

CHAPTER 143

INVESTMENT CORPORATION OF SOLOMON ISLANDS

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CHAPTER 143
INVESTMENT CORPORATION
OF SOLOMON ISLANDS

AN ACT TO ESTABLISH AN INVESTMENT CORPORATION OF SOLOMON ISLANDS, WHICH SHALL BE CHARGED WITH RESPONSIBILITY FOR MANAGING GOVERNMENT'S INVESTMENT PORTOLIO INDEPENDENT OF GOVERNMENT FINANCIAL ASSISTANCE OR CONTROL; TO REPEAL THE GOVERNMENT SHAREHOLDING AGENCY ACT OF 1977; AND TO DEAL WITH OTHER MATTERS CONNECTED THEREWITH OR MATERIAL THERETO.

6 of 1988
9 of 1995

[1st May 1988]

PART I
PRELIMINARY

1. This Act may be cited as the Investment Corporation of Solomon Islands Act.

Short title

2. In this Act, unless the context otherwise requires-

Interpretation

"Board" means the Board of Directors of the Corporation;

"financial year" in relation to the Corporation means a calendar year;

"General Manager" means the General Manager of the Corporation;

"international financial institutions" means bodies corporate established outside Solomon Islands for the purpose of providing development finance whose membership or ownership is exclusively limited to sovereign states; and

"Minister" means the Minister for the time being charged with responsibility for Finance.

PART II

ESTABLISHMENT OF THE CORPORATION, PURPOSES, FUNCTIONS AND POWERS

3. (1) There shall be established for the purposes of this Act, a body to be known as the Investment Corporation of Solomon Islands (hereinafter referred to as "the Corporation") which shall be a body corporate to which the provisions of Part VII of the Interpretation and General Provisions Act shall apply.

Establishment of the investment Corporation of Solomon Islands
Cap.85

(2) The provisions of the First Schedule shall have effect as to the constitution of the Corporation and otherwise in relation thereto.

First Schedule

4. The functions of the Corporation shall be-

Functions of the Corporation

(a) to implement Government policy with regard to public sector participation in commercial investment;

(b) to manage and administer the Government's commercial investment portfolio;

(c) to promote, partake in, identify and initiate commercial investment in Solomon Islands in accordance with Government's commercial investment policies; and

(d) to perform and promote such other functions in relation to commercial investment in Solomon Islands, as the Minister may direct.

5. (1) Subject to the provisions of subsections (2) and (3), the Corporation shall have powers to do anything which is calculated to facilitate the discharge of its functions, or is incidental or conducive to their discharge.

Powers of the Corporation

(2) In particular, and without prejudice to the generality of the provisions of

subsection (1), the Corporation may-

- (a) acquire, hold and dispose of securities other than equity;
- (b) act as agent for other persons or appoint agents on its behalf;
- (c) enter into agreements or arrangements with any person or institution, whether national or international, providing participation, assistance or co-operation with its activities;
- (d) assist or provide advisory, consultancy, managerial, secretarial, financial, accountancy or other related services;
- (e) invest moneys on call or for fixed or limited periods;
- (f) acquire and dispose of movable or immovable property; and
- (g) establish and maintain reserve funds to meet contingencies and for such other purposes as it may think fit.

(3) Subject to the provisions of this Act and to the approval of the Minister, the Corporation may-

- (a) form subsidiary corporations in compliance with the Companies Act to carry on any activities which the Corporation has power under this Act to carry on;
- (b) form partnerships and enter into joint-ventures;
- (c) purchase and dispose of equity or other commercial interests in companies, partnerships, enterprises or joint-ventures;
- (d) make or grant loans to enterprises in which it holds a commercial interest;
- (e) borrow moneys and issue securities, including guarantees, debentures, stock, bonds, bills or other promissory notes;
- (f) issue shares;
- (g) establish and manage unit trusts and make available such unit trusts to the public; and
- (h) act as a trustee or shareholder on behalf of statutory authorities, agencies

or other organisations.

6. In the exercise of its functions and powers, the Corporation shall have regard to the highest principles of prudence and probity in its stewardship of public funds.

Operating principles

7. (1) There shall be established for the purposes of this Act, a Board of Directors of the Corporation which shall, subject to the provisions of this Act, be responsible for the policy and general administration of the affairs of the Corporation.

Establishment of the Board of Directors

(2) The provisions of the Second Schedule shall have effect as to the constitution of the Board and otherwise in relation thereto.

Second Schedule

8. The Minister may, after consultation with the Chairman, give to the Board such directions of a general character as to the policy to be followed by the Board in the performance of its functions as appear to the Minister to be necessary and the Board shall give effect thereto.

