means the London Rhodesia (London) Limited;</p> <p>"Lonrho company"¹¹ means any company incorporated in the United Republic and a percentage of whose share capital is held by Lonrho, and which is specified in the First and Second Schedule to this Act;</p> <p>"Minister" means the Minister for the time being responsible, for industries;</p> <p>organization" means-</p>
Acts 1969 No. 17	(a) any public corporation established under the Public Corporations Act, 1969;
cap. 212	(b) any public corporation established under any written law other than the Companies Ordinance; or
	(c) any company or other body corporate established under the Companies Ordinance, not less than fifty-one per cent of whose share capital is owned by the Government, a parastatal organization or by a public corporation;
	"previous owner" means in relation to any Lonrho company any person who was a shareholder in that Lonrho company immediately before the effective date,
Cap. 418	"Treasury Registrar" means the Treasury Registrar appointed under the Treasury Registrar Ordinance and includes any person appointed by the Treasury Registrar as his agent under, and for the purposes of, this Act.

PART II

ACQUISITION OF LONRHO COMPANY

3.-(1) As from the effective date all the shares in each Lonrho company shall by virtue of this section and without further assurance vest, free of any trust, mortgage, charge, lien, interest or any other encumbrance and of any kind, in the Treasury Registrar and shall be deemed to have so vested as from the effective date and the Treasury Registrar shall be the sole share holder of each of the Lonrho companies.

Acquisition of Lonrho companies and vesting of shares

(2) Subject to the provisions Of (his Act, no right or interest in any Lonrho company, including any right or interest arising from any encumbrance of any kind, derived by any person from or through the previous owner shall be exercisable or enforceable as against the Treasury Registrar, and the Lonrho company shall vest in the Treasury, Registrar free of all those rights, interest and encumbrances.

4. The Treasury Registrar shall as soon as may be practicable, carry Out investigation for the puposes of determining the value Of the shares the value of vested in him under Section 3.

Investigation to determine the value of shares

5. For the avoidance of doubt and without prejudice to the generality of the proceeding provisions of this part, it is hereby declared that the Treasury Registrar shall have all the powers necessary for the take over of the shares vested in him under Section 3 and to deal with them in such manner as could have been dealt with by the previous owner.

6.--(I) Any disposition

- (a) which was effected by a testamentary instrument executed before the effective date; and
- (b) which would have operated as a bequest of all or any of the shares vested in the Treasury Registrar under the provisions of section 3,

shall have effect as a bequest of the right of the testator to be paid compensation in respect of the acquisition of the shares in relation to which that disposition would have operated.

(2) Any power of attorney or other instrument-

- (a) which was executed before the effective date upon which any shares become vested in the Treasury Registrar under the provisions of section 3; and
- (b) which operates in relation to all or any of those shares shall have the like operation in relation to the right to payment. of compensation in respect of the acquisition of the shares to which that power of attorney of other instrument relates.

7.-(1) No previous owner or any director, partner, employee or agent of a previous owner shall sell, assign, dispose or interfere With any share or asset of any of the Lonrho Companies.

(2) Any person who contravenes the provisions of subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding fifty thousand shillings and in addition, shall restore to, the Lonrho Company, such share certificate or asset as may have been dealt with by him in contravention of that subsection.

Provisions relating to employees

8.-(1) Subject to subsection (5), every person employed by any Lonrho company immediately before the effective date shall, as from the effective date be, and be deemed to have been, employed by the Board.

(2) Where a person becomes employed by the Board pursuant to the provisions of subsection (1), the terms and conditions of service applicable to him shall, except where the President directs otherwise be, not less favorable than those which were applicable to him immediately before his transfer to the service of the Board, and for the purposes of determining any right to gratuity or other superannuation benefit, his service with the Board shall be regarded as continuous with his service immediately before the effective date.

Cap. 487

(3) After a person becomes employed by the Board pursuant to the provisions of subsection (1), his employment immediately before the effective date and his employment by the Board shall be deemed to be continuous employment by one employer within the meaning of section 8A of the Severance Allowance Act, 1962, and that Act shall apply to parties in the same manner as it applies to the cases set out in section 8A (1), of that Act.

