

INTERIM REPORT OF THE COMMISSION OF INQUIRY INTO THE DISPOSAL OF ASSETS OF THE FORMER COMPAGNIE SEYCHELLOISE DE PROMOTION HOTELIERE (COSPROH) DURING THE PRIVATISATION OF THE COMPANY

Commissioners:

- **Mr. Gamini Herath – Chairman of the Commission**
- **Mr. David Esparon – Member of the Commission**
- **Mr. Francis Collie – Member of the Commission (until September 2019)**

ESTABLISHED ON THE 10TH DAY OF AUGUST 2018, BY HIS EXCELLENCY THE PRESIDENT OF THE REPUBLIC OF SEYCHELLES, MR. DANNY FAURE, IN EXERCISE OF HIS POWERS UNDER THE COMMISSIONS OF INQUIRY ACT (CAP 39).

Dated: 15 June 2020, Victoria, Seychelles

Message of the Commissioners

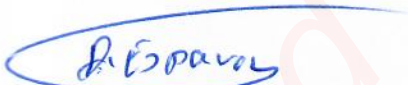
Pursuant to Section 8 of the Commission of Inquiry Act, we are pleased to submit an interim report arising from the inquiry into the disposal of immovable assets of COSPROH. The reason for the interim report is mainly due to the nature of the findings and recommendations. In our view, more work needs to be done to clear certain doubts and draw final conclusions in view that the work of the Commission was severely constrained by the passage of time, unavailability of original records and reliable information as described in detail in this report.

The Commission remains firmly committed to examine further evidence and examine any person who could assist its work by providing relevant and reliable evidence on the findings and shortcomings discussed in this report. There are certain areas where the government of Seychelles has to take further steps based on our recommendations. The Commission is also conscious of the fact that Government will require some time to implement the recommendations made in this report. Once these steps are taken, and if further evidence is gathered through various processes, the Commission will be in a position to examine the same and produce a final report.

Where the Commission has expressed doubts on certain land issues and financial affairs of COSPROH, which is mainly due to the lack of evidence, the concerned authorities and persons should be forthcoming with relevant records, information and clarifications on a voluntary basis. It is our considered view that the Commission has done an enormous amount of work within a short period despite severe constraints and against all odds. However, a little more work will give full fruition to the objective of the Commission.



Mr. Gamini Herath
Chairperson



Mr. David Esparon
Commissioner

COMMISSION OF INQUIRY
UNITY HOUSE
SEYCHELLES

Acknowledgments

Acknowledging the commitment of the President of the Republic for promoting the principles of good governance, transparency and accountability on the part of the executive;

Acknowledging the quest on the part of National Assembly to seek out relevant and credible information on the matters concerning state assets, state institutions, public funds, public finance and public accounts;

We thank the Minister of Finance for his prompt action and assistance in obtaining certain relevant documents, bank statements and providing a budget for the Commission and certain clarifications;

We thank all witnesses who assisted the Commission by appearing, answering the questions and providing information;

We thank the Registrar General for her support throughout the exercise, in particular, by providing requested documents and records;

We thank the staff of Office of the Auditor General, Secretary to the Commission, Coordinator, Seychelles Police, various governmental bodies and the PA system provider whose support has helped us immensely; and

We thank the members of press who has been covering the Commission's hearings and briefings sessions with the objective of keeping the public informed.

Abbreviations

COSPROH	Compagnie Seychelloise de Promotion Hôtelière
GOS	Government of Seychelles
MOF	Ministry of Finance
CFD	Caisse Francaise De Developmen
SMB	Seychelles Marketing Board
SOE	State Owned Enterprises/Parastatal
GM	General Manager
FC	Financial Controller
JLW	Jones Lang Woottan
PFM	Public Financial Management
PAC	Project Appraisal Committee
MLUH	Ministry of Land Use & Habitat
BVBHL	Beau Vallon Bay Hotels Limited
IOHSL	Indian Ocean Hotels (Sey) Limited
PGHDL	Port Glaud Hotels Development Limited
BMBRL	Berjaya Mahe Beach Resort Limited
BHDL	Bel Ombre Hotel Development Limited
BBHL	Barbarons Beach Hotel Limited
FCHL	Fisherman's Cove Hotel Limited
VVAL	Vacoa Village Apartments Limited
CDLHL	Cote D'or Lodge Hotels Limited
SHL	Seychelles Hotels Limited
PBHL	Praslin Beach Hotels Limited
SRL	Seychelles Restaurants Limited
FDHL	Flying Dutchhman Hotels Limited
AKHL	Anse Kerlan Hotels Limited
NHL	Northolme Hotels Limited

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Chapter 1 – The Commission of Inquiry

Appointment

- 1.1 On 10 August 2018, His Excellency President of the Republic of Seychelles, Mr. Danny Faure, in exercise of his powers under the Commissions of Inquiry Act (Cap 39) appointed Mr. Gamini Herath as Chairman, Mr. David Esparon and Mr. Francis Collie as Members to the Commission, under Official Gazette Notification No. 73 XLIII published on Monday 20 August 2018 to inquire into the disposal of assets of the former Compagnie Seychelloise de Promotion Hôtelière (COSPROH) during the process of privatization of the Company. The Commission was to render a report of the finding and recommendations, if any, not later than one year from the date of publication of this Commission in the Gazette.
- 1.2 The term of the Commission was extended on 31 July 2019 for a period of six months as per Official Gazette XLIV, No 56, issued on 12.08.2019. The term of the Commission was further extended up to 30 June 2020 vide extraordinary Gazette, XLV, No 19, issued on 20.02.2020.
- 1.3 The Inquiry was held in public at the Unity House, Block C, 3rd Floor in Room 8, Victoria.
- 1.4 By the same notice, under Section 7(1) of the Commissions of Inquiry Act, Ms. Jeanne Darc Brutus was to serve as Secretary to the Commission to perform the functions set out in that Section.
- 1.5 The Commissioner of Police was also directed under Section 20 of the Commissions of Inquiry Act, to make available police officers to attend and assist the Commission, to preserve order during the proceedings of the Commission, to serve summons on necessary parties or witnesses and to perform such other duties as the Commission may direct.

Terms of Reference

- 1.6 Terms of Reference of the Commission of Inquiry require establishing:
 - a. The number and extent of immovable properties held by COSPROH and its subsidiaries prior to privatization;
 - b. Whether or not the disposal/lease of the properties were approved by the concerned authorities;
 - c. Whether or not any tender procedures were followed in the selection of prospective buyers/acquirers/lessees of properties;
 - d. Whether or not there had been an independent professional valuation of each property disposed of or leased out; and
 - e. Whether or not, in the case of each disposal/leasing, the entire proceeds of sale/lease and the payment of stamp duty, fees and charges were duly collected and properly accounted for in the Government accounts.

National Assembly Resolution

- 1.7 The appointment of the Commission of Inquiry was in response to the approval of a motion by the National Assembly on 04 July 2018 requesting the President of the Republic to set up a Commission of Inquiry. The motion read ‘*Vi ki in annan plizyer lavant propriyete Lakonpanyen Piblik COSPROH dan leparse, sa Lasanble i fer en demann pour ki Prezidan Larepiblik i etabli en komisyon lanket anba direksyon Oditer Zeneral pou fer en lanket detaye pou etabli si okenn dimoun oubyen lakonpanyen prive in benefisyé dan lavant sa bann byen COSPROH, si ti annan okenn konfli lentere dan sa bann transaksyon, e si reveni gouvènmàn a okenn moman in ganny konpromi*’.

Commissions of Inquiry Act (Cap 39)

- 1.8 The Act empowers President of the Republic to commission an inquiry as stipulated below:

Section 2(1) of the Act –

“The President may, whenever he shall deem it advisable, issue a Commission appointing one or more Commissioners to inquire into:

- a) The conduct of any officer in the public service; or*
- b) The conduct or management of any department of the public service, or of any public or local institution; or*
- c) Any matter relating to the public service; or*
- d) Any matter of public interest or concern; or*
- e) Any matter in which an inquiry would be for the public welfare.”*

- 1.9 Section 8 of the Act defines the duties of the Commissioners as follow:

The Commissioner(s) shall, after taking the oath or making affirmation prescribed in Section 6, make full, faithful and impartial inquiry into the matter specified in the Commission, and shall conduct such inquiry in accordance with the directions (if any) in the Commission, and, in due course, shall report to the President in writing the result of such inquiry; and also, when required, shall furnish to the President a full statement of the proceedings of the Commission, and of the reasons leading to any conclusion arrived at or reported.”

- 1.10 Section 10 empowers the Commissioners to regulate the conduct and management of the proceedings before them, fix hours and times and places for their sittings as they may from time to time think fit, and may from time to time adjourn for such time and such place as they may think fit.

Methodology

- 1.11 A Public Notice was published in two local newspaper “TODAY in Seychelles” and ‘Seychelles Nation’ on six different dates thereby giving notice to all persons having knowledge of the facts and circumstances relating to the terms of reference of the Inquiry and having interest in the proceeding before the Commission or who wish to

assist the Commission, to submit their signed statements along with documentary evidence in support. The Notice (**Exhibit 1**) was also read on the SBC Television on 3 occasions during the first week of September 2018.

- 1.12 Hard copies of the signed statements were to be sent to the published address within 30 days from the date of publication of the notice either in person or through registered post / speed post or courier service with delivery receipt option, subject to any extension of time by the Commission of Inquiry. The scanned and signed statements of facts / allegations, supporting documents and affidavits were to be sent by email or fax as stated in the published email address.
- 1.13 Any person who was unable to write or produce a written statement, or wish to remain anonymous, but may have valuable information to assist the Commission were to provide such information orally, on appointment, of which a statement shall be caused to be kept by the Commission.
- 1.14 Numerous letters were sent to ministries, departments, offices, banking institutions and the relevant personnel, to submit to the Commissioners, the names of personnel and documents relevant to the Inquiry, from which the Commissioners may obtain relevant information. All except a few complied with the request.
- 1.15 The list of persons who were examined by the Commission, under oath and their testimonies recorded, is provided in **Exhibit 2**.
- 1.16 All documents, records, accounts and returns collected from different sources (mainly from Registration Division, Ministry of Land and Ministry of Finance) were analysed in detail by the Commission and cross-checked to other relevant evidence in order to establish what might have reasonably happened in COSPROH during the years leading to the liquidation process under review. This involved the listing of all subsidiary companies that existed under COSPROH and examination of their accounts and returns where available. The Commission also compiled an inventory of all land parcels transferred to COSPROH by Government from time to time and followed up on these parcels until their ultimate disposal. The subdivision of land by COSPROH was also followed up until their ultimate disposal.
- 1.17 Using this information, the Commission looked into the sale of individual companies as well as land parcels. The relevant records at different governmental entities were examined, where available, to reconstruct the collection and accounting processes for the sale proceeds arising from each disposal. This also involved the examination of bank statements from Central Bank of Seychelles and Nouvobanq to the extent they were available.
- 1.18 Some information collected by the Commission was shared with individual witnesses during hearing sessions for their confirmation, comments and views. In some instances, based on their comments and views, the Commission revisited some information in order to reconstruct a more accurate picture of what would have happened under COSPROH, in so far as it related to the mandate of the Commission.

- 1.19 Based on some documents, accounts and other evidence obtained, the Commission undertook recompilation of certain figures and balances and reconciliation of records in order to ensure the integrity of data and coherence of the report.

Constraints, limitations and challenges

- 1.20 The Commission considers it necessary to place the events i.e. acquisition and disposal of properties by COSPROH related to the above terms of reference in the relevant time period to understand the limitations and challenges implicit in this inquiry. COSPROH was incorporated on 22 August 1980 and a number of hotels acquired by GOS were transferred to it (and its subsidiaries) during the following decade. Over a period starting from 1992, these hotels were privatized until COSPROH itself was finally liquidated in 2006. As is well-known, soon after Seychelles gained independence in 1976, a single party system was imposed in 1977 which lasted until 1993 when a multi-party system was adopted. Thus, these events were not only spread over a period of more than twenty-five years (1980 to 2006), but also they have taken place against the backdrop of an evolving political and economic system. More importantly, these events date back to thirty-five to forty (35-40) years at the time of conducting the inquiry.
- 1.21 What is important from the point of view of inquiry is to establish, subject to availability of evidence, whether the process of privatization was conducted in a transparent manner and in the larger public interest.

Lack of documentary evidence

- 1.22 Of the two main types of evidence i.e. documentary and oral evidence, the former should be regarded as more reliable. The Commission was constrained by the lack of sufficient, relevant and reliable documentary and oral evidence due to lapse of time over thirty-five (35) years. Although several witnesses were examined, their statements can be seen to be of value in so far as they corroborate or supplement documentary evidence. By itself, the oral evidence (either in denying knowledge or claiming knowledge) is of little value.

Lack of records

- 1.23 As for the original records of COSPROH, such as, books of accounts, registers, bank statements, cheque books, files, board minutes, resolutions, sanctions, agreements, these could not be found. In this regard, Mr. Didon, who was the liquidator of COSPROH, Mr. Singh, former Financial Controller, and Mr. Valabhji, former Executive Chairman could not provide any credible information as to where they could be found. Mr. Didon, in particular, who was supposed to have had access to these records for his liquidation exercise made a number of incoherent statements before the Commission. **Exhibit 3** shows some of his comments in response to the queries raised by the Commission in relation to the records, book of accounts, files, etc. of COSPROH.
- 1.24 However, it would be relevant to mention here the provision regarding preservation of records in the Companies Ordinance 1972. According to Section 298 (2) of the Ordinance ‘*after five years from the dissolution of a company, no responsibility shall rest on the company, the liquidator or any person to whom the custody of books and*

papers has been committed, by reason of any book or paper not being forthcoming to any person claiming to be interested therein’.

- 1.25 Under the circumstances, for most information in respect of COSPROH and its subsidiaries, the Commission had to depend upon Annual Returns and annual Financial Statements filed at the Registration Division and resort to Search Requests on the Registrar General for land records. Whilst COSPROH’s own annual returns including the financial statements for most of the years were available, except for the years 1992 and 2005, the records relating to sales process are sparse and in some cases unavailable. The Commission also obtained some information from a file produced by the Ministry of Finance. Unfortunately, there are still some requests for documents pending with some public officials of various public bodies.
- 1.26 Annual returns and audited financial statements of subsidiaries, except for a few, were not available. In the absence of these documents, the Commission found it difficult to corroborate the details presented in COSPROH’s financial statements and other records. It also posed a constraint in independently arriving at the net worth / net assets of the subsidiaries for comparing it with their sales price.
- 1.27 Where some records and documents were found in the relevant governmental organisations, such as, the Registration Division, the Ministry of Land and the National Archives, the process of obtaining copies was rather slow, on many occasions, and the same was provided on a piecemeal basis resulting in inordinate delays. Some records were incomplete while, in some other cases, the documents were stated to have been archived.
- 1.28 Record keeping, in particular, at the Registration Division and the Ministry of Land is paper based and manual which made it extremely difficult to obtain the relevant files, documents and extracts in a timely and efficient manner.

Insufficient oral evidence

- 1.29 While the Commission appreciates the fact that several former officials responded to its summons and appeared before it, it did not help the Inquiry much as many of them understandably pleaded not being able to recollect the facts or events due to lapse of over 30 years since they were last involved in the affairs of COSPROH. As Mr Ranil Bibile, former General Manager, put it *‘it is not as if one is being asked to recall what one saw 10 minutes ago at a motor accident. Memories, if they exist, are decades old and I have been involved with many other projects in different countries, and with similar activities elsewhere and simply do not carry all the events and experiences in my head. It would be absurd to expect that from anyone; and that is why institutions maintain files’.*

Non-appearance of voluntary witnesses despite public notice

- 1.30 As mentioned earlier in this report, a notice was published requesting all persons having knowledge of the facts and circumstances relating to the terms of reference of the Inquiry and having interest in the proceeding before the Commission or who wish to assist the Commission, to submit their signed statements along with documentary

evidence in support. Despite the request, only one or two came forward voluntarily to give evidence, whilst the others were required to be present before the Commission through summons.

Non-appearance of former General Manager as a witness

- 1.31 Mr. Ranil Bibile was the General Manager of COSPROH from 1995 to 2004 (now living overseas) and he would have been privy to many of the decisions in respect of privatization, payment of dividends, accounting for sales proceeds as well as day to day functions relating to bank transactions, accounting system and record keeping. It would have been very helpful if Mr Bibile made himself available for providing testimony to the Commission. He, however, readily responded to the queries of the Commission by email.

Limited period of time for banking records and confidentiality clause

- 1.32 Due to the limited period of time for retaining bank records (seven years), the Commission could obtain only a limited amount of bank statements for a limited period of time from the Central Bank of Seychelles and Nouvobanq. Further, the Commission could not obtain particulars of some questionable transactions appearing on the statements submitted by Nouvobanq and Central Bank of Seychelles due to unavailability of records as stated by the banks.
- 1.33 Further, citing confidentiality aspect of their operations with account holders, the banks were reluctant to release statements and any information to the Commission without the consent of the holder of the accounts, which, in this case, in their opinion was COSPROH and, ultimately, Government of Seychelles. In this case, the Minister for Finance readily intervened on behalf of the Commission to get the statements; however, some precious time was wasted in the process. This impediment also affected the efficiency and, more importantly, the independence of the Commission in view that it had to go through a third party to obtain the information which it should have received directly.

Statutory duties of Commissioners inhibited steady progress

- 1.34 The Commission originally comprised of three (3) members; namely, Mr Gamini Herath, Auditor General, as Chairman, and Mr David Esparon and Mr Francis Collie as members. Mr Collie assisted the Commission in its hearings up to end of May 2019 and informed Chairman on 19 June 2019 that he would be leaving for Canada and would not be back until September 2019. On being queried about his availability in September, he informed Chairman on 26 September 2019 that he was in Canada with his family and he was not sure about coming back to Seychelles. Thereafter, all hearings had been conducted in the presence of two Commissioners, Mr Herath and Mr Esparon. The composition of two members from thereon was approved by the President, under Section 3 (1).
- 1.35 To note that Mr Esparon is also the Deputy Attorney General and has his numerous other duties which often made it difficult to obtain a quorum of two to conduct hearings. The problem was more aggravated by various statutory reporting deadlines of the

Auditor General, Chairman, and his administrative duties of the Office of the Auditor General, all of which had to be attended in a timely manner and deliver according to deadlines. There were also considerable delays in the typing of verbatim reports from the recorded hearings. Moreover, the two audit staff who were assisting the Commission in its investigative work were also engaged in other audit assignments, training, study programmes and other social activities of OAG.

Caveats

- 1.36 In view of the foregoing, the Commission considers it appropriate for it, at the outset, to add a couple of caveats as below:
- a. Since it is about thirty-five to forty years in some cases and nearly twenty-five years in a majority of cases since the events being examined by the Commission had taken place, despite best effort of the Commission and utmost cooperation received from the concerned authorities and departments, not all records were available. Individuals giving their testimonies before the Commission also understandably pleaded forgetting the details of events that had taken place so long ago;
 - b. all documents obtained from official sources and examined were taken *prima facie* to be authentic, correct and true versions and extracts without examining them from a forensic expert angle or obtaining expert legal opinion on their legality. Similarly, all amounts, considerations, stamp duty and values stated to have been paid or received by various parties including the Republic of Seychelles could not be verified to the respective parties' original records and bank accounts, as the case may be, in the absence of relevant accounts, records or other form of documentary evidence, excepting a few. The Commission had to accept the transactions to be correct, complete, and legal between the stated parties as appearing *prima facie* on the official documents examined;
 - c. There may be some gaps in the narratives provided in the report on COSPROH itself, subsidiary companies, land parcels, subdivision of land parcels, sale of assets and accounting of sale proceeds due to incompleteness of the accounts, records, returns, bank statements and files produced by various officials of relevant governmental bodies; and
 - d. The political system thirty-five to forty years ago was far different from the one we enjoy today, when there is more legislative interactions and oversight, greater executive accountability, freedom of expression, legal and far better institutional arrangements to ensure greater good governance, transparency and accountability across the board.

Expenses of the Commission

- 1.37 During the period August 2018 to the end of February 2020, a sum of SR484,500 , was spent towards the expenses of the Commission. This included the coordinator's fee of SR180,000; SR26,473 being PIT; SR172,951 being fees to the three Commissioners; SR60,000 on behalf of the forensic auditor; SR22,500 being PA system cost and

SR12,000 for typing of verbatim reports; and the balance SR10,576 being incidental costs.

Chapter 2 – Conclusions, Findings and Recommendations

- 2.1 Based on available evidence presented through documents and some oral testimonies, the Commission draws the following key conclusions. To note that the lack of documentary evidence and credible information and clarifications, due to passage of long time, has also influenced the conclusions and findings to some extent.

Key Conclusions

- 2.1.1 The process of acquisition and disposal of COSPROH's properties lacked transparency, and possibly accountability, which was in keeping with the then prevailing political dispensation;
- 2.1.2 Absence of a Public Financial Management (PFM) framework encompassing rules and regulations was the key loophole in the functioning of government at that time. Had there been the relevant laws, rules and regulations, such as, Public Procurement Act (2008), Public Financial Management Act (2012), Public Financial Management Regulations (2014), Public Procurement Regulations (2014) and Public Enterprises Monitoring Commission Act (2013) the processes would have been more transparent and accountable;
- 2.1.3 The oversight over COSPROH and corporate governance appears to have been generally inadequate. Parastatal companies, in general, and COSPROH, in particular, did not operate at arm's length from the government. They were possibly treated as extensions of government which resulted in opaque transactions; such as, payment of sale proceeds directly into the Treasury/Central Bank; off-the-books settlement of debts of parastatals by the government, providing ad-hoc working capital through advances or settlement of invoices without clear policy directives and ad-hoc liquidations and disposal of state assets;
- 2.1.4 It is doubtful as to whether the disposal of COSPROH's properties was undertaken at a fair price and through a competitive and transparent manner with the objective of maximizing returns to the government of Seychelles;
- 2.1.5 It is doubtful as to whether a proper liquidation of COSPROH was undertaken whereby all liabilities were settled, and any remaining balance of proceeds was paid to the shareholder; the government of Seychelles; and
- 2.1.6 The sale of profit making Fisherman's Cove Hotel Limited was not a prudent decision on the part of Government and COSPROH, after investing heavily in infrastructure and entering into a 20 year operational lease agreement with Meridien (Seychelles) Limited, which guaranteed a lease income of approximately US\$2.0million per annum.

Key Findings

2.2 The Commission conveys the following key findings.

On land transactions

- 2.2.1 The transfer of state land (14) from the Republic to COSPROH for a consideration of SR1 was in contravention of Section 6 (2) of the State Land and River Reserve Act 1903, as amended, (cap 228), which does not empower the government to transfer state land by free grant or at any other than its full value, except in the case of land required for religious, charitable, or educational purposes or for purposes of public utility;
- 2.2.2 The transfer of land parcels (11) in excess of five (5) acres to COSPROH by Government without following public tendering or any other system of seeking competitive bids was in contravention of Section 7 of the State Land and River Reserve Act 1903, as amended, (Cap 228), which provides that all sales of state land shall be by public auction, or by public tender, provided that sales of state land of up to five acres may be effected by private contract;
- 2.2.3 A significant amount of revenue in terms of stamp duty was foregone by Government in almost all land transfers involving GOS, COSPROH, subsidiaries and the buying companies. Further, a statutory processing fee of US\$45,000, recommended by the Ministry of Land in 2001, was foregone by Government (Ministry of Finance) in respect of the sale of Indian Ocean Hotels (Seychelles) Limited/Reef Hotel;
- 2.2.4 Valuation reports of the land parcels (or the land and buildings together for each hotel business unit) which were sold to various companies or individuals could not be found in evidence of the purported valuation exercises;
- 2.2.5 The retention of four (4) land parcels (PR2365, PR2335, J1996 and J807, measuring approximately 102,073sqm in total) still in the name of the liquidated company COSPROH (as of 2019) is an irregularity in view that the liquidation process should have ensured the disposal of all assets and liabilities; and
- 2.2.6 Actual documents showing Cabinet decisions and sanction approval (excepting for IOHL/Reef Hotel) and Board minutes and resolutions could not be found by the Commission in support of various important decisions relating to sale of various land parcels and hotel properties.

On financial operations of COSPROH

- 2.2.7 In breach of Section 161(1) of the Companies Ordinance, COSPROH paid dividends to Government on three (3) occasions amounting to SR177,136,050;
- 2.2.8 COSPROH did not file Annual Returns for 1992 and 2005, as required under Section 114 of the Companies Ordinance;
- 2.2.9 COSPROH arbitrarily changed its external auditor in 2003 due to a disagreement with the previous auditor who included a negative comment in his

report on the financial statements of COSPROH for the year 2003 to the effect that the sale of Fisherman's Cove Hotel Limited and Barbaron Beach Hotel Limited did not reflect a fair value of the companies in the absence of an invitation to tender; and

- 2.2.10 The Commission could not independently ascertain as to whether COSPROH or GOS did maintain an account at Harris Bank International in New York, and the sale price of US\$3.0million (of IOHL/Reef Hotel) was paid to it in US Dollar. Both Mr.Valabhji and Central Bank of Seychelles denied any knowledge of the same. Hence, the accuracy of information contained in the Cabinet Memorandum of the then Minister for Land Use and Habitat (2001) is in doubt.

On disposal of hotel properties

- 2.2.11 Port Glaud Hotels Development Limited (aka Mahe Beach), Beau Vallon Bay Hotels Limited and 20% of Anse Volbert Hotel Limited were sold in one package to Berjaya Leisure Group in 1993/94 for a total consideration of US\$30.0million, which was collected by GOS through the deposit account at Central Bank of Seychelles. Of the sale proceeds, the Commission found that a brokerage commission of US\$6,780,093 (SR34,838,675) (23% of the sale price), was paid in instalments to a company named Foresthill Holdings Ltd through ANZ Bank, New York during 1993 to 1995. The payment was effected by Ministry of Finance based on a contract between Foresthill and COSPROH dated 08.11.1993. The Commission could not ascertain the beneficial ownership of the said company;
- 2.2.12 From the proceeds of sale of Flying Dutchman Hotels Limited in 1995 for a consideration of SR6.0million an agent's commission of SR1.0million was deducted leaving a balance of only SR5.0million for COSPROH. The receiver of the commission payment or the basis on which it was paid could not be ascertained by the Commission in view that it was not explained/disclosed in the financial statements of COSPROH;
- 2.2.13 In accounting for the proceeds of sale of Vacoa Village Apartments Limited (for DM1.6million), a deduction of SR200,000 was made. The reason for and the basis on which the deduction was made is not clear in view that it was not explained/disclosed in the financial statements of COSPROH;
- 2.2.14 A potential conflict of interest is indicative in land transactions involving (a) parcels H844 and H251 (with Kyoto restaurant) to Ocean Properties Limited in 1994; (b) V10114 to one Soomery in 1998; and (c) J311 and J312 to Bois Sagailles Estates in 2005 through FCHL. Consequently, a potential loss of income to COSPROH/GOS would have occurred due to restrictive deals with only those who purportedly showed interest in purchasing the properties;
- 2.2.15 Fisherman's Cove Hotel Limited was a profit making company at the time of its sales with accumulated retained earnings in the order of SR30.3million as at

31.12.2003. It invested in new additional suits costing some SR16.2million in 1999 and refurbishment works costing some SR68.6million in 2003, all paid for by COSPROH. It had entered into a lease agreement with Meridien (Seychelles) Limited (in 2002) for 20 years for an annual rental payment of approximately US\$2.0million. All assets of the company were stated at SR106,345,420 as at 31.12.2003. Therefore, the decision to dispose of Fisherman's Cove Hotel Limited at that juncture was lacking in prudence, and subsequently, resulted in a substantial loss to COSPROH and its ultimate shareholder, the government of Seychelles; and

2.2.16 The ultimate beneficiary company in the purchase of Fisherman's Cove Hotel Limited was one Hotel Properties Limited (BVI) in 2003. Similarly, Hotel Properties Limited (BVI) was the ultimate beneficiary company in the lease of parcels V576, V577 and V10115 (i.e. The H-Resort Beau Vallon Beach site) for 99 years effective 2004 obtained from the government of Seychelles. The Commission could not ascertain the actual beneficial ownership of this company during the material times.

On liquidation of COSPROH

2.2.17 Liquidation process of COSPROH was incomplete and unsatisfactory in that a number of shortcomings and irregularities were apparent. It is doubtful as to whether (a) all liabilities were settled and the remaining net balance of proceeds from the disposal of assets was paid to the ultimate shareholder, the government of Seychelles; and (b) the liquidator produced a final report showing how the liquidation process was conducted and submitted it to the shareholder, the government of Seychelles.

On bank accounts

2.2.18 The year 2006 was the year of liquidation of COSPROH, hence all financial transactions taken place during that period should relate to the process and be correctly reflected in the liquidators statements. However, the Commission could not obtain evidence (a) on the clearance of a bank balance of US\$10,900 from the US Dollar account (32002-003037-00-6/Nouvobanq) on its closure on 03.05.2006; and (b) on how the balance of SR21,084,501 on Seychelles Rupee account (01002-003037-00-6/Nouvobanq) as at 14.11.2006 was cleared; and

2.2.19 The Commission could not obtain evidence on a transfer of US\$3.4million with reference R/E DD 02/09/2004 IR3166/04 from the US Dollar account No 32002-003037-00-6 at Nouvobanq of COSPROH.

Key Recommendations

2.3 Bearing mind that due to the passage of time and movement of key personnel who were involved in the running of COSPROH during a period of relatively one party state and the government was exercising excessive executive powers over the management of its various organs coupled with the insignificant oversight role played by the then People's Assembly and the then National Assembly there are many things that cannot be

remedied after 35 plus years, the Commission makes the following key recommendations.

