CONSTANCE
HOTELS, RESORTS & GOLF

ANNUAL REPORT | **2019**

Dear Shareholder,

The effects of the global COVID-19 pandemic significantly disrupted our Company's reporting calendar, causing a delay in the presentation of its Annual Report and Audited Financial Statements for the year ended 31 December 2019.

The Board of Directors is pleased to present the Annual Report 2019 of Constance Hotels Services Limited which was approved on 30 June 2020.

George J. Dumbell (s)
Chairman

Jean Ribet (s)
Executive Director
Constance Group Chief Executive Officer

CONTENTS

01 AT A GLANCE

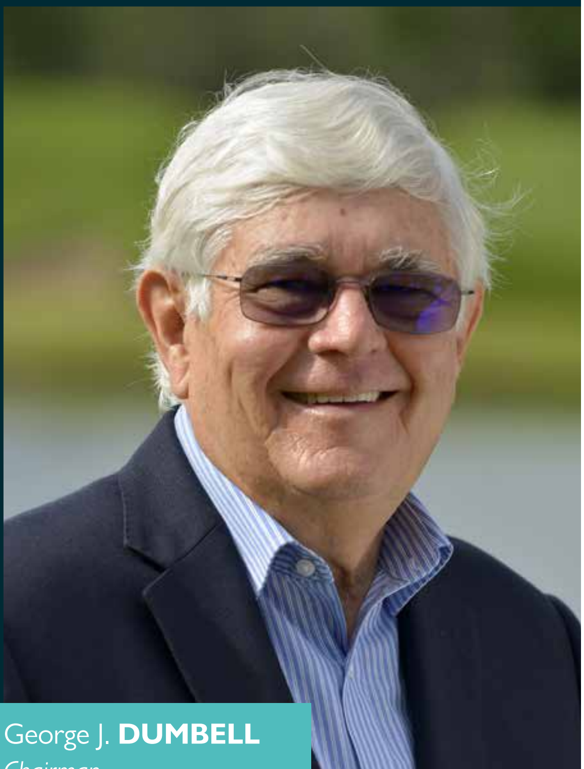
02 STRATEGIC INSIGHT

03 SUSTAINABILITY REPORT

04 GOVERNANCE

05 FINANCIAL STATEMENTS

CHAIRMAN'S STATEMENT



George J. **DUMBELL**
Chairman

"We are certainly not alone in this catastrophic situation, every company in the hospitality industry, worldwide, is affected. It is therefore, imperative that all stakeholders continue to work closely together to bring about a quick and effective recovery."

Dear Shareholder,

2019 proved to be a more difficult year than anticipated, with the disappointing performances of our hotels in Mauritius, where a decline in arrivals was reported – more significantly during the peak season – and controlled air-access remained a drawback for the 5* segment; and in the Maldives, where increases in supply keep outpacing growth in demand, notwithstanding a higher number of tourist arrivals. On the upside, our hotels in the Seychelles continued to perform well, with this market recording a steady increase in arrivals and where an ongoing liberal open-sky policy is providing immense benefits to its Tourism Industry. Also, our outlook for 2020 was cautiously optimistic with forward bookings for the first six months of the year, for all our hotels, being very encouraging.

Unfortunately, the positive signs were very quickly overshadowed by the Covid-19 pandemic, which ravaged across the world, early this year, wreaking havoc on human life, economies and industries, including the global tourism industry. The pandemic has not only put an end to 11 years of unparalleled growth in the hospitality sector but it has dramatically brought consumer travel around the world to a complete halt, with nationwide curfews and lockdowns, social distancing, flight suspensions and closure of borders, with no clear visibility when they would be lifted. In the face of these unprecedented and extraordinary road blocks, your Company had to close all eight of its hotels across the region, causing unmeasurable damage to its business, with no revenue stream and notable overheads to carry.

We were quick to set-up a Crisis Committee to put into action its disaster preparedness and business continuity plan, appropriately adjusted, to help it navigate through this exceptional crisis and mitigate some of the more significant adverse commercial and financial challenges expected in both the short and longer terms. Our initial focus was on protecting our employees and guests but we were soon addressing measures required to minimise the devastating repercussions to revenue, supply chains and source markets, followed by the establishment of various business recovery scenarios:

i. Implement all health and social directives initiated by the Governments in the jurisdictions in which we operate, to protect our employees, guests and other relevant stakeholders against Covid-19.

ii. Manage the effective closures of our hotels and reduce to a minimum operational and HR costs.

iii. Prioritise expenditures by delaying or removing non-essential expenses, be it maintenance, property improvements or capital projects.

iv. Hold Strategic Planning meetings with our key stakeholders - Government, bankers, Hotel Associations, suppliers, tour operators, employees, guests - to determine actions to be taken in terms of ongoing financial and operational support, financial relief measures and others, with great emphasis on safeguarding jobs.

v. Prepare new pricing, marketing and operational models as well as review and adopt ongoing World Health Organisation and relevant authorities' Health & Safety protocols to be able to respond effectively to the rebound, when it comes.

vi. Maintain regular and open communication with our strong base of repeat guests and solid network of partners and supporters.

vii. Put in place different business recovery scenarios for reopening our properties as soon as optimum conditions are met; not knowing when the countries where we operate will reopen their borders nor when guests from our main source countries will be allowed to travel again.

The Governments of Mauritius and the Seychelles responded positively with monetary and fiscal support, such as their Wage Assistance Scheme, which has avoided large scale redundancies. Furthermore, our Crisis Committee is working in close collaboration with the Mauritian Authorities, the Company's providers of Finance and major Shareholders to finalise a number of specific relief measures to meet the Company's cash flow and working capital requirements; and amongst others, the restructuring of its debts, obtaining additional facilities, adopting further cost containment measures and applying to the Mauritius Investment Corporation Ltd for participation in their financial support scheme.

We are certainly not alone in this catastrophic situation, every company in the hospitality industry, worldwide, is affected. It is therefore, imperative that all stakeholders continue to work closely together to bring about a quick and effective recovery. At the time of writing, we still cannot precisely predict how long this untimely and unimaginable situation will last and when our principal source markets will permanently reopen their borders. This will depend on how quickly the virus can be contained across the globe.

Since the 1st August 2020, the Seychelles and Maldives have reopened their borders. This has enabled us to reopen one hotel in each jurisdiction, but with an inconsequential movement of arrivals, our revenue stream, in the overall context, has been negligible. Also, we are still working on the terms of the foregoing financial support measures as well as urging the Government of Mauritius to reopen its borders, without further delay, albeit with effective health and safety protocols in place. The latter is of the utmost urgency and of prime importance for Mauritius, which has well managed and contained the Coronavirus, as this will enable the local industry to partially benefit from its crucial high season, running from November to March, and avoid losing a substantial share of the regional business to the Seychelles and Maldives. We strongly believe that, without such action and support, the industry, in general, and your Company, in particular, will face insurmountable challenges to weather the storm and recuperate when the industry makes a comeback.

In closing, I would like to acknowledge and extend my appreciation for the remarkable solidarity, resilience and responsibility demonstrated by the Company's Directors, Management and all its employees, during these very difficult times, and not least of which, on Burden sharing, with meaningful cuts in emoluments being made, on a voluntary basis. Also, I thank Messrs Jean de Fondaumière and Colin Taylor, who have stepped down from the Board for their valuable contribution during their term of office. I recognise with gratitude the ongoing trust and support shown by our Shareholders, repeat guests and other stakeholders across the industry.

George J. DUMBELL (s)

Chairman

CORPORATE VALUES


Innovative Spirit
Passion
Integrity
Responsibility

ABOUT THE GROUP

A Leader in Luxury Hospitality Management

Constance Hotels, Resorts & Golf (CHRG) is a hospitality player in the Indian Ocean region which provides quality branded products and services, unique guest experiences and sustainable financial returns to its partners and shareholders. CHRG is recognised for its excellence in luxury hospitality and golf management, benefitting from the indisputable strength of its international network of offices, sales representatives and public relations agencies.

Through the management company, Constance Hospitality Management Limited, CHRG operates eight hotels across four destinations in the Indian Ocean (Mauritius, the Seychelles, the Maldives and Madagascar) and three 18-hole championship golf courses in Mauritius and the Seychelles.

Our Growth Ambition

CHRG intends to drive growth for its stakeholders by leveraging the value of its corporate brand and by enhancing its presence in destinations where it currently operates and in new territories in the Indian Ocean region. Our growth ambition is to enlarge our management portfolio, whilst keeping the family spirit, know-how and professionalism that have made our reputation.

Our Hospitality Brands

Our two main hospitality brands, though distinctive, share the same values of generosity, sincerity, excellence, inventiveness and respect:

Constance Hotels & Resorts: With four island destinations in the Indian Ocean and seven luxury resorts in prime locations, Constance Hotels & Resorts is a major hotel brand for luxurious-resort holidays. This brand, which stands for simple, natural and friendly luxury, enjoys a strong reputation built over more than 40 years.

C Resorts: A contemporary lifestyle brand created to tap into the upper-upscale market segment and to enable new business opportunities. C Resorts aims to bring hotels to life with exciting guest experiences, fresh and friendly service, and stylish design around a strong brand concept, 'Nature's Playground'.

CONSTANCE
HOTELS & RESORTS

CONSTANCE
PRINCE MAURICE
MAURITIUS

CONSTANCE
LEMURIA
PRASLIN, SEYCHELLES

CONSTANCE
HALAVELI
MALDIVES

CONSTANCE
HOTELS, RESORTS & GOLF

CONSTANCE
HOSPITALITY MANAGEMENT

CONSTANCE GOLF

C resorts

CONSTANCE
BELLE MARE PLAGE
MAURITIUS

CONSTANCE GOLF
LEGEND
MAURITIUS

C
Mauritius

CONSTANCE
EPHELIA
MAHÉ, SEYCHELLES

CONSTANCE GOLF
LINKS
MAURITIUS

CONSTANCE
MOOFUSHI
MALDIVES

CONSTANCE GOLF
LEMURIA
PRASLIN, SEYCHELLES

CONSTANCE
TSARABANJINA
MADAGASCAR

OUR GEOGRAPHICAL PRESENCE

4
Destinations

15
Sales & Marketing Offices and General Sales Agent Representation

2019
IN NUMBERS

MUR 6,425 M
Combined Revenue of Hotels Under Management

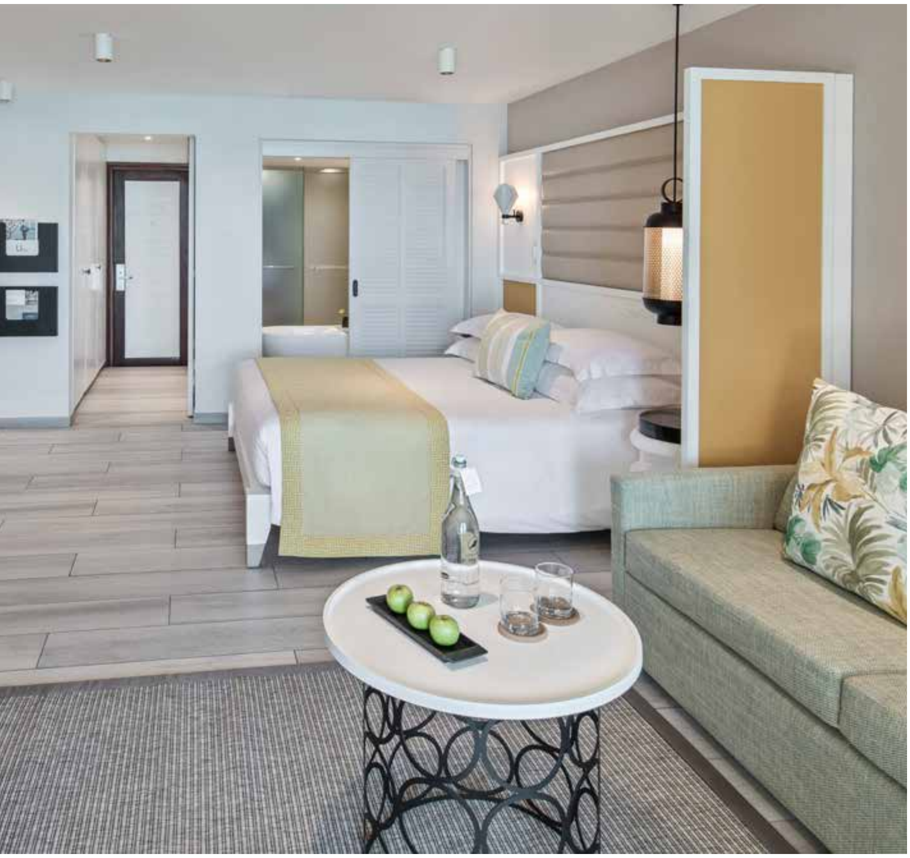
8 Hotels	**3** Championship Golf Courses	**974** Rooms	**3,096** Team Members
95.6k Guests Welcomed	**16.5k** Repeat Guests	**88.9%** Overall Guest Satisfaction Score	**33** Awards & Accolades
125k Followers on Instagram	**478k** Engagements on Instagram	**328k** Page Likes on Facebook	**152k** Engagements on Facebook
47.1 Average Training Hours per Team Member	**-8.6%** Reduction in Carbon Emissions	**15** NGOs Supported by Fondation Constance	**250** Direct Beneficiaries of Fondation Constance

OUR HOTEL PORTFOLIO

Hotels	**8**
Mauritius	3
Seychelles	2
Maldives	2
Madagascar	1

CONSTANCE
PRINCE MAURICE
MAURITIUS

- 89 suites and villas
- 3 restaurants
- 4 bars
- 2 championship golf courses (Legend & Links)
- 2 swimming pools
- Constance Spa with 7 treatment rooms and Sisley products
- Constance Kids Club



CONSTANCE
BELLE MARE PLAGE
MAURITIUS

- 278 rooms, suites and villas
- 7 restaurants
- 6 bars
- 2 championship golf courses (Legend & Links)
- 4 swimming pools
- Constance Spa with 10 treatment rooms
- Constance Kids Club

Mauritius

- 52 rooms
- 2 restaurants
- 1 bar and 1 wine cellar
- 2 pools

CONSTANCE
LEMURIA
PRASLIN, SEYCHELLES

- 105 suites and villas
- 4 restaurants
- 5 bars
- 1 championship golf course (Lemuria)
- 4 swimming pools
- Constance Spa with 6 treatment rooms, 1 Thai treatment room and Valmont products
- Constance Kids Club

CONSTANCE
EPHELIA

MAHÉ, SEYCHELLES

- 313 rooms, suites and villas
- 5 restaurants
- 5 bars
- 5 swimming pools
- Constance Spa of 5,000m^2 with 18 treatment rooms
- Constance Kids Club

CONSTANCE
HALAVELI
MALDIVES

- 86 suites and villas each with their private pool
- 4 restaurants
- 2 bars and 1 wine cellar
- 1 swimming pool
- Constance Spa with 8 treatment rooms, 1 Thai treatment room and Valmont products
- Constance Kids Club

CONSTANCE
MOOFUSHI
MALDIVES

- 110 villas
- 2 restaurants
- 2 bars
- 1 swimming pool
- Constance Spa with 8 treatment rooms

CONSTANCE
TSARABANJINA
MADAGASCAR

- 25 villas
- 1 restaurant
- 1 bar
- 3 white sandy beaches
- Spa

MAJOR EVENTS
IN 2019

March

14th Edition of the Festival Culinaire Bernard Loiseau

Since 2006, CHRG has been orchestrating the Festival Culinaire Bernard Loiseau, the annual coveted event on the international gastronomic calendar, with Relais Bernard Loiseau and his Chef Patrick Bertron.

The main culinary contest associates six starred chefs - all holders of one Michelin star- with six chefs from Constance Hotels & Resorts, the objective being to foster exchange of experience and knowledge among the professional participants.

The 2019 edition took place from 16 March to 23 March, and saw the victory of the duo comprising the Michelin-starred chef Sascha Kemmerer (Austria) and Sasha Dinoo (Constance Prince Maurice).

May

4th Edition of La Paulée

The 4th edition of La Paulée was held from 20 May to 25 May 2019. La Paulée is a tribute to La Paulée de Meursault - a traditional gastronomic banquet gathering wine connoisseurs, winemakers, chefs and sommeliers to celebrate the end of the harvest in Burgundy, France.

Over a week-long period, Constance Prince Maurice and Constance Belle Plage hosted toothsome dinners and wine tastings with renowned winemakers.

July-September

Full Renovation of Entry-level Rooms at Constance Belle Mare Plage

The 104 prestige rooms and 6 deluxe suites at Constance Belle Mare Plage (CBMP) were fully renovated in July-September 2019.

The new atmosphere of the 38 sea-facing and 66 beach-front prestige rooms mixes simplicity and elegance, reflecting the hotel concept of CBMP.

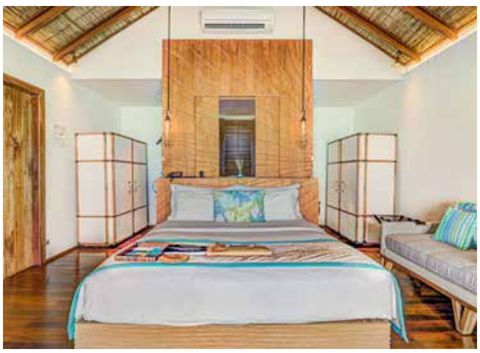
October

C Resorts Media Launching Campaign

On 31 October 2019, Constance Hospitality Management Limited started its media launching campaign for its new hotel brand, C Resorts. The media launching campaign leverages creative communication tools to awaken the dormant child in each one of us.

The creative assets of this advertising campaign involved illustrations reminiscent of children's books. The graphic design of the video campaign, in the form of a cartoon, also plays on this effective and perceptible connection to childhood memories. The commercial brochure, meanwhile, was directly inspired by illustrated storybooks, created and written by Alex & Patrick Latimer, both originally from South Africa.

November



Renovation of Constance Moofushi Maldives

24 beach villas, 56 water villas, 30 storey water villas and all outlets and common areas at Constance Moofushi, Maldives, were renovated whilst staying true to the existing spirit of the resort – between Robinson Crusoe's island and an invitation to travel.

The room ambiance remains natural in its selection of materials and colour harmonies.

December

MCB Tour Championship 2019

CHRG hosted the 2019 Edition of the Mauritius Commercial Bank (MCB) Tour Championship, which is the final step of the Staysure Tour.

The first stage of the 2019 MCB Tour Championship, took place at Constance Lemuria, Seychelles, from 04 December to 07 December, and saw the victory of Australia's Peter Fowler.

The second stage was held at Constance Belle Mare Plage in Mauritius, from 13 December to 15 December, and saw the victory of Sweden's Jarmo Sandelin.

2019 AWARDS & ACCOLADES

The quality standards of Constance Hotels, Resorts & Golf are widely recognised, as reflected through the numerous awards received in 2019.

Constance Prince Maurice

World Luxury Hotels Awards - Global and Continental Awards 2019

Global Winner: Luxury Gourmet Hotel

Condé Nast Traveler Readers' Choice Awards

20th among Top 30 Resorts in the Indian Ocean

Trip Advisor Award 2019

Hall of Fame

Hall of Fame (Le Barachois)

Certificate of Excellence (Archipel)

2019 Trip Advisor Travellers' Choice Awards

1st among Top 25 Best Hotels in Africa

22nd among Top 25 Best Hotels in the World

17th among Top 25 Luxury Hotels in the World

Constance Links Golf Course

Trip Advisor Award 2019

Hall of Fame

Constance Legend Golf Course

Trip Advisor Award 2019

Hall of Fame

Constance Belle Mare Plage

World Luxury Hotels Awards- Global and Continental Awards 2019

Global Winner: Luxury Resort Golf

Condé Nast Traveler Readers' Choice Awards

24th among Top 30 Resorts in the Indian Ocean

World Luxury Restaurant Awards 2019

Best Wine Selection – Continent Winner: Indian Ocean (Blue Penny Cellar)

Gourmet Bistro – Continent Winner: Indian Ocean (Blue Penny Cellar)

Trip Advisor Award 2019

Hall of Fame (La Spiaggia)

Hall of Fame (The Deer Hunter)

Certificate of Excellence

Certificate of Excellence (Blue Penny Cellar)

Certificate of Excellence (Indigo Beach)

2018 Trip Advisor Travellers' Choice Awards

17th among Top 25 Best Hotels in Africa

Constance Lemuria, Seychelles

World Luxury Hotels Awards- Global and Continental Awards 2019

Continent Winner Indian Ocean: Luxury Golf Resort

Condé Nast Traveler Readers' Choice Awards

25th among Top 30 Resorts in the Indian Ocean

Trip Advisor Award 2019

Hall of Fame

2019 Trip Advisor Travellers' Choice Awards

25th among Top 25 Best Hotels in Africa

Constance Ephelia, Seychelles

Condé Nast Traveler Readers' Choice Awards

26th among Top 30 Resorts in the Indian Ocean

Trip Advisor Award 2019

Hall of Fame

Constance Halaveli, Maldives

World Luxury Hotels Awards- Global and Continental Awards 2019

Continent Winner Indian Ocean: Luxury Eco Resort

Condé Nast Traveler Readers' Choice Awards

19th among Top 30 Resorts in the Indian Ocean

Trip Advisor Award 2019

Hall of Fame

Constance Moofushi, Maldives

World Luxury Hotels Awards- Global and Continental Awards 2019

Regional Winner: Luxury Eco Resort

Condé Nast Traveler Readers' Choice Awards

21st among Top 30 Resorts in the Indian Ocean

Constance Tsarabanjina, Madagascar

World Luxury Hotels Awards- Global and Continental Awards 2019

Continent Winner Indian Ocean: Luxury Private Island Resort

Trip Advisor Award 2019

Hall of Fame

GROUP KEY PERFORMANCE INDICATORS

HOTELS UNDER MANAGEMENT

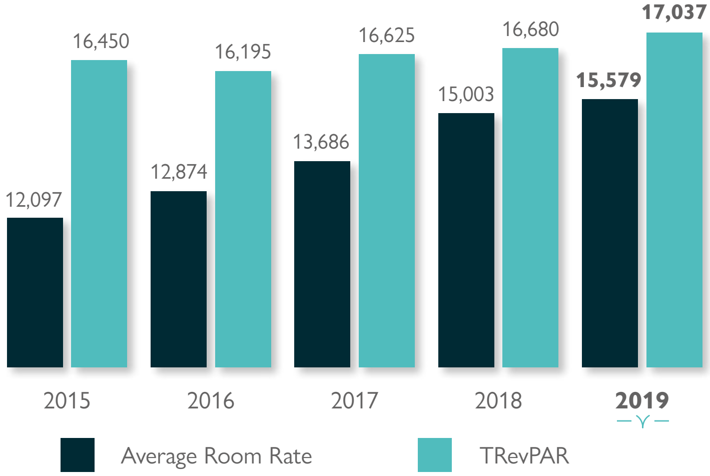
2019 FIGURES

Average Room Rate
MUR 15,579
+3.8%

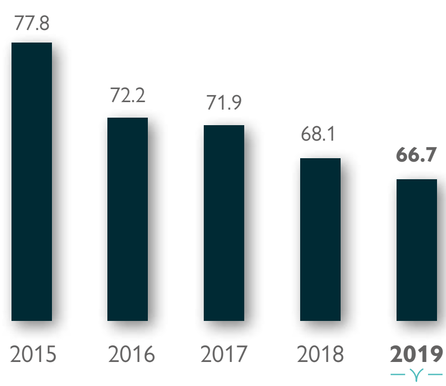
Occupancy
66.7%
-1.4
Percentage Points

TRevPAR
MUR 17,037
+2.1%

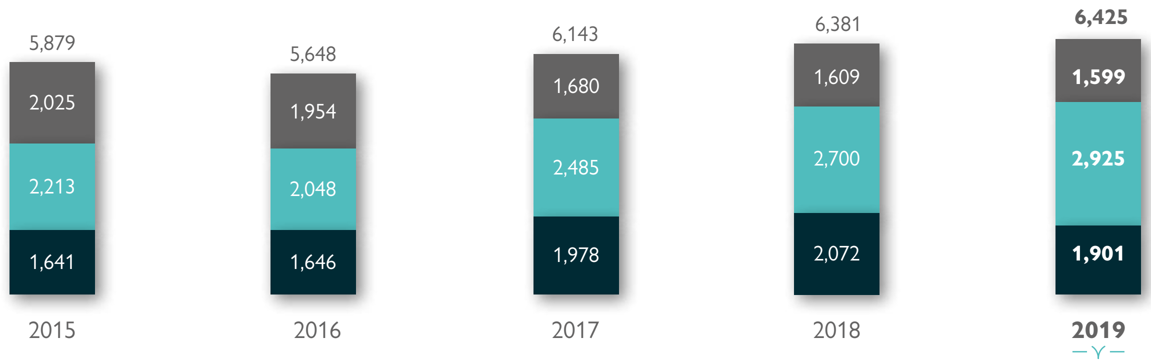
Average Room Rate and Total Revenue Per Available Room (MUR)



Occupancy Rate (%)



Combined Revenue of Hotels under Management (MUR M)*



Mauritius Seychelles Maldives

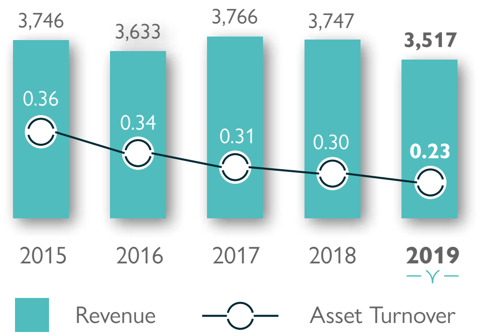
** Constance Tsarabanjina Madagascar has been included under Mauritius for practical reason.*

GROUP FINANCIAL INDICATORS

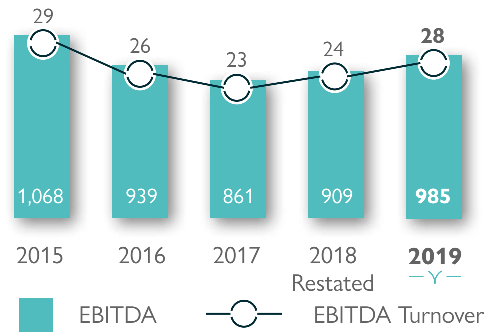
2019

REVENUE	EBITDA	EPS
MUR 3,517M	MUR 985M	MUR (1.30)

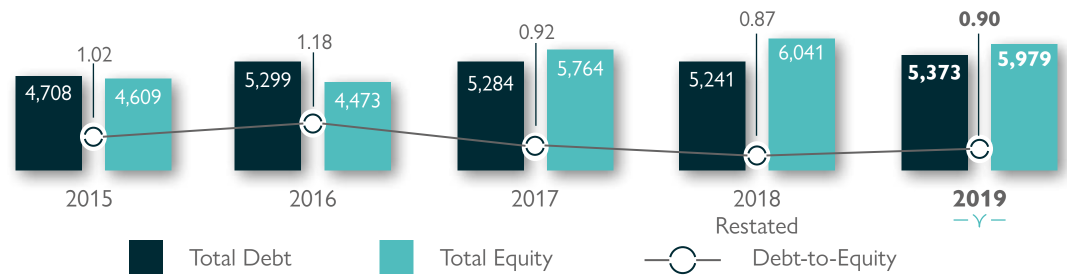
Revenue (MUR M) and Asset Turnover



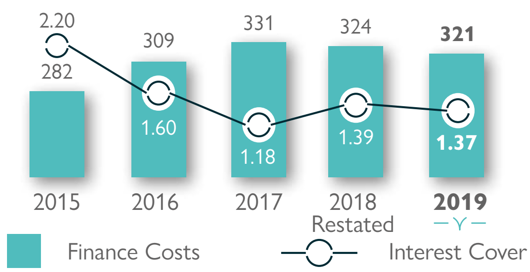
EBITDA (MUR M) and EBITDA Margin (%)



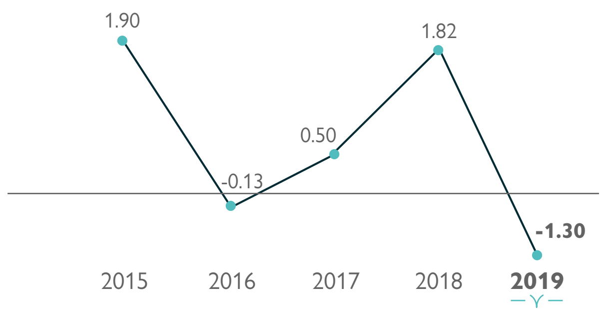
Total Debt (MUR M), Total Equity (MUR M) and Debt-to-Equity



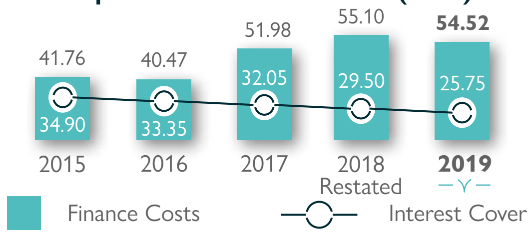
Finance Costs (Financial Debt) (MUR M) and Interest Cover



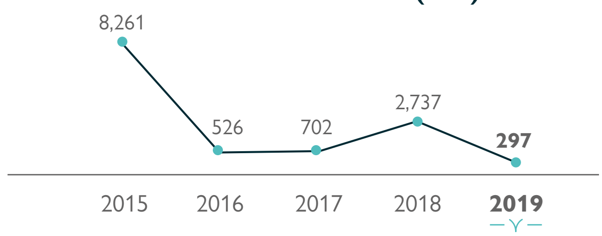
Earnings/(Loss) per Share (MUR)



NAV per Share and Share Price (MUR)



Volume of Shares Traded ('000)



GROUP FINANCIAL HIGHLIGHTS

STATEMENT OF FINANCIAL POSITION	2019 MUR M	Restated 2018 MUR M
Total assets	**15,517**	12,464
Borrowings	**5,373**	5,241
Owners' interest	**5,979**	6,041
Total equity	**5,989**	6,087

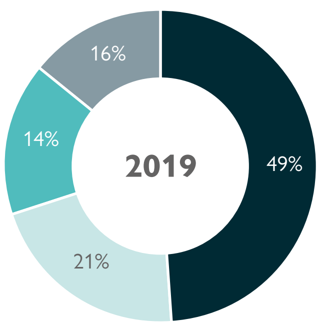
STATEMENT OF CASH FLOW	2019 MUR M	Restated 2018 MUR M
Net cash generated from operating activities	**658**	321
Net cash used in investing activities	**(409)**	(165)
Net cash used financing activities	**(197)**	(186)

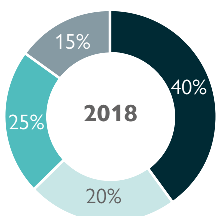
STATEMENT OF PROFIT OR LOSS		2019 MUR M	Restated 2018 MUR M
Revenue	↓	**3,517**	3,747
EBITDA	↑	**985**	909
Operating profit	↓	**441**	452
Finance cost			
- financial debt	↓	**(321)**	(324)
- on rights of use assets	Not applicable	**(223)**	-
(Loss)/profit before taxation	↓	**(140)**	234
(Loss)/profit for the year	↓	**(137)**	208
(Loss)/profit attributable to owners of the parent	↓	**(142)**	194

FINANCIAL RATIOS			2019	Restated 2018
NAV per share	MUR	↓	**54.52**	55.10
Debt to equity ratio		↑	**0.90**	0.87
Operating margin	%	↑	**12.54**	12.06
Return on total equity	%	↓	**(2.29)**	3.41
Interest cover ratio (financial debt)		↓	**1.37**	1.39
(Loss)/earnings per Share	MUR	↓	**(1.30)**	1.82
Dividend per share	MUR	↓	**-**	0.50

VALUE ADDED STATEMENT

	2019 MUR'000	%	2018 MUR'000	%
Revenue	**3,516,913**		3,747,479	
Value added tax / Goods and services tax	**331,961**		374,759	
Total Revenue	**3,848,874**		4,122,238	
Payment to suppliers for materials and services	**(1,937,993)**		(1,740,674)	
Value added by operations	**1,910,881**		2,381,564	
Other income/(charges)	**121,593**		69,068	
Total Wealth Created	**2,032,474**	**100%**	2,450,632	100%
Distributed As Follows:				
Employees				
Salaries and wages	**1,004,136**		968,443	
	1,004,136	**49%**	968,443	40%
Government				
Value added tax / Goods and services tax	**331,961**		374,759	
Environment fees	**15,185**		16,195	
Corporate tax	**0**		28,598	
Licences, land leases and other local tax	**52,316**		50,502	
Social security charges	**31,788**		31,372	
	431,250	**21%**	501,426	20%
Reinvested to Maintain/Develop Operations				
Depreciation and amortisation	**418,737**		457,155	
Retained earnings	**(142,296)**		144,487	
	276,441	**14%**	601,642	25%
Providers of Capital				
Dividend to shareholders	**0**	**0%**	54,827	2%
Interest on borrowings	**320,647**	**16%**	324,294	13%
	320,647	**16%**	379,121	15%
Total Wealth Distributed	**2,032,474**	**100%**	2,450,632	100%





Employees
Providers of Capital
Government
Reinvested to maintain/ develop operations

OUR VALUE CREATION MODEL

VALUE IN

INPUT

FINANCIAL CAPITAL

Equity and debt capital enable us to finance our operations and execute our growth strategy.

INTELLECTUAL CAPITAL

We leverage our expertise and know-how in human-scale luxury hospitality management, our brands and our strong corporate culture to develop unique offerings.

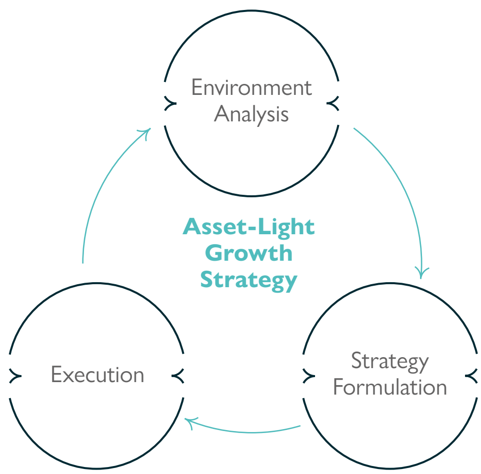
HUMAN CAPITAL

Through their competencies, expertise and dedication, our 3,096 team members contribute in providing fresh and memorable experiences to our guests.

NATURAL & SOCIAL CAPITAL

We are committed to positively contributing to biodiversity conservation, cultural heritage preservation and community development in the regions in which we operate, and we actively engage with our stakeholders.

Governance and Risk Management Framework



VALUE OUT

EXPECTED OUTPUT

FINANCIAL CAPITAL

- Increased revenue and profitability
- Optimised allocation of financial resources
- Expansion of our regional footprint
- Superior shareholder return

INTELLECTUAL CAPITAL

- Reinforced brand equity and awareness
- Enhanced guest satisfaction and loyalty
- Expanded hotel management portfolio

HUMAN CAPITAL

- High level of employee engagement
- High employee retention rate
- Strong employer reputation

NATURAL & SOCIAL CAPITAL

- Sustainable and ethical growth
- Positive community developments
- Reduced carbon footprint
- Engaged stakeholders

OUTCOMES IN 2019 BY TYPE OF STAKEHOLDERS

EMPLOYEES

- Employee engagement score of 76.89%.
- Average training hours of 47.1 per employee.
- Review of our HR operations to make it more efficient through digitalisation and automation.
- Implementation of a New Performance Management System.
- Improvement of 2% in the Occupational Health and Safety Assessment Series (OHSAS) 18001 audit performance.

GUESTS

- 95,574 guests welcomed, including 16,502 repeaters.
- 5,069 completed guest surveys with an overall guest satisfaction score of 88.9%.
- 93.6% of our guests indicated that our team members showed a can-do attitude.
- Overall Global Review Index of 95.5%, based on 6,791 online reviews.
- 33 awards & accolades.

SHAREHOLDERS & INVESTORS

- EBITDA Margin of 28%, Debt-to-Equity of 0.90, Interest Cover of 1.37, Loss per share of 1.30, NAV per share of MUR 54.52

COMMUNITIES AND SOCIETY

- Green Globe Gold Certificates.
- Reduced carbon footprint with a 8.6% decrease in our level of carbon emissions.
- Initiatives to preserve the biodiversity of the territories in which we operate.
- 15 NGOs supported through Fondation Constance, reaching a total of 250 direct beneficiaries.

CHIEF EXECUTIVE OFFICER'S REVIEW

Jean-Jacques **VALLET**
CEO, Constance Hotels, Resorts & Golf (CHRG)

"During the year under review, we took important steps to further instill quality, efficiency and agility into our culture, operations and offerings in order to strengthen our capacity to deliver on our growth aspirations."

In 2019, we continued to execute our asset-light growth strategy, whilst refining and consolidating our business fundamentals and existing operations. We posted satisfactory operational and financial results, in spite of the challenging market conditions in both Mauritius and the Maldives and the adverse impact of the renovation works undertaken at Constance Belle Mare Plage.

Our combined Total Revenue Per Available Room (TRevPAR), for all hotels under our management, increased by 2.1% compared with 2018. Over the same period, combined ARR rose by 3.8%, from MUR 15,003 to MUR 15,579, whilst a slight 1.4 percentage point decrease was observed in combined occupancy. Overall, this resulted in a 1.7% growth in our combined Revenue Per Available Room (RevPAR), in line with our strategy to focus on RevPAR maximisation.

Mauritius

Mauritius recorded a year-on-year drop of 1.1% in tourist arrivals, from 1,399,408 in 2018 to 1,383,488 in 2019. Performances from our key markets, namely France, the United Kingdom (UK), Germany and Italy, were mixed. Arrivals from France and Italy increased by 5.8% and 9.5% respectively, whereas we witnessed declines of 6.8% and 2.8% from the UK and German markets respectively. In 2019, 122 rooms (45% of the total room inventory) were closed at Constance Belle Mare Plage over a period of six months as its prestige rooms and deluxe suites were fully renovated to reflect the hotel's concept and positioning. This, coupled with the lingering downward pressures facing the 5-star segment during the low season, the continued air-access constraints endured by the Mauritian destination and the postponement of the formal launching of our C Mauritius hotel due to delays encountered in obtaining the required redevelopment permits, weighed on the results of our local operations. Overall, the combined RevPAR of our hotels under management in Mauritius dropped by 7.2%, as combined occupancy and ARR declined by 3.2 percentage points and 2.8% respectively.

Seychelles

For the year under review, the Seychelles recorded a 6.2% increase in tourist arrivals at 384,204 compared with 361,844 in 2018. Arrivals from France contracted by 0.6% whilst the UK and German markets posted notable growths of 12% and 18.2% respectively. Our resorts, Constance Ephelia and Constance Lemuria, achieved solid results for the third year running, thus further consolidating their position as leader in their respective segment. Their combined RevPAR rose by 8.9%, boosted by an 8.7% increase in combined ARR.

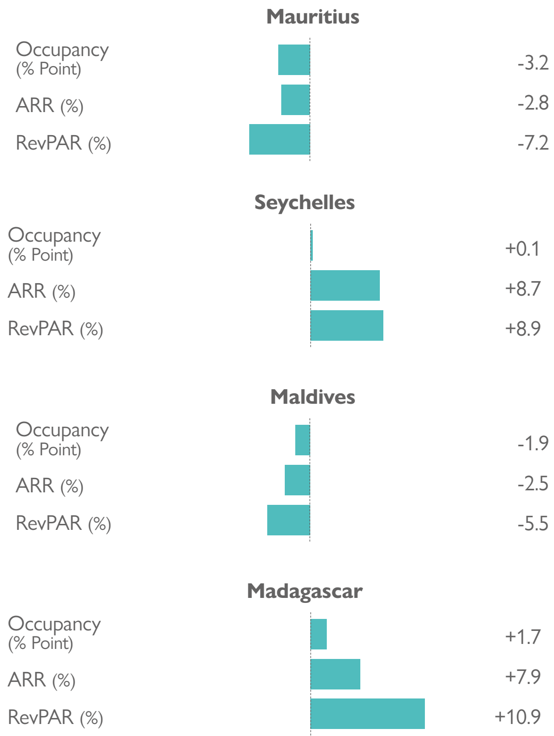
Maldives

In 2019, the Maldives reported a 14.7% increase in tourist arrivals. Yet, this destination remained fiercely competitive as its total resort bed capacity increased by 37% between December 2016 and December 2019. During the year under review, we tried to maintain consistent rates, for both Constance Moofushi and Constance Halaveli, but the entry of new competitors heightened the excess in room supply which, in turn, adversely impacted our performance. As a result, the combined RevPAR of our resorts, for the year under review, dropped by 5.5%. We expect the Maldivian market to become even more challenging over the coming years, with the new establishments consolidating their market share.

