CONSTANCE
HOTELS, RESORTS & GOLF

ANNUAL REPORT **2020**

Dear Shareholder,

This year again, the COVID-19 pandemic in Mauritius, significantly disrupted our Company's reporting calendar. This has caused a delay in the presentation of its Annual Report and Audited Financial Statements for the year ended 31 December 2020.

The Board of Directors is pleased to present the Annual Report 2020 of Constance Hotels Services Limited which was approved on 30 November 2021.

George J. Dumbell (s)
Chairman

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

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Chairman's Statement

George J. **DUMBELL**
Chairman

Dear Shareholder,

2020 has been completely overshadowed by the COVID-19 pandemic, which has wreaked havoc, on an unprecedented scale, to human life, economies and industries across the globe; the tourism industry, probably, being the hardest hit with consumer travel brought to a complete halt through national curfews and lockdowns, flight suspensions and closure of borders.

Your Company has persevered throughout 2020, with the implementation of its disaster preparedness and business continuity plan, which I disclosed in my 2019 Annual Report Statement, with the opening of its hotels, where possible, to drive occupancy and raise revenue; the containment of costs through the suspension of non-essential expenses and capital expenditures, revision of the terms of agreements and other legal commitments; the contraction of payroll costs including the voluntary reduction of salaries and fees by employees and directors respectively; putting in place relief measures with its providers of finance as well as participating in Government Support Programmes.

On the Operational front, our hotels in the Seychelles and Maldives re-opened on 1 August 2020 and performed satisfactorily. Mauritius, on the other hand, maintained a very stringent Health & Safety policy for COVID-19, with borders remaining closed per se and strict testing and quarantine regulations in force for all arrivals, which were, principally, returning residents. This, undoubtedly, put-off tourists and significantly impacted on the performance of our three hotels, Constance Prince Maurice, Constance Belle Mare Plage and C-Mauritius, which had re-opened during the second semester and had to rely on local week-end business at sharply discounted rates and special organised events over the festive season. With this backdrop, all performance and Financial indicators have shown a dramatic downturn, resulting in an EBITDA of MUR 212 million (2019: MUR 978 million) and Net Loss of MUR 1,419 million (2019: Net Loss of MUR 137 million)

Looking Ahead, the bleak global tourism industry landscape, in general, has not changed significantly due to the ongoing severity and spread of the virus, and the emergence of new strains around the world. Any upturn will depend on the efficacy and global reach of the various vaccines now being administered in numerous countries, including the ability to counteract new variants, as well as the need to achieve herd immunity of the world population.

Our properties in the Maldives and Seychelles recorded satisfactory projections in arrivals. For Mauritius, we saw an upsurge in demand since it re-opened its borders on 1 October 2021 for vaccinated travellers and our properties reported strong forward bookings.

Unfortunately, these very positive signs were short-lived with the very recent advent of the new Omicron variant which brought, once again, considerable concern and uncertainty across the globe. Notwithstanding this set-back, if Mauritius is to achieve an uninhibited and sustainable flow of tourists, its travel protocols must remain comparable with that of its competitors in the region; also, it must maintain herd immunity et al and adopt an open-air policy that will provide sufficient seating capacity to fill the island's room inventory.

With these new uncertainties, not least of which, is the extent of the adverse impact of the Omicron variant on the local tourism industry, your Board is unable to predict the Company's recovery in the short to medium term but expect results for 2021 to be better than that of 2020.

On behalf of the Board, I wish to extend my gratitude to Management at both Group and Company level, and to our team-members, for their continued solidarity, outstanding dedication and professionalism, during these extremely difficult and uncertain times. I thank my fellow directors for their support and wise-council and recognise with much appreciation the unceasing confidence and trust placed in the Company by its Shareholders, Financial-Partners, loyal guests and other Stakeholders.

In closing, I wish to thank Mr Nitish Beni Madhu, who has stepped-down from the Board, for his valuable contribution during his tenure of service and welcome Mrs Catherine De Rosnay and Mr Jean-Philippe Coulier, who joined as Independent Directors and Mr. Gianduth Jeeawock as a Non-Executive Director.

George J. DUMBELL(s)
Chairman

Our Group In Numbers

4
Destinations

15
Sales & Marketing Offices and General Sales Agent Representations

8
Hotels

3
Championship Golf Courses

1,122
Rooms

2,762
Team Members

146k
Followers on Instagram

579k
Engagements on Instagram

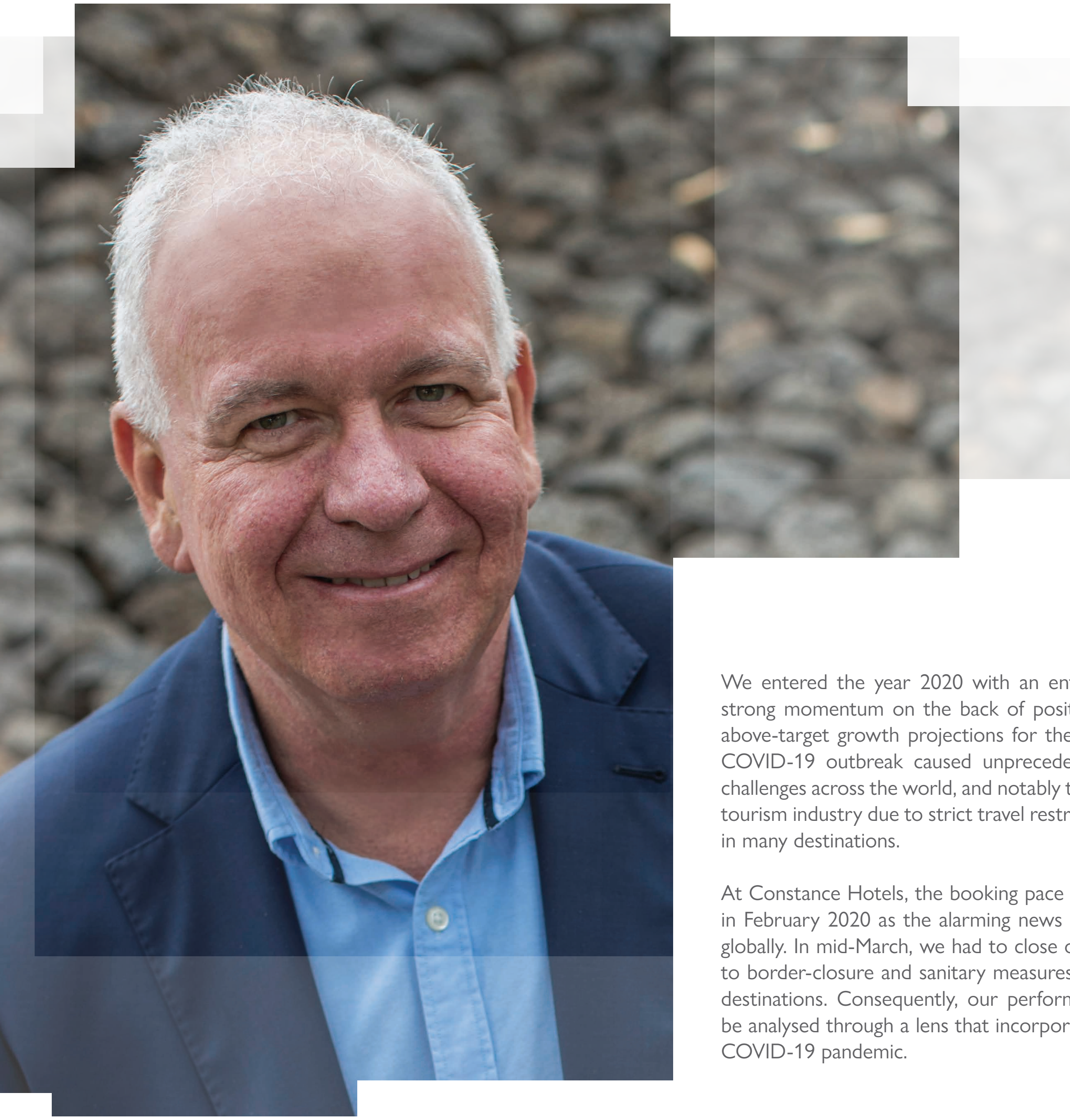
356k
Followers on Facebook

193k
Engagements on Facebook

MUR 13.20
Share Price (As at 31 December 2020)

169k
Volume of Shares Traded in 2020

Chief Executive Officer's Review



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

We entered the year 2020 with an enthusiastic spirit and a strong momentum on the back of positive fundamentals and above-target growth projections for the 1st quarter. Yet, the COVID-19 outbreak caused unprecedented disruptions and challenges across the world, and notably to the global travel and tourism industry due to strict travel restrictions and lockdowns in many destinations.