- 2.3.1 Government should comply with the provisions of State Land and River Reserve Act, Cap 228, when dealing with state land either through allocation, sale or lease so as to maximise returns to the Republic;
- 2.3.2 Government should take necessary steps to take possession of the four (4) land parcels still remaining in the name of COSPROH;
- 2.3.3 Government should consider revising the Commissions of Inquiry Act (Cap 39) with the objective of making appropriate provisions therein to make it obligatory for all financial institutions including banks, Attorneys at Law, Accountants, Auditors and medical practitioners to provide relevant confidential information required by any Commission of Inquiry appointed under the Act in spite of their confidentiality obligations;
- 2.3.4 Government should consider revising the Companies Ordinance (Cap 40) with the objective of making appropriate provisions therein to make it unlawful to appoint, without leave of court, any person who has connection with the company, including debtors, creditors, auditors, officers and employees of the company, as liquidators. Further, law should prescribe the minimum qualifications and experience of persons to be appointed as liquidators. Another aspect of this law that should be considered for revision is extending the length of record keeping period by companies including financial institutions; a certain threshold of financial value for each transaction may be introduced here, which could be revised from time to time;
- 2.3.5 Government should use its resources, certain local regulatory bodies and diplomatic missions and law enforcement agencies in the relevant countries, to ascertain the ultimate beneficial owner (s) of Hotel Properties Limited (BVI) and Foresthill Holdings Ltd at all material times (2003/2004 and 1993/1995) with a view to establish if anyone associated with COSPROH or in any other position in Seychelles unduly benefited from these transactions;
- 2.3.6 Government should use its regulatory powers, possibly through the Ministry of Finance and Central Bank of Seychelles, to ascertain how the closing balance of SR21,084,501 and US\$10,900 were cleared from the relevant bank accounts during 2006 (year of liquidation). Government should also ascertain more information on the transfer of US\$3.4million on 02.09.2004 out of the relevant US Dollar account;
- 2.3.7 Where state enterprises (companies and statutory bodies) are identified for winding up (liquidation), excepting under leave of court, Government should ensure that qualified liquidators are appointed with clear terms of reference and the liquidations are completed as expeditiously as possible and the relevant reports and records are submitted to the Ministry of Finance for perusal and retention; and

2.3.8 National Assembly should ensure, possibly through the Finance and Public Accounts Committee (FPAC), that the affairs of public bodies including state enterprises are scrutinised in a timely and systematic manner to avoid requiring lengthy and onerous investigations many years after the events have been taken place and when the records and book of accounts are no longer available and the concerned officials have left the organisations.

Chapter 3 - COSPROH Introduction

What is COSPROH?

- 3.1 COSPROH was incorporated on 22 August 1980 under Companies Act 1972 as per the certificate of incorporation. The objectives of COSPROH as per the Memorandum of Association were:
- a. To carry on the business of hotel keepers, lodging house and restaurant keepers and caterers.
 - b. To provide tuition and practical training to hotel and restaurant staff in establishments run or approved by the Company.
 - c. To acquire, establish, construct, improve and manage for travelers and tourist facilities in the fields of sports, fishing and other recreation, sale of craft and other products.
 - d. To participate directly or indirectly in any venture or concern related to hotel and catering.
 - e. To enter into arrangements for joint working in business or for sharing profits, or for amalgamation with any other company, firm or person carrying on business within the objects of this Company.
 - f. To acquire by subscription purchase or otherwise and to accept and take, hold and sell, shares or stock in any company, society or undertaking, the objects of which shall, either in whole or in part, be similar to those of this company or such as may be likely to promote or advance the interests of the economy.
- 3.2 According to Mr. Patrick Lablache, employed by Ministry of Habitat, Infrastructure and Land Transport as a consultant and also a director during 1988 to 1991 COSPROH was set up as a commercial entity to basically own and manage hotels which the government had acquired. Later on the government created Seychelles Hotels, whose mandate was to manage the hotels. A number of hotels were further acquired, and transferred to COSPROH. During 1990/1991, these hotels were reorganised as subsidiary companies with COSPROH retaining 100% ownership. Over a period starting from 1992, these hotels were privatized until COSPROH itself was finally liquidated in 2006.
- 3.3 Mr. Mukesh Valabhji stated that *'I was appointed as Chairman of COSPROH in 1991 until I stepped down from Government in early 2006. The COSPROH was created in early 80's and I took over at that time from Mr. Guy Morel who was then the Chairman of COSPROH. COSPROH was a parastatal that reported directly to the President, he was our Minister responsible. As far as I can also recall, I ran COSPROH like I said until 2006 before the liquidation was done and as far as I know during my time at COSPROH we did not acquire any property. Our mandate was to try and stop the bleeding of COSPROH which was losing a lot of money at that time, and just Mahe Beach Hotel alone was losing over a million rupees a month when we took over. We were asked to assist the government in disposing of the assets or to lease out the assets*

so we can generate revenue and pay off the debt and also help the government with its budget. Each transaction that was carried out, required government approval, and each one received government approval. That as far as I am aware during that time there were no statutory requirement for tender which existed during those days. I mean it is very important for us to understand, we cannot use today's principles, today's laws, today's criteria over what happened 25 years ago, I think we/you must use what was applicable then to judge on how things happened'.

Filing of annual returns by COSPROH

- 3.4 Sections 114 and 115 of the Companies Ordinance 1972 prescribe that every company shall, once at least in every year, make a return in the prescribed form containing information given in Fifth Schedule of the Ordinance. The Annual Return shall be furnished within forty-two days of Annual General meeting being held. Section 115 lists the documents to be attached to the return which shall include all balance sheets, profit and loss accounts, group accounts, Auditors' Report and the Directors' Report. All documents should be certified as true copies by a Director and the Secretary.
- 3.5 It was noted from the returns submitted by COSPROH that generally the annually returns were filed, sometimes with considerable delay, while there were no returns filed for the years 1992 and 2005. In the absence of consolidated accounts and other relevant returns for these two years, it was difficult for the Commission to understand the financial activities the company was undertaking during these years. Therefore, for the purpose of various analysis the Commission undertook, the comparative figures appearing in the consolidated accounts for the year 1993 were used whereas for the year 2005 figures could not be obtained from any source in view that liquidation started in 2006.
- 3.6 Sections 155 to 158 of the Companies Ordinance 1972 prescribe appointment, qualifications and responsibilities of auditors. According to Section 158, the auditors are required to certify whether in their opinion the financial statements i.e. balance sheet, profit and loss account and group accounts, give a true and fair view. The particulars of external auditors who served COSPROH over the years are given in **Exhibit 4**. It was noted that in 2003, the auditors' report was not actually signed by the external Auditor, Pool and Patel, Chartered Accountants, yet COSPROH filed the financial statements for that year with an unsigned report of the auditor. In 2004, COSPROH appointed another auditor, namely, Morel and Associates, Chartered Accountants. However, for the year 2005, the annual returns were not found at Registrar General putting in doubt if they were prepared and filed.
- 3.7 Particulars of Directors who served on the COSPROH's board during different time periods from inception to the last year of operation are given in **Exhibit 5**.

Summary of financial operations, financial results and the financial position of COSPROH group

Year	Profit (Loss) before tax SR	Tax Payments SR	Profit (Loss) after tax SR	Dividends Paid SR	Accumulated Losses SR	Position of Debts SR	Fixed Assets NBV SR
1982	(1,082,537)	-	(1,082,537)		(1,082,537)	6,542,906	4,775,934
1983	(594,357)	-	(594,357)		(1,676,894)	15,675,799	17,053,791
1984	526,528	-	526,528		(1,150,366)	14,826,770	19,892,117
1985	612,166	-	612,166		(538,200)	13,349,077	19,312,228
1986	(2,622,564)	-	(2,622,564)		(3,289,904)	18,256,366	59,032,761
1987	(5,666,948)	-	(5,666,948)		(14,483,084)	63,671,227	128,250,743
1988	(6,365,316)	-	(6,365,316)		(23,024,210)	104,170,223	153,243,015
1989	(9,726,753)	-	(9,726,753)		(51,612,974)	79,040,489	169,609,856
1990	(10,871,076)	(137,886)	(11,008,962)		(65,799,470)	76,994,553	249,447,476
1991	(17,788,113)	(72,550)	(17,860,663)		(77,501,335)	65,528,433	245,213,222
1992*	9,963,106	(71,813)	9,891,293		(84,450,430)	97,944,560	232,641,266
1993	(18,225,644)	(166,541)	(18,392,185)		(108,272,027)	101,567,078	274,198,529
1994	41,680,258	(5,076,615)	36,603,643		(68,669,172)	72,618,523	173,720,262
1995	(2,842,535)	(205,716)	(3,048,251)		(70,058,436)	53,405,784	163,193,030
1996	6,084,659	(1,201,929)	4,882,730		(63,538,585)	45,182,021	152,041,496
1997	(2,541,259)	(365,095)	(2,906,354)	34,627,030	(100,120,306)	39,988,062	146,206,982
1998	(1,876,056)	(3,878,161)	(5,754,217)		(103,846,083)	49,208,393	149,025,162
1999	14,484,491	(5,076,324)	9,408,167		(81,508,469)	42,380,578	145,955,135
2000	6,017,561	(3,987,315)	2,030,246		(78,031,421)	36,072,225	143,580,635
2001	9,097,298	(2,230,980)	6,866,318		(73,726,845)	32,416,281	129,388,680
2002	46,146	(1,091,314)	(1,045,168)		(74,504,527)	35,741,851	126,296,906
2003	6,947,051	(225,680)	7,172,731	76,501,268	(143,564,954)	50,221,756	49,055,879
2004	8,557,563	(585,410)	7,972,153	66,007,752	(201,419,148)	58,378,231	41,699,569
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		24,373,329		177,136,050			

*1992 consolidated accounts are unavailable. Hence, comparative figures in the accounts for 1993 are used in the above summary. The accounts and returns for 2005 are also unavailable (N/A).

3.8 **Share capital:** Each share in COSPROH was valued at SR1000 throughout the period 1982 to 2004. According to the annual accounts of COSPROH, the shareholding was 840 shares during the period 1982 to 1983, 6400 shares during the period 1984 to 1988 and 131,000 shares of SR1000 each during the period 1989 to 2004.

3.9 **Annual Financial statements and returns:** For the period 1982 to 1985, the financial statements prepared were for COSPROH only. For the period 1986 to 1989, the consolidated accounts incorporated the results of COSPROH and its subsidiaries, Seychelles Hotels Limited and its subsidiaries and the hotels managed by Meridien Gestion S.A. and Seychelles Sheraton Hotel. From 1990 to 2004, the consolidated accounts incorporated the results of COSPROH and its subsidiaries (Group) for the years ended 31 December each year.

3.8 As of May 1991, following the reorganisation of the group whereby separate subsidiary companies were created, the COSPROH Group had 11 fully owned subsidiaries and one company where the shareholding was 55% (Indian Ocean Hotels (Sey) Limited). By 1993, the number increased to 14 companies.

3.9 **Highlights of Financial operations and results:**

1. COSPROH made some tax payments from 1990 to 2004 totalling SR24,373,329.
2. COSPROH recorded after tax profits only in 10 out of over 23 years' of its existence.

3. In breach of provisions in the Companies Ordinance, particularly Section 161 (1), COSPROH declared dividends on three occasions (in 1997, 2003 and 2004 totalling SR177,136,050) without profits or revenue reserves. In fact, the report of Directors for the respective years stated that the dividends were declared despite inadequate retained earnings and profits in contravention of the Companies Ordinance.
4. COSPROH accumulated losses year after year from 1982 to 2004; increasing from SR1,082,537 in 1982 to SR201,419,148 in 2004.
5. COSPROH was heavily indebted to different financial institutions based in Seychelles as well as overseas during the period 1982 to 2004. The Government of Seychelles secured some of the loans while the other loans were commercial loans from banks obtained by COSPROH and its subsidiaries securing on the land, buildings and other assets of the companies. At the end of 2004, COSPROH owed a total of SR58,378,231 in terms of loans and accrued interest thereon of which SR26,106,888 being loan principal and SR32,271,345 unpaid interest to Caisse Francaise de Development (CFD), which was guaranteed by GOS as stated in the consolidated accounts. There is some evidence that GOS took over these loans in 2007 following the liquidation of COSPROH in 2006. To note that external auditors of COSPROH always pointed out in their reports that due to lack of availability of foreign exchange in the Seychelles, the company was substantially in arrears in meeting its liabilities within the time specified in the loan agreement.
6. The fixed assets balances at the end of each year mainly comprised freehold land and buildings, Plant and machinery, Furniture, Fixtures and equipment, Motor vehicles and, in some years, working- in- progress. In 1990, the fixed assets schedule contained a note stating that the assets were professionally revalued as at 31 December 1988 and 31 December 1990 by Messrs Barker and Barton on the basis of depreciated replacement cost. From this, it would appear that the freehold land and buildings were revalued between 1988 and 1990 and thereafter they were stated at revaluation less depreciation in the consolidated accounts. However, this does not provide evidence that each hotel property (land, buildings, etc.) was individually valued prior to their sale with the objective of obtaining the best possible price taking into consideration the market conditions prevailing at the time of sale of each property.

3.10 ***Financial relationship between COSPROH and GOS:*** An analysis of the available Government financial statements, treasury accounts and some records at the Ministry of Finance revealed the following matters relating to the financial operations and financial position of COSPROH before and after it going into liquidation:

1. The Ministry of Finance provided short term financing facilities to COSPROH during the period 1983 to 1997 in the form of advances, which may be cash or paying a liability of COSPROH by GOS. The advance account had a closing balance of SR9,327,226 at the end of 2006, which was written off to the Consolidated Fund in the year of 2007 through the General Revenue Balance account.

2. In six instances, in addition to the advances, the Ministry of Finance directly settled some liabilities of COSPROH, such as, withholding tax, Trades tax, social security contributions, employee benefits and loans and accrued interest, amounting to SR11,956,254 during the period 1991 to 1995.
 3. The Ministry of Finance also maintained a deposit account on behalf of COSPROH during the period 1985 to 2005 into which some proceeds of sales of hotels, etc. were credited and some payments relating to COSPROH and redemption of loans debited. To note that the proceeds of US\$30.0m arising from the sale of Mahe Beach, Beau Vallon Beach and Anse Volbert hotels to Berjaya Group discussed elsewhere in the report, were also credited to this account during 1993 and 1995. The deposit account had a balance of SR7,358,038 in favour of COSPROH at the end of 2005, which was written back to the Consolidated Fund in 2006 through minor receipts account in the Ministry of Finance.
 4. In 2007, the government took over the outstanding balance on three loans amounting to Euro4,646,432 (apx.SR51.11million), which COSPROH originally borrowed in French Franc (FFR) from Caisse Centrale De Cooperation Economique. These loans were guaranteed by Government under SI 82 and SI 69 issued in 1980 in 1987 respectively.
- 3.11 ***Financial relationship between COSPROH and Seychelles Marketing Board:*** From the analysis of consolidated accounts of COSPROH, it was also noted that COSPROH advanced funds to Seychelles Marketing Board (SMB) in 1995 in the sum of SR15,931,294, which was later stated to have been utilised for the purchases relating to capital expenditure anticipated at the Fisherman's Cove hotel. The balance on this account reduced to SR1,381,444 at the end of 2004 with a note that the amount due from SMB is to be utilised for future capital expenditure. With the 2005 consolidated accounts of COSPROH being unavailable, it is not clear how this balance was settled to COSPROH by SMB. However, the balance did not appear in the liquidator's statement either in 2006.

Chapter 4 -Acquisition of Properties

Rationale for Acquisition

- 4.1 Post-independence and soon after the formation of single party system, Seychelles saw the creation of a number of state owned enterprises. The first parastatal was created in 1979 in public transport (Seychelles Public Transport Company) and by 1988 there were 35 parastatal companies employing more than 30 percent of working population¹. Seychelles was not alone in this respect as it has been observed that the 1970s were characterized by the multiplication of the number of public enterprises in the majority of developing countries, often as an extension of accession to independence. This was based on the belief that the achievement of economic independence was possible with strong public sector occupying the ‘strategic sectors’ of the national economy. The public enterprises, however, proliferated in sectors that could scarcely be called strategic: i.e. service activities (marketing and exporting offices, tourism, hotels and catering, financial services, etc.) and to a lesser extent small and medium industrial enterprises.²
- 4.2 Speaking to the Seychelles Nation (June 2013) on ‘Seychelles Economy over Past Twenty Years’, Mr. Gafoor Yakub³ observes that ‘one of the challenges for government at the time was to create jobs and generate sufficient foreign exchange to meet the country’s ever increasing import requirements, given that we were and we continue to remain a heavily import dependent country. Being the main economic player 20 years ago, the government saw itself as the main engine of growth and felt obliged to direct all.’
- 4.3 So, in a very broad sense, creation of COSPROH in 1980 and subsequent entrustment of hotels / properties acquired by the government is consistent with the prevailing ideology in favour of state intervention and creation of state owned enterprises. The point to be seen and of central interest to the Commission’s investigation from the point of view of its terms of reference is how these hotels and properties were sold off.
- 4.4 In the context of COSPROH’s acquirement of properties, it is important to note that some hotels along with land parcels on which they were situated were acquired by the Government of Seychelles (GOS) and transferred to COSPROH. The GOS also acquired certain land parcels and transferred the ownership to COSPROH for building and developing hotels. Some assets were directly acquired by COSPROH for various considerations.

¹ Background Notes, Seychelles, United States. Department of State. Office of Public Communication. Editorial Division.

² Privatization in Developing Countries: Reflections on a Panacea By Olivier Bouin – OECD 1992

³ Mr. Yakub has worked for the government of Seychelles (1985-1994 as Director General in the Ministry of Finance) and the Development Bank of Seychelles (1994-1996 as Managing Director) before serving at the International Monetary Fund (IMF) in Washington D.C., USA (1996-2010 as technical advisor specialising in assisting a number of IMF member countries with their fiscal reforms

4.5 Until 1990, COSPROH directly owned properties (land and hotels). In 1990, COSPROH undertook a reorganisation of the group through which several subsidiary companies were created under COSPROH. The net assets of each operating hotel and the work in progress of those under development were transferred to subsidiaries as at the end of 1990. Thereafter, all hotels were held as subsidiaries (listed below) by COSPROH and it prepared consolidated accounts as a group. The creation of subsidiaries and the transfer of properties in the name of COSPROH and Government of Seychelles to those subsidiaries was approved by the President on 21 November 1990 through a memo from the Chairman of COSPROH, Mr G.J. Morel. The approved structure of COSPROH as of 1991 is shown in **Exhibit 6**.

1. Beau Vallon Bay Hotels Limited
2. Vacoa Village Apartments Limited
3. Praslin Beach Hotel Limited
4. Flying Dutchman Hotels Limited
5. Northolme Hotels Limited
6. Barbarons Beach Hotels Limited
7. Fisherman's Cove Hotels Limited
8. Port Glaud Hotels Developments Limited
9. Cote D'or Lodge Hotels Limited
10. Anse Kerlan Hotel Limited
11. Belombre Hotel Development Limited
12. Indian Ocean Hotels (Seychelles) Limited
13. Seychelles Restaurants Limited
14. In 1993, Anse Volbert was added.

Oversight and Corporate Governance of COSPROH

4.6 The Commission noted that oversight by Ministry of Finance, in particular, and GOS ,in general, of COSPROH was conspicuous by its absence. This is not surprising as it has been generally seen that administration of State Owned Enterprises (SoEs)/parastatals during that period faced *ad-hoc* political intervention, but lacked regular and detailed monitoring of their performance. The corporate governance, which gained prominence from 2000-01 with high profile corporate collapses elsewhere, was obviously rather poor. Many of the former government officials who were examined by the Commission claimed ignorance of having been on the Board of COSPROH. It came as a surprise to them when this fact was brought to their notice. Their names might have been added as a formality and done without their knowledge and consent. This seems consistent with other observations, such as, Board meetings rarely took place and the affairs of the company, as it appears, were managed by a couple of individuals under the directions of the President without participation of other stakeholders.

4.7 Mr. Norman Weber, who was a former Principal Secretary, Ministry of Finance (MoF) and a Director of COSPROH from April 1990 to April 1991, in his testimony before the Commission referred to a general lack of discipline in parastatals and cited, in particular, the case of SMB; its Board, he claimed, met just once in its whole history. During one year that he was on COSPROH Board, he said he did not recall there being

any meeting of the Board. The SoEs would also not submit 'returns' i.e. management information reports prescribed by the MoF. So, there was no official information regarding the sale of hotels and what he learnt about them was 'basically from rumours'. To a specific question on whether these companies were operating totally independently of government, Mr. Weber admitted that MoF did not do its job but in hindsight he felt that it could not do its job because the Finance Minister was not prepared to challenge the decision of the President. Mr. Noelin Didon, Company Secretary, COSPROH charged with the responsibility of keeping minutes of the Board said on record that he did not recall seeing any Board resolutions for sale of company's subsidiaries or other assets.

- 4.8 According to Mr. Valabhji, who served COSPROH as the Executive Chairman from 1991 to until early 2006 when he stepped down from government service, stated that board meetings were held when required and not necessarily regularly, and minutes of the meetings were kept. COSPROH reported directly to the President, who was the Minister responsible. Regarding disposal of assets, he stated that *'all disposal of assets would have been routed to the person responsible for COSPROH which was the President. Depending on the size of the disposal or the consequences on the economy, most of them would have gone through Cabinet for approval'*.
- 4.9 This is how Mr. Valabhji explained the governance of COSPROH, *'you've got to understand the structure of COSPROH at that time. COSPROH was, because we were told that the government wants to privatize, COSPROH was broken down. From memory COSPROH itself did not own any hotels, COSPROH each hotel became a subsidiary, each hotel became a company, and by law each company needed directors. So, every single hotel had its own directors, all of them were the same directors duplicated across and those individual companies may not have met, except when there was a sale or a transaction to be concluded but COSPROH as a Board would have met'*.
- 4.10 While oversight by Government might have been poor, it appears that the systems within the company (at least COSPROH) were in place as affirmed by Mr Bibile, the former General Manager of COSPROH. He stated via email that:
- a. All bank cheques and letters had to be signed by any two of the three or four signatories approved by the Board of Directors via Board Resolutions which were then registered at the bank. Hence the signatories were the GM, Financial Controller or Chief Accountant, and at least one Director when needed.
 - b. All payments had to have supporting vouchers, payroll lists, invoices, bills etc. Monthly summaries were submitted to the Board and year-end audits were carried out by an independent auditor (as I recall, KPMG, BDO etc.). Thereafter, the Company Secretary filed the audited accounts and other required documentation at the Company Registry.
 - c. The General Manager and Financial Controller /Chief Accountant had no prerogative to take any loans on behalf of the Company, as I recall. That was a

prerogative of the Board of Directors. In all cases, the lender needs to see the relevant Board Resolutions for borrowings by any company anywhere,

d. All normal accounting processes were in operation.

- 4.11 As for the day-to-day record keeping by COSPROH during the time of Mr Bibile as the General Manger, Mr. Valabhji stated *'I tell you one thing how meticulous he was. Even if I picked up the phone and say 'Ranil can you please do this'? he would do it. But, by 4 o'clock there will be a piece of paper on my desk saying can you please initial? That is why if anything happened while Mr Bibile was there we would never, I may have done it, but he would never allow it to be done unless there was somebody that signed off – not under Mr.Bibile. That's how he was. So, that's why when it comes to filing, in fact that was the biggest issue he had when he was there, he always complained he didn't have enough (space). He needed one office just for his files'*.

Chapter 5 - Disposal of Properties

Rationale for sale / privatization of hotel properties

- 5.1 Where countries have definite state ownership policy, it becomes easy to justify privatization by the fact that the company no longer falls within the rationale for state ownership established by the policy. In mature economies, the rationale for ownership are mostly limited to the need to remedy market failure and to provide goods and services for which there is no likely private supplier. All others, by implication, are suitable for privatization. In countries without an ownership policy, the decision to privatize can be on any of the following grounds⁴:
- fiscal concerns, whether to raise revenues from the privatization;
 - to stop fiscal hemorrhaging from certain loss-making SOEs; and
 - to improve functioning of the privatized company itself, including its access to capital.
- 5.2 Ideally, privatisation should be integrated into other public policies, in particular to the country's Poverty Reduction Strategy Paper⁵. However, in the case of privatization of hotels, there appears to have been no formal policy based on which the exercise was carried out. Mr Weber, former Principal Secretary, Ministry of Finance confirmed that there was no policy document on privatization or on valuation of properties to be sold.
- 5.3 According to International Monetary Fund (IMF), however, 'the privatization of the hotel sector was an integral part of Government's new five-year Tourism Plan, which was drawn up with a view to gradually increase tourism arrivals to a maximum of 250,000 visitors per year.'⁶ Though not formally contained in a policy document, some like Mr Yakub, believe that the decision to privatise the state-owned hotels in the tourism sector was aimed at maximising forex earnings by increasing tourist numbers through the vast market and networking connections of the new foreign hotel owners. The magnitude of foreign exchange crisis is captured quite well by IMF's data which shows that the pipeline deposits increased from zero in April 1994 to SR 198.2 million by end of 1994 and to about SR 322.2 million by the end of September 1995. Also by end-September 1995, the longest average expected waiting time was 106.6 weeks for other imports and payments.⁷ Mr Bibile, former General Manager, also echoes the view that decision to privatize hotels was part of a larger 'policy to move away from socialism to a more private sector driven market economy at that time.'⁸
- 5.4 Mr. Valabhji explained the circumstances surrounding the privatisation process as follows:

⁴ Privatization and the Broadening of Ownership of State-Owned Enterprises Stocktaking of National Practices – OECD -2018

⁵ Privatisation: A Challenge for Sub-Saharan Africa by Lucia Wegner OECD - 2005

⁶ IMF's Seychelles – Basic Data published in 1996

⁷ Ibid

⁸ Mr. Bibile's email dated 19 June 2019

'like I said in the very beginning, we inherited a company that was technically bankrupt. We had millions and millions of debt to various financial institutions; European banks, French banks, various things, development bank - I can't remember. The company should not be in existence, it should have been declared bankrupt before I took over. This is why you will see very little dividend had been paid till then because all the sale that took place was used to clear off those debts., especially the foreign debts, the foreign institution whether it was the French government, a lot of them were the French government which was borrowed in the 80's and they were defaulting heavily and we had to clear those debts'.

My mandate was very clear, that is you have to stop the bleeding; the government is not going to give any money to COSPROH, so you must find ways of surviving yourself. And our biggest headache at that time was the Mahe Beach Hotel where we were losing one million Rupees per month. That was in the 90s... So, you can do the sums, and we had massive amount of debts that had been accumulated over the years with various companies mostly French institutions. So, we were told to find a way of doing it. We came back with... first of all you have to get rid of the management company, you have to professionalize, we cannot run hotels. So that is why Seychelles Hotels which was managing most of the hotels at that time and which was also another parastatal, and they were losing a lot of money.

Now I can't tell you the whole story, the whole history of it but I believe the original parent company of COSPROH was Air Seychelles, so the hotels were actually Air Seychelles hotels. And, I am not so sure how COSPROH came into the picture. Then the government felt they should manage their own hotels and Seychelles Hotels was created and they managed various hotels, the Praslin Beach, the Beau Vallon Bay, Northolme various hotels were managed by Seychelles hotels. Seychelles Hotels never made a cent of profit and so when we took over that was the first thing we had to do was to get rid of the management company'.

Formal Approval for Sale

- 5.5 The Commission could not find any documentary evidence of formal approval for sale by the government, such as, the President's or the Minister's order on a file or through Cabinet resolutions followed by board resolutions. It was observed that the sale documents were generally signed by an officer of Principal Secretary's rank and, therefore, it may be presumed that sale of such valuable properties would have taken place with the knowledge and approval of the highest authority.
- 5.6 Mr Bibile, the former General Manager, however, confirmed⁹ that not only were the final negotiations for sale done by the Directors, but also these were documented via:
- a. Board Resolution signed by the Directors stating the price consideration and the names of buyers;

⁹ Mr Bibile's email dated 29 April 2019

- b. Sanction application (containing information on the buyer, the seller and the selling price) which was submitted to the Ministry of Land Use and Habitat who forwarded it to the President's office for sanction;
- c. Receipt of signed and stamped sanction approval;
- d. The signing of share transfer documents by the directors; and
- e. Followed by registration of the same at the Land registry and /or the Company Registry.

Process of Privatization: good practice

- 5.7 It is internationally accepted good practice to adhere to the following steps at the minimum to ensure that the privatisation process is efficient, transparent and accountable.

Prior to start of the privatization process

- a. For individual privatisation 'candidates', policy makers should ensure that there is a good business case, underlined by value-for-money. How the process will balance revenue maximisation and the achievement of other policy objectives should be clearly articulated, transparent and communicated at the outset of the process, including potential uses for privatisation proceeds and the fulfilment of public service obligations post-privatisation.
- b. Policy makers should carefully consider the relative merits/demerits of various sales options, including their relative costs, complexity and potential exposure to risks of corruption / illicit behaviour.

