

National Dividend Distribution Policy for the Public Enterprises



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1. Introduction

The Government of Seychelles adopted the following *National Dividend Distribution Policy for Public Enterprises* (the Policy) on 4th December 2020. The Policy applies to all Public Enterprises (*PEs*) and aims at establishing a transparent framework, discipline, and processes by which the (*PEs*) make dividend payments to the Responsible Ministries¹, in return for the equity invested by the Government of Seychelles (*GoS*).

The policy outlines the expectations of the Responsible Ministries for the proposal and actual payments of dividends by PEs.

The policy aims to guide stakeholders throughout the dividend distribution process and the adoption of a top-down approach of good governance practices², from the GoS to the Responsible Ministries and down to the Board of Directors (*the Board*) of the PEs.

The Public Enterprise Monitoring Commission (*the Commission*) shall review the policy every three (3) years, after due deliberation with the, Minister responsible for Finance, the Responsible Ministries and Board of Directors of PEs and submit it to the Cabinet of Ministers for approval. The reviewed policy will have the ‘Reviewed/ Revised’ date noted and recorded on the policy heading.

2. Purpose of the Policy

The Policy seeks to:

- recognize the opportunity cost of equity invested by the GoS;
- establish a clear, structured and formalized communication lines and framework to improve transparency and accountability of the Responsible Ministries and the PEs’ expectations regarding the distribution of dividends from PEs;
- establish a documented and formalized process for the setting of the PEs’ financial performance and dividend targets by the Responsible Ministries and the PEs;
- establish clear communication and reporting lines between the GoS, Responsible Ministries and the Board of PEs for the discussions, requests and authorizations for payment of dividends;
- balance between the PEs’ respective cash flow requirements and the retention of excess cash or financial investments when determining dividend payments;

¹ As per Schedule 1 of the PEMC Act 2013

² Code of Governance for Public Enterprise

- provide a process for the setting and agreeing dividend targets, with consideration of the PEs equity and key financial ratios; and
- achieve a balance between the strategic direction of PEs and the annual payments of dividends to the GoS.

3. Application of the Policy

This policy applies to all Public Enterprises listed in Schedule 1 of the Public Enterprise Monitoring Commission Act 2013 (*the Act*) and any subsequent PEs established after the commencement of the Act. The application of the policy shall depend on the respective legal nature, ownership and stewardship structure of the PEs under their enabling/governing legislations³.

3.1 Limited Liability Companies (LTD)

i. Legal Structure

Such PEs are incorporated as LTD under the *Companies Ordinance 1972 (the Ordinance)*, consisting of:

- the Société Seychelloise D'Investissement (SSI), established as a holding company to hold shares in its subsidiaries on behalf of the GoS;
- subsidiaries of SSI (**Appendix 1**) established to perform various commercial functions and public services obligations (**PSOs**)/community service obligations (**CSOs**);
- other LTDs which are not subsidiaries of SSI, such as and Seychelles Postal Services Ltd Company and the Air Seychelles Ltd and its subsidiary, Airport Equipment Services Ltd.

ii. Ownership and Stewardship

a) Shareholders

The term '*Shareholders*' shall have the same meaning as assigned to it by section 23 (1)⁴ of the *Companies Ordinance 1972 (the Ordinance)*. The GoS is the majority shareholder of the PEs incorporated under the Ordinance.

³ **Appendix 1** – List of Public Enterprises in 2019

⁴ **Appendix 2 – Section 23 of Companies Ordinance 1972:** Definition of members and shareholders

This policy shall make the same provisions for the ‘Protection of Minority Shareholder’ of companies, as prescribed under section 201⁵ of the Ordinance, where the PE has multiple Shareholders.

b) Board of Directors (the Board)

The Board, where the PE is an LTD, shall ‘*be the Board of Directors of such a company*’⁶. The Ordinance prescribes not less than 2 Directors⁷, whilst the PEMC Act prescribes that the Board should consist between 5 to 9 persons, including CEO⁸.

3.2 Corporate Bodies

i. Legal Structure

These are PEs established under their respective enabling/governing legislations, e.g. the Seychelles Ports Authority (SPA) established under the SPA Act 2004.

ii. Ownership and Stewardship

a) Shareholders

These PEs are autonomous corporate bodies created by their enabling/governing legislations. They have no shareholdings and are wholly owned by the GoS.

b) Board of Director

The term ‘*Board*’ where a PE is a corporate body shall apply to the ‘*persons occupying responsible positions that are comparable with those of the Directors of a company, in or in relation such Public Enterprise under its governing law and regulations.*’⁹

The Board structure of such PEs are prescribed in their respective enabling legislations and are different from the Board structure prescribed by section 23 (c) the PEMC Act.

