



華商經貿專業聯合會
Chinese Business Chamber
MAURITIUS

NEWSLETTER
Vol 3, Issue 5 March 2017

CONTENT

Message of the president	2
Editor's message	4
Upcoming events	4
CBC accompanies Minister of Finance to China	5
Probono scheme	6
Relocating to Mauritius	7
Family business: Successful succession planning	10
UCSI Scholarship	11
The offence of money laundering and its implications	12
Talk on good governance, corporate transparency and the culture of corruption	14
Visits to CBC	15



Dear fellow members,

It is a pleasure to address you once again in this fifth issue of our Chinese Business Chamber Newsletter, the first one for the year. I take this opportunity to convey to you all my good wishes for 2017.

I am often asked what I like best about my job. Like you, I have many reasons why I am passionate about what I do. But at the top of the list of what makes the CBC presidency so special is working with diverse groups such as my colleagues at the Chamber and business leaders who join together to make a difference in our country. I will soon celebrate 2 years in this unique position that has given me the opportunity to meet and work with those colleagues and leaders from Mauritius and a number of countries, from China to Africa.

I am pleased to report on the success of our End of Year dinner, which was held on 8th December 2016 at the Mauritius Gymkhana Club. Our guest of honour was Ambassador Mr. Li Li who was accompanied by his spouse. Nearly 100 members, family members and their guests attended it and it was an opportunity for all to meet up, network and generally have a good time together in anticipation of the festive period.

Your Chamber has been busy during the past months during which we had the pleasure of welcoming at our office the following delegations:

- A trade mission from Madagascar,
- The Beijing Hakka Business Association,
- Guangdong Overseas Friendship Association
- The Shenzhen Small Commodities Association; with whom we signed a Memorandum of Cooperation.

Note to readers: The opinions expressed by editors and writers in this newsletter are theirs alone, and do not reflect the opinions of the Chinese Business Chamber or any board member/employee thereof. The Chinese Business Chamber is not responsible for the accuracy of any of the information supplied in this newsletter.

As on all such occasions, we shared with the delegates and visitors, information on the business environment and available opportunities. We exchanged views on the ways the parties could collaborate for mutually beneficial ventures, locally and in Africa.

We also had the pleasure of welcoming members of the Charhar Institute. This institute is a Chinese think tank that seeks to promote peace and stability in China and the wider international Community through sharing of information among Chinese and international think tanks, academics and governments. While their aim is essentially diplomatic in nature, their work invariably results in mutual understanding thus paving the way toward economic and commercial cooperation.

We also had the pleasure of re-connecting with the former Ambassador of China to Mauritius, Mr Gao Yuchen who was on a trip to Mauritius to attend the Indian Ocean Maritime Silk Road Conference held in December 2016.

In the last Newsletter, I highlighted the importance of the Memorandum of Understanding between your Chamber and the South African Chamber of Commerce in Mauritius. This has since proved to be a fruitful and mutually beneficial relationship based on the number of exchanges in information and business leads. I firmly believe that future cooperation may result in Joint Ventures between our members.

During the last months, we held 2 talks, namely, "Analysis of Budget Speech 2016-2017" and "How Corruption affects the country's economy, business and our future" by Transparency Mauritius, both of which were widely attended.

Last November, the Chinese Business Chamber was invited to be part of the Private Sector delegation to Beijing as part of the mission led by our then Minister of Finance, Mr. Pravind Jugnauth, now Prime Minister of the Republic of Mauritius. The purpose of the visit was to discuss the China-Mauritius bilateral Cooperation Programme.

I led a CBC delegation of 5 members, the largest Private Sector delegation in the mission. Other delegates were the Chairman of Mauritius Chamber of Commerce and Industry, the Chairman of the State Bank of Mauritius and other prominent local businessmen.

We had meetings with the China-Africa Development Fund and the China Council for International Trade (CCIPT) of the Ministry of Commerce in China. We also attended a Business Forum which was attended by 150 Chinese participants who showed a lot of interest in the business and investment potential in Mauritius and from there in Africa.

And now closer to home; I have much pleasure to inform CBC members that the agreement the Chamber has with Air Mauritius has been re-activated. The discount scheme will be valid for business class fares.

We have also recently signed an agreement with Fortis Clinic Darné to complement the services of Apollo Hospital, our other partner. The different locations of these 2 facilities will provide added convenience to our members. A discount scheme has also been agreed with Yihai Garden Restaurant at Domaine Les Pailles.

A membership card has been printed and is being issued to all compliant members. This card will entitle you to the discounts under the Member Benefits Scheme mentioned above. We will keep you posted of further agreements with other partners with whom our Chairman of Member Benefits Scheme is presently negotiating.