Organisation of the privatisation process

- c. Appropriate determination of company valuation is an important measure of success and is commonly based on the principle of fair market value. Valuation of SOEs prior to privatization is customary, and in some cases mandatory. In a large majority of cases, this involves one or several external advisors with expertise in corporate finance and the sector in which the SOE in question operates. In some cases, this is supplemented by valuations undertaken by the company itself, the national comptrollers and/or the ministry of finance. An appropriate valuation will ensure that the state can justify its pricing to assure a fair price, achieve value for money, and attract sufficient interest from investors. It will also be a key indicator to measure post-privatisation outcomes. Should the government sell at below market value (e.g. selling shares to employees at a discount, or attracting a strategic investor to facilitate technology transfer, spill overs, etc.), the reasons should be clearly identified, justified and transparent at the outset to ensure the integrity of the process. Establishing a special commission or steering group that is sufficiently independent and qualified to make an informed opinion on the valuation, as well as on the methodology used, can help to ensure objectivity in the process.
- d. To avoid irregular practices, buyers should be selected based on a set of pre-qualification criteria. Bids should be transparently handled, while respecting

confidentiality. It is common to establish criteria for potential buyers and conduct due diligence on their financial and technical capacity, future solvency, and even corporate conduct and compliance track records. Buyers will also expect to receive a certain amount of information on the business relevant to the sale. Depending on the sales method, this will occur either through the publishing of a prospectus, or the exchange of confidential information contained in a sales book, information memorandum and/or secure data room. A minimum price can be communicated to bidders beforehand and any bids accepted should ensure fair price to avoid violations of state aid rules.

Steps to take post privatisation

- e. The post privatisation phase includes wrapping up the sale, handling proceeds and establishing good governance practices if the state remains a shareholder. Assurances to ensure adequate protection of shareholders is key. Systematic ex-post evaluation and audit are critical to independently evaluate the sale and to ensure the integrity of the process¹⁰.

Privatization process followed in the case of COSPROH

Absence of declared privatization policy

- 5.8 The process of privatization as seen by the Commission in its inquiry clearly shows that it was very ad hoc and highly flawed. As mentioned above, the Commission could not evidence any records which showed that the Government followed a pre-defined process. On the other hand, almost all the persons who were examined by the commission stated categorically that the government did not follow a set process. Mr. Weber stated that there was a Project Appraisal Committee (PAC) which was supposed to scrutinize the figures involved in projects. However, the parastatal (SOE) projects never came before the PAC. Thus, it was never established that the decision to sell the hotels or give them on management contract was in the interest of COSPROH. There were, on the other hand, rumours about an investigation made by Kuala Lumpur Stock Exchange on behalf of the shareholders into alleged overvaluation of properties in the purchase of Berjaya Hotels.

Constraints in shortlisting potential buyers

- 5.9 As for inviting tenders publicly to select the buyer, there could be circumstances that might limit freedom of action, such as, when there is lack of local buyers with substantial financing. Even so, there must be some transparent method of identifying potential buyers. It is not known how the prospective buyers were identified and selected. Mr Patel stated in his testimony that *'the hotel industry was in real doldrums. The hotels were actually looking for buyers. It was not easy to sell hotels. If I am going to value a hotel based on what it costs me to construct, it is one thing. But if I am to buy*

¹⁰ Extracted from 'Corporate Governance, A Policy Maker's Guide to Privatisation' – OECD

a hotel to manage and run it, my price would be very different and at that time commercially it didn't make sense to buy hotels in Seychelles'.

COSPROH hotels were not financially viable

- 5.10 According to Mr Bibile, who was the GM of COSPROH and in charge of overseeing the management of subsidiaries, most hotels were not financially viable. In his opinion, *'unfortunately none of the third party managed hotels made enough profit at the EBITDA line to have enough working capital or for the Hotel Owning Company (HOC) to pay the loans on an uninterrupted basis. The worst culprit was a state enterprise (Parastatal) called Seychelles Hotels Ltd (SHL) which 'managed' a majority of COSPROH hotels. Leave alone having a profit for HOC to pay back loans, SHL often did not have enough working capital to even pay their own salaries at month end resulting in more loans and/or subsidies from the GOS who was the owner of SHL. Due to SHL's many shortcomings, the GOS eventually shut it down and their hotels were given out on leases. The lessees themselves were often in trouble due to the parlous nature of tourism in Seychelles at that time - aging hotel plants, expensive and insufficient air access to the destination, heavy taxation, poor service standards and lack of trained staff, rigid exchange controls which restricted any reinvestments and imports of essential consumables and spares, and state monopolies of Food and Beverage items which were not up to international standards. It was after all these restrictions were relaxed or removed and foreign investment came into the industry that the tourism in Seychelles took off'.*

Contradictory views on whether valuation was done

- 5.11 While valuation is important, sometimes it may be difficult to assess the future profitability of business being sold due to uncertainty concerning the present and future value of the enterprise. Even though it may not be perfect, it is necessary that the entity being privatized should be valued in the best practical manner. In the absence of valuation, how is the government to know whether it has sold the entity at cost, profit or loss?
- 5.12 Almost all the persons who were examined by the Commission either positively affirmed that there was no valuation of assets before their sale or have claimed not being aware of any valuation done by GOS or COSPROH, except for Mr. Valabhji and Mr Bibile. According to Mr. Weber there was no valuation carried out by either MoF or COSPROH excepting in one case, that of Mahe Beach Hotel. In this case, there was an advertisement for sale. The asking (reserve) price was stated in a document that was presented to a small 'economic forum' (a committee?) comprising Finance Minister, General Manager (Central Bank), Mr Mukesh Valabhji as Economic Adviser and himself. The document shared by the President was presented at the time to say that this was the valuation. Similarly, Mr. Ranjit Singh, former Financial Controller affirmed before the Commission that to the best of his knowledge there was no valuation of properties before they were sold, nor were there any tenders invited before sale.

5.13 According to Mr. Bibile, however, valuation of the hotels was done by a British firm by name Jones Lang Wootton (JLW). Mr. Bibile is positive that it was done. He informed via email that personnel from JLW (London) visited Seychelles and did a comprehensive study getting local information from various Government Ministries (Finance, Tourism, Lands, Environment, etc.) as well as visiting all COSPROH Hotels and other, privately owned and run hotels for comparison, as well as getting information from tour operators, the offices of airlines serving Seychelles, and many more sources. He further stated that *'hotel values (and feasibilities) are notoriously sensitive to various external factors such as:*

- *The availability of existing and proposed airline seats into a destination,*
- *The current hotel room inventory in the country and proposed hotel developments which will increase your competition,*
- *The quality of your product and the availability of investment money for refurbishments,*
- *The quality of the Management Company that manages the hotel (Méridien, Hilton, etc.)*
- *The terms of the Hotel Management Agreement with the Management Company (duration of the lock-in period and their fees etc.)*
- *The availability of skilled manpower,*
- *The tourism promotion activities and budgets of the destination's government,*
- *The availability of high-end food and beverage items needed by tourists,*
- *The entertainment facilities at the destination; and*
- *Numerous other such factors.*

'JLW researched all of this. As destination competitiveness also plays a role, I believe they also compared data available to them for Mauritius and Maldives using their resources out of the London Office. Thereafter they produced the comprehensive report and attached suggested values to each of the COSPROH Hotels. I remember this process well as I was involved in liaising their visit and study' (emphasis added).

'Seychelles at that time had so many disincentives to investment, from penal rates of taxation to extremely rigid forex controls, and very poor quality food and beverage due to import controls and government monopolies. Forex shortages were so bad that hotel management companies and investors could not get their fees and profits out of the country. The COSPROH hotels were old and in a bad state due to lack of investment by the shareholder. All of this tended to scare off investors and that obviously affects the value of a business that is up for sale. Any knowledgeable prospective buyer could see, with a quick walk around the property, that that property needed huge investments to bring it up to the standard of hotels in the competitor destinations. As well the service standards were very poor compared to competitor destinations like Maldives and Mauritius'.

5.14 At Commission's request to obtain a copy of the purported valuation reports, Mr. Bibile contacted one Mr Scott Hetherington, who was then working with JLW. Mr Hetherington, whose email Mr Bibile shared, confirmed that a valuation of COSPROH

was done and he in turn contacted the London office to obtain a copy, if available. Mr Graham Craggs of London office has responded by stating that he could not locate the final version of the report electronically and any paper files would now have been destroyed.

5.15 Despite the assertions of the former General Manager that all hotel properties were valued by Jones Lang Wootton (JLW), the Commission found evidence of their involvement in respect of only one hotel, namely, Mahe Beach Hotel, as per their invoice for US\$150,000 dated 13.02.1995. The invoice was settled by the Ministry of Finance in August 1995 through the general account of GOS. The Ministry of Finance said in their memo to the Central Bank that the payment being made was in respect of 'legal and professional' services rendered on the sale of hotels. There was no mention of carrying out any valuations.

5.16 Furthermore, the Commission did not find any valuation report for any of the properties of COSPROH in evidence of the purported valuation exercises by different firms.

Perspectives of Mr. Valabhji on the value of hotels and valuation process

5.17 *'In most cases, it was not worth valuing the business because the business would have worth zero. Ok. so they'll have to go on the assets. Because all of them, most of them were losing money and they had huge debts. All the major hotels that was sold had a valuation done I can't tell you by whom but in those days we would have used I don't remember the name 'Barker & Barton' or something?*

Like I said, the business was irrelevant. I mean you had to pay them to buy it from you. It was losing so much money. So, it was more undervaluation.

I think Jones Lang did some valuation. I can't tell you for which property. I think they may have done it across the board at a moment in time for all our properties and then after that subsequently, it was done by various other people Barker & Barton? I remember their office was at Victoria House. That is all I remember.

It's an international company. It could have been Jones Lang who did in 1995. It could have been.

What I can tell you in all cases, I can't remember a single case, I may be wrong, that we have sold below valuation; always above the valuation. And, definitely way above the book value.

But the valuation with whatever the value that's on the book would be there but the valuation report would have been submitted when we asked for permission. That would have been submitted.

We were so highly indebted. And that is why we'd identified some hotels that we needed to get rid of because we just couldn't sustain them'.

Manner of handling sales proceeds

5.18 With regard to the monies received on the sale of hotel properties, it would appear that the proceeds did not always go through the COSPROH's account but, in some cases,

collected by the government/Central Bank (in case of foreign exchange) and shown in COSPROH's account as received and dividend payments to the government. Mr Patel of the Pool and Patel firm, Chartered Accountants, external auditors of COSPROH, observed during the testimony that *'we have to look at this in the period we are talking. This is in 1993. It's pre-multiparty. So if there was a need for money and a hotel was sold, the Government could say the money has to be paid to the Treasury...So we need to look at these transactions as it happened.'* Similarly, a debt owed by another parastatal like SMB to COSPROH would be adjusted against debt owed by COSPROH to GOS by treating the amount as dividend paid to the government.

- 5.19 This was also the impression that Mr Ranjit Singh, the former Financial Controller, of COSPROH held. He said in his testimony that *'for example, we sold something, the money wouldn't come to COSPROH, it will be received by the Treasury on behalf of COSPROH and then adjustment will be processed through COSPROH accounts. Money physically didn't come to COSPROH that I can tell you very clearly.'*
- 5.20 A similar explanation was provided by Mr. Valabhji, who said that *'during my time, all proceeds of the sale whether the lease or disposal was paid either to COSPROH or to the Ministry of Finance, and all accounts were audited and all the transactions very clearly in the audited accounts'.*

Summary of disposal of subsidiary hotels and considerations

	Company Name	Year	Particulars of Assets	Buyer (s) and Consideration
1	Vacoa Village Apartments Limited (VVAL)	1992	Land parcel H3187 (subdivision) and the hotel business	ONEARN (PTY) Ltd DM1.6m - deduction of SR200,000 = balance SR5,096,000
		1992	Land parcels (subdivisions) H3188, H3189, H3190, H3191 and H3192	Transferred to GOS for SR1
2	Port Glaud Hotels Development Limited (PGHDL) /Mahe Beach Hotel	1994	Land parcels J141 and J1530 and other assets of the hotel	Berjaya Leisure Berhard Group US\$11.4m (SR57,191,490)
3	Beau Vallon Bay Hotels Limited (BVBHL)	1994	Land parcels V588, V589, V3699, V8369 and V8370 and other assets of the hotel	Berjaya Leisure Berhard Group US\$16.4m (SR82,280,494)
4	Anse Volbert Hotel Limited (AVHL)	1994	Land parcel PR1128 and other assets of the hotel	Berjaya Praslin Beach (Cayman) US\$2.2m (SR11,031,937)
5	Seychelles Restaurants Limited (SRL)	1994	Land parcels H844 and H251 and 'Kyoto' restaurant	Ocean Properties Limited SR640,000, stamp duty SR67,000
		1996	Land parcel J774 and SRL ('Le Corsaire' restaurant)	Alesandro Iovenitti, etc. For SR1,644,872
6	Flying Dutchman Hotels Limited (FDHL)	1995	Land parcel PR2334, buildings and other assets	Mr. and Mrs. Pede SR6.0m: Sale proceeds (SR1.0m: Agent's commission) SR5.0m: Balance
			PR 2335 and PR2365	Still in COSPROH name
7	Anse Kerlan Hotel Limited (AKHL)	1996	Land parcel PR1292	Transferred to GOS for SR1

	Company Name	Year	Particulars of Assets	Buyer (s) and Consideration
8	Belombre Hotel Development Limited (BHDL)	1994	Land parcels V8369, V8370, V8384, and V8385	Beau Vallon Bay Hotels Limited for SR4 (see details under the relevant hotel elsewhere in the report)
		1997	Land parcels V576, V577 and V10115	Transferred to GOS for SR1
		1998	Land parcel V10114	Sold to Marinette Soomery for SR47,500, stamp duty 4,900
9	Reef Hotel / Indian Ocean Hotels (Seychelles) Limited (IOHSL)	1998	Land parcel S3728	Transferred to GOS for R621,000,
		2001	Land parcel S121, buildings and other hotel assets	St Anne Resorts Limited For US\$3.0m (SR17,524,800)
10	Barbarons Beach Hotel Limited (BBHL)	2003	Land parcels B32, B387, B388, B668 and B 669 and other hotel assets	Telecom (Seychelles) Limited For SR100,000,000
11	Fisherman's Cove Hotels Limited (FCHL)	2003	Land parcels J67 and J146 and other hotel assets	Hotel Properties Limited For SR50,000,000
		2003	Land parcels J769 and J1997	Transferred to GOS in consideration of land parcels B387, B388, B668 and B669
		2003	Land parcels J311 and J312	Transferred to FCHL in 2003. In 2005, the new owners of FCHL sold to Bois Sagailles Estates Limited for SR300,000. Stamp duty paid SR187,000.
		2001	Land parcel J742	Sold to Central Bank of Seychelles For SR60,000, stamp duty SR3,600.
			Land parcels J807 and J1996 (subdivisions)	Still in COSPROH name
12	Northolme Hotel Limited (NHL)	2004	Land parcels H344 and H202 and other hotel assets	Huit Iles Company Limited For US\$3.4m (SR26,173,360)
13	Cote D'Or Lodge Hotels Limited (CDLHL)	2007	Land parcels PR32, PR1096 and PR413	Transferred to GOS for SR1
14	Praslin Beach Hotel Limited (PBHL)		Land parcel PR1128	Found registered on Anse Volbert Hotel Limited, which was sold to Berjaya
			Land parcel PR1083	Does not exist - MLUH-WEBGis

Summary of sale of major hotel properties and accounting for the proceeds

5.21 **Port Glaud Hotels Development Limited/ Beau Vallon Bay Hotels Limited/Anse Volbert Hotel Limited:** The report of Directors for the year ended December 1994 said under results, dividends and reserves that 'during the year the Beau Vallon Bay Hotel and Mahe Beach Hotel were sold inclusive of all fixtures and operating equipment to companies within the Berjaya Leisure Group for a consideration of US\$ 16,400,000 (SR82,280,494) and US\$11,400,000 (SR57,191,490) respectively. At the time of sale the assets comprising Beau Vallon Bay Hotel and Mahe Beach Hotel had a net book value of SR53,718,564 and R50,000,085, resulting in a total profit on disposal of

SR35,753,335'. It says further that 'during the year the company sold 20% of its holding in Anse Volbert Hotel Limited to Berjaya Praslin Beach Resort Limited for a consideration of US\$2,200,000 (SR11,031,937)'. The accounts for the same year stated under 'extraordinary items' that 'the total sum of US\$30.0million is being collected by the Government of Seychelles on behalf of the group'. In confirmation, the Commission found documentary evidence to the effect that the Ministry of Finance and Central Bank of Seychelles collected the proceeds amounting to US\$30.0million (approximately SR149.768m) in six instalments during November 1993 to October 1994 through a Deposit Account maintained on behalf of COSPROH.

- 5.22 From the above proceeds, the Commission noted that a brokerage commission of US\$6,780,093 (SR34,838,675) (23%) was paid to one company named Foresthill Holdings Ltd through ANZ Bank, New York to the account 001941-111 in six instalments during November 1993 to January 1995. The payments were made based on a contract signed between Foresthill Holdings Ltd and COSPROH dated 08.10.1993. To note that Foresthill Holdings Ltd was a Switzerland based company existing under the laws of Guernsey. On the other hand, the brokerage agreement was to be interpreted in all respects in accordance with the laws of Singapore.
- 5.23 Considering the significant payment of brokerage commission, it is clear that the actual proceeds available for the Government of Seychelles from the sale of above three hotels amounted to only US\$23,219,907. Besides, due to the constraints within which the Commission was operating coupled with passage of long time, the beneficial ownership of the said company could not be established.
- 5.24 ***Barbarons Beach Hotel Limited and Fisherman's Cove Hotels Limited:*** The sale of Barbarons Beach Hotel (including the land parcels B32, B387, B388, B668 and B669) and Fisherman's Cove Hotels Limited (including the land parcels J67 and J146) was done for a total consideration of SR150,000,000, as stated in the consolidated accounts of COSPROH and the report of Directors for the year 2003.
- 5.25 From the bank statements of COSPROH in respect of account no 01002-003037-00-6 at Nouvobanq, it was noted that the total proceeds of SR150.0million was directly collected by COSPROH in three (3) instalments during the period December 2003/January 2004. Subsequently, it paid dividends to GOS in the sums of SR76,501,268 in December 2003 and SR66,007,752 in May 2004 as stated in its consolidated accounts. On the side of GOS accounts, it was noted that similar amounts were recorded under the revenue code of sale of assets in the year 2003 and 2004.

Chapter 6 - Land Parcels - Acquisition and disposal

6.1 Acquisition and subsequent privatization of hotels involved simultaneous acquisition and alienation of attached land and, sometimes, other land parcels to COSPROH by Government of Seychelles. This process followed a pattern.

- **Stage One:** The government acquired the ownership of land owned by private individuals / businesses mainly through acquisition, in some cases, through purchase for a consideration.
- **Stage Two:** The land parcels owned/acquired by the government were transferred to COSPROH with the aim of developing hotels. Generally, the consideration was SR1, and, in other cases, various considerations. Some land parcels had already hotel buildings standing on them (e.g. Mahe Beach Hotel, Northolme Hotel and Fisherman's Cove) whereas others were just bare land parcels which, it was expected, COSPROH would develop as hotel properties.
- **Stage Three:** COSPROH in turn transferred these land parcels and buildings to companies created as subsidiaries under it for various considerations which was by way of issue of shares by the subsidiary companies. However, in a number of relevant land documents examined, the consideration was stated as SR1.
- **Stage Four:** On being privatized, the hotels along with the respective land parcels were sold for various consideration. Some returned to the government. Some still remain in the name of COSPROH.
- **Stage Five:** Sometimes, COSPROH subdivided the original land parcels and the subdivided land parcels were either sold or further subdivided and sold or returned to GOS.

6.2 During the period 1980 to 1996, COSPROH acquired 39 land parcels measuring some 838,497sqm in total. A summary of the Commission's comments and observations on the land transactions between the government, COSPROH and the subsidiaries is as follows, which should be read in conjunction with the relevant **Exhibit 7 and Exhibit 8** and the narratives given under the respective hotels elsewhere in this report for better understanding:

- Of the thirty-nine (39), thirty (30) parcels were transferred by GOS to COSPROH whereas nine (9) parcels were directly purchased by COSPROH from third parties for a consideration. In one case, the land (J1530) was directly transferred to the subsidiary company of COSPROH by GOS;
- Of the 30 parcels that GOS transferred to COSPROH, a consideration of higher than one rupee (SR1) is mentioned only in respect of ten (10) cases, which was to be paid in terms of issuing shares in the name of GOS by COSPROH;
- Of the 30 parcels that GOS transferred to COSPROH, eleven (11) parcels were in excess of five acres;

- In fifteen (15) cases, the government transferred the land parcels to COSPROH for a consideration of SR1 and in one case (J1530) directly to the subsidiary company for SR1;
- In four (4) cases, no consideration is stated in the relevant documents as they were exchanged for other land parcels of COSPROH;
- In almost all transfers involving GOS to COSPROH, the stamp duty was free/exempted and, only in two (2) cases, an amount is stated which has been collected by Registration Division as appearing from the legal documents;
- In ten (10) cases involving land transfer from COSPROH to subsidiary companies, the consideration is stated to be SR1;
- The stamp duty was free in all transactions between COSPROH and its subsidiaries, excepting a collection of SR7,000 on the transfer of PR1483;
- During the privatization process, COSPROH returned seven (7) land parcels and Chauve Souris Island (off Praslin) to the government. Of these, the said Island and PR1096, PR32 and PR413 are being leased to Vacanze Seychelles Limited by the government for 99 years effective 2007 whereas V576 and V577 situated on Mahe are being leased for 99 years to Bel Ombre Hotels Developments Limited effective from 2004;
- Five (5) land parcels owed by COSPROH were subdivided into seventeen (17) additional land parcels, as shown in **Exhibit 8**. Some of the parcels created through subdivision were further subdivided into eight (8) additional parcels. Of all these subdivisions, some parcels were transferred to back to Government of Seychelles whereas some others were sold together with the hotels. One (1) parcel was sold to an individual. Three (3) parcels are still in the name of COSPROH (J807, J1996 and PR2335);
- One parcel (PR2365) originally acquired by COSPROH in 1982 is still registered in the name of COSPROH;
- In eleven (11) instances, the GOS transferred land in excess of five (5) acres to COSPROH in most cases for SR1 and in other cases for different considerations;
- Land parcel (V579) transferred to COSPROH in 1984 was not transacted in any manner but the title was later cancelled by the government; and
- Land parcel PR1083 situated at Anse Volbert, Providence, Praslin, which was transferred to COSPROH in 1988 by the government and, subsequently, COSPROH transferred to Praslin Beach Hotel in 1990, there was no further information available in the official records. Moreover, it did not exist on the MLUH webGis system as of 06.02.2020 when searched on the website.

6.3 Upon receipt of some land parcels from COSPROH, the government either further subdivided the land or sold them as it is to different parties of which the details the Commission did not pursue, as it did not concern COSPROH. Nor was it part of the mandate of the Commission.

Observations relating to land parcels

- 6.4 The transfer of state land from Government to COSPROH for a consideration of SR1 was in contravention of Section 6 (2) of the State Land and River Reserve Act 1903, as amended, (Cap 228).
- 6.5 The retention of four land parcels still in the name of the liquidated company COSPROH is an irregularity in view that the liquidation process should have seen the disposal of all assets and liabilities.
- 6.6 Valuation reports of the land parcels (or the land and buildings together for each hotel business unit) which were sold to various companies or individuals could not be found in evidence of the purported valuation exercises, as stated by the former Executive Chairman, Mr. Mukesh Valabhji and the former General Manger, Mr Ranil Bibile.
- 6.7 The transfer of certain land parcels in excess of five (5) acres to COSPROH by GOS without following public tendering or any other system of seeking competitive bids was in contravention of Section 7 of the State Land and River Reserve Act 1903, as amended, (Cap 228).
- 6.8 As may be seen from the respective company narratives elsewhere in this report, almost all land transfers involving GOS, COSPROH, subsidiary hotel companies and the buying companies were free of stamp duty, indicating a significant loss of revenue in terms of stamp duty.

Provisions in the State Land and River Reserve Act, 1903 (as amended (cap 228)) relating to the alienation of State land

Definition: *State land means all land belonging to or in the possession of the Republic, or which may be hereafter acquired by the Republic; and, for the purposes of this Act, also includes all land of which the Curator of Vacant Estates has possession, or has been sent into possession.*

Section 6:

(1) no portion of any State Land shall be disposed of by free grant or at any other than its full value as hereinafter provided for, except in the case of land required for religious, charitable, or educational purpose or for purposes of public utility.

(2) the President may, where the purposes for which the land is required are bona fide religious, charitable or educational or of public utility grant a concession or a lease of such land on payment of a nominal price or rent.

(3) all such grants or leases shall be conditional on the land being or continuing to be applied to the purpose for which the grants or leases have been made.

Section 7:

All sales of State land shall be by public auction, or by public tender, provided that sales of State land of up to five acres may be effected by private contract.

Chapter 7 – Liquidation of COSPROH

Introduction

- 7.1 Before venturing into commenting on the liquidation process, the Commission considers it necessary to place on record some standard definitions, requirements and roles of different individuals in the liquidation.

Members' Voluntary Liquidation

- 7.2 COSPROH underwent a Members' Voluntary Liquidation (MVL). In case of MVL, the shareholders/members of the business decide that they no longer want the company and decide to close it down and realise the assets. The main feature of this type of liquidation is that *the company must be solvent*, that is, *have the resources to pay off its creditors*. In an MVL the assets of the business are realised, either through public auction or private sale, the remaining creditors are paid off and what remains is distributed to the shareholders in accordance with the Articles of Association and Memorandum. Once this has all been done then the company can be formally wound up and removed from the Companies House register¹¹.

Role of Company Secretary in liquidation

- 7.3 When a business enters liquidation, the company secretary is likely to assist in the preparation of the Statement of Affairs. This essentially informs creditors of the reasons why the company has entered insolvency. It includes details of all assets, liabilities and debts, provides information on any fixed or floating charges held by creditors, and includes a list of all trade creditors, suppliers, and employees. As an officer of the company he is also required to provide any information requested by the liquidator, and must cooperate fully during the liquidation process. The office-holder is likely to require financial and administrative documentation including leases, contracts, insurance policies, and employee-related information, and the company secretary may be instrumental in providing this paperwork.¹²

The role of a liquidator

- 7.4 A liquidator's primary function is to collect a company's property and apply the assets in paying the company's creditors, and distribute any surplus among the company's members. The role of a liquidator is as follows:
- a. Wind up the affairs of the company;
 - b. Distribute the company's assets among its creditors equitably; and
 - c. Examine the circumstances before the liquidation and the causes of the company's failure and consider whether further inquiry is necessary.

¹¹ <https://www.companyliquidationservices.co.uk/different-types-of-company-liquidation/#.XekzHZMzbIU>

¹² <https://www.realbusinessrescue.co.uk/articles/business-liquidation-bankruptcy/what-is-a-company-secretary-and-what-is-their-role-in-liquidation>

7.5 Liquidators have a duty to act honestly, avoid any conflict of interest and to act impartially. They have a high standard to exercise a reasonable duty of care and skill in performing their role. A liquidator may need to commence court proceedings to enforce a company's entitlement to assets. For example, if there has been an uncommercial transaction where the company's property has been transferred¹³.

Who Can Be a Liquidator?

7.6 Generally, liquidators are practicing accountants who have studied both accounting and law. A person cannot be appointed as a company's liquidator without leave of the court if they have a connection with the company, including¹⁴:

- Debtors or Creditors of the company; or
- Auditors, officers or company employees of the company.

7.7 In Seychelles, Companies Ordinance 1972 only prohibits body corporates from being appointed as liquidator under Section 293.

COSPROH's Liquidation

Introduction

7.8 On 15 February 2006, the two directors of COSPROH, (Mr. Mukesh Valabhji and Mr M.L. Lalanne), resolved that they have made a full enquiry into the affairs of the company under Section 253 of the Companies Act, 1972 and they formed the opinion that the company would be able to pay its debts in full within 30 days from the commencement of the winding up. This is referred to as a 'declaration' under Section 253. **Exhibit 9.**

7.9 On 16 June 2006, the Company Secretary, Mr Noelin Lewis Didon, delivered to the Registrar what is referred as the winding up resolution in Section 253 (2), showing the an extract of minutes and resolutions passed on 14th June 2006, as follows:

'It was resolved (a) that the company has completed its objectives and by virtue of the directors resolutions and declarations dated 15 February 2006 it is hereby agreed that COSPROH Limited goes into Members' voluntary winding up with effect from 15th June 2006 (b) Noelin Lewis Didon of Cacao Estate, Anse Aux Pins, Mahe, is appointed liquidator of the company; (c) the liquidation of COSPROH Limited be completed by 31 July 2006'. **Exhibit 10.**

7.10 In September 2006, the liquidator (Mr. Didon) filed a liquidator's statement of account, showing how the winding-up has been conducted and the property of the company has been disposed of, together with a statement of affairs as at 15 June 2006 examined and certified by Morel and Associates, Chartered Accountants. **Exhibit 11.**

7.11 In December 2006, the liquidator (Mr. Didon) filed at the Registration Division what is called the final statement of affairs of COSPROH (in liquidation), as shown in **Exhibit**

¹³ <https://legalvision.com.au/what-is-a-liquidator/>

¹⁴ Ibid

12, upon which the Registrar of Companies issued a certificate stating that ‘this servers to certify that COSPROH Limited has completed the formalities in relation to Members’ Voluntary winding up and the company will be dissolved within a period of three months effective 12 December 2006’. **Exhibit 13.**

Observations

- 7.12 The first problem arises with the appointment of, Mr. Didon, Company Secretary, as the liquidator. As per accepted practice, an officer or company employees should not be appointed. Secondly, a liquidator must be a practicing qualified accountant, which Mr Didon was not by his own admission and as per records. In Seychelles, the Companies Ordinance 1972 (Seychelles) only prohibits body corporates from being appointed as liquidator under Section 293. Hence, while the appointment of Mr Didon may be not in accordance with what is considered generally accepted best practice, it was not illegal per se. However, it created a conflict of interest situation.
- 7.13 Registrar of Companies certified on 14 December 2006, under Section 259 (4) that COSPROH had completed all formalities in relation to Members’ Voluntary winding up and the company will be dissolved within a period of three months effective 12 December 2006.
- 7.14 However, an analysis of balances filed by the Liquidator along with Liquidator’s final Statement of Affairs as of December 2006 shows assets of SR30,032,436 and liabilities of SR62,159,102 (including secured creditors of Caisse Francaise De Development (CFD) Loan of SR 59,673,403 and unsecured creditors of SR 2,082,704).
- For Members’ Voluntary winding up, a company must be solvent, that is to say, it can pay its debts in full within the specified period. Given that COSPROH’s assets were not adequate to pay off its liabilities, it is doubtful whether it was truly solvent. Conversely, the Director’s declaration made on 15 February 2006 that the company was able to pay its debts in full within 30 days was misleading;
 - the statement of affairs as at 15 June 2006 shows cash at bank of SR21,963,066 which is referred to as cash in hand of the liquidator in the ‘statement showing how the winding up has been conducted and the property of the Company has been disposed’ which was registered by the Registrar General on 20.09.2006. However, in the ‘final statement of affairs’ signed by the liquidator (Mr.Didon) and registered at the Registrar General on 12.12.2006 the cash at bank balance was SR21,594,491. However, there is no mention of how, when and to whom it was disposed of; and
 - there is no mention of how the CFD (SR59,673,403) loan was secured and whether it was settled or not. Nor was there any proof of the loan having been waived/written off by CFD. Alternatively, if it was taken over by the government of Seychelles, a specific reference to such arrangement, such as S.I. or an agreement, should have been made in the statement/return to the Registrar General; and
 - there is no mention as to how and whether the other balances in the statement of affairs both as of June and December 2006 were disposed of or settled.