Powers of the Minister to issue general directions on matters of policy

PART III

FINANCIAL

9. (1) The authorised capital of the Corporation shall be one hundred million dollars divided into one hundred million shares of one dollar each.

Share capital and its increase

(2) The Board may from time to time, with the prior approval of the Minister, by resolution of the shareholders, increase the share capital of the Corporation by new shares of such amount as the Board thinks expedient.

10. Subject to the provisions of this section, the Board may allot the share capital of the Corporation-

Issue of shares

(a) to the Government, in shares equivalent to the Government's contribution to the capital of the Corporation; and

(b) with the prior approval of the Minister to-

- (i) any body corporate established by law in Solomon Islands;
- (ii) any international financial institution; or
- (iii) any provincial or local government authority,

so however, that the Government shall at all times hold the majority of the voting shares.

11. Shares may be sold or otherwise disposed of-

Disposal of shares

- (a) with the approval of the Minister at face value; or
- (b) in accordance with any written agreement made at the time of acquiring such shares.

12. The General Manager shall at all times-

Record of ownership of shares to be maintained

- (a) maintain a record of the ownership of the shares; and
- (b) notify the Minister and the Board of any change in the ownership of shares.

13. The Board may, with the approval of the Minister, elect to reduce the share capital on issue subject to the repurchase of shares being made at face value from all shareholders in proportion to their shareholding.

Share redemption

14. The liability of a holder of shares in the share capital shall be limited to the amount (if any) unpaid on the shares held by him.

Liability of holder

15. (1) Subject to the provisions of subsection (2), the Board may, unless the Minister otherwise directs, distribute by way of dividends not more than half the Corporation's operating surplus from any financial year.

Dividends
9 of 1995, s. 2

(2) Where the Board is satisfied that it could distribute profits in excess of half the previous year's surplus, it shall submit a proposal to the Minister for his approval and any such distribution shall be in such a manner and on conditions as the Minister thinks fit.

16. (1) The Corporation shall in each financial year, not later than three months before the commencement of the next financial year submit to the Minister for his approval its estimates of revenue and expenditure for the ensuing financial year.

Annual estimates

(2) The estimates submitted to the Minister pursuant to subsection (1) shall as far as practicable include details of domestic and overseas borrowing requirements in relation to all enterprises of the Corporation for the ensuing financial year.

(3) The Minister may either approve such estimates subject to such reservations, if any, as he may consider necessary, or reject such estimates.

(4) Where the Minister rejects or does not approve the estimates submitted to him before the commencement of the next financial year, the Corporation may continue its recurrent operations at the same level as the previous year and continue on-going borrowing and investment programmes, so however, that it shall not increase levels of recurrent expenditure, or undertake any new investments or borrowings until such time as the estimates are approved by the Minister.

17. (1) The Chairman of the Corporation shall in each year submit to the Minister a report of its activities during the previous year.

Annual reports

(2) The Minister shall lay before Parliament a copy of the annual report.

18. (1) The Corporation shall keep proper accounts and other records in relation to its business and shall prepare annually a statement of accounts in a form satisfactory to the Minister, being a form which conforms with established accounting principles.

Accounts and audit

(2) The accounts of the Corporation shall be audited annually by an auditor appointed by the Corporation and approved by the Auditor-General.

(3) The Corporation shall on receipt of the audited statement of accounts submit to the Minister a copy of such statement together with any report made by the auditor.

(4) The Board shall cause a copy of the audited annual statement of accounts together with the auditor's report to be distributed to all shareholders.

(5) The Minister shall cause a copy of the annual statement of accounts together with the auditor's report to be laid before Parliament.

19. (1) The income and revenues of the Corporation shall not be subject to taxation under any law.

Exemption from taxation and stamp duties

(2) All instruments executed by or on behalf of the Corporation shall be exempt from stamp duty.

PART IV MISCELLANEOUS

20. The provisions of the Third Schedule shall have effect as to the procedure of shareholders' meetings and otherwise in relation thereto.

Shareholders' meetings.
Third Schedule

21. (1) All members of the Board, employees of the Corporation and all directors or chairmen appointed by the Corporation to subsidiary corporations or other companies shall not either directly or indirectly, except in the performance of a duty under or in connection with this Act, divulge or communicate to any person, any information concerning the affairs of the Corporation or of any subsidiary corporation or company, as the case may be.

Secrecy

(2) Any person who contravenes the provisions of this section shall be guilty of an offence and on conviction be liable to a fine not exceeding one thousand dollars or a term of imprisonment not exceeding six months.

22. The Minister may, after consultation with the Board, make regulations generally for the proper carrying out of the provisions and purposes of this Act, and in particular, but without prejudice to the generality of the foregoing, may make regulations-

Regulations

(a) for the guidance of directors appointed by the Corporation to enterprises in which the Corporation holds commercial interest; and

(b) for the procedure to be followed and the form and manner in which information relating to the Corporation's affairs is to be reported.