This year will be even more exciting with further visits by overseas delegations. Our mission to China on the invitation of the Association of Chinese People's Friendship with Foreign Countries, which was scheduled for November 2016, was postponed due to the clash with the aforementioned mission to Beijing led by Mr. Pravind Jugnauth. This will be re-scheduled and further communication will be made to members through emails and posted on our website and Facebook page.

One of the main events in the Chamber's calendar is the President's Annual Dinner. This year, it will be held at Le Meridien Hotel on 23rd March 2017. The Vice President of the Republic of Mauritius, the Prime Minister, members of his cabinet, members of the diplomatic Corps and distinguished members of the public and private sectors will attend the event. This will be an opportunity for our members to network with our guests as with previous occasions.

I wish to acknowledge the contribution of the CBC board members and thank them for bringing their passion, intellect, experience and resources to the table for the benefit of.

In closing, I ask you, CBC members to take the opportunity to get involved in Chamber activities and I request you to engage with other businesses while doing so. Together we can help the Chinese Business Chamber through strategic networking, advocacy and engagement, allowing your businesses to visualize a thriving future.

I look forward to the pleasure of meeting you at the President's dinner next month.

Best wishes,



President, Chinese Business Chamber

March 2017

President's Message

UPCOMING EVENTS

1. President's dinner on the 23rd March 2017



2. Annual General Meeting on 30th March 2017



3. Visit to China TBC



Please follow us on our Website (<http://cbcmauriti.us.com/>) and join us on our "Chinese Business Chamber (Mauritius)" Facebook group



Dear Readers,

It is with great pleasure that we are publishing the fifth issue of this newsletter.

Throughout the years, we have strived to stay in touch with our members by providing them stimulating articles which relate to the business sector as well as keeping them abreast with activities and events organised by the chamber. In this present release, you will find articles on diverse issues such as foreigners relocating to Mauritius, succession planning from a financial planning perspective and an article on the offence of money laundering.

From August 2016 to the beginning of 2017, the CBC has received the visits of several foreign delegations. In addition, the CBC has proudly accompanied Hon. Pravind Jugnauth in China in November 2016. You will gladly find some of the fallouts of the visit as well as some accompanying pictures inside this newsletter.

I also encourage you to keep abreast with our website (www.cbcmauriti.us.com) as well as our Facebook page for events and latest news from the chamber.

I am grateful to the communication committee for their support and hard work and in particular, Patrice Tze for providing help in the designing, editing and printing of this newsletter.

I wish you a good read!

Regards,

Delphine Yeung Sik Yuen

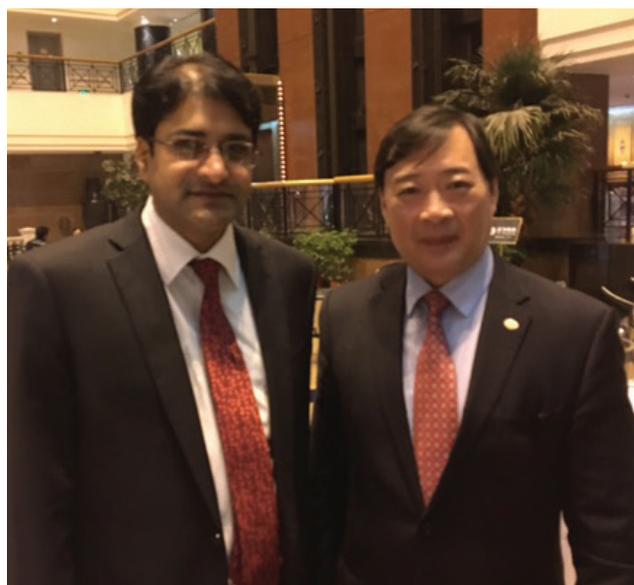
Chairperson of Communication Chairperson

CBC ACCOMPANIES MINISTER OF FINANCE TO CHINA

At the beginning of November 2016, the Chinese Business Chamber was honoured to be invited to be part of the the delegation representing the Private Sector, accompanying the then Finance Minister Pravind Jugnauth. The purpose of the visit of the Finance Minister was to discuss the China-Mauritius bilateral Cooperation Programme.

The CBC delegation consisted of 5 members, namely: President Lee Meng How Onsiang, Vice-President Antoine Kon-Kam King, Board Member James Ho Fong, members Shing Tai Cheung and Eric Teng Hin Voon. Other prominent personalities were also present including the Chairman of MCCI, the Chairman of SBM and other prominent businessmen.

The CBC participated in various meetings namely with the China-Africa Development Fund (CADF), the China Council for International Trade (CCIPT) and the China-Africa Development Forum of the Ministry of Commerce. There was an exchange of information session held between the relevant parties whereby the Mauritian counterpart gave



Mr. Ken Poonoosamy, Managing Director of the Board of Investment together with the President of the CBC



Hon. Pravind Kumar Jugnauth together with President of the CBC

details to their correspondent on the business environment and opportunities available in Mauritius and in exchange explored how they could assist in promoting trade and investments in Mauritius.