(4) Every employee of a Lonrho Company who qualifies for the membership to the parastatal pension scheme established by the Parastatal Pension Act, 1978, shall, with effect from the date of transfer of the Lonrho Company to an Organization, become a member of that Scheme and the provisions of the Parastatal Pension Act, 1978, shall apply *mutatis mutandis* in respect of that employee; and

(5) Where the employee concerned is not a citizen of the United Republic and the Lonrho company concerned notifies the Board that that employee is willing to be transferred to the service of the Board, the Board may enter into arrangements with the Lonrho company concerned and with that employee by which the employee shall be transferred to the service of the Board upon terms and conditions to be agreed.

Directors to retire from office

9.-(1) The directors of each of the Lonrho companies shall cease to hold office as from the effective date.

(2) Notwithstanding any contrary provision in any law or in any Articles of Association, charter, agreement, contract or other instrument of any kind a director who ceases to hold office by virtue of subsection (1) shall not be entitled to any damages as compensation in respect of the loss of office.

10.-(1) Every person who immediately before the effective date was a shareholder, director, member or employee of a Lonrho company shall do all such lawful acts as he may be called upon in writing to do by the Treasury Registrar or the Board in order to facilitate the more effectual taking over by the Treasury Registrar of the shares and assuming an effective control of that Lonrho company.

Previous owners, Directors, etc., to facilitate take over

(2) Any person who contravenes the provisions of subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding one thousand shillings in respect of each day that the contravention continues.

11.-(1) Subject to the provisions of this section, the United Republic shall after consultation with the previous owner, pay such compensation in respect of the shares if each Lonrho company acquired under section 3 (2) as the Minister for Finance may determine, as being full and fair compensation.

Compensation

(2) When the amount of compensation payable to any person entitled to it by virtue of subsection (1) has been determined, the Minister for Finance shall issue a certificate setting out the amount, and that amount shall constitute a charge on and be paid out of the Consolidated fund.

(3) Notwithstanding subsection 1(3), the amount of compensation shall be payable in such manner and in such instalments as the Minister for Finance shall determine.

PART III

TRANSFER OF MANAGEMENT OF LONRHO COMPANIES

12.-(1) The President shall, in relation to each Lonrho company, by order published in the Gazette, designate an organization to which that company shall be transferred.

(2) Where an order is made under subsection (1), the Treasury Registrar shall, by a certificate under his hand transfer to the organization designated in the order all the shares rights and interest, in or over the Lonrho company in relation to which the organization is designated and which vested in the Treasury Registrar by the operation of the provisions of Part II.

(3) Where a certificate under subsection (2) is issued in relation to any Lonrho company, the Lonrho company shall, by virtue of that certificate and without further assurance, vest in the organization specified in the certificate and the provisions of section 3 shall, as from the date of transfer apply as if references in that section to the Treasury Registrar were references to the organization in the order under subsection (1).

(4) Upon the transfer of a Lonrho company to an organization under this section, all persons who are employed in carrying on the business of the Lonrho company immediately before the date of the transfer, including the persons who were employed by the Lonrho company

immediately before the effective date and who, by virtue of the operation of section 8 became employees of the Board in relation to that Lonrho company shall, as from the date of the transfer of the Lonrho company to the organization, be employed by the organization and the provisions of section 8 (2), i(3), (4), and (5) shall apply in relation to the transfer of every such employee to the employment of the organization concerned as if references in that section to the Board were references to that organization.

PART IV

MANAGEMENT OF LONRHO COMPANIES

Establi-
shment
of Board

13. (1) There is hereby established a Board to be known as the Interim Management Board.

(2) The Interim Management Board shall consist of-

(a) a Chairman who shall be appointed by the President; and

(b) not less than five nor more than nine other members who shall be appointed by the Minister.

(3) The Board shall be deemed to have been established as from the effective date; provided that every person who immediately after the effective date was appointed a chairman or a member, as the case may be, of an interim body established by the Minister to supervise the operations of all Lonrho companies shall, subject to the provisions of this Act, act as a chairman or a member respectively, of the Board and such person shall be deemed to have been appointed under this section as from the effective date.

Board to
manage
Lonrho
companies
during
interim
period

14. (1) Every Lonrho company shall, during the interim period, be managed by the Board or such person as the Board may nominate in that behalf.

(2) The Board shall be responsible for the management and control of the business and affairs of each of the Lonrho companies and shall, for that purpose, ensure that the business of each of the Lonrho companies is carried on efficiently in accordance with the best mercantile traditions so as to avert or minimize any losses to that business.

