

Angola

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New Company Law

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In force for over a century, the unfocused and old-fashioned Angolan company legislation had for a long time been showing clear signs of inefficiency in respect of the challenges of the new millennium and the era of economic growth brought about by peace.

The new Company Law (the Law), which came into force on April 13 2004, is a landmark in the ongoing comprehensive reform of the Angolan legal system. It modernizes and consolidates the legal framework for corporate structures and creates a high degree of stability and credibility, which is expected to be an important factor in attracting private investment to the country.

The Law provides systematic regulation of the most important aspects of the life of a company, ranging from incorporation, liquidation and dissolution to transformation, merger and demerger operations.

The Law clearly defines five types of companies. The limited liability company by quotas (*sociedade por quotas*, LLC) and the joint-stock company (*sociedade anónima*, JSC) stand out because they represent the overwhelming majority of the corporate structures in place in Angola.

The LLC is usually adopted for smaller businesses with fewer shareholders; LLCs must have a minimum capital of at least \$1,000 (in local currency) and at least two shareholders. The corporate structure of an LLC features: (i) the general assembly, representing all the shareholders; and (ii) the management, which is responsible for the day-to-day company affairs. The presence of a supervisory body is optional.

Typically tailored for large investments, the JSC normally has more shareholders. Its peculiar shareholding structure works as a self-financing element. JSCs can be incorporated with a minimum share capital of \$20,000 (in local currency) and must have at least five shareholders. The mandatory bodies of the JSC are: (i) the general assembly, made up of the shareholders of the company; (ii) the board of directors, which is the body in charge of management; and (iii) an auditing committee, which acts as the supervisory body. In certain special circumstances the auditing committee can be replaced by a sole auditor.

Of particular importance to the business community is the regulation of shareholder agreements under the Law. Among other aspects, the Law clarifies that such agreements are enforceable. However, such agreements only bind the signatory shareholders, not the company itself, which means that a breach of a shareholder agreement does not affect the company as a whole.

The liabilities arising from the exercise of the company's man-

agement and auditing duties are also regulated. As a rule, directors and members of the auditing committee are held liable for damages caused to the company, other shareholders and creditors, unless they prove to have acted with no fault.

The Law contains a whole chapter dedicated to groups of companies, drawing a distinction between companies under a participation or a group relationship. Control is defined as the situation whereby a company is in a position to exercise a dominating influence over another company. Control can be achieved when a company holds the majority of the share capital or of the relevant voting rights of another company, or has the right to appoint more than half of the members of the management and supervisory bodies of the latter.

Companies incorporated before the Law came into force must increase their share capital in accordance with the new minimum statutory requirements. The articles of incorporation of existing companies that are not in compliance with the Law will be deemed automatically replaced by the new mandatory rules. In short, the Law carries clear signs of the commitment of the Angolan authorities to ensure that the legal system keeps up with the development of the country's economy.

Corporate and commercial

Recommended firms

Tier 1

Carlos Freitas Advogados

Faria de Bastos Sebastiao e Lopes

Fátima Freitas Advogados

MG Advogados

Carlos Freitas Advogados

Angola's economy has experienced a period of rapid change in recent years, moving from the disorder caused by a quarter of a century of war to being the fastest-growing economy in Africa.

Most international legal work in Angola revolves around project finance due to rising oil production and the country's abundant diamond deposits. Leading lawyer and sole practitioner, Carlos Freitas, focuses in offering advice to industrial firms involved in exploiting Angola's great mineral wealth and clients of the firm include, Intels Angola-Servicios and Trans Hex Angola.

Leading lawyer

Carlos Freitas

Key contact partner

Carlos Freitas

Faria de Bastos Sebastiao e Lopes

Faria de Bastos Sebastiao e Lopes is Angola's largest law firm, and boasts a thorough and skilled team focused on corporate, commercial and business law. The firm is predominately involved in foreign investment matters, international contracts and mining and oil law, but also specializes in intellectual property, patenting and copyright work.

Paulette Lopes is a recommended litigator who also concentrates on foreign investments and diamond mining.

Leading lawyers

Paulette Lopes
Teresinha Lopes

Key contact partners

Paulette Lopes
Teresinha Lopes

Fátima Freitas Advogados

Fátima Freitas Advogados retains an extensive and impressive international client base through its enduring association with the Miranda Alliance, a Portuguese-speaking network straddling Cape Verde, Equatorial Guinea, Guinea Bissau, São Tome e Príncipe, Mozambique, Macao, Portugal and Angola.

The firm's main focus is in oil and mining work, but it also offers advice in banking and mergers and acquisitions work. Clients include De Beers, Halliburton and Shell.

Leading lawyer

Fátima Freitas

Key contact partner

Fátima Freitas

MG Advogados

MG Advogados (formerly Manuel Gonçalves) is one of the leading law firms in Angola due to its affiliation with leading Portuguese firm, AM Pereira Sáragga Leal Oliviera Martins Júdice e Associados (PLMJ). Many of the lawyers at MG Advogados undergo work placements at PLMJ in Lisbon, which significantly bolsters the firm's international potential.

The firm concentrates mainly on corporate and commercial work, but also has a good reputation in international arbitration. Founding partner Manuel Gonçalves is considered to be an extremely prominent and reputable figure in the Angolan legal market.

Leading lawyer

Manuel Gonçalves

Key contact partner

Manuel Gonçalves