The chamber also participated in a business forum which was jointly organised by the Board of Investment of Mauritius (BOI) and the China-Africa Development Fund (CADF). This was very well attended with over 150 participants.

During the visit, the following documents were signed:

1. a Memorandum of Understanding on the launching of a Joint Feasibility Study of the Mauritius-China Free Trade Agreement;
2. a Protocol to write off debt to the tune of RMB 87 million (equivalent to Rs450 million);
3. a Letter of Exchange relating to the donation of 30 additional semi low-floor buses; and
4. a Memorandum of Understanding between the Board of Investment, Mauritius and the Bureau of Commerce of Qingdao Municipal Government to reinforce cooperation in the field of investment.

The Chinese Government has also agreed to finance the construction of a multi-purpose Olympic sports complex of international standard to the tune of RMB 350 million (equivalent to Rs1.9 billion) in the context of the holding of the 10th Edition of the Indian Ocean Islands Games.

THE CBC LAUNCHES COMPLIMENTARY PROFESSIONAL & CONSULTANCY ADVICE FOR ITS MEMBERS!

In a spirit of solidarity for its members, it is with great pleasure that the CBC is launching this new service.

If you are facing some professional issues/problems or are simply in need of some advice, the CBC may help you by putting some resource persons at your service.

COMPLIMENTARY LEGAL ADVICE

Me. J. Tsang Mang Kin (Barrister)
Me. E. Tong Sam (Barrister)

COMPLIMENTARY ACCOUNTING ADVICE

Mr James Ho Fong (ACCA)
Mr David Koon Kam King (ACA)

COMPLIMENTARY I.T/COMPUTER ADVICE & SECURITY

Mr Tin-Yuen Yong Kwen Chong
Mr David Tin Shouk Fong
Mr Pierre Lou Leung Yin Ko

COMPLIMENTARY DIGITAL MARKETING

Mr Jerome To

MENTORSHIP SCHEME TERMS & CONDITIONS FOR COMPLIMENTARY SERVICE FOR CBC MEMBERS

The CBC Mentor Scheme is a unique opportunity for Young Members to be matched with an experienced professional to gain one-to-one careers advice, support and guidance into their profession and sector.

Please contact us at office@cbcmauritius.com for more details



WE NEED YOU! VOLUNTEERS NEEDED!

We are looking for volunteers to serve on our various Board Committees (Membership, Communication, Events, CSR, Professional Services, President's dinner, etc). If you are interested to serve, please contact the CBC office or any of its Board Officers. Youthful or female members are particularly encouraged to volunteer.

Advertise in the CBC Newsletter!

By advertising in the CBC newsletter, not only will you be supporting our non-for-profit activities which help make a difference in our community, but you will also be creating awareness for your services and products to the community. Your advert will be seen by top executives, managers, business owners, entrepreneurs of the country. Contact the CBC Office (office@cbcmauritius.com or cbcmauritius@gmail.com) or the Editor-in-chief, Delphine Sik Yuen (del.ysy@gmail.com) for more details on this amazing opportunity.

RELOCATING TO MAURITIUS

Mark Twain, once said that “Mauritius was made first, then heaven was copied from it”, and anyone who has visited the island would no doubt agree with him.

Mauritius is renowned as a place to enjoy one's holidays for its white sandy beaches and blue lagoons. While this is still the case, with the growing number of foreigners settling in Mauritius, it is a fact that the island is also seen as the ideal place to set up one's home.

Indeed, with the introduction of pro-business and immigration policies in 2005 by the Government of Mauritius, foreign investors and professionals have since then availed of these opportunities and now live on the island while at the same time earning a living. Foreign retired nationals also enjoy an exquisite lifestyle on Paradise Island with special residence permits.



THE MAURITIUS ADVANTAGE

Mauritius' unique proposition is to conduct business in an attractive and buoyant place while at the same time enjoying an exquisitely beautiful lifestyle:

Social & political stability

Coming from various origins namely Indian, Chinese, African and European, the population of Mauritius is a unique blend of different races, cultures and religions living together in harmony. Mauritius has enjoyed political stability ever since its independence in 1968.

It is a multi-party Parliamentary democracy based on the British Westminster model with elections every 5 year.

Strong and diversified economy

The Mauritian economy is one of the fastest growing in Sub-Saharan Africa. In just three decades, the country has moved from a mono-crop sugar dominated economy to a sophisticated and diversified services oriented one.