7.15 The comments of the Pool and Patel, Chartered Accountants, firm, who have considerable experience in matters concerning company liquidations, are summarised below:

- *There is a Directors' Resolution dated 15 February 2006, which says that it is able to pay its debt within 30 days of commencement of winding up. Yet, the Liquidator's Account definitely shows that it's not able to pay its debts as the Liquidator's financial statement of affairs shows assets worth virtually of thirty (30) million rupees with liabilities of sixty million rupees to CFD;*
- *In view of the above, it should not have been under voluntary liquidation;*
- *The liquidator's statement is incomplete because it does not show an income and outgoing account of what is realized and how it was distributed. There is nothing in the liquidator's accounts to show how much was received on sale of office equipment, furniture and fixtures against book value of R 69,000.*
- *As for liabilities, the liquidator should put a notice in the gazette and in a newspaper in circulation in Seychelles, saying 'I have been appointed liquidator and any claims against the company must be submitted to me'.*
- *It is definitely a matter of negligence because once you are a liquidator you have still got to call a final meeting of all creditors and you produce to them a statement of what you have done with the assets and for them to approve or not to approve. But, there was no evidence of such final account and meeting.*
- *Liquidator's statement is a handwritten statement which gives balance at bank and then liabilities, which is CFD secured creditors and other unsecured creditors, but it does not show how the creditors were settled, if they were at all settled.*
- *Other than the two-page statement by the liquidator, there was no report detailing how the process was conducted; how the various types of assets and liabilities were disposed of; and, how the remaining proceeds were disposed of to the shareholder (GOS).*

7.16 Our doubts as to whether a proper liquidation of COSPROH was undertaken become stronger in the light of further observations that follow:

7.17 In his statement to the Commission, Mr Didon stated that he was appointed by the Ministry of Finance, however, he could not produce a document to that effect. Yet, the extract of minutes and resolutions passed by the members of the company on 14.04.2006 dated 16.06.2006 and signed by Company Secretary, Mr Didon himself, indicate that Mr Noelin Lewis Didon, was appointed as the liquidator by the Board. Moreover, according to Mr. Valabhji, there was a committee appointed for the liquidation, of which the details or the composition he could not remember;

7.18 Section 248 requires that '*when a company has passed a winding up resolution, it shall, within seven days after the passing of the resolution, give notice of the resolution by advertisement in the Gazette*'. This Notice was not found by the Commission, hence it is doubtful whether the same was published or not.

- 7.19 Section 253 (1) and (2) requires the directors to make a declaration of members' voluntary winding up and deliver it to the Registrar, as set out in the section. However, the declaration has no effect under the Ordinance unless (a) it is made within five weeks immediately preceding the date of the passing of the winding up resolution and is delivered to the Registrar for registration before that date; (b) it embodies a statement of the Company's assets and liabilities as at the latest practicable date before the making of the declaration, not being a date earlier than three months before the date of the declaration; and (c) the winding up resolution is passed as a special resolution. In the light of these provisions, we conclude that there was a breach of all three (3) provisions in that (a) the declaration was made on 15.02.2006 and the passing of the resolution was made on 14.06.2006, almost four months after; (b) the statement of affairs was as at 15 June 2006, which was well past the date of declaration; and (c) the winding up resolution was not passed as a special resolution.
- 7.20 The Commission found four land parcels (J807, J996, PR2335 and PR2365) still registered in the name of COSPROH as of May 2019, which was confirmed by the Registrar General in her testimony to the Commission on 14 May 2019 and a certificate of official search was provided in evidence of the same. This is conclusive that the liquidation was not handled in a proper manner and, consequently, not all assets were disposed of. Moreover, there was no mention of these properties in the accounts/statements of the liquidator making it a serious omission on the part of the Directors and the liquidator. According Mr. Valabhji, after the company was liquidated, could not remember whether it was 2008 or 2009, he was contacted by Mr Lablache from the Ministry of Land and asked him to sign some papers to transfer the land parcels in question back to the government. For that purpose, according to him, the company was reinstated for one day. While the commission could not find any evidence of what was said by the witnesses, it is a fact that the land parcels are still registered in the name of COSPROH, long after its purported liquidation.
- 7.21 The Commission found a balance of SR21,084,501.56 in the impersonal current account of COSPROH (01002-003037-00-6) as at 14.11.2006; **Exhibit 14**. When queried from the bank as to when and how it was cleared, the Bank could not provide more details saying that the records were destroyed after seven (7) years. Given that the company liquidator indicated in his final statement of affairs at of December 2006 that the cash at bank amounted to SR21,594,491, the Commission believes that the above balance was also included therein and it should have been properly disposed of upon the completion of the liquidation. According to Mr. Valabhji, however, after he left (COSPROH) and as part of the liquidation he was asked to sign two cheques for substantial amounts (not sure of the amounts) together with another signatory (not sure, who) for dividend payments to the government. He hesitated to sign but still signed because they (government) did not have two signatories to sign cheques. Again, this is irregular in view that the appointed liquidator should have been the one to sign all cheques during the liquidation process. Further, the Commission could not find evidence of receipt of the cheques referred by Mr. Valabhji in the government accounts again due to the limited period of time for record keeping within Treasury as well.

- 7.22 To note that the Companies Ordinance states in Section 255 that *(1) the company in general meeting shall appoint one or more liquidators for the purpose of winding up the affairs and distributing the assets of the company, and may fix the remuneration to be paid to him or them; (2) on the appointment of a liquidator all powers of the directors shall cease, except so far as the company in general meeting or the liquidator, sanctions the continuance thereof; (3) if more than one liquidator is appointed, the resolution appointing them shall state whether they shall exercise their powers jointly or separately and individually.*
- 7.23 In the light of these provisions, and in the absence of any documentation as to what terms and conditions were made for the liquidator (Mr Didon) at the general meeting and what terms and conditions were sanctioned by the general meeting or the liquidator for Mr. Valabhji, the continuation of Mr. Valabhji as a signatory beyond the purported liquidation appears to be irregular under the Ordinance.
- 7.24 Section 259 (1) says *‘as soon as the affair of the company are fully wound up, the liquidator shall make up an account of the winding up, showing how the winding up has been conducted and the assets of the company have been disposed of, and thereupon shall call a general meeting of the company for the purpose of laying before it the account and giving any necessary explanation thereof.*
- (2) The meeting shall be called by advertisement in the Gazette and in one daily newspaper circulating in Seychelles specifying the time, place, and object thereof, and published one month at least before the meeting,*
- (3) Within one week after the meeting, the liquidator shall send to the registrar a copy of the account, and shall make a return to him of the holding of the meeting and of its date, and if the copy is not sent or the return is not made in accordance with this subsection the liquidator shall be liable to a default fine’.*
- 7.25 Although what is called a ‘final statement of affairs’ (declaration as of December 2006 signed by Mr. Didon and set out on a COSPROH letter head) and a list of assets and liabilities were found on the relevant file at the Registrar General office, the Commission could not find (a) an account of the winding up showing how the winding up has been conducted and the assets of the company have been disposed of; (b) any evidence of the final meeting held; and (c) a return thereon by the liquidator, as required by the above Section.
- 7.26 Moreover, in view that the list of assets and liabilities attached still showed items not disposed of, for example, the cash at bank SR21,594,491, the final statement of affairs (declaration) furnished to the Registrar General by the liquidator was misleading.

Chapter 8 - Matters arising from examination of bank statements

- 8.1 The Commission could obtain only a limited amount of bank statements due to the passage of long time from the existence of COSPROH and generally, the maximum period of seven (7) year record retention period by Commercial banks and the Central Bank of Seychelles.
- 8.2 Furthermore, as mentioned under ‘constraints, limitations and challenges’ earlier in this report, the banks were also reluctant to release statements and any information to the Commission without the consent of the holder of the accounts citing confidentiality aspect of their operations with account holders. In this case, the holder of the bank accounts in question was COSPROH and, ultimately, Government of Seychelles. At the Commission’s request the incumbent Minister for Finance readily intervened on behalf of the Commission to obtain the statements. However, this impediment affected the efficiency and, more importantly, the independence of the Commission in view that it had to go through a third party in its efforts to obtain the information which it should have received directly.
- 8.3 Generally, the statements obtained covered the following accounts and time periods, however, at times with gaps in between, as indicated below:

Bank	Account	Period
Central Bank of Seychelles	1431-GOS-COSPROH Deposit A/C US Dollar	29.02.2000 to 20.10.2003
Nouvobanq	01002-003037-00-6 Impersonal Current A/C – COSPROH –SR	16.04.1999 - 29.11.2004 01.02.2005 - 28.02.2005 01.04.2005 - 28.04.2005 03.10.2006 - 17.10.2005 14.11.2006
	32002-003037-00-6 COSPROH –US Dollar (1)	29.08.2001 - 31.05.2006
	32/0/02/003037/01/6 COSPROH – US Dollar (2)	Statements unavailable

- 8.4 The following key matters are arising from the examination of the above bank statements, on which the Commission could not obtain more details from the banks concerned due to the unavailability of records according to the respective banks. It is important to note, once again, that COSPROH’s original accounts, records, registers, files, bank statements, cheque book counterfoils, bank reconciliations, etc. could not be found at all, again due to passage of long time from the existence of COSPROH. Had the Commission got access to these records and the information it requested from banks, these matters would have not arisen or would have been raised differently.
- 8.5 **US Dollar account (1) at Nouvobanq:** According to bank statements on the US dollar account at Nouvobanq (32002-003037-00-6), a sum of US\$3,400,000 was credited on 29 April 2004 with reference IR 3166/04, Mr. Mohamed Moos. The same amount was debited on 30 April 2004, following day, with reference R/E DD 2/9/2004 IR3166/04. The Commission requested the bank to explain the nature of this transaction through these questions; (a) was this a valid transaction or an error; (b) do you know what the receipt was for? (c) who paid the sum of US\$3.4m into the account?; and (d) to whose account the transfer was made on 30th April and on whose instructions.

- 8.6 To these queries, the bank replied saying ‘*we regret to advise that we are unable to provide further details on the account of COSPROH as record are destroyed after 7 years*’.
- 8.7 Furthermore, the above account was closed on 03.05.2006 and the closing balance of US\$10,900.72 was cleared with a remark ‘transfer to close a/c SMP0417101’. When the Commission queried the bank as to which account the balance was cleared to and on whose instructions, the bank replied ‘*we regret to advise that we are unable to provide further details on the account of COSPROH as record are destroyed after 7 years*’.
- 8.8 **Deposit account at CBS:** The Commission noted from a document originating from within COSPROH itself that it apparently maintained another US\$ account (No 32/0/02/003037/01/6) at Nouvobanq. The letter from COSPROH dated 15.10.2003 requested the Central Bank to transfer the remaining balance of US\$ 155,534.96 on the US Dollar deposit account 1431 on its closure to this US Dollar account. When requested the details of this account and the statements for the relevant period of operation, Nouvobanq stated that ‘*we regret to advise that we are unable to provide the statements for the COSPROH US dollar account No 32/0/02/003037/01/6 as it is not available on the system*’.
- 8.9 When requested Central Bank of Seychelles to confirm as to whether the transfer was effected to the US Dollar account (2) of COSPROH at Nouvobanq, as requested by COSPROH, Central Bank responded affirmatively indicating that the details in the letter were correct and it acted on that letter.
- 8.10 **Seychelles Rupee Account:** According to bank statements provided to the Commission by Nouvobanq on the Seychelles Rupee account (01002-003037-00-6), the account had a balance of SR21,084,501.56 as of 14.11.2006. When the Commission requested the bank to clarify as to how this balance was cleared and whose account was credited, the bank replied saying that ‘*we regret to advise that we are unable to provide further details on the account of COSPROH as record are destroyed after 7 years*’.
- 8.11 **Harris Bank International:** As mentioned elsewhere in the report, under the sale of Indian Ocean Hotels (Seychelles) Limited/Reef Hotel, a Cabinet memorandum from the Minister for Land Use and Habitat dated 10 September 2001 indicated that the purchase price of US\$3.0million was paid in US Dollar to COSPROH’s account with Harris Bank International in New York. In view that Mr. Valabhji was not aware of such a bank account maintained by COSPROH and alluded that it must have been Central Bank which operated it, the Commission requested Central Bank to confirm the same. The Central Bank confirmed that it never maintained a USD account with Harris Bank International in New York, on account of COSPROH, nor does it hold any record of the said transaction during the period stated.

Chapter 9 –Disposal of subsidiary hotel properties

1. Flying Dutchman Hotels Limited

- 9.1.1 The Flying Dutchman Hotel was amongst the first two hotels acquired by COSPROH following its incorporation in August 1980. Situated on Grand Anse, Praslin, the property measuring 15 arpents (acres) was purchased by COSPROH for an agreed consideration of SR2.5million as per an agreement dated 20 February 1981 (transcription Vol 66, No 163, registered on 27.02.1981) from the hotel's previous owners, Mr. Reinhard Deutschmann and Mrs. Ulla Deutschmann, both of Guernsey Channel Islands. The consideration included land and buildings and immovable property (SR1,750,000), plant, equipment, fixtures, furniture, fittings and other movable property (SR400,000) and goodwill in the business (SR350,000). Subsequent to this, a conveyance of the properties to purchaser was documented through a Transcriptions Vol. 68, No. 207, dated 07 July 1981 (registered on 24 May 1982), on which the stamp duty charged amounted to SR277,600.
- 9.1.2 The COSPROH undertook a reorganisation of its group holdings in 1990, when separate companies were incorporated as subsidiaries. Under this, the Flying Dutchman Hotels Limited was re-incorporated under the Companies Ordinance on 27 December 1990. It also had a Memorandum of Association signed by Mr. Guy Morel on 12 December 1990 on behalf of both COSPROH and himself, and who held 29 shares and 1 share, respectively, in the Flying Dutchman Hotels Limited. According to the report of Directors for 1991, COSPROH under its reorganisation increased the shareholding in Flying Dutchman Hotels Limited to 1,970 ordinary shares of SR1000 each. The COSPROH's shareholding in the Flying Dutchman Hotels Limited increased to SR2,000,000 to gain 100% control over the subsidiary, as per note 13 of the 1993 financial statements of COSPROH.
- 9.1.3 On 31 December 1990, COSPROH sold parcels PR390, PR391, PR392 and PR395 to Flying Dutchman Hotels Limited (subsidiary company) for a consideration of SR88,000. Included in the same deal were also buildings (SR2,738,864), Plant & Machinery (SR50,808) and Furnitures/fixtures and equipments (SR814,613) as per Transcription Vol.78, No.138 registered on 8 March 1991. Thus the total consideration came to SR3,692,285. This transaction was exempt from stamp duty as per the transfer document. (Apparently, the property of 15 acres was subdivided into PR2365 (49,420sqm), PR390 (2301sqm), PR391 (1069sqm), PR392 (1032sqm) and PR395 (1825sqm) by COSPROH (doubtful due to lack of clarity in land documents)).
- 9.1.4 On 07 January 1994, Mr Jean-Claude D'Offay Principal Secretary of the Ministry of Community Development, acting on behalf of the Republic of Seychelles transferred the parcel of land PR1483 (60,157sqm) for a consideration of SR1 to COSPROH, as per the transfer of land document with reference Vol 11, Folio 18, file PR1483. COSPROH was represented by Mr. Mukesh Valabhji, the Chairman of the Board of Directors. Stamp duty on this transfer was free of charge as per the land transfer document.

9.1.5 On 11 September 1995, COSPROH through instruction signed by Mr Noelin Didon, the Company Secretary, informed Land Registrar that they intend to sub-divide PR1483 into parcel PR2334 (10,542sqm) and PR2335 (1483sqm). Subsequently, on 25.09.1995, PR2334 was transferred to Flying Dutchman Hotels for a consideration of SR100,000. Stamp Duty paid amounted to SR7,000 as per the land transfer document (Vol 11, Folio 190, File PR2334).

Disposal

- 9.1.6 In 1995, COSPROH sold its entire shareholdings of 2,000 ordinary shares of SR1,000 each (SR2,000,000) in the Flying Dutchman Hotels Limited for a net sum of SR5,000,000, after deducting the agent's commission of SR1,000,000, to Mr. Ciro Pede (1999 shares) and Mrs. Liseanne Pede (1 share) as per the financial statements and the report of Directors of COSPROH for the year 1995 and the annual returns of FDHL for the year 1996. The agent (s) to whom a commission of SR1.0million was paid is not recorded anywhere in the documents examined. According to Mr. Mukesh Valabhji, the person who brought the buyer was paid the commission of SR1.0million under an arrangement with the government. However, he could not remember the name of the agent.
- 9.1.7 In the absence of relevant accounting records, or any other form of documentary evidence, the Commission could not ascertain as to whether the proceeds of SR5,000,000 was directly collected by COSPROH or the GOS. However, it would appear from the financial statements that COSPROH collected the funds.
- 9.1.8 Furthermore, in the absence of relevant records or any other form of documentary evidence, the Commission could not ascertain as to whether the land and the hotel business was valued prior to the sale and the buyer was selected through a competitive and transparent manner. However, according to Mr. Mukesh Valabhji, there was a valuation done, and the sale was sanctioned by Cabinet.
- 9.1.9 From the Certificate of Official Search provided by the Registration Division dated 15 May 2019, however, it was observed that PR2365 and PR2335 still remained in the name of COSPROH, which should not have been the case in view that COSPROH was liquidated in 2006. According to Mr. Mukesh Valabhji, subsequent to the liquidation of COSPROH, he signed some papers for the transfer of the above land parcels to the government, which were to be used for a housing estate and the access road.
- 9.1.10 According to the Registration Division, Flying Dutchman Hotel Limited was still active as of May 2019. However, the Annual Returns and audited Financial Statements of the company found at the Registration Division were for the years 1990 to 2016, which being the most recent.

2. Northolme Hotels Limited

- 9.2.1 As per an agreement dated 29 May 1981, Mr John Henri Atkinson, owner of the Northolme Limited and owner of parcels H202 and H344 (Glacis, Mahe) with an area of 15,042sqm and 5,003sqm respectively, transferred to the Government of Seychelles,

stamp duty free, the said parcels of land and buildings together with other moveable and immoveable assets therein subject to the discharging of a charge of SR2.0million against title H202. The consideration for the transfer was the Government's acceptance of the liability on parcel H202 to Barclays Bank International Limited. The Agreement was signed by Mr John Henri Atkinson, on behalf of the company, Dr. Maxime Ferrari as the Minister for Planning and Development on behalf of the Government of Seychelles and Mr Bernard Georges Rassool, as the Official Notary.

- 9.2.2 Following from the above agreement, Northolme Limited (represented by Mr. John Henri Atkinson, Director) transferred in consideration of SR1, stamp duty free, the land parcel H202 and H344 to the Republic of Seychelles, which was represented by the President, Mr. France Albert Rene. The agreement was signed by Mr. Maxime Ferrari as the Minister for Planning and Development, Vol 1, Folio 131, File H202 and H344.
- 9.2.3 On 11 May 1982, the President acting on behalf of the Government of Seychelles, in consideration of 2,000 shares of SR1000 each, transferred to COSPROH titles of the land parcels H202 and H344, stamp duty free. The document was signed by Mr. Bernard George Rassool, the Attorney General, on behalf of the President and Mr. Phillippe Michaud and Ms. Maryse Eichler for COSPROH. As per COSPROH's Financial Statements for the year 1982, Note 6 on Fixed Assets, the Northolme Hotel was acquired for a consideration of SR 2,143,077.
- 9.2.4 Under the COSPROH's reorganisation of the group holdings in 1991, the Northolme Hotels Limited was incorporated as a 100% owned subsidiary of COSPROH with 5,970 shares of SR1000 each. On 31 December 1991, COSPROH transferred to Northolme Hotels Limited the title on parcels H202 and H344 for a consideration of SR6,896,668, for which the stamp duty was exempted, as per the transfer of land document (Vol 11, Folio 43, File H202 and H344) signed by Mr. Guy Morel representing both companies.
- 9.2.5 On 21 February 2002, Northolme Hotels Limited represented by Mr Mukesh Valabhji agreed to lease to Huit Iles Company Limited the hotel property comprising of parcels H344 and H202 for 69 years with the condition that the lessee would have the option to purchase the Demised Premises for a consideration of US\$3,400,000 subject to the terms and conditions stipulated in the said lease agreement. The stamp duty collected on the agreement amounted to SR10,620, as indicated in the document at Vol 11, Folio 043, File H344 and H202.
- 9.2.6 According to Mr. Mukesh Valabhji, the hotel was also leased to Ms. Maryse Eichler for a few years and she had issues with the payment of lease rental. He was also of the view that practically, Ms. Maryse Eichler was leasing the hotel for nothing. She also made an offer of less than US\$2.0million for the purchase of the property. It was then that COSPROH decided to first lease and subsequently, sell the hotel to Huit Iles.

Disposal

- 9.2.7 Under the above agreement, in 2004, COSPROH sold Northolme Hotels Limited and the land parcels to Huit Iles Company Limited for a sum of SR26,173,360 (Appx.

US\$3.4), as per Note 13 on page 14 of the Financial Statements of COSPROH for 2004. The report of Directors for the same year states that the company (COSPROH) disposed of Northolme Hotel Limited during the year.

- 9.2.8 In the absence of the relevant accounting records, or any other form of documentary evidence, the Commission could not ascertain as to whether proceeds of the sale (SR26,173,360) were directly collected by COSPROH itself or the GOS. However, it would appear from the financial statements that COSPROH collected the funds.
- 9.2.9 On 28 July 2006, Northolme Hotels Limited represented by Lars Eugen Petre and Ahmed Mahir Didi, the directors, transferred to Huit Iles Company Limited, represented by Lars Eugen Petre and Ahmed Mahir Didi themselves, land parcels H202 and H344 for a consideration of one rupee, for which the stamp duty was exempted, as per transfer document Vol 4, Folio 236 and File H202 and H344.
- 9.2.10 In the absence of relevant records, or any other form of documentary evidence, the Commission could not ascertain as to whether the land and the hotel business were valued prior to the sale and the selection of buyer was based on a competitive and transparent manner.
- 9.2.11 From the Certificate of Official Search provided by the Registration Division dated 14 May 2019, it was observed that H202 and H344 remain under the proprietorship of Huit Iles Company Limited.
- 9.2.12 As per records from the Registration Division, Northolme Hotels Limited is still active, and so is the Huit Iles Company Limited. The Annual Returns and audited Financial Statements in respect of Northolme Hotels Limited were seen for the years 1990 up to 2016, which being the most recent.

3. Indian Ocean Hotels (Seychelles) Limited / Reef Hotel

- 9.3.1 The Indian Ocean Hotels (Seychelles) Limited (IOHSL) was a company based and incorporated in Seychelles and owned and managed by one P.C. Papakokkinos.
- 9.3.2 As per Note 12 (page 12) of COSPROH's Financial Statement for the year 1986, the Seychelles Hotels Limited, acquired 51% shares of Skychef Limited (663,000 ordinary shares of SR10 each) for SR3,000,000 on 01 December 1985. An additional acquisition of 63,700 shares of SR10 each for a consideration of SR143,825 occurred on 06 May 1991, which gave the COSPROH a total of 55.9% shareholdings in the IOHSL, as per Financial Statements of COSPROH for the year 1991. The remaining 44.1% stake was held by Commonwealth Development Corporation.
- 9.3.3 On 23 August 1994, the IOHSL transferred parcel S3728 (26,332sqm) to COSPROH for a consideration of SR347,588, subject to the payment of stamp duty of SR31,758, as per the transfer of land document at Vol 11, Folio 83, File S3728.

Disposal

- 9.3.4 On 13 March 1998, COSPROH transferred parcel S3728 to the Republic of Seychelles in consideration of SR621,000 without stamp duty as per the land transfer document, Vol 11, Folio 124, File S3728.
- 9.3.5 As per Transfer Agreement (Vol 111, Folio 241, File S121) signed on 07 September 2001, Indian Ocean Hotels (Seychelles) Limited agreed to sell Reef Hotel for US\$1.5 million (approx. SR8.385 million) to Ste Anne Resorts Limited along with land parcel S121(31,888 square metres), for which the stamp duty was exempted.
- 9.3.6 However, according to a Memorandum dated 10.09.2001 by the Minister for Land Use and Habitat under the immovable property (transfer restriction) Act, Ste Anne Resorts Limited sought permission to buy the Reef Hotel property on S121 for a sanction of US\$3.0million. It is also noted from the memorandum that the purchase price of US\$3.0million had been paid in US Dollar to COSPROH's account with Harris Bank International in New York. Further, the Principal Secretary, Mr Joel Morgan, wrote to the Ste Anne Resorts Limited that the sanction granted to purchase S121 and the hotel was for US\$3.0million. Additionally, the permission given by Foreign Earnings Regulations Division of the Ministry of Finance also stated that the purchase price approved was US\$3.0million.
- 9.3.7 In the Financial Statements and the report of Directors of COSPROH for the year 2001, the sale value of the Hotel and land parcel S121 is recorded at R17,524,800 (which corresponded to USD3.0million at the prevailing USD/SCR exchange value) and the profit accruing to COSPROH on the sale was shown at SR7,497,957.
- 9.3.8 According to Mr.Valabhji, at the time of the sale, Indian Ocean Hotels (Seychelles) Limited was 100% owned by COSPROH having purchased the shares of Commonwealth Development Corporation long before the sale. Further, in relation to the sale price of US\$3.0million, the selection of the buyer and the valuation of the property, Mr.Valabhji explained as follows:

'In Reef Hotel there was no valuation. It was a directive that we have to sell to them because of the hotel school.

In this case and one of those cases where I think we rejected it but we were told to look at the bigger picture. It's part of the setting up of Beachcomber on St Anne, and the setting up of the hotel school in itself would have cost the Government much more than three (3) Million Dollars.

But I know for the Reef Hotel, there was a lot of pressure put on COSPROH to sell and sell to those people for two reasons: one because it was part of the purchase agreement that they had with the Government for the St Anne – to build Beachcomber Resort and at the same time the Government needed a hotel school. Originally in fact the discussion we were having with the Government, they were going to take back the Reef Hotel from us, the Reef Hotel would have been closed down by then, to be converted into a hotel school. And then Beachcomber made an agreement with Seychelles Government that they would take this and convert it into a hotel school for which the

Ministry of Tourism could use it. So, that's why we were under a lot of pressure to sell the hotel and the value of which the hotel was sold in this case was the only exception, it was never decided by COSPROH. This is something we were directed'.

When asked if COSPROH was free to decide the sale price, what it would have been like, Mr. Valabhji explained saying *'technically, less than 3million, because the hotel was already closed. And for us to start, it means renovating the whole hotel which in no way we would have had the money. In fact, they tried it themselves and till today they're still shut down as a hotel. And, this hotel was built during the colonial days as an army barrack for the British troupes and that was used by the old British Airways, whatever it was called there – BOAC - to put their crew. That is why, if you see, one of the old original shareholders in there was the British Government'.*

- 9.3.9 As per records from the Registration Division, the Indian Ocean Hotels (Seychelles) Limited company is still active, however, the most recent Annual Return and the audited Financial Statements filed was for the year 2003. Hence, it is unknown whether the subsidiary company was liquidated or not following the sale of the hotel properties, land and the buildings thereon.

Statutory fee exemption

- 9.3.10 In a letter dated 26 July 2001, reference LAU/M/55/97, addressed to Attorney -At - Law, Mr Francis Chang-Sam, the Special Adviser of MLUH, Mr. Patrick Lablache requested a payment of statutory processing fees in the sum of US\$45,000 (1.5% of sale price) on the sale of parcel S121 under the Immovable Property (Transfer Restriction) Act. However, the Trade and Commerce Division of the Ministry of Finance, through its letter dated 17 August 2001 (FIN/S/24), informed the Registrar General that the authority is being granted for him to waive the sanction fees and stamp duty payable on the purchase of Reef Hotel by Ste Anne Resort Limited. In this case, it is clear that the government had foregone a revenue of US\$45,000 being the statutory processing fees on this transaction.