Madagascar

Improved air access to Madagascar coupled with our continued focus on growth are yielding positive results for Constance Tsarabanjina. For the second year running, a double-digit growth was recorded in RevPAR, at 10.9% compared with 15.5% in 2019. Constance Tsaranbanjina is now the reference in the hospitality industry in Madagascar, and we expect that the refurbishment works carried out early 2020 will further enhance this position.

Variances of Key Performance Indicators by Destination, 2018-2019



CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

Group Financial Results

From a group financial perspective, consolidated revenue amounted to MUR 3,517 million for the year ended 31 December 2019 (2018: MUR 3,747 million), whilst EBITDA reached MUR 985 million (2018 restated: MUR 909 million). EBITDA, depreciation and finance costs, for the year under review, were impacted by the introduction of IFRS 16 on leases and our decision to apply the standard as from 01 January 2019.

The share of results from associates totalled MUR 93 million (2018: MUR 121 million), as a result of the satisfactory performance of our operations in the Seychelles and Madagascar.

After accounting for a provision for impairment of MUR 88 million and pre-opening expenses of MUR 42 million, CHSL posted a pre-tax loss of MUR 140 million. Loss for the year stood at MUR 137 million (2018 restated: profit of MUR 208 million).

Key Initiatives in 2019

During the year under review, we took important steps to further instill quality, efficiency and agility into our culture, operations and offerings to strengthen our capability to deliver on our growth aspirations.

Apart from the major renovation works undertaken at Constance Belle Mare Plage and Constance Moofushi to uplift the quality of our hardware, we also revised the Constance Minimum Standards and established new standards for our new hotel brand, C Resorts, to ensure that we provide the outstanding software and experiences to our guests. Also, we launched the media campaign for C Resorts, leveraging creative communication tools to appeal to our target audience, Generation X.

We implemented new business process re-engineering initiatives, with focus on innovativeness and digitalisation, to render our operations more agile and adaptable in the midst of a highly volatile, uncertain and complex market environment.

We pursued our initiatives to improve our ability to effectively and efficiently acquire, engage, develop and retain talent as per our 2018-2021 Human Resource (HR) Strategy. In this respect, our HR processes were thoroughly reviewed, streamlined and, where possible, digitalised and automated.

In keeping with our commitment to protecting the integrity and confidentiality of the personal information of our guests and partners, a new information security management standard (ISO 27001) was deployed across our properties. We now comply with all the major requirements of the EU General Data Protection Regulation and the Data Protection Act 2017 (Mauritius).

Our group recognises that sustainability is an ongoing journey and a prerequisite for capturing long-term value. In 2019, we reorganised our Sustainability function to better embed sustainability principles into our culture and across our operations and to better manage and monitor our sustainability practices.

Our Priorities in 2020 and Outlook

As highlighted by our Chairman in his report, the hotel industry is facing unprecedented circumstances and challenges following the COVID-19 outbreak.

Consequently, our focus in 2020 is to proactively and effectively respond to this crisis and its current and future effects on our operations with the health and safety of our guests and team members remaining our top priority.

Over the past months, our teams have demonstrated their remarkable solidarity, agility, resilience and sense of responsibility. Moreover, our product and service offerings have been reviewed and adapted to cater to the new expectations of our guests in terms of health and safety measures, whilst continuing to provide them with the best experiences

As we resume our operations in the Seychelles and the Maldives, we are conscious that recovery will be slow and that it may even take a couple of years. The months ahead will be extremely testing for the hotel industry, but we will rise to the challenges to protect the health and well-being of our guests, keep our teams safe and engaged and ensure our business is ready for the comeback. The Management team is fully dedicated to this task.

Appreciation

I convey my sincere thanks to all the members of the Board of Directors for their unwavering support and to our team members for their unfailing dedication and enormous contributions. Amid the unprecedented circumstances and challenges facing the hospitality industry with the Covid-19 outbreak, I have no doubt that, together, we will continue to progress towards our growth objectives and make the difference.

Jean-Jacques VALLET (s)

CEO, Constance Hotels, Resorts & Golf

2019 KEY BUSINESS HIGHLIGHTS

Function	Key Business Highlights
Operations	• Renovation of all prestige rooms and deluxe rooms at Constance Belle Mare Plage, Mauritius. • Renovation of 'Jahaz Restaurant' at Constance Halaveli, Maldives. • Renovation of all guest rooms, public areas and F&B outlets at Constance Moofushi, Maldives. • Mock-up room and partial renovation at Constance Tsarabanjina, Madagascar (full renovation to be completed in Q1 2020). • Continuous improvements of all golf courses in Mauritius and the Seychelles. • Green Globe re-certification achieved by six of our properties. • New retail concept for C Mauritius. • Re-organisation of the procurement function to better leverage economies of scale and cost benefits. • Compliance with all major requirements under the Data Protection Act 2017 (Mauritius) and the EU General Data Protection Regulation. • Reinforced knowledge of team members on the Code of Conduct, Data Protection and other corporate policies.
Communication	• Launch of the C Resorts brand through PR and media campaigns. • Conception and production of a new communication campaign for Constance Hotels & Resorts (CHR). The campaign will be deployed in 2020.
Customer Relationship & Quality Management	• Revision of the Constance Minimum Standards across all our resorts. • Conception of dedicated minimum standards for C Resorts. • Implementation of the new ReviewPro guest satisfaction survey. • Maintenance of the database of CHR on the new Customer Relationship Management (CRM) software.
Spa & Wellness	• Launch of new wellness initiatives at the end of 2019. • Rebranding to Constance Spa.
Information Technology	• Digitalisation roadmap defined with a new mobile check-in and check-out solution and the development of the Constance app. • Development of a business analytics platform. • New business process re-engineering initiatives for enhanced corporate agility. • Deployment of a new information security management standard (ISO 27001) for enhanced IT security and data protection.
Human Resources	• Implementation of a new performance management system with more focus on feedback and career chats. • Campaign on our values and brand platform with the 'Living our brand' initiative • Training of the 'Citizens of C'. • Enhanced efficiency in the light of the changes in the labour laws in Mauritius.
E Business	• Deployment of a business-to-business platform, including an online training programme for trade partners. • Deployment of a CRM solution for C Resorts. • Deployment of a new booking engine interface for the website of CHR. • 81% increase in the total social media reach between 2018 and 2019, from 7.2 million to 13 million.
Sales & Marketing	• Participation in all major tourism fairs in target markets.

SUSTAINABILITY REPORT

1. OUR SUSTAINABILITY FRAMEWORK

1.1 Our Commitment to Sustainability

The tourism industry positively contributes to economic growth and to the promotion of natural, emotional and physical well-being across the world. Yet, this industry has a significant carbon footprint, and it is particularly vulnerable to climate change, local environmental challenges and community development issues – all of which are critical to the quality of the experiences we provide to our guests.

At Constance Hotels, Resorts & Golf (CHRG), we remain aware of the impact our operations may have on the environment, communities, cultures and economy of the territories where we operate. In this respect, we incorporate the values and principles of sustainable development in our business practices and relationships with our stakeholders, and continuously strive to refine our level of understanding of sustainability.

We are committed, in the long term, to:

- Embed sustainable development principles into core business practices, throughout our business units.
- Understand and respect the needs of our stakeholders, and use our collective influence to drive sustainability within the tourism industry.
- Comply with all relevant legislations applicable in the countries where we operate.
- Leverage the opportunities presented by sustainable development to deliver strategic benefits and superior shareholder value.

Our sustainability practices are guided by the highest form of principles specific to the tourism industry and the countries where we operate, such as the United Nations World Tourism Organisation's Global Code of Ethics for Responsible Tourism (GCET), the ILO Guidelines on Decent Work and Socially Responsible Tourism and the National Code of Corporate Governance for Mauritius. In order to continually achieve our sustainability objectives, our management teams are supported in their daily decision-making operations by the Sustainable Management Plan we have developed and which embraces the United Nations Sustainable Development Goals (SDGs), considered as an overarching framework to our strategy and operations.

People • Planet • Prosperity • Peace •Partnership

1. OUR SUSTAINABILITY FRAMEWORK (continued)

1.2 Our Corporate Sustainability Strategy

As sustainability moves up the boardroom agenda, the formulation of a sustainability vision which incorporates the key ingredients to the creation of long-term strategic advantages and balanced value to stakeholders is becoming increasingly crucial.

We have, consequently, translated the Ps of the SDGs – People, Planet, Place and Partnership - in our Corporate Sustainability (CS) strategy of 'True by Nature' which rests on four pillars.

The 4 Pillars of Our Corporate Sustainability Strategy

Pillar	Aim	SDG
True People	To contribute to the reduction of social differences and poverty by providing opportunities for economic empowerment through corporate social actions and community development, promoting local employment and supporting local entrepreneurs.	**People** 1 No Poverty 2 Zero Hunger 3 Good Health and Well-Being 4 Quality Education 5 Gender Equality 6 Clean Water and Sanitation 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 10 Reduced Inequalities 11 Sustainable Cities and Communities 13 Climate Action 16 Peace, Justice and Strong Institutions
True Places	To identify and minimise the environmental impact of our operations, both at the local and global levels, by seeking greater efficiency in the use of natural resources, managing our waste products in a responsible manner, and contributing to the preservation of the biodiversity and natural ecosystems.	**Planet** 1 No Poverty 6 Clean Water and Sanitation 7 Affordable and Clean Energy 8 Decent Work and Economic Growth 11 Sustainable Cities and Communities 12 Responsible Consumption and Production 13 Climate Action 14 Life Below Water 15 Life on Land
True Services	To build competitive advantages within the industry through inspired service that exceeds guests' expectations, economic empowerment of the surrounding communities, proactive stakeholder engagement, quality training, responsible and ethical governance and business practices.	**Prosperity | Peace** 6 Clean Water and Sanitation 8 Decent Work and Economic Growth 10 Reduced Inequalities 12 Responsible Consumption and Production 13 Climate Action 14 Life Below Water 16 Peace, Justice and Strong Institutions
True Experiences	To preserve both the tangible and intangible cultural and historical heritage of the territories where we operate, by remaining fully involved in local life, whilst aiming to immerse our guests in the discovery and conservation of the unique cultural, culinary and artistic wealth of each destination.	**Prosperity | Partnership** 11 Sustainable Cities and Communities 12 Responsible Consumption and Production 15 Life on Land 17 Partnerships for the Goals

1. OUR SUSTAINABILITY FRAMEWORK (continued)

1.2 Our Corporate Sustainability Strategy (continued)

Our CS strategy fundamentally lies on the identification and analysis of the key factors impacting our business, stakeholders and society at large. The formulation and implementation of this CS strategy is facilitated and supported by CHRG's Corporate Sustainability function, in conjunction with other business units. In this respect, a first materiality assessment, based on the SDGs, was conducted in 2018 among management and employee representatives across our business units, to achieve a deep and thorough understanding of the economic, ethical, social, environmental and governance factors shaping our broader business performance. This materiality assessment enabled us to constructively brainstorm on the opportunities to strengthen our dialogue with key stakeholders and drive our CS strategy in the long term.

The materiality assessment was refined in December 2019 with a view to:

- Adjusting our sustainability commitments and targets
- Strengthening our CS thinking and integration
- Strengthening stakeholder engagement
- Enhancing the robustness and proactiveness of the reporting process

In the light of the aforesaid materiality assessment, it was decided that our CS strategy should focus on the following three priorities:

i. To promote safe and secure working environments (SDG target 8.8)

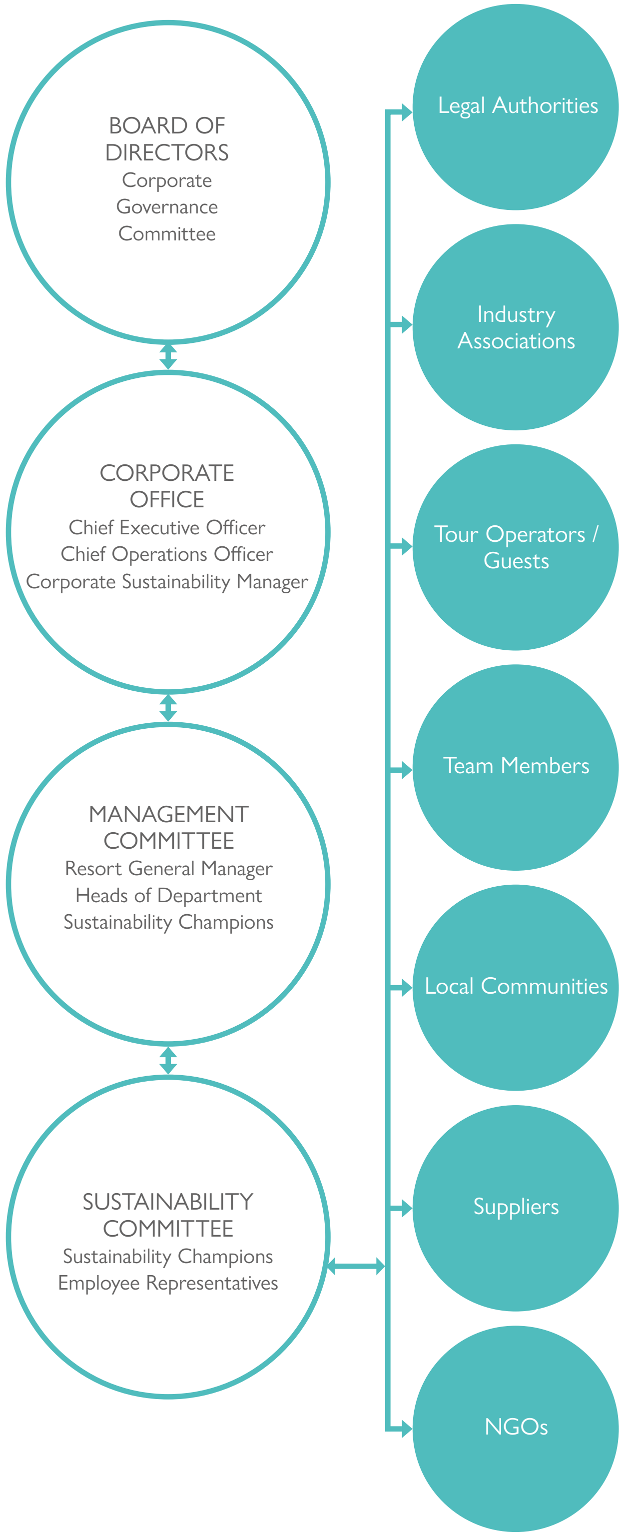
ii. To substantially reduce waste generation by refusing, reducing, recycling and reusing (SDG target 6.3, 12.5 and 14.1)

iii. To protect marine and coastal ecosystems, including their restoration, and to strengthen their resilience for a healthy and productive ocean (SDG target 14.2)

With the aim of using insights gathered from materiality assessments to inform strategic and operational planning and decision-making, the scope of our materiality assessment will be expanded to external stakeholders. This will enable us to conduct a holistic assessment of the current and future needs and expectations of all our stakeholders.

A full materiality assessment will be conducted every three years so as to allow our CS strategy to evolve, as a result of new sustainability factors impacting our business.

1.3 Roles and Responsibilities



1. OUR SUSTAINABILITY FRAMEWORK (continued)

1.3 Roles and Responsibilities (continued)

A transparent internal structure, with defined roles and responsibilities, ensures that sustainability matters are handled rigorously across all business units.

The Corporate Governance Committee meets three times a year and acts as the highest authority on sustainability, setting the strategic direction. The Corporate Sustainability Manager acts as an interface for sustainability matters. The latter is delegated with the coordination of all sustainability activities, the implementation of the CS and the reporting obligations.

At the business unit level, the responsibility for executing the CS strategy lies with the General Manager, and he is supported by the Sustainability Champion and the Sustainability Committee which holds monthly meetings. Together, they are responsible for developing the content of sustainability activities, ensuring internal and external expansion of stakeholder dialogue, and making appropriate proposals to the Board.

The Sustainability Committee comprises a member from top management, the Sustainability Champion, the Financial Controller, the Human Resources Manager, the Maintenance Manager, the Quality Manager, the Executive Chef, the Food & Beverages Manager and the Executive Housekeeper.

The Sustainability Committee also engages in two-way communication with relevant stakeholders through a range of channels and event formats, valuing professionalism, transparency and respect, whilst embodying generosity, innovation and creativity. Both internal and external stakeholders are encouraged to contribute their ideas to the Committee, and progress updates are communicated through internal channels, web-based platforms and annual reports.

2. SUSTAINABILITY CERTIFICATIONS AND PRACTICES

2.1 The Green Globe Certification Programme

The Green Globe Certification programme is the world's most recognised and longest running global certification for sustainable travel and tourism. It hinges on a set of 44 core criteria related to sustainable management, social and economic issues, cultural heritage and the environment. The origin of the Green Globe organisation can be traced back to the United Nations Rio de Janeiro Earth Summit in 1992, where 182 heads of state endorsed the Agenda 21 principles of sustainable development.

CHRG embarked on the Green Globe Certification programme in 2013 to better promote its existing environmental sustainability credentials and to enhance its sustainability performance. Last year was a turning point as six of our properties located across the Indian Ocean were awarded the prestigious Green Globe Gold Certificate with an average score of 90%. The Green Globe Gold Certificate is remitted to organisations which have been certified for five consecutive years. This is testimony to our rigorous commitment towards continual improvement in our sustainability performance over the last five years, and we look forward to the next milestone of the certification programme: The Platinum Award. The next Green Globe audit will be conducted in 2020.

Property	2018 Green Globe Score
Constance Moofushi, Maldives	91%
Constance Halaveli, Maldives	90%
Constance Belle Mare Plage, Mauritius	90%
Constance Ephelia, Seychelles	90%
Constance Prince Maurice, Mauritius	88%
Constance Lemuria, Seychelles	87%

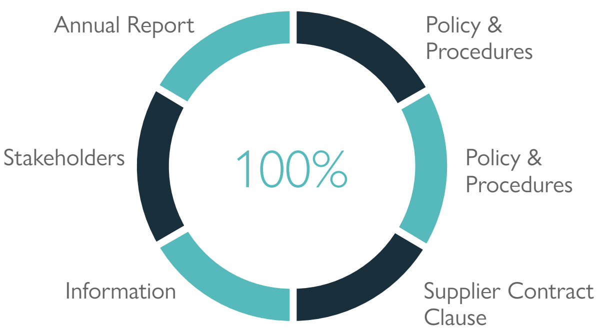
2. SUSTAINABILITY CERTIFICATIONS AND PRACTICES (continued)

2.2 Exploitation-free Environment

CHRG strictly complies with all applicable labour laws and regulations, and prohibits the employment, sexual harassment and exploitation of children. In this respect, a dedicated set of internal policies, such as the Equal Employment Opportunity Policy and the Code of Ethics and Conduct, have also been put in place.

During the year under review, we maintained our commitment to the Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism ("The Code") introduced by The Code.org, complying with all six criteria of the Code and making it a clear statement to our team members and guests that we do not accept the commercial sexual exploitation of children.

Status of Compliance with The Code as at 31 December 2019



2.3 Seychelles Sustainable Tourism Label (SSTL)

Launched in 2011 by the Government of Seychelles and recognised by the Global Sustainable Tourism Council, the SSTL is a voluntary sustainable tourism certification programme specifically designed for use by hotels of all sizes in the Seychelles.

In line with our commitment to sustainability, both Constance Lemuria, Seychelles and Constance Ephelia, Seychelles are certified establishments.

2.4 Food Safety Management Systems

ISO 22000 is an international standard which contains both traditional quality assurance preventive measures (ISO 9001) and preventive food-safety measures (HACCP) to provide a practical approach to the reduction and elimination of safety risks within the food supply chain as a means to protect consumers.

Following the introduction of the new version in June 2018, Constance Belle Mare Plage became the first hotel in the Indian Ocean to be ISO 22000:2018 certified.

In other properties, HACCP practices are in place and are regularly audited as we strive to:

- Embed, review and continually improve the internal processes and systems to provide safe food in consistent manner
- Guarantee to our guests that robust and effective food safety practices and procedures are in place
- Reinforce our ability to control food safety hazards and provide safe products
- Ensure adequate control at all stages of the food supply chain to prevent the introduction of food safety hazards

2. SUSTAINABILITY CERTIFICATIONS AND PRACTICES (continued)

2.5 Green Fins Certification

As a Green Fins member, TGI Maldives (Diving Centre) is responsible for the protection and conservation of coral reefs at Constance Halaveli, Maldives by establishing and implementing friendly guidelines to promote sustainable diving and snorkelling. including the monitoring of the environmental impact of its Diving Centre.

Regular training sessions are conducted to ensure that the Green Fins Code of Conduct is strictly adhered to.

In addition, TGI Maldives participates in our lagoon clean-up activities that is organised every 6 weeks together with team members and guests, and has partnered in our social projects to educate children from the local schools on marine ecosystems and their preservation.

2.6 Environmentally Preferable Purchasing (EPP)

EPP or Green Procurement is the practice of procuring products and services that are less harmful to the environment (land, air and water). Green products are those that are produced with less harmful materials or which upon usage/consumption would have a minimal impact on the environment.

At CHRG, we carry out EPP whenever green options are available, whilst giving due consideration to guests' satisfaction, company standards and reasonable costing. Our green purchasing measures include the following:

- Encourage and favour eco-friendly and power-efficient products.
- Prefer recycled and bio-degradable products.
- Buy seasonal and locally-produced goods, as far as possible, and thus minimise transport energy use.
- Buy in bulk to reduce packaging wastes.
- Favour less-harmful fertilisers and cleaning agents.
- Prefer eco-friendly designs and eco-labelled products.
- Prefer suppliers that are less polluting or use clean technology.
- Encourage and prefer suppliers who use recycled packaging materials.
- Explore the possibilities of further reuse and/or recycling with vendors.
- Green the supply chain by seeking suppliers that share our values and have in place an environment management system.

3. ENVIRONMENTAL STEWARDSHIP

At CHRG, we are conscious of climate change consequences and acknowledge our responsibility towards the environment. Whilst the wellbeing of our guests remains our focus, we are committed to balancing our economic priorities with our responsibility to protect the environment wherever we operate and to reduce our environmental footprint.

3.1 Water

With global warming, sources of freshwater are being depleted faster than they can be recharged by natural processes, and water conservation is becoming essential.

Our continued efforts to reduce water consumption over the past years have enabled us to attain optimal cost savings at Constance Belle Mare Plage and Constance Prince Maurice, whilst Constance Lemuria, Seychelles, is supplied with water from its own natural source and Constance Ephelia, Seychelles, and our properties in the Maldives are equipped with a desalination plant.

As a responsible organisation, our monthly water usage and costs are benchmarked with the aim to:

- Continually find ways to reduce water consumption.
- Reduce water losses by regularly checking for leaks.
- Install sensors, regulators and other water saving devices.
- Ensure efficient use of laundry equipment.
- Sensitise both team members and guests on the responsible use of water.
- Offer to guests the option of reusing towels and sheets.
- Limit the use of freshwater by capturing and using rainwater, wherever possible, and using recycled greywater for irrigation.
- Set, monitor and analyse water consumption reduction targets.
- Consider the option of desalination of sea water.

3. ENVIRONMENTAL STEWARDSHIP (continued)

3.1 Water (continued)

Moreover, all our properties are now equipped with water bottling plants to reduce the number of PET bottles within our properties, half of them being attached to a desalination plant with ultraviolet treatment.

Rainwater harvesting systems are used to irrigate the spice and herbs gardens of our Chefs, whilst grey/black water is channelled to our sewage treatment plant where it is recycled for irrigation. Guests are encouraged to use towels and linen in an environmentally-responsible manner.

3.2 Energy

We aim to reduce our energy consumption in order to limit our environmental impact. This shall, in turn, lower our energy costs. In doing so, we strive to:

- Make our workplace more energy efficient.
- Reduce the use of fossil fuels and opt for renewable energies.
- Maintain our machinery and equipment in good working condition.
- Opt for energy efficient equipment and low energy appliances.
- Ensure optimal use of plant and machinery.
- Use timers, sensors and other devices that regulate energy consumption.
- Reduce loss of energy by using, for instance, insulated pipes to carry hot or chilled fluids.
- Set objectives for limiting consumption, regularly monitor progress and improve processes.

Energy Efficiency

Our energy mix is progressively shifting towards renewable sources such as photovoltaic systems.

At Constance Ephelia, Seychelles, our water bottling plant is running partly on solar power while Constance Tsarabanjina, Madagascar, is now being equipped with a 30KW solar power plant, assisted by two new generators for better efficiency.

Our properties are operating on LED light at almost 100%, whilst the daily energy monitoring exercise in our properties, through the Supervisory Control and Data Acquisition (SCADA) system, provides each department with the necessary tools and information to manage their respective energy consumption and to identify opportunities to further reduce their carbon footprint.

Electricity

The implementation, in all our properties, of the SCADA system which is connected to meteorological stations has enabled the real-time monitoring of electrical power usage and the reduction of associated costs.

The functionalities of this system have been expanded, and now include the reporting on temperature and door openings of cold rooms, leading to a direct impact on energy savings as well as on our Health & Safety performance.

During the year review, the Group daily electricity consumption dropped by 2.2% to 98,712 KWh.

Diesel

In the Maldives and the Seychelles, our diesel consumption is directly linked to the electricity produced given that our properties are on prime power generators. Consequently, any savings on electricity also result in savings on diesel.

Diesel is also used for water heating at Constance Lemuria, Seychelles, and Constance Prince Maurice. At both properties, a reduction in average consumption has been observed over the past years, further to the complete redesign of the heat recovery system.

Gas

An increase in gas consumption has been recorded over the past years. To date, we have not been able to set an appropriate saving strategy due to a lack of instrumentation. A number of measures are, however, being taken to minimise our gas consumption and to:

- Ensure the integrity of the distribution network
- Ensure that the gas banks are properly sized to match the evaporation rate demand
- Encourage team members to minimise gas usage
- Ensure that the burners are properly calibrated

3. ENVIRONMENTAL STEWARDSHIP (continued)

3.3 Biodiversity

CHRG is fully engaged in the preservation of the biodiversity of the territories in which it operates. In doing so, we aim to:

- Reduce our use of insecticides, weed killers, fungicides
- Use organic fertilisers
- Use environmentally friendly-products for cleaning
- Buy sustainably-harvested seafood and agricultural products
- Water plants in a rational way
- Use indigenous plants for landscaping and minimise light and noise
- Plant at least one tree every year
- Ensure that invasive alien species are not introduced in our gardens and landscapes
- Not display or sell products made from threatened or protected plant and animal species
- Participate in ecological restoration initiatives in local areas

A number of initiatives geared towards biodiversity preservation are carried out by our teams, including the following:

Protection of Endemic Plants

We regularly consult the International Union for Conservation of Nature (IUCN), a global authority in the field of nature conversation and sustainable use of natural resources.

On the basis of information gathered from the IUCN, we have identified more than 80 endemic species in the surroundings of our properties and adapted our landscaping plans and nurseries to protect them from invasive species, thus contributing to the genetic diversity of our destinations.

World Bee Day at Constance Prince Maurice

Constance Prince Maurice celebrated the World Bee Day on 20 May 2019, a date chosen to pay tribute to the pioneer of modern beekeeping techniques, Anton Jansa.

Conscious of the urgent need to protect biodiversity, a beekeeping farm was developed in our Chef's garden, thus allowing bees to thrive in this exceptional place and produce an equally exceptional nectar. Students from the Poste-de-Flacq Government School and Poste-de-Flacq R.C.A were invited to discover the beekeeping farm, as well as the honey-making process and the good practices easing the wellbeing of these honey-makers.

3. ENVIRONMENTAL STEWARDSHIP (continued)

3.3 Biodiversity (continued)

Mangroves Preservation Programme

Wetlands play a significant role in stabilising greenhouse gas emissions and blunting the impact of climate change, and buffer coastlines against extreme weather events such as floods and droughts.

Given the peculiarities of their site, we aim to improve the management of the biodiversity at both Constance Prince Maurice and Constance Ephelia, Seychelles, by enhancing our collaboration with community partners.

Community-based mangrove management plans have been established and successfully implemented over the past three years at the RAMSAR site with more than 3,000 trees planted and monitored at Port Launay, Seychelles. Guests and community members are regularly invited for a tour in the mangrove nursery to learn about their contribution in the global ecosystem and the scientific approach adopted for the transplanting of samples. In 2019, Constance Prince Maurice partnered with Mr. Nadeem Nazurally, Senior Lecturer at the University of Mauritius, to raise awareness on the importance of mangroves.

Marine Ecosystems

The ocean and reefs are home to numerous sea creatures and plants, some of which are even used for medical purposes. Every possible step towards the conservation of marine life and the protection of our reefs is thus taken across all our properties to:

- Ensure wastewater is not discharged in the ocean
- Use ecological or organic fertilisers
- Sensitise our team members and guests about the negative environmental impact of littering on the beach and in the sea
- Ensure all trash are properly disposed of
- Ensure with our service providers that snorkelling and diving are practiced in a way that does not affect our coral reefs
- Encouraging and support clean-up of the marine and coastal environment
- Comply with local conservation policies
- Keep boats clean and in proper working condition in order to minimise noise pollution
- Plant trees to reduce runoff into the ocean and contribute in reversing the warming of our planet

Turtle Rescue and Turtle Nestling Protection

Tegan, a hawksbill turtle, was rescued by the dive instructor Charly and our team at Constance Moofushi, Maldives, as she was having difficulty in controlling her buoyancy and could not dive. This is likely due to the ingestion of plastic and other foreign materials that resulted in a bowel obstruction. Microbes on the ingested plastic produce gas which builds up in the turtle, causing buoyancy disorder.

In addition, Grande Anse Kerlan at Constance Lemuria, Seychelles, remains the number one beach on Praslin Island with a proper turtle conservation programme established by the renowned scientist, Dr. Jeanne Mortimer.

3. ENVIRONMENTAL STEWARDSHIP (continued)

3.3 Biodiversity (continued)

Corals & Island Life

Along with our marine biologist, Jasmine, the team at Constance Moofushi, Maldives, collected broken pieces of corals around the property to plant them back into the ocean on coral frames.

Lagoon cleaning is also a regular activity at the Constance Moofushi, Maldives, and Constance Halaveli, Maldives, to help the marine ecosystem regenerate itself and to clear debris brought by ocean currents.

3.4 Waste

We recognise that our operations generate an important amount of wastes which constitutes a major pollutant, affecting both the environment and public health. In this respect, we do the utmost to refuse, reduce, recycle and reuse so as to limit the impact on the environment by:

- limiting the use of disposable packaging for the hotel supplies.
- using bio-degradable products and materials, whenever the option is available.
- limiting individual packaging of hygiene products in bedrooms.
- organising sorting and separating of recyclable wastes.
- collecting and recycling cooking oil for permitted uses.
- separating and collecting grease from food stuffs.
- organising recycling of materials such as paper/cardboard/glass/plastic packaging, metal cans, ink cartridges, restaurant organic waste, garden green waste, etc.
- engaging in projects with the local community for the reuse of recycled materials.
- safely disposing hazardous wastes such as batteries, electrical and electronic devices, fluorescent bulbs/tubes, etc.
- organising and supporting clean-up of the surrounding environment.

In 2019, more than 126,000 tonnes of wastes were generated in our properties, bringing the average amount of wastes per room night to 0.57 tonne compared with 0.55 tonne the previous year. However, the recycling rate in some properties increased from 33% in 2018 to 36% in 2019, with more than 200,000 cubic metres of wastewater being recycled for irrigation purposes.

We also maintained our partnership with Parley for the Oceans. The latter is helping us to recycle our plastic waste into usable items such as tennis shoes.

Wastes by Category, 2019	
Processed Food	80.60%
Paper	0.00%
Plastic	0.01%
Cooking Oil	0.01%
Glass	0.00%
Landscaping (Green)	0.13%
Electronic	0.02%
Unprocessed Food	0.01%
Chemical	0.00%
Unsorted	19.22%
Total	**100.00%**

3. ENVIRONMENTAL STEWARDSHIP (continued)

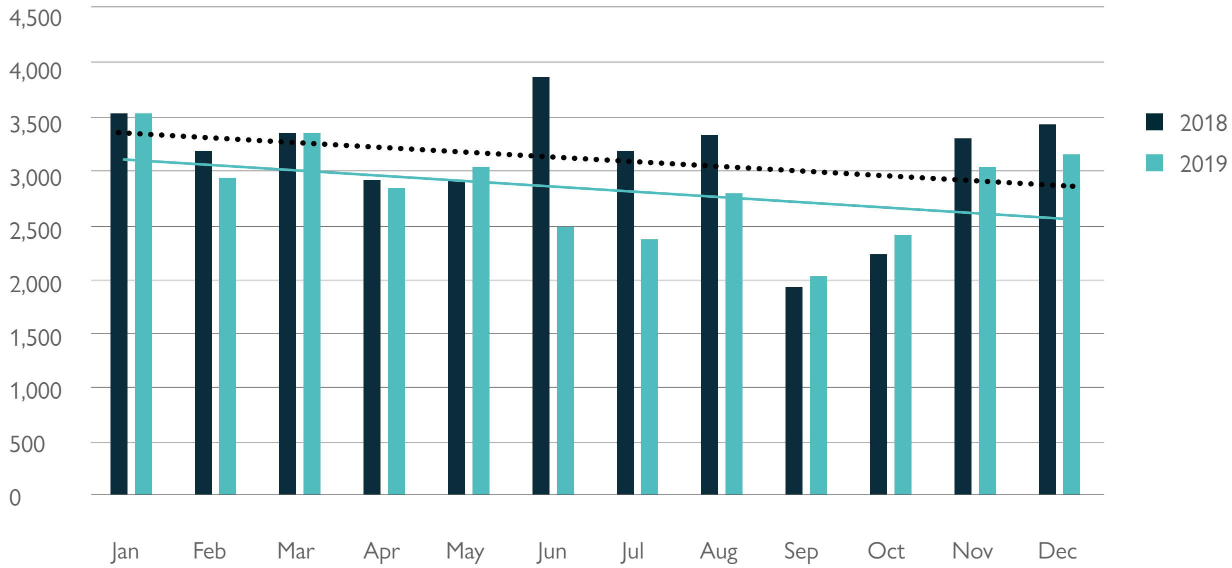
3.5 Emissions

CHRG is sensitised to the importance of minimising its carbon footprint. In this respect, we have aligned our actions to the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. In addition, we have integrated the Hotel Carbon Measurement Initiative (HCMI) methodology into our monthly reporting process to monitor and reduce our carbon emissions more effectively, whilst contributing to SDG13 on climate action.

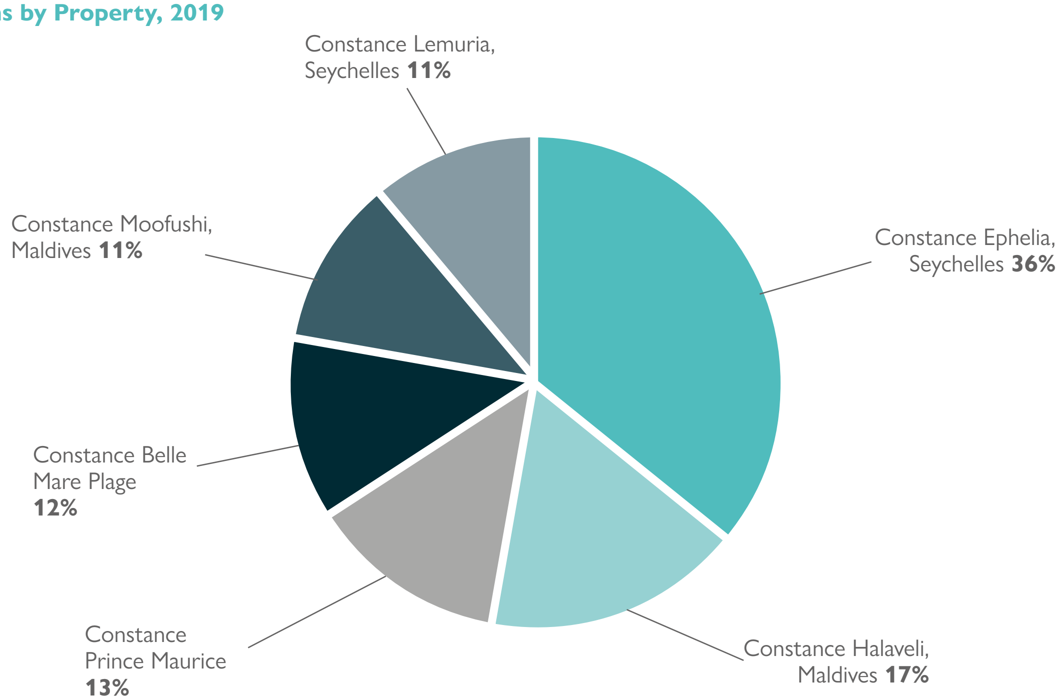
In 2019, we recorded a net level of GHG emissions of 34,079 tCO_2e for our properties, i.e. an 8.6% decrease compared with 2018.

Net GHG Emissions, 2018-2019

(in tCo2e/RN)



GHG Emissions by Property, 2019



4. QUALITY OF SERVICE

4.1 The Quality Journey – Observe, Collect, Analyze, Improve, Delight

We value our guests and thus ensure, through the Constance Minimum Standards, that we consistently provide quality guest experiences across all our hotels. A systematic approach is adopted to continuously monitor the quality level of our offerings, to grasp our guests' preferences and feedback and to eventually provide the best experiences to our guests.

Moreover, we understand that in order to be successful, it is critical that we attract new guests whilst retaining existing ones through effective customer satisfaction and loyalty policies.

4.2 Online Reputation

The management of the Group's quality standards includes the monitoring of public feedback, conversations and engagements related to our brands on online platforms, namely Online Travel Agencies (OTAs), review websites and social media. The analytical tools of our e-Business Department enable us to benchmark the performance of each of our hotels against their respective set of competitors.

We monitor online reviews through ReviewPro, the world's leading independent provider of online reputation analytics for the hotel industry, with the aim to continually increase our industry-standard Global Review Index (GRI), as a recent study conducted by the Cornell University found that a 1% increase in the GRI results in higher RevPAR.

In 2019, our overall GRI increased to 95.5%, based on 6,791 reviews for all our properties. Four of our properties scored between 96% and 98%, the average worldwide score being around 70-80%.

The high GRI scores achieved since 2014 have enabled Constance Hotels & Resorts to be listed among the top 10 small luxury brands worldwide.

4.3 Guest Satisfaction

The quality of our offerings and the emotional experiences of our guests are evaluated and monitored through an internal system referred to as CHR. This system includes guest-satisfaction surveys, mystery audits, reservation audits and self-assessments. Post-stay surveys are sent to all guests, and data collected are thoroughly analysed to help us have an objective view of our service quality. A recognition process is also in place, at both hotel and Group level, to identify repeat guests along with their personal preferences.

The results of our assessment exercises are systematically benchmarked against the Constance Minimum Standards and those set by the Leading Hotels of the World; the main pillars of which are product, service, cleanliness and condition. Appropriate action plans are subsequently devised and implemented by Management.

GRI indicators

6,791
Reviews
(+404 reviews year-on-year)

Global Review Index 2019:
95.5%
(+0.3 point year-on-year)

Positive Mentions:
84.1%

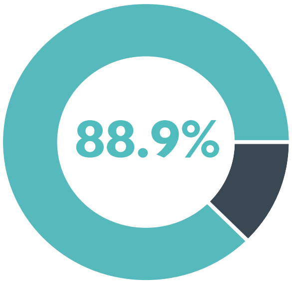
4. QUALITY OF SERVICE (continued)

2019 Satisfaction Survey

5,069

Completed Guest Surveys

Overall Satisfaction Score

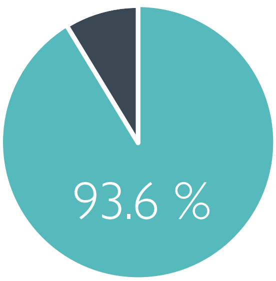


Emotion Score

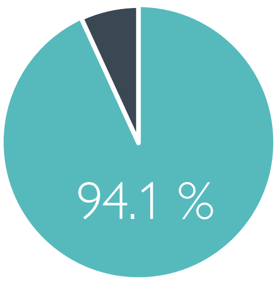
93.3 %

Score based on 4 keys loyalty-inducing emotions :

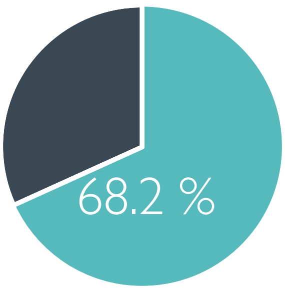
- Welcome
- Comfort
- Pampered
- Relaxed



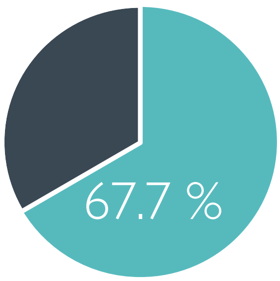
Answered that our staff showed a can-do attitude



Answered that our staff showed friendliness



Are likely to return



Would recommend the Group

5. OUR PEOPLE AND HEALTH & SAFETY

5.1 Our People

HR Strategy and Overview

In 2019, our efforts were mainly geared towards our employer brand and the review of key processes, thus contributing to the building blocks of our 2018-2021 HR strategy which focuses on Employer Branding, Candidate Experience, Recruitment and Selection, Performance Management as an Engagement Tool, Onboarding, Rewards, Benefits and Recognition, Culture, Learning and Development and Welfare.