State-of-the-art telecommunication facilities and excellent physical infrastructure

The island is connected to the SAFE/SAT 3 international submarine fiber optic cable. In addition, the country's airport and harbor are equipped to meet the full needs of both passenger and cargo traffic. Major airlines and

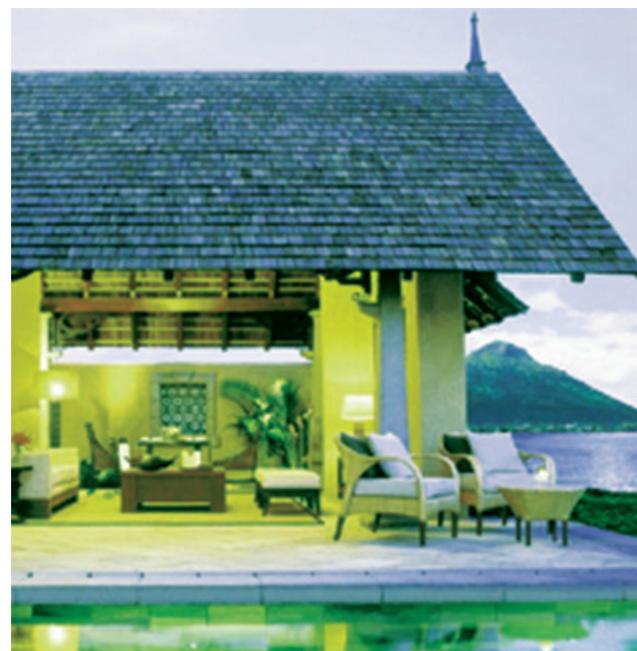
shipping companies service the island, providing Mauritius with regular air and sea connections with the rest of the world.

Strategic business hub

At the cross road between Asia, Africa and Australia, the island is ideally located in the Indian Ocean. With a favorable time zone (GMT+4), a population bilingual in English and French, a pool of skilled and qualified professionals, adherence to the best practices in terms of transparency, good governance and ethics, Mauritius is worldly recognised as being an excellent place for doing business. The country ranked 1st in the 2016 Ibrahim Index of African Governance and 1st in Sub-Saharan Africa in the World Bank's Doing Business Report 2016 and Mercer Quality of Living Survey 2016.

Exquisite life style

Mauritius offers an exceptionally safe and pleasant environment to live in. Luxury apartments, fully furnished villas and beach front residences are available for rent at a competitive price over the island.



RELOCATING TO MAURITIUS

International standards in education and health

The island boasts several public and private hospitals and clinics that deliver health care services as per international norms and standards. On the educational side, Mauritius offers both British and French schooling systems where students can sit for either the Cambridge University A' levels, the French Baccalaureate or the International Baccalaureate.

Several tertiary education providers can also be found, offering internationally recognised degree and post-degree qualifications.

Attractive fiscal regime

Mauritius provides for a flat and homogenized tax platform at a rate of 15% on both corporate and personal income. In addition, there is no tax on dividend derived from a Mauritian resident company and no capital gain tax.

The social contribution for an employer, in terms of National Pension Fund is 6% of the basic salary up to a max of MUR 999.30 (approx. USD 28) monthly, provided the foreign employee resides in Mauritius for more than 2 years while the employee contributes 3% of basic salary up to a max of MUR 499.65 (approx. USD 14) monthly.

Criteria for Occupation Permit / Residence Permit for retired non-citizen:

Criteria	Occupation Permit			Residence Permit for Retired non-citizen
	Investor (Company only)	Professional ⁶	Self-employed	
Business Activities	No restriction	No restriction	Services only	N/A
Initial investment ^{1/5} Transfer of funds to Mauritius	USD 100,000	N/A	USD 35,000	USD 40,000
Annual Turnover ²	USD 115,000 ³ (MUR 4M)	N/A	> USD 17,200 ⁷ (MUR 600,000) 34,400 ⁸ (MUR 1.2M)	N/A
Minimum salary / Transfer of funds to Mauritius	N/A	USD ^{2/4} 1,720 (MUR 60,000) (monthly)	N/A	USD 40,000 (annually)
Resident permits for dependents	Yes	Yes	Yes	Yes
Eligibility for Permanent Residence	Yes	Yes	Yes	Yes

1 Initial investment in USD or its equivalent in any freely convertible foreign currency.

2 MUR figures converted at an approximate rate of USD 1 = MUR 35.

3 If there is more than one investor in the same company applying for an Occupation Permit, the turnover criteria should apply in respect of each applicant (i.e. USD 230,000 for two applicants, USD 345,000 for three applicants, and so on).

4 Basic Salary of Professional in ICT Sector should exceed USD 860 (MUR 30,000) monthly.

5 Initial investment may vary depending on the sector in which the foreigner intends to operate his business.

6 A non-citizen may apply for:

- A short-term OP as professional for a period not exceeding nine months; or
- for a period up to two years; or
- for a period up to three years.