Accounting for the proceeds of the sale

- 9.3.11 The sale/transfer of the land parcel (S3728) for SR621,000 to GOS was not mentioned anywhere in the consolidated accounts or the report of Directors for the year 1998 wherein the transfer took place. Therefore, in the absence of relevant accounting records, or any other form of documentary evidence, it is not clear as to whether the sum of SR621,000 was collected by COSPROH from the GOS and how it was accounted for it in its books.
- 9.3.12 As for the sale of the land parcel S121 with the Reef hotel business and other assets for the consideration of US\$3.0million, the consolidated accounts and the report of Directors for the year 2001 included a sum of SR17,524,800 as sale proceeds and computed the profit on sale to be SR7,497,957. Though there is evidence to the effect that GOS was aware of the transaction and sanction was granted, it is not clear as to whether the sum of US\$3.0million was directly collected by COSPROH or the GOS. However, it would appear from the financial statements that COSPROH collected the

funds; Mr. Valabhji stated in his testimony that COSPROH received the proceeds in Rupees and the government would have taken the Dollars.

9.3.13 When asked as to whether COSPROH maintained an account at Harris Bank International in New York, as stated in the memorandum dated 10.09.2001 by the then Minister for Land Use and Habitat, to which the purchase price of US\$3.0million was paid in US Dollar, Mr.Valabhji denied COSPROH maintaining such an account but alluded that Central Bank would have operated the same. When queried, Central Bank also denied having maintained an account with the aforementioned bank. This puts in question the accuracy of the information contained in the memorandum of the then Minister for Land Use and Habitat (2001).

4. Port Glaud Hotels Development Limited/Mahe Beach Hotel

9.4.1 On 14 February 1972, Port Glaud Hotels Development Company Limited (PGDCL) was granted a lease of 125 years on parcel number J141 with an area of 79,931sqm. Four years after, Mahe Beach Hotel officially opened its doors in 1976.

9.4.2 In February 1986, ten years after the opening of Mahe Beach Hotel, Government of Seychelles acquired parcel J141 together with all buildings constructed thereon in the national interest by the Minister for National Development, as per notice of acquisition dated 07 February 1986.

9.4.3 A new company, Port Glaud Hotels Development Limited, commenced business on 12 December 1990 and upon its incorporation as per the Memorandum of Association the principal activity of the company was stated as hotelier and restaurateur, of which COSPROH owned 49 shares and Guy Morel had 1 share, which was 100% ownership. During reorganisation of the group in 1990/91, COSPROH acquired 100% of the revised 35,950 shares issued at SR1000 each in Port Glaud Hotels Development Limited, as stated in Note 5 in the financial statements for the year 1990.

9.4.4 On 31 December 1990, Government transferred parcel J141 together with all its buildings to COSPROH for a consideration of one rupee (SR1) with no stamp duty charged, as per the transfer of land document at Vol 11, Folio 43, File J141, signed by the Attorney General of Seychelles. Subsequently, on the same date COSPROH transferred the same property to Port Glaud Hotels Development Limited (PGHDL) for a consideration SR48,895,746, with no stamp duty charged. However, there was no specific mention of this transaction in the Financial Statement of COSPROH for the year 1990 or 1991.

9.4.5 In 1994, Mr Jean-Claude D'Offay, Principal Secretary of the Ministry of Community Development acting for and on behalf of the Government in consideration of SR1 and stamp duty free transferred to Port Glaud Hotels Development Limited the title of land parcel J1530 (111sqm), as per the transfer of land document dated 24 June1994, at Vol 11, Folio 68, File J1530.

Disposal

- 9.4.6 The Mahe Beach Hotel of Port Glaud Hotels Development Limited was sold to Berjaya Leisure Berhard group for a consideration of US\$11,400,000 (SR57,191,490), as stated in the financial statements of COSPROH for 1994. On 30 January 1995, PGHDL, with Mr. Mukesh Valabhji as its representative, transferred parcel J141 and J1530 to Berjaya Mahe Beach Resort Limited (BMBRL), which was incorporated in Seychelles and represented by one Mr Ali Alavi. The transfer was stamp duty exempted as per the transfer of land document at Vol 11, Folio 125, File J141/J1530. As per Note 7 in the report of Directors for the year 1994, the sale resulted in a profit of SR7,191,405 against the book value of assets of R50,000,085 on disposal (SR57,191,490 - R50,000,085).
- 9.4.7 The receipt of proceeds arising from the sale (together with Beau Vallon Bay Hotel and Anse Volbert Hotel) amounting to US\$ 30.0million was collected by the Ministry of Finance through a deposit account and confirmed by the Director General of Banking Services of Central Bank of Seychelles vide two letters dated 07.10.1994 and 30.01.1995.
- 9.4.8 One year after this transfer, Mahe Beach Hotel closed its doors in 1996.
- 9.4.9 The Annual Returns and the audited Financial Statements in respect of PGHDL could not be obtained at the Registration Division for the period 1991 to 1994 during which it operated under COSPROH.
- 9.4.10 In the absence of relevant records or any other form of documentary evidence, the Commission could not ascertain as to whether a valuation of the hotel business and the land parcels J141 (79,931sqm) and J1530 (111sqm) was done prior to the sale and the buyer was selected through a competitive and transparent manner.
- 9.4.11 Regarding the valuation of properties and the selection of the buyer, commenting on the sale of three hotels as one package, Mr. Valabhji had the following to say:
- all three hotels were valued by Jones Lang Wootton (JLW), including Mahe Beach Hotel, and it was sold way above the value. The Mahe Beach Hotel, as a business, was worth noting at the time of sale in view of its structures crumbling and it was dangerous to run it as a hotel. Even the new owners could not run it profitably even after spending ten to fifteen million Dollars on structural repairs; and
 - the selection of the buyer was political. Government needed a lot of money at that time, I mean, for those of you who remember those days, Government had a lot of debts that had to be cleared and I think SEYPEC also had lots of issues, so the government, the President asked for help from the Prime Minister of Malaysia. That is when the Government of Malaysia at that time got Berjaya to come to Seychelles. Berjaya hadn't even heard of Seychelles then, to actually come and purchase the hotel. We showed them the hotels and these were the three hotels they decided they want to buy. They were also clean hotels we had in the sense that there was no management company managing them.

9.4.12 From the Certificate of Official Search provided by the Registration Division dated 15 May 2019, J141 and J1530 are under the proprietorship of Oceanic Mahe Beach Limited; a name change occurred on 17.01.2008 from Berjaya Mahe Beach Resort Limited to Oceanic Mahe Beach Limited, as stated in the change of name document at Vol 11, Folio 171, File J141/J1530.

9.4.13 Port Glaud Hotels Development Limited, is no longer active on the company register.

5. Belombre Hotel Development Limited

9.5.1 On 31 December 1990, President of the Republic, Mr France Albert Rene, acting for and on behalf of the Government of Seychelles transferred the parcels of land V576 (37,162sqm), V577 (4,617.5sqm) and V3807(35,493sqm) to COSPROH, represented by Mr Guy Morel, the Chairman, for a consideration of R1. The stamp duty on this transfer was free of charge as indicated on the transfer of land document Vol 11, Folio 43, File V576, 577 and V3807. The transfer was signed by Mr Pesi Pardiwalla, the Attorney General of Seychelles, on behalf of the President, and Mr Guy Morel.

9.5.2 On the same date, COSPROH transferred these parcels of land to Bel Ombre Hotel Development Limited for a consideration of SR1,740,000 with stamp duty exempted as indicated on the transfer of land document, Vol 11, Vol 43, File V576, V577 and V3807. Mr Guy Morel signed as both the Transferor and the transferee for this transaction as he was serving on the Board of COSPROH as well Bel Ombre Hotel Development Limited at the time.

9.5.3 During the reorganisation of the COSPROH group in 1990, Belombre Hotel Development Limited was incorporated as a subsidiary company. On 06 May 1991, COSPROH acquired shares in Belombre Hotel Development Limited of 3450 ordinary shares at SR1000 each, giving COSPROH 100% ownership of the company.

Disposal

9.5.4 The parcel V3807 (35,493 sq. m) was subdivided into five new parcels, i.e. V8369 (824 sqm), V8370 (1499sqm), V8371 (32,475sqm) and V8384 (531sqm) and V8385 (164 sqm) as per the Mutation Form dated 28 April 1994 signed by the Land Registrar. The parcel V8371 was further sub divided into two parcels being V9565 and V9566 as per the Mutation Form dated 09.07.1997 signed by the Land Registrar. From the 'notice of first registration document' sighted at Land Registrar dated 10.12.1997, it was noted that the land parcel V9566 was further subdivided into two parcels being V10114 (665sqm) and V10115 (31153sqm).

9.5.5 On 30.06.1994, Belombre Hotel Development Limited, represented by Mr Mukesh Valabhji, a Director of the company, transferred the land parcels V8369, V8370, V8384 and V8385 to Beau Vallon Bay Hotels Limited, represented by Mr Mukesh Valabhji, a Director of the company, for a consideration of SR4 as per the transfer of land document at Vol 11, Folio 68 and File V8369, etc. The transfer was stamp duty free as indicated in the same transfer of land document. Mr. Mukesh Valabhji signed the transfer document as both the transferor and the transferee in the presence of Mr Gerard Maurel, the Notary Public.

- 9.5.6 Regarding the above transaction, Mr.Valabhji explained that Beau Vallon Bay Hotel was partly built on the Bel Ombre Hotel land originally. Following the sale, a survey was done and some small land parcels which should belong to Berjaya, for which they had already paid, were transferred to Berjaya.
- 9.5.7 On 10.12.1997, Belombre Hotel Development Limited, represented by Mr Mukesh Valabhji, the Chairman of the company, transferred the land parcels V576, V577 and V10115 to the Republic of Seychelles, represented by Mr Joseph Nourrice, for a consideration of SR1 and stamp duty free as indicated on the transfer document, Vol 11, Folio 142, File V576, etc. Following this transfer, the government of Seychelles entered into a lease agreement with Sun Resorts (Seychelles) Limited effective 10 December 1997 for leasing the above land parcels to the latter for 70 years for a consideration of US\$2.5million for hotel project consisting of 150 to 200 rooms of which the work was to commence not later than 30 June 1999. The agreement was signed by Mr Joseph Nourrice, the Principal Secretary of Ministry of Community Development. The lease was, however, cancelled in 2003 by the Republic of Seychelles on the basis that the lessee failed to commence construction of the Hotel by the deadline stipulated of the lease which was extended from 28 July 1999 to 20 June 2002, Vol 11, Folio 176, File V576 etc.
- 9.5.8 The land parcel V10114 (665sqm) was transferred on 13.08.1998 to one Marinette Soomery for a consideration of SR47,500 with a payment of stamp duty at SR4,900 as indicated on the transfer of land document, Vol 11, Folio 210 and File V10114. This was further confirmed by the Registrar General as per the Certificate of Official Search dated 14.05.2019.
- 9.5.9 The sale of the land parcel (V10114) for SR47,500 is not mentioned anywhere in the consolidated accounts or the report of Directors for the year 1998 wherein the transfer took place. Further, in the absence of relevant accounting records, or any other form of documentary evidence, the Commission could not ascertain as to whether the sum of SR47,500 was collected by COSPROH itself or by GOS.
- 9.5.10 According to Mr. Valabhji, there were some land parcels where individuals had already built houses, which did not belong to them. The above land parcel was sold to the said individual because there was a house built thereon already. It was a common practice in old days, in some cases, innocently, whereby people did not realise where their land stopped.
- 9.5.11 In 1998, it was resolved to wind up Belombre Hotel Development Limited resulting in a loss of SR6,264,945 as stated in the Financial Statements of COSPROH for the year 1998. It was further noted that the said company had been struck off the Company Register, as per Notice in Gazette No 139 dated 23 March 2000.
- 9.5.12 The annual returns, reports of Directors and the audited financial statements of the BHDL were found only for the period 1990 to 1996. These documents were not available for the period 1997 to 2000. The Commission, however, noted that there was no profitable hotel business being operated during the period in question. Instead, the

report of the directors stated that *'the company was created in 1991 to carry out a feasibility and architectural concept for a 122 room four star hotel at Belombre, Seychelles and to seek finance or a partner for joint venture for the project. As the company has not received any definitive proposals to date, it has made a provision in full for expenditure incurred towards this project'*. Consequently, in the Balance Sheet as at 31 December 1996, the net assets of the company were stated at SR1,707,311 only.

Belombre Hotels Developments Limited (private ownership)

- 9.5.13 It was noted from the records at Registration Division a company, namely, Belombre Hotels Developments Limited was incorporated on 23 December 2003, for which the application for registration was presented by Mr. Charles Lucas, Notary Public of Suite 205, Premier Building, Victoria. As per the Memorandum of Association dated 22 December 2003, its shareholders were Hotel Properties Limited (BVI), 49 shares and Raza Bilgrami, 1 share, 50 in total at R1000 each. The document was signed by Raza Bilgrami on behalf of Hotel Properties Limited (BVI) and himself on 22.12.2003. As per the annual returns for the year 2004, the shareholders were Hotel Properties Limited (BVI), 49 and Raza Bilgrami, 1 share while the directors were Raza Bilgrami (c/o Airtel providence) and Husein Karimjee (c/o Airtel providence).
- 9.5.14 The shareholders of Belombre Hotels Developments Limited according to the last annual returns found at the Registration Division (for the year 2013) were Hotel Properties Limited (BVI), 49 shares and Mr. Kieran Bhogilal Shah, 1 share. The Directors were Saeed Eid Saeed Al Ghafly, Ali Majed Mubarak Ali Al Monsoori and Gulal Al Ghanem Kulaib of UAE nationality. And, none of the Directors held any shares in the company.
- 9.5.15 As per the Certificate of Registration received from the Registrar General dated 16 May 2019, another business was registered on 30 April 2015 by the name of The H Resort Beau Vallon Beach under the company name of Belombre Hotels Developments Limited.
- 9.5.16 As per Certificate of Official Search dated 15 May 2019 provided by the Registrar General, three parcels of land with reference V576 (37,162 sqm), V577 (4,617.5 sqm) and V10115 (31,153Sqm) are under the proprietorship of the Republic of Seychelles and being leased to Belombre Hotels Developments Limited. To note that COSPROH transferred these three parcels of land to GOS in 1997.
- 9.5.17 The particulars of the lease are that (a) it was made between Mr. Raymond Chang-Tave, Principal Secretary of the Ministry of Land Use and Habitat, acting for and on behalf of the Republic of Seychelles, and Belombre Hotels Developments Limited, represented by Mr. Noelin Didon under power of attorney; (b) the lease was for a term of 99 years commencing on 08 April 2004 for a consideration of SR15,000,000 payable 10% upon the signing of the lease, 22.5% thereafter at 6 monthly intervals over a period of 2 years and an annual rent of SCR 1 payable per year in advance starting 24 months from the date of signing of the lease; and (c) the stamp duty was exempted on the lease

as indicated in the document with reference, Vol 11, Folio 33, File V576, etc. Accordingly, the total payment of SR15.0million should have been completed by April 2006.

- 9.5.18 In the absence of relevant accounting records, or any other form of documentary evidence at the Ministry of Land, the Commission could not ascertain as to whether the lease rental payments from Belombre Hotels Developments Limited were remitted to Government of Seychelles as per the lease agreement dated 08 April 2004. On being queried, the Ministry of Land informed the Commission that the records for all lease receipts were lost due to a crash in their system during the year 2016 and they only had records for the year 2017 onwards. The Commission's further request for this information was subsequently, referred to the Principal Secretary for Lands (Mrs. Fanette Albert) and Mr. Patrick Lablache (Consultant), to which a reply is still pending.

Analysis of financial statements of BHDL (Under private ownership)

- 9.5.19 In analysing the annual returns, directors reports and audited financial statements of the BHDL for the period 2004 to 2013 (last year found on file at Registration Division), the Commission noted (in the Balance Sheet of the company as at 31 December 2004) a balance of SR1,500,000 as 'leasehold' under fixed assets, which could possibly be a part payment to the government towards the lease of land. Similarly, the Balance Sheet as at 31 December 2005 included the same item with a balance of SR11,625,000 which could possibly be the total payments to government towards the lease of land up to that date. As at 31 December 2006, the leasehold balance increased to SR32,500,000 with a note in the report of Directors for the same year stating '*The land that the company has leased prime land with sea frontage at Belombre. A revaluation of the company's land was done by a professional with expertise in that field. As a result, the value of land was found to be SR32.5 million. The difference has been added on to capital reserve*'. The same statement continued to be appear in reports of Directors up to the year 2013, beyond which year the Commission did not find the said reports and returns.
- 9.5.20 From the foregoing, it would appear that:

- (a) despite the fact that the Ministry of Land could not produce any proof of receiving the lease rental amounting to SR15.0million, it would appear that BHDL had paid at least SR13,125,000 by the end of 2005 as reflected in its audited financial statements; and
- (b) within 2 years from leasing the land for SR15.0million in 2004, the same parcels of land were revalued at SR32.5million in 2006, reflecting a lack of proper valuation on the part of GOS.

6. Barbarons Beach Hotel Limited

- 9.6.1 Barbarons Beach Hotel Limited was incorporated in December 1990 as a subsidiary company of the COSPROH. Following the reorganisation of the group, as of 06 May 1991, the COSPROH acquired 24,950 shares at SR1,000 each of Barbarons Beach Hotel Limited representing 100% ownership.

- 9.6.2 Parcel B32 situated at Barbarons, Mahe measuring 26,376.4sqm. was owned by Government of Seychelles as per the Notice of Registration dated 21 February 1990. On 31 December 1990, President of the Republic, Mr France Albert Rene on behalf of the Government of Seychelles transferred parcel B32 for a consideration of R1 to COSPROH represented by Mr Guy Morel, Chairman of the said company. The transfer of land document, Vol 11, Folio 43, File B32, was signed by the Attorney General of Seychelles on behalf of the President pursuant to S37(1) of the Interpretation of and General Provisions Act, 1976. The transfer was exempted from Stamp Duty as per the same document.
- 9.6.3 On the same date (31.12.1990), the COSPROH represented by Mr Guy Morel, the Chairman, transferred parcel B32 to Barbarons Beach Hotel Limited, represented by Mr. Guy Morel himself as the Chairman for a consideration of SR35,950,720. The Stamp Duty on this transaction was exempted as per the transfer of land document, Vol 11, Foilo 43, File B32.
- 9.6.4 On 26 June 2003, Mr. Joel Morgan, Principal Secretary of the Ministry of Land Use and Habitat acting on behalf of the Republic of Seychelles transferred the land comprising parcels B387 (914sqm) , B388 (408sqm) , B668 (7184sqm) and B669 (6276sqm) to COSPROH represented by Mr. Mukesh Valabhji, as Director. The transfer was exempted from Stamp Duty as per the transfer of land document, Vol 11, Folio 169, File B387, etc. The consideration of transfer was not stated in the document, which appears to be an omission on the part of the Ministry. However, to note that COSPROH transferred to GOS two land parcels (J769 and J1997) in 1996 in exchange of the above parcels as stated in paragraph 9.8.11 in this report.
- 9.6.5 On the same date (26 June 2003), all four parcels of land were transferred by COSPROH to Barbarons Beach Hotel Limited for a consideration of SR1, with the stamp duty exempted as per Vol 11, Folio 169, File B387, etc.
- 9.6.6 As per certificate of official search obtained from the Registrar General as of 14 May 2019, the current proprietor of the land parcels (B32, B387, B668 and B669) was the Barbarons Beach Hotel Limited.

Disposal

- 9.6.7 In 2003, COSPROH disposed of the Barbarons Beach Hotel Limited (BBHL) for a consideration of SR100,000,000, as per note 13 in the Financial Statements of COSPROH for the same year. The consideration comprised SR65,000,000 for the acquisition of 100% shareholding of BBHL and SR35,000,000 towards the settlement of a sum owed by BBHL to COSPROH. The sale resulted in a book profit of SR22,538,008 (SR65,000,000 – SR42,461,992) according to a confirmation dated 25 July 2019 from the then external Auditor of COSPROH, Pool and Patel, Chartered Accountants. Accordingly, COSPROH's shareholding in the Barbarons Beach Hotel Limited reduced to zero from 100% in 2002 as stated in Note 3 in the Financial Statements.

- 9.6.8 There is no information, however, revealing the identity of the purchaser at the time of the sale. According to a letter from Airtel to the then external Auditor of COSPROH (Pool and Patel) written in 2004, it would appear that the owner of Airtel, Telecom Seychelles, purchased the hotel, which was further confirmed by Mr. Valabhji in his testimony.
- 9.6.9 According to the Financial Statements and Annual Returns of the Barbarons Beach Hotel Limited for the year 2017, which is still active on the register, the company had a shareholding of 25,000 shares of SR1000 each held by SBH Real Estates LLC (24,999 shares) and Sheikh Sultan Bin Hamdam Bin Mohamed Al Nahyan (1 share).
- 9.6.10 The Commission, however, could not obtain the Annual Returns and audited Financial Statements of Barbarons Beach Hotel Limited for the years 1991 to 2002, during which it operated under COSPROH and for the years 2003 to 2016 following the privatisation and operating under the new ownership. To note that a request for the production of these documents to Registration Division made on 06 January 2020 is still pending.
- 9.6.11 When asked as to whether the hotel business and the land parcels were valued and how the buyers were selected, Mr. Valabhji stated that a valuation of the hotels was done by an international company, and the buyer(s) directly approached the government with an offer for both hotels, which being Barbarons Beach Hotel and Fisherman’s Cove Hotel. Mr Vallabji reiterated that the sale was a combined transaction and the total consideration was SR150.0million for both hotels and even the government sanction approval was issued together for both hotels. If the consideration was to be apportioned between the two hotels, he insisted that it should be SR65.0million for Barbarons Beach Hotel and SR85.0million for Fisherman’s Cove Hotel.
- 9.6.12 Contrary to the explanation, the Commission, however, noted from the financial statements of COSPROH for the year 2003 that the total consideration of SR150.0million was apportioned as SR100.0million for Barbarons Beach Hotel Limited and SR50.0million for FCHL.

7. Beau Vallon Bay Hotels Limited

- 9.7.1 On 30 March 1988, President of the Republic, Mr. France Albert Rene, acting on behalf of the Government of Seychelles transferred to COSPROH four parcels of land, V588 (3995sqm), V589 (33758sqm), V579 (33758.4sqm) and V3699 (1469sqm) for a consideration of SR12,000,000 in the form of allotment of shares to the government of Seychelles. The transfer was stamp duty exempted as per the transfer document, Vol 11, Folio 98, File V588, etc.
- 9.7.2 In 1990, when COSPROH group was being reorganised, Beau Vallon Bay Hotels Limited was incorporated as one of its subsidiaries and on 06 May 1991, it became a wholly owned subsidiary of COSPROH with 29,950 shares of SR1,000 each, as stated in Note 10 in the Financial Statements for the year 1990.
- 9.7.3 On 31 December 1990, COSPROH represented by Mr Guy Morel, as the Chairman, transferred land parcels V588, V589, and V3699 to Beau Vallon Bay Hotels Limited represented by Mr Guy Morel himself as the Chairman, for a consideration of

SR30,216,538. The transfer was stamp duty exempted as per the transfer of land document, Vol 11, Folio 43, File 588, etc.

Disposal

- 9.7.4 In 1994, COSPROH Group sold Beau Vallon Bay Hotel together with the five land parcels (V588, V589, V3699, V8369 and V8370) for a consideration of US\$16,400,000 (approximately SR82,280,494) to Berjaya Leisure Group, which was reflected in the Financial Statements of COSPROH for the year 1994. The receipt of the consideration arising from the sale (together with the sale of PHDL/Mahe Beach Hotel and Anse Volbert Hotel) amounting to US\$30.0million was collected by the Ministry of Finance through a deposit account and confirmed by the Director General of Banking Services of Central Bank of Seychelles vide two letters dated 07.10.1994 and 30.01.1995.
- 9.7.5 Further, as stated in Note 7 in the financial statements for the year 1994, the Beau Vallon Bay Hotel had a net book value of SR53,718,564 on disposal and the sale resulted in a book profit of SR28,561,930 (SR82,280,494-SR53,718,564).
- 9.7.6 The audited Financial Statements and the Annual Returns of the Beau Vallon Bay Hotels Limited for the period it remained under COSPROH, as a subsidiary, were not found by the Commission; a request made to the Registration Division for the production of these documents is still pending.
- 9.7.7 Following the purchase of the hotel, parcel V588 was subdivided in June 1997 into two parcels, V9556 and V9557, as per the letter dated 02.06.1997 issued to Berjaya Beau Vallon Bay Beach Resort by the Director of Surveys.
- 9.7.8 In May 2006, the parcel V579 was cancelled in the register of lands by the Ministry of Land Use and Habitat as per letter dated 04.05.2006, Vol 11, Folio 223 and File 579, for which the stamp duty was free.

8. Fisherman's Cove Hotel Limited

- 9.8.1 On 24 June 1982, the land parcels J67 and J68 belonging to the then Fisherman's Cove hotel, were transferred to the government of Seychelles for a consideration of SR1,500,000 and stamp duty free as per the legal document registered at Vol 1, Folio 150, File J67 and 68. The said transfer was signed by Mr Michael Angas being the official receiver and liquidator of the hotel and the Minister of planning and Development, Mr Maxime Ferrari, in the presence of Barrister, Mr Bernard Georges.
- 9.8.2 In August 1982, President of the Republic, Mr France Albert Rene, transferred to COSPROH the land parcels J67 (11,680 sqm) and J68 (31,157 sqm) for a consideration of SR1 with an exemption of stamp duty as per the transfer of land document Vol 1, Folio 152, File J67 and J68, dated 11 August 1982. The document was signed by the Attorney General, on behalf of the President pursuant to Section 37 (1) of the Interpretation and General Provisions Act, 1976 and by Mr Robert Grandcourt, on behalf of COSPROH in the presence of a Notary Public.

- 9.8.3 COSPROH purchased the Fisherman's Cove Hotel for a sum of SR12,700,000 in June 1982 according to the report of Directors of COSPROH for the year ended March 1983 (not mentioned as to from whom the purchase was done, however, it would appear from a company named Dolmes Establishment).
- 9.8.4 The report of Directors for the year ended March 1986 of COSPROH stated under 'principal activities' that with effect from 01.12.1985, the management of Fisherman's Cove Hotel was undertaken by Societe Des Hotels Meridien.
- 9.8.5 The Fisherman's Cove Hotel was incorporated on 27 December 1990 as a company, namely, Fisherman's Cove Hotels Limited (FCHL) under the Companies Act during the reorganisation of COSPROH group.
- 9.8.6 On 31 December 1990, the land parcels J67 and the sub-divisions of J68 being J769 (10,974sqm), J 807 (1,721sqm) and J808 (2,422sqm) were transferred to Fisherman's Cove Hotels Limited by COSPROH for a consideration of SR15,750,590, with an stamp duty exemption, as per the Transfer of Land document, Vol 11, Folio 43, File J67, etc. The document was signed by Mr.Guy Morel, representing both companies, as their Chairman, and for the transferor and the transferee in the presence of Mr. Gerard Maurel, the Notary Public.
- 9.8.7 On 06 May 1991, COSPROH held 5,950 ordinary shares of SR1,000 each in FCHL, thus making it a wholly-owned subsidiary of COSPROH. During the year 1993, the shares of FCHL increased to 6,000 ordinary shares valued at SR6,000,000.
- 9.8.8 In 1995, Fisherman's Cove Hotel Limited represented by Mr. Mukesh Valabhji, a Director, transferred the land parcels J769, J807 and J808 to COSPROH, for SR338,478, with stamp duty free, as indicated in the transfer of land document, Vol 11, Folio 214, File 769, etc. The document was signed by Mr. Mukesh Valabhji both as the transferor and the transferee on 07.11. 1995, in the presence of Notary Public, Mr Gerard Maurel.
- 9.8.9 In 1996, the Republic of Seychelles, represented by the Principal Secretary of the Ministry of Community Development, transferred the land parcel J146 (20,638sqm), stamp duty free, to COSPROH on 03.10.1996 for a consideration of SR1. The transfer of land document, Vol 11, Folio 35 and File 146, was signed by Mr Joseph Nourrice and Mr.Ranil Bibile in the presence of Official Notary. It was noted that this land was forfeited to the Republic of Seychelles as a consequence of an unlawful transaction as per the Notice dated 30 July 1979 and registered at Vol 1, Folio 82 and File J146.
- 9.8.10 In return, COSPROH transferred the land parcel to Fisherman's Cove Hotel Limited on 16.10.1996 for a consideration of SR1 and stamp duty free, as per the transfer of land document, Vol 11, Folio 38 and File J146, signed by Mr Ranil Bibile, as transferor, and Mr. Mukesh Valabhji, as transferee, in the presence of Notary Public, Mr Gerard Maurel.
- 9.8.11 COSPROH, represented by Mr. Mukesh Valabhji, transferred, stamp duty free, the land parcels J769 and J1997 (1106 Sqm), a subdivision of J808, to the Government of Seychelles in consideration of land titles B387, B388, B668 and B669, on 26 June 2003.

The transfer of land document, Vol 11, Folio 169, File J769 and J1997, was signed by Mr. Mukesh Valabhji and Mr Joel Morgan, Principal Secretary of the Ministry Land Use and Habitat in the presence of Official Notary.