In order to render our HR operations more efficient, various HR forms, checklists and processes were reviewed and streamlined to enable digitalisation and automation.

Moreover, we actively developed the C Resorts Concept from the perspective of 'Citizens' (i.e. the team members of C Resorts), taking into account the key attributes of the C brand culture, as each and every Citizen contributes to the brand promise and has a role to play in 'Nature's Playground'.

During the year under review, CHRG was the sole hospitality organisation to be remitted two awards at 2019 HR Awards Ceremony organised by the company 'HR Maldives', an awarding body. We received the Excellence in Learning & Development Award, whilst our Cluster Training Manager received the Learning & Development Manager of the Year Award.

With the introduction of the new employment law in Mauritius, the likely adverse impact of the Coronavirus (COVID-19) outbreak and increased competition in the Maldives with new hotel openings, our focus in 2020 and 2021 shall be to improve our processes and work towards operating more efficiently and optimise our human resources. In the same vein, we shall also put more emphasis on HR Analytics to closely monitor extra expenses in the HR function and identify potential areas of optimisation.

Furthermore, with the new Performance Management System (PMS) in place and a more structured approach to talent identification, we will further improve our succession planning process to ensure high-potential leaders are ready to take on new roles within the Group.

Talent Acquisition

During the year review, we conducted the 2nd recruitment campaign for C Resorts with emphasis on the candidate experience. Over three consecutive days, the hotel was totally revamped to welcome potential candidates around fun and creative activities, such as bar masterclass, lifestyle cooking and speed and friendly interviews.

Our recruitment policy and interview process were also reviewed to enhance the candidate experience and ensure that the best talents are recruited.

A number of improvements were brought to our recruitment and selection process from the hiring manager's perspective in order to enable them to optimise the recruitment cycle and to find and select the best talents. The application process was also simplified to make it a user-friendly experience for all potential candidates.

We reinforced our presence on social media with internal competitions organised during our 'Living Our Brand Week', as part of our efforts to attract a maximum number of potential candidates from our recruitment and social media platforms. In this respect, our team members had the opportunity to post photos related to our values on our Facebook Jobs and Career page.

In addition, we established new partnerships with schools and recruitment partners across Asia to further expand our labour market possibilities.

Talent Development

Conquest Leadership Programme

Heads of department across CHRG followed a two-month intensive development programme, 'CONQUEST', in collaboration with LRMG, South Africa. The programme included psychometric tests, face-to-face learning and online learning through Harvard ManageMentor, one-on-one personal coaching, online business simulations and Group projects.

75 managers of CHRG followed CONQUEST over 4,800 cumulative training hours.

Growth in Training hours

In 2019, CHRG achieved an average of 47.1 training hours per team member compared with 41.8 in 2018. This slight increase is mainly attributable to the following leadership development programmes:

- CONQUEST for Heads of Department
- BRIGHT for middle management
- Constance Leadership Series, whereby Constance Hotels' subject specialists shared their knowledge with Constance Hotels' Management
- Management seminars with renowned international speakers/trainers such as Robin Sharma, Kevin Gaskell, Jez Rose and Dr Michael Hall

5. OUR PEOPLE AND HEALTH & SAFETY (continued)

5.1 Our People (continued)

Talent Retention

New Performance Management System

A new PMS was introduced in 2019. The biannual process aims to help drive engagement, assist retention and attain specific targets. Training programmes on the new PMS were organised across all our properties to ensure alignment and understanding of the process by all managers and supervisors. The new process provides the corporate HR function a database of 'mobile top talents' who may be strategically relocated within CHRG, as and when needed. This database is also instrumental in our succession planning initiatives.

Employee Engagement & Welfare

To further boost the engagement level of our team members, three Group-wide campaigns were launched during the year under review:

1. 'Living our Brand' to help reinforce our brand platform with our team members through activity-based sessions.
2. 'Moments of Truth' with HR services to help define and celebrate key moments in the life cycle of our team members (e.g. promotion kits, pre-onboarding website, loyalty benefits and interviewing experience).
3. 'Thank You Week' activities to thank our teams and our partners.

In 2019, an Employee Engagement Score of 76.89% was achieved compared with 79.44% in 2018. This marginal decrease is mainly due to two properties, namely C Mauritius and Constance Aiyana which were not accounted for in 2019. These two hotels were accounted for in 2018 when they just opened and had extremely high levels of engagement.

We will continually review our strategy and actions to further engage our team members.

5. OUR PEOPLE AND HEALTH & SAFETY (continued)

Constance Hospitality Training Centre

Constance Academy (CA) launched its new website (constanceacademy.com) in 2019. The website will increase CA's operational efficiency through better communication on our offers, online course applications and more importantly it will allow CA to be closer to both its internal and external stakeholders.

During the year under review, CA enrolled 78 team members on its BRIdging the Gap Through Holistic Training (BRIGHT) Level 1 throughout the Constance Hotels Group.

Other major internal programmes rolled out were: Living our Brand, Performance Management and Voice of Excellence.

The Constance Internal Trainers Certification programme was reviewed, and successful candidates are now certified as trainer for a period of three years. 47 (CMM: 17, CHM: 20, CES: 10) departmental trainers were certified in 2019 throughout the Group.

CA embarked in the National Skills Development Programme (NSDP) for the first time after more than 20 years of running NC3 under Apprenticeship scheme. 154 students were recruited in our NC3 Housekeeping, Front Office, Restaurant & Bar Services, Pastry and Food Production courses in 2019 intake.

In 2019, we also launched our first cohort of National Diploma Level 6 in Hotel Management programme with 10 participants from our sister and partner hotels in the eastern region. The duration of the course is 2.5 years on a part-time basis.

CA continues to play its role to empower the local community through training and development. 23 participants were enrolled in our National Certificate Level 1 in Adult Literacy programme, and 8 participants took part in the national exams for the first time to validate their learning. This programme is fully funded by Fondation Constance.

Through our strategic partnership with the Seychelles Tourism Academy, 6 students of Advanced Diploma in Hotel Management (ADHM) travelled to Mauritius for work placement in Mauritius. The students were on internship at CPM for a 6 months period. Under the same partnership agreement, 10 of our NC3 students who successfully completed their courses travelled to Seychelles for an international exposure for a 6-month period.

Overview of Major Activities in 2019

BRIdging the Gap Through Holistic Training (BRIGHT) Level 1

2019 cohort included 5 groups: CBMP & CPM (15), CHM (8), CMM (8), CLS (22), CES (22).

- 50 Workshops conducted (including Orientation and Presentation Skills)
- 3 formal assessments conducted per participant, including Train-the-Trainer audit, i2A write-up & presentation and Written Assessment
- 100% Pass rate

Other major programmes conducted

- Living our Brand
- Performance Management
- Voice of Excellence
- Building High Performing Team
- Business Writing That Works
- Constance Internal Trainer Certification programme

Award Courses

- Number of students enrolled in NC3 courses under the National Skills Development Programme (NSDP) of the Human Resources Development Council: 130
- Non-NSDP students enrolled in NC3 Courses: 24
- National Diploma Level 6 in Hotel Management: 10

Literacy Programme

23 participants were fully sponsored by Fondation Constance to enroll in our National Certificate Level 1 in Adult Literacy. **8** took the challenge to sit for final written and oral exams jointly by the Mauritius Institute of Training & Development (MITD) and the Mauritius Examination Syndicate (MES).

Seychelles Tourism Academy (STA)

CPM welcomed 6 Advanced Diploma in Hotel Management students on internship, and 10 students of the Constance Academy travelled to the Seychelles for international exposure.

CPM: Constance Prince Maurice
CBMP: Constance Belle Mare Plage
CLS: Constance Lemuria, Seychelles
CES: Constance Ephelia, Seychelles
CHM: Constance Halaveli, Maldives
CMM: Constance Moofushi, Maldives

5. OUR PEOPLE AND HEALTH & SAFETY (continued)

OUR TEAM PROFILE IN 2019

3,096
Team Members

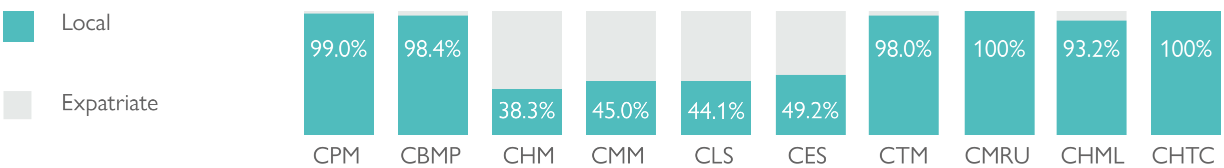
50
Nationalities

Team Member by Country of Operation

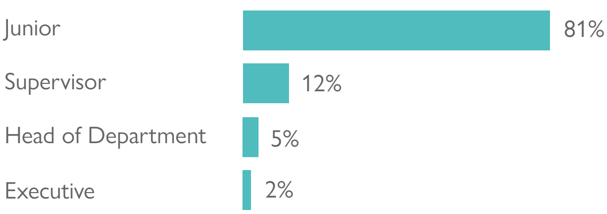
Mauritius	1,303
Seychelles	1,164
Maldives	513
Madagascar	103
Germany	4
France	3
Italy	3
UK	3

% of Local Team Members

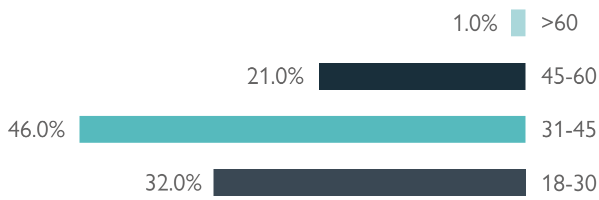
% of Local & Expatriate Team Members by Hotel/Entity



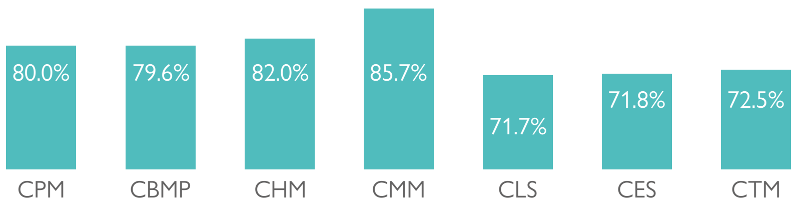
Team Member by Job Level



Team Member by Age Group



2019 Employee Engagement Score by Property



CPM: Constance Prince Maurice
CBMP: Constance Belle Mare Plage
CHM: Constance Halaveli, Maldives
CMM: Constance Moofushi, Maldives
CLS: Constance Lemuria, Seychelles
CES: Constance Ephelia, Seychelles
CTM: Constance Tsarabanjina, Madagascar
CMRU: C Mauritius
CHTC: Constance Hospitality Training Centre
CHML: Constance Hospitality Management Limited

5. OUR PEOPLE AND HEALTH & SAFETY (continued)

5.2 Health & Safety

CHRG is committed to maintaining and continually improving its Health & Safety (H&S) standards across all its operations. We aim to complement local legislations and requirements through the following four spheres of H&S performance.

1 Compliance

Each unit, in consultation with the Sustainability Committee representatives, establishes and reviews appropriate standard of procedures, as and when required, to ensure the H&S all team members, service providers, guests and any other stakeholder groups with whom they are involved.

2 Risk Management

Each unit ensures active monitoring of risks and unsafe conditions through regular worksite inspections, risk assessments, timely reporting of incidents, adherence to safety rules and health surveillance programmes. These are essential management tools to establish an effective H&S framework.

3 Competence & Training

Each unit ensures that all team members are provided with the adequate information, instructions, and job-specific training. Team members receive refresher training on workplace safety rules and emergency management on a yearly basis and upon unsafe acts/behaviours or following the occurrence of a work-related incident.

4 Consultation & Communication

We actively engage with all stakeholders to assist in the evaluation of the effectiveness of the H&S programme and to promote awareness and co-worker participation.

During the year under review, the H&S performance management system continued to provide actionable data and recorded an improvement of 2% in the OHSAS 18001 audit performance, with an increase of 5% in our overall performance. 2 cases of reportable injuries (road traffic accidents) were recorded, and no case of occupational disease was reported.

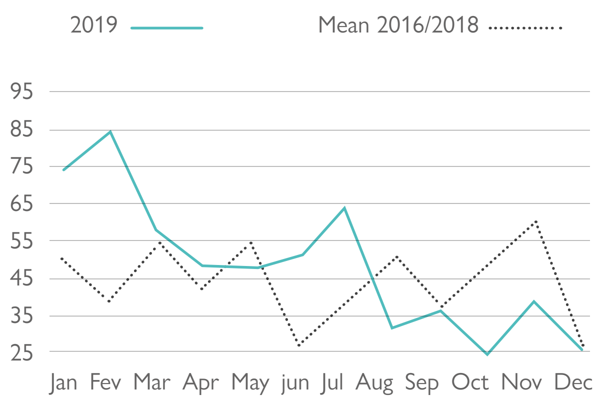
Whilst we are adequately equipped to effectively manage identified risks and non-conformities through various strategies adapted to the unique operational demands of each property, we recorded an increase in the number of incidents and lost days in 2019. This was mainly due to the improved incident reporting mechanisms in our Seychelles properties.

Even though an increase in the number of Lost Days Incidents (LDI) was observed, the severity rate per incident dropped from 6.37 in 2018 to 6.25 in 2019, whilst the reduction in LDI frequency rate was maintained. This reduction was further achieved as more team members (77%) were trained in H&S practices, risk management, emergency procedures and incident reporting, resulting in an increase of nearly 8% in the average training hours per team member.

H&S Indicators

	2017	2018	2019
Non-compliance (NC) closed	81%	91%	93%
Days taken to close NCs	176	81	43
Total incidents recorded	713	631	785
Lost Days Incidents (LDI)	147	116	131
Number of lost days recorded	937	721	819
Overall LDI Frequency Rate	4.94%	4.82%	4.03%
Training completion	70%	70%	77%
Training hours per team member	4.0	3.8	4.1

LDI TREND



6. CORPORATE SOCIAL RESPONSIBILITY

6.1 Fondation Constance

Mission

As part of its mission, the Company cares for the well-being and development of the communities in the neighbourhood of its hotels. It considers its Corporate Social Responsibility (CSR) initiatives as investments that contribute to the sustainable development of the community.

Fondation Constance

Fondation Constance is the entity responsible for the implementation of Constance Group's CSR programmes through its Steering Committee. It reports to the Corporate Governance Committee, which approves its annual programme and monitors its performance on a quarterly basis.

Objectives

The Constance Group's CSR policy is guided by a set of three objectives

Care for the well-being and development of the community in which it operates, including the environment.

Ensure that the Group's involvement and contribution make a difference.

Establish that Corporate Social Responsibility is not charity but an investment that bears a positive impact on the community.

Whilst Fondation Constance extends its consideration to high-impact projects at national level, it gives priority to projects in the region in which its Group member companies operate. This gives the Group a wider opportunity to reach out to its local stakeholders.

Donation Policy

The Group's allocation of funds follows a specific donation policy that is meant to:

i. Ensure that all its donations are compatible with its business activities and reflect its respective values and objectives.

ii. Support people and communities, at both local and national level, with the aim of making their lives better and giving them opportunities that they might otherwise not have had access to.

iii. Enhance and safeguard the natural environment.

The Company contributed MUR 2 million to Fondation Constance during the year under review.

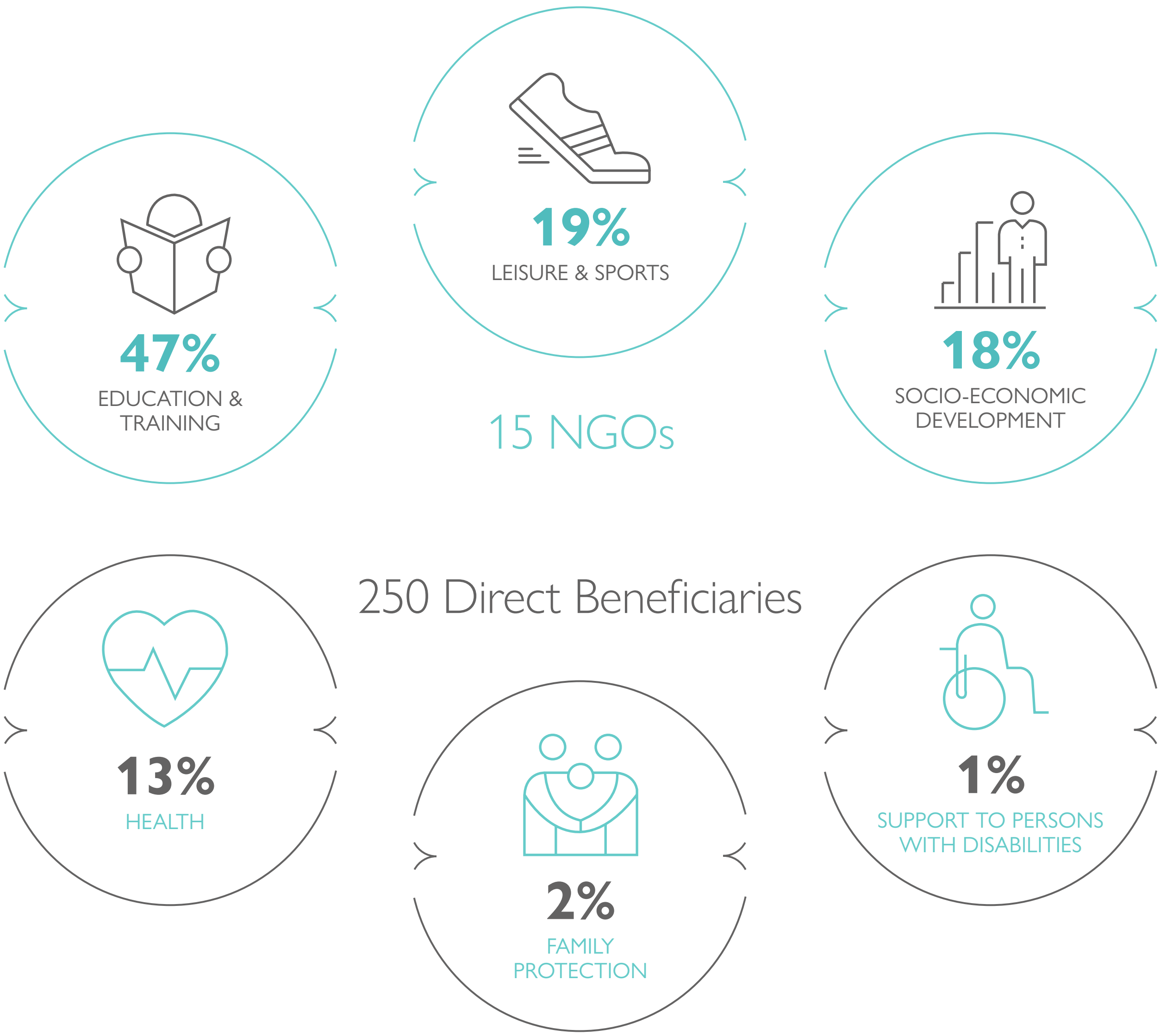
	The Group		The Company	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
CSR contribution to Fondation Constance	**2,000**	2,000	**2,000**	2,000
Others	**32**	147	**-**	-
Total	**2,032**	2,147	**2,000**	2,000

6. CORPORATE SOCIAL RESPONSIBILITY (continued)

Fund Allocation of Fondation Constance

In 2019, Fondation Constance allocated the available financial resources to fund projects in six focus areas, namely education & training, leisure & sports, socio-economic development, health, family protection and support to persons with disabilities. It supported 15 NGOs, reaching a total of 250 direct beneficiaries.

FUND ALLOCATION BY FOCUS AREA, YEAR ENDED 31 DECEMBER 2019



6. CORPORATE SOCIAL RESPONSIBILITY (continued)

Education & Training

Primary School Achievement Certificate Sponsorship (PSAC)

Fondation Constance believes in the empowerment of communities through education. Scholarships are awarded annually to the four best PSAC pupils from the Poste de Flacq Government and RCA schools, to cover their secondary studies and enhance equitable and quality secondary education leading to relevant and effective learning outcomes. Many previous beneficiaries have gone on to pursue tertiary studies.

24 beneficiaries

Non-Formal Education and Breakfast Support Programme for Children from Vulnerable Groups

2 NGOs

95 Beneficiaries

3,796 Meals Served

Fondation Constance sponsored three NGOs dedicated to the development of quality non-formal education programmes for children from vulnerable groups.

This project benefitted 95 persons.

Zippy's Friends

Zippy's Friends is a programme that helps young children, aged between five and seven years, to develop their ability to cope with everyday difficulties, to identify and talk about their feelings and to explore ways of dealing with them. It is an integrated project which aims at maintaining good mental health, which in turn impacts positively on the academic performance of students and the long-term economic empowerment of vulnerable people.

In 2019, Fondation Constance elected to sponsor the Poste de Flacq RCA school. Overall, 14 students, 3 teachers, the Deputy Headmaster and the Headmaster responded positively to the project. 15 members of the staff benefitted from training sessions on "Well-being". Improvements have been noted in the behaviour, the relational faculties and academic performance of the children.

Technical Training

Fondation Constance sponsors youths who demonstrate a keen desire to uplift themselves and secure future employment through vocational training. One student of *Collège Technique Saint Gabriel* and one from *St Joseph Technical School* took advantage of the scheme and successfully completed their courses. It is encouraging to note that many of the beneficiaries of this scheme have secured employment and are progressing in their career.

6. CORPORATE SOCIAL RESPONSIBILITY (continued)

Leisure & Sports

Constance Cycling Academy

Fondation Constance encourages the promotion of recreational, leisure and sports activities in the eastern region of Mauritius. The objective is to groom young people into responsible leaders whilst empowering them to achieve their full potential and well-being. Fondation Constance is a staunch supporter of the *Faucon Flacq Sporting Club* (FFSC) which promotes sports for the benefit and development of young people from underprivileged families.

The *Constance Cycling Academy,* financed by Fondation Constance, has been very active in 2019. The 6 "Cadets" and 6 "Minimes", as worthy beneficiaries, have lived up to expectations in winning races in their respective categories.

Whilst they were addicted to cigarettes not long ago, the practice of sport has instilled in them a sense of discipline and a healthy lifestyle. They have given up on cigarettes, and are doing well at school.

We firmly believe that sport remains an excellent means of reintegration and allows people to be more responsible towards civil society.

Socio-Economic Development

Empowerment through Training and Placement

Fondation Constance continued to provide training at the *Constance Hospitality Training Centre* (CHTC) to 7 persons from vulnerable groups of the eastern region of Mauritius to give them skills, thus enhancing their employability.

During the year under review, 7 underprivileged women participated in the Adult Literacy Programme in order to empower them and restore their sense of human dignity.

7 beneficiaries

Schooling Support

During the year under review, Fondation Constance continued to sponsor Friends of the Poor with a view to providing support to ten children from vulnerable groups from the eastern region of Mauritius.

Protection of vulnerable persons

This year, employees of the Group organised a Christmas party for elderlies. This initiative, which benefitted from the support of Fondation Constance, was meant to involve employees with a strong sense of social concern and care, both in terms of volunteer work and fund raising. In that context, they generously donated gifts to the 58 beneficiaries and sang Christmas Carols which brought a feeling of great joy and happiness for the festive season.

6. CORPORATE SOCIAL RESPONSIBILITY (continued)

Socio-Economic Development (continued)

SOS Children's Village

Fondation Constance continued to provide financial support to SOS Children's Village to ensure abandoned and neglected children grow with love, respect and security in a family-based residential care, and under the guidance of a substitute mother. The project provides for the children's basic and developmental needs, their education and training support, towards their early social integration.

Service d'accompagnement, de formation, d'insertion et réhabilitation de l'enfant (SAFIRE)

25

Beneficiaries

Fondation Constance continued to live up to its commitment as a socially-responsible organisation. In 2019, we partnered with SAFIRE, an NGO engaged in the promotion of the rights of street children. This partnership enables the children living in the regions where our companies do business to benefit from the initiatives of Fondation Constance. The beneficiaries have access to free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes and the restoration of their dignity.

Lizié dan Lamain

In 2019, Fondation Constance continued to support NGOs promoting the social integration of persons with physical disabilities. *Lizié dan Lamain* was one of the beneficiaries.

Health

Prévention Information Lutte Contre le Sida (PILS)

During the year under review, Fondation Constance continued to support PILS in its fight against HIV/AIDS.

Centre d'Accueil de Terre Rouge (CATR)

Drug addiction is alarmingly on the rise, particularly among young persons of the East of Mauritius. To respond to the lack of adequate support offered to them, Fondation Constance has joined forces with the Centre d'Accueil de Terre Rouge (CATR), expert in this matter, to develop a programme to strengthen the prevention and treatment of substance abuse in the region.

A Day Centre, opened on 05 September 2018, continued to receive the financial support of Fondation Constance in 2019. 144 counselling and sensitisation sessions were offered to the community by CATR in 2019. 16 persons from the East have completed the residential programme offered at Terre Rouge, and 15 youngsters from the East have completed the 'Art Therapy' sessions at Rivière Citron.

With the increasing demand for appropriate treatment in the East, CATR and Fondation Constance are increasing collaboration to provide facilities and means to combat drug addiction in the East. It is planned that a Day Centre, with appropriate amenities, will be put at the disposal of the CATR in the near future.

6. CORPORATE SOCIAL RESPONSIBILITY (continued)

6.2 CSR Initiatives at Property Level

Concurrently to the numerous projects supported by Fondation Constance, CSR initiatives are also undertaken at the level of our properties. These initiatives give CHRG a wider opportunity to reach out directly to its local stakeholders. During the year under review, 79 CSR initiatives were undertaken at property level, benefitting a total of 2,045 individuals. Such initiatives are mapped onto the SDG Matrix in an effort to visualise our contribution to their achievement, and in turn inform our sustainability strategy in the long term.

Selected CSR Initiatives undertaken at Constance Halaveli and Constance Moofushi, Maldives

CONSTANCE HALAVELI MALDIVES

- Pink Ribbon Walk-Run on World Cancer Day
- Fundraising Event on the World Cancer Day
- Earth Overshoot Day

CONSTANCE MOOFUSHI MALDIVES

- Hinamdhoo School Visit
- Clothes Donation to the National Drug Agency

Hinamdhoo School Visit
Constance Moofushi, Maldives

6. CORPORATE SOCIAL RESPONSIBILITY (continued)

6.2 CSR Initiatives at Property Level (continued)

Clothes Donation to the National Drug Agency
Constance Moofushi, Maldives

Earth Overshoot Day
Constance Halaveli, Maldives

6.3 Looking ahead

Pursuant to the amendment to the legislation, companies are compelled, since 01 January 2019, to channel 75% of their contributions to the Mauritius Revenue Authority (MRA) as CSR tax. Only 25% of CSR funds are now available to implement Fondation Constance's own social programmes and initiatives, and support long-term partners, NGOs and underserved communities.

Companies can request to recover the additional 25% from the National Social Inclusion Foundation (ex-National CSR Foundation) to continue supporting programmes launched prior to 01 January 2019. This legal constraint restricts the availability of CSR funds. Although the impact has been limited for the time-being, we are required to adjust our action plans in order to deliver on our objectives.

We shall consequently commit funds over and above the mandatory CSR levy and renew our engagement to contribute towards the well-being and development of the community in which Constance Group member companies operate.

THE WAY FORWARD

As a responsible business, we believe that we must not only manage the impact of our operations on the economy, society and environment, but also lead the way in understanding, improving and innovating for sustainable tourism. Building on our sustainability achievements and commitments, we aim to establish a new chapter in our sustainability journey – True by Nature.

Over the coming years, CHRG will, consequently, strive to better grasp and address new sustainability challenges through the empowerment of its people and continual enhancement of its operations and initiatives, thus reinforcing its commitment to responsible and sustainable business practices.

Our 2022 Targets

TRUE PEOPLE

Our 2022 Targets	Indicator/Lever	2022 Target
Workforce Development & Human Rights	Average Group Consumption in m3/day	≥ 80%
	Average Training Hours per Team Member	30 hours per year
Operational Health & Safety	Overall OHS Performance	≥ 90%
Stakeholder Engagement	Supply Chain Engagement	≥ 80%
	CSR Direct Beneficiaries	> 2,000 individuals

TRUE PLACE

Our 2022 Targets	Indicator/Lever	2022 Target
Biodiversity	Share of Funding allocated to Restoration Projects	> 15%
Energy	Reduction in Greenhouse Gas Emissions	-15%
Waste Management	Reduction in Waste-to-landfill per Room Night	-15%

TRUE SERVICE

Our 2022 Targets	Indicator/Lever	2022 Target
Corporate Governance	Status of Compliance to Structures and Systems	100%
Quality Standards	Secured Guests Score	> 65%

TRUE EXPERIENCE

Our 2022 Targets	Indicator/Lever	2022 Target
Customer Satisfaction	Overall Guest Satisfaction Score	86%
	Emotions Score	90%

CORPORATE GOVERNANCE REPORT

1. STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity (PIE): Constance Hotels Services Limited

Reporting Period: 01 January 2019 to 31 December 2019

We, the Directors of Constance Hotels Services Limited, confirm to the best of our knowledge that the PIE has complied with all its obligations and requirements under the Code of Corporate Governance, except in the following areas:

Principles	Areas of Non-Applications	Reason for Non-Applications
Principles 3: Director's Appointment Procedures	**Election:** Directors should be elected on a regular basis at the Annual Meeting of Shareholders.	The Board does not favour the re-election of Directors on an annual basis; as it does not consider this practice to be in the best interest of the Company. Furthermore, in accordance with its Constitution; not more than one third of the Directors in office retire at every Annual Meeting – the latter being eligible for re-election.
Principle 4: Directors' Duties, Remuneration and Performance	**Board Evaluation and Development:** Evaluation of the Board by an external and independent facilitator.	A comprehensive Board evaluation exercise, led by the Chairman, is carried out every two years. The Board considers that the current evaluation process satisfies the Company's present requirements.

Signed by

George J. Dumbell (s)
Chairman

Jean Ribet (s)
Executive Director
Constance Group Chief Executive Officer

Date: : 30 June 2020

2. STATEMENT ON CORPORATE GOVERNANCE

Constance Hotels Services Limited is a public company listed on the DEM Market of the Stock Exchange of Mauritius Ltd and is a Public Interest Entity as defined under the Financial Reporting Act 2004, as amended.

In line with its Statement on Corporate Governance, Constance Hotels Services Limited is engaged in adhering to the National Code of Corporate Governance for Mauritius (2016) ("the Code") issued by the National Committee on Corporate Governance and in upholding standards of corporate governance through company-wide awareness of its business ethics and the stewardship and supervision of its Management by the Board of Directors ("Board") and Committees of the Board.

The Code, effective from the financial year beginning 01 July 2017, moved towards an "Apply and Explain" basis with eight core Principles. The Board acknowledges that the Company has, throughout the year ended 31 December 2019, complied with all the requirements of the Code as described by the Corporate Governance Report of the Company, except for areas mentioned on page 63 of this Annual Report.

This report, along with the Annual Report, is published in its entirety on the Company's website: www.constancehrg.com

We encourage our Shareholders to opt for the electronic version of the Annual Report. Should you decide to do so, please send us an email on admin@constancegroup.com.

3. GOVERNANCE STRUCTURE

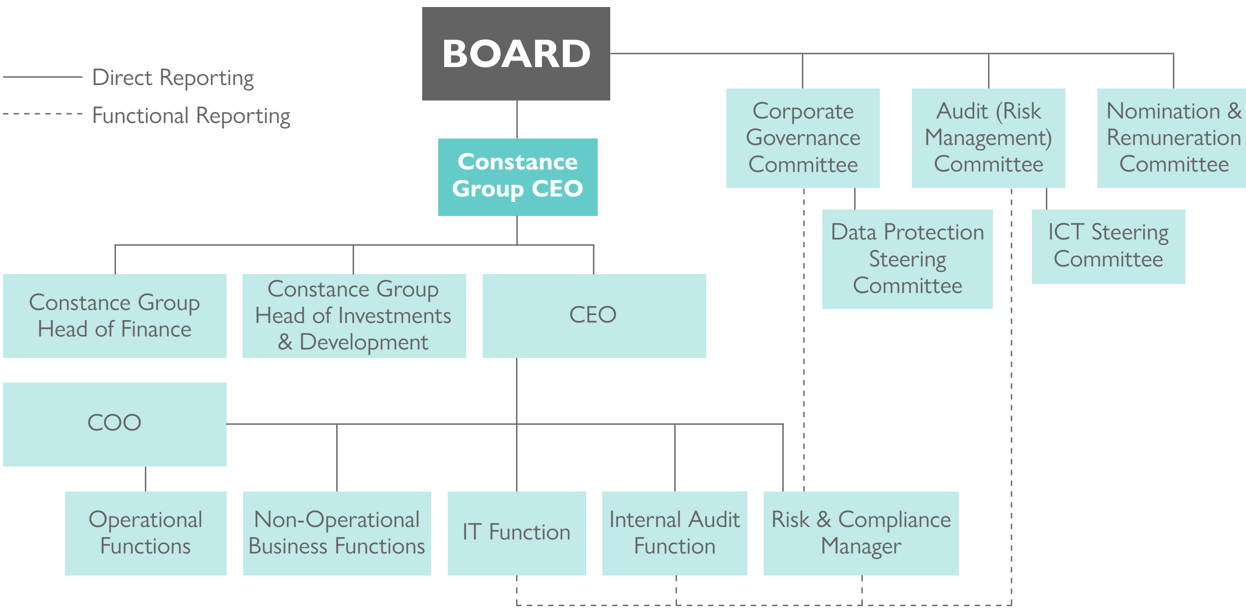
3.1 Company Constitution

There are no clauses of the Company's Constitution deemed material enough for special disclosure. A copy of the Constitution is available for consultation on the Company's website.

3.2 Governance Framework

The Board is ultimately responsible and accountable for leading and controlling the Company, in accordance with the terms of reference outlined in the Board Charter, and meeting all legal and regulatory requirements. The Board acts in the best interests of the Company and its business, whilst taking into consideration the interests of the Company's Shareholders and other Stakeholders.

Organisational Chart



The following documents have been approved by the Board:

- Board of Directors Charter
- Committee Charters
- Codes and Policies
- Organisational Chart
- Statement of Major Accountabilities
- Position Statements of the Key Senior Governance Positions
- Job Descriptions

3.3 The Board

Board Structure

The Board structure consists of the Board of Directors, the Audit (Risk Management) Committee, the Corporate Governance Committee, the Nomination & Remuneration Committee and the Company Secretary, underpinned by related Charters, Policies and Codes.

Key Responsibilities of the Board

The Board's key responsibilities include, inter alia, the following:

- Assume responsibility for leading and controlling the organisation.
- Determine and approve the Company's Vision, Core Values and Strategic Objectives, and monitor the implementation and performance thereof.
- Assume responsibility for the Company's overall governance practices and risk governance framework.
- Determine the nature and extent of the principal risks the Company is willing to take in achieving its strategic objectives.
- Assume responsibility for the preparation of accounts that fairly present the state of affairs of the Company.
- Review and approve financial and non-financial plans including but not limited to annual budgets and performance against them.
- Oversee the Information, Information Technology (IT) and Information Security governance within the Company and ensure that the performance of the information and IT systems leads to business benefits and creates value.
- Oversee compliance with Data Protection Legislation and Policy within the Company.
- Ensure the establishment of an appropriate system of corporate governance, risk management, internal control, policies, charters, codes and compliance with laws and regulations and continuously monitor exceptions deriving therefrom.
- Approve acquisitions and disposals of assets.
- Assume responsibility for the appointment of Directors to the Board and Board Committees.
- Assume responsibility for the induction of new Directors to the Board.
- Approve the job description of Key Senior Governance Positions.
- Appoint and monitor the performance of Senior Management and Key Senior Governance Positions and establish a clearly-defined structure for delegation of authority and succession.
- Assume responsibility for succession planning.
- Disclose, state, explain and affirm in the Annual Report the Company's compliance, or otherwise, with the National Code of Corporate Governance for Mauritius (2016) in respect of each of its eight Principles.
- Ensure that the Company's website contains, where appropriate and relevant, the disclosures required by the National Code of Corporate Governance for Mauritius (2016).

The Board has delegated certain of its powers to three Board Committees and various Executives, in accordance with a number of enactments, notably the Companies Act 2001, Rules of the Stock Exchange of Mauritius, the National Code of Corporate Governance for Mauritius (2016) and Company Policies, which are outlined in the Company's Charters and Delegation of Powers by the Board.

Types of Directorship

Our team of Directors is a strong source of internal and external knowledge, experience, advice and judgement. A mix of Executive, Non-Executive, Independent and Alternate directorships is considered by the Company.

Board Size and Composition

The Company's Articles of Association stipulates that the Board shall consist of not less than nine Directors and not more than thirteen Directors. Board members must have the qualifications as specified in the Companies Act and related regulations, Charters and Policies. In addition, the National Code of Corporate Governance recommends that a Board should have at least two Independent Directors and two Executive Directors.

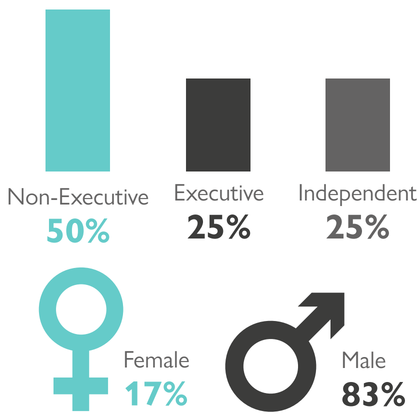
The Company is managed by a unitary Board. At year end, the Board consisted of three Independent, six Non-Executive and three Executive Directors, including two female Directors. The Chairman is an Independent Director.

Taking into account the nature of the Company's operations, the Board considers that its current size and composition provides the right balance of skills, professional and sectoral know-how and experience, and independence for maintaining focus and enabling effective decision-making.

The current Board composition satisfies the needs of the Board and its Committees, given their responsibilities and the actual development phase of the Company. It, also, ensures that the workload is appropriately shared and enables optimum communication and interaction among the Directors.

Detailed information about the Company's Directors and Secretary can be referred to on pages 71 to 76.

Board Composition by Type of Directorship and Gender (as at 31 December 2019)



3.3 The Board (continued)

Independence of the Chairman and Independent Directors

The Board is of the opinion that term limits are a blunt tool and that, without flexibility, they eliminate both effective and non-effective Directors. The Board, therefore, believes that it must retain discretion to preserve vital institutional memory of its high-performing and contributing members and, therefore does not stipulate limitations on the consecutive directorship terms of its Independent Directors, including that of its Chairman.

The Board is also of the opinion that the current Chairman and its other Independent Directors continue to exercise totally independent judgement in the discharge of their respective responsibilities as Independent Directors; nor are there relationships and circumstances that have affected or appear to have affected their judgement during the year under review. Neither the current Chairman nor the other Independent Directors have any material pecuniary relationship with the Company nor were, or are, promoters of the Company or its Holding, subsidiaries or associate companies. In addition, they are independent in character and bring considerable skills, know-how, expertise and stability to the Company, which the Board considers key and essential, at the present stage of the Company's development phase, to ensure its continued and steady growth and success. These Directors play a critical role in improving corporate credibility, governance standards, risk management and acting as independent watchdogs.