7 Annual turnover of company for first 2 years

8 Annual turnover of company on the 3rd year

WORKING AND LIVING IN MAURITIUS

An Occupation Permit ("OP") allows a foreign national to reside and work in Mauritius. It is both a work and residence permit. The foreign national may apply for an Occupation Permit under three categories: as an investor, a professional or a self-employed person. A foreign national, irrespective of nationality but having reached the age of at least 50, can also retire in Mauritius by applying for a Residence Permit ("RP") for retired non-citizen.

PERMANENT RESIDENCE PERMIT

Holders of Occupation and Residence Permits are eligible to apply to the Prime Minister's Office for a Permanent Residence Permit ("PR") after three years. The "PR" is valid for a period of 10 years, which is renewable thereafter.

To qualify, the following conditions must be met during the 3 years of the OP or RP:

Investor	<ul style="list-style-type: none"> Individual must be actively involved in the management of the company. Company's annual turnover exceeding USD 430,000¹ (MUR 15M).
Professional	Basic monthly salary of at least USD 4,300 (MUR 150,000).
Self-employed	Annual income exceeding USD 186,000 (MUR 3M)
Retired non-citizen	Transfer of at least USD 40,000 every year.

¹ MUR figures converted at an approximate rate of 1 USD = MUR 35

Foreigners may also apply for Permanent Residence Permits through the following routes:

- Acquisition of residential property worth over USD 500,000 under the Property Development Scheme (formerly the Integrated Resort Scheme and Real Estate Scheme); and

- Investment of a minimum of USD 500,000 in a qualifying business activity as per list: Agro-based industry, Audio-visual, Cinema and Communication, Banking, Construction, Education, Environment-friendly and green energy products, Financial Services, Fisheries and Marine Resources, Freeport, Information Technology, Infrastructure, Insurance, Leisure, Manufacturing, Marina development, Tourism and Warehousing, Initial Public Offerings.

Children of OP and RP holders will be automatically granted RP up to age of twenty-four.

ACQUISITION OF RESIDENTIAL PROPERTY

Subject to new conditions, OP and RP (retired non-citizens) holders may apply to the Board of Investment ("BOI"), subject to eligibility criteria, for acquisition of an immovable property in an apartment that forms part of a block of residential dwellings located in a building of not less than ground plus two floors as from date of issue of OP or RP.

The eligibility criteria are as follows:

Investor who is an individual	No additional criteria (Initial investment exceeding USD 100,000 or its equivalent in freely convertible foreign currency).
Professional Any other Sector	Monthly salary exceeding USD 3,000 or its equivalent in any other hand convertible foreign currency
Retired Non-citizens	Initial transfer of USD 120,000 or its equivalent in freely convertible foreign currency

Holders of Permanent Residence Permit, except those acquired through the Property Development Scheme, are eligible to acquire immovable property in an apartment in Ground+2 complex.

This newsletter aims to provide a general guideline to help you make the move to Mauritius



Yan Ng

Executive Director
Intercontinental Trust
Limited

A portrait of John Chung, a man with glasses, wearing a dark suit, white shirt, and yellow tie, sitting in a black office chair. The background is a blurred office setting with warm lighting.

John Chung

Managing Partner, KPMG
Mauritius

FAMILY BUSINESSES: SUCCESSFUL SUCCESSION PLANNING

Family businesses create more than 70% of global GDP annually. Even the biggest corporations claim their family business roots and values. A family business is one which consists of two or more members of a family having financial control over the company. It is actively managed and / or owned by one member or more of the same family. Several studies have shown that family businesses outperform their non-family counterparts in terms of profits, sales, longevity and other growth measures. This high performance of family businesses is due to some unique characteristics of such companies. Family businesses are generally discrete, tend to have a unique value-based culture and are known for their integrity and commitment to human relations leading to greater job stability, increased employee satisfaction, motivation, trust, loyalty and flexible working practices.

Despite the strengths of family businesses, such companies face complex challenges, involving not only business and investment decisions, but also ownership issues and family relationships. Most family businesses struggle to pass to the next generation or to replace a strong patriarchal figurehead. Family businesses are vulnerable at times of transition in leadership. Often conflict arises between the desire to maintain and respect tradition, and the need to undergo strategic changes in response to changing environment or evolving values. The next generation of family business leaders, young and highly motivated, have differing views on leadership style, company's strategies, corporate governance structures and risk appetite and this impacts on the smooth transition in next generation leadership. This transition though can be managed successfully through proper Succession Planning, a process for passing on managerial and ownership responsibilities to the next generation of leaders. Although family businesses generally take a long-term view, very few of them devote sufficient time and focus for a succession plan on a timely basis.

Succession planning is a formal process for identifying, grooming, coaching and training the leaders of tomorrow. This process should be adapted to the needs and circumstances of the business. Leadership succession should be anticipated and planned for. When effectively thought through, succession planning represents an opportunity to maximise opportunities and create a multi-generational institution that embodies the family and mission of the generations to come. It strengthens stakeholders' confidence, improves employee morale, prevents significant business interruptions and reduces pressure and uncertainty in the business.