4. PE Sector Dividend Policy

The Shareholders and the Board of PEs are responsible for negotiating and establishing their respective dividend policy, which involves:

⁵ **Section 201 of Companies Ordinance 1972** - Protection of minority shareholders

⁶ **PEMC Act 2013: Interpretation** - Board

⁷ **Section 163 of Companies Ordinance 1972** - Appointment of directors.

⁸ **Section 23 (c) of the PEMC Act 2013** - The Board of each Public Enterprise shall consist of not less than five and not more than nine persons including the Chief Executive Officer of that Public Enterprise

⁹ **PEMC Act 2013: Interpretation** - Board

1. Negotiating, and forecasting and setting the ‘**profit and dividend targets**’ for 3 years to incorporate in the ‘*Statement of Corporate Intent*¹⁰’ (**SCI**) for strategic forecasting purposes and at the beginning of each financial year to incorporate in the PEs’ annual ‘*Statement of Performance Expectations*¹¹’ (**SPE**) as per section 4.1 below;
2. proposing ‘**dividends recommendations**’ payable in the current financial year, within three months after the end of the PEs’ previous financial year, from the PEs’ ‘**distributable profit**’ in their audited financial statements (**AFS**); and
3. making statement of the ‘**actual dividends paid/payable**’ (‘*Statement on the Dividend Distribution Policy*’ (**SDDP**)) in the PEs’ Annual Report.

The disposal of ‘*distributable profit*’ of the Ltd shall be as prescribed in section 160 of the Ordinance¹². As per the Ordinance, the Board may declare the dividends ‘*out of profit (including profits carried forward from previous financial years) and the revenue reserves of the company computation as shown by the annual accounts of the company approved by an annual general meeting.*’¹³

In the case of corporate Bodies established under their respective enabling/governing legislation, the Board may declare the dividends out of ‘**net profit after tax (including accumulate profits and revenue reserves carried forward from previous financial years)**’.

5. Negotiating, Recommending and Paying Dividends

The Board of each PE shall ensure that minutes of meetings and any subsequent documents derived from the following process are appropriately documented and filed.

5.1 Negotiating Dividend Targets for 3 years in the SCI and Annually for the SPE

During the process of negotiating the dividend targets for the SCI and the SPE respectively, the Responsible Ministries/Shareholders, MOFTIEP and the Board of the PEs should agree on the dividends targets after consideration of the following:

- ensure that they have received and based their decision on quality and timely information on the strategic and financial performance of their respective PEs;

¹⁰ The Commission shall issue the ‘Guidance/Guidelines for the preparation of the SCI for PEs’

¹¹ The Commission shall issue the ‘Guidance/Guidelines for the preparation of the SPE for PEs’

¹² **Appendix 3 – Section 160 of Companies Ordinance 1972:** Disposal of Profits

¹³ **Appendix 4 - Section 161 of the Companies Ordinance 1972:** Dividends to be paid only out of profits and reserves; computation of profits

- consider the balance between financial strategy, performance and position of each PE before determining and declaring the annual dividend payments. Consideration must be given to the PEs' future funding and cash flow requirements required to continue to create value whilst generating revenue for the Shareholders;
- not be adjusted to include/incorporate/subsidies any forecasted or sunk costs for the provision of Public Service Obligations (PSOs)/Quasi Fiscal Activities (QFAs);
- take into account the dividend expectation of the Shareholders (GoS/Minority Interests) in return for their investments;
- balance between the annual payments of dividends and the retention of cash flow or investments in excess of the PEs' respective financial requirements unless it's part of their mandate, core operation, or future endeavors¹⁴;
- take into account the PEs Investment and Capital Expenditure Plans approved by the PEs Board, their Responsible Ministry and by the Development Committee where the project meets the threshold of approval of the Development Committee.
- Ensure that any decisions made on the dividends should be in the best interest of the PEs and not jeopardize their survival or financial position in instances where GoS/MOFTIEP has specific/special dividend expectations.

a) Where GoS has 100% Ownership

The Board should negotiate, agree and document the performance and dividend targets of the PEs for the upcoming three (3) years in their respective 'Statements of Corporate Intent' (SCIs) and submit to the Responsible Ministers/Shareholders and the Commission as per section 34 of the Act.

The estimated dividend targets should be distributed annually for each year covered by the PEs' SCI as per section 35 (1) (e) of the Act.

b) Where GoS has majority Ownership

The performance and dividend targets of the PEs for the upcoming 3 years should be negotiated and documented in their respective SCIs by their respective Board.

¹⁴ The funds to be retained by the PEs for their investment should be supported by an investment

The Board shall submit the SCIs to a consortium, consisting of representatives of the majority shareholder, i.e., the Responsible Ministries/GoS, and to the minority shareholders.

5.2 Annual Dividend Recommendations

The Board of PEs should ‘*hold an Annual Meeting not more than 3 months after the close of the financial year of the PE.....to make recommendations on the payment of dividends by the Public Enterprise.*’¹⁵

The dividend recommendations should include:

- ‘*distributable profit*’ based on SCI and financial forecasts;
- the rationale for the recommended dividends;
- the recommended dividend for the year; and
- Explanations of any variations or departure from specifications in the SCI of the respective PE.