3.4 Statement of Major Accountabilities

Separation of Roles and Responsibilities

There is a clear separation of responsibilities between the Chairman of the Board and the Constance Group Chief Executive Officer ("Constance Group CEO"). The Chairman has the overall responsibility to lead and ensure the effectiveness of the Board, which considers and approves the Constance Hotels Group's overall strategy, policies, codes and charters and financial objectives. The Constance Group CEO is responsible for managing and leading the business of the Constance Hotels Group and for implementing the strategy and policies defined by the Board.

The Position Statements for the Chairman, Constance Group CEO, the CEO and other Key Senior Governance Positions are available for consultation on the Company's website.

Chairman

The Chairman has the responsibility to ensure the smooth and efficient functioning of the Board and its Committees, to see that corporate governance matters are dealt with, to represent the Group externally and, particularly, to communicate with Shareholders at their Annual Meeting. Working closely with the Constance Group CEO, the CEO, the Constance Group Head of Investments and Development and the Company Secretary, the Chairman also ensures that new Directors receive a full and formal induction to the Group and its businesses, and that all Directors are kept fully informed of relevant matters.

Constance Group CEO

The Constance Group CEO has the responsibility to make recommendations to the Board and to achieve the Constance Hotels Group's strategic objectives. He is responsible for providing direction to the executive team of the Constance Hotels Group. He works closely with the Company's CEO, Chief Operations Officer, Constance Group Head of Investments and Development and Constance Group Head of Finance.

CEO

The CEO has the responsibility to optimise short-term results as regards to profits, quality, productivity and revenue and to drive long-term wealth creation and return to Shareholders of the Company through effective business development and brand management initiatives and to provide direction to the Company's executive management team.

Other Key Senior Governance Positions

Apart from the position of Constance Group CEO, Constance Group Head of Investments & Development, Constance Group Head of Finance, the Board has clearly identified the following other Key Senior Governance Positions within the Constance Hotels Group: Chief Executive Officer, Chief Operations Officer, Chief Marketing Officer, Group Human Resources Manager, Chief Information Officer, Chief Finance Officer and Risk & Compliance Manager. The job descriptions for these positions have been approved and are monitored and reviewed on a yearly basis by the Nomination & Remuneration Committee.

Directors

The Directors of the Company observe and foster high ethical standards and a strong ethical culture in the organisation, and are fully aware of their general and specific responsibilities and legal duties (refer to 5.1).

Company Secretary

The Company Secretary, supported by the Company's Secretariat, acts as a vital bridge between the Board and Senior Management. In effect, the Company Secretariat ensures good information flow to the Board and its Committees and between Senior Management and the Directors. The Company Secretariat facilitates the induction of Directors and assists them in fulfilling their duties and responsibilities. It has full access to the Directors and all Directors have access to its advice and services.

Through the Chairman, it is responsible for advising the Board on corporate governance matters and for keeping the Board up to date on all legal, regulatory and other developments. In addition, it ensures effective communication with Shareholders and provides assurance that Shareholders' interests are duly taken care of.

The function of the Company Secretary is outsourced to La Gaieté Services Limited, represented by Mrs Marie-Anne Adam and Mr Yan Béchard. Both are associate members of the Institute of Chartered Secretaries and Administrators (ICSA) and, as such, are qualified to act as Company Secretary.

3.5. Committees of the Board

Constitution of Board Committees

Three Board Committees have been constituted to assist the Directors in the discharge of their duties. Each Committee has written terms of reference incorporated in a Charter, which has been approved by the Board and is subject to regular review as dictated by changes in regulations and the Company's environment. Chairpersons of Committees are invited to report during each Board meeting on matters addressed by their respective Committees.

The Charters of the Committees and the Position Statements of the Chairpersons are available for consultation on the Company's website.

The Committees cover corporate governance adherence by the Company's subsidiaries, including Beauport Industries Limited, Constance Industries Limited and Constance Hospitality Management Limited.

THE BOARD

Committees

Audit (Risk Management)		Corporate Governance		Nomination & Remuneration	
Member	Directorship Type	Member	Directorship Type	Member	Directorship Type
Marc FREISMUTH	Independent, Chairman	Colin TAYLOR (up to 01 January 2020)	Non-Executive, Chairman	George J. DUMBELL	Independent, Chairman
Jean JUPPIN DE FONDAUMIÈRE (up to 01 January 2020)	Non-Executive	Georgina ROGERS (as from 01 January 2020)	Non-Executive Chairperson	Marc FREISMUTH	Independent
Preetee JHAMNA-RAMDIN (as from 01 January 2020)	Independent	Nicolas BOULLÉ	Non-Executive		
Noël Adolphe VALLET	Non-Executive	George J. DUMBELL	Independent	Jean RIBET	Executive

Audit (Risk Management) Committee

The Audit (Risk Management) Committee, which also has responsibility for the Company's Risk Management function and IT Governance, consisted of three Directors (one Independent and two Non-Executive) during the year under review. Following a review by the Nomination & Remuneration Committee and approval of the Board, the composition of this committee has been changed, so that effective 01 January 2020, two Independent Directors and one Non-Executive Directors will constitute the Committee. All members of the Committee are financially literate and have relevant knowledge of IFRS and regulatory requirements, risk management, IT Governance and wide industry understanding. The profiles of members of the Audit (Risk Management) Committee are disclosed in section 3.8.

The Committee, which is scheduled to meet at least four times a year, operates within the scope of its Charter. Its principal functions are to ensure the integrity of the financial statements, oversee the financial-reporting process, and to direct, evaluate and monitor the risk management function and IT Governance, taking into consideration the Company's strategic, financial, operational and compliance risks, with the support of the Internal and External Auditors and the Risk and Compliance Manager. The Internal and External Auditors have unrestricted access to the Audit (Risk Management) Committee.

The Committee reports to the Board at each Board meeting. The Constance Group CEO, the CEO, the COO, the Constance Group Head of Finance and the Risk and Compliance Manager, as well as the Internal and External Auditors, attend Committee meetings on invitation.

During the year under review, the Committee met on six occasions. Principal matters, including significant issues related to financial statements, considered by the Committee in 2019 were addressed as follows:

3.5. Committees of the Board (continued)

Audit (Risk Management) Committee (continued)

Regular financial matters
• Review and recommend to the Board the 2018 Audited Financial Statements, the Annual Report and Management Letter, the 2019 Forecasts, 2019 Unaudited Quarterly Financial Statements and Quarterly Abridged Financial Statements for publication.
• Assess the efficiency of Debt and Treasury Management.
Internal audit matters
• Consider and approve the Internal Audit Plan 2019.
• Consider the Internal Audit reports and monitor the implementation of recommendations as agreed.
• Assess the efficiency, effectiveness and independence of the Internal Auditors.
External audit matters
• Fully engaged in the evaluation and remuneration of the Company's new External Auditors for the financial year ending 31 December 2020.
• Review the treatment of accounting policies relevant to the Company (IFRS 9, 15 and 16) as well as the disclosures to be considered.
• Review of Management letters.
• Monitor the reporting process to the Board on Conflict of Interest/Related Party Transactions Policy.
• Assess the efficiency, effectiveness and independence of the External Auditors.
Risk management matters
• Assess and monitor the Company's underlying risk profile, notably its strategic, financial, operational and compliance risks.
• Monitor the process of determining the Risk appetite of the Company.
• Consider the Risk reports presented every six months.
Other matters
• Assess and monitor the effectiveness of the IT Governance framework.

In 2018, the Board delegated the responsibility for the Governance of the Company's Information Strategy, Information Technology and Information Security to the Audit (Risk Management) Committee which, in turn, set up an ICT Steering Committee with the primary objective of ensuring that the proper IT strategy, policies, practices and controls are implemented throughout the Company, in accordance with the applicable regulatory requirements and international best practices. This ICT Steering Committee met on 2 occasions during the year under review to present its accomplishments and plan the way forward.

Corporate Governance Committee

The Corporate Governance Committee consisted of three Directors (one Independent and two Non-Executive) during the year under review. All its members have a comprehensive knowledge of the National Code of Corporate Governance for Mauritius (2016), the Company's Charters, Policies and Codes, as well as international best practices, relevant laws and regulations. The Committee operates within the scope of its Charter. Its principal function is to direct and monitor the Company's corporate governance and compliance programmes. The Committee reports to the Board at each Board meeting. The Constance Group CEO, the COO, the Risk and Compliance Manager and the Environmental Health and Safety Manager are invited to attend Committee meetings.

During the year under review, the Committee met on three occasions. Its broad achievements were as follows:

i. Review the Company's Annual Report for 2018 with focus on the Corporate Governance, Sustainability and Corporate Social Responsibility Reports and the Statutory Disclosures;

ii. Approve the Group Corporate Social Responsibility Plan for 2019 under the banner of 'Fondation Constance' and monitor its progress;

iii. Approve the Compliance Action Plan for 2020;

iv. Review quarterly Compliance, Sustainability and Health & Safety reports and ensure corrective measures are implemented, where necessary;

v. Review and recommend for approval new policies, codes and charters;

vi. Review and assess the Company's compliance with the Data Protection Act and the General Data Protection Regulations (GDPR);

vii. Oversee the setting up of the Data Protection Steering Committee (DPSC); and recommend to the Board the approval of its Charter;

3.5. Committees of the Board (continued)

Corporate Governance Committee (continued)

A Steering Committee, established in early 2018 to review the implications of the National Code of Corporate Governance for Mauritius (2016) and to drive forward the implementation of the Code, met its objectives. During 2019, meetings were held jointly with the Corporate Governance Committee to reinforce adherence. Matters covered were:

1. Review of Policies, Charters and Codes;
2. Review of Annual Report and website disclosures; and
3. Non-compliance issues.

During the year 2018, the Board delegated the responsibility to oversee the implementation of the EU GDPR and DPA to this Committee which, in turn, set up a Data Protection Steering Committee with the primary objective of ensuring the implementation and monitoring of an appropriate control framework to ensure compliance by the Company and its subsidiaries. This Steering Committee met once during the year to present its accomplishments and the way forward.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee consisted of three Directors (two Independent and one Executive) during the year under review. The Committee directs and monitors Board matters pertaining, inter-alia, to Board composition and nominations, the performance and remuneration of Directors and Senior Executives, and succession planning. All its members are well versed in the fields of corporate governance, human resource, executive development tools, long and short-term incentive models, remuneration strategies, compounded with industry experience.

During the year under review, the Committee met on seven occasions and covered the following principal matters:

i. Coordinate the Board and Committees self-evaluations held every two years, undertake a detailed assessment of the results and make recommendations to the Board and Individual Directors on corrective measures to be taken to improve performance;

ii. Evaluate nominees for the annual re-election of Directors as well as propose to the Board, new Board and Committees nominations to be effective as from 01 January 2020;

iii. Ongoing review of the Board's composition and present recommendations to the Board;

iv. Consider and evaluate a new performance evaluation model for Senior Executives and approve the performance awards for 2019;

v. Review the form and adequacy of the remuneration of Director;

vi. Approve the remuneration of Senior Executives for 2020;

vii. Review the Senior Executive HR Development Programme;

viii. Enhance and monitor the Directors' and Senior Officers' Register of Interest/Insiders Share Dealings/Conflict of Interests and Related Party;

ix. Ongoing review of the Company's Pension Scheme;

x. Ongoing review of the Succession Planning Model;

xi. Establish Board and Committee Meeting dates for 2020;

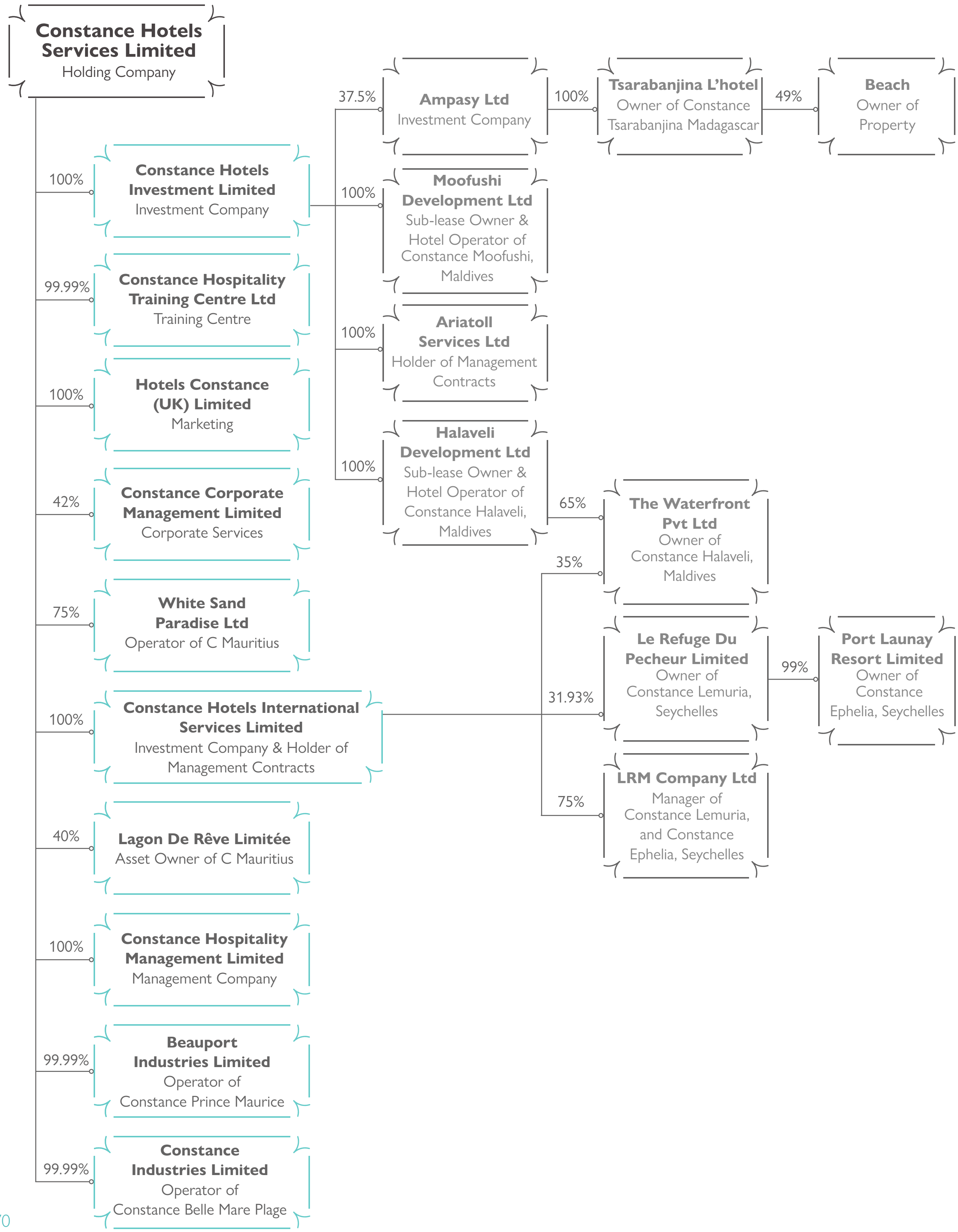
xii. Review and recommend the Directors' and Officers' Liability Insurance;

xiii. Approve the listing of Key Senior Governance positions; and

xiv. Review the Directors Development Programme.

The Charter of the Committee and the Position Statement of the Chairperson is available for consultation on the Company's website.

3.6 Corporate Structure (as at 31 December 2019)



3.7 Corporate Information

Directors

Name	Country of Residence	Board Appointment	Assignment
George J. DUMBELL	Mauritius	Independent – Chairman	Member - Corporate Governance Committee Chairman - Nomination & Remuneration Committee
Nitish BENI MADHU	Mauritius	Non-Executive	
Nicolas BOULLÉ	Mauritius	Non-Executive	Member - Corporate Governance Committee
Marc FREISMUTH	Mauritius	Independent	Chairman - Audit (Risk Management) Committee Member - Nomination & Remuneration Committee
Jean JUPPIN DE FONDAUMIÈRE (up to 01 January 2020)	Mauritius	Non-Executive	Member - Audit (Risk Management) Committee
Preetee JHAMNA RAMDIN	Mauritius	Independent	Member - Audit (Risk Management) Committee (as from 01 January 2020)
Clément D. REY	Mauritius	Executive	
Jean RIBET	Mauritius	Executive	Member - Nomination & Remuneration Committee
Georgina ROGERS	Mauritius	Non-Executive	Chairperson – Corporate Governance Committee (as from 01 January 2020)
Colin TAYLOR (up to 01 January 2020)	Mauritius	Non-Executive	Chairman - Corporate Governance Committee
Noël Adolphe VALLET	Mauritius	Non-Executive	Member - Audit (Risk Management) Committee
Jean-Jacques VALLET (CEO)	Mauritius	Executive	

Committees of the Board

Audit (Risk Management) Committee

Corporate Governance Committee

Nomination & Remuneration Committee

Please refer to Section 3.5 for the constitution of the Board Committees.

Management Team – Constance Corporate Management Limited

Jean RIBET	Constance Group Chief Executive Officer
Clément D. REY	Constance Group Head of Investments and Development
Kevin CHAN TOO	Constance Group Head of Finance

Management Team – CHSL

Jean-Jacques VALLET	Chief Executive Officer
Andrew MILTON	Chief Operations Officer
Siegfried ESPITALIER-NOËL	Chief Marketing Officer
Josep ALAVES	Group Head of Business Development and Revenue
Olivier DOGER DE SPEVILLE	E-Business Manager
Roshan KOONJA	Chief Information Officer

3.7 Corporate Information (continued)

Management Team – CHSL (continued)

Aurélie LECLÉZIO AUPÉE	Group Communications Manager
Julien COETTE DIT DUBOIS	Chief Finance Officer
Noorani MUNGLOO	Chief Financial Planning and Analysis Officer
Imelda JORRE DE ST JORRE	Central Reservations Manager
Philippe OFFRE	Group Technical Manager
Jean-Philippe LEONG KWAI CHEONG	Area Development and Group Procurement Manager
Vincent DE MARASSÉ ENOUF	Chief Human Resources Manager
Gilbert VEERAPEN CHETTY	Group Supply Chain Manager
Ram JOORAWON	Group Golf Courses Superintendant
Christophe PLANTIER	General Manager, Constance Prince Maurice
Gert PUCHTLER	General Manager, Constance Belle Mare Plage
Tangi LE GRAND	General Manager, Constance Halaveli Maldives
Henri ARNULPHY	General Manager, Constance Moofushi Maldives
Stéphane DUCHENNE	General Manager, Constance Ephelia Seychelles
Bruno LE GAC	General Manager, Constance Lemuria Seychelles
Loic DE ROBILLARD	Resort Manager, Constance Tsarabanjina Madagascar
Barbara ELKAZ	Corporate Quality Manager
Olivier DE GUARDIA DE PONTE	General Manager, C Mauritius
Chase WEBBER	Corporate Wellness and Spa Manager

Secretaries

La Gaieté Services Limited
5th Floor, Labama House
35 Sir William Newton Street
Port Louis
Represented by:
Marie-Anne ADAM, ACIS and
Yan BÉCHARD, ACIS

Share Registry and Transfer Office

ECS Secretaries Ltd
3rd Floor, Labama House
35 Sir William Newton Street
Port Louis

Registered Office

5th Floor, Labama House
35 Sir William Newton Street
Port Louis

Auditors

External

BDO & Co.
Chartered accountants
10 Frère Félix de Valois Street
Port Louis
Partner: Ameenah RAMDIN, FCCA, ACA

<u>Appointment to be proposed at the Annual Meeting of Shareholders</u>

Ernst & Young Mauritius
Level 9, Tower 1,
NeXTeracom Cybercity,
Ebène
Partner: André Lai

Internal

PricewaterhouseCoopers
Chartered accountants
PwC Centre
Avenue de Telfair
Telfair, 80829 Moka
Represented by: Julien TYACK

Bankers

The Mauritius Commercial Bank Ltd

The Hong Kong & Shanghai Banking Corporation Ltd

Banque Française Commerciale Océan Indien

AfrAsia Bank Limited

State Bank of Mauritius Ltd

ABC Banking Corporation

3.8 Profile of Directors and Senior Officers (as at 31 December 2019)

DIRECTORS

George J. Dumbell [Age: 71]

Independent Director and Chairman

Appointed Director in December 2005 and Chairman in January 2006

Qualifications

- Associate Chartered Institute of Bankers (UK)
- Fellow and Founding Director of the Mauritius Institute of Directors and member of its Directors' Forum
- Former Director of several Financial Institutions in Asia and Europe, and listed Finance and Agricultural Companies in Mauritius

Experience and Skills

- Over 50 years of financial and commercial experience including 34 years in various Senior Management positions within the HSBC Group across the globe.
- 2 ½ years of commercial, industrial, project management and political experience as Deputy Secretary General and Managing Director of EuroChambres, Association of European Chambers of Commerce and Industry, headquartered in Belgium and representing over 14 million companies throughout Western, Central and Eastern Europe.
- 2 years in the fields of Corporate Governance and Risk Management with MCB Ltd.
- 14 years of experience in the hospitality and tourism industries with the Constance Hotels, Resorts and Golf Group.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance La Gaieté Company Limited
- Hotelest Limited

Nitish Beni Madhu [Age: 40]

Non-Executive Director

Appointed in January 2018

Qualifications

- Honours degree in Economics
- Master of Arts in Economics, University of Ottawa (Canada)

Experience and Skills

- Currently heads the non-insurance cluster (capital markets) together with the loans and property segments of SWAN.
- Member of the Investment Committee of SWAN.
- More than 16 years' experience in the finance industry, including 14 years in various positions in the non-insurance cluster of SWAN.
- Expertise in asset management, investment advisory and insurance.
- Chairperson of the Central Depository & Settlement Co Ltd and holds directorships in various companies.
- Regularly lectures at the University of Mauritius in Economics and Finance.

Nicolas Boullé [Age : 60]

Non-Executive Director

Appointed in January 2014

Qualifications

- Qualified Notary

Experience and Skills

- 29 years of experience as a Notary.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance La Gaieté Company Limited
- Hotelest Limited

3.8 Profile of Directors and Senior Officers (as at 31 December 2019) (continued)

DIRECTORS (continued)

Marc Freismuth [Age: 68]

Independent Director and Chairman of the Audit (Risk Management) Committee

Appointed in September 2014

Qualifications

- MPhil Degree in Economics from Paris-Sorbonne University (France)
- 'Agrégation' in Economics and Management

Experience and Skills

- Lecturer at the University of Montpellier (France) from September 1977 to July 1988.
- Lecturer at the University of Mauritius in the field of Management and Finance from September 1988 to July 1994.
- Lecturer in Hospitality Management at the Université of Réunion from 2000 to 2005.
- Participated in the setting-up of the Stock Exchange of Mauritius as a consultant to the Stock Exchange Commission and as a member of the Listing Committee. (1989 – 1994).
- Currently works as a private consultant in Management and Finance since 2006.
- Fellow member of the Mauritius Institute of Directors.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance La Gaieté Company Limited
- Hotelest Limited
- The United Basalt Products Ltd

Preetee Jhamna Ramdin [Age: 45]

Independent Director

Appointed in April 2017

Qualifications

- BA Economics from the University of Cambridge (UK)
- Member of the Institute of Chartered Accountants in England and Wales

Experience and Skills

- Over 15 years' experience in advising clients on various aspects of their transactions (valuation, due diligence and fund raising) in Mauritius and in Africa, across a variety of sectors.
- A previous Partner in the Transaction Advisory Services department at Ernst & Young from July 2008 to April 2016.
- Currently CFO - Group Operations of IBL Ltd.

Jean Juppin de Fondaumière [Age : 66]

Non-Executive Director

Appointed in December 2014

Qualifications

- Qualified Chartered Accountant in Edinburgh (UK)

Experience and Skills

- 12 years' experience in various managerial positions in the fields of audit and merchant banking.
- Retired as Chief Executive of the Swan Group on 31 December 2006 after 15 years with the Group.
- Past Chairman of the Stock Exchange of Mauritius and a member of a number of audit and corporate-governance committees.
- Currently a director of a number of companies, involved in various economic activities, from agriculture and commerce to finance and tourism, in Mauritius and in the region.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- Constance La Gaieté Company Limited
- Hotelest Limited

Clément D. Rey [Age: 50]

Executive Director and Constance Group Head of Investments and Development

Appointed in June 2006

Qualifications

- Bachelor's degree in Business Law from the UK
- Master's degree in Business Law from the UK

Experience and Skills

- Held the position of Head of Corporate Affairs within the Ciel Group.
- Currently actively involved in investments and corporate transactions relating to the member companies of the Constance Group.
- Director of a number of companies in the commercial and financial sectors and a member of various board committees.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance La Gaieté Company Limited
- Hotelest Limited

3.8 Profile of Directors and Senior Officers (as at 31 December 2019) (continued)

DIRECTORS (continued)

Jean Ribet [Age: 60]

Executive Director and Constance Group Chief Executive Officer

Appointed Director in May 2006 and Constance Group Chief Executive Officer in 2004

Qualifications

- Bachelor of Commerce from the University of Cape Town (South Africa)
- Member of the South African Institute of Chartered Accountants

Experience and Skills

- Joined the Constance Group as Group Financial Controller in 1991.
- 15 years' experience as Group Chief Executive Officer within the Constance Group.
- Bears the overall responsibility for the agro-industrial, tourism and investment activities of the Constance Group.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance La Gaieté Company Limited
- IBL Ltd
- Hotelest Limited

Georgina Rogers [Age: 57]

Non-Executive Director

Appointed in March 2015

Qualifications

- Bachelor of Commerce from the University of Natal (South Africa)

Experience and Skills

- Practised as an accountant until 1995.
- Involved in the development of real-estate projects.
- Director of a number of companies in the commercial sector and a member of various board committees.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance La Gaieté Company Limited
- Hotelest Limited

Colin Taylor [Age: 54]

Non-Executive Director and Chairman of the Corporate Governance Committee

Appointed in August 2015

Qualifications

- BSc (Hons) in Engineering with Business Studies from the Portsmouth University (UK)
- MSc in Management from the Imperial College (London, UK)

Experience and Skills

- Project Manager at Taylor Smith and Co. Ltd in 1990.
- Managing Director at Taylor Smith and Co. Ltd in 1994.
- Executive Director of Rogers' Engineering Cluster from 1999 to 2004.
- Presently the Chairman and CEO of the Taylor Smith Group.
- Currently the Chairman of Cim Financial Services Ltd and Lavastone Ltd both listed on the Stock Exchange of Mauritius.
- Honorary Consul of Sweden in Mauritius.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- CIM Financial Services Ltd
- Hotelest Limited
- Lavastone Ltd

Noël Adolphe Vallet [Age: 54]

Non-Executive Director

Appointed in May 2001

Qualifications

- Management from South Africa

Experience and Skills

- 2 years' experience as Manager at Fleurs des Tropiques Exports Ltée.
- As Project Manager, he was responsible for setting up Mauritius' sugar museum, L'Aventure du Sucre.
- Currently runs his own business in the events industry as Managing Director of Bedouin Tents and Rocket Fireworks.
- Chairman of Compagnie du Mapou Ltée.

Directorships in other companies listed on the Stock Exchange of Mauritius Ltd:

- BMH Ltd
- Constance La Gaieté Company Limited
- Hotelest Limited

3.8 Profile of Directors and Senior Officers (as at 31 December 2019) (continued)

DIRECTORS (continued)

Jean-Jacques Vallet [Age: 51]

Executive Director and Chief Executive Officer

Appointed as Director in March 2012

Qualifications

- Maîtrise en Sciences et Gestion (MSG)
- Postgraduate degree (DESS) in the fields of management science, logistical operations and industrial management
- Advance Management Program (AMP) from Cornell University

Experience and Skills

- Responsible for the overall planning, direction and control of the operations, resources and administration of the Constance Hotels, Resorts & Golf Group.
- Four years Presidency of AHRIM, the Association of Hotels and Restaurants in Mauritius for the periods 2003-2004 and 2011-2012.

Directorships in other company listed on the Stock Exchange of Mauritius Ltd:

- Constance La Gaieté Company Limited

Andrew Milton [Age: 53]

Chief Operations Officer

Qualifications

- BSc in Institutional Management from the Cardiff University (UK)
- Finance (INSEAD)
- Leadership (IMD) and Asset Management (Cornell)

Experience and Skills

- Currently responsible for the operational, human resource and financial activities of the Group.
- Started his career with Hilton Hotels and held positions in Abu Dhabi, London, Algiers and Cannes.
- General Manager of Constance Lemuria, Seychelles, in 1999.
- General Manager of Constance Prince Maurice while retaining operational responsibility for Constance Lemuria and Constance Tsarabanjina.
- Championed the rebranding of Constance Tsarabanjina in 2006.
- Championed the repositioning the One & Only Le St Géran for a period of 5 years.

SENIOR OFFICERS

Kevin Chan Too [Age: 42]

Constance Group Head of Finance

Qualifications

- Fellow of the Association of Chartered Certified Accountants

Experience and Skills

- Currently, the Constance Group Head of Finance, with his main responsibilities being the finance, accounting, treasury and internal control functions.
- Held various finance and accounting positions within listed companies dealing in the property, finance and investment sectors.

Siegfried Espitalier Noël [Age: 51]

Chief Marketing Officer

Qualifications

- MSc in International Hospitality Management at the Oxford Brookes University (UK)

Experience and Skills

- Responsible for the marketing and commercial activities of the Constance Hotels, Resorts & Golf Group.

Julien Coëtte dit Dubois [Age: 39]

Chief Finance Officer

Joined Constance Hotels, Resorts and Golf in April 2019.

Qualifications

- Master's Degree with a specialisation in Finance from EDHEC Business School (France)
- Bachelor's Degree - Classe Préparatoire HEC Scientifique from Lycée Janson de Sailly - Paris (France)

Experience and Skills

- Currently responsible for the Finance and Administrative functions at Constance Hotels, Resorts and Golf Group.
- 14 years' experience with the AccorHotels Group with financial, operational and development expertise.
- Started in Corporate Internal Audit Team (2005-2010), leading various internal control assignments on worldwide Group activities (Hotels, Head Offices).
- Regional Financial Controller North Africa/Middle East (2010-2013) and VP Financial Control and Consolidation MEA (2013-2017) - reporting to the Chief Finance Officer MEA.
- Chief Finance Officer Turkey, Greece and Israel (2017-2019).

4. DIRECTOR APPOINTMENT PROCEDURES

4.1 Merit and Diversity

All Directors must possess knowledge, capabilities and experiences which can benefit the Company's business operations. The Nomination & Remuneration Committee considers the qualifications of the candidates through pre-selection procedures, as mandated in its Charter, and proposes the nominations to the Board for subsequent validation by Shareholders at the following Annual Shareholders' Meeting.

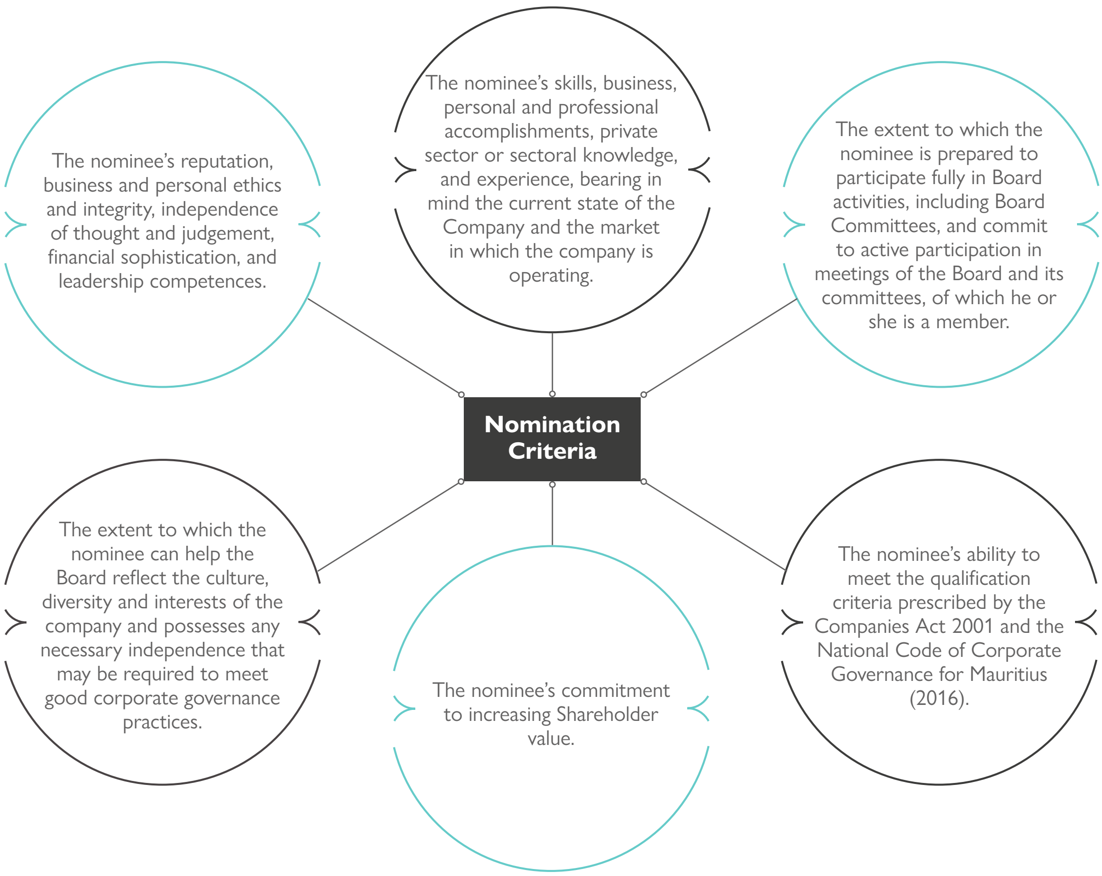
All Directors' profiles are disclosed in the Annual Report, which is presented on the Company's website, and reflect the diverse skill mix of the Board, including industry knowledge, accounting and finance, management, international business, business strategy, crisis management, corporate governance and law.

4.2 Nomination Process and Criteria

Prior to nominating a Director, the Board specifies the required qualifications for the Director, taking into consideration the current composition and skill mix of the Board and the Company's business strategy, going forward.

The process for identifying and selecting director candidate, which is available for consultation on the Company's website, is undertaken by the Nomination & Remuneration Committee.

The criteria considered are as follows:



In case of current Directors being considered for re-nomination, the Nomination Committee will also take into consideration the Director's history of attendance at Board and Committee meetings, the Director's tenure as a member of the Board, the Director's preparation for and contribution to decision making at meetings and the outcome of past Board self-assessments, specific to the said Director.

Board candidates may be identified from three principal sources:

- The Board's network of contacts, including current members of the Board, Senior Executives of the Company, the Company's advisers and, if it deems appropriate, a professional search firm.
- The nomination of candidates by virtue of the Companies Act 2001, which calls for a special meeting of Shareholders, to be held on the written request of Shareholders holding shares carrying together not less than 5 per cent of the voting rights entitled to be exercised on the appointment of a Director.
- The Directors' Register of the Mauritius Institute of Directors.

4.3 Induction Programme

The Company has a comprehensive and elaborate Induction Programme for its newly-appointed Directors which comprises the following:

- **Induction Pack** which includes the profile of the Board of Directors, corporate profile, organisational structure, Board Committee Charters, key corporate policies, annual reports, latest financial statements.
- **Induction Meetings** with the Chairman of the Board, the Chairpersons of the Audit (Risk Management), Corporate Governance and Nomination & Remuneration Committees, and Senior Management.
- **Briefings** with the Chairman of the Board, Senior Management and the Company Secretary to cover responsibilities and legal obligations of Directors, the Company's business, business plan and ongoing issues, corporate strategy, industry review, stakeholders, corporate governance and regulatory matters, model code for securities transactions.
- **Site Visits** of the Company's properties and facilities.
- **Visit to the Company Secretariat** to review minutes of recent board meetings, minutes of recent Committee meetings, the Company's Constitution, the Companies Act and relevant legislations in the jurisdictions in which the Company operates, the DEM listing rules, the National Code of Corporate Governance for Mauritius (2016), and the latest Board evaluation report.

4.4 Terms of Service of Directors and Re-election

The Board does not favour the re-election of Directors on an annual basis, as it does not consider this practice to be in the best interest of the Company. The terms of service of Directors is in accordance with the Company's Constitution (Article 21.2), as approved by Shareholders at the 2012 Annual Shareholders' Meeting, whereby, at every Annual Shareholders' Meeting, one-third of Directors (or the number nearest to one-third) shall retire from office and be eligible for re-election. An assessment of the performance of each retiring Director, who makes himself/herself available for re-election is conducted by the Nomination & Remuneration Committee, which submits its recommendations to the Board. In turn, the Board puts forward its appropriate nominations to the Shareholders for their approval.

The Company has not set a maximum term of Service of Directors to ensure continued stability and effective work.

For a similar reason, there is no term limit for the Company's Board Committees. However, members are appointed for an initial term of 3 years, with further renewals for subsequent periods of 3 years considered, subject to favourable reviews by the Nomination & Remuneration Committee and approval of the Board.

4.5 Directors' Professional Development

The Board recognises the importance of the continual development of the knowledge and capabilities of its Directors to sustain an effective, well-informed and functional Board. The Board approves, encourages and supports Directors' professional development by facilitating their membership to relevant professional organisations, attendance of relevant seminars and knowledge sharing programmes. In this connection, the Board reviews the professional development and ongoing education of Directors every two years.

During the financial year under review, the Company organised a workshop in which all the Directors and Senior Executives participated. This led to an improved definition of the Company's risk appetite in accordance with its objectives.

In addition, some Directors and Senior Officers received training dispensed by local institutions on, inter alia, new regulatory and industry development matters.

4.6 Succession Plan

The Company has a suitable Succession Planning Model (SPM) given its scale and level of sophistication. The SPM identifies the necessary competences within the Board and Senior Management positions and set a clear and systematic process towards the assessment, development and retention of a talent pool of Directors and Key Senior Executives with a view to securing a continuity of leadership for all critical positions and, consequently, ensuring that current and projected business strategies are fully and effectively deployed.

The SPM is reviewed and updated on a continuous basis by the Nomination & Remuneration Committee, in conjunction with the Chairman, and in response to the ongoing demands of the Company, with the Board being kept informed of developments.

During the year, a review of the plan was carried out in the light of the rapid changes in the hospitality industry, new talent requirements, new management contracts, the need for more effective business processes and management and reporting systems, and other challenges facing the Company. An assessment of the organisational structure was carried out to ensure that the team has the necessary competencies, whether from within or outside the Company, to secure continuity of leaderships for all key positions and ensure sustainable growth.

4.6 Succession Plan (continued)

5. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

5.1 Duties of Directors

All Directors are aware of their legal duties as outlined in the Board Charter, the Code of Ethics and Conduct for Directors and other related documents handed to them on appointment and during their induction.

The Directors of the Company act with propriety in dealing with the affairs of the company. They accordingly:

i. do not exceed their jurisdiction;

ii. act in good faith and in the best interest of the Company;

iii. exercise the degree of care, diligence and skill which a "reasonably prudent person would exercise in comparable circumstances";

iv. account to the Company for any monetary gain in respect of their fiduciary capacity as Director;

v. unless authorised by the Company, not make use of any confidential information acquired by way of their position as Directors of the Company, or compete with the Company;

vi. not use the assets of the Company for any illegal purpose;

vii. declare any direct or indirect interests to the meeting of Directors of the Company which shall be duly recorded by the Secretary of the Company;

viii. transfer or hold as trustee until transferred all cash or assets acquired on behalf of the Company;

ix. attend meetings of the Board of the Company with reasonable regularity;

x. keep proper accounting records and make such records available for inspection.

5.2 Limitation on the number of Company Directorships

Non-Executive and Executive Directors are not encouraged to hold multiple directorships in order to ensure sufficient time is allocated to prepare and attend the Company's Board meetings and, consequently, to effectively monitor the Company's performance and operations.

5.3 Board Meetings

Board meetings are scheduled a year in advance and duly notified to all Directors at the beginning of each financial year.

The agenda for each Board meeting is set by the Chairman in conjunction with the Company Secretary and input from the Constance Group CEO. The Company Secretary sends Board notices with supporting documents giving sufficient time to all Directors before each meeting.

During Board meetings, the Chairman of the Board ensures that appropriate time is allocated to Directors to ask questions, review and discuss all relevant financial, governance and other information and data, and to follow up on the implementation of the Company's strategies. Written minutes are taken by the Company Secretary and are subsequently approved by the Board and are filed.