Within a family-owned business, succession planning can be challenging or even painful. However, family businesses that do not plan for succession on a timely basis stand to suffer, and examples abound where this has led to regrettable unintended consequences, such as forced sale, value destruction of the business, or even family feuds.

Tips for successful succession planning

Effective succession planning supports organisational stability and sustainability by ensuring there is an established process to meet staffing requirements both in terms of manpower and skills and competencies requirements. A succession plan acknowledges that the same leaders will not be with the organisation indefinitely, and it provides a plan and process for addressing the changes that will occur when those people leave. Key steps for successful succession planning include:

- 1. Start planning early: It is never too early to think of succession.*
- 2. Establish the goals and objectives for the leadership, ownership and management of the company.*
- 3. Conduct a current state analysis of the business taking into consideration the values, strategy and objectives of the firm, internal and external stakeholders and competition in the industry.*
- 4. Identify and develop the skills, abilities, capabilities and knowledge of the next generation through training, coaching and performance management system and assess the infrastructure of the firm.*
- 5. Address transparency and formalise governance and values.*
- 6. Manage the transition*
- 7. Effective communication and stakeholder involvement.*
- 8. Engage with professionals / advisors*

UCSI UNIVERSITY

MALAYSIAN SCHOLARSHIP



The CBC has collaborated with OVEC to offer a scholarships to the members of the CBC. OVEC has successfully negotiated with the UCSI University from Malaysia to offer scholarship to CBC members. The University is offering scholarships to CBC members subject to meeting the university's requirements.

THE OFFENCE OF MONEY LAUNDERING AND ITS IMPLICATIONS

Mauritius has always positioned itself as a transparent jurisdiction and has demonstrated its strong willingness to combat money laundering and terrorist financing. For example, on the 4th June 2001, the Government ratified the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, commonly known as the Vienna Convention. Throughout the recent years the legislator has also implemented a series of laws against money laundering such as The Financial Intelligence and Anti-Money Laundering Act 2002 (FIAMLA), the Prevention of Corruption Act 2002 (POCA) and the Prevention of Terrorism Act 2002 (POTA).

What is money laundering?

Money laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activities. If undertaken successfully, it allows them to maintain control over those proceeds and, ultimately provides them with a legitimate cover for the source of their income.

There are three basic steps to money laundering which may occur individually or simultaneously.

1. Placement - the physical disposal of the initial proceeds derived from illegal activity
2. Layering - separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the audit trail and provide anonymity
3. Integration - the provision of apparent legitimacy to criminally derived wealth. If the layering process has succeeded, integration schemes place the laundered proceeds back into the economy in such a way that they reenter the financial system appearing as normal business funds.

Under our legislation, Money Laundering is defined in Section 3 of FIAMLA, which states that:

1) Any person who -

(a) engages in a transaction that involves property which is, or in whole or in part directly or indirectly represents, the proceeds of any crime; or

(b) receives, is in possession of, conceals, disguises, transfers, converts, disposes of, removes from or brings into Mauritius any property which is, or in whole or in part directly or indirectly represents, the proceeds of any crime, where he suspects or has reasonable grounds for suspecting that the property is derived or realized, in whole or in part, directly or indirectly from any crime, shall commit an offence.

(2) A bank, financial institution, cash dealer or member of a relevant profession or occupation that fails to take such measures as are reasonably necessary to ensure that neither it nor any service offered by it, is capable of being used by a person to commit or to facilitate the commission of a money laundering offence shall commit an offence.

Further Section 4 of FIAMLA also makes provision for the offence of conspiracy to commit the offence of Money Laundering.

It is also worth noting that there is a limitation for payment by cash. Under Section 5 of FIAMLA any person who makes or accepts any payment in cash in excess of 500,000 rupees or an equivalent amount in foreign currency, or such amount as may be prescribed, shall commit an offence. However, this shall not apply to a set of exemption transactions for example a transaction between a bank and another bank or the Bank of Mauritius and any other person.

The elements of the offence of Money Laundering

The two main elements of the offence are (1) the property must be proceeds of crime and (2) the suspicion that the property is proceeds of crime.

A cautionary word on the interpretation of the second element of the offence. In *Manraj and Others v ICAC* 2003 SCJ 75, it stated that firstly the suspicion should be reasonable. Second reasonability should be gauged not from the personal point of view (...) It should be appreciated from the objective standard, the point of view of a dispassionate bystander. For example, it is not necessary to prove actual knowledge that the property is proceeds of crime. Finally, and importantly, the suspicion should be based on facts. The fact that the suspicion is honestly held will be insufficient. The prosecution must provide facts which are sufficient by themselves to raise a reasonable suspicion. The penalty for the offence of Money Laundering,

conspiracy to commit the offence of Money Laundering or accepting cash in excess of the prescribed limit under FIAMLA is, on conviction, liable to a fine not exceeding 2 million rupees and to penal servitude for a term not exceeding 10 years.