23. (1) The Government Shareholding Agency Act (hereinafter referred to as the repealed Act) is hereby repealed.

Repeal and savings
No 12 of 1977

(2) Notwithstanding such repeal from and after the date of coming into operation of this Act-

(a) all assets and liabilities of the former Agency immediately prior to that date shall be transferred to and vest in the Corporation without further assurance, and the Corporation shall have all the powers necessary to take possession of, recover and deal with such assets and discharge such liabilities;

(b) every agreement in writing and every deed, bond or other instrument to which the former Agency was a party immediately before that date shall have effect as if the Corporation were a party;

(c) the Board of the former Agency shall become the Board of the Corporation and shall continue as such until other provision in that behalf is made under section 7 of this Act; and

(d) all officers of the former Agency shall become the corresponding officers of the Corporation and subject to the provisions of this Act or any regulations made thereunder, continue in office for the period for which they were appointed as officers of the former Agency.

(3) In this section "former Agency" means the Government Shareholding Agency established under the repealed Act.

FIRST SCHEDULE

(Section 3)

The Investment Corporation of Solomon Islands

1. (1) The seal of the Corporation shall be authenticated by the signature of the Chairman or the Deputy Chairman or a member of the Board authorised to act in that behalf and an officer of the Corporation so authorised.

Authentication of seal and documents

(2) All documents other than those required by law to be under seal, made by, and all decisions of the Corporation may be signified under the hand of the Chairman or the Deputy Chairman or any member of the Board authorised to act in that behalf or an officer of the Corporation so authorised.

2. The Corporation may appoint and employ at such remuneration and on such terms and conditions as it thinks fit, a General Manager of the Corporation and such other officers, agents and servants as it thinks necessary for the proper carrying out of its functions.

Powers to appoint officers and servants

3. (1) The expenses of the Corporation (including remuneration of the staff thereof, members of the Board, the Chairman, and directors and chairmen appointed to subsidiary companies) shall be defrayed out of the income of the Corporation.

Expenses of the Corporation

(2) In this paragraph "income" means interest or dividends earned or obtained on loans or investments made by the Corporation.

4. The Corporation shall keep proper accounts and other records in relation to its business and prepare annual statements of account and reports as set out in Part III of this Act.

Accounts, audit and estimates

5. The Corporation shall furnish the Minister with such returns, accounts and other information as he requires with respect to its activities, and shall afford to him the facilities for verifying such information in such manner and at such times as he may reasonably require.

Powers of the Minister to require returns

6. At the end of each financial year, the Minister shall review the operations of the Corporation with a view to determining-

Minister to review the operations of the Corporation

(a) whether the Corporation has operated in accordance with the annual estimates and any approved operating plan; and

(b) whether the assets of the Corporation are sufficient to meet the liabilities of the Corporation having regard to any claims or liabilities which may arise during the next ensuing year.

SECOND SCHEDULE

(Section 7)

The Board of Directors of the Corporation

1. (1) The Board shall consist of the following members, namely-

Board membership

(a) four directors appointed by the Minister to represent the Ministries of Agriculture and Lands, Trade and Commerce, Economic Planning and Natural Resources respectively;

(b) the Attorney-General or a representative nominated by him, as an *ex officio* member;

(c) directors appointed by any body or institution holding ten *per centum* or more of the shares of the Corporation; and

(d) such other directors as the Minister, at his sole discretion, may appoint.

(2) The General Manager of the Corporation shall be an *ex officio* member of the Board.

(3) Each member appointed pursuant to paragraph (1), shall nominate an alternate member to act on his behalf, with full powers of proxy, if for any reason the member is unable to act.

2. (1) The Minister shall appoint one of the members of the Board to be Chairman and another to be Deputy Chairman thereof. Chairman

(2) In the case of the absence or inability to act of the Chairman and the Deputy Chairman, the Minister may appoint any other person to perform the functions of the Chairman.

3. (1) The appointment of every member (other than *ex officio* members) shall be evidenced by instrument in writing, and such instrument shall state the period of office of the member, which shall not exceed two years. Tenure of office

(2) Every member of the Board shall be eligible for reappointment.

(3) The Minister may at any time revoke the appointment of any member of the Board appointed by him.

4. (1) Any member of the Board other than the Chairman, may at any time resign his office by instrument in writing addressed to the Minister and transmitted through the Chairman, and from the date of the receipt by the Minister of such instrument such member and any alternate member nominated by him, shall cease to be a member of the Board. Resignation

(2) The Chairman may at any time resign his office by instrument in writing addressed to the Minister and such resignation shall take effect as from the date of receipt of such instrument.