They should make submit a *dividend recommendation letter*¹⁶ to the Responsible Ministries/Shareholders and MOFTIEP proposing the annual dividend recommended, including the payment method and the schedule of payment, after consideration of the factors previously mentioned in 4.1, from the ‘*distributable profit*’ derived from the PEs’ AFS of the previous financial year.

5.3 Shareholders’ approval of dividend to be declared

Dividends declared for the year should be based on the PEs’ previous year’s financial performance, cash flow and distributable profit, as well as retained earnings and reserves. The Shareholders/Responsible Ministries and MOFTIEP should review the written dividend recommendation by the Board of their respective PEs and reach an agreement on the recommended dividend payable.

The Shareholders/Responsible Minister may issue written instructions or making other adjustments, to the PEs annual dividend recommendations, which satisfies the factors in 4.1 as per their powers under Section 30¹⁷ of the PEMC Act 2013.

¹⁵ **Schedule 3 (Section 27) Rules Relating To Board Meetings (1) (a) (ii) Of The PEMC Act 2013**

¹⁶ **Appendix 5 – Proposed Content of Dividend Recommendation Letter**

¹⁷ **Section 30 of the PEMC Act 2013 – Directions of the Responsible Minister:** The Responsible Minister may give the Board of a Public Enterprise written directions on the policy to be followed by the Board or those of a general nature relating to the performance of its functions or its management that does not contradict with this Act or any other governing law and the Board shall comply with the directions.

The Shareholders/Responsible Ministries and MOFTIEP should enter into further negotiations with the Boards of PEs where there are significant/material variations between the dividends recommended for declaration and the actual dividend paid/payable by their respective PEs.

The Boards of the PEs should notify the Shareholders/Responsible Ministries, as soon as possible, where there is high likelihood that their respective PEs will be facing difficulties in meeting the forecasted profitability and dividend targets and payments, and provide explanations for not achieving the agreed targets. This will enable MoFTIEP to adjust its forecasts accordingly in a timely manner and understand what is causing a deviation from a PEs expected performance, and if possible, limit its effects at an early stage.

5.4 Actual and final Dividends Paid/Payable for the year in the Annual Report

Once the dividend payable has been agreed, the Board should declare the amounts payable, the method and the schedule of payment at an Annual meeting. The Board of PEs should declare and make dividend payments for that particular year from the previous year's financial performance in their respective SDDP after obtaining the approval of the Shareholders/Responsible Ministries.

The dividend shall be deemed declared once the Shareholders approve the amount that has been agreed by the 3 parties. Dividends payable should not create financial, reputational or going concern risks to the enterprise. All dividends to be paid in respect to net profits generated in a financial year should be declared to the MoFTIEP and paid in the consolidated fund of the Treasury the following year.

5.5 Special Dividends

The Shareholders/Responsible Ministers may seek special dividends, under section 42 – *Powers of the Responsible Minister* of the PEMC Act, which may be payable out of the PEs' excess cash or funds earned from investments in financial assets outside of the PEs' core business operations and being retained without any justifiable strategic reasons.

'Excess cash or funds' is defined as cash in excess of the PE's working capital, financial and contingency requirements.

There is an opportunity cost to the Shareholders from the retention of funds, cash or financial investments by PEs:

- whose core business operations/modus operandi does not entail investments in financial assets;
- that has failed to strategically plan and allocated the use of the excess funds in line with their respective objectives and mandate; and

- that has knowingly or poorly allocated the excess funds or used the excess funds to avoid making dividend payments to the Shareholders.

The Responsible Minister/Shareholders and MoFTIEP shall issue written direction to the Board of the PEs to pay a special dividend after consultation with the respective Board that the PE has sufficient liquid assets to meet its working capital, contingent and financial obligations after it pays the special dividend. The decision for special dividends should not place the enterprise at risk of financial failure or difficulties.

The application and implementation of provisions of section 42 shall depend on the nature and the ownership structure of the PEs.

a) Where the GoS has 100% ownership of the PE

The Responsible Minister may exercise the provisions of section 42 (b) (i). Any decisions taken and implemented under this section should be done after consultation with the Board and consideration of the factor in 4.1 above.

The Responsible Minister shall ensure that all the relevant documentation pertaining to the decision is communicated to the Board of PEs for record keeping.

b) Where the GoS has majority ownership of PE

The Responsible Minister may exercise the provisions of section 42 (b) (i) after due consultation and negotiations with the Minority Shareholders. The Responsible Minister should ensure that any decisions taken and implemented under this section should be done after obtaining the written consent and approval of the Minority Shareholder.

Failure to do so might result in a breach of section 201 - *Protection of Minority Shareholders* of the Ordinance.