Duty to report a suspicious Transaction

Section 14 of FIAMLA also imposes an obligation on individuals and institutions to make a report, as soon as practicable but not later than 15 working days to the Financial Intelligence Unit (FIU) of any transaction which they have reason to believe may be suspicious. The penalty for failing to report a suspicious transaction is a fine not exceeding one million rupees and imprisonment for a term not exceeding 5 years.

Implication for financial institutions

All financial institutions, as providers of a wide range of money transmission, are vulnerable to being used in the layering and integration stages of money laundering as well as the placement stage. Nowadays, cash deposits can be switched rapidly between accounts in different names and different jurisdictions by means of electronic transfer.

Financial institutions must therefore implement policies, procedures and internal controls to prevent criminals from using their facilities for money laundering and terrorist financing, thus ensuring that they comply with their obligations under the law.

Furthermore, under section 3(2) of the FIAMLA, financial institutions have a duty to take such measures as are reasonably necessary to ensure that neither they nor any service offered by them, is capable of being used by a person to commit or to facilitate the commission of a money laundering offence. Any financial institution which fails to take such measures shall commit an offence.

In addition, under Regulation 9 of the Financial Intelligence and Anti-Money Laundering Regulations 2003, financial institutions are also required to implement internal controls and other procedures to combat money laundering and the financing of terrorism which among other things include establishing and maintaining a manual of compliance procedures in relation to money laundering and programmes for assessing risks relating to money laundering and the financing of terrorism. It is also imperative that every financial institution also appoints a Money Laundering Reporting Officer (MLRO) to whom all internal suspicious transaction reports will be made as per the Section 6 of the same Regulation.

It is therefore of utmost importance for financial institutions to have in place a sound due diligence procedure which would include a 'Know Your Customer' (KYC) procedure and an internal control policy.



*Delphine Yeung
Sik Yuen*

Barrister at law

TALK ON GOOD GOVERNANCE, CORPORATE TRANSPARENCY AND THE CULTURE OF CORRUPTION

In November 2016, a talk on good governance, corporate transparency and the culture of corruption was held at the Chamber's office in Port Louis. The guest speaker was Mr Rajen Bablee, Executive Director of Transparency Mauritius.

The talk mainly focused on the legislations available and on the perception that the public has on corruption in Mauritius and elsewhere.



President of the CBC together with Mr Rajen Bablee

Compared to other countries, Mauritius has a large arsenal of compliance laws and regulations, such as the Companies Act, the Financial Intelligence and Anti Money Laundering Act, the Prevention of Corruption Act, the Financial Services Act 2007, the Captive Insurance Act 2015, the Insurance Act of 2005 amended in 2015, the Protected Cell Companies Act 1999, the Securities Act 2005, the Trusts Act 2001, the Banking Act and more recently the Good Governance & Integrity Reporting Act.

Transparency International publishes annually its Corruption Perception Index (where in 2015 Mauritius ranked 45th out of 168 countries, being 5th in Africa behind Botswana, Cap Verde, Seychelles and Rwanda... and ex-aequo with Namibia). In 2014, we ranked 47th but with an index of 54 as compared to 53 last year.

But what about the perception that people might have on transparency? A survey by Afrobarometer, commissioned jointly by Transparency International and other stakeholders, disseminated in March 2015, sheds some light on this notion of perception. It is somewhat of a paradox to see that a majority of respondents in Mauritius (69%) believe that corruption is increasing and at the same time, they state that they have never indulged in corruption themselves but that one out of four would know about a corruption case by others. But what is also telling is that 45% of respondents feel that victims of corruption would not report such cases for fear of consequences. 17% of them feel that nothing would be done as a result of their report. This survey revealed that political figures and institutions receive lower levels of trust as compared to other institutions. The judiciary and the Electoral Commission have a high level of trust (72% and 67% respectively).