5. The names of all members of the Board as first constituted and every change in the membership thereof shall be published in the Gazette. Publication

6. Any member of the Board who- Vacation of office

(a) is declared a bankrupt; or

(b) is sentenced to imprisonment for three months or more for a criminal offence; or

(c) fails to attend three consecutive meetings of the Board or appoint an alternate member; or

(d) is in breach of section 21 of this Act,

shall be immediately removed from the Board by the Minister.

7. (1) The Board shall meet at such times as may be necessary or expedient for the transaction of its business, so however, that it shall not be less than four meetings in any calendar year.

Procedure, quorum and meetings

(2) The Chairman may at any time call a special meeting of the Board and shall call a special meeting to be held within seven days of a written request for that purpose addressed to him by two or more members of the Board.

(3) The Chairman or Deputy Chairman shall preside at all meetings of the Board and in the case of absence of both the Chairman and the Deputy Chairman from any meeting, subject to sub-paragraph (2) of paragraph 2, the members present and forming a quorum shall elect one of their number to preside at the meeting.

(4) The decision of the Board shall be by a majority of votes, and in addition to an original vote, the Chairman or any other person presiding at a meeting shall have a casting vote in any case in which the vote is equal.

(5) The General Manager, and such other officers as the Chairman decides, shall attend meetings.

(6) Minutes in proper form of each meeting of the Board shall be kept.

(7) The Board shall determine its quorum for any particular meeting.

(8) The validity of any proceedings of the Board shall not be affected by any vacancy amongst the members thereof or by any defect in the appointment of a member thereof.

8. There shall be paid to the Chairman and other members of the Board, such remuneration (whether by way of honorarium, salary or fees) and such allowances as the Minister may determine.

Remuneration of members

9. No action, suit or prosecution or other proceedings shall be brought against any member of the Board in respect of any act done bona fide in pursuance or execution or intended execution of the provisions of this Act.

Protection of members

10. The office of the Chairman or other member of the Board shall not be a public office for the purposes of Chapter XIII of the Constitution.

Offices not public offices.

THIRD SCHEDULE

(Section 20)

Shareholders' Meetings

1. The Corporation shall convene within twelve months of the end of each financial year a general meeting of shareholders to consider- Annual meetings

- (a) the Chairman's report;
- (b) the audited statement of accounts and the auditor's report thereon;
- (c) the borrowing and investment programme for the next ensuing year; and
- (d) any other matter notified under the provisions of this Schedule.

2. (1) The Board shall convene a shareholders' meeting before-

Shareholders' meetings

- (a) the issuing of new shares;
- (b) redeeming shares;
- (c) disposing of or acquiring any commercial interest which represents or is likely to represent ten *per centum* or more by value of its total portfolio;
- (d) raising or making new loans of a value exceeding twenty *per centum* of the Corporation's liabilities;
or
- (e) making any recommendations to the Minister to effect any amendments to this Act or any regulations made thereunder.

(2) The requirement of holding a shareholders' meeting in terms of sub-paragraph (1) shall not apply where the aforesaid matters were raised and sanctioned at an annual general meeting.

3. (1) The Board shall within thirty days of the receipt of a written request from a shareholder or shareholders, holding ten *per centum* or more of the shares convene a special meeting.

Notice of general meeting

(2) The Board shall before calling a special meeting in terms of sub-paragraph (1), give the

shareholders the required notice.

4. (1) The General Manager shall after giving at least thirty days notice before a meeting, distribute to every shareholder copies of

Notices and agenda

(a) notices of meetings together with the minutes of the last meeting;

(b) reports; and

(c) motions and any other documents that are to be considered at the meeting.

(2) Any one or more shareholders owning ten *per centum* or more of the shares may by notice in writing made at least fourteen days before the date of the meeting, add any other motion which relates to the exercise of functions and powers under this Act and such additional matters shall be brought to the notice of the shareholders at least seven days before the meeting.

(3) Notice of the date, time and place of every general meeting shall be published in advance in any one or more newspapers having wide circulation in Solomon Islands.

5. (1) Any shareholder who wishes to be represented by an agent at a meeting shall give notice in writing to the General Manager, stating the name of the person appointed to represent and vote on his behalf.

Conduct of meetings

(2) The Chairman or Deputy Chairman of the Board shall preside at all meetings of shareholders.

(3) The General Manager shall attend all meetings and keep minutes in proper form.

(4) Shareholders' representatives shall be eligible to vote and such votes shall be recorded in proportion to their shareholding.

(5) Motions moved at meetings shall be decided by a simple majority of the shares being voted.

(6) Unless the Minister otherwise directs, all general meetings of shareholders shall be held in public, and the General Manager shall ensure that the public is afforded reasonable access.

(No Subsidiary Legislation.)