At Constance Hotels, the booking pace started to slow down in February 2020 as the alarming news on COVID-19 spread globally. In mid-March, we had to close our properties further to border-closure and sanitary measures enforced in our four destinations. Consequently, our performance in 2020 are to be analysed through a lens that incorporates the effects of the COVID-19 pandemic.

Review of 2020 by Destination

When compared with 2019, tourist arrivals in 2020 dropped by 78% in Mauritius, 70% in the Seychelles, 67% in the Maldives and 82% in Madagascar. These drops are reflected in our 2020 RevPAR performances. Yet, during the year under review, we initiated a number of actions to limit the effects of the pandemic on our operational and financial performance.

Mauritius

Constance Prince Maurice benefitted from a buyout from the fourth week of September to the first week of December. In addition, as from August 2020, our hotels were allowed to open to local residents. This enabled us to maintain the running of our properties whilst sustaining the morale and engagement of our team members.

Seychelles

Constance Ephelia was privatised from mid-July to early November. Moreover, we leveraged our international network of sales offices and partners to identify and tap into new business opportunities, and our efforts yielded positive results, for both Constance Ephelia and Constance Lemuria, towards the back end of the year.

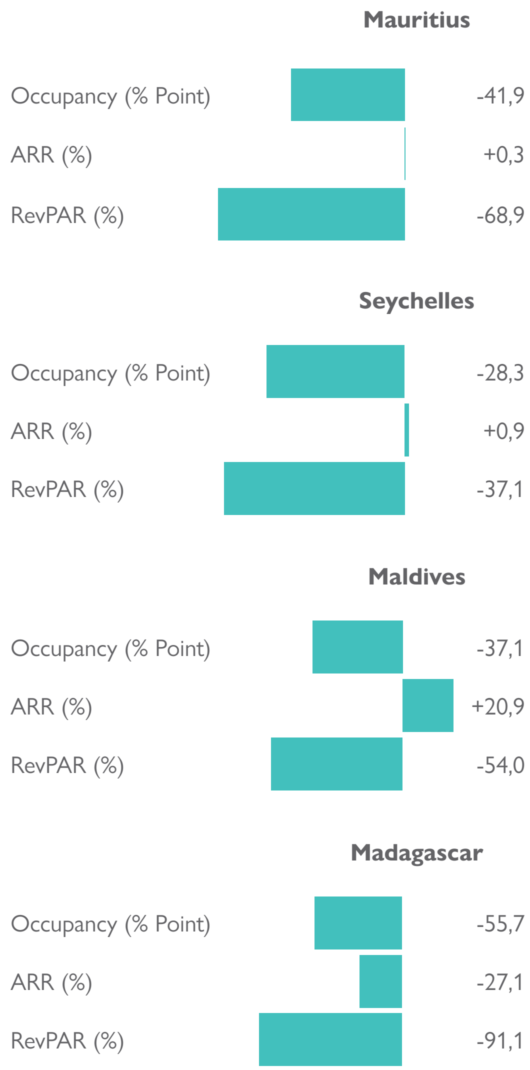
Maldives

Though the Maldives opened their borders in August, demand started to pick up as from November. Still, this allowed us to achieve a positive peak season for both Constance Halaveli and Constance Moofushi.

Madagascar

The borders of Madagascar were completely closed to foreign visitors from April to September and were partially reopened as from October with travel restrictions maintained for a number of countries. This situation meant that we could only welcome some local residents at Constance Tsarabanjina.

2019-2020 Variances of Key Performance Indicators



Our Response to COVID-19

The COVID-19 outbreak took hoteliers by storm, testing their agility and resilience. At Constance Hotels, we were quick to respond with a comprehensive action plan, bearing in mind that luxury hospitality demands excellence and consistency.

We therefore formulated a COVID-19 Action Plan which would enable Constance Hotels to proactively weather the adverse effects of the pandemic without undermining our ability, in terms of our human capital and the quality of our properties, to effectively run our operations and execute our growth strategy once our industry returns to normality. In this respect, five key objectives were identified, namely:

1. Protect the health and well-being of our team members and guests.
2. Maintain the engagement of our team members.
3. Consolidate our ability to provide unique guest experience and satisfaction.
4. Adapt our operations to the changing business environment.
5. Ensure cost efficiency and financial sustainability.

Our COVID-19 Action Plan

COVID-19 Action Plan

Health & Well-being

- Reinforced sanitary protocol: Constance Stay Safe
- Training of all team members on the COVID-19 protocols

Team Engagement

- Online team-building session with the Management teams
- Training of all team members on the revised Standard Operating Procedures
- Free online training courses offered to team members
- Launch of 'Workplace by Facebook' for enhanced team collaboration
- Regular employee engagement activities via 'Workplace by Facebook

Guest Experience & Satisfaction

- Completion of the renovation of Constance Tsarabanjina, Madagascar
- Full renovation of La Citronnelle, the main buffet restaurant at Constance Belle Mare Plage
- Completion of the renovation of Jahaz restaurant at Constance Halaveli, Maldives
- Formulation of new quality goals
- Training on quality standards
- Deployment of an e-commerce platform for C Resorts
- Deployment of the Constance App
- Website performance improvements for both CHR & C Resorts
- Creation of a Facebook page for each hotel
- Launch of the #ConstanceWithU approach

Adapted Operations

- Extended work-from-home arrangements in Mauritius
- Transformation of the workplace to enable Work from Home
- Enhanced security framework for team members connecting from home
- Reinforced IT governance framework across CHRG with offsite backup and disaster recovery on remote data centre

Cost Efficiency & Financial Sustainability

- Deployment of predictive analytics to enable informed decision-making processes
- Review and renegotiation of contracts with suppliers
- Voluntary Retirement Scheme in Mauritius for team members aged 55 and above
- Voluntary salary reductions for Management teams across CHRG
- Leave without pay during hotel closure for team members in the Maldives

Outlook

Our international network of partners and strategically-located sales offices, enables us to continuously gather critical insights on our key markets and seize emerging business opportunities.

In addition, our presence in four different destinations enhances our ability to mitigate the impact of the pandemic from a group perspective and to adapt and remain agile in the midst of a dynamic and ever-changing business environment.

It makes no doubt that we still have some difficult times ahead of us. However, we are optimistic for the future whilst remaining prudent. Our team members are fully prepared and committed to perform and deliver in a context that requires constant monitoring, agility and dynamism.

Appreciation

The COVID-19 period has been challenging for all our team members. I wish to express my sincere gratitude to all of them as their dedication is enabling us to navigate through these unusual times.

I also wish to convey my sincere thanks to all the members of the Board of Directors for the unfailing support and constructive guidance. Together, we will continue to work hard to bring Constance Hotels to new heights.

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

Sustainability Report

1. OUR SUSTAINABILITY FRAMEWORK

1.1 OUR COMMITMENT TO SUSTAINABILITY

The tourism industry has been contributing positively 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 have been concerned and remain concerned with the impact that 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 to:

- Embed sustainable development principles into our core business practices, across our business units.
- Promote sustainable and responsible tourism by contributing to biodiversity conservation, cultural heritage preservation and community development.
- Understand and respect the needs of our stakeholders, and use our collective influence to drive sustainability within the tourism industry.
- Comply with all laws and regulations applicable in the countries where we operate.
- Leverage the opportunities presented by sustainable development to deliver long-term strategic benefits to our stakeholders and superior value to our shareholders.

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 (2016). 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.

2020 was anything but a normal year as the COVID-19 pandemic posed brutal and sudden challenges with wide-ranging consequences on the global hospitality industry. Despite the hampering effects of the pandemic on our sustainable development efforts, we remained committed to our core sustainability values and principles during the year under review.

1.2 OUR CORPORATE SUSTAINABILITY STRATEGY

Sustainability being a key focus of the boardroom agenda, our sustainability vision and strategy are formulated on the basis of the key ingredients to the creation of long-term strategic benefits and balanced value to stakeholders. Consequently, we have translated the 5 Ps of the SDGs – People, Planet, Prosperity, Peace and Partnership - in our Corporate Sustainability (CS) strategy of 'True by Nature' which rests on four pillars, namely True People, True Places, True Services, True Experiences.

A full version of the Sustainability Report can be accessed on our website at www.constancehrg.com

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 2020 to 31 December 2020

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

30 November 2021

2. STATEMENT ON CORPORATE GOVERNANCE

Constance Hotels Services Limited is a public company listed on the DEM Market of the Stock Exchange of Mauritius 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 2020, complied with all the requirements of the Code as described by the Corporate Governance Report of the Company, except for areas mentioned on page 11 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 at admin@constancegroup.com.