Major changes in Fixed Assets of the Fisherman's Cove Hotel Limited

- 9.8.12 During the year 1996, the FCHL undertook construction of 14 additional suites which were financed from advances made by the Seychelles Marketing Board at an expected cost of SR13,000,000, according to the note on 'capital commitments' in the audited financial statements of COSPROH for the year 1996. This project was completed in the year 1999 at a final cost of SR16,200,000, as stated in the report of Directors for the year 1999.
- 9.8.13 On 17 June 2002, FCHL (represented by its Executive Chairman, Mr. Mukesh Valabhji) entered into a lease agreement with Meridien (Seychelles) Limited (represented by Mr. Hassan Al Ahdab as per the Power of Attorney dated 13 June 2002), thereby leasing the land parcels J67 and J146 together with other assets for a period of 20 years commencing 24 months from the 15 June 2002 or on such earlier date as may be agreed between the parties for the consideration and on the terms and conditions as set out in the Commercial Agreement for Lease Part A and Part B. The lease agreement was signed by the above persons and the stamp duty thereon exempted as indicated in the lease document, Vol 11, Folio 21, File J67 and J146. To note that commercial agreement with Part A and B could not be found in official records at the Registration Division and as a result, the Commission could not ascertain the terms and conditions for the rental payment (the amount, currency, etc.) and other arrangements of the lease. A request for a copy of Part A and B is still pending with the Registrar General Office and National Archives.
- 9.8.14 According to the note under the 'working in progress and capital commitments' in the financial statements of FCHL for the year 2003, FCHL was obliged to refurbish the hotel to a standard mutually agreed with the lessee. The cost of the refurbishment was to be financed in its entirety by COSPROH. The hotel ceased operations in September 2003 to commence the refurbishment work estimated to cost US\$10.8million. The refurbishments were finally completed in July 2004 at a cost of US\$11.8million (SR68,682,254).
- 9.8.15 Under the new private ownership, following the sale, it was noted from Note 6 in the financial statements of FCHL for the year 2004 that all assets were to be revalued after the completion of the refurbishment works in 2005. Further, Note 5 in the financial statements for 2006 stated that the directors of FCHL employed the services of a professional to revalue the land and buildings. The resultant value was R18.5million for the land and SR82.7million for the buildings amounting to R101.2million in total in 2006.
- 9.8.16 The above lease was surrendered on 08 April 2016 by IONA (Seychelles) Limited (formerly Starman (Seychelles) Limited and formerly Meridien (Seychelles) Limited) represented by one Sarah Nicola Janet Purdy and Shujaat Husain, as a Notary Public in

the United Kingdom, the lessor and the Notary Public in Seychelles, Mr Kiran B. Shah, as indicated in Vol 11, Folio 091, and File J146. However, it is to be noted that the surrender document covered only one (J146) of the two land parcels leased out in 2002 to Meridien (Seychelles) Limited for 20 years thereby indicating that the lease on J67 would run its course until the year 2022.

Disposal

9.8.17 According to Note 13 in the financial statements of COSPROH for the year 2003, the Fisherman’s Cove Hotel Limited was sold in 2003 to Hotel Properties Limited, a company incorporated in Seychelles in December 2003, for SR50.0million. To note that the net book value of all assets of FCHL on disposal in 2003 was SR106,345,432, as per Note 13 in the financial statements of COSPROH for the year 2003.

9.8.18 In response to a query from the Commission, the then external Auditor of COSPROH (Pool and Patel) responded on 25 July 2019 that the shares in FCHL were sold for SR50.0million and it would reflect a book loss of SR56,345,420. Placing reliance on the information contained in Note 13 of the financial statements of COAPROH for the year 2003, the Commission recomputed the loss on disposal as follows:

Net assets/cost of investment of FCHL (Source: Note 13 (Page 15)of the 2003 Financial Statements)	SR106,345,420
Proceeds from sale of shares in FCHL (Source: Note 13 (Page 15)of the 2003 Financial Statements)	SR50,000,000
Loss on disposal of assets of FCHL	SR56,345,420

9.8.19 However, Mr. Valabhji on being examined by the Commission, did not agree with the above observation stating that the total consideration of SR150m for the sale of BBHL and FCHL should be apportioned as SR65m and SR85m respectively. Thus, if SR85.0million was included in the above computation, then the resulting loss on sale of FCHL would be SR21,345,420 against the net assets/cost of investment (SR106,345,420 – SR85,000,000).

9.8.20 The Commission learned from the then external auditors of COSPROH, Pool and Patel Chartered Accountants, that the Auditor’s report for the year 2003 on the financial statements of COSPROH was not signed by them, although the audit was completed and a draft opinion issued for the Directors’ approval. The reason for not signing the Auditor’s report was that the Directors did not sign the financial statements and submit the same to the Auditor for issuing the final report. Further, on being queried by the Commission, the Auditors explained that the Board apparently did not accept the draft audit opinion as it was qualified and contained a potential negative comment on the sale of FCHL and BBHL, as follows:

‘the disposal of two subsidiaries, the Barbarons Beach Hotel Limited and the Fisherman’s Cove Hotel Limited were not subject to invitation to tender but the sale was negotiated with eventual buyers. As a consequence, we are unable to express an opinion if the consideration obtained reflects fair value of the subsidiaries. Though the sale proceeds of R 150 million reflected in these financial statements from sale of shares

and outstanding debt has been confirmed by Ministry of Finance as being in accordance with the sanction authorizing the sale by Seychelles Government, it is inferior to share purchase agreements by SR35.0million'. However, the Commission could not obtain a copy of the sale agreement referred to in the Auditor's report.

- 9.8.21 COSPROH appointed a new auditor (Morel and Associates Chartered Accountants) for the financial year 2004, for which the reason was not made known to the outgoing auditor, Pool and Patel, Chartered Accountants. The financial statements audited by the new auditor for the year 2004 were filed at the Registration Division.
- 9.8.22 Mr. Valabhji stated that the reason for changing the auditor was that the government wanted to move out of having one auditor monopoly on all government audits. In other words to rotate the auditors engaged by government companies.
- 9.8.23 The Commission observed that the shareholders of Hotel Properties Limited incorporated in Seychelles in 2003 were, according to the memorandum of association dated 22 December 2003, Raza Bilgrami (for and on behalf of Hotel Properties Limited (BVI) c/o Telecom Seychelles) 49 shares and Raza Bilgrami himself (a Director, c/o Telecom Seychelles) 1 share.
- 9.8.24 In 2006, Mr. Raza Bilgrami transferred his 1 share with a nominal value of R1,000 to Mr. Kieran Bhogilal Shah on 28.08.2006. From thereon, the shareholders of the Hotel Properties Limited did not change and according to the latest annual return on file at Registration Division, which is for the year 2013, the shareholders were still Hotel Properties Limited (BVI) with 49 shares and Mr. Kieran Bhogilal Shah with 1 share.
- 9.8.25 Following the sale, land parcel J67 belongs to the new proprietor of Fisherman Cove Hotel Limited. However, two parcels of the subdivision of J68, i.e. J807 and J1996 remained in the name of COSPROH as per the Certificate of Official search dated 14 May 2019, despite the fact that the company was reportedly liquidated in 2006. When queried by the Commission, Mr.Valabhji stated that subsequent to the liquidation of COSPROH, he was asked somewhere in 2007/8 by the Ministry of Land to sign some papers to reinstate COSPROH for a day for the purpose of transferring the above land parcels to the government. He also stated that the above land parcels had something to do with the hotel school built through funds borrowed by FCHL under COSPROH, but never used by COSPROH.
- 9.8.26 **Exhibit 8** gives more information on the subdivision of J68 and some other land parcels owned by COSPROH and their subsequent disposal.

Summary of Financial results of Fisherman's Cove Hotel Limited (FCHL) before and after the sale

Year	Profit (after tax) SR	Dividends SR	Retained earnings SR	Lease rental income (FCHL) SR
2001*	2,675,052	Not declared	16,531,038	-
2002	3,932,694	Not declared	20,463,732	-
2003	9,847,724	Not declared	30,311,456	-
FCHL operated under COSPROH up to the end of 2003				
FCHL has been operating under the new private ownership during the following years:				
2004	5,807,831	607,923	35,511,364	7,903,052

2005	11,630,968	12,000,764	35,141,595	14,590,256
2006	9,915,237	17,444,345	6,020,282	14,418,802
2007	12,085,162	17,073,393	1,032,051	17,058,805
2008	21,437,489	19,862,404	2,607,136	26,197,524
2009	29,775,342	32,382,478	0	36,044,456
2010	31,330,004	31,330,004	0	36,454,912
2011	30,064,083	29,887,546	60,456	35,380,878
2012	31,734,457	31,734,457	60,456	37,005,856
2013	22,649,559	22,649,559	60,456	25,586,165
Total	206,430,132	214,972,873		250,640,706
*2001 accounts unavailable: hence, comparative figures in 2002 relating to 2001 are used above				

- 9.8.27 The audited Financial Statements and the annual returns of FCHL were available only for the years 2002 to 2013, as per the Registration Division. As for Hotel Properties Limited, the audited Financial Statements were available for the years 2004 to 2013 whereas the annual returns were for the years 2006 to 2013. In both cases, despite the company status being still active as per the company register, the Annual Returns and audited Financial Statements were not found for the years 2014 to 2018 at the Registration Division.
- 9.8.28 From the available financial statements of FCHL, it was noted that the principal activity of the company during the period 2004 to 2013 was that of letting of the property owned by the company on lease to Meredien (Seychelles) Ltd for the purpose of operating a hotel. Similarly, the HPL stated in their financial statements for the same period that the only investment of the company was in Fisherman Cove's Hotel Limited and its holding company was Hotel Properties Limited (BVI), a company incorporated in the British Virgin Islands.
- 9.8.29 Through an analysis of these financial statements, the Commission noted that FCHL had collected rental fees of SR250,640,706 from the Meredien (Seychelles) Ltd during the period 2004 to 2013. In the absence of returns, the same information could not be obtained for the years 2014, 2015 and 2016 (to note that the lease on the land parcel J146 was surrendered in 2016). When cross-checked to the financial statements of the group company, i.e. HPL, for the same period, the Commission noted that the rental income was also accurately included in the respective years' financial statements of the group company, except for the years 2006 to 2010, for which no revenue figure was found in the annual financial statements.
- 9.8.30 In analysing the financial statements further, the Commission also noted that the buying company of FCHL, i.e. HPL, has been collecting the lease rental income over the years without making any additional substantial investment in fixed assets or incurring substantial operational costs over the years. The rental income earned has not been subject to any form of taxation in the Seychelles during the period of the lease. The new shareholders of FCHL declared dividends in the order SR214,972,873 during the period 2004 to 2013, of which SR31,311,456 accumulated as retained earnings during COSPROH/FCHL time.

- 9.8.31 The Commission has learned that the rental was paid overseas in US\$ and the two local companies involved under the new ownership, namely, FCHL and HPL accounted for the rental income in Rupees for reporting in Seychelles.
- 9.8.32 It is clear from the foregoing events and figures in the summary that (a) FCHL was a profitable business having accumulated retained earnings of SR30,311,456 at the end of 2013 (before the sale); (b) COSPROH/GOS would have been able to collect these lease rental income without any further investment, had they not sold FCHL back in 2003 to HPL; (c) the lease agreement guaranteed this income to COSPROH through FCHL for 20 years; (d) it was a bad decision on the part of GOS/COSPROH to sell the hotel property, particularly, after investing nearly SR85.0million (SR16.2million in 1999 and SR68.6million in 2004) in refurbishment works and new suits.

Sale of land parcels J311 and J312

- 9.8.33 On 11 August 1982, Mr. France Albert Rene, the President and Commander in Chief, acting on behalf of the Government in consideration of SR1.00, transferred to COSPROH the land parcels J311(1175sqm) and J312 (1739sqm) with a stamp duty exemption as indicated in the transfer of land document, Vol 1, Folio 152 and File J311 and J312. The transfer document was signed by Mr Bernard Rassool, Attorney General, on behalf of the President and Mr Robert Grandcourt on behalf of COSPROH in the presence of an Assistant Official Notary.
- 9.8.34 On 04 April 2003, COSPROH, represented by Mr. Mukesh Valabhji, a Director, in consideration of SR1transferred to Fisherman’s Cove Limited, also represented by Mr. Mukesh Valahji, the land parcels J311 and J312 with an exemption of the stamp duty, as indicated in the transfer of land document, Vol 11, Folio 138 and File J311 and J312. The document was signed by Mr. Mukesh Valabhji, both as the transferor and the transferee in the presence of Notary Public, Mr. Charles Lucas.
- 9.8.35 On 29 December 2005, Fisherman’s Cove Hotel Limited (now under private ownership) represented by Mr. Noelin L. Didon of Cacao Estates, Anse Aux Pins, a Director of the said company in consideration of SR300,000, transferred the title on J311 and J312 to Bois Sagailles Estates Limited, a company registered in Seychelles, and represented by Mr. Noelin L. Didon himself, as a Director of the said company. The transfer document, Vol 11, Folio 181, File J311 and J312, was signed by Mr. Noelin L. Didon, both as the transferor and the transferee in the presence of Attorney At Law, Mr. Gerard Maurel. The transfer was stamp duty paid in the sum of SR187,000 as per the same document.
- 9.8.36 It was noted from records at the Registration Division that Bois Sagailles Estates Limited was incorporated in July 1994 with two shareholders, namely, Mr Robin Richmond and Mr. Noelin L. Didon holding 11 and 1 share respectively. According to the financial statements of the Company for the year 2008, the shareholders remained the same at the end of 2008. The records from the years 2008 to 2018 could not be obtained by the Commission.
- 9.8.37 To note that Mr Didon was the Company Secretary of COSPROH for many years and at the time of registering Bois Sagailles Estates Limited in 1994 he was still Company Secretary of COSPROH. In 2003, he was effectively Company Secretary of both

COSPROH and its subsidiary company Fisherman's Cove Hotel Limited. Following the sale in December 2003, he had also become a Director of Fisherman's Cove Hotel Limited under the new ownership and remained there for two years, i.e. 2004 and 2005. He did not appear as a Director of FCHL for the year 2006 and beyond. However, he was subsequently, appointed as the liquidator of COSPROH in 2006.

- 9.8.38 When queried by the Commission as to why the above two land parcels were transferred to Fisherman's Cove Hotel Limited in 2003 despite the impending sale of the same in the same year, and why not retained with COSPROH or returned to GOS like in some other instances, Mr. Valabhji stated that there were some staff quarters on the land that were being used by the hotel to accommodate some of its employees. Despite the explanation, it is to note that the same land parcels whereon some staff quarters were purportedly situated were sold to Bois Sagailles Estates Limited nearly 3 years after the transfer from COSPROH to Fisherman's Cove Hotel Limited by the new owners.

Valuation and method of selection of buyers for FCHL

- 9.8.39 On the valuation of Fisherman's Cove Hotel Limited as a business and the relevant land parcels and the method of selection of the buyers for the hotel properties, for which the Commission did not find any form of documentary evidence, Mr. Valabhji stated that a valuation was done by an international company and the buyer(s) directly approached the government with an offer for both hotels, being BBHL and Fisherman's Cove Hotel Limited.

9. Cote D'or Lodge Hotel Limited

- 9.9.1 According to the agreement dated 30.03.1988, the land parcel PR1096 measuring some 39,803sqm situated at Cote d'Or, Praslin, was transferred to COSPROH for a consideration of SR1,600,000 (in the form of allotment of shares of SR1000 each to GOS in COSPROH) and stamp duty free by the government of Seychelles represented by President of the Republic. The document was signed by Attorney General, Mr Pesi Paradiwalla and a director of the company, Mr Christian Peyre, as witnessed by the Assistant Official Notary and registered on 13.04.1988 at Vol 76, No 119.
- 9.9.2 Cote D'or Lodge Hotels Limited (CDLHL) was incorporated on 27 December 1990 with 30 shares of SR1000 each of which 29 shares and 1 share were held by COSPROH and Mr Guy Morel respectively. On 31 December 1990, the Chauve Souris Island (7000 sqm) together with the buildings thereon were transferred from the Republic of Seychelles to COSPROH for a consideration of SR1 and stamp duty free, as per the transcriptions, Vol 78, No 137. On the same date, COSPROH transferred to CDLHL the island and land parcel PR1096 and all other immovable assets thereon for a consideration of SR8,729,031, as stated in the transcription, Vol 78, No 136. An agreement was also made to this effect dated 31 December 1990 stipulating the terms and conditions of the sale which was registered stamp duty free on 08 March 1991. The principal activity of the company was the owning of Cote D'or Lodge Hotel and Chauve Souris Island as stated in the financial statements of the company for the year 1991. As of 06 May 1991, under reorganisation of the group, the COSPROH acquired 7,970 shares at SR1,000 each in the CDLHL giving it 100% ownership.
- 9.9.3 Effective 01 January 1998, the CDLHL entered into a lease agreement with Vacanze (Seychelles) Limited granting a 99 year lease on Cote D'or Lodge and a 25 year lease

on Chauve Souris Island as per the report of Directors for the year 1998. In the absence of the agreement stipulating the terms and conditions, the Commission could not ascertain the consideration/rental of the lease arrangement. However, according to the financial statements for the same year, the total lease rental amounted to SR18,998,490, which was to be collected within a period of 5 years. The Commission noted from the accounts for 2001 that the said sum was fully collected by the year 2001.

- 9.9.4 On 29 December 2000, the Principal Secretary of MLUH, Mr. Joseph Nourrice, on behalf of the Government of Seychelles, transferred in consideration of SR1 the land parcel PR32 (3644.2 sqm) and PR413 (2,306 sqm) to COSPROH as per the transfer of land document, Vol 111, Folio 173, File PR32 and PR413. The stamp duty on this transfer was exempted as per the same document.
- 9.9.5 Following this transfer, on 08 January 2001, COSPROH represented by Mr. Ranil Bibile, the General Manager, transferred for a consideration of SR1 the land parcels PR32 and PR413 to CDLHL subject to a stamp duty exemption as noted in the transfer of land document, Vol 111, Folio 175, File PR32 and PR413.

Disposal

- 9.9.6 The annual returns and audited Financial Statements for the Cote D'Or Lodge Hotels Limited were seen for the years 1990 to 2005 only, the latter being the last filed at the Registration Division.
- 9.9.7 The report of Directors for the year 2005 stated that the principal activity of the company is leasing the Cote D'Or Lodge Hotel and the Chauve Souris Island to Vacanze (Seychelles) and the current year resulted in a loss of SR25,043,493 after writing off SR24,832,493 due from the parent company. Note 6 in the financial statements of the company stated under the 'post balance sheet date event' that it intended to transfer the ownership of its freehold land to its ultimate owner, the government of Seychelles and cease all activities.
- 9.9.8 It was noted that land parcels PR32, PR1096 and PR413 were transferred back to the Republic of Seychelles on 30 November 2007, for a consideration of SR1, for which the stamp duty was exempted, as stated in the transfer of land document Vol 11, Foilo 140 and File PR32 etc.
- 9.9.9 As per Members Resolution dated 01 August 2007, it was agreed that the Cote D'or Lodge Hotels Limited goes into members' voluntary winding up with effect from 01 August 2007 and Mr Noelin Lewis Didon of CACAO Estates, Mahe is appointed the liquidator of the company. However, it is not clear as to whether the liquidation of the company was completed and the required documents filed at the Registration Division, in view that the same could not be found for review by the Commission.
- 9.9.10 According to the Certificate of Official search dated 14 May 2019, as provided by the Registrar General, the current proprietor of parcels PR32 and PR413 is the Republic of Seychelles, and being leased to Vacanze (Seychelles) Limited together with Chauve Souris Island for a term of 99 years starting from 30 November 2007. It was agreed that

a premium of US\$7.5 Million and an annual rent of SR1 per annum would be paid in advance starting from the date of signature of the lease. The stamp duty collected on the lease was stated at SR3,072,337.50. The lease agreement dated 30.11.2007 and filed at Vol 11, Folio 140, File PR32, etc. indicated that the premium of US\$7.5m had been paid to the government.

- 9.9.11 It would appear from the available records that the same properties were leased out twice to the same company for 99 years; firstly, in 1998 for a total of SR18,998,490 which was collected by CDLHL/COSPROH and secondly, in 2007 for a premium of US\$7.5million which was collected by Government.
- 9.9.12 According to Mr.Valabhji, the properties were transferred back to Government in view of the impending closure of COSPROH and the Government collected the premium of US\$7.5million, over which there was scandal involving Parmalat in Italy.

10. Praslin Beach Hotel Limited

- 9.10.1 According to the agreement dated 30.03.1988, the land parcels PR1083 (22,256 sqm and PR1128 (3606 sqm) situated at Providence, Praslin, was transferred to COSPROH for a consideration of SR2,000,000 (in the form of allotment of shares of SR1000 each to GOS in COSPROH) and stamp duty free by the government of Seychelles represented by the President. The document was signed by Attorney General, Mr Pesi Paradiwalla, and a director of the company, Mr Christian Peyre, as witnessed by the Assistant Official Notary and registered on 13.04.1988 at Vol 76, No 119.
- 9.10.2 According to the financial statements of COSPROH for the year 1990, Praslin Beach Hotel Limited was a subsidiary company with 19,970 shares issued at SR1,000 each, fully owned by COSPROH group.
- 9.10.3 On 31 December 1990, COSPROH transferred to Praslin Beach Hotel Limited, for a total consideration of SR22,267,823, two land parcels (SR320,000) and all assets thereon comprising the buildings (SR18,746,982), plant and machinery (SR309,768), furniture, fixtures and equipments (SR2,891,163). To this effect, an agreement was registered on 08 March 1991 through the 'transcriptions' dated 31.12.1990, Vol 78, No 139, signed by Mr Gerard Maurel, the Notary Public. The parties to the agreement were COSPROH and Praslin Beach Hotel Limited, both represented by Mr Guy J Morel as their Chairman. The same document says that COSPROH was, at the time of the agreement, the lawful owner of parcels PR1083 (22,256 sqm) and PR1128 (3606 sqm) situated at Anse Volbert, Providence, Praslin. The transfer was exempted from stamp duty as indicated on the transcriptions.

Disposal

- 9.10.4 According to Note 13 (Page 10) in the audited Financial Statements of COSPROH for the year 1996, the hotel having disposed of all its assets in 1993, was voluntarily removed from the Register of Companies.
- 9.10.5 Of the two land parcels transferred to the Praslin Beach Hotel Limited (subsidiary) on 31 December 1990, as discussed in foregoing paragraphs, it was noted that PR1128

(3,606sqm) was registered in the name of Anse Volbert Hotel Limited, which was a separate subsidiary of COSPROH, as per Certificate of Official search provided by the Registrar General upon interview with the Commission on 15 May 2019.

9.10.6 As for the land parcel PR1083, the Commission could not obtain any evidence as to how it was disposed of and the consideration received, if any, in the absence of records. Furthermore, an internet search on the MLUH WebGis as of 06.02.2020 by the Commission revealed that parcel PR1083 did not exist on the system. Hence, the existence of the land parcel in its former form is doubtful.

11. Anse Volbert Hotel Limited

9.11.1 According to Note 13 on 'investments and group structure' included in the financial statements of COSPROH for the year 1993, Anse Volbert Hotel Limited was a subsidiary company in which the COSPROH held an investment of SR55,000,000 which being 100% ownership. In the same year, under post balance sheet event, Note 22, it was noted that 20% of the shareholding in the Anse Volbert Hotel Limited was sold to Berjaya Praslin Beach (Cayman) limited for a consideration of US\$ 2,200,000 (SR11, 031,937). The sale was confirmed through Note 7 in the report of Directors of COSPROH for the year 1994.

9.11.2 The receipt of the consideration of US\$2.2million arising from the sale (together with Beau Vallon Bay Hotel and PGHDL/Mahe Beach Hotel) amounting to US\$30.0million was collected by the Ministry of Finance through a deposit account and confirmed by the Director General of Banking Services of Central Bank of Seychelles vide two letters; one dated 07.10.1994 and the other 30.01.1995. The transaction was stamp duty exempted as indicated in the letter dated 22.12.1994 (FIN/S/24) from the Ministry of Finance addressed to the Registrar General.

9.11.3 As per information obtained from the Registrar General during the interview on 15 May 2019, Anse Volbert Hotel Limited is still active under a new name, i.e. Berjaya Praslin Limited.

9.11.4 However, the Commission could not obtain evidence on how the remaining 80% of the COSPROH shareholding in the Anse Volbert Hotel Limited was disposed of and the consideration received, if any, in view that the financial statements of COSPROH for the relevant year did not divulge any information on the matter.

9.11.5 According to Mr.Valabhji, however, the remaining 80% was also purchased by the same company from the government somewhere round 2006/7.

9.11.6 The audited Financial Statements, Annual Returns and the reports of Directors of the Anse Volbert Hotel Limited for the period it remained under the control of COSPROH, as a subsidiary, were not found by the Commission.

12. Vacoa Village Apartments Limited

9.12.1 The business by the name of Vacoa Village Apartments, was among the seven (7) hotels managed by Seychelles Hotels Limited (SHL) during the year 1986.

- 9.12.2 Following the reorganisation of the group, COSPROH acquired 3,490 ordinary shares of SR1,000 each giving it 100% shareholding in the Vacoa Village Apartments Limited (VVAL) as of May 1991 as per the report of Directors for the year 1991.
- 9.12.3 Further, as per a Certificate of Registration dated 26 September 1991, Vacoa Village Apartments was registered under the corporate name of Vacoa Village Apartments Limited. Following this registration, on 30 September 1991, the management of Vacoa Village Apartments by SHL ceased.
- 9.12.4 Land parcel H2074 was located in the cadastral district of Mare Anglaise, Mahe and it measured 48,457sqm. As per a Notice of First Registration dated 15 October 1987, H2074 was registered as a qualified title under the Government of Seychelles. On 30 March 1988, President of the Republic of Seychelles transferred this parcel of land to COSPROH in consideration of an allotment of shares to the value of SR2,000,000 to the Government of Seychelles. The stamp duty on this transfer was free as per the transfer document, Vol 11, Folio 98, File H2074, which was signed by Attorney General, Mr Pesi Pardiwalla, on behalf of the President and Mr. Christian Peyre, on behalf of COSPROH, in the presence of the Official Notary. On 31 December 1990, COSPROH transferred land parcel H2074 to Vacoa Village Apartments Limited in consideration of SR3,197,460 with stamp duty being exempted as per the transfer of land document, Vol 11, Folio 43, File H2074. The document was signed by Mr Guy Morel both as the transferor and the transferee in the presence of Notary Public, Mr Gerard Maurel.
- 9.12.5 As per a letter dated 26 May 1992 sent to the Land Registrar from the Vacoa Village Apartments Limited, represented by Mr. Mukesh Valabhji, the land parcel H2074 was sub-divided into six (6) new parcels, i.e. H3187 (42,285sqm), H3188 (792sqm), H3189 (733sqm), H3190 (1,068sqm), H3191(1,216sqm) and H3192 (2,358sqm). Details of the subdivision of H2074 and other land parcels of COSPROH and their disposal may be seen in **Exhibit 8**.
- 9.12.6 Following the subdivision, except for parcel H3187, the (five) other land parcels were transferred back to the government of Seychelles for SR1 and stamp duty free, as per the transfer of land document signed by Mr Mukesh Valabhji, representing Vacoa Village Apartments Limited and Mr Patrick Lablache, Director General of Land and Infrastructure of the Ministry of Community Development, on behalf of the Republic. The document, Vol 11, Folio 175 and File 3188 etc., was signed on 13.11.1992 before the Assistant Official Notary.

Disposal

- 9.12.7 On 19 October 1992, VVAL transferred land parcel H3187 (42,285sqm) to ONEARN (Proprietary) Limited (represented by one Guenther Kuehne) for a consideration of Deutsche Marks 1,600,000 (equivalent to a net amount of SR5,096,000 after deducting SR200,000). The stamp duty on this transfer was free as per the land transfer document, Vol 11, Folio 169, File H3187, which was signed by Mr. Mukesh Valabhji, representing the VVAL and one Guenther Kuehnl, a Director of ONEARN Ltd in the presence of Notary Public, Mr Pesi Paradiwalla.

- 9.12.8 In this regard, the Commission established through the records available at the Registration Division that the ONEARN (Proprietary) Limited was incorporated on 27 April 1992 of which the shareholders were (1) Debra Kurz (67); (2) Eugen Braun (30); (3) Rener Kurz (2); and (4) Lorenza Mellon (1), SR100 each. However, as per Annual Return for 1993, the shareholders were, Eugen Braun (30), Monique Denousse (69) and Rustom Wadia (1), SR100 each.
- 9.12.9 In 1995, the shares of the ONEARN (Proprietary) Limited were purchased by Mr. Gregoire Payet from the respective shareholders, subject to a payment of stamp duty of SR69,000. As per the Annual Return for 1995, the shareholders were Gregoire Payet (99) and Brigitte Payet (1 share) and the directors of the company were Mr. Gregoire Payet, Mrs. Sarah Zarqani Rene and Mr. Sunny Kan.
- 9.12.10 In August 2004, Mr. Gregoire Payet sold 99 shares in ONEARN Proprietary Limited to Emerald Holdings Company Limited, while retaining 1 share. As per Annual Returns for 2003 (covering the period up to December 2004), the shareholders of the company were; Emerald Holdings Company Limited (99 shares) and Gregoire Payet (1 share). The directors of the company remained the same as for 1995, namely, Mr. Gregoire Payet, Mrs. Sarah Zarqani Rene and Mr. Sunny Kan.
- 9.12.11 At the time of the purchase of ONEARN Proprietary Limited in 2004, the shareholders of Emerald Holdings Company Limited, were Mr. Gregoire Payet (34), Mrs. Sarah Zarqani Rene (33) and Mr. Sunny Kan (33). The Directors were Mr. Gregoire Payet and Mrs. Sarah Zarqani Rene.
- 9.12.12 Even though the current status of the above two companies were stated to be active, according to the file at the Registration Division the latest annual returns and the financial statements of Emerald Holdings Company Limited were for 2013. In the case of ONEARN Proprietary Limited, the records were from 1992 to 2006, that is to say that the documents in question were not filed for the years 2007 to 2018/19.
- 9.12.13 When being examined by the Commission, Mrs Rene said that *'Emerald Holdings Company Limited purchased 99% of the shares of ONEARN from Mr. Gregoire Payet and I never had any dealings with COSPROH directly. The purchase price of SR11m was paid in instalments. The plot number 3187 was subdivided into two viz. H5403 and H5404. We did operate Vacoa Village in the beginning when we first bought it. Mr Sunny Kan was operating it. He was the one that was running it and then Gregoire. But, after that, since 2003, it was in a really bad shape. It closed and it got derelict'*.
- 9.12.14 Confirming the above, in a separate hearing, Mr. Valabhji stated in his testimony that COSPROH had no dealings with President Rene's family in terms of that property.