5.4 Report of Interest of Directors and Designated Management

In line with the Company's policies on Conflict of Interest and Related-Party Transactions, and Share Dealing; the Company's Directors, designated Management and related persons, are required to report in writing to the Company on their vested interests. This information is collected by the Company Secretary who has been delegated this responsibility. The latter updates the Register of Interest/Insiders Share Dealings/Conflict of Interest and Related Parties.

During the year, Directors are given the opportunity to disclose new Conflict of Interest & Related-Party Transactions and share dealings, with the first agenda item at every board meeting calling for these disclosures.

The Audit (Risk Management) Committee has been delegated to work with the Auditors to detect and approve any Conflict of Interest and Related-Party Transactions and report quarterly to the Board on Related-Party Transactions.

5.5 Directors' and Senior Officers' Interests and Dealings in Shares

The Company's Share Dealing Policy gives clear guidance on the practice to be followed when dealing in shares of the Company or of companies connected to the Company by business or common shareholding. All Directors, related parties and designated employees wishing to deal in the securities of the Company or any of its subsidiaries must comply with the statutory provisions concerning insider dealing in the Companies Act 2001 as well as the Securities Act 2005 and be aware of the Stock Exchange of Mauritius' Model Code for Securities Transactions by Directors of Listed Companies. Furthermore, Directors and designated employees are notified by the Company of the commencement and closure of non-trading periods.

During the year under review, the Directors, related parties and designated employees did not trade in the shares of the Company.

5.6 Directors' and Senior Officers' Share Interests

The interests of Directors and Senior Officers in the securities of the Company as at 31 December 2019 were as follows:

	Direct		Indirect
	No. of shares	**% Held**	**% Held**
Directors			
George J. DUMBELL – Chairman	34,285	0.03	-
Nitish BENI MADHU	2,805	0.00	-
Nicolas BOULLÉ	-	-	-
Marc FREISMUTH	-	-	-
Preetee JHAMNA RAMDIN	-	-	-
Jean JUPPIN DE FONDAUMIÈRE	-	-	-
Clément D. REY	42,857	0.04	0.49
Jean RIBET	697	0.00	0.20
Georgina ROGERS	1,986,581	1.81	0.33
Colin TAYLOR	-	-	0.03
Noël Adolphe VALLET	-	-	0.46
Jean-Jacques VALLET	50,000	0.05	0.21
Senior Officers			
Kevin CHAN TOO	11,100	0.01	0.04
Siegfried ESPITALIER NOËL	87,168	0.08	0.08
Andrew MILTON	77,200	0.07	-
Julien COETTE DIT DUBOIS	-	-	-

The Company Secretary maintains a Register of Interests/ Insiders Share Dealings/Conflicts of Interest and Related Parties in respect of all Directors and Senior Officers. This Register is kept up to date through verbal declarations made by Directors at each Board meeting, written submissions made by Senior Officers when appropriate, and written declarations submitted by Directors and Senior Officers.

Any disclosure of interest is recorded in the Register of Interests which is available for inspection during normal office hours upon written request made to the Company Secretary.

5.7 Common Directors

The names of common Directors of the subsidiaries of the Company as at 31 December 2019, are found on page 103 of the Annual Report and are as follows for Hotelest Limited and BMH Ltd, the holding and ultimate holding companies:

Directors of Hotelest Limited (as at 31 December 2019)

Messrs George J. Dumbell, Nicolas Boullé, Marc Freismuth, Jean Juppin De Fondaumière, Noël Adolphe Vallet, Clément D. Rey, Jean Ribet, Colin Taylor and Mrs Georgina Rogers.

Directors of BMH Ltd (as at 31 December 2019)

Messrs George J. Dumbell, Nicolas Boullé, Marc Freismuth, Noël Adolphe Vallet, Clément D. Rey, Jean Ribet and Mrs Georgina Rogers.

5.8 Directors' Remuneration

The Company's Nomination & Remuneration Committee is entrusted by the Board with the task of determining and recommending to the Board the remuneration policy for Non-Executive Directors and for Senior Executives of the Company, which is outlined in the Company's Remuneration Policy.

Four key principles underpin this policy:

i. Remuneration must reflect the market in which the Company operates.

ii. Key performance indicators shall apply in order to deliver results to the Company.

iii. Remuneration is to be linked to the creation of value to Shareholders.

iv. Remuneration is to reward both financial and non-financial performance.

In regard to the Non-Executive Directors, every two years the Nomination & Remuneration Committee reviews Directors' fees for the Board and Board Committees and makes appropriate recommendation to the Board, for ultimate consideration and approval by Shareholders at their Annual Meeting. This exercise ensures that Directors' fees are in line with the market, appropriately reflect the responsibilities of the Directors, sufficiently motivate Directors to achieve the Company's objectives and align their interests with the long-term interests of Shareholders. Directors are reimbursed for unusual expenses associated with undertaking their duties.

For 2019, Directors' annual fees amounted to MUR 375,000 for the Chairman and MUR 120,000 for other Board members. In addition, the annual fees for Members of Committees of the Board for 2019 were:

	Audit (Risk Management) Committee	Corporate Governance Committee	Nomination & Remuneration Committee
	MUR	**MUR**	**MUR**
Chairman	120,000	70,000	40,000
Member	75,000	50,000	30,000

Under the recommendations of the Nomination & Remuneration Committee, the Board of Directors will not be reviewing the fees of its committees and will not be recommending to the Shareholders, any revision of fees for the members of the Board for 2020.

The remuneration and benefits received by the directors during the year under review are disclosed under Other Statutory Disclosures.

5.9 Board Evaluation

Evaluation Criteria

Directors are invited to participate in a combined full Board evaluation and individual Director evaluation, which, also, covers the Company's Board Committees. This exercise is carried out every two years under the auspices of the Chairman and the Nomination & Remuneration Committee.

The full Board evaluation requires Directors to focus on the functioning of the Board as a whole, comprising inter-alia the Board's understanding of strategy, composition of the Board and the mix of skills, the structure and organisation of Board meetings and Committee meetings and other issues core to the execution of the Board's mandate. The Director self-evaluation requires individual Directors to respond to their own Board performance, including how their skills contribute to the effectiveness of the Board, their commitment, preparedness and other responsibilities. In addition, they, also, report on the Board's relationship with Management as well as on the performance of the Chairman of the Board.

Evaluation Methodology

The Board evaluation process is undertaken by written questionnaire, with pre-set ratings. Directors are required to respond to a series of questions regarding either the functioning of the full Board or the Committees, or their own performance. The questionnaire provides a good baseline of information and offers much insight into issues for further discussion. It, also, contains open-ended questions, which offer Directors an opportunity to expand on certain crucial development issues. The results are evaluated and reviewed in detail by the Chairman and the Nomination & Remuneration Committee before presentation to the Board - with an action plan, comprising proposed corrective measures to be taken for under-performing ratings - for open discussion.

5.9 Board Evaluation (continued)

Evaluation Methodology (continued)

The Nomination & Remuneration Committee, monitors and ensures that all the corrective measures for the under-performing ratings are addressed and implemented. In the event of any unfavourable personal issue having been raised by a Director, the Chairman will conduct a one-on-one interview with the Director concerned.

The Board considers that the current evaluation process satisfies the Company's present requirements and it does not see any merit in carrying out an Independent Evaluation. During the year, assessments of the Board and its committees were undertaken and the overall results thereof, for a maximum score of five, met expectations:

- Board: 4.2
- Audit: 4.2
- Corporate Governance: 4.5
- Nomination & Remuneration: 4.5

The Nomination & Remuneration Committee undertook a detailed review of the evaluation results and made appropriate recommendations to the Board on corrective measures to be undertaken during 2020.

5.10 Executive Performance Development Programme

The Company has an Executive Performance Development Programme for its Senior Executives, incorporating a short-term incentive scheme, which links the Executives' remuneration with the performance of the Company. It is a performance bonus scheme based on annual performance targets. Bonus pay-outs for meeting performance expectations are conservative, whilst reward for exceeding the set targets are market-driven. The Nomination & Remuneration Committee reviews every two years Executive Remuneration to ensure that the remuneration remains competitive to the local market. This exercise was last carried out in 2018.

Every year, performance targets are set for the Senior Executives by identifying from the Key Result Areas and Key Performance Indicators of their respective jobs, the main priorities that the Executive should focus on for the year and by translating these into specific objectives for the said year together with any particular strategic objective approved by the Board for that year.

For other Executives and personnel, the Company applies the balanced scorecard methodology to set annual targets, weightages and measures for each individual.

The Company does not presently have an employee share-option scheme/long-term incentive plan.

5.11 Attendance at Board and Committee Meetings

	Board of Directors	Committees of the Board		
		Audit (Risk Management)	Corporate Governance	Nomination & Remuneration
Number of meetings held in 2019	6	6	3	7
Meetings attended				
George J. DUMBELL	6		3	7
Nitish BENI MADHU	4			
Nicolas BOULLÉ	6		3	
Marc FREISMUTH	6	6		7
Preetee JHAMNA RAMDIN	3			
Jean JUPPIN DE FONDAUMIÈRE	5	6		
Clément D. REY	6			
Jean RIBET	4			7
Georgina ROGERS	6			
Colin G. TAYLOR	4		2	
Noël Adolphe VALLET	6	5		
Jean-Jacques VALLET	6			

6. RISK MANAGEMENT AND INTERNAL CONTROLS

6.1 Risk Management

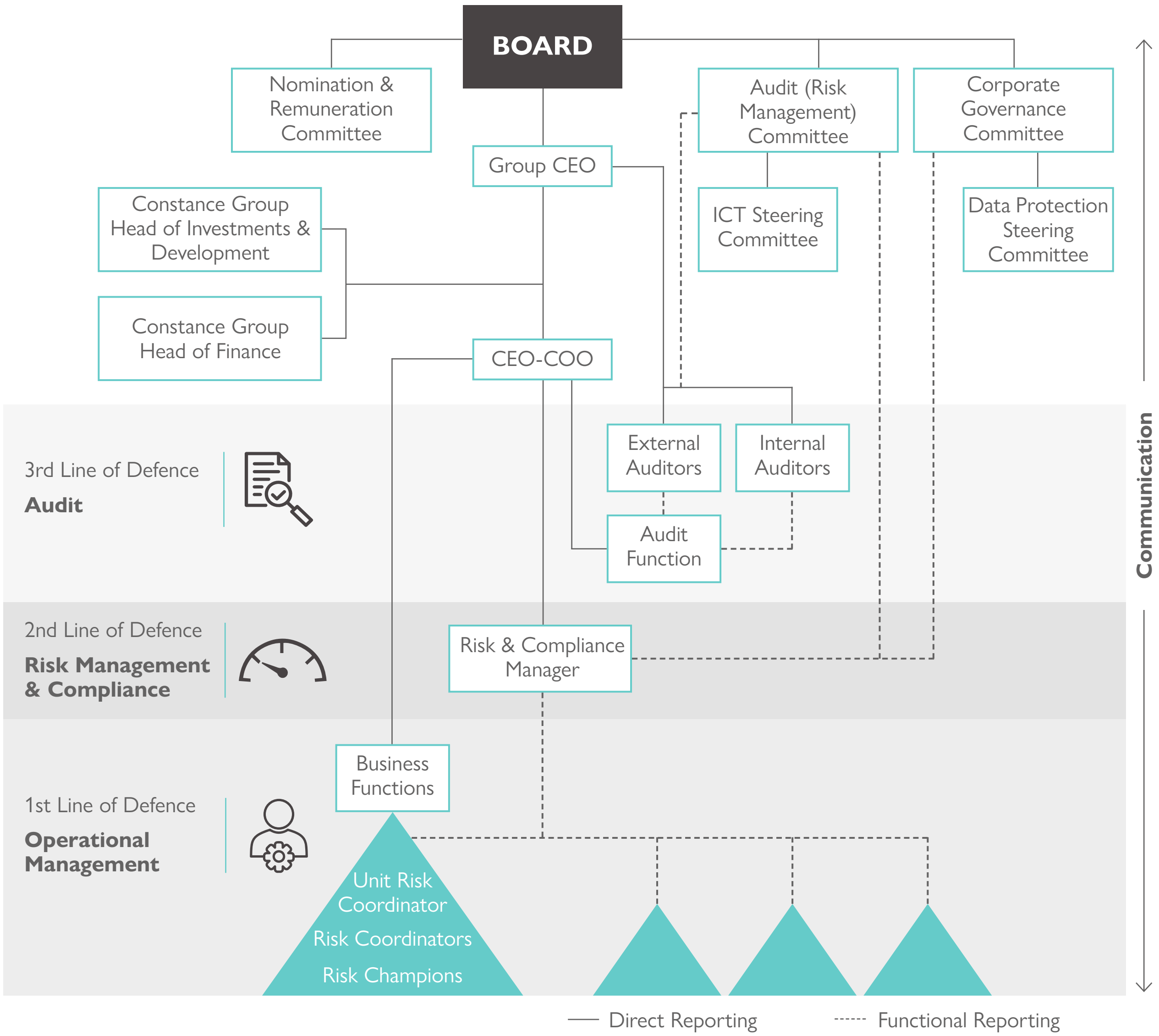
Risk Management Framework

The Company constantly faces varied risks which may adversely impact its performance, financial condition and overall ability to attain its strategic objectives. The Board, which is ultimately responsible for the sound management of these risks, ensures that the Company has continuously in place the appropriate risk management and internal control framework. In doing so, the Board has delegated to the Audit (Risk Management) Committee the responsibility to continually monitor, assess and review the risk management and internal control framework, in the light of the approved risk appetite, the changing nature and extent of the risks faced by the Company and the applicable laws and regulations, in order to ascertain that this framework is adequate and effective.

The Board acknowledges that risk management and internal control frameworks are designed to identify and manage rather than eliminate the risk of failure to achieve business objectives. Such frameworks can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company first established its risk management programme in August 2006. In 2014, by direction of the Board, the risk management framework was further enhanced by the deployment of the ERM Programme across all the operations and jurisdictions of the Company.

The CHSL ERM Framework

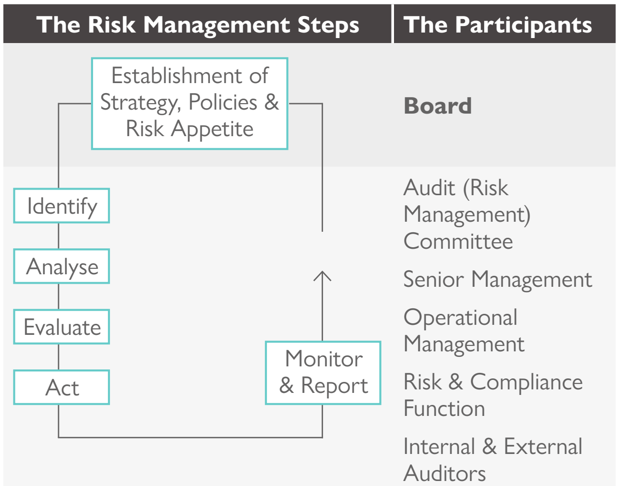


6.1 Risk Management (continued)

The CHSL ERM Framework (continued)

The Company's ERM framework consists in a combination of the top down and bottom-up approaches to risk management, on the basis of three lines of defence.

Strategy, policies and risk appetite are approved by the Board, and their formulation, implementation, evaluation and monitoring are delegated to the Committees of the Board, Senior Management and the Internal and External Auditors.



The defined objectives and risk appetite are subsequently communicated to each and every property/department which comprises a Unit Risk Coordinator, Risk Coordinators and Risk Champions. The latter identify all risks which may, at their level, hamper the attainment of the defined objectives and they circulate a detailed assessment of such risks and their proposed risk management action plan to the Risk and Compliance Manager (RCM). The preventive and corrective actions, process ownerships and deadlines are, subsequently, agreed upon with the General Manager who is ultimately responsible for managing risks at property level. The suggested measures that require higher level approval are highlighted in reports presented to Senior Management. The prominent risks are discussed with the CEO and COO who may:

- Advise on the importance (rating or financial impact) of some of the risks reported.
- Consider and advise on the potential impact of a given reported risk on other hotels and destinations of the Constance Hotels, Resorts & Golf Group.
- Point out any risks known at their level which have not been mentioned in the registers.

Decisions are subsequently communicated back to the respective property by the RCM.

A monitoring/update report is prepared every quarter by each Unit Risk Coordinator and circulated to the RCM who, in turn, reports, as appropriate, to Senior Management. A full review of the risk registers is conducted twice yearly by the ERM teams at property level whereby newly-identified risks are added, and existing risks are reevaluated following the implementation of previously suggested mitigation measures. Reports for presentation to the Audit (Risk Management) Committee are based on the latest available registers.

Since the implementation of the ERM Programme in 2014, an increasing risk awareness culture has been observed across the organisation. The Company's ERM teams are now well-versed with the risk assessment methodology, resulting in more concrete risk registers from each department and entity.

In addition, improvements, such as the alignment of risk categories with the information provided in the Company's annual report, have been made to the ERM framework. Risks of a similar nature, identified by different departments of the same property, have also been combined to avoid redundancies. This has resulted in a reduced number of risks in the individual property risk registers. Properties were given the opportunity to share risk information contained in their risk register among themselves in order to refine their risk reporting and ensure completeness.

In November 2019, workshops on risk appetite, led by external consultants, were organised. The consultants were mandated to assess the current level of risk maturity within the Constance Hotels Group and to refine our risk monitoring and reporting to management and to the Audit (Risk Management) Committee. The three workshops, attended by members of the Board and senior management, concluded with the development of a Risk Appetite Framework (RAF). Through this exercise, the strategic objectives of the Company were defined and the corresponding strategic risks, risk drivers and key risk indicators were identified. The Board's risk appetite was formulated for each strategic objective, and the corresponding risk tolerance level defined. The RAF makes a distinction between the qualitative and quantitative aspects of the risks linked to each strategic objective.

The expected results of the RAF will be achieved in approximately 24 months according to the action plan issued by the consultants. The current ERM framework will eventually be aligned with the new approach of the RAF. Regular meetings are planned, both at management level and with the Chairman of the Audit (Risk Management) Committee throughout the implementation process, to validate each step and ensure the RAF is embedded into the organisation in an effective and timely manner.

Moreover, given the dynamic nature of the business environment and associated risks, an annual meeting is being planned to review the Company's strategic objectives, the corresponding risk appetite and other risk dimensions which might evolve over time.

6.1 Risk Management (continued)

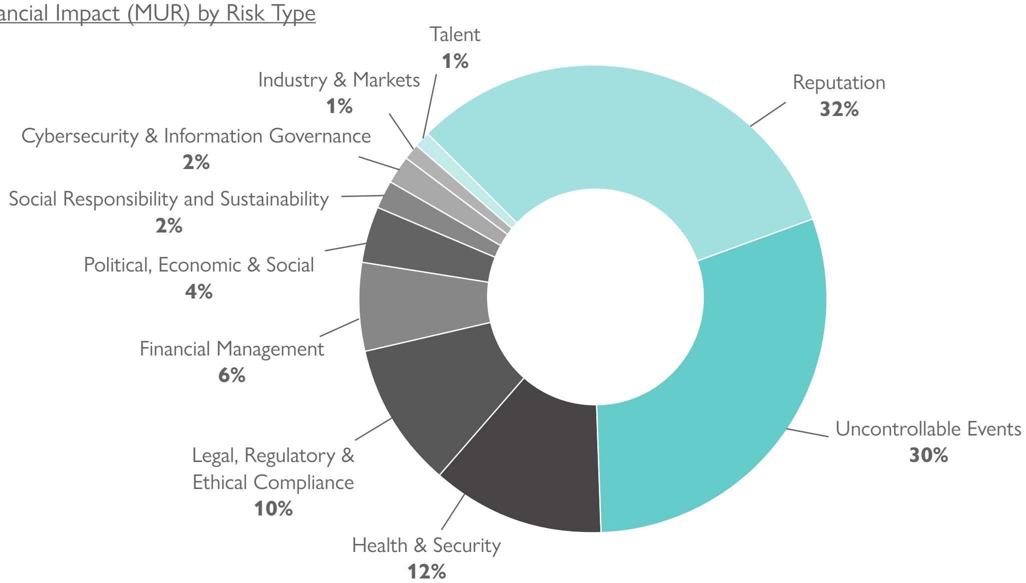
The 3 Lines of Defence of CHSL's ERM Framework

Operational Management	• Risk champions and Risk coordinators from different departments ensure that risks identified are communicated to their respective Unit Risk Coordinator and preventive and corrective measures implemented within the set deadlines. They bear responsibility for the day-to-day risk management activity. • Line managers are responsible for continuous compliance with all laws, codes, rules, regulations, procedures, policies and standards of good practice. • The CEO and COO are consulted on the management of the principal risks.
Risk & Compliance Management	• The RCM acts as the Group Risk Coordinator. The latter is responsible for the Group risk register, monitors the effectiveness of the established risk management framework and processes, and provides the required risk management guidance and support to the Unit Risk Coordinators. • The RCM presents a comprehensive report twice a year to the Audit (Risk Management) Committee, thus enabling an improved oversight of risks facing the organisation and making the assessment of risks per location/entity easier. Every year, at each of the two special meetings of the Audit (Risk Management) Committee dedicated to ERM, the principal risks facing each entity are discussed and corrective and preventive measures validated. The structured reports also provide insight into periodic risk movements until they reach a level acceptable to the Board.
Audit	• Independent assurance with regard to the adequacy and effectiveness of the Company's risk management framework and processes is derived from the Internal Audit function, which is outsourced to Messrs. PricewaterhouseCoopers (PwC). • External Auditors provide external assurance on matters pertaining, but not limited to, valuation and financial statements. In addition, they report on the extent of compliance with the Code of Corporate Governance in the annual report and on whether the disclosure is consistent with the requirements of the Code.

Risk Profile

Risks facing the Company are classified by type and subsequently grouped as Strategic, Financial, Operational, Compliance or Hazard, in accordance with the National Code of Corporate Governance for Mauritius (2016). The following charts, which provide an overview of the Company's risk profile as at 31 December 2019, reflect the Company's risk appetite as approved by the Board.

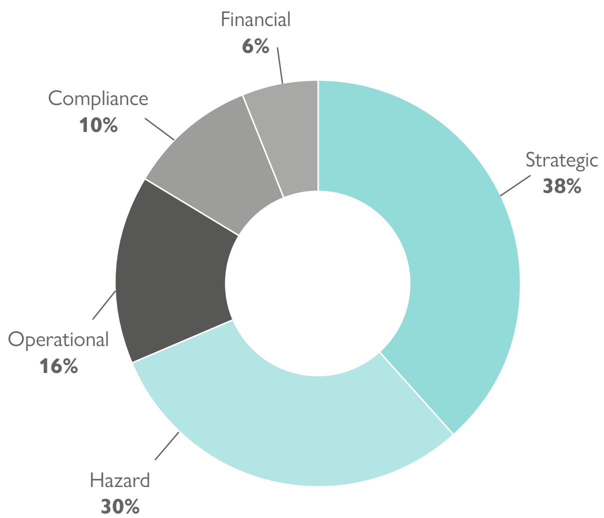
Financial Impact (MUR) by Risk Type



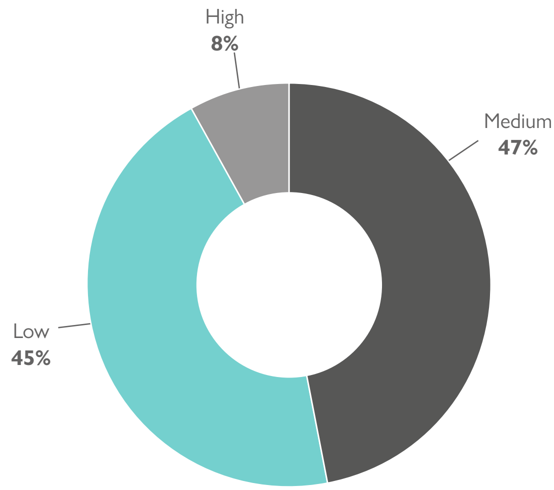
6.1 Risk Management (continued)

Risk Profile (continued)

Financial Impact (MUR) by Risk Group



Financial Impact (MUR) by Criticality



Principal Risks and Mitigation Initiatives

The Company has implemented various policies and mitigation initiatives to effectively counter the principal risks to which it is exposed to, as elaborated in this Corporate Governance Report and in the following tables. The Company also contributes towards a Director & Officer Liabilities insurance cover.

Principal Risks by Risk Group and Capital Impacted

Risk		Risk Group	Capital Impacted	Risk Trend (vs Last Year)
Geographical Concentration	A	Strategic	Financial, Human, Intellectual, Social & Natural	↓
Industry & Market	B	Strategic	Financial, Human, Intellectual, Social & Natural	↓
Political, Economic & Social	C	Strategic	Financial, Human, Social & Natural	↔
Reputation	D	Strategic	Financial, Human, Intellectual	↔
Social Responsibility and Sustainability	E	Strategic	Financial, Human, Social & Natural	↔
Financial Management	F	Financial	Financial, Human	↓
Cybersecurity & Information Governance	G	Operational	Financial, Human, Intellectual	↓
Health & Security	H	Operational	Financial, Human	↔
Talent	I	Operational	Financial, Human, Intellectual	↓
Legal, Regulatory and Ethical Compliance	J	Compliance	Financial, Human, Intellectual	↔
Uncontrollable Events (Natural, Environmental, Geopolitical and Human Perils)	K	Hazard	Financial, Human, Social & Natural	↑

Legend

Capital Impacted : Financial, Human, Intellectual, Social & Natural

Risk Trend : ↓ Decrease, ↔ Unchanged, ↑ Increase

6.1 Risk Management (continued)

Risk Mitigation Initiatives

Risk	Description	Mitigation Initiatives	Relevant Codes & Policies	Actions During the Year
Geographical Concentration	Lack of geographical diversification may adversely affect the financial results and mid/long-term growth of the Company.	• The Company has operations in four different jurisdictions and the Board continually assesses new opportunities across the region and beyond.	Risk Management Policy.	• Exploring other destinations. • Risks identified and addressed.
Industry & Market	The tourism industry, and the hotel sector in particular, may be negatively impacted by changes in international demand for hotel rooms and associated services, an uncompetitive open-sky policy, increases in the supply of rooms and other forms of accommodation, government policies and regulations, and other industry-related factors.	• The Company is kept abreast of industry and market risks through its extensive network of overseas sales & marketing and representation offices. • Industry risks are mitigated externally through regular meetings with the appropriate industry drivers and government ministries, either directly or through industry associations. • These risks are also reviewed internally through daily performance monitoring and application of different marketing strategies and on a quarterly basis by the Board. • The Company strives to adapt to new markets, meet customer expectations, and constantly innovate to strengthen its competitiveness.	Anti-Trust Policy and Risk Management Policy.	• Constant innovation and improvement of products and services. • Implementation of wellness programmes & associated menus. • Menus and standards reviewed to adapt to new markets. • Marketing strategy in place. • Risks identified and addressed.
Political, Economic & Social	Political, economic and social events which affect international travel (e.g. closed-sky policies, increased transport and fuel costs, economic crises, and currency and interest-rate fluctuations) and the performance of the tourism industry in the destinations in which the Company operates.	• The Company regularly discusses such risks with relevant stakeholders, including its bankers and advisers. • The Company, which is affiliated to AHRIM and other hotel associations in the Seychelles and the Maldives, takes part in industry-wide discussions related to these risks. • Changes in the business environments in which the Company operates are regularly assessed by the management team and quarterly by the Board and its Committees to ensure prompt decisions are taken to safeguard the value of the Company's brand and assets.	Anti-Money Laundering Policy, Antitrust Policy, Prevention of Child Sexual Exploitation Policy, and Risk Management Policy.	• Review of prices to reflect changes in currency rates. • Close follow-up with the relevant authorities. • Risks identified and addressed.

6.1 Risk Management (continued)

Risk Mitigation Initiatives

Risk	Description	Mitigation Initiatives	Relevant Codes & Policies	Actions During the Year
Reputation	Damage to the Company's brand and reputation due to: • Events such as adverse publicity which impact its reputation. • Failure of the Company to sustain its appeal (e.g. product quality, facilities and services offered and safety & security) to its clients and other stakeholders.	• Enforcement of a strict ethical Code of Conduct and good corporate governance practices across the Group in accordance with the National Code of Corporate Governance for Mauritius and international best practices. • Continuous improvements and innovations. • Maintenance of quality standards through regular audits and training. • Monitoring of guest satisfaction and negative reviews and execution of corrective actions. • Safety and security measures. • Timely information to guests.	Code of Ethics and Conduct for Employees, Code of Ethics and Conduct for Business Partners, Code of Ethics and Conduct for Directors, IT Code of Practice, Professional Standards and Guidelines, Anti-Money Laundering Policy, Data Protection Policy, Conflict of Interest & Related Transactions Policy, Gifts Policy, Equal Opportunity Policy, IT Information Security Policy, Prevention of Child Sexual Exploitation Policy, Environmental Policy, Procurement Policy, Health & Safety Policy, Corporate Social Responsibility Policy, Energy Management Policy, and Risk Management Policy.	• Employee awareness and training. • Disclosure of conflicts of interests and related-party transactions. • Quality management Audits of services standards. • Security reinforced with additional cameras. • Ongoing preventive maintenance. • Implementation of the EU GDPR and DPA 2017 in progress. • Refurbishment & renovation in some properties. • Risks identified and addressed. • Improved complaints handling procedures. • Guest in-room information updated.

6.1 Risk Management (continued)

Risk Mitigation Initiatives

Risk	Description	Mitigation Initiatives	Relevant Codes & Policies	Actions During the Year
Social Responsibility and Sustainability	The reputation of the Company and the value of its brands are influenced by a variety of factors, including the Company's ability to demonstrate responsible practices in such areas as sustainability, responsible tourism, environmental management, health and safety, and support to the local community.	• CSR programmes and initiatives are tailored to the needs of the communities and societies in the regions where the Company operates. • Regular review and reporting of the progress of CSR programmes and achievements, as well as new potential projects, are brought to the CSR Committee of Fondation Constance and, on a quarterly basis, to the Board through the Corporate Governance Committee. • The Company has embarked on the internationally-recognised Green Globe Certification programme since 2013. In 2019 Constance Hotels was awarded the Green Globe Certificate for the 6th consecutive year and thus became a Gold Member of the Green Globe certification. • The Company regularly engages with key stakeholders. • The Company adhere to applicable laws and regulations and good governance practices, support human rights, strives to preserve the natural ecosystem, and respect and support the communities and cultures in all countries it operates.	Corporate Social Responsibility Policy, Environmental Policy, Anti-Money Laundering Policy, Prevention of Child Sexual Exploitation Policy, Procurement Policy, Code of Conduct for Business Partners, Health & Safety Policy, Energy Management Policy, Antitrust Policy, Equal Opportunity Policy and Energy Management Policy.	• Close monitoring of energy and water usage. • Miscellaneous measures to minimise wastage. • Segregation and recycling of wastes. • Close monitoring of effluent water. • Reduced usage of plastics. • Clean up activities & community sensitisation campaigns. • Mangrove management plan. • Purchase of eco-friendly and biodegradable products as available. • Employee training and awareness. • Close supervision during delivery of diesel to avoid leakage. • Preventive maintenance. • Risks identified and addressed.
Financial Management	The Company is exposed to a wide range of financial risks, namely currency risk, price risk, credit risk, liquidity risk, interest rate risk and capital risk. These risks are reported in detail in the Notes to the Financial Statements on pages 127 to 131.	• Sound management of costs and financial risks such as foreign exchange, liquidity, market risks, pricing policy. • Detailed budgets and projected cash flows are reviewed on a regular basis by the Audit (Risk Management) Committee and quarterly by the Board. • The Board and Audit (Risk Management) Committee scrutinise the Company's account receivables and payables. • Other mitigation initiatives can be referred to on pages 127 to 131.	Risk Management Policy.	• Internal audit programme & reinforcement of controls. • Close monitoring of costs. • Increased controls by the procurement department. • Monitoring of credit terms & allowances to debtors. • Close monitoring of currency fluctuations. • Miscellaneous measures to reduce wastage & spoilage. • Risks identified and addressed.

6.1 Risk Management (continued)

Risk Mitigation Initiatives

Risk	Description	Mitigation Initiatives	Relevant Codes & Policies	Actions During the Year
Cybersecurity & Information Governance	To varying degrees, the Company is reliant upon certain technologies and systems for the smooth and efficient running of its business. Disruption to these technologies or systems may adversely affect the quality and standard of the Company's product and service offerings, as well as the Company's productivity, operating costs and efficiency.	• A strong professional team with combined experience of over 16 years in the field of IT. • The ICT Steering Committee ensures that the proper IT governance framework, policies, strategy and practices are implemented throughout the Company, in accordance with the applicable regulatory requirements and international best practices. • The Company's IT function performs regular controls and upgrades to the IT system in order to ensure its effectiveness and prevent any disruption. • Management ensures all staff comply with the Company's IT Code of Practice. • Independent audits of the IT governance framework and systems are conducted by the Internal Auditors. • Internal and external training of team members.	IT Information Security Policy, IT Code of Practice, IT Governance Policies, and Data Protection Policy.	• ICT Steering Committee met twice. • Effective and proactive IT governance structure in place. • Implementation of security measures in line with the data protection laws. • Monitoring of network equipment / hygiene level introduced. • Regular back-ups & safekeeping. • Gap analysis with ISO 27001, planning for certification in 2020. • Training & awareness/ phishing exercise conducted for IT users. • Website audit conducted by external party. • Encryption of sensitive information.
Health & Security	Health and safety issues (e.g. food poisonings and injuries due to gravitational hazards) faced by our guests and employees.	• The Environmental Health and Safety Manager oversees, harmonises and monitors the Health, Safety and Environment function across all hotels of the Group with strict controls to ensure compliance with international good practices, all statutory and legal requirements and codes of practice generally applied across the industry. • Each of our hotels has either a dedicated Health & Safety Officer or a Senior Executive responsible for this function. • Appropriate and ongoing training is provided to staff and the highest standards of care are applied to the services and products offered to our guests. • A Health and Safety Plan is approved annually, and its progress is monitored on a quarterly basis by the Corporate Governance Committee.	Health & Safety Policy and Risk Management Policy.	• Monitoring of incidents. • Employee training and awareness. • Additional CCTV cameras installed. • Risks assessment done and closely monitored. • Precautionary measures updated for guests. • Ongoing preventive maintenance. • Emergency procedures updated and drills conducted. • Appropriate PPEs provided. • Improved safety procedures.

6.1 Risk Management (continued)

Risk Mitigation Initiatives

Risk	Description	Mitigation Initiatives	Relevant Codes & Policies	Actions During the Year
Talent	Failure to identify, secure and retain top-quality management and highly-skilled employees may undermine the Company's ability to remain profitable and achieve its strategic objectives.	• A policy of recruitment and recognition of performance that is fair and transparent based on merit is applied. • The Company ensures an attractive and safe working environment and a competitive remuneration structure. • Succession planning is developed, monitored and maintained for key roles. • Internal and external training to further develop skills of team members. • Employee satisfaction surveys and implementation of improvement plan. • Team members are recognised and rewarded for their contributions.	Code of Ethics and Conduct, Professional Standards and Guidelines, Equal Opportunity Policy, Nomination Policy and Risk Management Policy.	• Recruitment policy. • Training & certification programme. • Career development programme. • Employee recognition and awards. • Appraisals, promotions and review of salaries and benefits. • Welfare and cross-exposure programmes.
Legal, Regulatory and Ethical Compliance	Non-compliance with legal and other regulatory requirements may result in severe penalties and adversely affect the Company's competitive position on the market.	• A robust programme comprising procedures and internal monitoring and reporting has been put in place by the Compliance and Accounting functions, with the aid of Internal Audit, to ensure that financial and regulatory requirements are strictly adhered to. • Contracts are monitored through a dedicated contract management software. • Implementation of a GDPR Programme since 2018 to ensure full compliance. • Quarterly Financial Statements and the Abridged Financial Statements are scrutinised by the Audit (Risk Management) Committee and subsequently reviewed and approved by the Board. • Relevant team members are kept abreast of changes in regulatory requirements through regular communication and training.	All Codes and Policies listed on page 96.	• Effective communication of new legal requirements and ethical standards. • Employee training. • Implementation of the EU-GDPR and DPA 2017 in progress.

6.1 Risk Management (continued)

Risk Mitigation Initiatives

Risk	Description	Mitigation Initiatives	Relevant Codes & Policies	Actions During the Year
Uncontrollable Events (Natural, Environmental, Geopolitical and Human Perils)	Uncontrollable events such acts of terrorism, civil unrests, epidemics, tsunamis and cyclones may adversely affect occupancy levels and therefore the operations of the Company.	• A Business Continuity Plan is in place, comprising emergency contacts, emergency procedures for the different risks identified, communication strategy, crisis management and business recovery measures. • Drills and simulation exercises to prepare our team members to various contingencies.	Risk Management Policy.	• Business continuity planning. • Emergency procedures. • Training and drills.

6.2 Compliance Function

The Compliance function, which forms part of the Company's second line of defence, falls under the responsibility of the Risk & Compliance Manager (RCM), with a functional reporting line to the Audit (Risk Management) and the Corporate Governance Committees of the Company. The RCM operates within the scope of the Company's Compliance Charter and in accordance with the Professional Standards and Guidelines approved by the Board.

The main role of the Compliance function is to:

- Provide the appropriate framework within which the business activities of the Company and its operating subsidiaries, and its employees can comply with the Company's policies, standards and procedures and with applicable laws and regulations.
- Assist the Board, Management and Line Managers in discharging their compliance and risk responsibilities.

Scope of the Compliance Function

Compliance Funcion

High Level Oversight

- Maintain appropriate records
- Report to Management and Board Committees

Legal & Regulatory Compliance

- Ensure compliance with applicable laws and regulations in all jurisdictions
- Compliance with Data Protection Laws
- Protection of Intellectual Property

Compliance Standards

- Codes, Policies & Procedures
- Contract clauses
- Standard documents & disclosures

Risk Management

- Maintain a Group Risk Register
- Monitor mitigation measures
- Monitoring business continuity planning

Communication & Training

- Promotion of a Culture of Integrity through effective communication and training

Consultation/Assistance

- Liaise with Legal Advisers
- Monitor implementation of Internal Audit recommendations
- Review legal documents (including contracts)

Compliance Tools

- Laserfiche (contract management)
- ERM Tools
- Incidents database

Identification of Non-Compliance Matters

- Quaterly compliance reports
- Health & Safety incidents reports
- Incidents register
- Court cases
- Mall/Direct Communication

6.2 Compliance Function (continued)

The main accomplishments of the Risk and Compliance function, during the year under review, include the following:

- The implementation of all major requirements of the Data Protection Act (DPA) 2017 and the EU GDPR, initiated in the preceding year was completed.
- The RCM proceeded with a general review of all existing policies and issued a new CCTV policy, in line with the data protection principles.
- A new contract management system was implemented to facilitate the monitoring of contracts and licenses by all properties.
- The Company's intellectual property was maintained and all necessary applications were filed for the protection of the new brand C Resorts and new Spa trademark.
- In view of setting up a group incident database, an incident register template was tested in one hotel prior to deployment in all properties.
- Training was provided on the Code of Ethics and Conduct as well as on data protection. The implementation of online training courses is in progress.
- The Compliance Department provided assistance to line managers in the review of legal documents, including agreements, contracts and disclaimers. The department also liaised with the Company lawyers on various matters.
- The implementation of post-audit recommendations was monitored by the Compliance Department.
- The RCM ensured that all properties are maintaining a proper business continuity plan and training/drills were conducted to ensure readiness of the teams in the event of an emergency situation.
- A survey was conducted to assess the risk of conflict of interests & related party transactions.
- As recommended by the Audit (Risk Management) Committee, the RCM organised a workshop with the help of external consultants in view of setting up a Risk Appetite Framework for the Company.
- The department kept abreast of new laws and regulations and ensured timely communication of same to relevant employees.
- The department also provided advice on licensing requirements for the opening of a new hotel.
- The RCM ensured that the required disclosures under National Code of Corporate Governance for Mauritius were uploaded on the Company website.

During the year under review, the RCM presented two reports to the Corporate Governance Committee and two reports to the Audit (Risk Management) Committee. The RCM was also invited to present a report on the implementation of the DPA 2017 and the EU GDPR to the newly-established Data Protection Steering Committee, and attended the ICT Steering Committee.

6.3 Information, Information Technology (IT) and Information Security (IS)

Information, IT and IS Governance Framework

During the year under review, the Company further enhanced its information, IT and IS governance framework under the direction of the Board in order to ensure the performance of the Company's information and IT-related systems lead to business benefits and create value.