3. GOVERNANCE STRUCTURE

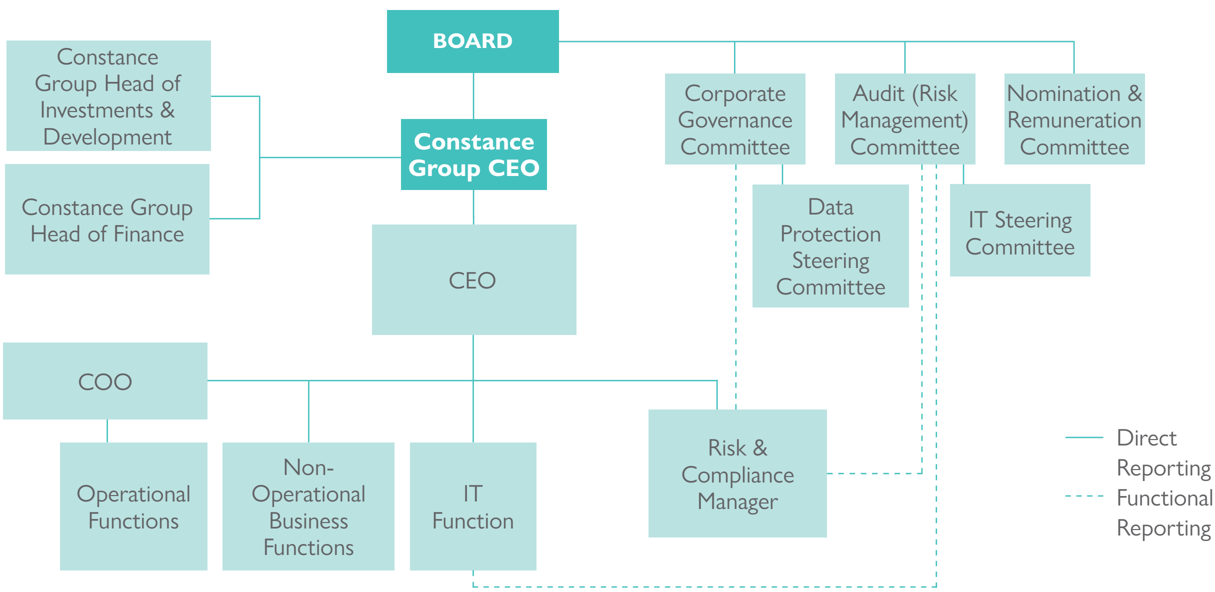
3.1 COMPANY CONSTITUTION

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, Strategic Objectives and Policies, 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, Charters and Codes.

Types of Directorship

Our team of Directors is a strong source of internal and external knowledge, experience, advice and judgement. The Company has a mix of Executive, Non-Executive and Independent Directors.

3.3 THE BOARD (continued)

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.

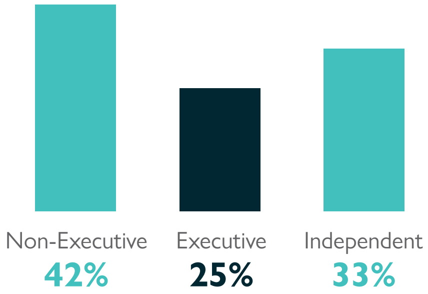
The Company is managed by a unitary Board. At year end, the Board consisted of two Independent, five Non-Executive and three Executive Directors, including two female Directors. The Chairman is a Non-Executive Director.

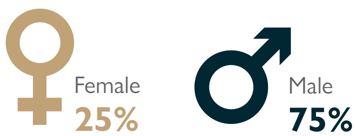
Taking into account the nature of the Company's operations, during the year under review, the Board has reviewed its size and composition to maintain the right balance and focus to enable effective decision-making. The Board currently consists of four Independent, five Non-Executive and three Executive Directors. Two Independent and one Non-Executive Directors are female.

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 20 to 26.

Current Board Composition by Type of Directorship and Gender





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 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 Chairman and its Independent Directors have continued to exercise totally independent judgement in the discharge of their respective responsibilities, notwithstanding the new statutory definition of an Independent Director; and that there are no relationships and circumstances that have affected or appear to have affected their judgement during the year under review. Neither the Chairman nor the Independent Directors have 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. To comply with the new provision of the Companies Act, the Chairman is reported as a Non-Executive Director.

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 Chairmen of the Board, the Corporate Governance, the Audit (Risk Management) and the Nomination & Remuneration Committees; the Constance Group 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 positions 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, Chief Human Resources Officer, 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 regular 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.

3.5 COMMITTEES OF THE BOARD

Company Secretary (continued)

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.

Constitution of Board Committees

Three Board Committees and two Steering 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. The 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

<table>
<tr><th colspan="6">Committees</th></tr>
<tr><th colspan="2">Audit (Risk Management)</th><th colspan="2">Corporate Governance</th><th colspan="2">Nomination & Remuneration</th></tr>
<tr><th>Member</th><th>Directorship Type</th><th>Member</th><th>Directorship Type</th><th>Member</th><th>Directorship Type</th></tr>
<tr><td>Marc FREISMUTH (up to 31 December 2020)</td><td>Independent, Chairman</td><td>Georgina ROGERS</td><td>Non-Executive, Chairperson</td><td>George J. DUMBELL</td><td>Non-Executive, Chairman</td></tr>
<tr><td>Mr Jean-Philippe COULIER (as from 01 January 2021)</td><td>Independent, Chairman</td><td>Nicolas BOULLÉ</td><td>Non-Executive</td><td>Marc FREISMUTH</td><td>Independent</td></tr>
<tr><td>Preetee JHAMNA-RAMDIN</td><td>Independent</td><td>George J. DUMBELL</td><td>Non-Executive</td><td></td><td></td></tr>
<tr><td>Noël Adolphe VALLET</td><td>Non-Executive</td><td></td><td></td><td>Jean RIBET</td><td>Executive</td></tr>
</table>

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 (two Independent and one Non-Executive) during the year under review. All members of the Committee are financially literate and have relevant knowledge 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 2020 were addressed as follows:

Regular financial matters

- Review and recommend to the Board the 2019 Audited Financial Statements, the Annual Report, the 2020 Forecasts, 2020 Unaudited Quarterly Financial Statements and Quarterly Abridged Financial Statements for publication.
- Assess the efficiency of Debt and Treasury Management.

Internal audit matters

- Monitor the establishment of the Internal Audit Plan 2020.
- Consider the Internal Audit reports and monitor the implementation of recommendations as agreed.
- Ratify the fees of the Internal Auditors for 2020.

External audit matters

- Engage in the appointment and integration of the Company's External Auditors.
- Review the treatment of accounting policies relevant to the Company (IAS 10 and 19, and IFRS 16) as well as the disclosures to be considered.
- Review Audit Findings.
- 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

- Monitor the progress of the implementation of the new ERM Risk Appetite Framework of the Company with a view to better assessing risks associated with its strategic objectives.
- Establish the revised Risk reporting requirements of the Company.
- Consider the Risk reports presented.

Other matters

- Implement improvement measures following the Committee's self-evaluation conducted in 2019.
- Assess and monitor the effectiveness of the Company's IT Governance.

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 IT 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 IT Steering Committee met once during the year under review to present its accomplishments in 2020, notably in relation to the COVID and Post-COVID technological actions.

Corporate Governance Committee

The Corporate Governance Committee consisted of three Non-Executive Directors 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 2019 with focus on the Corporate Governance, Sustainability and Corporate Social Responsibility Reports and the Statutory Disclosures;

3.5 COMMITTEES OF THE BOARD (continued)

Corporate Governance Committee (continued)

ii. Approve the Group Corporate Social Responsibility Plan for 2020 under the banner of 'Fondation Constance' and monitor its progress and consider new sources of funding;
iii. Approve the Compliance Action Plan for 2021;
iv. Review Compliance, Sustainability and Health & Safety reports and ensure corrective measures are implemented, where necessary;
v. Review and recommend for approval new and revised policies, codes and charters;
vi. Review and assess the Company's compliance with the Data Protection Act (DPA) and the EU General Data Protection Regulations (EU GDPR);
vii. Review the Data Protection Steering Committee (DPSC) structure with a view to enhancing controls and monitoring;
viii. Review and recommend to the Board, the Annual Report and website disclosures; and
ix. Review requirements pertaining to non-compliance issues.