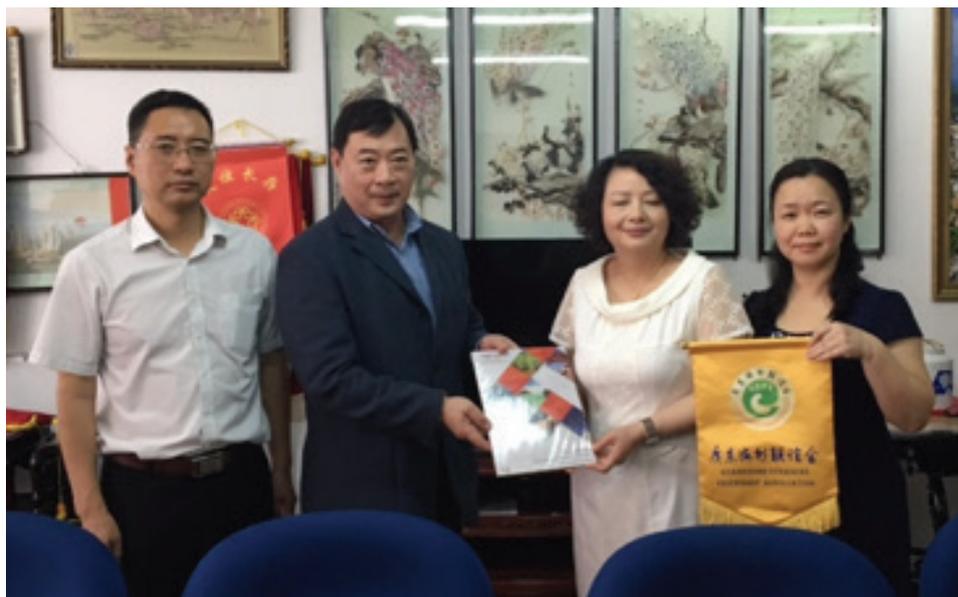
Mr Bablee has also exposed to the audience the type of work procured by his organization. Transparency Mauritius has been working on a series of projects recently, such as the Advocacy for transparent and accountable political financing, advocacy for a Freedom of Information, a code of conduct for setting up of whistleblowing structures in the private sector in collaboration with the MIOD, advocacy for pledging for the Integrity Pact concept to be adopted for all major public bids, talks in schools, universities, clubs as well in private organisations.

Mr Bablee also spoke about transparent and accountable political financing. In fact, Transparency Mauritius has issued a pledge and distributed it to more than 100 corporates in Mauritius. It requested them not to make donations to political parties or politicians until and unless political parties publish their accounts, have them audited and disclose their donors. He emphasised that corporates couldn't, on the one hand, promote good governance and ethics, and, on the other make donations to entities without knowing how each cent would be spent. Only 8 corporates responded diligently and signed the pledge over around 100.

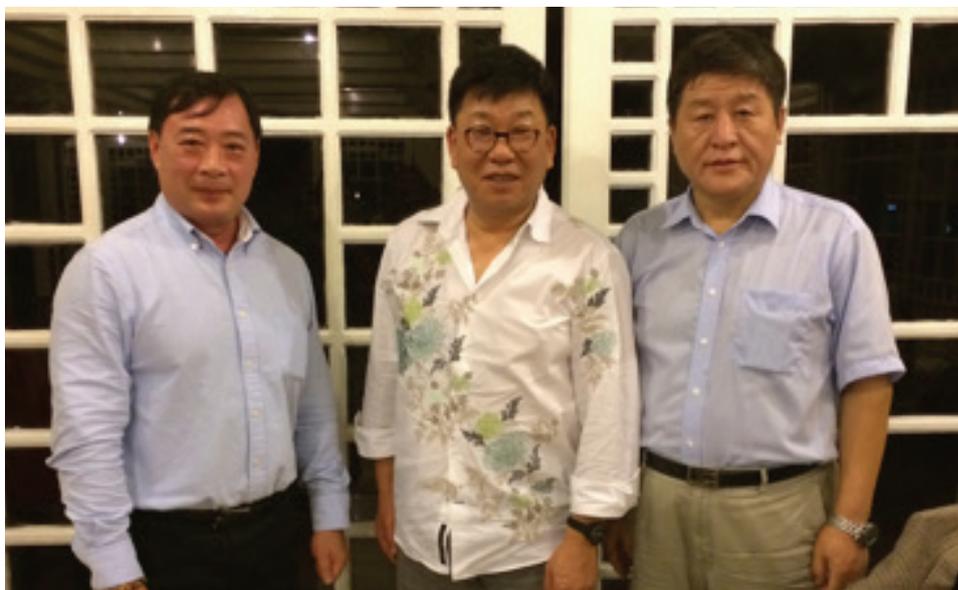
Mr Bablee made a concluding remark on integrity: "Integrity is not only about being honest and having strong moral principles in public but also when no one is watching. And that reputation takes years to build and can crumble by a single event, in a single day or week...

Very often, people tend to criticise when others are doing something which they believe to be unethical or illegal but they would rationalise when it comes to their own actions."

VISITS



President of the CBC together with the Guangdong Overseas Friendship Association



President of the CBC together with Founding Chairman and Secretary General of Charhar Institute



President of the CBC together with Mr Guo Yuchen and Mr Charles Li at Indian Ocean Silk Road Conference

VISITS



James Mancham who participated in Indian Ocean Silk Road



Delegates of the Shenzhen Small Commodities Association at the CBC office



Signing of the Memorandum of Cooperation between the Chinese Business Chamber and the Shenzhen Small Commodities Association