Accounting for the proceeds of sale

- 9.12.15 The report of Directors for the year ended December 1991 says under post balance sheet events that *'Vacoa Village Apartments were sold on 19.10.1992 for the sum of DM1,600,000 less SR200,000, equivalent to a net amount of SR5,096,000, at the year end rate of exchange'*. However, in the absence of consolidated accounts of COSPROH group and the accounts of VVAL for the year 1992, in which the sale took place, the Commission could not ascertain as to whether the proceeds of sale were recorded in the

respective company accounts or in the accounts of GOS through the Ministry of Finance and Central Bank of Seychelles. Further, it is not clear as to why a deduction of SR200,000 was applied on the sales proceeds.

9.12.16 Furthermore, the Annual Returns, audited Financial Statements and the reports of Directors in respect of the Vacoa Village Apartments Limited were not found by the Commission for the years (1991 to 1994) during which it was a subsidiary of COSPROH.

Absence of valuation

9.12.17 In the absence of relevant records or any other form of documentary evidence, the Commission could not ascertain as to whether the VVAL business and other assets including the land parcel (H3187) were properly valued prior to the sale and the buyer(s) was selected through a competitive and transparent manner.

13. Seychelles Restaurant Limited (SRL)

9.13.1 The Seychelles Restaurants Limited was incorporated on 27 January 1986 under the Companies Ordinance. As per the company's Memorandum of Association, the company's initial share capital consisted of 100 ordinary shares valued at R500 each. Of the 100 shares, the Seychelles Hotel Ltd held 99 shares and Mr. Walter Confait 1 share. The company's registered office address was P.O Box 550, Beau Vallon, Mahe, Seychelles.

9.13.2 The Seychelles Restaurants Limited (SRL) was acquired by COSPROH in 1987 resulting in 100% ownership of 100 ordinary shares at R500 each for a consideration of SR50,000. As stated in Note 12 in the financial statements of COSPROH for the year 1987, the company commenced trading in March 1987. According to the financial statements of Seychelles Restaurants Limited for the year 1988, the principal activity of the company was the leasing of Le Corsaire Restaurant.

9.13.3 In early 1988, the SRL acquired 100% shares, SR500 each, in Societe D'Exploitation Du Restaurant – Le Corsaire Limited, as stated in Note 10 in the financial statements of COSPROH for the year 1988. In the same year, under post balance sheet events, the report of Directors stated that as of 01 May 1988, the lease of Le Corsaire Restaurant was taken over by Meridien Fisherman's Cove Hotel at a monthly rental of SR15,000. This was as a result of the Societe D'Exploitation Du Restaurant – Le Corsaire Limited ceasing its trading in the month of May 1988.

9.13.4 On 11 March 1988, the Seychelles National Commodity Company Limited represented by its Director, Mr Guy Morel, transferred the land parcel H844 to COSPROH for a consideration of SR500,000 with stamp duty free as evidenced on the transcriptions, Vol 76, No 109 dated 07 April 1988. The COSPROH was represented by its Director, Mr Guy Morel himself who signed the document in the presence of Notary Public, Mr Gerard Maurel.

9.13.5 On 31 December 1990, the land parcels H251 and H844 (1,777.8sqm and 1,627sqm respectively) were transferred from COSPROH to the Seychelles Restaurants Limited

for a consideration of SR680,686 with the stamp duty exempted as per the land transfer document, Vol 11, Folio 43, File H844 and H251. Mr Guy J Morel signed the agreement on behalf of both companies as their Chairman.

9.13.6 During the year 1993, SRL's principal activity was the rental of 'Le Corsaire' and 'Kyoto' restaurants, as stated in the report of Directors for the year 1993.

Disposal

9.13.7 On 06 May 1994, Seychelles Restaurant Limited, represented by Mr. Mukesh Valabhji, transferred land parcels H251 and H844 to Ocean Properties Limited, represented by its Director, Mr. Claude Marimba of Glacis (an employee/manager of SMB at the time according to Mr. Valabhji) for a consideration of SR640,000, as stated in the transfer of land document, Vol 11, Folio 58, File H251 and H844. The stamp duty charged and collected on this transfer amounted SR67,000. Though not specifically stated in the relevant documents, it would appear that 'Kyoto' restaurant was situated on this land.

9.13.8 The Commission noted that when compared to the price of SR680,686 for which the COSPROH transferred the property to its subsidiary company in 1990, the price of SR640,000 paid by the private buyer in 1994 resulted in a loss of SR40,686 to COSPROH. In view that the sale included two land parcels (J844 and J251) of which the acquiring price of J251 paid by COSPROH could not be ascertained by the Commission in the absence of relevant records, it would appear that the sale of two land parcels, possibly including the restaurant, Kyoto, would have resulted in a much larger loss to COSPROH.

9.13.9 According to the report of Directors for the financial year 1994, a significant change in the fixed assets occurred during the year representing the sale of the 'Kyoto' restaurant and improvements of the 'Le Corsaire' restaurant.

9.13.10 The SRL was a wholly owned subsidiary of COSPROH until 21 August 1996, when its 100% shareholding was sold to new shareholders, namely, Alesandro Iovenitti (Bel Ombre) 34%, Eliana Tamai Gastaldi (Bel Ombre) 33%, Gebrael Tamba Nagib (Rome, Italy) 33%, as stated in Note 11 in the Financial Statements and also in the report of Directors of SRL for the year 1996. The same 3 shareholders were appointed as Directors of SRL effective 04.10.1996 upon the resignation of the previous Directors, namely, Mr Mukesh Valabhji and Mr. Hugh Payet. At the end of 1996, the company had an accumulated deficit of SR1,607,966 and fixed assets totalling R2,075,406 at a net book value, according to its financial statements.

9.13.11 As for the price for which the above sale of shares was done, the Commission noted two contradictory statements in the consolidated accounts of COSPROH for the years 1995 and 1996. In 1995, it is stated under 'post balance sheet date event' that the shares in SRL were sold for SR1,500,000 realising a loss of SR1,302,361. In 1996, it is shown under 'exceptional and prior year period items' that sale proceeds in respect of SRL were SR1,644,872 and the resulting loss was SR1,162,490.

9.13.12 As per the note under 'fixed assets' in the report of Directors for 1996, the government of Seychelles had transferred the title to the land on which the restaurant was situated to the company for a nominal sum of SR1. (Here, it may be referring to 'Le Corsaire')

restaurant). In evidence of this, the Commission examined the transfer of land document, Vol 11, Folio 010, File J774, dated 08.07.1996, signed by Mr Joseph Nourrice and Mr Hugh Payet, in the presence of Mr.G. Morel, Notary Public. According to this document, the Republic of Seychelles transferred the title of land parcel J774 to Seychelles Restaurant Limited for a consideration of SR1 at stamp duty of SR0.4 (cents).

9.13.13As of 15 May 2019, the company, Seychelles Restaurants Limited, was still active in the company register. The Annual Returns in respect of the Seychelles Restaurants Limited were seen for the years 1988 to 2012, whereas the audited Financial Statements were seen for the years 1988 to 2007 only.

9.13.14In the absence of relevant records or any other form of documentary evidence, however, the Commission could not ascertain as to whether the above properties were valued prior to the sale and whether the buyers were selected through a competitive and transparent manner. However, according to Mr. Valabhji, a valuation was done for the above properties and the buyers applied to COSPROH as well as the President at the same time with their intention to buy so they were considered.

Accounting for the proceeds of sales

9.13.15In the absence of relevant accounting records or any other form of documentary evidence, it is unknown as to whether the proceeds (SR640,000) from the sale of two land parcels (H844 and H251) was collected and accounted for by COSPROH itself or GOS. The report of Directors and the consolidated accounts of COSPROH for the years 1993 and 1994 are silent on the sale and the proceeds therefrom.

9.13.16As for the sale of shares in the Seychelles Restaurants Limited (including parcel J774/Le Corsaire), it is stated under 'post balance sheet date event' in the consolidated accounts of COSPROH for the year 1995 that the sale for a consideration of SR1,500,000 realised a loss on sale of SR1,302,361. In 1996, it is shown under 'exceptional and prior year period items' that sale proceeds in respect of SRL were SR1,644,872 and the resulting loss was SR1,162,490. From these notes in the consolidated accounts, it would appear that COSPROH collected the sales proceeds whether it was SR1,500,000 or SR1,644,872.

14. Anse Kerlan Hotel Limited

9.14.1 The Anse Kerlan Hotel Limited (AKHL) was one of the subsidiaries of COSPROH incorporated in 1990.

9.14.2 On 31.12.1990, the Republic of Seychelles transferred land parcel PR1292 (187,459 sqm) to COSPROH, which was represented by Chairman, Mr Guy Morel, for a consideration of SR1, as per the 'transcriptions', Vol 78, No 135, registered on 08.03.1991. The stamp duty on this transfer was free of charge as indicated in the same land transfer document. The Notary Public, Mr G. Maurel, certified the conveyance transcriptions document to the effect that the relevant documents were signed by the Attorney General, Mr Pesi Paradiwalla, representing the President, pursuant to S37 (1) of the Interpretation and General provisions Act, 1976.

- 9.14.3 On the same date of the above transfer, COSPROH, transferred to Anse Kerlan Hotel Limited, the land parcel PR1292 for a consideration of SR2,151,000. In this transaction, Mr Guy Morel, the Chairman of both companies, represented COSPROH as well as Anse Kerlan Hotel Limited. The Notary Public, Mr G. Maurel, certified the agreement transcriptions document to this effect. The transfer was stamp duty free as indicated in the same document, Vol. 78, No 134.
- 9.14.4 As of 06 May 1991, COSPROH held 4950 shares at SR1,000 each in the AKHL retaining 100% ownership as stated in the financial statements of COSPROH for the year 1991. At the end of 1993, the shares in AKHL stated at SR 55,000,000 were held by COSPROH group while retaining 100% control. However, at the end of the year 1994, the cost of shares is stated at a value of R5,000,000 with 100% control.

Disposal

- 9.14.5 In the report of Directors for the year 1994, it is stated under 'results, dividends and reserves' that the expenditure of R433,739 incurred in respect of a proposed project at Anse Kerlan has been written off as the project is no longer to proceed.
- 9.14.6 The financial statements of COSPROH for the year 1995, states in notes under 'exceptional and prior period items' and 'deferred expenditure' that the directors resolved during the year not to proceed with a project at Anse Kerlen and the deferred expenditure with regards to the project has been written off.
- 9.14.7 The financial statements of COSPROH for the year 1996 revealed that the land parcel PR1292 owned by Anse Kerlan Hotel Limited was transferred to the Government of Seychelles for a consideration of SR1. And, this resulted in a loss on asset disposal of SR5,751 and SR4,258,278 which was written off as the project costs were no longer recoverable. The cost of shares (SR5,000,000) were written off to the profit and loss account. The report of Directors for the same year also referred to the disposal of land owned by Anse Kerlan Hotel Limited to the government of Seychelles as a major change in the fixed assets of the group.
- 9.14.8 In confirmation of the above land transfer with stamp duty exemption, the Commission examined the transcriptions document, Vol 80, No 56 dated 24 January 1996 which was signed by Mr. Mukesh Valabhji and Mr Joseph Nourrice as the transferor and the transferee respectively in the presence of Official Notary, Mr Francis Chang-Sam.
- 9.14.9 As per Certificate of Official search provided by the Registrar General on 14 May 2019, the relevant proprietor of land parcel PR1292 was Le Refuge du Pecheur Limited.
- 9.14.10 The Commission did not find Annual Returns, audited Financial Statements and the Reports of Directors in respect of Anse Kerlan Hotel Limited for the period during which it was operating as a subsidiary of COSPROH.
- 9.14.11 However, from the available information it would appear that the COSPROH did not succeed with the project on the land parcel PR1292 and the same was transferred back to the Government of Seychelles in 1996.

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Public Notice
Commission of Inquiry

Whereas the Commission of Inquiry respecting the disposal of assets of former state company COSPROH (Compagnie Seychelloise de Promotion Hôtelière) is an independent commission appointed by President of the Republic pursuant to the Commissions of Inquiry Act (Cap 39) as amended.

Whereas the appointment of the commissioners of the Commission has been published in the Official Gazette (No 73) dated 20th August 2018.

Whereas the Commission of Inquiry has the Terms of Reference to establish:

1. the number and extent of immovable properties held by COSPROH and its subsidiaries prior to privatisation;
2. Whether or not the disposal/lease of the properties was approved by the concerned authorities;
3. Whether or not any tender procedures were followed in the selection of prospective buyers/acquirers/lessees of properties;
4. whether or not there had been an independent professional valuation of each property disposed of or leased out; and
5. whether or not, in the case of each disposal/leasing, the entire proceeds of sale/lease and the payment of stamp duty, fees and chargers were duly collected and properly accounted for in the government accounts.

Notice is hereby given that all persons having knowledge of the facts and circumstances relating to the terms of reference of the inquiry and having interest in the proceeding before the Commission or who wish to assist the Commission, should kindly submit their signed statements along with documentary evidence in support. The hard copies of the same should be sent to the address given below within 30 days from the date of publication of this notice either in person or through registered post/speed post or courier service with delivery receipt option, subject to any extension of time by the Commission of Inquiry. The scanned and signed statements of facts/allegations, supporting documents and affidavits should kindly be sent by email or fax (see below).

Any person who is unable to write or produce a written statement, or wish to remain anonymous, but may have valuable information to assist the Commission should kindly provide such information orally, on appointment, of which a statement shall be caused to be kept by the Commission.

Mr. Gamini Herath-Chairman

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(for appointments and forwarding documents electronically)

Other members: Mr David Esparon and Mr Francis Collie

Exhibit 2**List of witnesses examined by the Commission**

	Date of Interview	Time of Interview	Interviewee
1	05.03.2019	1.45 p.m.	Mr. Norman Weber
2	11.03.2019	9.00 a.m.	Mr. Ranjit Singh
3	11.03.2019	9.00 a.m.	Mr. Noelin Didon
4	12.03.2019	9.00 a.m.	Mr. Walter Confait
5	12.03.2019	1.30 p.m.	Mr. Errol Dias
6	13.03.2019	1.30 p.m.	Mr. Patrick Lablache
7	13.04.2019	9.00 a.m.	Mr. Phillip Michaud
8	14.05.2019	9.00 a.m.	Mr. Pesi Pardiwalla
9	14.05.2019	1.30 p.m.	Mr. Emmanuel Faure
10	14.05.2019	2.40 p.m.	Mrs. Sarah Rene
11	15.05.2019	9.00 a.m./10.30 a.m.	Mr. Fred Hoareau/Mrs. Wendy Pierre
12	15&16.05.2019	1.30 p.m. / 10.30 a.m.	Mr. Fred Hoareau/Mrs. Wendy Pierre
13	16.05.2019	9.00 a.m.	Mr. Hughes Payet
14	16.05.2019	1.30 p.m.	Mr. Antonio Lucas
15	09.07.2019	10.00 a.m.	Mr. Bernard Pool/ Mr. Suketu Patel
16	09.07.2019	1.30 p.m.	Mr. Kieran Bhogilal Shah
17	02.03.2020	9.30 a.m	Mr. Mukesh Valabhji
18	06.03.2020	9.00 a.m	Mr. Robert Grandcourt
19	06.03.2020	2.00 p.m	Mr. Gafoor Yakub

Exhibit 3 (a)

Questions and answers between the Commission and Mr Didon while examining him on liquidation process, board meetings, minutes, records of COSPROH, etc.

(Chair examining Mr. Didon)

Q: Where was the office of COSPROH based?

A: Because I don't know what happened, because I didn't keep anything.

(Attorney of Mr Didon, Mrs. Valabhji: explaining and asking Mr Didon)

Q: You remember where the office of the COSPROH, where COSPROH?

A: No, COSPROH had no office. Because it was the time, at the time during Mr. Guy Morel he was at the Central Bank and then we had occupied a bit, sometime it was at Maison du People, sometime it moved to whatever new building and then it died a natural death.

(Chair and Mr Didon continue)

Q: The records of the company where were they kept? Books, Accounts, the records, the files, where were they kept?

A: It was all left with COSPROH.

Q: Where, location?

A: It must be returned to the Government or to Ministry of Finance or I don't know where it is.

Q: But you did not oversee that process when you completed (liquidation)? –

A: No, because my duties under the Companies Act had finished. It would have been very bad for me to interfere.

Q: But you should have the benefit of those records for you to discharge your role as the Liquidator, so you would have had the benefit (of those records)?–

A: I had statement of accounts as at and I worked on it.

Q: So, you don't know whether the records were kept, and if records and the books and the files were kept, where they would be now, you wouldn't know?

A: No, it's too long.

(Mr Esparon examining Mr Didon on the liquidator's statement of account)

Q: This is something that is handwritten. Is that the form he is talking about, may be?

A: (Attorney of Mr Didon, Mrs. Valabhji: explaining what Mr Didon says in a soft voice) No, he says he did a liquidator's statement of account. He cannot recall if he did an analysis

Exhibit 3 (b)

on balance but he says he recall he did a return of liquidation account as required by law. He says he got the form from Peat & Marwick.

(Chair examining Mr Didon)

Q: Is it possible that you may have copy or you may have a file on this?

A: No.

Q: Maybe your personal file on this because –

A: No, I didn't keep any personal records or keep documents of the government with me. I was not allowed.

Q: No, you were not representing the government. You were appointed as a Liquidator. So it is your right of course, I mean is your duty for you to maintain a file on it and you want to complete and you don't hand over the file, you hand over the necessary statements and the supporting documents would go on your file so that is your file?

A: The documents that they required I gave it to the Registry. I didn't keep any copy of it because I am scared of termites.

Q: Your working papers, you need to analysis of balances and inventories and so on, so forth, you may have working papers. You are an Auditor; you know what I am talking about?

A: Working papers?

Q: Yes, supporting documents?

A: No.

(Mr. Esparon examining Mr Didon on his role as company secretary, board meetings, minutes and records thereof)

Q: COSPROH, did it have an office?

A: Yes, it had one.

Q: It's Head Office?

A: It was at the time in the Central Bank then it was Maison du People then it was some new buildings somewhere here, then I don't know where it went.

Q: In 2004, where was it really, when you were liquidating the company, where was the office, do you recall?

Exhibit 3 (c)

A: I was given a place, an office where the SMB Headquarters was, I don't know what it's called.

Q: When company was liquidated, all the books were transferred where exactly? As a Liquidator where did you transfer all the books after that, you recall?

A: It went to COSPROH's Office. What happen is I left it at whatever is the little corner that they gave me. It was piled up. There were not too much books, very few. And, then I left everything there with a note, you see what is signed is sent to the Registry Ministry of Finance and to Auditor. I just left it there.

Q: And, when exactly did you finish liquidating the company COSPROH?

A: Pardon?

Q: Which year did you finish your liquidation process?

A: In 2006.

(Mr Esparon further examining Mr Didon on board meetings, minutes, resolutions, etc.)

Q: There were no former meetings most of the time for the transaction really?

A: What I could recall, I don't know there was a separate Memorandum sent before whatever it is. I wish I could see the Board of Directors Minutes Book but it's all given and returned to the Ministry of Finance or -

(Attorney of Mr Didon, Mrs. Valabhji, asking Mr Didon)

Q: So, you had Minutes Book, you kept as Secretary, you kept Minutes Book?

A: Pardon?

Q: As the Secretary you kept your Minutes Book?

A: There was the Minutes Book, when there was a meeting, very rare.

Q: So you will write it in the Minutes Book?

A: It would have been in the Minutes Book, yes.

Chair examining Mr Didon on the matter)

Q: That book, where would it be now?

A: Mrs. Valabhji, Ministry of Finance, he said he gave it.

Q: But why would he give the Minutes Books to the Ministry of Finance? That's your record. You are the Company Secretary and you –

Exhibit 3 (d)

A: Mr Didon, I cannot keep it at home.

Q: Do you recall who did you hand it over at Ministry of Finance?

A: It was just given to the Ministry of Finance Head Office, I don't know. The Ministry of Finance was at Queen's Building. Liberty House or whatever it is called.

Q: But, was it the Principal Secretary?, was it the Director General Financial Planning? or was it the Chief Account in Treasury?

A: It was sent to the PS Office, PS Finance.

Q: You sent it?

A: Yes, my messenger.

Q: You sent it through a messenger?

A: And, they signed the book they received it.

Q: They signed for receiving the Minute Book?

A: Whatever documents, I've sent.

Q: They signed for having received it?

A: Yes.

Q: And, what happen to that document?

A: Pardon?

Q: The one that they signed. You don't have it now?

A; No, they kept it in the Ministry of Finance.

(Attorney of Mr Didon, Mrs. Valabhji: You know when we do dispatch, you had a book, you said when the messenger goes, they signed –

Mr. Didon: In the book, it said Minutes Book or Minutes of whatever it is and it is signed.

(Attorney of Mr Didon, Mrs. Valabhji: So, they signed it, that book, the dispatch book where the messenger goes. Do you still have it?

Mr. Didon: No, it's long that I have burnt all these years ago because when I retired I did not bother what happen in the past.

(Chair further examining Mr. Didon)

Q: So, you don't have any documents, files, accounts or whatsoever to do with COSPROH?

A: No.

Exhibit 4

Financial Year	Annual Returns (Date filed)	Auditors	Remarks
1982	Date N/A	Bernard Pool & Company - Chartered Accountants	Particulars of Directors and Secretaries not filed.
1983	23.04.1985	Bernard Pool & Company - Chartered Accountant	
1984	23.04.1985	Peat, Marwick, Mitchell & Co.	
1985	03.09.1987	Peat, Marwick, Mitchell & Co.	
1986	03.09.1987	Peat, Marwick, Mitchell & Co.	
1987	23.02.1990	Peat Marwick	
1988	04.07.1990	Peat Marwick	
1989	27.06.1991	KPMG Peat Marwick	
1990	15.08.1992	KPMG Peat Marwick	
1991	01.03.1993	KPMG Peat Marwick	
1992	COSPROH was struck off the Companies Register in 1992, hence no Financial Statements were prepared and audited		
1993	11.02.1998	BDO Pool & Patel - Chartered Accountants	
1994	11.02.1998	Pool & Patel - Chartered Accountants	
1995	11.02.1998	KPMG Pool & Patel - Chartered Accountants	
1996	13.02.2002	KPMG Pool & Patel – Chartered Accountants	
1997	N/A	KPMG Pool & Patel - Chartered Accountants	
1998	13.02.2002	KPMG Pool & Patel - Chartered Accountants	
1999	30.01.2003	KPMG Pool & Patel - Chartered Accountants	
2000	24.09.2003	KPMG Pool & Patel - Chartered Accountants	
2001	19.05.2004	Pool & Patel - Chartered Accountants	
2002	23.08.2004	Pool & Patel - Chartered Accountants	
2003	12.12.2006	Pool & Patel - Chartered Accountants	
2004	12.12.2006	Morel & Associates - Chartered Accountants	
2005	No Annual Return submitted, including audited Financial Statements		
2006	No annual returns	Morel & Associates Chartered Accountants	Final Statement of Affairs submitted in relation to liquidation

Exhibit 5 (a)

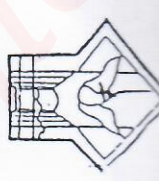
Particulars of persons who served as Directors on Board of COSPROH

Year	Name and Surname	Nationality	Address
31-Mar-82	Robert Grandcourt (Chairman) (since incorporation 15.10.1980)	Seychellois	Mare Anglaise
	Leon Michaud (since incorporation 15.10.1980) (resigned 26.01.1983)	Seychellois	
	Maxime Fayon (since incorporation 15.10.1980) (resigned 26.01.1983)		
	Phillipe Michaud (since incorporation 15.10.1980)	Seychellois	Mont Fleuri
	Mrs. Maryse Eichler de St Jorre (since incorporation 15.10.1980)	Seychelloise	Pointe Au Sel
31-Mar-83	Robert Grandcourt	Seychellois	Mare Anglaise
	Patrice Pin (appt. 26.01.1983)	French Glacis	Glacis
	Derrick Ah-Lock (appt. 26.01.1983)	Seychellois	St. Louis
	Maryse Eichler De St Jorre (resigned 13.09.1983)	Seychelloise	Pointe Au Sel
	Phillipe Michaud (resigned 26.01.1983)	Seychellois	Mont Fleuri
31-Mar-84	Patrice Pin	French	Glacis
	Robert Grandcourt (resigned 15.09.1983)	Seychellois	Mare Anglaise
	Derrick Ah-Lock	Seychellois	St. Louis
	Maria MacGaw (appt. 16.09.1983)	Finnish	Bel Eau
	Wilfred Jackson (appt. 16.09.1983)	Seychellois	Le Nirole
	Phillipe Michaud	Seychellois	Mont Fleuri
31-Mar-85	Wilfred Jackson (resigned 28.08.1985)	Seychellois	Le Nirole
	Patrice Pin	French	c/o Development Bank of Seychelles
	Derrick Ah-Lock (resigned 28.08.1985)	Seychellois	St. Louis
	Maria MacGaw, born Karjalainen	Finnish	Bel Air
31-Mar-86	Guy Morel (appt. 28.08.1985)	Seychellois	Ma Constance
	Maurice Lousteau-Lalanne	Seychellois	Fairview Estate
	Maria MacGaw (Karjalainen)	Finnish	Bel Air
	Patrice Pin	French	Vista Do Mar Estate
31-Mar-87	Guy Morel	Seychellois	Ma Constance, Mahe

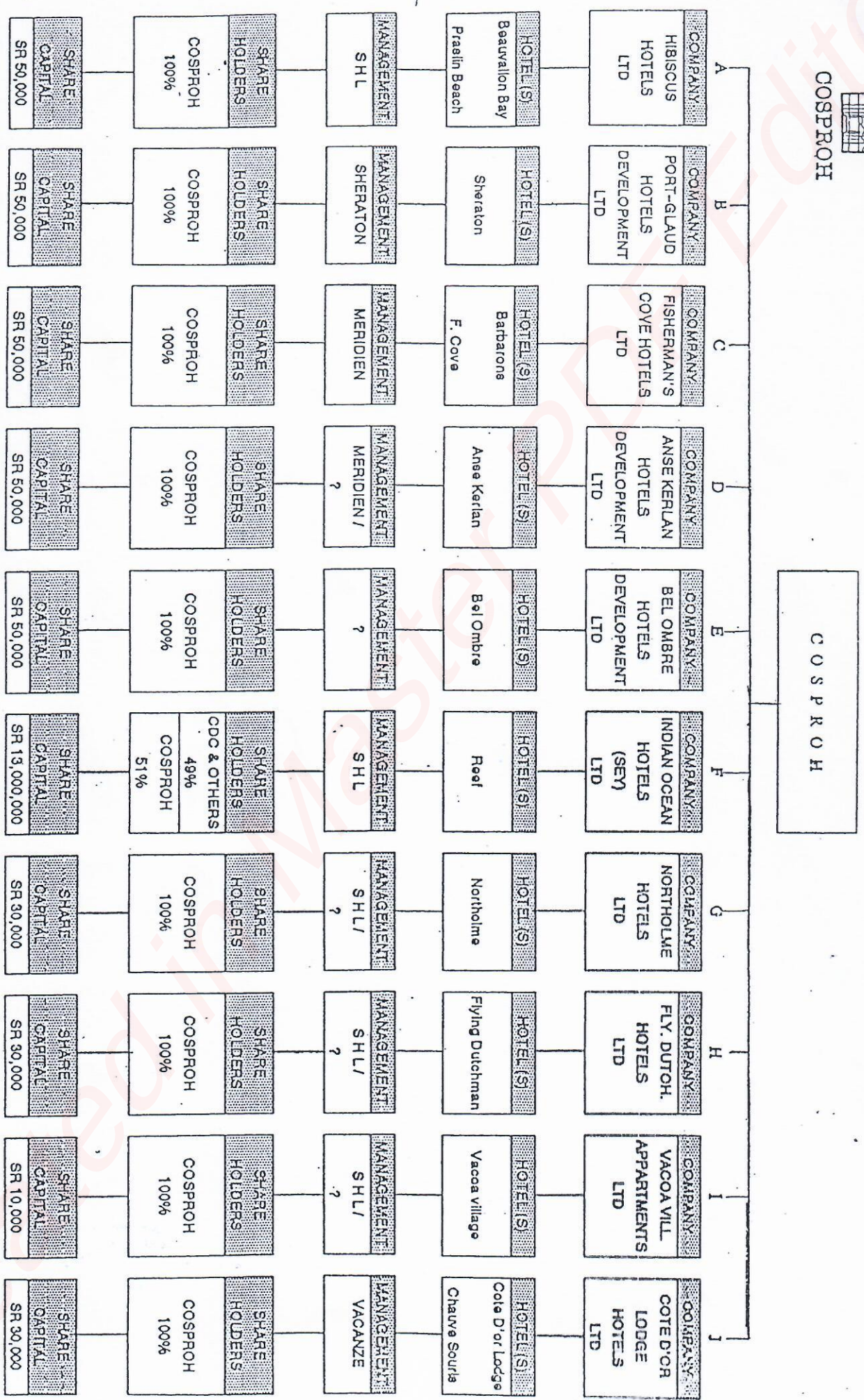
	Patrice Pin - resigned 23.07.86	French	Glacis
	Maria MacGaw - resigned 23.07.86	Finnish	Bel Air
	Maurice Lousteau-Lalanne	Seychellois	Fairview, La Misere
	Georgette Thomas, born Mein - appointed 24.07.86	Seychelloise	La Misere, Mahe
	Christian Peyre - appointed 24.07.86	French	Belombre, Mahe
31-Mar-88	Guy Morel	Seychellois	Ma Constance, Mahe
	Maurice Lousteau-Lalanne - resigned 01.04.88	Seychellois	Fair View, La Misere
	Georgette Thomas, born Mein - resigned 01.04.88	Seychelloise	La Misere, Mahe
	Chritian Peyre	French	Belombre, Mahe
31-Dec-89	Guy Morel	Seychellois	Ma Constance
	Persi Pardiwalla (appt. 01.04.1988)	Seychellois	Belombre
	Antonio Lucas (appt. on 01.04.1988)	Seychellois	La Misere, Mahe
	Maryse Eichler de St Jorre	Seychelloise	Pointe Au Sel, Mahe
	Hassan Al-Ahdab (appt. 01.10.1988)	Syrian	Beau Vallon, Mahe
	Goerges Troian - appt. 01.04.89	Seychellois	La Misere, Mahe
	Patrick Lablache (appt. 01.04.1988)	Seychellois	La Misere, Mahe
	Christian Peyre	French	Belombre
31-Dec-90	Guy Morel	Seychellois	Ma Constance, Mahe
	Persi Pardiwalla	Seychellois	Belombre, Mahe
	Patrick Lablache - resigned 01.04.1990, re-appt. 01.08.1990	Seychellois	La Misere, Mahe
	Maryse Eichler, born Jorre De St Jorre	Seychelloise	Pointe Au Sel, Mahe
	Antonio Lucas - resigned 01.04.1990	Seychellois	La Misere, Mahe
	Hassan Al-Ahdab	Syrian	Mare Anglaise, Mahe
	Georges Troian	Seychellois	Belombre, Mahe
	Errol Dias - appt. 01.04.1990	Seychellois	c/o National House
	Norman Weber - appt. 01.04.1990	Seychellois	Le Cap, Mahe
	Maurice Lousteau Lalanne - appt.01.04.1990	Seychellois	La Misere, Mahe
31-Dec-91	Guy Morel (resigned 01.04.1991)	Seychellois	Ma Constance
	Persi Pardiwalla (resigned 01.02.1991)	Seychellois	Belombre, Mahe
	Patrick Lablache (resigned 01.04.1991)	Seychellois	La Misere, Mahe
	Maryse Eichler (resigned 01.02.1991)	Seychelloise	Pointe Au Sel
	Hassan Al-Ahdab (resigned 01.04.1991)	Syrian	Mare Anglaise
	Georges Troian (resigned 01.02.1991, re-appt. 01.04.1991)	Seychellois	La Misere, Mahe
	Errol Dias (resigned 01.02.1991)	Seychellois	c/o National House
	Norman Weber (resigned 01.04.1991)	Seychellois	Le Cap, Mahe