In 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 (one Independent, one Non-Executive with independent profile and one Executive) during the year under review. For more effective and better governance, the Chairman of the Board, whose major accountability is, inter-alia, to lead and ensure the effectiveness of the Board, also chairs the Nomination & Remuneration Committee, to which the underlying matters relating to the foregoing major accountability are delegated to. 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 to review and make appropriate recommendations to the Board in regard to the:

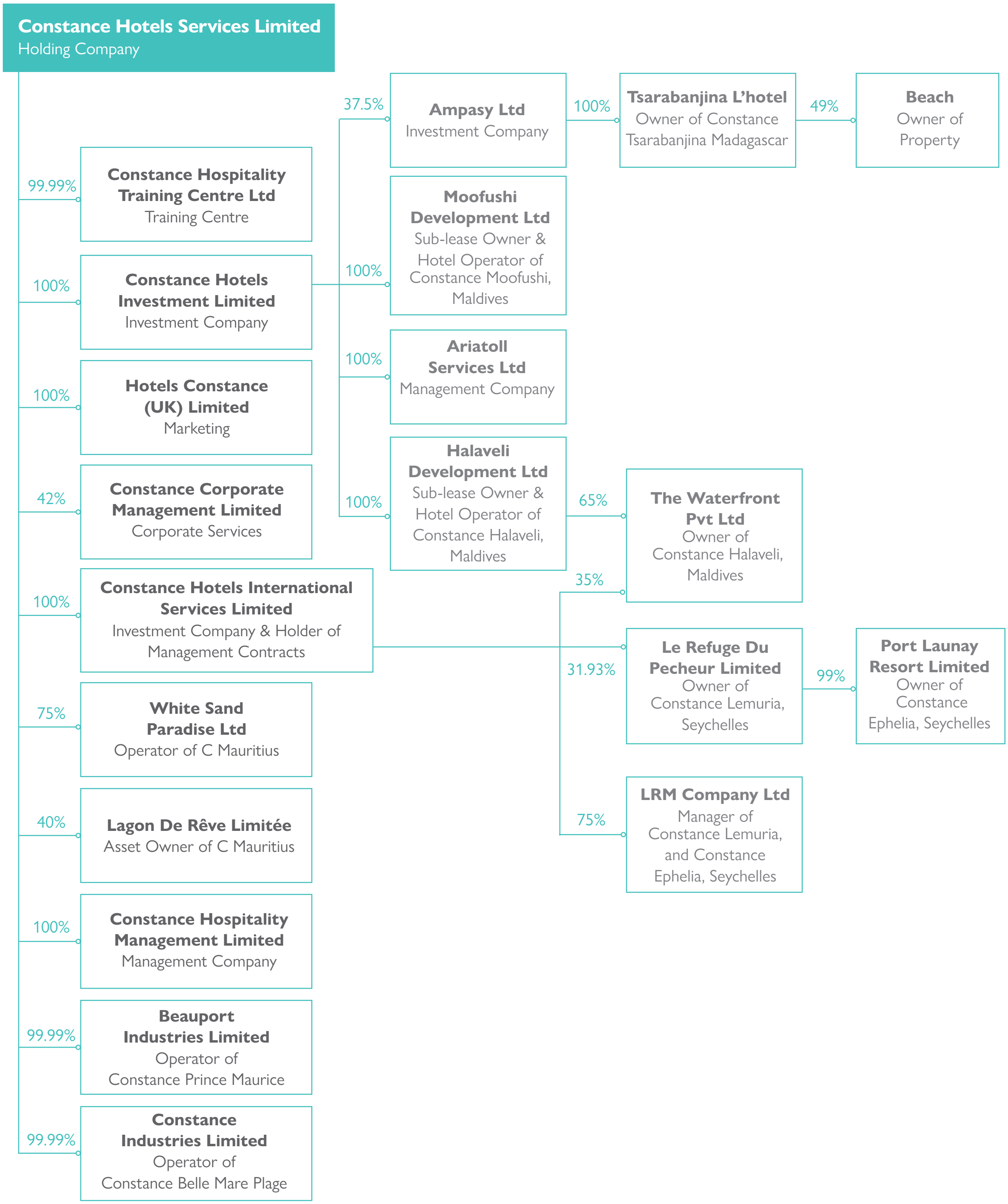
i. Outcome of the Board and Committee self-evaluations held every two years and follow-up on the agreed courses of action to be taken;
ii. Evaluation of nominees for the annual re-election of Directors as well as the directorships of the Subsidiary companies;
iii. Terms of service of Board and Committee members and their re-appointments;
iv. Implementation of a Financial Burden-Sharing Scheme for Directors, Management and Employees;
v. The recruitment and appointment of two new Directors as well as a new Chairperson for the Audit (Risk Management) Committee.
vi. Approve the remuneration of Senior Executives for 2021;
vii. Fee structure for Directors sitting on a Steering Committee;
viii. Succession Planning;
ix. Board Development Programme;
x. Position Statement of Key Senior Governance Executives for inclusion in the Company's Website;

During the year under review, the Committee also took note of the following:

i. Introduction and impact of the Wage Assistance Scheme;
ii. Any new disclosures in the Directors' and Senior Officers' Register of Interest/Insiders Share Dealings/Conflict of Interests and Related Party;
iii. Dates of Board and Committee meetings for 2021;

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

3.6 CORPORATE STRUCTURE (AS AT 31 DECEMBER 2020)



3.7 CORPORATE INFORMATION

Directors

Name	Country of Residence	Board Appointment	Assignment
George J. DUMBELL	Mauritius	Non-Executive – Chairman	Member - Corporate Governance Committee Chairman - Nomination & Remuneration Committee
Nitish BENI MADHU (up to 29 January 2021)	Mauritius	Non-Executive	
Nicolas BOULLÉ	Mauritius	Non-Executive	Member - Corporate Governance Committee
Jean-Philippe COULIER (as from 01 January 2021)	Mauritius	Independent	Chairman - Audit (Risk Management) Committee (as from 01 January 2021)
Catherine FROMET DE ROSNAY (as from 01 January 2021)	Mauritius	Independent	
Marc FREISMUTH	Mauritius	Independent	Chairman - Audit (Risk Management) Committee (up to 31 December 2020) Member - Nomination & Remuneration Committee
Gianduth JEEAWOCK (as from 01 July 2021)	Mauritius	Non-Executive	
Preetee JHAMNA RAMDIN	Mauritius	Independent	Member - Audit (Risk Management) Committee
Clément D. REY	Mauritius	Executive	
Jean RIBET	Mauritius	Executive	Member - Nomination & Remuneration Committee
Georgina ROGERS	Mauritius	Non-Executive	Chairperson – 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

Steering Committees

IT Steering Committee
Data Protection Steering 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
Julien COETTE DIT DUBOIS	Chief Finance Officer
Noorani MUNGLOO	Chief Financial Planning and Analysis Officer
Roshan KOONJA	Chief Information Officer
Vincent DE MARASSÉ ENOUF	Chief Human Resources Officer
Aurélie LECLÉZIO AUPÉE	Group Communications Manager
Olivier DOGER DE SPEVILLEE	E-Business Manager
Imelda JORRE DE ST JORRE	Central Reservations Manager
Philippe OFFRE	Group Technical Manager
Jean-Philippe LEONG KWAI CHEONG	Area Development and Group Procurement Manager
Gilbert VEERAPEN CHETTY	Group Supply Chain Manager
Ram JOORAWON	Group Golf Courses Superintendant
Barbara ELKAZ	Corporate Quality Manager
Delphine TOULET	Corporate Wellness and Spa Manager
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
Bertrand BLANCHET	Resort Manager, Constance Tsarabanjina, Madagascar
Olivier DE GUARDIA DE PONTE	General Manager, C Mauritius

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

Internal
PricewaterhouseCoopers
Chartered accountants
PwC Centre
Avenue de 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
The Mauritius Commercial Bank (Maldives) Private Limited

3.8 PROFILE OF DIRECTORS AND SENIOR OFFICERS (AS AT 31 DECEMBER 2020)

DIRECTORS

George J. **Dumbell** [Age: 73]

Non-Executive 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 52 years of financial, business 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, the 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.
- 15 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:

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

Nitish **Beni Madhu** [Age: 42]

Non-Executive Director - *Appointed in January 2018 (until 29 January 2021)*

Qualifications

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

Experience and Skills

- Over 17 years' experience in the finance industry.
- Headed the non-insurance cluster (capital markets) together with the loans and property segments of SWAN.
- Expertise in asset management, investment advisory and insurance.
- Chairperson of the Central Depository & Settlement Co Ltd.
- Holds directorships in various companies.
- Regularly lectures at the University of Mauritius in Economics and Finance.

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

- Nil

Nicolas **Boullé** [Age: 62]

Non-Executive Director - *Appointed in January 2014*

Qualifications

- Qualified Notary

Experience and Skills

- 30 years' experience as a Notary.

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

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

Marc **Freismuth** [Age: 69]

Independent Director - *Appointed in September 2014*

Qualifications

- MPhil Degree in Economics, 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 fields of Hotel 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:

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

Preetee **Jhamna Ramdin** [Age: 47]

Independent Director - *Appointed in April 2017*

Qualifications

- BA Economics, 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.

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

- Nil

Clément D. **Rey** [Age: 51]

Executive Director and Constance Group Head of Investments and Development - *Appointed in June 2006*

Qualifications

- Bachelor's degree in Business Law (UK)
- Master's degree in Business Law (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, financial and fintech sectors and a member of various board committees.