(3) The Board may appoint persons, each designated as manager, to be the chief executive officer of any of the Lonrho companies specified in the instrument of his appointment, during the interim period.

Effect of
reduction in
the
membership
of a Lonrho
company

15. Every provision in any law or in any Articles of Association or any other charter or instrument of a Lonrho company, providing for any consequence to follow, or requiring any act or thing to be done, or entitling any person to do any act or thing or to take any action of any kind, as a result of a reduction in the number of the members of the company below a certain number, shall be of no effect in relation to the Lonrho companies.

16. The Minister may give to the Board directions of general or specific character regarding the management Of any Lonrho company or all Lonrho companies and, without prejudice to the generality of the power of the Minister under this section, such directions may be connected with-

Power of Minister in relation to Board

- (a) the management of the Lonrho companies or any of them;
- (b) the maintenance of books of accounts and other records relating to the business conducted in relation to the Lonrho companies;
- (c) other matters pertaining to the Lonrho companies and persons employed in connection with their business of those companies,

and the Board shall give effect to any such directions.

17.-(1) The Minister may make regulations modifying in their application to any Lonrho company, any of the provisions of the Companies Ordinance or of any subsidiary legislation made under it or of the Articles of Association or other charter or instrument of the Lonrho company.

Minister may make regulations modifying provisions of the Companies Ordinance, etc
Cap. 212

(2) Nothing in subsection (1) shall be construed as limiting the power . of the Treasury Registrar as the sole member of a Lonrho) company to amend the Articles of Association of that Lonrho company.

18.-(1) Where, after the effective date but before the enactment of this Act, any person who was an officer or employee of any Lonrho company immediately before the effective date purported to perform any duty or exercise any power or function imposed or conferred upon him as such officer or employee by or under any enactment or rule of law, the duty, power or function shall be deemed to have been imposed on 'and vested in that officer or employee as if he had been, an officer or employee of the Board in relation to that Lonrho company on the date on which he performed the duty or exercised the power or functions, and the performance of that duty or the exercise of that power or function shall not be called into question in any court by reason only of this Act not having been enacted.

Validation of certain acts and matters

(2) Where before the enactment of this Act any person who, immediately before the effective date, was responsible for the manage. ment of the affairs and business of any Lonrho company did, or purpor. ted to do or committed to do any act in relation to any Lonrho company which if done or committed to be done after the enactment of this act would have been necessary or desirable for the better performance of responsibilities conferred upon such person, such act or commission shall be deemed to have been done or committed to be done under this Act and its performance or non-performance by that person shall not be called into question in any court by reason only of that art having been done or committed to be done before the enactment of this act,

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(3) Anything done or omitted to be done by any member of the interim body, any officer or employee of the National Development Corporation (Establishment) Order, 1969, in relation to any Lonrho company in his capacity as a member of the interim body, an officer or employee of the National Development Corporation, as the case may be, authorized by the Minister to act in that capacity in relation to any of the Lonrho companies, shall be deemed to have been done or omitted to be done by that member, or, officer or employee of the National Development Corporation as the case may be, as a member or employee of the Board under and for the purpose of this Act.

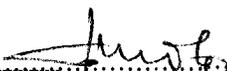
FIRST SCHEDULE

1. Bruce (Tanganyika) Limited.
2. Bums & Blane (Tanzania) Limited.
3. Express Tanzania Limited.
4. East African Motor Assemblies Limited.
5. Farm Machinery Distributors (Tanganyika) Limited.
6. Motor Mart (Tanganyika) Limited.
7. Mufindi Tea Company Limited.
8. Mwananchi Tractor & Vehicle Assemblers Limited.
9. National Tours Limited.
10. Neon & General Signs (Tanzania) Limited.
11. Riddoch Motors Limited.
12. Stationery & Office Supplies (Tanzania) Limited.
13. Stone Valley Tea Company Limited.
14. Tanganyika Cotton Company Limited.
15. Tanzania Motor Corporation Limited.
16. Tanzania Vehicle Finance Limited.
17. The Motor Service Company (Tanzania) Limited.
18. Darbrew Limited.
19. Tantrust Limited.

SECOND SCHEDULE

1. Mwananchi Tractor & Vehicle Assemblers Limited.
2. Darbrew Limited.

Passed in the National Assembly on the twenty-third day of October, 1979.


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Clerk of the National Assembly