In line with the National Code of Corporate Governance for Mauritius (2016), in 2018 an ICT Steering Committee was set up as a subcommittee of the Audit (Risk Management) Committee. The ICT Steering Committee is chaired by the Chief Information Officer, and comprises two members of the Audit (Risk Management) Committee, three members of Senior Management, two members of the finance department and the RCM.

During the year, actions were strengthened to further adhere to the EU General Data Protection Regulation (GDPR) and the Data Protection Act (DPA) 2017.

The Company's IT Code of Practice, IS Policy and Data Protection Policy were closely monitored, reviewed and updated to reflect the latest legal and regulatory requirements and respond to ever-growing demand for IT security.

The Company information, IT and IS governance framework puts emphasis on the confidentiality, integrity, availability and protection of information, backed by adapted Information and IT systems. This framework is continually monitored and assessed by the Board to ascertain that it forms an integral part of the overall corporate governance of the Company and is managed according to set policies. To fulfil this obligation, the Board is supported by the Audit (Risk Management) Committee and the ICT Steering Committee which review information risks and the implemented mitigation actions, and ensure that the established Information, IT and IS governance framework is effective and adequate.

Management is responsible for implementing the approved policies, procedures and practices to protect the Company's information, in line with regulatory and industry norms. It ensures that access to information is only available to authorised parties, whilst ensuring physical and logical access controls are in place at all times. Staff is regularly made aware of these policies, procedures and practices through the Company's communication channels. The Company has in place an IT Code of Practice and an IS Policy, which incorporate policies related to information, IT and IS.

6.3 Information, Information Technology (IT) and Information Security (IS) (continued)

Scope of the IT Code of Practice and IS Policy

Security & Access Control
- Usage Monitoring & Inspection of Files
- Systems & Network Administration Access
- Use of Password
- User Management / Computer & Information Control
- Viruses Protection
- Access Controls / Shared Folders
- Data Leakage Prevention

IT Governance
- Data Protection / Data Storage
- Copyright Material
- Information Classification
- Disciplinary Actions
- Transferring Personal or Confidential information through Email
- Publication of Information

IT Infrastructure
- Electronic Mail
- Virtual Private Network
- Asset Management
- Use of Computing Facilities
- Access to Computing Facilities
- Information Systems Implementations

IT Procedures
- Document Printing
- Energy Savings
- IT Roles & Responsibilities
- Security Awareness & Training
- Clean Desk

Compliance
- Backups & Storage
- Contingency Plan
- Business Continuity
- Audit: IT General Controls

Whilst the Audit (Risk Management) Committee evaluates the effectiveness of related internal control systems, the structure provides for independent assurance with, notably, the Internal Audit function which acts as an additional line of defence to assess the suitability of the Group's securities policies, standards and related procedures. The outcome of an audit on IT General Control conducted by the Internal Auditors in 2016 was overall positive. Since then, improvements have been brought to provide comfort to Board members that IT Governance is adequate and satisfactory. In addition, the Chief Information Officer is invited on annual basis to present to the Board achievements and new developments of the IT function.

Approval of significant expenditures on IT is integrated in the approval process of capital expenditures scrutinised by the Board at the time the Budget is presented annually. Monitoring of these expenditures is effected at the Audit (Risk Management) Committee and any material deviation is reported to the Board through the Audit (Risk Management) Committee Reports.

Information to the Board and Committees

The Chairman and the Company Secretary ensure that Directors receive the right information in a timely manner to enable them to make informed business decisions. The prime responsibility for setting the agenda of Board meetings and ensuring that key information, both quantitative and qualitative, is made available to the Directors lies with the Chairman, who decides on the relevance and adequacy of information to ensure that the Directors' information needs are met. At the last assessment, the Board and its Committees found the information provided to them adequate.

6.3 Information, Information Technology (IT) and Information Security (IS) (continued)

Selection of Agenda Items for Board Meetings

01 The Chairman and the Company Secretary prepare the Agenda, in conjunction with the Constance Group CEO, to determine key current and ongoing business topics for the Board Meeting.

02 The Chairman approves the Agenda for the Board Meeting.

03 The Financial Statements are prepared by the Constance Group Head of Finance.

04 Agenda, Minutes and Board Papers, including financial documents, are circulated to Board Members prior to the scheduled date of the Board Meeting.

Data Protection

A Data Protection Steering Committee (DPSC) was established in 2019, under the chairmanship of a Board Director. At the first meeting in September 2019, the DPSC reviewed the progress of implementation of the DPA 2017 and the EU GDPR at the Company.

Several organisational measures were taken to ensure alignment with data protection principles, such as improved transparency through appropriate data protection notices and communication of privacy and cookie policies, both to internal and external stakeholders. Employees are kept aware on the need to protect the confidentiality and ensure the accuracy of personal data that they process.

To ensure a good flow of information, both from the Data Protection Officer (DPO) to the different properties and vice versa, Data Protection Champions (DPC) were designated in each property. The DPCs have well defined roles and responsibilities, and they report to the DPO on all data protection matters.

Policies and procedures are regularly updated and appropriate records of processing are maintained in order to demonstrate accountability when required. Procedures under review include the handling of credit card information in order to ensure compliance with both the DPA 2017- EU GDPR and the Payment Card Industry Data Security Standard (PCI DSS). To guarantee the same level of protection by our third parties, we require them to sign a data processing agreement.

The data inventory and mapping, carried out during the previous year with the help of external consultants, was an important step which facilitates the processing of requests from data subjects, in accordance with their data protection rights. On the technical side, the IT security risks were assessed and measures taken or initiated include the encryption of sensitive data and transmission channels, the securing of mobile devices and the extended use of anti-virus software.

The Company is aware of the rise of cybercrime and thus strengthened its intrusion detection measures with the assistance of an external service provider. Human-related risks are duly taken into account and addressed through intensive training, appropriate policies and procedures, and simulations exercises, such as internal phishing attempts.

6.4 Charters, Policies and Codes

Overview

The policies laid out in the key documents mentioned in the following table are approved by the Board on the recommendation of its relevant Committee and are applied throughout the Group. Certain Policies and Codes are subject to review at least annually whilst Charters are reassessed every two years, unless otherwise required.

6.4 Charters, Policies and Codes (continued)

Charters	Policies
Audit (Risk Management) Committee	• Anti-Money Laundering
• Audit (Risk Management) Committee Charter ☼	• Anti-Trust
• Information Technology Steering Committee Charter	• Business Travel
• Internal Audit	• Conflict of Interest and Related Party Transactions ◊
• Risk Management	• Corporate Social Responsibility
Board of Directors	• Data Protection
• Board of Directors' Charter ☼	• Dividend
• Letter of Appointment	• Donations
• Board and Director Self-assessment Questionnaire	• Energy Management
• Board Committees Self-assessment Questionnaires	• Environmental
• Board of Directors and Key Executives Succession Planning	• Equal Opportunity
• Board Strategic Plan	• Executive Leave
Corporate Governance Committee	• Gift
• Corporate Governance Committee Charter ☼	• Health and Safety
• Statement on Corporate Governance	• IT Information Security
• Corporate Governance Programme	• Nomination
• Compliance	• Prevention of Child Sexual Exploitation
• Compliance Charter	• Privacy
• Compliance Handbook	• Procurement
• Compliance Officer Accountabilities	• Remuneration
• Professional Standards and Guidelines for Compliance Officers	• Risk Management
• Data Protection Steering Committee Charter	• Share Dealing
• Environmental	• Sustainability
• Fondation Constance Charter	
Nomination & Remuneration Committee	**Codes and Other Documents**
• Nomination & Remuneration Committee Charter ☼	• Code of Ethics and Conduct ◊
	• Code of Ethics and Conduct for Business Partners
	• Code of Ethics and Conduct for Directors ◊
	• IT Code of Practice (IT & Information Governance) ◊
	• Position Statements

☼ Full version available on the Company's website   ◊ Summarised version available on the Company's website

Code of Ethics and Conduct

The Company is committed to a code of ethics and conduct, which is outlined in its general Code of Ethics and Conduct, as well as in its Code of Ethics and Conduct for Directors. These documents are comprehensive statements of the guiding principles of conduct which the Company expects its Directors and employees to observe in the discharge of their responsibilities. These codes state the high moral, ethical and legal standards which the Company maintains and under which it carries out its business. It states publicly to all the Company's stakeholders the standards of behaviour they can expect from the Company's Directors and employees. The Board regularly monitors and evaluates compliance with the Company's Code of Ethics and Conduct.

Code of Ethics and Conduct for Business Partners

As a responsible and ethical business, the Company has adopted its Code of Ethics and Conduct for its Business Partners which it expects to apply throughout its supply chain across the Company's properties. The Company has introduced the adequate procedures to ensure its implementation.

All new employees of the Company receive training and acknowledge receipt of a copy of the aforementioned Codes.

6.4 Charters, Policies and Codes (continued)

Conflicts of Interest and Related-Party Transactions

The Company's Conflict of Interest and Related-Party Transactions Policy provides a structure which ensures that all transactions pertaining to the operations of the Company and its subsidiaries are disclosed and can be adequately managed without detriment to the reputation and integrity of the Company and its stakeholders in so far as it relates to good corporate practice. At each Board meeting, Board Members and Senior Officers are invited to make relevant declarations in addition to those already disclosed.

The Audit (Risk Management) Committee reviews with Management and the External Auditors, any potential Conflict of Interests and Related-Party transactions to ensure that the disclosure requirements are met.

The related-party transactions are disclosed on pages 164 and 165 of the Annual Report. These transactions were conducted in accordance with the Company's Conflict of Interest and Related-Party Transaction Policy and Code of Ethics and Conduct.

Whistleblowing

The Company's Code of Ethics and Conduct includes a section on Grievance reporting albeit whistleblowing. This section establishes the process whereby any employee may report matters of suspected misconduct or malpractice within the Company without the risk of subsequent victimisation, discrimination or disadvantage.

6.5 Audit

Internal Audit

Internal Audit is an appraisal function established to examine and evaluate the activities of the Company independently, as a service to the Board of Directors and to Management. The Internal Auditors are entrusted with the responsibility of appraising the Company's policies, procedures and the operating, financial and management controls in order to ensure that the business is properly managed and promote effective controls at reasonable cost.

The Internal Auditors report to the Constance Group CEO but also have a functional reporting line to the Audit (Risk Management) Committee. The latter meets the Internal Auditors separately at least once a year, without the Company's Management being present, to discuss issues related to the company's audits.

The Company has an Internal Audit Charter, which has been approved by the Board and governs the Internal Audit function in terms of responsibility, role, scope, authority, independence, reporting procedures, auditing standards and external relationships. It also highlights the unrestricted access which the Internal Auditors have regarding the records, Management, and employees of the Company.

The Company's Internal Audit function is outsourced to Messrs. PricewaterhouseCoopers (PwC) on a three-year contract, which was last renewed on 01 January 2020. The Audit (Risk Management) Committee regularly assesses the performance of the Internal Auditors and is satisfied of their effectiveness and independence.

The annual internal audit plan, which is approved by the Constance Group CEO and ratified by the Audit (Risk Management) Committee, is based on the principles of risk management to align the coverage and effort with the degree of risk attributable to the areas audited. High risk issues together with internal audit recommendations are tabled during the Audit (Risk Management) Committee meetings and management comments and implementation plans are discussed. The progress into the audit plan is also analysed and gaps, if any, are explained to the Committee. During 2019, the Internal Auditors conducted the audits on the following areas, systems and processes areas and reported on their findings and recommendations to the Audit (Risk Management) Committee at its meetings which they attended.

Country of Operation	Areas, Systems & Processes Covered	Key Findings/Outcome
Mauritius	Front Office Review	Management had remedied most of points raised and put in place an action plan to solve the inadequacies noted.
	Human Resources Review	Training and other development initiatives have been provided to optimize the use of Bayan software.
	Payroll Review	Controls have been increased as per the recommendations of the Internal Auditors and the proposed action plan has been implemented to optimize the use of the software.
	Finance and Accounting follow ups	Most recommendations have been implemented at Constance Belle Mare Plage and some are still in progress at Constance Prince Maurice.
Maldives	Food and Beverages Review	No high risk area identified.
	Human Resources Review	Increased control expected with the recruitment of key personnel and optimized use of the Banyan and Taleo systems.
	Payroll Review	Low to medium risks. Improvement plans to be considered.
	Procurement, Human Resources, Finance & Accounting follow ups	Some areas are yet to be addressed.

6.5 Audit (continued)

External Audit

The Audit (Risk Management) Committee makes recommendations to the Board in relation to the appointment, remuneration, termination and oversight of the External Auditor. The latter provides an independent opinion on the Company's Annual Report, including its financial statements and Corporate Governance Report.

The Audit (Risk Management) Committee also ensures that key partners within the appointed External Audit firm are rotated from time to time. Moreover, in order to ascertain that the provision of non-audit services by the External Auditor does not impair its independence and objectivity, such non-audit services are required to be pre-approved by the Audit (Risk Management) Committee and undertaken by a different partner.

The criteria for the selection, appointment and re-appointment of the External Auditor are:

- Expertise and reputation of the accountancy firm.
- Access to expert international accounting standards, research relevant to the hotel industry, demonstrable audit quality control processes and substantial resources to carry out the assignment.
- Competitive fees.
- Ethical, safeguard of objectivity and independence.
- Absence of any conflict of interest.
- Specific knowledge of the industry and business of the firm by the partner.

The key steps of the External Auditor selection, appointment and re-appointment process include the following:

i. The Board is responsible for appointing the External Auditor, subject to the approval of Shareholders.

ii. The Audit (Risk Management) Committee reviews the External Auditor's performance and independence, and benchmarks the cost and scope of the external audit engagement prior to their appointment and thereon annually.

iii. The appointed External Auditor is required to present to Management an annual external audit proposal.

iv. Management in consultation with Audit (Risk Management) Committee approves the scope of the audit, the terms of the annual engagement letter and the audit fees.

v. The External Auditor prepares the annual engagement letter in conjunction with Management.

vi. Upon engagement, the External Auditor has unfettered access to Management, staff, records and company facilities, and is permitted the reasonable agreed time to conduct its audit.

Prior to the approval of the audited financial results by the Board, the External Auditor was invited to attend the Audit (Risk Management) Committee meeting to review all matters related to the audit, covering accounting principles and critical policies, judgements and estimates. The Audit (Risk Management) Committee discussed with the External Auditor and Management matters of significance regarding policies and accounting treatments. It ensured that it was satisfied that these matters had been appropriately addressed. The Audit (Risk Management) Committee met with the External Auditor separately during the year, without the Company's Management being present, to discuss issues related to the company's audits.

The External Auditor also reviewed and approved the Company's Corporate Governance Report.

BDO & Co. have been the External Auditor of the Company until the financial year 2019. To comply with the Financial Reporting Act 2004 (amended in 2016), they will be rotated out in 2020. Following a comprehensive evaluation, by the Audit (Risk Management) Committee, of proposals received from various companies, Ernst & Young will be recommended, by the Board, for appointment as the Company's new External Auditors, at the forthcoming Annual Meeting of Shareholders.

7. RELATIONS WITH KEY STAKEHOLDERS

7.1 Shareholding Spread

Size of Shareholding	Number of Shareholders	Number of Shareholding	Percentage Shareholding
1 - 500	155	25,764	0.024
501 - 1,000	40	32,750	0.030
1,001 - 5,000	147	363,502	0.332
5,001 - 10,000	52	363,180	0.331
10,001 - 50,000	67	1,534,398	1.399
50,001 - 100,000	14	998,259	0.910
100,001 - 250,000	13	2,240,221	2.043
250,001 - 500,000	3	1,093,163	0.997
Over 500,000	19	103,002,112	93.934
Total	**510**	**109,653,349**	**100.000**

7.1 Shareholding Spread (continued)

Shareholder category	Number of Shareholders	Number of Shareholding	Percentage Shareholding
Individuals	383	8,147,060	7.430
Insurance and Assurance Companies	12	3,914,027	3.569
Pension and Provident Funds	36	30,597,716	27.904
Investment and Trust Companies	9	387,042	0.353
Other Corporate Bodies	70	66,607,504	60.744
Total	**510**	**109,653,349**	**100.000**

7.2 Substantial Shareholders

As at 31 December 2019, the substantial Shareholders of the Company were as follows:

Name	Number of Shares	% Held
1. Hotelest Limited	55,923,209	51.00
2. Swan Life Ltd	28,650,317	23.02

7.3 Dividend Policy

The Company's Dividend Policy is to distribute to its Shareholders, wherever possible, an adequate dividend, subject to the Company's performance, cash flow position and Capital expenditure requirements. The dividend payment is subject to the solvency test being satisfied as required under section 61 (2) of the Companies Act 2001.

7.4 Share Registry and Transfer Office

The Company's Share Registry and Transfer Office is at ECS Secretaries Ltd which is responsible for the management of its Share Register. Shareholders may address, in writing, any administrative enquiries regarding their personal details, dividend payments and the like to ECS Secretaries Ltd.

7.5 Management Services Agreement

The Company has a management services agreement with Constance Corporate Management Limited (CCM), in which the Company holds a 42% interest. Under this agreement, CCM provides a wide range of corporate and management services to the Company in the fields of strategic planning, general and corporate affairs, financial accounting and management, legal and tax, company secretariat, real-estate and hotel-project planning, finance and development, and technical support.

The fees charged are based on a percentage mix of net asset value, market capitalisation and net profit. The fees amounted to MUR 30.3 million for the year under review.

7.6 Contracts of Significance

During the year under review, there was no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or substantial Shareholder of the Company was materially interested, either directly or indirectly.

7.7 Stakeholder Engagement

Constance Hotels, Resorts & Golf is committed to delivering superior and sustainable economic and social value to its stakeholders. In doing so, we believe it is a sine qua non that we regularly engage with our stakeholders and actively listen to their views, needs and feedback in order to formulate and execute effective and efficient strategies.

During the year under review, the Company engaged in dialogues with relevant Key Stakeholders on topics such as performance. potential projects, financial situations and general outlook.

The Company's engagement modes are summarised in the following stakeholder engagement matrix.

7.7 Stakeholder Engagement (continued)

Stakeholders	Expectations	Mode of Engagement/ Communication	Frequency
Customers	Consistent quality services through: • Strong brands • Innovation • Competent and skilled staff • Recognition for loyalty • Unique properties	Guest satisfaction surveys	Ongoing
		Eco-friendly guest room products	Ongoing
		Newsletters	Monthly
		Brochures and Tent cards	Ongoing
		Customer forums	Ongoing
		Social media (Facebook, Twitter, Instagram, YouTube, TripAdvisor, Blogs, etc.)	Ongoing
Employees	A Company which offers its employees the commitment to develop their career, keep them involved in the business and recognise their contributions through: • A safe working environment • Recognition programmes • Appealing career growth opportunities • Continuous professional development • Competitive remuneration and benefits • Fair labour practices and working conditions	Constance open doors	3 times a year
		Newsletter	Monthly
		Next Intranet	Ongoing
		Open days	Annual
		Signboards	Ongoing
		Teletext	Ongoing
		Training	Ongoing
		Employee satisfaction surveys	2 times a year
Shareholders	Superior and sustainable returns on investment through: • Execution of effective and efficient growth strategies • Sound management of financial and risk-related matters • Enhanced competitiveness through innovation and diversification moves • Responsible business practices	Annual Report	Annual
		Annual Meeting of Shareholders	Annual
		Quarterly financial statements published in newspapers and on the Company's website and that of the Stock Exchange of Mauritius (SEM)	Quarterly
		Communiqués in the press and on the Company's website and that of the Stock Exchange of Mauritius (SEM)	As and when required
Suppliers	Long-term business relationships through: • Favourable terms • Timely payments • Mutual respect	Support to local suppliers	Ongoing
		Supply-chain screening	Ongoing
		Strategic partnerships and sponsorships	Ongoing

7.7 Stakeholder Engagement (continued)

Stakeholders	Expectations	Mode of Engagement/ Communication	Frequency
Local Communities & NGOs	• Responsible business practices, taking into consideration social and environmental issues. • Operations that do not jeorpardise the local communities and affect basic needs such as water and electricity. • Contribution to the economic and social progress of the local communities. • Responsiveness to material issues raised by the local communities. • Respect of the local cultures and values. • Compliance with all applicable laws and regulations.	Community engagement programmes	Ongoing
		Volunteering	Ongoing
		Fundraising and cash contributions	Ongoing
		In-kind donations	Ongoing
		Disaster relief initiatives	As and when required
		Support to NGOs: Pils, T1 Diams, Lizie dan La Main, Etoile de Mer School, Centre Joie de Vivre, Friends of the Poor, SAFIRE, Centre d'Accueil de Terre Rouge, Les Amis de Zippy and SOS Children's Village	Ongoing
Industry Associations	Active collaboration to: • Ensure the sustainable development of the tourism industry. • Promote a business-enabling environment. • Anticipate industry-related risks and mitigate their impact.	Green Globe	Annual
		Leading Hotels of the World	Annual
		Active participation in relevant industry associations	Ongoing
		Partnerships	Ongoing
Government and Regulators	• Compliance with all applicable laws and regulations. • Contribute to job creation and other economic goals in a sustainable manner.	Regulatory filings: Registrar of Companies, Stock Exchange of Mauritius, Financial Services Commission, Financial Reporting Council, Mauritius Revenue Authority, Data Protection Office, Ministry of Labour, Industrial Relations and Employment	As applicable
Providers of Finance	• Good business relationships • Ability to meet contractual obligations	Regular meetings Frequent supply of financial information	Ongoing
Business Partners	Long-term business relationships through: • Mutual respect • Good faith	Contracts/Agreements. Meetings	Ongoing

7.8 Calendar of Important Events

March	May	June
Approval of audited financial statements	Approval of first-quarter results	Annual Meeting of Shareholders
August	**November**	**December/January**
Approval of second-quarter results	Approval of third-quarter results	Declaration and payment of dividend

OTHER STATUTORY DISCLOSURES

(pursuant to section 221 of the Companies Act 2001)

Remuneration and benefits paid by the Company and its subsidiaries to the Directors during the year under review were as follows:

Remuneration and benefits received (MUR'000)	From the Holding Company	From Subsidiaries	Total
Non-executive / Independent			
George J. DUMBELL – Chairman	921	-	921
Nitish BENI MADHU	120	-	120
Nicolas BOULLÉ	170	-	170
Marc FREISMUTH	270	-	270
Preetee JHAMNA RAMDIN	120	-	120
Jean JUPPIN DE FONDAUMIÈRE	195	-	195
Georgina ROGERS	120	-	120
Colin TAYLOR	190	-	190
Noël Adolphe VALLET	195	-	195
TOTAL	**2,301**	**-**	**2,301**
Executive			
Clément D. REY	120	-	120
Jean RIBET	-	-	-
Jean-Jacques VALLET	-	22,841	22,841
TOTAL	**120**	**22,841**	**22,961**
GRAND TOTAL	**2,421**	**22,841**	**25,262**

Directors' Service Contracts

Mr George J. Dumbell, Chairman of the Company, has a two-year service contract which expires on 31 December 2021. The other Directors do not have service contracts with the Company, but letters of appointment.

Directors of Subsidiary Companies (as at 31 December 2019)

Directors	Ariatoll Services Ltd	Beauport Industries Limited	Constance Hospitality Management Limited	Constance Hospitality Training Centre Ltd	Constance Hotels International Services Limited	Constance Hotels Investment Limited	Constance Industries Limited	Halaveli Development Ltd	Hotels Constance (UK) Limited	LRM Company Ltd	Moofushi Development Ltd	White Sand Paradise Ltd	The Waterfront Pvt Ltd
Guy ADAM										•			
Kevin CHAN TOO		•					•						
George J. DUMBELL	•	•	•		•	•	•	•			•	•	
Tangi LEGRAND													•
Liong Kian LI KWOK CHEONG												•	
Tat Kien LI KWOK CHEONG												•	
Clément D. REY	•	•	•	•	•	•	•	•		•	•	•	•
Jean RIBET	•	•	•	•	•	•	•	•		•	•	•	•
Jean-Jacques VALLET		•	•	•			•		•	•			
Jean WEELING LEE										•			

Donations

Political donation during the year, for the Group and the Company, amounted to MUR 2.5 milllion. Other donations made during the year have been disclosed on page 55.

Auditors' Remuneration

The fees paid to the auditors (exclusive of VAT) were:

	THE GROUP		THE HOLDING COMPANY	
	2019	2018	**2019**	2018
	MUR'000	MUR'000	**MUR'000**	MUR'000
Audit fees paid to:				
BDO & Co.	**3,105**	3,041	**450**	430
Other firms	**979**	988	**-**	-
Fees for other services paid to:				
BDO & Co.	**278**	100	**120**	100
Other firms	**606**	468	**-**	-

Fees for other services relate to accounting, consultancy and taxation services.

George J. Dumbell (s)
Chairman

Jean Ribet (s)
Executive Director
Constance Group Chief Executive Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In Respect of Financial Statements

The Directors acknowledge their responsibilities for:

i. Adequate accounting records and maintenance of effective internal control systems;

ii. The preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);

iii. The selection of appropriate accounting policies supported by reasonable and prudent judgements.

The External Auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

i. Adequate accounting records and an effective system of internal controls and risk management have been maintained;

ii. Appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

iii. International Financial Reporting Standards have been adhered to. Any departure in the interest of fair presentation has been disclosed, explained and quantified;

iv. The Code of Corporate Governance has been adhered to in all material aspects and reasons provided for non-compliance.

Approved by the Board of Directors on and signed on its behalf by:

George J. Dumbell (s)
Chairman

Jean Ribet (s)
Executive Director
Constance Group Chief Executive Officer

30 June 2020

COMPANY SECRETARY'S CERTIFICATE

In terms of section 166(d) of the Companies Act 2001, we certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Act.

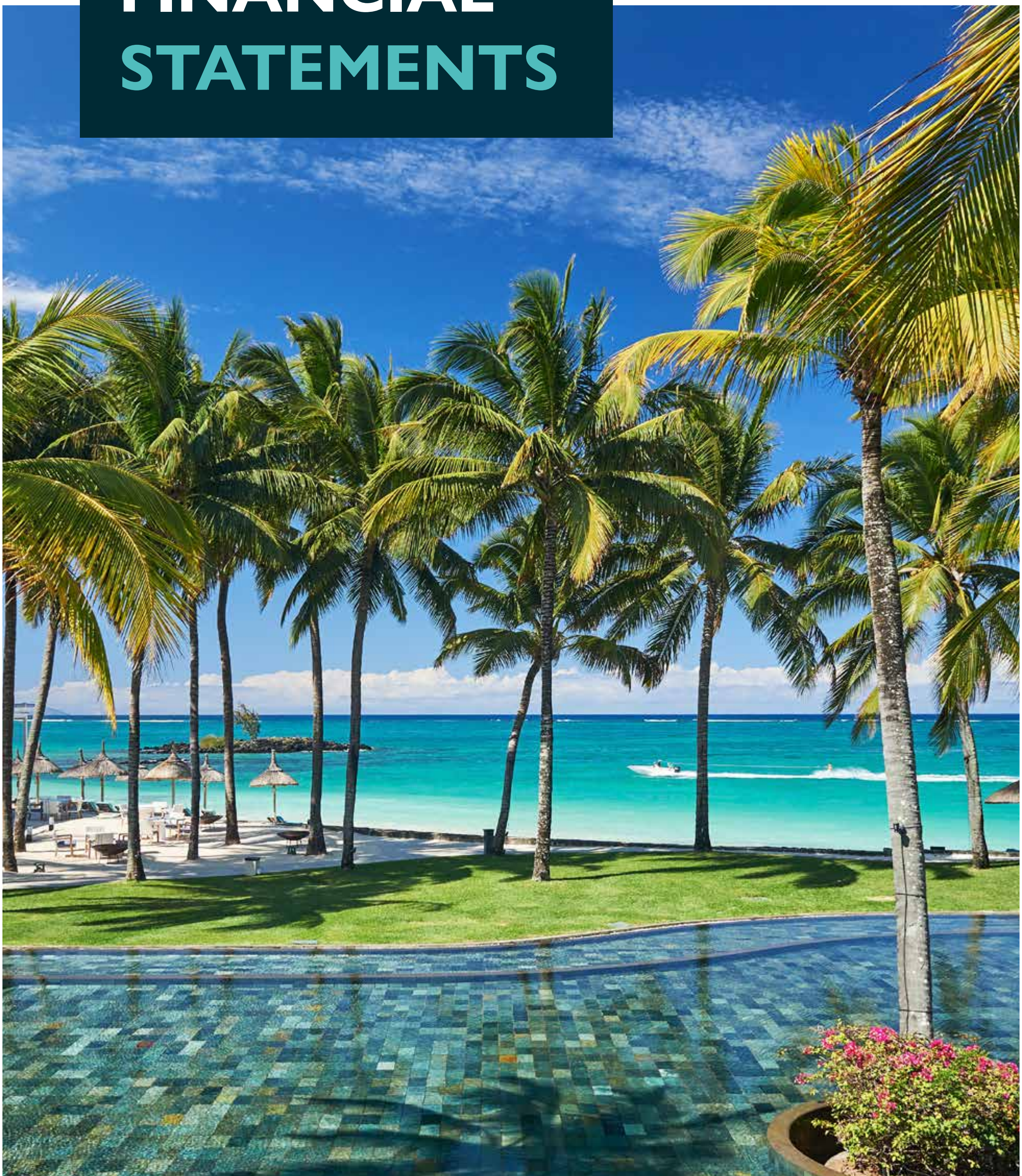
Marie-Anne Adam, ACIS (s)

For La Gaieté Services Limited

Secretaries

30 June 2020

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Constance Hotels Services Limited

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Constance Hotels Services Limited and its subsidiaries (the Group), and the Company's separate financial statements on pages 111 to 170 which comprise the statements of financial position as at December 31, 2019, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 111 to 170 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 4(g) and in Note 34 to the financial statements, which describes management assessment of the impact of Covid-19 pandemic on the Groups's ability to continue as a going concern for the next twelve months from the date of signature of these financial statements. As stated in Note 4(g), this event indicates that the hospitality sector in countries where the Group operates and its supply chain are subject to material uncertainty going forward due to lost revenue and disruptions in its supply chain which may impact on:

(i) the Group's ability to continue as a going concern, and therefore its ability to meet its financial obligtions as they fall due.

(ii) the carrying value of its financial and non-financial assets.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters (continued)

KEY AUDIT MATTER	AUDIT RESPONSE
1. Carrying value of land and buildings and estimated useful life and residual value	
Freehold land amounting to MUR 2.8 billion is carried at revalued amount and buildings amounting to MUR 4.6 billion are carried at historical cost less accumulated depreciation. The significance of land and buildings on the statement of financial position resulted in them being identified as a key audit matter. The depreciation charge calculation requires an estimation of the economic useful life of the building using the component method and the respective residual value of each component.	The following were reviewed and assessed: • The key inputs to the valuation of freehold land by comparing the values used by the valuer to market reports on freehold land values by performing benchmarking exercise at reporting date. • The remaining useful life of the buildings, by comparing the directors' estimates to the useful life of the buildings with similar characteristics. • The Group's depreciation policy and verified the inputs to the calculation. • We performed predictive tests on depreciation charge. • We checked consistency of the component allocation with previous years.
Refer to Note 2(e) (accounting policies), Note 4(a) (critical accounting estimates and judgements) and Note 5 of the accompanying financial statements	

KEY AUDIT MATTER	AUDIT RESPONSE
2. Recoverability of goodwill	
The Group has goodwill amounting to MUR 484 million at 31 December 2019. Significant judgement is required by management in assessing the impairment of goodwill annually, which is determined using the respective discounted cash flows for the Cash Generating Units (CGU) for which goodwill has been allocated. This test and assessment is largely based on the expected future cash flows from the latest management planning, extrapolated on the basis of long term revenue, expected growth rates and assumptions with regard to terminal values and discount rates. The judgements and estimates applied in these calculations result in the carrying value of the goodwill being identified as a key audit matter.	• We assessed the validity and reasonableness of the forecasts in line with the assumptions used. • We reviewed the latest management decision with regards to the business model to assess whether the assumptions are in line with the valuation and assumptions made. • We performed procedures relating to the disclosures on impairment testing included in the financial statements, looking specifically at the disclosure of assumptions that have the most significant effect on the determination of the recoverable amount of goodwill. In connection with this, we verified whether these disclosures are adequate and provide sufficient insight into the disclosed assumptions and sensitivities of the assumptions underlying the valuation. • We performed an independent sensitivity analysis on the assumptions used to determine the impact on the carrying values.
Refer to Note 2(h) (accounting policies), Note 4(e) (critical accounting estimates and judgements) and Note 7 of the accompanying financial statements.	

INDEPENDENT AUDITOR'S REPORT (continued)

To the Shareholders of Constance Hotels Services Limited

Key Audit Matters (continued)

KEY AUDIT MATTER	AUDIT RESPONSE
3. Carrying value of right-of-use assets	
The carrying value of the Group's leasehold land and buildings at reporting date recognised as right-of use assets amounted to MUR 3.48 billion. The significance of the rights-of-use assets on the financial position resulted in them being identified as a key audit matter. The right-of-use assets are measured based on future rentals.	The following were reviewed and assessed: • The lease rentals are in line with the lease agreements. • Lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. • Lease liability has been adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.
Refer to Note 2(f) (accounting policies) and Note 6 of the accompanying financial statements.	

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (continued)
To the Shareholders of Constance Hotels Services Limited

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors, and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

This report is made solely to the shareholders of Constance Hotels Services Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

BDO & CO (s)
Chartered Accountants

Ameenah Ramdin, FCCA, ACA (s)
Licensed by FRC

Port Louis,
Mauritius
30 June 2020

STATEMENTS OF FINANCIAL POSITION

December 31, 2019

	Notes	THE GROUP 2019 MUR'000	THE GROUP Restated 2018 MUR'000	THE GROUP Restated January 1, 2018 MUR'000	THE COMPANY 2019 MUR'000	THE COMPANY 2018 MUR'000
Assets						
Non-current assets						
Property, plant and equipment	5	**8,237,098**	8,091,359	8,296,015	**1,794**	15,403
Right-of-use assets	6	**3,479,116**	-	-	**7,051**	-
Intangible assets	7	**502,949**	1,131,970	1,147,427	**272**	2,380
Investments in subsidiary companies	8	**-**	-	-	**2,196,534**	2,196,534
Investments in associates	9	**1,754,239**	1,616,805	1,142,851	**144,070**	144,070
Investment in financial assets		**-**	-	545	**-**	-
Financial assets at amortised cost	10	**53,906**	110,755	10,800	**53,906**	53,906
Deferred tax assets	11	**96,770**	92,761	100,229	**16,485**	12,635
		14,124,078	11,043,650	10,697,867	**2,420,112**	2,424,928
Current assets						
Inventories	12	**378,180**	358,708	315,891	**-**	-
Trade and other receivables	13	**370,799**	402,533	1,065,502	**-**	-
Financial assets at amortised cost	10	**349,728**	385,232	-	**2,385,888**	1,911,990
Other assets	14	**191,563**	196,751	-	**16,203**	11,088
Cash and cash equivalents	27(b)	**102,784**	76,712	104,827	**11,898**	6,357
		1,393,054	1,419,936	1,486,220	**2,413,989**	1,929,435
Total assets		**15,517,132**	12,463,586	12,184,087	**4,834,101**	4,354,363
Equity and Liabilities						
Capital and reserves (attributable to owners of the parent company)						
Stated capital	15	**2,153,395**	2,153,395	2,153,395	**2,153,395**	2,153,395
Revaluation and other reserves	16	**3,347,525**	3,266,313	3,017,162	**-**	-
Retained earnings		**477,849**	621,790	482,730	**320,607**	249,874
Owners' interest		**5,978,769**	6,041,498	5,653,287	**2,474,002**	2,403,269
Non-controlling interests		**10,581**	45,330	64,734	**-**	-
Total equity		**5,989,350**	6,086,828	5,718,021	**2,474,002**	2,403,269
Liabilities						
Non-current liabilities						
Borrowings	17	**2,748,198**	3,380,648	3,915,301	**626,112**	688,615
Lease liabilities	6A	**2,910,052**	-	-	**3,702**	-
Deferred tax liabilities	11	**44,870**	60,062	61,295	**-**	-
Retirement benefit obligations	18	**270,259**	244,913	240,758	**-**	-
		5,973,379	3,685,623	4,217,354	**629,814**	688,615
Current liabilities						
Trade and other payables	19	**868,686**	776,068	766,166	**642,284**	519,616
Borrowings	17	**2,624,417**	1,860,240	1,368,329	**1,084,552**	688,036
Lease liabilities	6A	**61,300**	-	-	**3,449**	-
Dividend payable	20	**-**	54,827	27,413	**-**	54,827
Current tax liabilities	21(a)	**-**	-	86,804	**-**	-
		3,554,403	2,691,135	2,248,712	**1,730,285**	1,262,479
Total liabilities		**9,527,782**	6,376,758	6,466,066	**2,360,099**	1,951,094
Total equity and liabilities		**15,517,132**	12,463,586	12,184,087	**4,834,101**	4,354,363

These financial statements have been approved for issue by the Board of Directors on 30 June 2020.

George J. Dumbell (s)
Chairman

Jean Ribet (s)
Constance Group Chief Executive Officer

The notes on pages 116 to 170 form an integral part of these financial statements.
Auditor's report on pages 106 to 110.

STATEMENTS OF PROFIT OR LOSS

Year ended December 31, 2019

		THE GROUP		THE COMPANY	
	Notes	**2019 MUR'000**	Restated 2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Revenue	22	**3,516,913**	3,747,479	**-**	118,412
Earnings before interest, taxation, depreciation and amortisation		**984,660**	909,189	**183,274**	218,963
Depreciation and amortisation	5,6,7	**(543,703)**	(457,155)	**(8,392)**	(9,132)
Operating profit	23	**440,957**	452,034	**174,882**	209,831
Net impairment losses on financial assets		**(88,002)**	-	**(596)**	-
Finance costs					
- On financial debt	24	**(320,647)**	(324,294)	**(106,582)**	(82,010)
- On rights-of-use assets	24	**(223,346)**	-	**(821)**	-
Share of results of associates	9	**92,575**	120,757	**-**	-
(Loss)/profit before taxation and non recurring items		**(98,463)**	248,497	**66,883**	127,821
Non recurring items	25	**(41,863)**	(14,245)	**-**	74,040
(Loss)/profit before taxation		**(140,326)**	234,252	**66,883**	201,861
Income tax credit/(expense)	21(b)	**3,670**	(26,176)	**3,850**	(14,282)
(Loss)/profit for the year		**(136,656)**	208,076	**70,733**	187,579
Attributable to:					
Owners of the parent		**(142,296)**	193,887	**70,733**	187,579
Non-controlling interests		**5,640**	14,189	**-**	-
		(136,656)	208,076	**70,733**	187,579
(Loss)/earnings per share (MUR)	26	**(1.30)**	1.77	**0.65**	1.71

The notes on pages 116 to 170 form an integral part of these financial statements.
Auditor's report on pages 106 to 110.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - Year ended December 31, 2019

	Notes	THE GROUP 2019 MUR'000	THE GROUP Restated 2018 MUR'000	THE COMPANY 2019 MUR'000	THE COMPANY 2018 MUR'000
(Loss)/profit for the year		**(136,656)**	208,076	**70,733**	187,579
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit obligations	18	**(7,953)**	12,689	**-**	-
Share of other comprehensive income of associates	9	**(3,227)**	261,416	**-**	-
Deferred tax relating to these items - defined benefit obligations	11	**1,352**	(278)	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences		**44,836**	25,363	**-**	-
Share of other comprehensive income of associates	9	**48,086**	(49,212)	**-**	-
Other comprehensive income for the year		**83,094**	249,978	**-**	-
Total comprehensive income for the year		**(53,562)**	458,054	**70,733**	187,579
Total comprehensive income attributable to:					
Owners of the parent		**(61,084)**	443,038	**70,733**	187,579
Non-controlling interests		**7,522**	15,016	**-**	-
		(53,562)	458,054	**70,733**	187,579

The notes on pages 116 to 170 form an integral part of these financial statements.
Auditor's report on pages 106 to 110.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2019

THE GROUP	Notes	Attributable to owners of the parent Stated capital MUR'000	Revaluation and other reserves MUR'000	Retained earnings MUR'000	Total MUR'000	Non-controlling interests MUR'000	Total equity MUR'000
At January 1, 2019							
- As previously reported		2,153,395	3,266,313	673,425	6,093,133	45,330	6,138,463
- Prior year adjustment	33	-	-	(51,635)	(51,635)	-	(51,635)
		2,153,395	3,266,313	621,790	6,041,498	45,330	6,086,828
- Effect of adopting IFRS 16	35	-	-	(1,645)	(1,645)	-	(1,645)
- As restated		2,153,395	3,266,313	620,145	6,039,853	45,330	6,085,183
(Loss)/profit for the year		-	-	(142,296)	(142,296)	5,640	(136,656)
Other comprehensive income for the year	16	-	81,212	-	81,212	1,882	83,094
Dividends	20	-	-	-	-	(42,271)	(42,271)
At December 31, 2019		**2,153,395**	**3,347,525**	**477,849**	**5,978,769**	**10,581**	**5,989,350**
At January 1, 2018							
- As previously reported		2,153,395	3,017,162	528,938	5,699,495	64,734	5,764,229
- Prior year adjustment	33	-	-	(46,208)	(46,208)	-	(46,208)
- As restated		2,153,395	3,017,162	482,730	5,653,287	64,734	5,718,021
Profit for the year - restated		-	-	193,887	193,887	14,189	208,076
Other comprehensive income for the year	16	-	249,151	-	249,151	827	249,978
Dividends	20	-	-	(54,827)	(54,827)	(34,420)	(89,247)
At December 31, 2018		2,153,395	3,266,313	621,790	6,041,498	45,330	6,086,828

THE COMPANY	Notes	Stated capital MUR'000	Revaluation and other reserves MUR'000	Retained earnings MUR'000	Total MUR'000
At January 1, 2019		2,153,395	-	249,874	2,403,269
Profit for the year		-	-	70,733	70,733
At December 31, 2019		**2,153,395**	**-**	**320,607**	**2,474,002**
At January 1, 2018		2,153,395	(28,898)	146,020	2,270,517
Profit for the year		-	-	187,579	187,579
Transfer		-	28,898	(28,898)	-
Dividends	20	-	-	(54,827)	(54,827)
At December 31, 2018		**2,153,395**	**-**	**249,874**	**2,403,269**

The notes on pages 116 to 170 form an integral part of these financial statements.
Auditor's report on pages 106 to 110.