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

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

3.8 PROFILE OF DIRECTORS AND SENIOR OFFICERS (AS AT 31 DECEMBER 2020) (continued)

DIRECTORS (continued)

Jean **Ribet** [Age: 62]

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, University of Cape Town (South Africa)
- Chartered Accountant, (South Africa)

Experience and Skills

- Joined the Constance Group as Group Financial Controller in 1991.
- 16 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:

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

Georgina **Rogers** [Age: 59]

Non-Executive Director and Chairperson of the Corporate Governance Committee - *Appointed in March 2015*

Qualifications

- Bachelor of Commerce, University of Natal (South Africa)
- Member of the Mauritius Institute of Directors

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:

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

Noël Adolphe **Vallet** [Age: 55]

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:

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

Jean-Jacques **Vallet** [Age: 53]

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), 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 the Association of Hoteliers and Restaurants in Mauritius (AHRIM) for the periods 2003-2004 and 2011-2012.

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

- Constance La Gaieté Company Limited
- Hotelest Limited

DIRECTORS TO BE PROPOSED TO THE SHAREHOLDERS OF THE COMPANY

Appointed as Directors up to the forthcoming Annual Meeting when their appointments will be proposed to the shareholders of the Company.

Jean-Philippe **Coulier** [Age: 72]

Independent Director

Qualifications

- Postgraduate degree in Law (DESS), Panthéon-Assas University (France)
- Sciences Po Paris (France)

Experience and Skills

- Extensive experience in the banking sector, having worked for the Société Générale Group for some 40 years, including 28 years' exposure across the globe.
- Chairman of the Mauritius Commercial Bank Limited from 2014 to 2018.

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

- MCB Group Limited
- Fincorp Ltd
- Promotion and Development Ltd
- Caudan Development Ltd
- Hotelest Limited

3.8 PROFILE OF DIRECTORS AND SENIOR OFFICERS (AS AT 31 DECEMBER 2020) (continued)

DIRECTORS TO BE PROPOSED TO THE SHAREHOLDERS OF THE COMPANY (continued)

Appointed as Directors up to the forthcoming Annual Meeting when their appointments will be proposed to the shareholders of the Company. (continued)

Catherine **Fromet de Rosnay** [Age: 54]

Independent Director

Qualifications

- ‘Magistère de Juriste d’Affaires’, Paris 2 Panthéon-Assas University (France)
- ‘Diplôme de Juriste et Conseil d’Entreprise’ (D.J.C.E), Paris 2 Panthéon-Assas University

Experience and Skills

- Practised as an in-house lawyer for nearly 8 years in the legal department of Nexans in Paris, formerly known as Alcatel Cable France.
- Director of various companies listed on the Stock Exchange of Mauritius.
- As Director of LEGIS & Partners Ltd, involved in the negotiation and drafting of commercial and joint-venture agreements, corporate due diligence exercise, M&A operations, legal and tax advice.
- Chairperson of the Remuneration, Corporate Governance and Ethics Committee of Promotion and Development Ltd and Caudan Development Ltd since December 2016.
- Acts as resident director for various private companies controlled by French investors and Board member of the Chambre de Commerce et d’Industrie France-Maurice.

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

- Caudan Development Ltd
- Hotelest Limited
- Promotion and Development Ltd

Gianduth **Jeeawock** [Age: 37]

Non-Executive Director

Qualifications

- Chartered Financial Analyst, CFA Institute (USA)
- MBA International Paris

Experience and Skills

- Over a decade of experience in capital markets.
- As Senior Manager-Capital Markets, he currently provides strategic directives into SWAN’s Capital Markets division.
- Amongst the driving forces of the SWAN Group’s investment activities, including strategic investments in Mauritius and abroad.

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

- Nil

SENIOR OFFICERS

Kevin **Chan Too** [Age: 44]

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 engaged in the property, finance and investment sectors.

Siegfried **Espitalier Noël** [Age: 52]

Chief Marketing Officer

Qualifications

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

Experience and Skills

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

Andrew **Milton** [Age: 55]

Chief Operations Officer

Qualifications

- BSc in Institutional Management, 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.

Julien **Coëtte dit Dubois** [Age: 40]

Chief Finance Officer

Joined Constance Hotels, Resorts and Golf in April 2019.

Qualifications

- Master's Degree with a specialisation in Finance, EDHEC Business School (France)
- « Classe Préparatoire HEC Scientifique », 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 the 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.

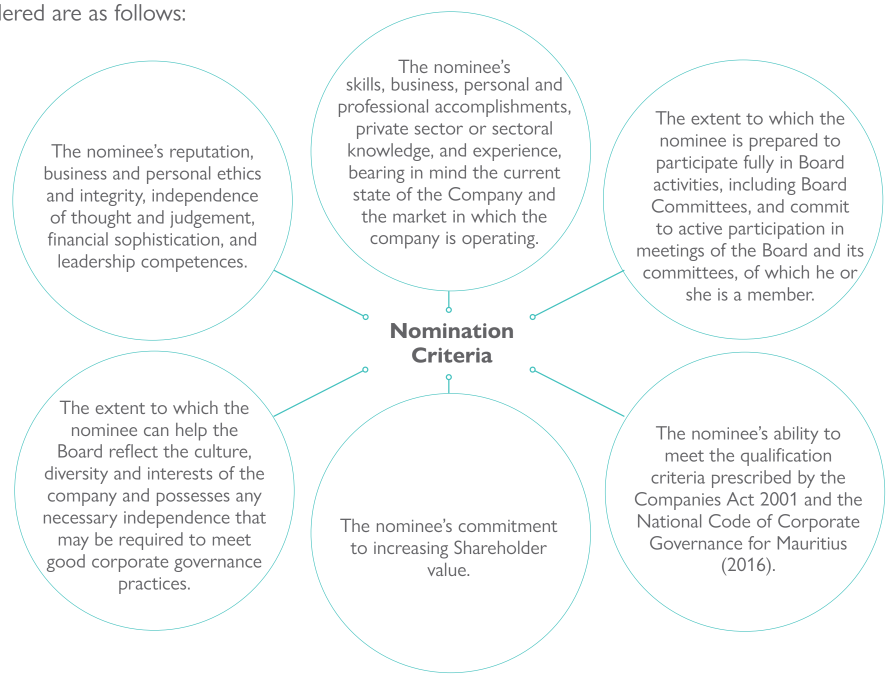
All Directors' profiles are disclosed in the Annual Report, which is presented on the Company's website, and reflect the diverse skill mix of the Board, including industry knowledge, accounting and finance, management, international business, business strategy, crisis management, corporate governance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

4.2 NOMINATION PROCESS AND CRITERIA

Prior to nominating a Director, the Board takes 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 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.
- 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.
- From 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 are 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.

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, with the onus for their self-development resting with each individual Director. 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.

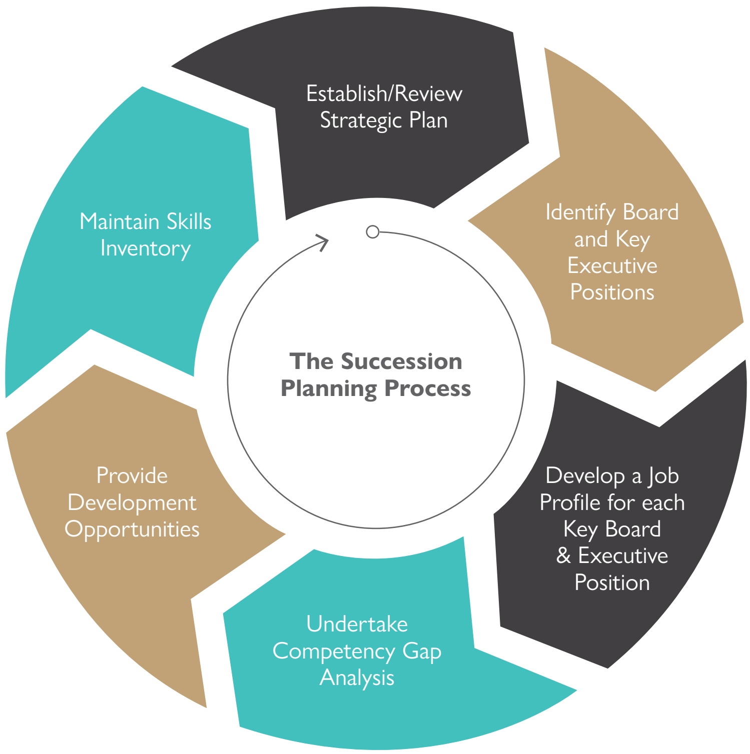
4.6 SUCCESSION PLAN

The Company adequately monitors its Succession Planning requirements, given its scale and level of sophistication. It identifies the necessary competencies 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 leadership continuity for all critical positions and, consequently, ensuring that current and projected business strategies are fully and effectively deployed.

The process is reviewed and updated on a continual 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 challenges caused by the COVID-19 outbreak and 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, including a review of the skills inventory. 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 leadership continuity 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 with 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, to 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 taken by the Company Secretary are subsequently approved by the Board and 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 any new Conflict of Interests & Related-Party Transactions and share dealings with the first agenda item at every board meeting calling for these disclosures. An update is also carried out by the Company Secretary.