The Board should maintain minutes of such meetings and file any copies of the documentation.

6. Dividends Distribution

6.1 Payments of Dividends

Dividend payments should be paid in arrears in a particular financial year, from the previous year(s) financial performance.

The Shareholders/Responsible Ministry, MOFTIEP and the Board of PEs should discuss and agree on the method of payment, the instalments (if any) and the date of the payments.

a) *Subsidiaries to Parent Company*

All dividend payments from subsidiaries to Shareholders should be paid directly into the accounts of its parent/holding company and the designated accounts of the minority shareholders.

Dividend payments to other the minority shareholders should be deposited in the minority shareholder's designated accounts.

b) *Total or Majority Ownership*

All direct dividend payments on GoS' ownership of the PEs shall be deposited directly into the consolidated fund in cash through the MoFTIEP/Treasury.

6.2 Payments of Special Dividends

Special dividend payments should be paid in arrears from '*excess cash or funds*', after consideration of Part 4 (v) above, and deposited directly into the consolidated fund in cash through the MoFTIEP/Treasury.

6.3 Limitations on the payment of dividends

a) *Dividends*

The annual dividend payments made by PEs to the Shareholders/Responsible Ministries shall:

- be capped by and not exceed the annual retained earnings of the respective PE;
- not be made from the reserves or from funds committed for the payments of future liabilities, contingencies and obligations; and
- not be paid or subsidized from funds obtained from the borrowings of the PE, asset revaluation surpluses, subventions from GoS/MOFTIEP or any other sources which has been allocated to the PE for reasons and purposes and not for the payment of dividends.

b) *Special Dividends*

The payments of special dividends should:

- only be paid out of profits and revenue reserves of the PEs where there is an '*Excess cash or funds*' as previously mentioned in section 4 (v) above, and after negotiation and agreement with the Board of the PE; and

- be subjected to the same prescriptions of 5.2 above.

7. Accounting for Dividend

Dividends should be recognized in the year they declared by the Board of PEs and approved by the Responsible Ministry/Shareholders.

Appendix 1 - List of Public Enterprises in 2019

Public Enterprises	PE sector	GoS Ownership	Shareholding/Ownership Structure	Total Value of shareholding	Parent Ministry	Subsidiaries	Minority Interest	Enabling Legislation	Board Structure Under enabling Legislation
Société Seychelloise d'Investissement Ltd	Services and Development	100%	99 Shares held by the GoS 1 share held by Mr. Patrick Payet ¹⁸	100 shares at SCR100=SCR SCR10,000 ¹⁹	MOFEPT	SEYPEC	41% in SCS Ltd	Co. Act 1972	Not Less than 2 Directors.
						IDC	40% in IOT		
						BDRI	40% in IPHS		
						L'UE Ltd	40% in Seyloin Ltd		
						PS Ltd			
						2020 DC Ltd			
						PDEE Ltd			
						STC Ltd			
						SIMBC (Nouvobanq)			
SCB									
Seychelles Petroleum Company Ltd	Energy	100%	1,999 shares held by SSI at SCR 25,000 =SCR 49, 975,000 1 share held by Mrs Lekha Nair at SCR25,000= SCR 25,000 ²⁰	SCR 50,000,000 USD 8,595,053 ²¹	OVP	Seychelles Progress		Co. Act 1972	Not Less than 2 Directors.
						Seychelles Patriot			
						Seychelles Pioneer			
						Seychelles Prelude			
Seychelles Progress	Energy	100%	2000 shares held by SEYPEC at 1UK pound each ²²	GBP 2,000	OVP			Isle of Man Co. Acts	*