STATEMENTS OF CASH FLOWS

Year ended December 31, 2019

	Notes	THE GROUP 2019 MUR'000	THE GROUP Restated 2018 MUR'000	THE COMPANY 2019 MUR'000	THE COMPANY 2018 MUR'000
Operating activities					
(Loss)/profit before taxation		**(140,326)**	234,252	**66,883**	201,861
Adjustment for:					
Share of results of associates	9	**(92,575)**	(120,757)	**-**	-
Exchange differences		**(74,462)**	(26,870)	**10,601**	-
Depreciation of property, plant and equipment	5	**354,188**	411,414	**1,035**	6,971
Depreciation of right-of-use assets	6	**181,283**	-	**5,249**	-
Amortisation of intangible assets	7	**8,232**	45,741	**2,108**	2,161
Loss/(profit) on disposal of property, plant and equipment		**4,316**	(900)	**(390)**	(1,663)
Profit on disposal of right-of-use assets		**(554)**	-	**(336)**	-
Net impairment losses on financial assets		**88,002**	-	**596**	-
Interest expense		**543,993**	324,294	**107,403**	82,010
Interest income		**(17,602)**	(16,803)	**(105,006)**	(83,231)
Retirement benefit obligations		**40,509**	38,787	**-**	(74,040)
Operating profit before working capital changes		**895,004**	889,158	**88,143**	134,069
- inventories		**(19,473)**	(42,816)	**-**	1,059
- trade receivables and other receivables		**31,734**	(72,809)	**-**	(422,110)
- financial assets at amortised cost		**9,531**	-	**(474,494)**	-
-other assets		**(3,788)**	-	**(5,115)**	-
- trade and other payables		**91,986**	122	**122,668**	119,050
Cash flows generated from/(used in) operating activities		**1,004,994**	773,655	**(268,798)**	(167,932)
Interest paid		**(320,647)**	(321,078)	**(106,582)**	(80,768)
Interest received		**15,689**	16,803	**105,006**	83,231
Pension contribution paid		**(23,116)**	(21,943)	**-**	-
Tax paid		**(18,506)**	(125,991)	**-**	-
Net cash generated from/(used in) operating activities		**658,414**	321,446	**(270,374)**	(165,469)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(411,106)**	(150,064)	**-**	-
Purchase of intangible assets		**(3,464)**	(10,682)	**-**	-
Proceeds from sale of property, plant and equipment		**4,492**	4,939	**391**	1,679
Proceeds from sale of right-of-use assets		**1,035**	-	**609**	-
Investment in associates		**-**	(9,150)	**-**	-
Net cash (used in)/generated from investing activities		**(409,043)**	(164,957)	**1,000**	1,679
Cash flows from financing activities					
Proceeds from borrowings		**1,104,378**	628,031	**856,684**	435,825
Payments of borrowings		**(964,104)**	(683,643)	**(513,509)**	(243,870)
Principal paid on lease liabilities (2018: principal paid on finance leases)		**(16,482)**	(16,805)	**(7,571)**	(5,700)
Interest paid on lease liabilities (2018: interest paid on finance leases)		**(223,346)**	(3,216)	**(821)**	(1,242)
Loan granted		**-**	(48,160)	**-**	(3,906)
Dividends paid to company's shareholders		**(54,827)**	(27,413)	**(54,827)**	(27,413)
Dividends paid to non-controlling interests		**(42,271)**	(34,420)	**-**	-
Net cash (used in)/generated from financing activities		**(196,652)**	(185,626)	**279,956**	153,694
Net increase/(decrease) in cash and cash equivalents		**52,719**	(29,137)	**10,582**	(10,096)
Cash and cash equivalents at January 1,		**(433,990)**	(404,853)	**(65,416)**	(55,320)
Cash and cash equivalents at December 31,	27(b)	**(381,271)**	(433,990)	**(54,834)**	(65,416)

The notes on pages 116 to 170 form an integral part of these financial statements.
Auditor's report on pages 106 to 110.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

1. COMPANY PROFILE

Constance Hotels Services Limited is a public company incorporated and domiciled in Mauritius and quoted on the Development & Enterprise Market of the Stock Exchange of Mauritius. The principal activity of the Company is to hold investment. The principal activity of the Group is to operate and manage resort hotels. The address of its registered office is 5th Floor, Labama House, 35, Sir William Newton Street, Port Louis. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Constance Hotels Services Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements include the consolidated statements of the parent company and its subsidiaries (The Group) and the separate financial statements of the parent company (The Company). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (MUR 000), except when otherwise indicated.

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

(i) freehold land is stated at revalued amount; and

(ii) relevant financial assets and liabilities are carried at amortised cost.

The Group has a net current liabilities of MUR 2,161 million (2018: MUR 1,271 million). The financial statements have been prepared on a going concern basis, based on the board's assessment and assumptions made as described in Note 4(g).

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Group has adopted IFRS 16 from January 1, 2019, but has not restated comparatives for 2018, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on January 1, 2019. The new accounting policies are disclosed in Note 2(f) .

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 8.05%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (continued)

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Group's financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Group's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Group's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have no impact on the Group's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2020 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 17 Insurance Contracts
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)

Where relevant, the Group is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and assumptions are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(b) Investment in subsidiaries

Separate financial statements of the Company

In the Company's financial statements, investments in subsidiaries are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Investment in subsidiaries (continued)

Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entities or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Investment in associates

Separate financial statements of the Company

Investments in associated companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method except when classified as held-for-sale. Goodwill arising on acquisition of an associate is included with the carrying amount of the associate and tested annually for impairment. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in profit or loss.

(d) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currencies (continued)

(ii) *Transactions and balances (continued)*

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment (except for freehold land) are stated at historical cost/deemed cost less accumulated depreciation and impairment. Freehold land is stated at revalued amounts and is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the profit or loss.

Properties in the course of construction for production, rental or administrative purposes or for purposes not yet determined are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

Depreciation is calculated using the straight line method to write off the cost of assets, or the revalued amounts, to their residual values over their estimated remaining useful life as follows:

Buildings	2.0% - 10.0%
Computer equipment	20.0%
Plant & machinery	10.0%
Vessels and motor vehicles	20.0%
Furniture, fittings & linen	10.0%

Land is not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss. On disposal of revalued assets, the amounts included in revaluation reserve are transferred to retained earnings.

(f) Leases

In 2018, leases were classified as finance leases where the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged to profit or loss unless they were attributable to qualifying assets in which case, they were capitalised in accordance with the policy on borrowing costs (see Note 2 (q)).

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;

(b) The Group obtains substantially all the economic benefits from use of the asset; and

(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases (continued)

Identifying Leases (continued)

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases (continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company/Group to use an identified asset and require services to be provided to the Company/Group by the lessor, the Company/Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the First-In-First-Out (FIFO) method.

(h) Intangible assets

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is tested annually for impairment and is allocated to cash-generating units for the purpose of impairment testing. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Goodwill arising on the acquisition of a foreign operation is treated as an asset of the operation, expressed in the functional currency of the operation and translated at the closing rate.

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (3-5 years).

Costs associated with developing or maintaining computer software are recognised as an expense as incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) Financial assets

The Group classifies its financial assets as follows:

Amortised cost

The Group's financial assets measured at amortised cost comprise trade receivables, financial assets at amortised cost and cash and cash equivalents in the statement of financial position.

Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore classified as current. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial assets at amortised cost generally arise from transactions outside the trading activities of the Group. Where applicable, interest may be charged at commercial rates where the terms of repayment exceed one year. There are no collateral for those receivables.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and for the purpose of the statement of cash flows, bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(k) Financial liabilities

The Group classifies its financial liabilities as follows:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(m) Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

(n) Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable amounts will be available against which deductible temporary differences and losses can be utilised.

(o) Retirement benefit obligations

Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement usually dependent on one or more factors such as age, year of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Retirement benefit obligations (continued)

Defined benefit plan (continued)

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefits payments. Net Interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Workers' Rights Act 2019 (2018-Employment Rights Act 2008) is calculated and provided for. The obligations arising under this item are not funded.

(p) Revenue recognition

(i) Revenue from contracts with customers

Performance obligations and timing of revenue recognition

The revenue is mostly derived from selling goods or services in terms of hotel rooms, with revenue recognised at a point in time when control of the goods or services has transferred to the customer.

Determining the transaction price

Most of the revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given to tour operators for confirmation placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to the confirmation of such contracts. The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral is usually within twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

Financing component

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(q) Borrowing costs

Borrowing costs directly attributable to major developments of hotels are capitalised for the period until the assets are substantially ready for their intended use or sale.

All other borrowing costs are expensed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statement in the period in which the distribution is authorised by the board.

(s) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring which has been notified to affected parties and comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

(t) Segment reporting

Segment information presented relate to operating segments that engage in business activities for which revenues are earned and expenses incurred.

(u) Non recurring items

Non recurring items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are significant items of income or expense that have been shown separately due to the significance of its nature or amount.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk and price risk), credit risk, interest risk and liquidity risk. The Board provides guidelines for overall risk management, and seeks to minimise potential adverse effects on the Group's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

Currency risk

The Group operates both locally and in the region, and derives most of its income in foreign currencies namely Euros, Pound Sterlings and American Dollars. In order to manage the currency risks, the Group enters into forward and swap contracts and where possible, borrows in the currency in which it operates.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

Currency risk (continued)

The Group has certain investments in financial operations, whose net assets are exposed to foreign currency translation risk.

CURRENCY PROFILE

	THE GROUP					
2019	**EUR MUR'000**	**USD MUR'000**	**GBP MUR'000**	**MUR MUR'000**	**OTHERS MUR'000**	**TOTAL MUR'000**
Financial Assets						
Net trade receivables	117,766	142,709	41,883	40,883	27,558	**370,799**
Financial assets at amortised cost	304,853	11,185	915	86,681	-	**403,634**
Cash and cash equivalents	53,194	27,095	11,994	6,132	4,369	**102,784**
	475,813	**180,989**	**54,792**	**133,696**	**31,927**	**877,217**
Financial Liabilities						
Borrowings	403,190	1,816,924	-	3,152,501	-	**5,372,615**
Lease liabilities	-	2,569,277	-	402,075	-	**2,971,352**
Trade payables	-	105,848	-	141,328	-	**247,176**
	403,190	**4,492,049**	**-**	**3,695,904**	**-**	**8,591,143**

2018	**EUR MUR'000**	**USD MUR'000**	**GBP MUR'000**	**MUR MUR'000**	**OTHERS MUR'000**	**TOTAL MUR'000**
Financial Assets						
Net trade receivables	142,814	172,842	51,516	33,512	1,849	**402,533**
Financial assets at amortised cost	338,105	84,585	479	72,818	-	**495,987**
Cash and cash equivalents	37,772	11,101	11,028	11,666	5,145	**76,712**
	518,691	**268,528**	**63,023**	**117,996**	**6,994**	**975,232**
Financial Liabilities						
Borrowings	384,140	1,901,939	-	2,954,809	-	**5,240,888**
Trade payables	-	118,145	-	153,381	-	**271,526**
	384,140	**2,020,084**	**-**	**3,108,190**	**-**	**5,512,414**

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

Currency risk (continued)

CURRENCY PROFILE (continued) THE COMPANY

2019	EUR MUR'000	USD MUR'000	GBP MUR'000	MUR MUR'000	OTHERS MUR'000	TOTAL MUR'000
Financial Assets						
Financial assets at amortised cost	420	1,797,541	-	641,833	-	**2,439,794**
Cash and cash equivalents	10,181	80	1,050	587	-	**11,898**
	10,601	**1,797,621**	**1,050**	**642,420**	**-**	**2,451,692**
Financial Liabilities						
Borrowings	40,640	247,382	-	66,530	1,356,112	**1,710,664**
Lease liabilities	-	-	-	7,151	-	**7,151**
Trade payables	-	-	-	9,733	-	**9,733**
	40,640	**247,382**	**-**	**83,414**	**1,356,112**	**1,727,548**

2018	EUR MUR'000	USD MUR'000	GBP MUR'000	MUR MUR'000	OTHERS MUR'000	TOTAL MUR'000
Financial Assets						
Financial assets at amortised cost	300	1,581,027	-	384,569	-	**1,965,896**
Cash and cash equivalents	3,840	244	2,196	77	-	**6,357**
	4,140	**1,581,271**	**2,196**	**384,646**	**-**	**1,972,253**
Financial Liabilities						
Borrowings	40,221	105,825	-	1,230,605	-	**1,376,651**
Trade payables	-	-	-	22,085	-	**22,085**
	40,221	**105,825**	**-**	**1,252,690**	**-**	**1,398,736**

At December 31, 2019, if the rupee had weakened/strengthened by 10% against the US Dollar/Euro/GB Pound with all other variables constant, the impact on the profit for the year would have been MUR 8.8 million (2018: MUR 11.1 million) higher/lower mainly as a result of foreign exchange gains/losses on translation of trade receivables, financial assets at amortised cost bank balances denominated in US Dollar/Euro/GB Pound.

Similarly, the impact on the amount recognised directly into equity would have been MUR 404.8 million (2018: MUR 210.0 million) higher/lower, principally due to financial assets at amortised cost, bank balance and borrowings of foreign subsidiaries.

Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables.

Credit risk is managed on a Group basis.

For banks and financial institutions, only independently rated parties and reputed financial institutions are accepted.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

Credit risk (continued)

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by line management.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable recovery include among others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payment when the receivables is overdue.

Sales to direct customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Interest rate risk

The Group's borrowings as shown in the financial statements are exposed to interest rate risks as it borrows mainly at variable rates.

The interest rate profile of borrowings for the Group at December 31, 2019 and December 31, 2018 were:

	2019 Interest rate	2018 Interest rate
EUR	**2.15% - 4.62%**	2.15% - 4.78%
USD	**3.76% - 7.21%**	4.33% - 7.39%
MUR	**3.85% - 6.60%**	3.75% - 6.75%

The Group's operating cashflows are exposed to interest risk as it borrows at variable rates. At December 31, 2019, if interest rate on variable rates borrowings had been 50 basis points higher/lower with all variables held constant, post-tax profit for the year would have decreased/increased by MUR 19.2 million (2018: MUR 20.2 million) mainly as a result of higher/lower interest expense. In order to manage the risk, the Group has some borrowings at fixed rate.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The Group's financial liabilities are classified into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

Bank borrowings maturity periods are detailed in Note 17.

Trade and other payables are payable within one year.

The liquidity position is closely monitored by management and the Group does not anticipate any major liquidity gap to arise.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital Risk Management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefit for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

During 2019, the Group's strategy which was unchanged from 2018, was to maintain the debt-to-capital ratio at the lower end in order to secure access to finance at a reasonable cost.

The debt-to-capital ratios at December 31, 2019 and December 31, 2018 were as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'M	Restated 2018 MUR'M	**2019 MUR'M**	2018 MUR'000
Total debt (Note 6 and 17)	**8,344**	5,241	**1,718**	1,377
Less: cash and cash equivalents	**(103)**	(77)	**(12)**	(6)
Net debt	**8,241**	5,164	**1,706**	1,371
Total equity	**5,989**	6,087	**2,474**	2,403
Total capital plus net debt	**14,230**	11,251	**4,180**	3,774
Debt-to-capital ratio	**57.9%**	45.9%	**40.8%**	36.3%

Total capital plus net debt is made up of capital and reserves plus net debt of the Group and the Company. The net debt to capital ratio changed from 45.9% in 2018 to 57.9% in 2019 for the Group and from 36.3% in 2018 to 40.8% in 2019 for the Company, following the adoption of IFRS 16 Leases. Both net debt and gross assets increased following the recognition of rights-of-use assets and lease liabilties on January 1, 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from disposal of the asset, if the asset was already of the age and in the condition expected at the end of its useful life.

The directors therefore make estimates based on an independant valuer's work and historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

(b) **Deferred tax assets arising from tax losses**

The Group has a deferred tax asset of MUR 77.1 million (2018: MUR 48.9 million) part of which has been used to offset against a deferred tax liability arising from accelerated capital allowances. Based on Management judgements and estimates of the future taxable income, they believe that the tax losses will be fully utilised within the relevant period during which such tax losses may be carried forward.

(c) **Retirement benefit obligations**

The present value of the pension obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

(d) **Revaluation of freehold land**

The freehold land were revalued during the previous year by an independent professional valuer. The valuation was based on direct comparison approach which consists of searching for recent comparable sales in the concerned area and apply adjustments to them in order to reach an estimation of value of the respective land. However, due to limited information available the evidence used only provide a guideline about the market value of the respective portion of land.

(e) **Impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2(h). These calculations require an estimation of the 'value in use' of the cash generating units (CGU) to which goodwill is allocated. Management makes estimates of the future cash flows from the CGU and the selection of discount rate in order to compute the present value of the expected cash flows.

(f) **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(g) **Limitation of sensitivity analysis**

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and the other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risks that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

(h) **Material uncertainty related to going concern**

With the impact of the COVID-19 pandemic, the Company and the Group are facing major challenges with lost revenue and disruptions in its supply chain. The Group has set up a Crisis Committee to devise strategies and is working in close collaboration with AHRIM, the Authorities and its providers of finance to meet its cashflow and working capital requirements. This includes, amongst others, the restructuring of its debt, obtaining additional financial facilities, adopting costs containment measures, and applying to Mauritius Investment Corporation Ltd to participate in the support scheme.

The Company and the Group do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak at this point in time given the current uncertainty. However, it is anticipated that the fair value of the financial and non-financial assets which the Company and the Group hold and the underlying countries in which the Group currently operates, and its supply chain would be adversely affected as a result of market volatility and the deteriorating economic environment. The impact of this outbreak on the assets and exposures as well as on the macroeconomic forecasts will be incorporated in the estimates on impairment assessment provisions in 2020 and the fair value models for financial assets and non-financial assets will similarly be reassessed.

Based on the above and the projected cashflow, the directors have assessed the Group's ability to continue as a going concern for the next twelve months from the date of signature of these financial statements and believe the going concern assumption to be appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP

	Freehold land MUR'000	Buildings MUR'000	Computer equipment MUR'000	Plant and machinery MUR'000	Vessels and motor vehicles MUR'000	Furniture, fittings & linen MUR'000	Project costs MUR'000	Total MUR'000
Cost/Deemed Cost/ Valuation								
At January 1, 2019	2,851,220	6,696,118	281,917	1,364,039	139,772	980,831	26,254	12,340,151
Effect of adopting IFRS 16 (Note 35)	-	-	(36,738)	(58,524)	(52,555)	-	-	(147,817)
At January 1, 2019 - restated	2,851,220	6,696,118	245,179	1,305,515	87,217	980,831	26,254	12,192,334
Additions	-	147,706	25,963	40,563	7,192	154,766	34,916	411,106
Disposals	-	(6,709)	(4,359)	(8,097)	(33,295)	(55,640)	-	(108,100)
Transfers	-	2,655	1,963	5,508	-	2,613	(12,739)	-
Exchange differences	-	228,686	5,911	40,648	2,353	27,034	107	304,739
At December 31, 2019	**2,851,220**	**7,068,456**	**274,657**	**1,384,137**	**63,467**	**1,109,604**	**48,538**	**12,800,079**
Depreciation								
At January 1, 2019	-	2,169,341	252,302	1,039,469	104,566	683,114	-	4,248,792
Effect of adopting IFRS 16 (Note 35)	-	-	(36,738)	(16,269)	(26,005)	-	-	(79,012)
At January 1, 2019 - restated	-	2,169,341	215,564	1,023,200	78,561	683,114	-	4,169,780
Charge for the year	-	190,562	12,417	76,536	3,416	71,257	-	354,188
Disposal adjustment	-	(3,684)	(4,324)	(7,303)	(33,296)	(50,685)	-	(99,292)
Exchange differences	-	76,513	5,248	34,627	1,843	20,074	-	138,305
At December 31, 2019	**-**	**2,432,732**	**228,905**	**1,127,060**	**50,524**	**723,760**	**-**	**4,562,981**
Net Book Values								
At December 31, 2019	**2,851,220**	**4,635,724**	**45,752**	**257,077**	**12,943**	**385,844**	**48,538**	**8,237,098**

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(b)

THE GROUP	Freehold land MUR'000	Buildings MUR'000	Computer equipment MUR'000	Plant and machinery MUR'000	Vessels and motor vehicles MUR'000	Furniture, fittings & linen MUR'000	Project costs MUR'000	Total MUR'000
Cost/Deemed Cost/ Valuation								
At January 1, 2018	2,851,220	6,609,324	266,372	1,298,038	147,039	954,737	-	12,126,730
Additions	-	20,966	13,674	65,225	10,281	19,106	26,254	155,506
Disposals	-	(7,005)	(63)	(12,053)	(18,501)	(823)	-	(38,445)
Exchange differences	-	72,833	1,934	12,829	953	7,811	-	96,360
At December 31, 2018	**2,851,220**	**6,696,118**	**281,917**	**1,364,039**	**139,772**	**980,831**	**26,254**	**12,340,151**
Depreciation								
At January 1, 2018	-	1,931,413	239,860	948,877	109,989	600,576	-	3,830,715
Charge for the year	-	219,532	10,677	91,509	12,233	77,463	-	411,414
Disposal adjustment	-	(3,909)	(47)	(11,190)	(18,501)	(759)	-	(34,406)
Exchange differences	-	22,305	1,812	10,273	845	5,834	-	41,069
At December 31, 2018	**-**	**2,169,341**	**252,302**	**1,039,469**	**104,566**	**683,114**	**-**	**4,248,792**
Net Book Values								
At December 31, 2018	**2,851,220**	**4,526,777**	**29,615**	**324,570**	**35,206**	**297,717**	**26,254**	**8,091,359**

(c) Freehold Land was revalued on March 26, 2018 by an independent professional qualified valuer, CDDS Land Surveyors & Property Valuer, on an open market value basis based on direct sales comparison taking into account recent transactions. The freehold land is classified as level 2 in terms of the fair value hierarchy.

(d) If the freehold land were stated on the historical cost basis, the amounts would be as follows:

	THE GROUP	
	2019 MUR'000	2018 MUR'000
Cost	**147,426**	147,426

(e) The additions to assets under finance leases for the Group was MUR 5.4 million in 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(f)

THE COMPANY	Plant & machinery MUR'000	Motor vehicles MUR'000	Furniture & fittings MUR'000	Computer equipment MUR'000	Total MUR'000
Cost/Deemed Cost					
At January 1, 2019	1,735	39,975	5,544	26,446	73,700
Effect of adopting IFRS 16 (Note 35)	-	(27,616)	-	-	(27,616)
At January 1, 2019 - restated	1,735	12,359	5,544	26,446	46,084
Disposals	-	(1,580)	-	-	(1,580)
At December 31, 2019	**1,735**	**10,779**	**5,544**	**26,446**	**44,504**
Depreciation					
At January 1, 2019	1,098	27,401	4,751	25,047	58,297
Effect of adopting IFRS 16 (Note 35)	-	(15,042)	-	-	(15,042)
At January 1, 2019 - restated	1,098	12,359	4,751	25,047	43,255
Charge for the year	125	-	215	695	1,035
Disposal adjustment	-	(1,580)	-	-	(1,580)
At December 31, 2019	**1,223**	**10,779**	**4,966**	**25,742**	**42,710**
Net Book Values					
At December 31, 2019	**512**	**-**	**578**	**704**	**1,794**

(g)

THE COMPANY	Plant & machinery MUR'000	Motor vehicles MUR'000	Furniture & fittings MUR'000	Computer equipment MUR'000	Total MUR'000
Cost/Deemed Cost					
At January 1, 2018	1,735	47,758	5,544	26,486	81,523
Disposals	-	(7,783)	-	(40)	(7,823)
At December 31, 2018	**1,735**	**39,975**	**5,544**	**26,446**	**73,700**
Depreciation					
At January 1, 2018	963	29,661	4,524	23,985	59,133
Charge for the year	135	5,523	227	1,086	6,971
Disposal adjustment	-	(7,783)	-	(24)	(7,807)
At December 31, 2018	**1,098**	**27,401**	**4,751**	**25,047**	**58,297**
Net Book Values					
At December 31, 2018	637	12,574	793	1,399	15,403

(h) There was no addition of assets under finance leases for the Company in 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(i) The Group leases motor vehicles and equipment under finance lease. With the application of IFRS 16 leases, the costs and accumulated depreciation have been transferred to right-of-use assets. In 2018, leased assets included above comprised of motor vehicles and equipment. Details regarding these assets were as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Cost	**-**	147,817	**-**	27,616
Accumulated depreciation	**-**	(79,012)	**-**	(15,042)
Net book value	**-**	68,805	**-**	12,574

(j) Bank borrowings are secured by floating charges on the assets of the Group and Company including property, plant and equipment (Note 17).

(k) Total depreciation charge for both the Group and the Company have been included in operating expenses.

6. RIGHT-OF-USE ASSETS

THE GROUP	**Land and building MUR'000**	**Leasehold land payments MUR'000**	**Computer equipment MUR'000**	**Plant and machinery MUR'000**	**Motor vehicles MUR'000**	**Total MUR'000**
Cost						
At January 1, 2019	-	-	-	-	-	-
Effect of adopting IFRS 16 (Note 35)	2,600,530	976,028	36,738	58,524	52,555	3,724,375
At January 1, 2019 - restated	2,600,530	976,028	36,738	58,524	52,555	3,724,375
Additions	165,858	-	-	-	7,772	173,630
Disposals	-	-	-	-	(3,776)	(3,776)
Exchange differences	137,389	54,277	-	-	-	191,666
At December 31, 2019	**2,903,777**	**1,030,305**	**36,738**	**58,524**	**56,551**	**4,085,895**
Depreciation						
At January 1, 2019	-	-	-	-	-	-
Effect of adopting IFRS 16 (Note 35)	-	325,641	36,738	16,269	26,005	404,653
At January 1, 2019 - restated	-	325,641	36,738	16,269	26,005	404,653
Charge for the year	124,966	39,883	-	5,852	10,582	181,283
Disposal adjustment	-	-	-	-	(3,295)	(3,295)
Exchange differences	3,093	21,045	-	-	-	24,138
At December 31, 2019	**128,059**	**386,569**	**36,738**	**22,121**	**33,292**	**606,779**
Net Book Values						
At December 31, 2019	**2,775,718**	**643,736**	**-**	**36,403**	**23,259**	**3,479,116**

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

6. RIGHT-OF-USE ASSETS (continued)

THE COMPANY	Motor vehicles MUR'000
Cost	
At January 1, 2019	-
Effect of adopting IFRS 16 (Note 35)	27,616
At January 1, 2019 - restated	27,616
Disposals	(2,737)
At December 31, 2018	**24,879**
Depreciation	
At January 1, 2019	-
Effect of adopting IFRS 16 (Note 35)	15,042
At January 1, 2019 - restated	15,042
Charge for the year	5,249
Disposal adjustment	(2,463)
At December 31, 2019	**17,828**
Net Book Values	
At December 31, 2019	**7,051**

(a) Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some jurisdictions property leases the periodic rent is fixed over the lease term. The group also leases certain equipments and vehicles.

(b) Variable lease payments

The percentages in the table below reflect the lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

December 31, 2019	Lease Contracts	Fixed payments	Variable payments	Sensitivity
	Number	**%**	**%**	**± MUR'000**
Property leases with payments linked to inflation	3	-	9.4%	16,594
Property leases with fixed payments	4	78.6%	-	-
Leases of plant and equipment	2	5.7%	-	-
Vehicle leases	29	6.3%	-	-
	38	90.6%	9.4%	16,594

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

6. RIGHT-OF-USE ASSETS (continued)

(c) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(d) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(e) Leasehold land payments are amortised over the period of the lease

6A. LEASE LIABILITIES

THE GROUP	Land and buildings MUR'000	Computer equipment MUR'000	Plant and machinery MUR'000	Motor vehicles MUR'000	Total MUR'000
At January 1, 2019	-	-	-	-	-
Effect of adopting IFRS 16 (Note 35)	2,590,681	362	55,564	30,674	2,677,281
Additions	165,858	-	-	7,137	172,995
Interest expenses	218,344	-	3,138	1,864	223,346
Lease payments	(211,266)	(79)	(13,615)	(14,868)	(239,828)
Exchange differences	137,558	-	-	-	137,558
At December 31, 2019	**2,901,175**	**283**	**45,087**	**24,807**	**2,971,352**
Current	40,463	283	11,140	9,414	61,300
Non current	2,860,712	-	33,947	15,393	2,910,052
	2,901,175	**283**	**45,087**	**24,807**	**2,971,352**

THE COMPANY	Motor vehicles MUR'000
At January 1, 2019	-
Effect of adopting IFRS 16 (Note 35)	14,722
Interest expenses	821
Lease payments	(8,392)
At December 31, 2019	**7,151**
Current	3,449
Non current	3,702
	7,151

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

6A. LEASE LIABILITIES (continued)

The maturity of lease liabilities is as follows:

	THE GROUP 2019 MUR'000	THE COMPANY 2019 MUR'000
Carrying amount	**2,971,352**	**7,151**
Contractual cashflows:		
Less than one year	**61,300**	**3,449**
Between one year and two years	**68,437**	**2,792**
Between two years and five years	**208,377**	**910**
More than five years	**2,633,238**	**-**
	2,971,352	**7,151**

Interest expense

	2019 MUR'000
Interest expense (included in finance cost)	**223,346**

The total cash outflows for leases in 2019 was MUR 239.8 million and MUR 8.4 million for the Group and the Company respectively.

7. INTANGIBLE ASSETS

(a) THE GROUP

	Goodwill on acquisition MUR'000	Leasehold land payments MUR'000	Computer software MUR'000	Total MUR'000
Cost				
At January 1, 2018	449,659	957,876	60,397	1,467,932
Additions	-	-	10,682	10,682
Exchange differences	8,321	18,152	395	26,868
At December 31, 2018	457,980	976,028	71,474	1,505,482
Effect of adopting IFRS 16 (Note 35)	-	(976,028)	-	(976,028)
At January 1, 2019 - restated	457,980	-	71,474	529,454
Additions	-	-	3,464	3,464
Exchange differences	25,961	-	1,270	27,231
At December 31, 2019	**483,941**	**-**	**76,208**	**560,149**
Amortisation				
At January 1, 2018	-	280,354	40,151	320,505
Charge for the year	-	38,351	7,390	45,741
Exchange differences	-	6,936	330	7,266
At December 31, 2018	-	325,641	47,871	373,512
Effect of adopting IFRS 16 (Note 35)	-	(325,641)	-	(325,641)
At January 1, 2019 - restated	-	-	47,871	47,871

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

7. INTANGIBLE ASSETS (continued)

(a) THE GROUP

	Goodwill on acquisition MUR'000	Leasehold land payments MUR'000	Computer software MUR'000	Total MUR'000
Charge for the year	-	-	8,232	8,232
Exchange differences	-	-	1,097	1,097
At December 31, 2019	**-**	**-**	**57,200**	**57,200**
Net Book Values				
At December 31, 2019	**483,941**	**-**	**19,008**	**502,949**
At December 31, 2018	457,980	650,387	23,603	1,131,970

(b) THE COMPANY

	Computer software	
	2019 MUR'000	2018 MUR'000
Cost		
At January 1 and December 31,	**16,955**	16,955
Amortisation		
At January 1,	**14,575**	12,414
Charge for the year	**2,108**	2,161
At December 31,	**16,683**	14,575
Net Book Values		
At December 31,	**272**	2,380

(c) Leasehold land payments relate to the rights acquired in respect of leasehold land. With the application of IFRS 16 Leases, the costs and amortisation have been transferred to Rights-of-Use assets.

(d) Leasehold land payments are amortised over the period of the leases.

(e) Total amortisation charge for both the Group and the Company have been included in operating expenses.

(f) Impairment tests for goodwill: goodwill is allocated to the company's cash-generating units (CGUS) identified according to country of operation and business segment. The recoverable amount of a CGU is determined based on its value in use. These calculations use cash flows based on financial projections covering a period of 6-years and thereafter the cashflow are extrapolated using a growth rate of 3%. The pre-tax discount rate used in the years approximates 10%.

8. INVESTMENTS IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2019	2018
	MUR'000	MUR'000
Cost		
At January 1 and December 31,	**2,196,534**	2,196,534

The Company's subsidiaries are as follows:

Name of corporation	Nominal value of investment	Proportion of ownership interest Direct		Indirect		Country of operation	Country of incorpo-ration	Issued capital	Main business
	MUR'000	**2019 %**	2018 %	**2019 %**	2018 %			MUR'000	
Constance Industries Limited	964,475	**100**	100	**-**	-	Mauritius	Mauritius	908,052	Hotel Industry
Beauport Industries Limited	500,000	**100**	100	**-**	-	Mauritius	Mauritius	500,000	Hotel Industry
White Sand Paradise Ltd*	60,030	**75**	75	**-**	-	Mauritius	Mauritius	80,040	Hotel Industry
Constance Hotels International Services Limited	87,509	**100**	100	**-**	-	Mauritius	Mauritius	87,509	Investment Holding and Management Company
Constance Hospitality Training Centre Ltd	25,025	**100**	100	**-**	-	Mauritius	Mauritius	25,025	Training Centre
Constance Hotels Investment Limited	11,365	**100**	100	**-**	-	Mauritius	Mauritius	11,365	Investment Holding
Hotels Constance (UK) Limited	1	**100**	100	**-**	-	United Kingdom	United Kingdom	1	Marketing Representative
Ariatoll Services Ltd	32	**-**	-	**100**	100	Mauritius	Mauritius	32	Management Company
Constance Hospitality Management Limited	32	**100**	100	**-**	-	Mauritius	Mauritius	32	Management Company
LRM Company Ltd **	227	**-**	-	**75**	75	Mauritius	Mauritius	302	Management Company
Moofushi Development Ltd	3	**-**	-	**100**	100	Maldives	Mauritius	3	Hotel Industry
The Waterfront PVT Ltd	48	**-**	-	**100**	100	Maldives	Maldives	48	Hotel Industry
Halaveli Development Ltd	30	**-**	-	**100**	100	Mauritius	Mauritius	30	Investment Holding

* The proportion of ownership held by non controlling interest for White Sand Paradise Ltd is 25% for the years 2019 and 2018.

** The proportion of ownership held by non controlling interest for LRM Company Ltd is 25% for the years 2019 and 2018.

The shares held in the above subsidiaries are ordinary shares. The reporting date for all the above companies is December 31, 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

9. INVESTMENTS IN ASSOCIATES

(a) THE COMPANY

	2019 MUR'000	2018 MUR'000
Unquoted - cost		
At January 1,	**144,070**	186,510
Additions	**-**	7,560
Transfer to financial assets at amortised cost (Note 10(c))	**-**	(50,000)
At December 31,	**144,070**	144,070

(b) THE GROUP

	2019 MUR'000	2018 MUR'000
Unquoted		
At January 1,	**1,414,828**	890,874
Additions	**-**	190,993
Share of results for the year	**92,575**	120,757
Share of other comprehensive income	**(3,227)**	261,416
Exchange differences	**48,086**	(49,212)
	1,552,262	1,414,828
Deposit on shares*	**201,977**	201,977
At December 31,	**1,754,239**	1,616,805

Investment in associates at December 31, 2019 include goodwill of MUR 16 million (2018: MUR 16 million).

* Deposit on shares represent subscription to rights issue for which shares are awaiting approval of relevant authorities and have not yet been issued.

(c) The results of the following associated companies, all of which are unlisted, have been included in the consolidated financial statements.

	Year end	Country of incorporation	Country of operation	By holding company 2019 %	By holding company 2018 %	By other group companies 2019 %	By other group companies 2018 %
Le Refuge du Pêcheur Limited and its subsidiary *	December 31, 2019	Seychelles	Seychelles	**-**	-	**31.93**	31.93
Ampasy Ltd and its subsidiary	December 31, 2019	Mauritius	Mauritius	**-**	-	**37.50**	37.50
Constance Corporate Management Limited	December 31, 2019	Mauritius	Mauritius	**42.00**	42.00	**-**	-
Lagon De Rêve Limitée	June 30, 2019	Mauritius	Mauritius	**40.00**	40.00	**-**	-

* In December 2018, the Group acquired an additional 6.51% of the issued shares of Le Refuge du Pêcheur Limited and its subsidiary for a purchase consideration of MUR 183.4 million which includes MUR 174.2 million transferred from Receivables to Investment in associates. The net assets brought from the additional stake of 6.51% over purchase consideration amounted to MUR 6.3 million and was accounted as the share of results from associates.

9. INVESTMENTS IN ASSOCIATES (continued)

(i) All the above associates are private companies with no quoted market price for their shares and are accounted for using the equity method.

(ii) The shares held in Le Refuge du Pêcheur Limited have been pledged to a consortium of banks as security for borrowings of Le Refuge du Pêcheur Limited.

(iii) Summarised financial information in respect of each of the material associates is set out below:

	current assets MUR'000	Non-current assets MUR'000	current liabilities MUR'000	Non-current liabilities MUR'000	Revenue MUR'000	Profit/ (loss) for the year MUR'000	Other comprehensive income MUR'000
2019							
Le Refuge du Pêcheur Limited and its subsidiary	**780,154**	**6,173,675**	**1,727,985**	**1,041,499**	**2,894,883**	**336,240**	**112,481**
Lagon De Rêve Limitée	**52,435**	**640,640**	**36,681**	**364,500**	**4,800**	**(2,211)**	**-**
2018							
Le Refuge du Pêcheur Limited and its subsidiary	692,263	6,152,069	1,803,539	1,262,558	2,677,460	351,978	962,094
Lagon De Rêve Limitée	91,676	516,226	126,793	147,500	4,800	(2,219)	-

(iv) Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

	Opening net assets MUR'000	Profit/ (loss) for the year MUR'000	Other compre-hensive income MUR'000	Exchange differences MUR'000	Closing net assets MUR'000	Ownership interest %	Interest in associates MUR'000	Loan to associate MUR'000	Goodwill MUR'000	Carrying value MUR'000
2019										
Le Refuge du Pêcheur Limited and its subsidiary	**2,915,834**	**336,240**	**112,481**	**(37,090)**	**3,327,465**	**31.93%**	**1,062,460**	**284,480**	**16,071**	**1,363,011**
Lagon De Rêve Limitée	**333,609**	**(41,715)**	**-**	**-**	**291,894**	**40.00%**	**116,758**	**-**	**-**	**116,758**
2018										
Le Refuge du Pêcheur Limited and its subsidiary	1,651,947	351,978	962,094	(50,185)	2,915,834	31.93%	931,026	274,400	15,501	1,220,927
Lagon De Rêve Limitée	317,306	16,303	-	-	333,609	40.00%	133,444	-	-	133,444

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

9. INVESTMENTS IN ASSOCIATES (continued)

(v) Aggregate information of the associates that are not individually material

	2019 MUR'000	2018 MUR'000
Carrying amount of interests	72,493	60,457
Share of profit	13,743	18,374
Share of other comprehensive income	(1,705)	(11,172)
Share of total comprehensive income	12,038	7,202

10. FINANCIAL ASSETS AT AMORTISED COST

THE GROUP

	2019		2018	
	MUR'000	MUR'000	MUR'000	MUR'000
(a) Receivables from associates:	Current	Non-current	Current	Non-current
- other receivables (Note (b))	314,325	-	342,941	-
- loan (Note (c))	-	53,906	-	53,906
Other loan receivable (Note (c))	-	-	-	56,849
Other receivables (Note (b))	35,403	-	42,291	-
	349,728	53,906	385,232	110,755

THE COMPANY

	2019		2018	
	MUR'000	MUR'000	MUR'000	MUR'000
	Current	Non-current	Current	Non-current
Receivables from subsidiary companies	2,381,566	-	1,906,412	-
Receivables from associates:				
- other receivables (Note (b))	3,514	-	300	-
- loan (see Note (c))	-	53,906	-	53,906
Other receivables (Note (b))	808	-	5,278	-
	2,385,888	53,906	1,911,990	53,906

(b) Other receivables

These amounts generally arise from transactions outside the trading activities of the Group. Where applicable, interest may be charged at commercial rates where the terms of repayment exceed one year. There are no collateral for those receivables.