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, Mr Siegfried Espitalier Noël disposed 50,000 shares and 15,000 shares held directly and indirectly respectively by him in 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 2020 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	-	-	-
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
Noël Adolphe VALLET	-	-	0.46
Jean-Jacques VALLET	211,561	0.05	0.21
Senior Officers			
Kevin CHAN TOO	11,100	0.01	0.04
Siegfried ESPITALIER NOËL	37,168	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 2020, are found on page 55 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 2020)

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

Directors of BMH Ltd (as at 31 December 2020)

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

5.8 DIRECTORS' AND SENIOR EXECUTIVES' 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. Directors are reimbursed for unusual expenses associated with undertaking their duties.

For 2020, Directors' annual fees remained unchanged at 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 2020, also remained unchanged at:

	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

Board representatives sitting on the Steering Committees are remunerated at the rate of MUR 15,000 per sitting as from 2020. During the second half of 2020, the Directors of the Company participated in the Company's Burden Sharing, in regard to the implications of the COVID-19 pandemic, and agreed to forfeit 50% of their Board and Board Committee Fees for the period 1 July to 31 December 2020.

Under the recommendations of the Nomination & Remuneration Committee, the Board of Directors agreed to recommend to the Shareholders that there be no revision of fees for the members of the Board for 2021.

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 exercise requires each Director to reflect on and assess 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's evaluation process is undertaken by way of a 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 under review, the Board and relevant Committees ensured the implementation of the recommendations made by the Nomination and Remuneration Committee on corrective measures to be undertaken in 2020, following the Board and Committee assessments conducted in 2019.

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' remunerations 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 rewards for exceeding the set targets are market-driven. Every two years, the Nomination & Remuneration Committee reviews Executives' Remunerations to ensure that they remain competitive to the local market. This exercise was last carried out in 2018.

Every year, performance targets are set for Senior Executives by identifying, from the Key Result Areas and Key Performance Indicators of his or her respective job, the main priorities which the Senior 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 2020	7	6	3	7
Meetings attended				
George J. DUMBELL	7		3	7
Nitish BENI MADHU	6			
Nicolas BOULLÉ	7		3	
Marc FREISMUTH	7	6		7
Preetee JHAMNA RAMDIN	5	6		
Clément D. REY	7			
Jean RIBET	7			7
Georgina ROGERS	7		3	
Noël Adolphe VALLET	7	6		
Jean-Jacques VALLET	7			

6 RISK MANAGEMENT AND INTERNAL CONTROLS

6.1 RISK MANAGEMENT

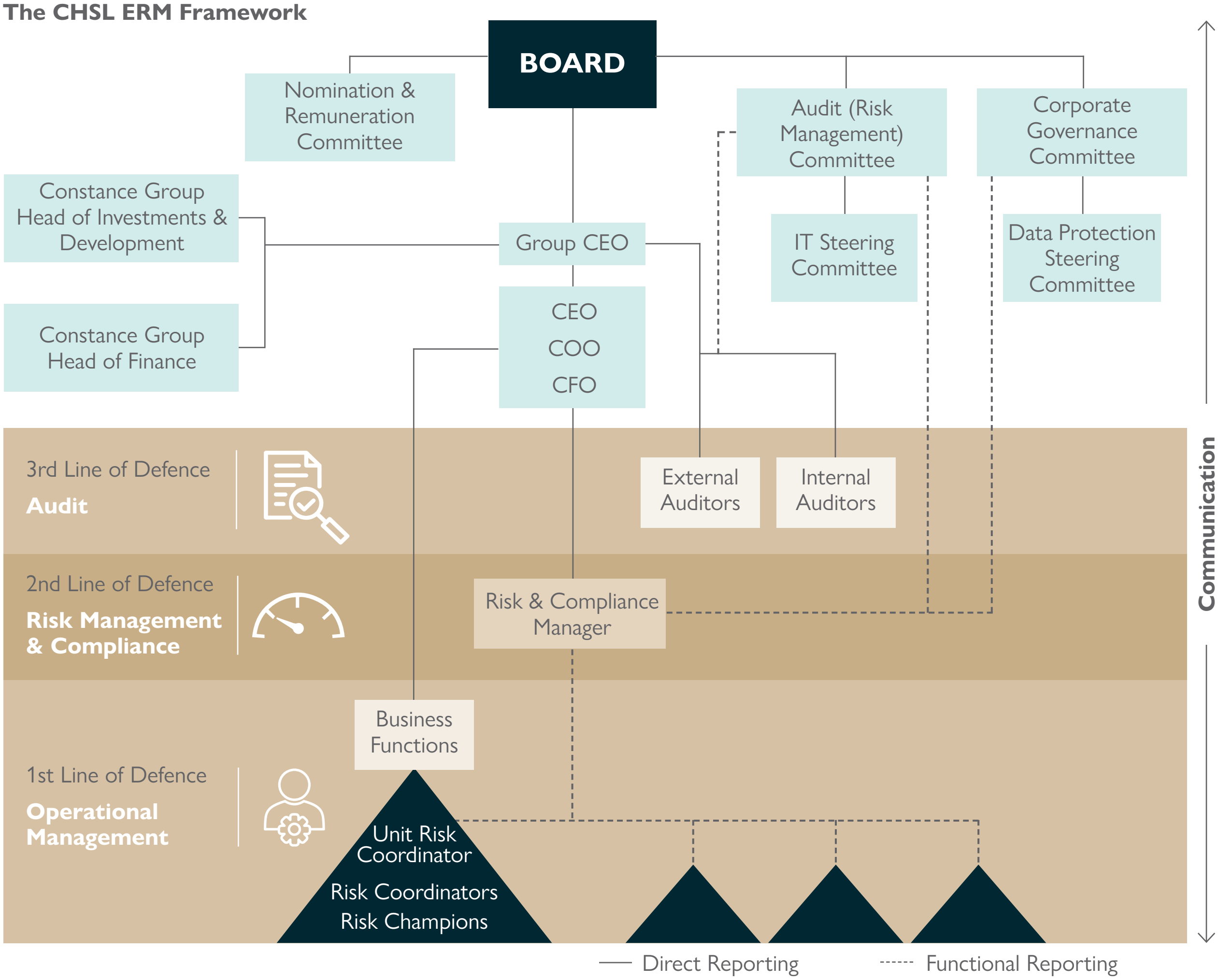
Risk Management Framework

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

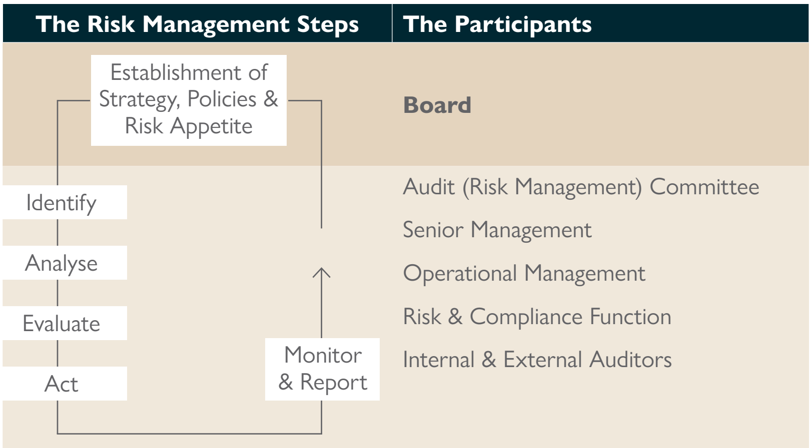


6.1 RISK MANAGEMENT (continued)

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, COO and CFO 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 re-evaluated 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 2020, the RCM, together with the resort ERM coordinators, embarked on the implementation of the new ERM Risk Appetite Framework which resulted from the workshops conducted in November 2019. With a clear formulation of the Company's strategic objectives, risk drivers and key risk indicators, the new framework provides better guidance to the ERM Team in assessing risks associated with these strategic objectives.

Some changes were necessary to adapt to the new risk appetite framework. As a result, risks are now assessed in a scale of one to five, and measured against their impact on the four capitals, namely Financial, Intellectual, Human, Social & Natural. The risks that were identified by the teams before November 2019 were linked to the strategic objectives and were re-assessed in line with the new risk parameters and assessment criteria. Consequently, the risk register was restructured to provide better insight into the evolution of risk movements over time. Risk owners were identified and briefed on the new methodology.

The Audit (Risk Management) Committee met twice during the year to assess the progress of implementation of the new risk appetite framework. Members were satisfied that progress was in line with the action plan and time frame established by the risk management consultants. The Committee recommended the use of appropriate technology that would add value and enhance the quality of ERM reports and time to generate these reports. Newly-designed reports were presented at the second meeting on ERM held by the Committee. The Committee was also informed of the development of an ERM tool to facilitate input and reporting.