¹⁸ Source: Annual Return 2018 of SSI registered on 19.03.2019

¹⁹ Source: Annual Return 2018 of SSI registered on 19.03.2019

²⁰ Source: Annual Return 2016 of SEYPEC registered on 07.10.2016

²¹ Source: Audited Financial Statement 2018 of SEYPEC, pg. 4 and 40

²² Source: Audited Financial Statement 2017 of Seychelles Progress

Seychelles Patriot	Energy	100%	2000 shares held by SEYPEC at 1UK pound each ²³	GBP 2,000	OVP			Isle of Man Co. Acts	*
Seychelles Pioneer	Energy	100%	2000 shares held by SEYPEC at 1UK pound each ²⁴	GBP 2,000	OVP			Isle of Man Co. Acts	*
Seychelles Prelude	Energy	100%	2000 shares held by SEYPEC at 1UK pound each ²⁵	GBP 2,000	OVP			Isle of Man Co. Acts	* ²⁶
Islands Development Company Ltd	Services and Development	100%	213,309 shares held by SSI 1 share held by GoS ²⁷ SCR 21,330,924 for other consideration ²⁸	213,310 shares at SCR 100=SCR 21,331,000 issued for cash	OVP	GICC	0.1% Green Tree	Co. Act 1972	Not Less than 2 Directors.
						GOIC	0.1% Green Oak		
						GTIC	20% Poivre Island Lodge		
							20% Paradise Marine Ltd		
							20% Platte Island Development Ltd		
Green Island Construction Company Ltd	Services and Development	100%	999 shares held by Mr Patrick Lablache for and on behalf of IDC 1 share held by Mr Steve Fanny c/o MoF ²⁹	1000 shares at SCR 100 =SCR 100,000	OVP			Co. Act 1972	Not Less than 2 Directors.
Green Tree Investment Company Ltd	Services and Development	100%	999 shares held by Mr Patrick Lablache for and on behalf of GICC 1 share held by Mr Glenn	1000 shares at SCR100 =SCR 100,000	OVP			Co. Act 1972	Not Less than 2 Directors.

²³ Source: Audited Financial Statement 2017 of Seychelles Patriot

²⁴ Source: Audited Financial Statement 2017 of Seychelles Pioneer

²⁵ Source: Audited Financial Statement 2017 of Seychelles Prelude

²⁶ *The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall, when the number of directors exceeds three, be three, and shall, when the number of directors does not exceed three, be two. (Source: Isle of Man Companies Act 1931, pg. 220)

²⁷ Source: Annual Return 2018 of IDC registered on 27.07.2018

²⁸ Source: Annual Return 2018 of IDC registered on 27.07.2018

²⁹ Source: MOA of Green Island Construction Company Ltd ,dated 24.04.2012

			Savy for and on behalf of IDC ³⁰						
Bois de Rose Investment Ltd	Services and Development	100%	9,999,999 shares held by SSI 1 share held by Steve Fanny ³¹	10,000,000 shares at Euro 1= 10,000,000 Euros ³²	MOFEPT			Co. Act 1972	Not Less than 2 Directors.
L'Union Estate Ltd	Services and Development	100%	72,924 Shares held by SSI at SCR100= SCR7,292,400 1 share held by Mr Mark Benstrong at SCR100= SCR 100 ³³	SCR 7,292,500	OVP			Co. Act 1972	Not Less than 2 Directors.
Petro Seychelles Ltd	Energy	100%	99 Shares held by SSI at SCR10,000 1 share held by Mr. Patrick Payet at SCR 10,000 ³⁴	SCR 1,000,000	OVP			Co. Act 1972	Not Less than 2 Directors.
Seychelles Trading Company Ltd	Services and Development	100%	99 Shares held by SSI at SCR100 =SCR 9,900 1 share held by Mr. Patrick Payet at SCR100= SCR100 ³⁵	SCR 10,000	MOFEPT		0.04% in SCB	Co. Act 1972	Not Less than 2 Directors.
2020 Development (Seychelles) Ltd	Services and Development	100%	99 ordinary shares held by SSI at SCR100 = SCR 9,900 1 share held by Mr. Barry Faure at SCR100= SCR 100 ³⁶	SCR 10,000	MOFEPT			Co. Act 1972	Not Less than 2 Directors.

³⁰ Source: MOA of Green Tree Investment Company Ltd dated 29.01.2014

³¹ Source: Annual Return 2018 of Bois de Rose Investment Ltd registered on 25.02.2019

³² Source: Annual Return 2018 of Bois de Rose Investment Ltd registered on 25.02.2019

³³ Source: Annual Return 2018 of L'Union Estate Company Limited dated 15.01.2019

³⁴ Source: Transfer of Shares document dated 04.12.2013

³⁵ Source: Annual Return 2016 of STC registered on 02.06.2017

³⁶ Source: Annual Return 2017 of 2020 Development (Seychelles)Limited registered on 12.09.2018

Paradis des Enfants Entertainment Ltd	Services and Development	100%	99 Shares held by Veronique Laporte for and on behalf of SSI 1 share held by Mr Patrick Payet c/o Ministry of Finance ³⁷	100 shares at SCR100=SCR 10,000	MOFEPT			Co. Act 1972	Not Less than 2 Directors.
Seychelles Pension Fund	Financial	Owned by members of the Fund.	Owned by members of the Fund.	Not Applicable	MOFEPT	OICL	26% in Seychelles Breweries Ltd	SPF Act,2005	Not more than 10 members. The quorum is 7.
							30% in Al Salam Bank		
							22% Cable and Wireless ³⁸		
Opportunity Investment Company Ltd	Financial	51%	51 shares held by Seychelles Pension Fund at SCR 100= SCR 51,00 ³⁹ 49 shares held by Swan International Company Limited at SCR100=SCR 49,00 ⁴⁰	100 shares at SCR100= SCR10,000	MOFEPT			Co. Act 1972	Not Less than 2 Directors.
Air Seychelles Ltd	Transport	60%	390,000 shares held by the Government of Seychelles at SCR 1000 = SCR390,000,000 260,000 shares held by Etihad Airways PJSC at	SCR 650,000,000 ⁴²	MT			Co. Act 1972	Not Less than 2 Directors.