(c) Loans bear interest at commercial rates and is repayable subject to certain conditions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

11. DEFERRED INCOME TAX

(a) Deferred income taxes are calculated on all temporary differences under the liability method at 15%-17% (2018:15%-17%). There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position:

	THE GROUP		THE COMPANY	
	2019 MUR'000	Restated 2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Deferred tax assets	**96,770**	92,761	**16,485**	12,635
Deferred tax liabilities	**(44,870)**	(60,062)	**-**	-
Net deferred income tax assets	**51,900**	32,699	**16,485**	12,635

(b) At the end of the reporting period, the Group and the Company had unused tax losses of MUR 1,114.4 million (2018: MUR 667.9 million) and MUR 76.9 million (2018: MUR 57.9 million) respectively, available for offset against future profits. A deferred tax asset has been recognised in respect of MUR 468.3 million (2018: MUR 296.3 million) for the Group and MUR 76.9 million (2018: MUR 57.9 million) for the Company respectively of such losses. No deferred tax asset has been recognised in respect of the remaining MUR 646.1 million (2018: MUR 371.6 million) for the Group due to unpredictability of future profit streams. The tax losses expire on a rolling basis over 5 years.

(c) The movement on the deferred income tax account is as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	Restated 2018 MUR'000	**2019 MUR'000**	2018 MUR'000
At January 1,				
- As previously reported	**22,123**	30,780	**12,635**	26,917
- Prior year adjustment (Note 33)	**10,576**	8,154	**-**	-
- Effect of adopting IFRS 16 (Note 35)	**(1,645)**	-	**-**	-
- At January 1 - restated	**31,054**	38,934	**12,635**	26,917
Credited/(charged) to profit or loss (Note 21(b))	**21,306**	(4,712)	**3,850**	(14,282)
Charged to other comprehensive income	**(460)**	(1,523)	**-**	-
At December 31,	**51,900**	32,699	**16,485**	12,635

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

11. DEFERRED INCOME TAX (continued)

(d) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority of the same entity is as follows:

(i) Deferred tax liabilities

	THE GROUP			
	Accelerated tax depreciation MUR'000	**Revaluation reserves MUR'000**	**Rights-of-use assets MUR'000**	**Total MUR'000**
At January 1, 2018	(13,356)	71,605	-	58,249
Charged to profit or loss	12,174	-	-	12,174
Charged to other comprehensive income	305	1,105	-	1,410
At December 31, 2018				
- As previously reported	(877)	72,710	-	71,833
- Effect of adopting IFRS 16 (Note 35)	-	-	393,617	393,617
- At January 1, 2019 - restated	(877)	72,710	393,617	465,450
Charged to profit or loss	30,427	-	9,280	39,707
(Credited)/charged to other comprehensive income	(1)	3,298	20,146	23,443
At December 31, 2019	**29,549**	**76,008**	**423,043**	**528,600**

(ii) Deferred tax assets

	THE GROUP				
	Retirement benefit obligations MUR'000	**Tax losses carried forward MUR'000**	**Impairment loss provisions MUR'000**	**Lease liabilities MUR'000**	**Total MUR'000**
At January 1, 2018					
- As previously reported	27,959	61,070	-	-	89,029
- Prior year adjustment	8,154	-	-	-	8,154
- At January 1, 2018 - restated	36,113	61,070	-	-	97,183
Credited/(charged) to profit or loss	5,801	(12,258)	13,922	-	7,465
(Charged)/credited to other comprehensive income	(278)	127	35	-	(116)
At December 31, 2018					
- As previously reported	41,636	48,939	13,957	-	104,532
- Effect of adopting IFRS 16 (Note 35)	-	-	-	391,972	391,972
- At January 1, 2019 - restated	41,636	48,939	13,957	391,972	496,504
Credited to profit or loss	2,957	27,353	1,494	29,209	61,013
Credited to other comprehensive income	1,352	806	190	20,635	22,983
At December 31, 2019	**45,945**	**77,098**	**15,641**	**441,816**	**580,500**

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

11. DEFERRED INCOME TAX (continued)

(iii) Deferred tax assets

	THE COMPANY			
	Accelerated tax depreciation MUR'000	**Retirement benefit obligations MUR'000**	**Tax losses carried forward MUR'000**	**Total MUR'000**
At January 1, 2018	146	11,163	15,608	26,917
Credited/(charged) to profit or loss	2,643	(11,163)	(5,762)	(14,282)
At December 31, 2018	2,789	-	9,846	12,635
Credited to profit or loss	618	-	3,232	3,850
At December 31, 2019	**3,407**	**-**	**13,078**	**16,485**

12. INVENTORIES

	THE GROUP	
	2019 MUR'000	2018 MUR'000
At Cost/net realisable value		
Food and Beverages	**190,446**	173,777
Operating supplies	**61,777**	51,126
Maintenance	**71,262**	82,146
Sales products	**30,380**	29,549
Others	**24,315**	22,110
	378,180	358,708

(a) Bank borrowings are secured by floating charges on the assets of the Group including inventories (see Note 17).

(b) The cost of inventories recognised as expense and included in cost of sales amounted to MUR 770.5 million (2018: MUR 785.3 million) for the Group.

13. TRADE AND OTHER RECEIVABLES

		THE GROUP	
		2019 MUR'000	2018 MUR'000
(a)	Trade receivables	**476,018**	496,574
	Less: Provision for impairment	**(105,219)**	(94,041)
	Net trade receivables	**370,799**	402,533

The carrying amount of trade receivables approximate their fair values.

(b) Trade receivables are not secured, non interest-bearing and are generally on 30 days term.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

13. TRADE AND OTHER RECEIVABLES (continued)

(c) *Impairment of trade receivables*

(i) The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2019 and December 31, 2018 in compliance with IFRS 9 was determined as follows for trade receivables:

At December 31, 2019	Current MUR'000	More than 1 day past due MUR'000	More than 90 days past due MUR'000	More than 180 days past due MUR'000	More than 270 days past due MUR'000	Total MUR'000
Expected loss rate	0.64%	7.24%	57.27%	87.15%	86.23%	14.76%
Gross carrying amount - trade receivables	278,972	90,321	18,924	12,811	74,990	476,018
Less: guest in house	(137,038)	-	-	-	-	(137,038)
Less: specific provision	(1,077)	(1,532)	(269)	(1,585)	(60,282)	(64,745)
Net carrying amount	140,857	88,789	18,655	11,226	14,708	274,235
Loss allowance	(898)	(6,426)	(10,684)	(9,784)	(12,682)	(40,474)
Total provision	(1,975)	(7,958)	(10,953)	(11,369)	(72,964)	(105,219)

At December 31, 2018	Current MUR'000	More than 1 day past due MUR'000	More than 90 days past due MUR'000	More than 180 days past due MUR'000	More than 270 days past due MUR'000	Total MUR'000
Expected loss rate	7.73%	10.65%	100.00%	100.00%	100.00%	12.07%
Gross carrying amount - trade receivables	296,882	133,502	2,153	8,706	55,331	496,574
Less: guest in house	(120,515)	-	-	-	-	(120,515)
Less: specific provision	-	-	-	-	(55,331)	(55,331)
Net carrying amount	176,367	133,502	2,153	8,706	-	320,728
Loss allowance	(13,633)	(14,218)	(2,153)	(8,706)	-	(38,710)
Total provision	(13,633)	(14,218)	(2,153)	(8,706)	(55,331)	(94,041)

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

13. TRADE AND OTHER RECEIVABLES (continued)

(c) *Impairment of trade receivables (continued)*

The closing loss allowances for trade receivables as at December 31, reconcile to the opening loss allowances as follows:

	THE GROUP	
	2019 MUR'000	2018 MUR'000
Loss allowance as at January 1,	**94,041**	100,702
Loss allowance recognised in profit or loss during the year	**11,178**	8,015
Receivables written off during the year	**-**	(14,676)
At December 31	**105,219**	94,041

(ii) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

14. OTHER ASSETS

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Prepayments	**141,190**	155,400	**13,098**	8,868
Current tax assets (Note 21(a))	**18,593**	17,723	**-**	-
Others	**31,780**	23,628	**3,105**	2,220
	191,563	196,751	**16,203**	11,088

15. STATED CAPITAL

	THE GROUP & THE COMPANY			
	Number of shares	**Ordinary shares MUR'000**	**Share premium MUR'000**	**Total MUR'000**
(a) **Issued shares**				
At December 31, 2019 & 2018	109,653,349	1,096,534	1,056,861	2,153,395

(b) The issued ordinary shares are at par value MUR 10 and are fully paid.

(c) Fully paid ordinary shares carry one vote per share and a right to dividend.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

16. REVALUATION AND OTHER RESERVES

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
The movements in each category are as follows:				
Revaluation reserve				
At January 1,	**3,067,125**	2,795,249	**-**	-
Revaluation surplus on freehold land	**-**	271,876	**-**	-
At December 31,	**3,067,125**	3,067,125	**-**	-
Translation of foreign operations				
At January 1,	**308,100**	332,776	**-**	-
Movement for the year	**90,815**	(24,676)	**-**	-
At December 31,	**398,915**	308,100	**-**	-
Actuarial losses				
At January 1,	**(108,912)**	(110,863)	**-**	(28,898)
Movement for the year	**(9,603)**	1,951	**-**	28,898
At December 31,	**(118,515)**	(108,912)	**-**	-
Total	**3,347,525**	3,266,313	**-**	-

(a) **Revaluation reserve**

Revaluation surplus relates to revaluation of freehold land.

(b) **Translation of foreign operations**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(c) **Actuarial losses**

The actuarial losses reserve represents the cumulative remeasurement of defined benefit obligation recognised.

17. BORROWINGS

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Non-current				
Loans - USD	**921,906**	1,205,989	**-**	-
- EUR	**145,205**	179,518	**-**	-
- MUR	**1,681,087**	1,930,544	**626,112**	679,621
Finance lease liabilities	**-**	64,597	**-**	8,994
	2,748,198	3,380,648	**626,112**	688,615

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

17. BORROWINGS (continued)

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Current				
Bank overdrafts	**484,055**	510,702	**66,732**	71,773
Loans - USD	**701,297**	456,405	**247,180**	105,825
- EUR	**201,929**	163,130	**40,640**	39,710
- MUR	**1,237,136**	708,000	**730,000**	465,000
Finance lease liabilities	**-**	22,003	**-**	5,728
	2,624,417	1,860,240	**1,084,552**	688,036
Total borrowings	**5,372,615**	5,240,888	**1,710,664**	1,376,651

(a) Finance lease liabilities - minimum lease payments:

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Not later than 1 year	**-**	26,912	**-**	6,568
Later than one year and not later than two years	**-**	23,895	**-**	4,870
Later than two years and not later than five years	**-**	24,071	**-**	4,802
After five years	**-**	23,844	**-**	-
	-	98,722	**-**	16,240
Future finance charges on finance leases	**-**	(12,122)	**-**	(1,518)
Present value of finance lease liabilities	**-**	86,600	**-**	14,722

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
The present value of finance lease liabilities may be analysed as follows:				
Not later than one year	**-**	22,003	**-**	5,727
Later than one year and not later than two years	**-**	20,402	**-**	4,420
Later than two years and not later than five years	**-**	21,719	**-**	4,575
After five years	**-**	22,476	**-**	-
	-	86,600	**-**	14,722

The Group leases motor vehicles and equipment under finance lease agreements. These leases have fixed terms and purchase options. There are no restrictions imposed on the Group by the lease arrangements other than in respect of the specific vehicle/equipment being leased.

(b) Bank borrowings are secured on the assets of the Group including inventories, property, plant and equipment. The rates of interest rates on these loans vary between 4.3% and 7.2%.

(c) All the Group's borrowings have repricing date within one year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

17. BORROWINGS (continued)

(d) The maturity of non-current borrowings is as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	2019 MUR'000	2018 MUR'000
After one year and before two years	610,909	612,349	50,000	54,420
After two years and before three years	1,288,972	783,053	50,000	53,665
After three years and before five years	382,776	1,445,551	100,000	100,910
After five years	465,541	539,695	426,112	479,620
	2,748,198	3,380,648	626,112	688,615

(e) The carrying amounts of borrowings are not materially different from their fair values. The fair values are based on cash flows discounted using the borrowing rates and are within level 2 of the fair value hierarchy.

18. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2019 MUR'000	Restated 2018 MUR'000	2019 MUR'000	2018 MUR'000
Amounts recognised in the statement of financial position:				
Defined pension benefits (Note (a)(ii))	198,165	182,261	-	-
Other post retirement benefits (Note (b)(i))	72,094	62,652	-	-
	270,259	244,913	-	-
Analysed as follows:				
Non-current liabilities	270,259	244,913	-	-
Amounts charged/(credited) to profit or loss:				
- Defined pension benefits (Note (a)(v))	32,384	30,857	-	(74,040)
- Other post retirement benefits (Note (b)(ii))	8,125	7,930	-	-
	40,509	38,787	-	(74,040)
Amounts (credited)/charged to other comprehensive income:				
- Defined pension benefits (Note (a)(vi))	6,211	(12,545)	-	-
- Other post retirement benefits (Note (b)(ii))	1,742	(144)	-	-
	7,953	(12,689)	-	-

(a) **Defined pension benefits**

(i) The Group contributes to a defined benefit pension. The plan is a final salary plan, which provides benefits to members in the form of pension at retirement and a benefit on death or disablement in service before retirement. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) **Defined pension benefits** (continued)

The assets of the fund are held independently and administered by an insurance company.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at December 31, 2019 by Swan Life Ltd. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) The amounts recognised in the statement of financial position are as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Present value of funded obligations	**440,669**	405,837	**-**	-
Fair value of plan assets	**(242,504)**	(223,576)	**-**	-
Liability in the statement of financial position	**198,165**	182,261	**-**	-

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
At January 1,	**182,261**	185,892	**-**	74,040
Charged/(credited) to profit or loss	**32,384**	30,857	**-**	(74,040)
Charged/(credited) to other comprehensive income	**6,211**	(12,545)	**-**	-
Contributions paid	**(22,691)**	(21,943)	**-**	-
At December 31,	**198,165**	182,261	**-**	-

(iii) The movement in the defined benefit obligations over the year is as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
At January 1,	**405,837**	379,845	**-**	140,143
Effect of transfer of members (Note 24(b))	**-**	-	**-**	(140,143)
Current service cost	**19,462**	19,654	**-**	-
Interest expense	**24,368**	18,900	**-**	-
Remeasurements:				
- Actuarial (gains)/losses	**4,561**	(8,755)	**-**	-
Benefits paid	**(13,559)**	(3,807)	**-**	-
At December 31,	**440,669**	405,837	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) **Defined pension benefits** (continued)

(iv) The movement in the fair value of plan assets of the year is as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
At January 1,	**223,576**	193,953	**-**	66,103
Effect of transfer of members (Note 24(b))	**-**	-	**-**	(66,103)
Remeasurements:				
- Return on plan assets	**13,951**	10,088	**-**	-
- Actuarial (losses)/gains	**(1,650)**	3,791	**-**	-
Scheme expenses	**(860)**	(866)	**-**	-
Cost of insuring risk benefits	**(1,645)**	(1,526)	**-**	-
Contributions by the employer	**22,691**	21,943	**-**	-
Benefits paid	**(13,559)**	(3,807)	**-**	-
At December 31,	**242,504**	223,576	**-**	-

(v) The amounts recognised in profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Effect of transfer of members (Note 24(b))	**-**	-	**-**	(74,040)
Current service cost	**19,462**	19,654	**-**	-
Scheme expenses	**860**	866	**-**	-
Cost of insuring risk benefits	**1,645**	1,526	**-**	-
Net interest expense	**10,417**	8,811	**-**	-
Total included in employee benefit expense	**32,384**	30,857	**-**	(74,040)

The current service cost, scheme expenses, cost of insuring risk benefits, net interest expenses for the year is included in administrative expenses in the statement of profit or loss.

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Actual return on plan assets	**12,301**	13,879	**-**	-

(vi) The amounts recognised in other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Liability experience losses/(gains)	**2,282**	(8,451)	**-**	-
Actuarial (losses)/gains arising from changes in financial assumptions	**2,279**	(303)	**-**	-
Actuarial (losses)/gains	**4,561**	(8,754)	**-**	-
Return on plan assets excluding interest income	**1,650**	(3,791)	**-**	-
	6,211	(12,545)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) **Defined pension benefits** (continued)

(vii) The assets of the plan are invested in the Deposit Administration Policy. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes, underwritten by Swan Life Ltd. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

(viii) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	2019	2018
	%	%
Discount rate	**5.0**	6.1
Future salary growth rate	**3.0**	4.0
Future pension growth rate	**-**	-

(ix) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	MUR'000	MUR'000	**MUR'000**	MUR'000
December 31,				
Discount rate (1% movement)	**39,454**	38,344	**-**	-
Future long term salary (1% movement)	**50,105**	50,956	**-**	-

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(x) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk, market (investment) risk and salary risk.

Longevity Risk

The liabilities disclosed are based on the mortality tables PA(92). Should the experience of the pension plans be less favourable than the standard mortality tables, the liabilities will increase.

Interest rate Risk

If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

Investment Risk

The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

Salary Risk

If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) **Defined pension benefits** (continued)

(xi) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xii) The Group expects to pay MUR 20.0 million in contributions to its post-employment benefit plans for the year ending December 31, 2020.

(xiii) The weighted average duration of the defined benefit obligation is 10-16 years at the end of the reporting period for the Group (2018: 11-13 years).

(b) **Other post retirement benefits**

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Workers' Rights Act 2019 (2018-Employment Rights Act 2008) and other benefits.

(i) The amounts recognised in the statement of financial position are as follows:

	THE GROUP	
	2019 **MUR'000**	Restated 2018 MUR'000
Present value of unfunded obligations	**72,094**	62,652

(ii) Movement in the liability recognised in the statements of financial position:

	THE GROUP	
	2019 **MUR'000**	Restated 2018 MUR'000
At January 1,		
- As previously reported	**441**	504
- Prior year adjustment	**62,211**	54,362
- At January 1, - restated	**62,652**	54,866
Charged to profit or loss	**8,125**	7,930
Charged/(credited) in other comprehensive income	**1,742**	(144)
Benefits paid	**(425)**	-
	72,094	62,652
(a) Included in profit or loss		
- Current service cost	**4,191**	4,479
- Net interest expense	**3,934**	3,451
	8,125	7,930

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Trade payables	**247,176**	271,526	**9,733**	22,085
Payable to group companies:				
- Ultimate Holding Company	**802**	509	**802**	509
- Subsidiary companies	**-**	-	**617,480**	464,634
- Associated companies	**6,234**	27,405	**6,234**	27,119
Other payables	**614,474**	476,628	**8,035**	5,269
	868,686	776,068	**642,284**	519,616

The carrying amounts of trade and other payables approximate their fair values.

20. DIVIDEND

	THE GROUP AND THE COMPANY	
	2019 MUR'000	2018 MUR'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend declared and payable for the year ended December 31, 2019 is Nil (2018: MUR 0.50 per share)	**-**	54,827

21. INCOME TAX

		THE GROUP	
		2019 MUR'000	2018 MUR'000
(a)	Amounts recognised in the statements of financial position are as follows:		
	Current tax assets (Note 14)	**18,593**	17,723

Current tax liabilities is on adjusted profit for the year at 15% (2018: 15%).

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

21. INCOME TAX (continued)

(b) Amounts recognised in the profit or loss

	THE GROUP		THE COMPANY	
	2019 MUR'000	Restated 2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Current tax on the adjustment profit for the year at 15% (2018: 15%)	**30,883**	36,323	**-**	-
Foreign tax credit	**(14,978)**	(15,827)	**-**	-
Underprovision in previous years	**1,731**	968	**-**	-
Deferred income tax (Note 11(c))	**(21,306)**	4,712	**(3,850)**	14,282
(Credited)/charged to profit or loss	**(3,670)**	26,176	**(3,850)**	14,282

(c) Withholding tax

Withholding tax at 10% is suffered by a subsidiary on its offshore operation.

(d) Tax reconciliation

The tax on the Group's and the Company's (loss)/profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	THE GROUP		THE COMPANY	
	2019 MUR'000	Restated 2018 MUR'000	**2019 MUR'000**	2018 MUR'000
(Loss)/profit before taxation	**(140,326)**	234,252	**66,883**	201,861
Adjust for: Share of results of associates	**(92,575)**	(120,757)	**-**	-
	(232,901)	113,495	**66,883**	201,861
Tax calculated at a rate of 15% (2018: 15%)	**(34,935)**	17,024	**7,685**	30,279
Expenses not deductible for tax purposes	**31,555**	23,223	**1,139**	7,927
Withholding and foreign tax	**(14,978)**	(15,827)	**-**	-
Income not subject to tax	**(21,318)**	(21,845)	**(12,935)**	(21,933)
Underprovision in previous years	**1,731**	968	**-**	-
Tax losses for which no deferred income tax was recognised	**39,406**	26,951	**-**	-
Deferred tax rate differential on corporate social responsibility tax	**(20,344)**	(10,906)	**261**	(1,991)
Other adjustments and timing differences	**15,213**	6,588	**-**	-
(Credited)/charged to profit or loss	**(3,670)**	26,176	**(3,850)**	14,282

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

22. REVENUE

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
The following is an analysis of the revenue for the year.				
Revenue from operations	**3,536,024**	3,809,728	**-**	-
Less: commission expenses	**(19,111)**	(62,249)	**-**	-
	3,516,913	3,747,479	**-**	-
Dividend income	**-**	-	**-**	118,412
Net Revenue	**3,516,913**	3,747,479	**-**	118,412

	Hotel operations	
	2019 MUR'000	2018 MUR'000
GROUP		
Timing of revenue recognition		
At a point in time	**3,516,913**	3,747,479

23. OPERATING PROFIT

	THE GROUP		THE COMPANY	
	2019 MUR'000	Restated 2018 MUR'000	**2019 MUR'000**	2018 MUR'000
The operating profit is arrived at:				
after crediting:				
Other operating income	**3,701**	5,461	**-**	-
Interest income	**17,602**	16,803	**105,006**	83,231
Net foreign exchange transaction gains	**96,620**	50,183	**87,174**	28,026
after charging:				
Cost of sales	**1,386,613**	1,171,326	**-**	-
Operating expenses	**678,520**	1,019,751	**-**	-
Depreciation - owned assets	**354,188**	395,559	**1,035**	1,448
- leased assets	**-**	15,855	**-**	5,523
Amortisation of intangible assets	**8,232**	45,741	**2,108**	2,161
Depreciation of rights-of-use assets	**181,283**	-	**5,249**	-
Other expenses	**31,479**	8,015	**2,544**	-
Administrative expenses (net of allocation)	**553,564**	711,645	**6,362**	10,706

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

23. OPERATING PROFIT (continued)

(a) The expenses disclosed below have been included in cost of sales, operating expenses and administrative expenses.

	THE GROUP	
	2019 MUR'000	2018 MUR'000
Staff costs	**1,035,925**	999,815

24. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Interest expense:				
- Bank overdrafts	**53,507**	49,535	**3,928**	3,379
- Bank and other borrowings repayable by instalments	**252,055**	270,440	**65,962**	64,993
- Leases (Note 6A)	**223,346**	3,216	**821**	1,242
- Other interests	**15,085**	1,103	**36,692**	12,396
Total borrowing costs	**543,993**	324,294	**107,403**	82,010

25. NON RECURRING ITEMS

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Pre-opening expenses (Note (a))	**(41,863)**	(14,245)	**-**	-
Retirement benefit obligations (Note (b))	**-**	-	**-**	74,040
	(41,863)	(14,245)	**-**	74,040

(a) Pre-opening expenses:

	THE GROUP	
	2019 MUR'000	2018 MUR'000
Staff costs	**16,093**	2,402
Selling and marketing expenses	**19,563**	8,402
Others	**6,207**	3,441
	41,863	14,245

This represents pre-opening expenses incurred prior to re-opening of C Mauritius.

(b) Retirement benefit obligation amounting to MUR 74.0 million has been derecognised by the Company upon transfer of its employees to Constance Hospitality Management Limited (CHML), a fully owned subsidiary. No change in liability occurred for the Group, since CHML has recognised the same liability in its books as at January 1, 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

26. (LOSS)/EARNINGS PER SHARE

		THE GROUP		THE COMPANY	
		2019	Restated 2018	**2019**	2018
(Loss)/profit attributable to equity holders	MUR'000	**(142,296)**	193,887	**70,733**	187,579
Number of ordinary shares in issue (thousands)		**109,653**	109,653	**109,653**	109,653
(Loss)/earnings per share	MUR	**(1.30)**	1.77	**0.65**	1.71

27. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

	THE GROUP					
		Cash changes	Non-cash changes			
	2018 MUR'000	Net cash flows MUR'000	Recognised on adoption of IFRS 16 MUR'000	Acquisition MUR'000	Exchange differences MUR'000	**2019 MUR'000**
Long term borrowings	3,887,219	(201,411)	-	-	94,099	**3,779,907**
Short term borrowings	756,367	341,685	-	-	10,601	**1,108,653**
Lease liabilities	86,600	(16,482)	2,756,539	7,137	137,558	**2,971,352**
Dividend proposed	54,827	(54,827)	-	-	-	**-**
Total liabilities from financing activities	4,785,013	68,965	2,756,539	7,137	242,258	**7,859,912**

	THE GROUP					
		Cash changes		Non-cash changes		
	2017 MUR'000	Net cash flows MUR'000	Proceeds from lease MUR'000	Acquisition MUR'000	Exchange differences MUR'000	**2018 MUR'000**
Long term borrowings	4,414,032	(493,024)	(57,000)	-	23,211	**3,887,219**
Short term borrowings	318,955	437,412	-	-	-	**756,367**
Lease liabilities	40,963	(16,805)	57,000	5,442	-	**86,600**
Dividend proposed	27,413	(27,413)	-	54,827	-	**54,827**
Total liabilities from financing activities	4,801,363	(99,830)	-	60,269	23,211	**4,785,013**

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

27. NOTES TO THE STATEMENTS OF CASH FLOWS

	THE COMPANY			
		Cash changes	Non-cash changes	
	2018 MUR'000	Net cash flows MUR'000	Exchange differences MUR'000	**2019 MUR'000**
Long term borrowings	729,621	(53,510)	-	**676,111**
Short term borrowings	560,535	396,685	10,601	**967,821**
Lease liabilities	14,722	(7,571)	-	**7,151**
Dividend proposed	54,827	(54,827)	-	**-**
Total liabilities from financing activities	1,359,705	280,777	10,601	**1,651,083**

	THE COMPANY			
		Cash changes	Non-cash changes	
	2017 MUR'000	Net cash flows MUR'000	Acquisition MUR'000	**2018 MUR'000**
Long term borrowings	779,246	(49,625)	-	**729,621**
Short term borrowings	318,955	241,580	-	**560,535**
Lease liabilities	20,422	(5,700)	-	**14,722**
Dividend proposed	27,413	(27,413)	54,827	**54,827**
Total liabilities from financing activities	1,146,036	158,842	54,827	**1,359,705**

(b) **Cash and cash equivalents**

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Cash in hand and at banks	**102,784**	76,712	**11,898**	6,357
Bank overdrafts (Note 17)	**(484,055)**	(510,702)	**(66,732)**	(71,773)
	(381,271)	(433,990)	**(54,834)**	(65,416)

While cash and cash equivalents are also subject to the impairment requirement of IFRS 9, the identified impairment loss was immaterial.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

27. NOTES TO THE STATEMENTS OF CASH FLOWS

(c) Non-cash transactions

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Investment in associates settled through current account	**-**	7,561	**-**	7,561
Acquisition of property, plant and equipment using right-of-use assets (2018: finance lease)	**7,137**	5,442	**-**	-
	7,137	13,003	**-**	7,561

The principal non cash transactions are the acquisition of the right-of-use assets (Note 6) (2018 - Finance leases - Note 5)

28. COMMITMENTS

	THE GROUP	
	2019 MUR'000	2018 MUR'000
(a) Capital commitments		
Capital expenditure contracted for at the end of the reporting date but not recognised in the financial statements is as follows:		
Property, plant and equipment	**45,537**	56,812

(b) Operating lease - where the Group is the lessee - 2018

The Group leases land under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses, and renewal and lease extension rights.

There are no purchase options attached to the lease. There are no restriction imposed on the Group by the lease arrangements other than in respect of the specific land being leased.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	THE GROUP	
	2019 MUR'000	2018 MUR'000
Not later than one year	**-**	232,818
Later than one year and not later than five years	**-**	976,647
Later than five years	**-**	3,063,845
	-	4,273,310

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

29. CONTINGENCIES

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
(a) **Contingent liabilities**				
Bank guarantees to third parties	**9,121**	9,085	**9,101**	9,065

30. RELATED PARTY TRANSACTIONS

	Sales of goods and services		Purchase of goods and services		Dividend Income/ (payable) Financial income/ (charges)		Management and other fees		Loan to/(from)		Amount due (to)/from	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000	**2019 MUR'000**	2018 MUR'000	**2019 MUR'000**	2018 MUR'000	**2019 MUR'000**	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
THE GROUP												
Ultimate holding	**-**	-	**-**	-	**(7,042)**	(1,835)	**-**	-	**(45,000)**	(165,000)	**(802)**	(1,835)
Holding company	**-**	-	**-**	-	**-**	(27,962)	**-**	-	**-**	-	**-**	(27,962)
Enterprises with common shareholders	**34**	124	**(25,086)**	(11,674)	**(2,463)**	-	**-**	-	**-**	-	**(29)**	(48)
Associates	**5,672**	1,498	**(9,600)**	-	**19,480**	18,424	**185,551**	143,482	**23,906**	53,906	**308,091**	315,536
THE COMPANY												
Ultimate holding	**-**	-	**-**	-	**(2,957)**	(1,769)	**-**	**-**	**(30,000)**	(65,000)	**(802)**	(1,769)
Holding company	**-**	-	**-**	-	**-**	(27,962)	**-**	-	**-**	-	**-**	(27,962)
Subsidiaries	**-**	-	**-**	-	**76,616**	185,878	**52,693**	-	**-**	-	**1,764,086**	1,441,778
Enterprises with common shareholders	**-**	-	**-**	(221)	**-**	-	**-**	-	**-**	-	-	-
Associates	**-**	-	**-**	-	**3,094**	3,906	**7,544**	(30,300)	**53,906**	53,906	**2,720**	(26,819)

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

30. RELATED PARTY TRANSACTIONS (continued)

	THE GROUP		THE COMPANY	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	2018 MUR'000
Key management personnel compensation:				
Short term employee benefit	**160,724**	138,161	**2,421**	1,792
Post-employment benefit	**6,096**	4,812	**-**	-
	166,820	142,973	**2,421**	1,792

The amounts receivable and payable in respect to related parties have maturity within one year.

No provisions are held against receivables from related parties.

Related party transactions have been made in the normal course of business.

31. ULTIMATE HOLDING COMPANY

The directors consider BMH Ltd, whose registered office is 5th Floor, Labama House, 35, Sir William Newton Street, Port Louis as the Ultimate Holding Company. The company is incorporated in Mauritius.

32. SEGMENT REPORTING

(a) The Group has no significant reporting segment separate from the hotel operations.

(b) **Geographical information**

	Revenues from external customers		**Non-current assets**	
	2019 MUR'000	2018 MUR'000	**2019 MUR'000**	Restated 2018 MUR'000
THE GROUP				
Mauritius	**1,913,911**	2,155,717	**8,007,555**	7,466,153
Maldives	**1,603,002**	1,591,762	**6,116,523**	3,577,497
Total	**3,516,913**	3,747,479	**14,124,078**	11,043,650

The Group's customer base is diversified, with no individually significant customer.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

33. PRIOR YEAR ADJUSTMENT

Prior year adjustment is in respect of additional liability made to the other post retirement benefits obligations in Note 18. The adjustments and the corresponding impact on deferred tax have been recognised with retrospective effect and comparative figure have been restated accordingly.

The effect on the statement of financial position are as follows:

	Retirement benefit obligations MUR'000	**Deferred tax assets MUR'000**	**Retained earnings MUR'000**
Balance as reported at January 1, 2018			
- as previously reported	186,396	92,075	528,938
- prior year adjustment	54,362	8,154	(46,208)
- as restated	240,758	100,229	482,730

	Retirement benefit obligations MUR'000	**Deferred tax assets MUR'000**	**Retained earnings MUR'000**
Balance as reported at December 31, 2018			
- as previously reported	182,702	82,185	673,425
- prior year adjustment	62,211	10,576	(51,635)
- as restated	244,913	92,761	621,790

The effect on the statement of profit or loss and other comprehensive income is as follows:

	2018 MUR'000
Increase in administrative expenses	7,849
Decrease in income tax expense	(2,422)
Decrease in profit for the year	5,427
Effect on earnings per share	(0.05)

34. EVENTS AFTER REPORTING DATE

Overall risk to operations

The spread of COVID-19 has severely impacted many economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

With the introduction of a global travel ban the hospitality industry is currently facing an unprecedented existential crisis with huge and evolving challenges. Mauritius being no exception, it is expected that the Group's revenue and results for the year 2020 will be negatively impacted with cancelled bookings and uncertainty regarding future arrivals due to volatile market conditions. Recovery in demand can be assumed to follow once travel bans are lifted worldwide and as the pandemic and economic crisis subside. However, such recovery will take time.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

34. EVENTS AFTER REPORTING DATE (continued)

Overall risk to operations (continued)

The Group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations for the year ended December 31, 2019 have not been adjusted to reflect their impact. As of date, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company and Group for future periods.

Customer defaults

At the date of signature of these financial statements and to the best knowledge of the Management, based on information, which was available, there were no major trade customers which have declared bankruptcy due to the outbreak of COVID-19.

35. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements.

(i) **Impact on the financial statements**

The Group adopted IFRS 16 with a transition date of January 1, 2019. The Group has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. January 1, 2019) and recognised in the opening equity balances.

The following tables show the reclassification adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Effective January 1, 2019, IFRS 16 has replaced IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease.*

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group and the Company does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (January 1, 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;

(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

(d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

35. CHANGES IN ACCOUNTING POLICIES (continued)

(i) **Impact on the financial statements** (continued)

Transition Method and Practical Expedients Utilised (continued)

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group and the Company recognises right-of-use assets and lease liabilities for most leases. However, the Group and the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of IFRS 16, the Group and the Company recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
All other operating leases	Office Space: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. All other: The carrying value that would have resulted from IFRS 16 being applied from the commence date of the leases, subject to the practical expedients noted above.	Measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at January 1, 2019. The Group 's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted average rate applied was 8.05%.
Finance leases	Measured based on the carrying values for the lease assets and liabilities immediately before the date of initial application (i.e. carrying values brought forward, unadjusted).	

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at January 1, 2019:

THE GROUP

Assets	Adjustments	December 31, 2018 As originally presented MUR'000	IFRS 16 MUR'000	January 1, 2019 MUR'000
Property, plant and equipment	(a)	8,091,359	(68,805)	**8,022,554**
Intangible assets	(b)	1,131,970	(650,387)	**481,583**
Right-of-use assets	(c)	-	3,319,722	**3,319,722**
Deferred tax assets	(d)	32,699	(1,645)	**31,054**
Liabilities				
Borrowings	(e)	5,240,888	(86,600)	**5,154,288**
Lease liabilities	(f)	-	2,677,281	**2,677,281**
Equity				
Retained earnings	(g)	621,790	(1,645)	**620,145**

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

35. CHANGES IN ACCOUNTING POLICIES (continued)

(i) **Impact on the financial statements** (continued)

Transition Method and Practical Expedients Utilised (continued)

THE COMPANY		December 31, 2018		
Assets	**Adjustments**	**As originally presented MUR'000**	**IFRS 16 MUR'000**	**January 1, 2019 MUR'000**
Property, plant and equipment	(a)	15,403	(12,574)	**2,829**
Right-of-use assets	(c)	-	12,574	**12,574**
Liabilities				
Borrowings	(e)	1,376,651	(14,722)	**1,361,929**
Lease liabilities	(f)	-	14,722	**14,722**
Equity				
Retained earnings	(g)	249,874	-	**249,874**

(a) Property, plant and equipment was adjusted to reclassify leases previously classified as finance type to right-of-use assets. The adjustment reduced the cost of property, plant and equipment by MUR 147.8 million for the Group and MUR 27.6 million for the Company respectively; and accumulated depreciation by MUR 79.0 million for the Group and MUR 15.0 million for the Company respectively; for a net adjustment of MUR 68.8 million and MUR 12.6 million respectively.

(b) Intangible assets were adjusted to reclassify leasehold rights associated with operating leases to right-of-use assets. The adjustment reduced the cost of intangible assets by MUR 976.0 million; and accumulated depreciation by MUR 325.6 million for the Group; for a net adjustment of MUR 650.4 million.

(c) The adjustment to right-of-use assets is as follows:

	THE GROUP MUR'000	THE COMPANY MUR'000
Adjustment noted in (a) - finance type leases	68,805	12,574
Operating type leases	3,250,917	-
Right-of-use assets	3,319,722	12,574

(d) Deferred tax assets were adjusted to reflect the tax effect of the other adjustments recorded.

(e) Borrowings were adjusted to reclassify leases previously classified as finance type to lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

35. CHANGES IN ACCOUNTING POLICIES (continued)

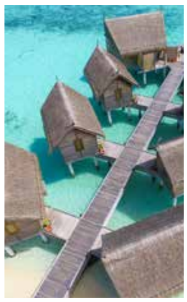
(i) **Impact on the financial statements** (continued)

Transition Method and Practical Expedients Utilised (continued)

(f) The following table reconciles the minimum lease commitments disclosed in the Company's December 31, 2018 annual financial statements to the amount of lease liabilities recognised on January 1, 2019:

	THE GROUP	THE COMPANY
	January 1, 2019 MUR'000	**January 1, 2019 MUR'000**
Minimum operating lease commitment at December 31, 2018	4,273,310	-
Less: short-term leases not recognised under IFRS 16	(7,200)	-
Plus: effect of lease payments ascertained	1,650,451	-
Undiscounted lease payments	5,916,561	-
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(3,325,880)	-
Lease liabilities for leases classified as operating type under IAS 17	2,590,681	-
Plus: leases previously classified as finance type under IAS 17	86,600	14,722
Lease liability as at January 1, 2019	2,677,281	14,722
Of which are:		
Current lease liabilities	13,066	5,728
Non-current lease liabilities	2,664,215	8,994
	2,677,281	14,722

(g) Retained earnings were adjusted to record the net effect of all other adjustments noted.



CONSTANCE
HOTELS, RESORTS & GOLF

True by Nature

Constance Hotels Services Limited
Registered Office | 5th Floor, Labama House | 35, Sir William Newton Street | Port Louis
Telephone: (230) 260 8800 | Facsimile: (230) 208 8295 | Email: admin@constancegroup.com
www.constancehotels.com

MAURITIUS | SEYCHELLES | MALDIVES | MADAGASCAR