	Maurice Lousteau Lalanne (resigned 01.04.1991)	Seychellois	La Misere, Mahe
	Mukesh Valabhji (appt. 01.04.1991)	Seychellois	Victoria
	Francis Chang-Sam (appt. 01.04.1991)	Seychellois	Mare Anglaise
	Hugh Payet (appt. 01.04.1991)	Seychellois	Anse Aux Pins
	Ahmad Saeed (appt.01.04.1991)	Pakistani	c/o Ministry of Finance
31-Dec-92	Mukesh Valabhji	Seychellois	Victoria, Mahe
	Hughes Payet	Seychellois	Reef Estates, Anse Aux Pins
	Maurice Lousteau Lalanne (appt. 01.04.1992)	Seychellois	La Misere, Mahe
	Roger Toussaint (appt. 01.04.1992)	Seychellois	Anse Etoile, Mahe
	Emmanuel Faure (appt. 23.06.92)	Seychellois	La Misere, Mahe
	Francis Chang-Sam (resigned 01.06.1992)	Seychellois	La Misere, Mahe
	Goerges Troian (resigned 01.04.1992)	Seychellois	Belombre, Mahe
	Ahmad Saeed (resigned 01.04.1992)	Pakistani	c/o Ministry of Finance
31-Dec-93	Mukesh Valabhji	Seychellois	Revolution Avenue, Victoria
	Maurice Lousteau Lalanne	Seychellois	La Misere
	Emmanuel Faure (resigned 01.05.1993)	Seychellois	La Misere, Mahe
	Roger Toussaint (resigned 02.11.1993)	Seychellois	Anse Etoile
	Hugh Payet (resigned 01.05.1993)	Seychellois	Reef Estates, Anse Aux Pins
	Marc Benstrong (appt. 01.12.1993)	Seychellois	Hermitage, Mahe
	Prasanan Jayewardene (appt. 01.05.1993)	Sri-Lankan	Mare Anglaise
31-Dec-94	Mukesh Valabhji	Seychellois	Revolution Ave, Victoria
	Maurice Lousteau Lalanne	Seychellois	La Misere
	Marc Benstrong	Seychellois	Hermitage, Mahe
	Prasana Jayewardene	Sri-Lankan	Mare Anglaise, Mahe
31-Dec-95	Mukesh Valabhji	Seychellois	Revolution Avenue, Victoria
	Maurice Lousteau Lalanne	Seychellois	La Misere, Mahe
	Marc Benstrong	Seychellois	
	Prasana Jayewardene (resigned 09.02.95)	Sri-Lankan	Mare Anglaise
	Ranil Bibile (appt. 09.02.95)	Sri-Lankan	Mare Anglaise, Mahe
31-Dec-96	Mukesh Valabhji	Seychelloise	Revolution Avenue, Mahe
	Maurice Lousteau Lalanne	Seychelloise	La Misere, Mahe

	Marc Benstrong	Seychelloise	Hermitage, Mahe
	Ranil Bibile (resigned 01.09.96)	Sri-Lankan	Mare Anglaise, Mahe
31-Dec-97	Mukesh Valabhji	Seychelloise	Revoltion Avenue, Mahe
	Maurice Lousteau Lalanne	Seychelloise	La Misere, Mahe
	Marc Benstrong	Seychelloise	Hermitage, Mahe
31-Dec-98	Mukesh Valabhji	Seychelloise	Revoltion Avenue, Mahe
	Maurice Lousteau Lalanne	Seychelloise	La Misere, Mahe
	Marc Benstrong	Seychelloise	Hermitage, Mahe
31-Dec-99	Mukesh Valabhji	Seychelloise	Revoltion Avenue, Mahe
	Maurice Lousteau Lalanne	Seychelloise	La Misere, Mahe
	Marc Benstrong	Seychelloise	Hermitage, Mahe
31-Dec-00	Mukesh Valabhji	Seychelloise	Revoltion Avenue, Mahe
	Maurice Lousteau Lalanne	Seychelloise	La Misere, Mahe
	Marc Benstrong (resigned 29.02.2000)	Seychelloise	Hermitage, Mahe
31-Dec-01	Mukesh Valabhji	Seychelloise	Revoltion Avenue, Mahe
	Maurice Lousteau Lalanne	Seychelloise	La Misere, Mahe
31-Dec-02	Mukesh Valabhji	Seychelloise	Revoltion Avenue, Mahe
	Maurice Lousteau Lalanne	Seychelloise	La Misere, Mahe
31-Dec-03	Mukesh Valabhji	Seychelloise	Revoltion Avenue, Mahe
	Maurice Lousteau Lalanne	Seychelloise	La Misere, Mahe
31-Dec-04	Mukesh Valabhji	Seychelloise	Revolution Avenue, Mahe
	Maurice Lousteau Lalanne	Seychelloise	La Misere, Mahe



COSPROH



N.B: SHARES UP TO 40 % OF A,B,D,E,G,H,I COMPANIES WILL BE SOLD TO PROSPECTIVE SHAREHOLDERS

Exhibit 6

Details of the 39 Land Parcels COSPROH acquired through transfer from Government of Seychelles/purchases and their ultimate disposal

Exhibit 7 (a)

No	Parcel Number	Area (Square metres)	As of Year	How COSPROH became owner of the land parcels	Consideration	Stamp Duty	Transferred by COSPROH to Subsidiaries		Stamp Duty	Disposal during Privatisation to	Consideration	Stamp Duty
							Subsidiary Name	Consideration				
1	J141	79931 (19.75 Acres)	1990	Acquired by GOS in national interest from Port Glaud Development Co. Ltd and transferred	SR1	Free	Port Glaud Hotels Development	SR48,895,746	Free	Sold to Oceanic Mahe Beach Limited	\$11,400,000 (Approximately SR57,191,490)	Free
2	J1530	111	1994	GOS transferred			Port Glaud Hotels Development	SR1	Free			
3	Chauve Souris Island	7000	1990	GOS transferred	SR1	Free	Cote D'or Lodge Hotel Limited	SR400,000	Free	Transferred to GOS and GOS leased to Vacanze Seychelles Limited by GOS for 99 years	SR1	Free
4	PR1096	39803 (9.84 Acres)	1988	GOS transferred	SR1,600,000 (worth of shares)	Free	Cote D'or Lodge Hotel Limited	SR600,000	Free		SR1	Free
5	PR32	3644.2	2000	GOS transferred	SR1	Free	Cote D'or Lodge Hotel Limited	SR1	Free		SR1	Free
6	PR413	2306	2000	GOS transferred	SR1	Free	Cote D'or Lodge Hotel Limited	SR1	Free		SR1	Free
7	J146	20638 (5.10 Acres)	1996	After forfeiting land due to unlawful transaction by Dolmes Establishments GOS transferred	SR1	Free	Fisherman's Cove Hotel Limited	SR1	Free	Sold to Hotel Properties Limited	SR50,000,000	-
8	J67	11680	1982	After acquiring from Fisherman's Cove Limited for consideration of SR1,500,000 GOS transferred	SR1	Free	Fisherman's Cove Hotel Limited	SR15,750,590	Free			-
9	J68	20183	1982		SR1	Free	Fisherman's Cove Hotel Limited			Free	Subdivided and disposed of as detailed in Exhibit (8)	
10	J311	1175	1982	GOS transferred	SR1	Free	Fisherman's Cove Hotel Limited	SR1	Free	Sold to Bois Sagailles Estates Limited	SR300,000	SR187,000
11	J312	1739	1982	GOS transferred	SR1	Free		SR1	Free			
12	B32	26376.4 (6.52 Acres)	1990	GOS transferred	SR1	Free	Barbarons Beach Hotel Limited	SR35,950,720	Free	Sold to Telecom (Seychelles) Limited	SR100,000,000	-
13	B387	914	2003	GOS transferred	In exchange of parcel from COSPROH J769 & J1997	Free	Barbarons Beach Hotel Limited	SR1	Free			
14	B388	408	2003									
15	B668	7184	2003									
16	B669	6276	2003									
17	S3728	26332 (6.51 Acres)	1994	COSPROH acquired from Indian Ocean Hotels Seychelles Limited	SR347,588	31,758.80	-	-	-	Sold to GOS	SR621,000.00	Free
18	S121	31888 (7.87 Acres)	1984	COSPROH acquired 55.9% shareholdings in Indian Ocean Hotels Seychelles Limited remaining shares was held by Commonwealth Development Corporation	726,700 Shares @ SR10 each = SR3,143,825					Sold to Ste Anne Resort Limited	\$3,000,000 equivalent to SR17,524,800	Free
19	H344	5003	1982	GOS acquired from Norholme Limited represented by John Atkinson, Director and transferred	2000 shares @ SR1000 each = SR2,000,000	Free	Northolme Hotels Limited	SR6,896,668	Free	Sold to Huit Iles Company	\$3,400,000 (Equivalent to SR26,173,360)	Free
20	H202	15042	1982									

No	Parcel Number	Area (Sq metres)	As of Year	How COSPROH became owner of the land parcels	Consideration	Stamp Duty	Transferred by COSPROH to Subsidiaries		Stamp Duty	Disposal during Privatisation to	Consideration	Stamp Duty
							Subsidiary Name	Consideration				
21	H2074	48457 (11.97 Acres)	1988	GOS transferred	Allotment of shares worth SR2,000,000	Free	Vacoa Village Apartments Limited	SR3,197,460	Free	Subdivided and disposed of as detailed in Exhibit (8)		
22	V576	37162 (9.18 Acres)	1990	Land was forfeited to the Republic of Seychelles and transferred	SR1	Free	Bel Ombre Hotel Development Limited	SR1,740,000	Free	Transferred to GOS and GOS leased to Bel Ombre Hotels Developments Limited for 99 years	SR1	Free
23	V577	4617.5	1990							Subdivided and disposed of as detailed in Exhibit (8)		
24	V3807	35,493 (8.77 Acres)	1990							GOS transferred	SR1	Free
25	V579	3237.89	1988	Acquired from W C French Limited by GOS and transferred	Allotment of shares worth SR12,000,000	Free	Parcel remained on COSPROH	-	-	Title was cancelled by Govt on 7/7/2006.		
26	V588	3995.9	1988				Subdivided and disposed of as detailed in Exhibit (8)	**\$16,400,000 (approximately SR82,280,494)	Not sighted			
27	V589	33758 (8.34 Acres)	1988				Beau Vallon Bay Hotels Limited	SR30,216,538	Free	sold to Berjaya Leisure Group		
28	V3699	1469	1988						Free			
29	H251	1777.8	1987	COSPROH acquired from Seychelles Restaurant Limited	100 ordinary shares @ 500 each = SR50,00	Not sighted	Seychelles Restaurants Limited	SR680,686	Free	Sold to Ocean Properties Limited	SR640,000	SR67,000
30	H844	1627	1988	COSPROH acquired from National Commodity Company Limited	SR500,000	Free			Free			
31	PR2365	49420 (12.21 Acres)	1981	COSPROH acquired from Reinhard Deutschmann & Mrs Ulla Deutschmann	SR2,500,000	SR277,600	Parcel of land is still on COSPROH					
33	PR390	2301	1981				Flying Dutchman Hotels Limited	SR88,000	Free	Sold to Mr Ciro Pede & Mrs Liseanne Pede	**SR5,000,000, after Agents Commission SR1,000,000	
34	PR391	1069	1981				Flying Dutchman Hotels Limited		Free			
35	PR392	1032	1981				Flying Dutchman Hotels Limited		Free			
36	PR395	1825	1981				Flying Dutchman Hotels Limited		Free			
32	PR1483	60157 (14.87 Acres)	1994	GOS acquired from Yvonne Durup and transferred	SR1	Free	Sub-divided & PR2334 remained on Flying Dutchman Hotels Limited (see also Exhibit 8)	SR100,000	7,000			
37	PR1292	187459 (46.32 Acres)	1990	GOS transferred	SR1	Free	Anse Kerlan Hotel Limited	SR2,151,000	Free	Transferred to GOS	SR1	Free
38	PR1083	22256 (5.50 Acres)	1988	GOS transferred	Allotment of shares (2000 shares @ SR1000 each = SR2,000,000)	Free	Praslin Beach Hotel Limited	SR320,000	Free	Parcel does not exist on MLUH WEB GIS		
39	PR1128	3606	1988	GOS transferred			Praslin Beach Hotel Limited		Free	Anse Volbert Hotel Limited	**Berjaya Praslin Beach (Cayman) \$2,200,000 SR11,031,937	
TOTAL					SR3,347,602	SR309,359		SR146,987,415	SR7,000		SR151,561,006	SR254,000

Details of the land parcels divided and further subdivided into additional land parcels and their disposal

No	Original Parcel Number	Area (sq. m)	1st Subdivision/ Parcel Numbers	Area (sq. m)	2nd Subdivision/ Parcel Numbers	Area (sq. m)	3rd Subdivision/ Parcel Numbers	Area (sq. m)	Comments on the disposal of subdivided land parcels	
1	H2074	48457	H3187	42,285	-	-	-	-	COSPROH sold to ONEARN (Proprietary) Limited (ONEARN subdivided into H5403 and H5404)	
					H5403	10,034			Owned by ONEARN (Proprietary) Limited following subdivision	
					H5404	32,251			Owned by Emerald Holdings Company Limited following subdivision	
			H3188	792						All five parcels were transferred back to Republic of Seychelles and GOS disposed of them according its own policy
			H3189	733	-	-	-	-		
			H3190	1,068	-	-	-	-		
			H3191	1,216	-	-	-	-		
			H3192	2,358	-	-	-	-		
2	V588	3995.9	V9556	2,783	-	-	-	-	Transferred to Berjaya Beau Vallon Bay Beach Resorts Limited	
			V9557	311	-	-	-	-	-	Transferred back to Republic of Seychelles
3	V3807	35493	V8369	824	-	-	-	-	Transferred to Berjaya Beau Vallon Bay Beach Resort Limited	
			V8370	1,499	-	-	-	-		
			V8371	32,475	-	-	-	-	-	Close on sub-division into V9565 and V9566 by COSPROH
			-	-	V9565	657	-	-	-	Transferred to Berjaya Beau Vallon Bay Beach Resort Limited
			-	-	V9566	31,818	-	-	-	Closed on sub-division into V10114 and V10115 by COSPROH
			-	-	-	-	V10114	665	-	Sold to Marinette Soomery at SR47,500 by COSPROH
			-	-	-	-	V10115	31,153	-	Transferred to Republic of Seychelles (subsequently, leased to Bel Ombre Hotel Development Limited by GOS effective 16.07.2004)
			V8384	531	-	-	-	-	-	Transferred to Beau Vallon Bay Hotels Limited
V8385	164	-	-	-	-	-				

Exhibit 8 (b)

No	Original Parcel Number	Area (sq. m)	1st Sub Divided Parcel Number	Area (sq. m)	2nd Sub Divided Parcel Number	Area (sq. m)	3rd Sub Divided Parcel Number	Area (sq. m)	Comments on the disposal of land parcels	
4	J68	20183	J742	5,098	-	-	-	-	Transferred from COSPROH to Central Bank of Seychelles for SR60,000 on 26.04.1984. Transferred from CBS to GOS for SR1 on 06.08.2001	
			-	-	J2171	2,328	-	-	Closed on Sub-division to J2998 and J2999 by GOS	
			-	-	-	-	J2998	914	-	Transferred to Central Bank of Seychelles
			-	-	-	-	J2999	1,414	-	Transferred to Central Bank of Seychelles
			-	-	J2172	2,770	-	-	-	Transferred to Republic of Seychelles
			J743	15,085	-	-	-	-	-	Closed on sub-division to parcel J769 and J770 by COSPROH
			-	-	J769	10,974	-	-	-	Transferred to Republic of Seychelles in exchange of parcels B387, B388, B668 and B669
			-	-	J770	4,143	-	-	-	Close on sub-division to J807 and J808 by COSPROH
			-	-	-	-	J807	1,721	-	Parcel is still on COSPROH
			-	-	-	-	J808	2,422	-	Close on sub-division to J1996 and J1997 by COSPROH
			-	-	-	-	J1996	1,317	-	Parcel is still on COSPROH
			-	-	-	-	J1997	1,106	-	Transferred to Republic of Seychelles in exchange of B387, B388, B668 and B669
			5	PR1483	60157	PR2334	10,542	-	-	-
PR2335	49,615	-				-	-	-		
-	-	-				-	J3443	317	-	
-	-	-	-	-	-	J3444	788	-		



Registration Division
For Official Purpose Only
Date: 14/5/19

COMPANY NO. 794

COMPAGNIE SEYCHELLOISE DE PROMOTION HOTELIERE LIMITED

A COMPANY LIMITED BY SHARES

DIRECTORS' RESOLUTIONS

We resolve:

1. That we Mukesh Valabhji of Sans Soucis, Mahe, and Maurice Lousteau Lalanne of La Misere, Mahe, both directors of Compagnie Seychelloise de Promotion Hoteliere Limited and its shareholders hereby declare as required by section 253 of the COMPANIES ACT, 1972 that we have made a full inquiry into the affairs of the company and that having so done, we have formed the opinion that the company will be able to pay its debts in full within 30 days from the commencement of the winding up.

Dated this 15th day of February 2006

[Signature]
Mukesh Valabhji (Mr)
DIRECTOR

[Signature]
Maurice Lousteau-Lalanne (Mr)
DIRECTOR

SEYCHELLES
 Registered on 31.3.2006
 Paid R 50/-
 C.B.No. 1855
[Signature]
 Registrar General

507.

COMPANY NO: 794

COMPAGNIE SEYCHELLOISE DE PROMOTION HOTELIERE LIMITED

A COMPANY LIMITED BY SHARES

EXTRACT OF MINUTES AND RESOLUTIONS PASSED BY THE MEMBERS OF
COMPAGNIE SEYCHELLOISE DE PROMOTION HOTELIERE LIMITED ON 14TH JUNE
2006

It was resolved:

1. That the company has completed its objectives and by virtue of the directors resolutions and declaration dated 15th February 2006 it is hereby agreed that Compagnie Seychelloise de Promotion Hoteliere Limited goes into Members' voluntary winding up with effect from 15th June 2006.
2. That Noelin Lewis Didon of Cacao Estates, Anse Aux Pins, Mahe, is appointed liquidator of the company.
3. That Liquidation of Compagnie Seychelloise de Promotion Hoteliere Limited be completed by 31st July 2006.

Dated this

16th

day of

June

2006


Noelin, Lewis Didon
COMPANY SECRETARY



C842542 - 794.

Rec'd 16/06/06

Didon

No. of Company 794

(Liquidation account)

LIQUIDATOR'S STATEMENT OF ACCOUNT (MEMBERS' OR CREDITORS' VOLUNTARY WINDING UP)

Statement showing how the winding up has been conducted and the property of the Company has been disposed of

NAME OF COMPANY: COMPAGNE SEYCHELLOISE DE PROMOTION HOTELIERE LIMITEE (in liquidation)

PRESENTED BY: BOELIN LEON BIRSON LIQUIDATOR

MEMBERS'/CREDITORS' VOLUNTARY WINDING UP*

From 15th June 2006, 192006 (Commencement of Winding up) to 15th June 2006, 192006 (Close of Winding up)

RECEIPTS—	Statement of Assets and Liabilities		Receipts		Payments
	R.	cts.	R.	cts.	
Cash at bank					R. cts.
Cash in hand	219,930.15	00			
Marketable securities	0.00	00			
Sundry debtors	8,000.00	00			
Stock in trade	0.00	00			
Work in progress	0.00	00			
Freehold property	0.00	00			
Leasehold property	0.00	00			
Plant and machinery	0.00	00			
Furniture, fittings, utensils, etc.	69,370.41	00			
Patents, trade marks, etc.	0.00	00			
Investments other than marketable securities	0.00	00			
Securities	0.00	00			
Surplus from securities	0.00	00			
Unpaid calls at commencement of winding up	0.00	00			R. cts.

Costs of advocate to liquidator		R. cts.
R.	cts.	
Other law costs	0.00	
Liquidator's remuneration	Fixed 30,000.00	
Where applicable:		
% on R. realized	0.00	
% on R. distributed	0.00	
By whom fixed	By the company	
Auctioneers' and valuers' charges	0.00	
Costs of possession and maintenance of estate	0.00	
Costs of notices in Gazette and local papers	0.00	
Incidental outlay	0.00	
Total costs and charges	0.00	



ANALYSIS OF BALANCE

Total realizations	R. 21,963,066.15
Total disbursements	NIL
	4,963,066.15
BALANCE	R. 21,963,066.15

The balance is made up as follows:

1. Cash in hand of liquidator	R. 21,963,066.15 cts
2. Total payments into Bank, including balance at date of commencement of winding up (as per bank book)	NIL
Total withdrawals from bank	NIL
Balance at bank	SR 21,963,066.15 cts
3. Account in Companies Liquidation Account	SR 21,963,066.15 cts
*4. Amounts invested by Liquidator	NIL
Less amounts realized from same balance	NIL
TOTAL BALANCE AS SHOWN ABOVE	

* The investment or deposit of money by the Liquidator does not withdraw it from the operation of section 331 of the Companies Act, and any such investments representing money held for six months or upwards must be realized and paid into the Companies Liquidation Account, except in the case of investments in Government securities the transfer of which to the control of the Official Receiver will be accepted as a sufficient compliance with the terms of the section.

NOTE: 1. Full details of stocks purchased for investment and of realization thereof should be given in a separate statement.

NOTE: 2. The Liquidator should also state:—

(a) The amount of the estimated assets and liabilities at the date of the commencement of the winding up.

Assets (after deducting amounts charged to secured creditors and debenture holders) .. R. NIL

ASSETS SR 30,032,436.56 cts

Liabilities:—

Secured creditors C.F.D .. R. 59,673,403.16

Debenture holders .. R. NIL

Unsecured creditors .. R. 2,485,699.23

LIABILITIES SR 62,159,102.39 cts

(b) The total amount of the capital paid up at the date of the commencement of the winding up.

Paid up in cash .. R. NIL
Issued as paid up otherwise than for cash .. R. NIL

(c) The general description and estimated value of outstanding assets (if any).

(d) The causes which delay the termination of the winding up.

FINALISING LEGAL DOCUMENTS

(e) The period within which the winding up may probably be completed.

30th SEPTEMBER, 2006

Rec'd 12/09/06

N. Didon 512168

(Premier Services)

**COMPAGNIE SEYCHELLOISE DE PROMOTION HOTELIERE
LIMITED**

STATEMENT OF AFFAIRS AS AT 15TH JUNE 2006.

Assets

SCR

Cash At Bank	21,963,066.15
Receivable From GOS (Note 01)	8,000,000.00
Office Equipment	4,650.00
Furniture & Fixtures	64,720.41
Total	30,032,436.56

Liabilities

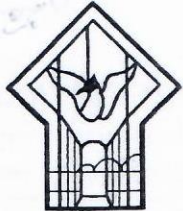
Government Of Seychelles	2,082,704.66
CFD Loan	59,673,403.16
Audit Fees Payable	5,000.00
Other Provisions	356,199.57
Assets Revaluation Reserve	113,365.00
Gratuity Reserve	41,795.00
Share Capital	131,000,000.00
Retained Profits	(163,240,030.83)
Total	30,032,436.56

(Note 01) Transfer of Cote D'or lodge shares

Examined

Arvel Arivalé

**MOREL & ASSOCIATES
CHARTERED ACCOUNTANTS**



COSPROH


COMPAGNIE SEYCHELLOISE DE PROMOTION HOTELIERE LTD

P.O. Box 683,
1st Floor, Maison du Peuple, Victoria, Mahe, Seychelles.
Tel: (+248) 224694 Fax: (+248) 225291
Telegram: COSPROH E-mail: admin@cosproh.sc

COSPROH

FINAL STATEMENT OF AFFAIRS OF COMPAGNIE SEYCHELLOISE DE PROMOTION HOTELIERE LIMITED (IN LIQUIDATION)

This is the final STATEMENT OF AFFAIRS OF COMPAGNIE SEYCHELLOISE DE PROMOTION HOTELIERE LIMITED with Final Tax Clearance Certificate issued by the Commissioner of Taxes.


N.L.DIDON
LIQUIDATOR

Recd 11/10/06 N.L. Didon p.

**COMPAGNIE SEYCHELLOISE DE PROMOTION HOTELIERE
LIMITED**

FINAL STATEMENT OF AFFAIRS .

Assets

SCR

Cash At Bank	21,594,491.96
Receivable From GOS (Note 01)	8,000,000.00
Office Equipment	4,650.00
Furniture & Fixtures	64,720.41

Total **29,663,862.37**

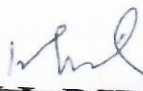
Liabilities

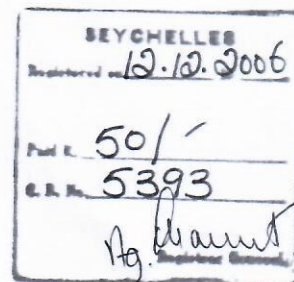
Government Of Seychelles	2,082,704.46
CFD Loan	59,673,403.16
Sundry Payable Provisions	199,438.36
Assets Revaluation Reserve	113,365.00
Share Capital	131,000,000.00
Retained Profits	(163,405,048.61)

Total **29,663,862.37**

(Note 01) Transfer of Cote D'or lodge Limited shares

Examined


N.L.DIDON
LIQUIDATOR



Encl: Tax Clearance Certificate

THE COMPANIES ACT 1972
SECTION 259 (4)

Compagnie Seychelloise De Promotion Hoteliere Ltd
Co. No. 794

This serves to Certify that Compagnie Seychelloise De Promotion Hoteliere Ltd has completed the formalities in relation to Members' Voluntary winding up and the company will be dissolved within a period of three months effective 12th December, 2006

Dated this 14th December, 2006


L. CHARLETTE
AG. REGISTRAR OF COMPANIES



Exhibit 14



NOUVOBANQ

Seychelles International
Mercantile Banking Corporation Ltd

NOUVOBANQ SIMBC
VICTORIA HOUSE BRANCH

01002-003037-00-6
IMPERSONAL CURRENT ACCOUNTS

THE DIRECTORS
COSPROH
P.O. BOX 683
VICTORIA
MAHE

30 NOV 06

92-0001

BALANCE BROUGHT FORWARD
NOV 06 SERVICE FEE APPLIED

124.00

21,084,625.56
21,084,501.56

Your Clear Balance As At Today's Date Is

21,084,501.56

***** COMPUTER ARCHIVE COPY *****

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