³⁷ Source: MOA of Paradis des Enfants Entertainment dated 14.04.2014

³⁸ Source: SPF AFS 2019

³⁹ Source : Annual Return 2008 of OICL registered on 12.08.2009

⁴⁰ Source: MOA of OICL Ltd dated 13.01.2006

⁴² Source: Unanimous written declaration of the shareholders of the Company, registered on 21.06.2012

			SCR1000 = SCR260,000,000 ⁴¹						
Development Bank of Seychelles	Financial	61%	Pending Information requested from Registrar.	Authorised shares = SCR40,000,000 Issued and fully paid shares = 39,200,000 ⁴³	MOFEPT			DBS Decree 1991	Not more than 10 or less than 5 other members. The quorum is 4.
Financial Services Authority	Financial	100%	Entity is fully owned by the government of Seychelles and does not have any issued share capital	Not Applicable	MOFEPT			FSA Act, 2013	The Board should consist of 10 members. The quorum is 6.
Housing Finance Company Ltd	Financial	100%	19,900 shares held by the GoS at SCR 1,000 = SCR 19,900,000 100 shares held by Mr Patrick Payet at SCR 1,000 = SCR100,000 ⁴⁴	SCR20,000,000	MOFEPT			Co. Act 1972	Not Less than 2 Directors.
National Information Services Agency	Services and Development	100%	Entity is fully owned by the government of Seychelles and does not have any issued share capital	Not Applicable	OVP			NISA Act, 2010	The Board should consist of 5 members. The quorum is 3.
Property Management Corporation	Services and Development	100%	Entity is fully owned by the government of Seychelles	Not Applicable	MOLH			PMC Act, 2004	Not less than 4 and not more

⁴¹ Source: Audited Financial Statement 2017 of Air Seychelles, pg. 30

⁴³ Source : Audited Financial Statement 2018 of DBS pg. 54

⁴⁴ Source: Annual Return 2018 of HFC registered on 25.10.2018

			and does not have any issued share capital						than 8 members. The quorum is 3.
Public Utilities Corporation	Energy	100%	Entity is fully owned by the government of Seychelles and does not have any issued share capital	Not Applicable	MOACCE			Public Utilities Corporation Act, 1986	Not less than 5 nor of the more than 7 members
Seychelles Commercial Bank Ltd	Financial	60%	360,000 Shares held by GoS at SCR 100 = SCR36,000,000 ⁴⁵ 240,000 shares held by Account Holders at SCR100 = SCR24,000,000 ⁴⁶	SCR 60,000,000 ⁴⁷	MOFEPT			Co. Act 1972	Not Less than 2 Directors.
Seychelles Civil Aviation Authority	Transport	100%	Entity is fully owned by the government of Seychelles and does not have any issued share capital	Not Applicable	MT			Seychelles Civil Aviation Authority Act, 2005	Not less than 7 nor more than 11 members. The quorum is 4.
SIMBC Nouvobanq	Financial	78%	78,000 shares held by SSI at SCR1000= SCR 78,000,000 22,000 shares held by Standard Chartered Africa LLC at SCR1000 = SCR22,000,000 ⁴⁸	SCR 100,000,000	MOFEPT			Co. Act 1972	Not Less than 2 Directors.

⁴⁵ Source: Audited Financial Statement 2018 of SSI pg., 23

⁴⁶ Source: Overview of Shareholdings Report, May 2017 issued by the PEMC

⁴⁷ Source: Audited Financial Statement 2018 of SCB

⁴⁸ Source: Annual Return 2018 of SIMBC Ltd registered on 17.07.2018

Seychelles Ports Authority	Transport	100%	Entity is fully owned by the government of Seychelles and does not have any issued share capital	Not Applicable	MOT			Seychelles Ports Authority Act, 2004	The Board should consist of 5 members, including CEO. The quorum is 4.
Seychelles Public Transport Corporation	Transport	100%	Entity is fully owned by the government of Seychelles and does not have any issued share capital	Not Applicable	MOT			Seychelles Public Transport Corporation Decree 1977	Not less than 2 and not more than 4. The quorum is 3.
Seychelles Postal Services Ltd	Services And Development	100%	999 Shares held by GoS 1 share held by SSI ⁴⁹	1000 shares at SCR 100= SCR 100,000	MOFEPT			Co. Act 1972	Not Less than 2 Directors.
Seychelles Fisheries Authority	Services And Development	100%	Entity is fully owned by the government of Seychelles and does not have any issued share capital	Not Applicable	MOF			SFA Act 1984	Not less than 5 Directors
Seychelles National Parks Authority	Services And Development	100%	Entity is fully owned by the government of Seychelles and does not have any issued share capital	Not Applicable	MOACCE			Environment Protection Act 2009	Not less than 3 Directors.