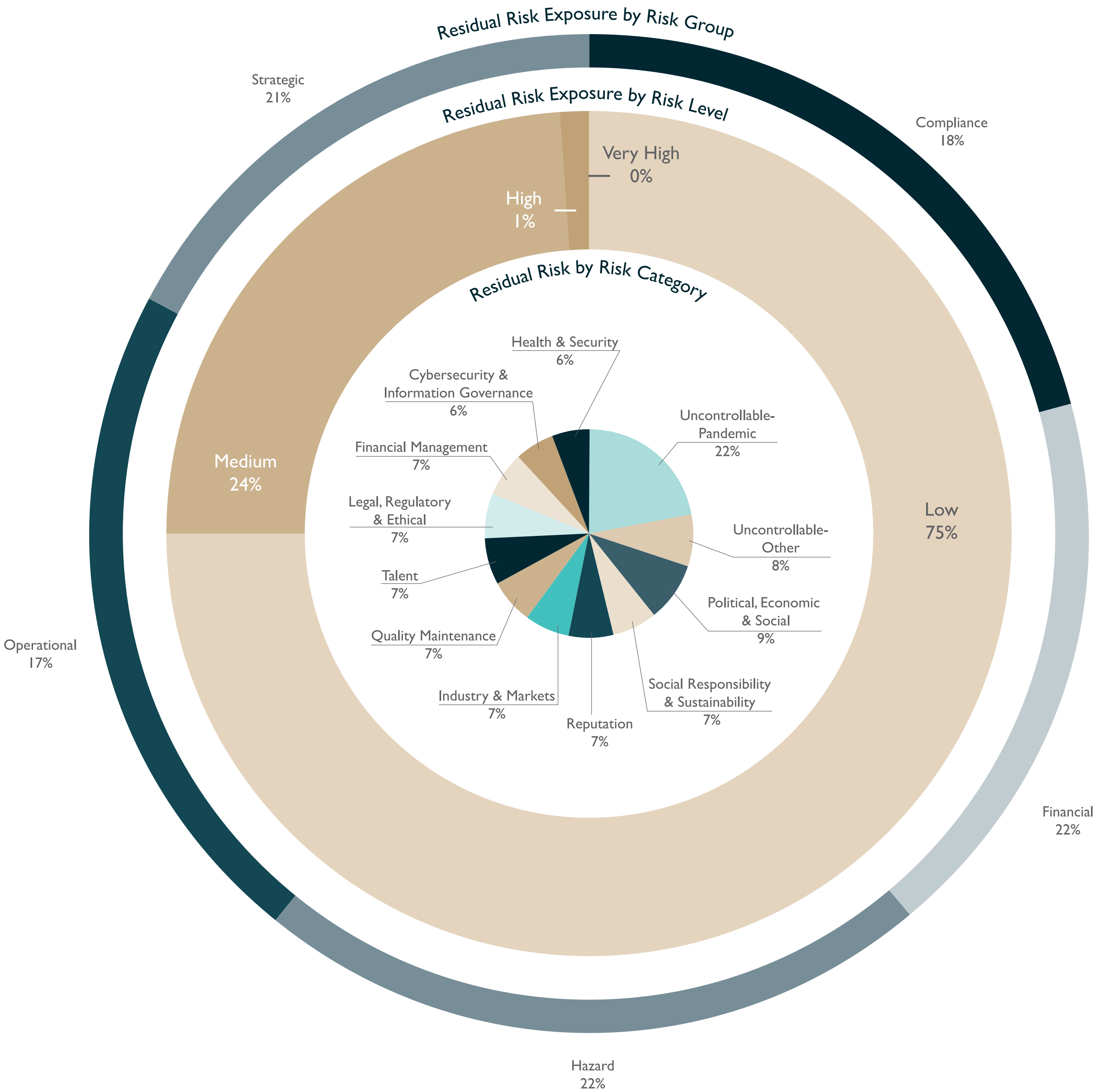
The 3 Lines of Defence of CHSL's ERM Framework

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 ultimate responsibility for the management of risks, at property level, lies with the General Manager. • The CEO, COO and CFO 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.

6.1 RISK MANAGEMENT (continued)

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 2020, reflect the Company's risk appetite as approved by the Board.



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. • Reinforced sanitary protocol & Constance Stay Safe implemented in all properties.
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, Anti-Trust 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.

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. • Code of Ethics and Conduct for our business partners. • 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. • Monitoring compliance with data protection and other applicable laws and regulations. • Data processing agreement signed with our third-party data processors. • Implementation of reinforced sanitary protocols due to the COVID-19 pandemic. • Implementing sustainable practices.	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 (continued)

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.	• 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 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 in the Notes to Financial Statements.	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.

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 IT 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.	• IT Steering Committee met once. • Effective and proactive IT governance structure in place. • Enhanced cybersecurity measures implemented such as: New Asset Management system, Two-factor Authentication for VPN Access, Mobile Device Management MaaS360, Sophos Email Security, Openvas Network Scanning and Monitoring, Web protection of Finance & HR Systems, Patch Management, Endpoint Detection & Response, Endpoint Encryption, Peripheral control, Bitwarden for Central Password Keeper. • Phishing simulation and cyber training were conducted.
Health & Security	Health and safety issues (e.g. COVID-19 pandemic, occupational incidents and food-related issues) faced by our guests and employees.	• The Corporate Sustainability Manager oversees, harmonises and monitors the Sustainability, Health & Safety and Food Safety functions across all hotels of the Group with strict controls to ensure compliance with international good practices, 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.	Corporate Sustainability Policy and Risk Management Policy.	• Monitoring of COVID-19 protocols. • Monitoring of incidents. • Employee training and awareness. • Additional CCTV cameras installed. • Risk assessment done and closely monitored. • Precautionary measures updated for guests. • Ongoing preventive maintenance. • Emergency procedures updated and drills conducted. • Appropriate Personal Protective Equipments provided. • Improved safety procedures.

6.1 RISK MANAGEMENT (continued)

Risk Mitigation Initiatives (continued)

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.	• Updated Recruitment policy. • Training & certification programme. • Career development programme. • Employee recognition and awards. • Appraisals and performance reviews. • Development of Succession planning policy.
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. • All major requirements of the EU GDPR and DPA 2017 have been implemented. • 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 at section 6.4.	• Effective communication of new legal requirements and ethical standards. • Ongoing implementation of organisational and technical measures to ensure full compliance with the EU GDPR and DPA 2017. • Ongoing training and awareness programme for employees.

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

- Compliance with all 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
- Monitor 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

- Quarterly 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:

- A new Work from Home Policy was drafted in collaboration with the Human Resources and the IT departments in order to properly adjust to the 'new normal' of working away from home in the light of the COVID-19 circumstances. The RCM ensured that the Policy complies with the applicable legal provisions and that it provides clear guidance to employees, highlighting their accountability and responsibility to maintain the confidentiality and security of the Company's assets and information.
- Compliance communication was maintained via email and made easier with 'Workplace by Facebook', our new employee communication and collaboration tool. Changes in legislations and guidelines were communicated to employees in a timely manner. The RCM also used this tool to conduct online compliance training and awareness, mainly in the form of quizzes and on topics such as data protection, code of conduct and anti-money laundering. All information shared through this tool are stored for future reference.
- The contracts management system implemented in the previous year was helpful in providing a timely overview of the organisation's contractual obligations in view of negotiations with third parties, as part of the pandemic recovery measures.
- An internal audit was conducted on the contracts management system whereby the effectiveness of the system and key controls were assessed. The post audit recommendations are being implemented.
- Data controllers were required to file new applications for registration pursuant to the new Data Protection Fees Regulations 2020. The compliance department assisted the teams and ensured that all Constance properties located in Mauritius submitted their new applications on time. The new registrations are valid for three years.
- A data transfer authorisation was obtained from the Mauritius Data Protection Office, as required under the DPA 2017 and the EU GDPR. Other initiated or ongoing tasks with respect to data protection included: incident response and breach management procedures, data inventory updates and review of data protection notices and disclaimers. The Payment Card Industry Data Security Standard (PCIDSS)/GDPR risks were assessed and new procedures were set up for the handling of credit cards. Third parties were requested to sign our Data Processing Agreement. The cookie consent on our websites was amended to comply with the EU Cookies Directive. The CCTV Policy, Internal Privacy Notice for Employees and Data Protection Steering Committee Charter were reviewed and approved by both the Data Protection Steering Committee and the Corporate Governance Committee.
- Relevant employees were required to complete a disclosure questionnaire, in line with our Conflict of Interest and Related Party Transactions Policy. Responses were duly recorded.
- The RCM ensured that disclosures required under the National Code of Corporate Governance for Mauritius (2016) were available on the Company's website.
- The Compliance team assisted line managers in reviewing contracts and agreements prior to signing, drafted disclaimers upon request and liaised with the Company lawyers on various matters. The Company's trademark registrations were duly maintained.