⁴⁹ Source: Annual Return 2018 of SPS registered on 16.08.2018

Appendix 2 - Definition of members and shareholders.

23.(1) The subscribers of the memorandum of a company deemed to have agreed to become members of the company, and on its registration shall be entered as members in its register of members.

(2) Every other person who agrees to become a member of a company, and whose name is entered in its register of members, shall be a member of the company.

(3) The following persons shall be shareholders of the company:-

- (a) a person who is a member of the company under subsection (2);
- (b) a subscriber of the memorandum to whom shares have been issued;
- (c) the heir or other persons entitled to the shares of a deceased shareholder under his will or on his intestacy, and the trustee in bankruptcy of a bankrupt shareholder;
- (d) a person who is on his own behalf in possession of a bearer share certificate, whether by himself or by an agent acting for him.

(4) In this Ordinance references to holders of shares mean the persons who are shareholders in respect of them, and references to holding shares shall be construed accordingly.

(5) In this Ordinance shares shall be considered as having been issued if any person is a shareholder in respect of them.

Appendix 3 - Disposal of profits.

160. (1) Dividends in respect of any class of shares of a company (other than interim dividends in respect of ordinary shares) may be declared only by an ordinary resolution passed at an annual general meeting:

Provided that if a company avails itself of section 141 of this Ordinance and does not hold an annual general meeting, the dividends recommended by the directors in the directors' annual report shall be deemed to have been declared by an ordinary resolution passed at an annual general meeting held on the day on which the company sends copies of its annual accounts and reports to its members and debenture holders in compliance with section 141 (1), or if all the issued and outstanding shares of the company are represented by bearer share certificates, on the day on which it publishes an advertisement in compliance with section 141 (3).

(2) No provision in the memorandum or articles shall be valid by which a dividend is expressed to be payable at a specified time, or on the occurrence of a specified event, or on the ascertainment of the profits earned by the company for a specified period, without the declaration of a dividend by an annual general meeting.

(3) An annual general meeting or an extraordinary general meeting may by ordinary resolution capitalise the whole or any part of the profits (including profits carried forward from previous financial years) or the whole or any part of the revenue reserves of a company, and, subject to the approval of any class of shareholders required by section 19, may provide for the application of the capitalised profits or reserves in any of the ways in which the capital reserves of a company may be applied by section 55 (4) with the same consequences as if such an application were made.

(4) Notwithstanding any provision in the memorandum or articles of a company, a general meeting may resolve to dispose of the profits or revenue reserves of the company in a way authorised by this section, even though the directors recommend that the disposal should not be made, or recommend that a different disposal should be made, or prohibit or refuse to permit the disposal, and any creation of revenue reserves or transfer of profits to revenue reserves by the directors shall be ineffective unless approved by an annual general meeting:

Provided that nothing in this section shall empower a general meeting to dispose of the profits or revenue reserves of the company in a manner which is inconsistent with any contract which the company has entered into, or with an employee share subscription scheme to which the company is a party.

(5) In this Ordinance interim dividends mean dividends declared by directors between annual general meetings of a company under a power for that purpose contained in the memorandum or articles of the company, and revenue reserves mean the reserves of a company other than its capital reserve.

(6) For purpose of declaring dividends (including interim dividends) or making any application of profits or revenue reserves under section 160 (3), the profits and revenue reserves of a company shall be diminished by -

- (a) any loss sustained by the company in any previous financial year (so far as not already written off out of profits or revenue reserves, or eliminated by a cancellation of paid up share capital or a reduction of capital reserve; and
- (b) any loss sustained by the company in a financial year subsequent to that in which the profits, or the profits transferred to revenue reserves, were earned:

Provided that it shall be permissible for a company to declare and pay the fixed dividend in respect of preference shares for a financial year if the company has earned profits in that year at least equal to the amount of the fixed dividend, and if the profits of the company for that year are less than the amount of the fixed dividend, the company may declare and pay a part of the fixed dividend amounting to not more than the profits earned in that year.

(7) A company may declare a dividend out of the profit obtained on the realisation of a fixed asset only if:-

- (a) any loss sustained on the sale of any other fixed asset in the same or a previous financial year has been written off out of profits or revenue reserves, or has been eliminated by a cancellation of paid up share capital or a reduction of capital reserve; and
- (b) the net worth of the company is not less than the sum of its paid up share capital and its capital reserve.

(8) A consolidated profit and loss account of a holding company may not be used as the basis on which a dividend may be declared in respect of any of the shares of the holding company, nor as the basis on which profits of the holding company may be applied under section 160(3).

(9) In this section the net worth of a company means the amount of its assets less the amount of its debts and liabilities, whether certain or contingent.

(10) This section shall apply to profits earned and losses incurred by a company before or after the coming into force of this Ordinance and to revenue reserves created by the transfer of such profits.

Appendix 4 - Dividends to be paid only out of profits and reserves; computation of profits.

161.(1) Dividends in respect of shares of a company and applications of profits and revenue reserves under section 160 (3) may be declared or made only out of the profits (including profits carried forward from previous financial years) and the revenue reserves of the company computation as shown by the annual accounts of the company approved by an annual general meeting:

Provided that directors may declare an interim dividend in respect of ordinary shares out of the profits (including profits carried forward from previous financial years) and revenue reserves shown by the most recent annual accounts of the company and out of the profits which they estimate the company has earned since the date to which those annual accounts were made up, but before declaring an interim dividend the directors shall make provision for any loss which they estimate the company has incurred since that date.

(2) In calculating the profits of a company:-

- (a) proper provision shall be made for the depreciation, diminution in value or obsolescence of its fixed assets (other than shares, debentures or other securities held by it);
- (b) proper provision shall be made for writing off bad debts, the unrecovered part of debts which have been only partially recovered or are only partially recoverable, and the expenses of forming the company and issuing its shares and debentures;
- (c) the current assets of the company (other than cash, debts and liabilities owed to the company and shares, debentures and other securities held by it) shall be valued at their cost of acquisition, or the cost of acquiring the materials from which they are made, plus the cost of constructing, manufacturing or processing them, so far as such cost has been incurred, but such current assets shall in no case be valued at more than the amount which they may reasonably be expected to realise on a sale in the open market less the cost of completing them in order to make them marketable;
- (d) no appreciation in the value of the fixed or current assets of the company resulting from a revaluation shall be taken into account;
- (e) dividends or interest received by a company out of the profits of any of its subsidiaries for a financial year of the subsidiary which ended before it became the company's subsidiary shall not be taken into account;
- (f) interest paid by the company shall be treated (so far as is possible) as having been paid out of the profits and revenue reserves; and

(g) reasonable provision shall be made for the company's contingent liabilities and for liabilities the amount of which cannot be ascertained with precision.

(3) Proper provision for the depreciation, diminution in value or obsolescence of a fixed asset shall be deemed to be made if either -

- a) there is debited each year an amount equal to the quotient of the cost of acquisition, construction or development of the fixed asset (less its estimated disposal value at the end of its estimated useful life) and the number of the remaining years of its estimated useful life; or
- b) there is debited each year a constant fraction of the cost of acquisition, construction or development of the fixed asset as diminished by provisions for depreciation, diminution in value or obsolescence of the asset made in previous financial years, so that at the end of the estimated useful life of the asset its written down value will equal its estimated disposal value;

and for the purpose of this subsection:-

- (i) the estimated useful life of an asset means the number of years during which it was reasonably expected to assist the company to earn profits when it was acquired, constructed or developed; and
- (ii) the estimated disposal value of an asset means the amount reasonably estimated at that time as the price which it would realise on being sold in the open market at the end of its estimated useful life.

(4) Current assets (other than cash, debts and liabilities owed to the company and shares, debentures and other securities) may be valued by applying any reasonable accounting method which avoids the need for ascertaining the cost of acquiring, constructing or processing individual items out of a stock of goods (whether constructed, manufactured or processed by the company or not) which are physically similar and are disposed of by the company at a substantially similar price at any given time.

(5) It shall be permissible in valuing current assets of a kind which the company constructs, manufactures or processes to add to their value as ascertained under subsections (2) and (4) a reasonable proportion of the fixed overheads of the company which it reasonably expects to recoup out of the proceeds of disposal of the assets.

Appendix 5 - Proposed Content of the Dividend Recommendation Letter

As per 4.2 of the National Distribution Policy, the Board of PEs should submit a letter, within three months from the end of the previous financial year, recommending the dividend payable from the PE's '*distributable profit*', and shall include but not limited to the following:

- negotiated and agreed *distributable profit* targets in the 3-year Statement of Corporate Intent (*SCI*) and annual Statement of Performance Expectations (*SPE*) for the current financial year;
- reasons for variations from the negotiated *distributable profit* and adjustments in calculating the actual amount for the current year;
- negotiated *dividend targets* in the 3-year Statement of Corporate Intent (*SCI*) and annual Statement of Performance Expectations (*SPE*) for the current financial year;
- reasons for variations from the negotiated and agreed *dividend targets*;
- the calculation method, the payment method and schedule of payment for the recommended dividend;
- any adjustments in calculating and determining the actual amount to be recommended for the current year;
- the recommended dividend in the current year from previous year's *distributable profit*;
- any special dividends requested by the Shareholders/Responsible Ministry and paid or denied by the Board of PEs;
- total amount of the annual dividend recommended.

The letter of dividend recommendation from the Board of PE(s) shall also state:

- the source from which the Board of PEs has agreed that dividend payment will be made;
- that the dividend recommended shall not place the PE in financial, operational and reputational risk.