In 2020, the RCM was invited to present two reports to the Corporate Governance Committee, and two reports to the Audit (Risk Management) Committee which focused on the implementation progress of the new risk appetite framework that resulted from workshops held in November 2019. The RCM was also invited to present one report to the Data Protection Steering Committee and participated in one IT Steering Committee held during the year.

6.3 INFORMATION, INFORMATION TECHNOLOGY (IT) AND INFORMATION SECURITY (IS)

Information, IT and IS Governance Framework

In order to ensure that the performance of the Company's information and IT-related systems leads to business benefits and creates value, the Board ensured that a sound information, IT and IS governance framework is implemented.

In line with the National Code of Corporate Governance for Mauritius (2016), an IT Steering Committee was set up in 2018 as a sub-committee of the Audit (Risk Management) Committee. The IT Steering Committee is chaired by the Chief Information Officer, and comprises one Board representative, notably, the Independent Chairman of the Audit (Risk Management) Committee, three members of Senior Management, two members of the finance department and the RCM.

Owing to restrictions related to the COVID-19 pandemic, the IT Steering Committee met only once in 2020. The Committee reviewed the IT initiatives earmarked for the year and re-aligned them in accordance to the new priorities of the Company following the COVID-19 outbreak. The top priority of the Committee was to enable technological measures that safeguard and enhance the health and safety of our guests and team members while securing company assets. Furthermore, the Committee worked on key initiatives to endow the Group with resilience while ensuring enough resources for a quick recovery.

The Committee further advised on a cost-optimisation initiative whereby existing IT contracts were reviewed. Only contracts related to critical services in operation were kept while new contracts on new technological innovations were enabled. A new Constance App was developed for contactless service to guests. Paperless check-in and check-out were also implemented. In addition, the workplace was completely revamped with a seamless "work from home" environment while cybersecurity was reinforced in order to safeguard the Company from increased cyberattacks. The Committee also reiterated the need to reinforce the IT governance framework within the Group during this difficult time.

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 IT Steering Committee which review information risks and the implemented mitigation actions, ensuring 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 that 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.

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

6.3 INFORMATION, INFORMATION TECHNOLOGY (IT) AND INFORMATION SECURITY (IS) (continued)

Information, IT and IS Governance Framework (continued)

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 recently, 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, in normal circumstances, on an annual basis, to present achievements and new developments of the IT function to the Board.

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.

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 CHSL, we treat privacy matters very seriously and we believe that it is the responsibility of every person in the organisation to safeguard information and comply with legal requirements in their daily operations. We strive to promote a privacy culture within the organisation, we maintain employee awareness on data protection requirements through regular sharing of information via our intranet and we organise online quizzes to test or update employee knowledge on the subject. Our regularly-updated corporate Data Protection Policy and our CCTV Policy, issued in 2020, provide the necessary guidance to our employees with regard to the proper handling of personal data of our guests, employees and other stakeholders.

The major requirements of the DPA 2017 and EU GDPR have been implemented and our data protection team remains on the lookout for any evolving requirements. In 2020, we took note of the regulations governing cookies under the EU GDPR and the ePrivacy Directive and made the necessary changes to allow the selection of cookies on our websites. While we keep consolidating organisational and technical measures to reinforce data security on our side and develop best practices, we urge our third-party processors to apply the same level of care and security, as stated in our Data Processing Agreement that the processor duly acknowledges by signature. We keep track of data subject requests and respond within the recommended timeframe.

The DPSC met twice in 2020 and assessed the implementation progress of the DPA 2017 and EU GDPR. The Committee also approved the DPSC Charter, the new CCTV policy, the amended Data Protection Policy and the Internal Privacy Notice to Employees.

Projects and initiatives to strengthen cybersecurity and data protection were discussed during the IT Steering Committee meeting held in August 2020.

6.4 CHARTERS, POLICIES AND CODES

Overview

The Charters, Policies, Codes and other documents laid out in the key documents mentioned in the following table are approved by the Board on the recommendation of its relevant Committees and are applied throughout the Group. Certain Policies, Codes, the Organisational Chart, Statement of Major Accountabilities and Job Description of Key Senior Governance Positions are monitored on an ongoing basis and are subject to review at least annually whilst Charters are reassessed every two years, unless otherwise required.

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

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

6.4 CHARTERS, POLICIES AND CODES (continued)

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.

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 page 132 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 2020, 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	Inventory Management	Prompt action taken upon identification of discrepancies. Controls have been strengthened and procedures have been enhanced since the audit.
Maldives	Health & Safety (H&S) (4 Reports)	Management agreed to review and reinforce certain Standards of Procedures as per the recommendations of the Internal Auditors.

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

To comply with the provisions of the Financial Reporting Act 2004 (amended in 2016), Ernst & Young was appointed the external auditors of the Company and Group at the Annual Meeting of Shareholders held on 30 September 2020, in replacement of BDO & Co.

7. RELATIONS WITH KEY STAKEHOLDERS

7.1 SHAREHOLDING SPREAD

Size of Shareholding	Number of Shareholders	Number of Shares Owned	Percentage Shareholding
1 - 500	169	28,392	0.026
501 - 1,000	38	31,186	0.028
1,001 - 5,000	141	352,756	0.322
5,001 - 10,000	55	381,162	0.348
10,001 - 50,000	67	1,544,766	1.409
50,001 - 100,000	13	911,091	0.830
100,001 - 250,000	15	2,586,578	2.359
250,001 - 500,000	3	1,045,849	0.954
Over 500,000	19	102,771,569	93.724
Total	**520**	**109,653,349**	**100.000**

Shareholder category	Number of Shareholders	Number of Shares Owned	Percentage Shareholding
Individuals	391	6,393,817	5.831
Insurance and Assurance Companies	12	3,914,027	3.570
Pension and Provident Funds	35	30,592,516	27.899
Investment and Trust Companies	11	426,542	0.389
Other Corporate Bodies	71	68,326,447	62.311
Total	**520**	**109,653,349**	**100.000**

7.2 SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, 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	25,242,416	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.

No dividend was declared in December 2020 (2019: Nil per share).

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 21.0 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 that 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, financial situations and relief measures, and general outlook.

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

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

7.7 STAKEHOLDER ENGAGEMENT (continued)

Stakeholders	Expectations	Mode of Engagement/ Communication	Frequency
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
Local Communities & NGOs	• Responsible business practices, taking into consideration social and environmental issues. • Operations that do not jeopardise 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: Etoile de Mer School, Caritas, Friends of the Poor, SAFIRE and Centre d'Accueil de Terre Rouge	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

** This year again, the COVID-19 pandemic in Mauritius significantly disrupted our Company's reporting calendar.*

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	349	-	349
Nitish BENI MADHU	90	-	90
Nicolas BOULLÉ	135	-	135
Marc FREISMUTH	210	-	210
Preetee JHAMNA RAMDIN	146	-	146
Georgina ROGERS	158	-	158
Noël Adolphe VALLET	146	-	146
TOTAL	**1,234**	**-**	**1,234**
Executive			
Clément D. REY	90	-	90
Jean RIBET	-	-	-
Jean-Jacques VALLET	-	17,602	17,602
TOTAL	**90**	**17,602**	**17,692**
GRAND TOTAL	**1,324**	**17,602**	**18,926**

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 2020)

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										•			

Other Statutory Disclosures

(Pursuant to section 221 of the Companies Act 2001)

Donations

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 outbreak of the COVID-19 pandemic in 2020, significantly impacted on CHSL, leading to considerable cuts in the contributions made to Fondation Constance during the year under review.

	The Group		The Company	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
National Social Inclusion Foundation (through MRA)	**-**	-	**-**	-
CSR contribution to Fondation Constance	**-**	2,000	**-**	2,000
Others	**82**	32	**-**	-
Total	**82**	2,032	**-**	2,000

Political donation during the year, for the Group and the Company was nil (2019: MUR 2.5 million).

Auditors' Remuneration

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

	THE GROUP		THE HOLDING COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Audit fees paid to:				
Ernst & Young	**4,089**	-	**525**	-
BDO & Co.	**-**	3,105	**-**	450
Other firms	**719**	979	**-**	-
Fees for other services paid to:				
Ernst & Young	**-**	-	**-**	-
BDO & Co.	**-**	278	**-**	120
Other firms	**730**	606	**-**	-

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 November 2021

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 November 2021

Financial Statements

Independent Auditor's Report

To the Members of Constance Hotels Services Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Constance Hotels Services Limited (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 134 which comprise the consolidated and separate statements of financial position as at December 31, 2020, consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Group and Company as at December 31, 2020, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

The Key Audit Matters apply equally to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Impairment of Investment in subsidiary companies The Company holds investments in subsidiaries which amounted to MUR 3.2 billion as of December 31, 2020 (2019: MUR 2.2 billion). Investments in subsidiary companies are carried at cost less impairment in accordance with IAS 36 Impairment of Assets in the company's separate financial statements. Management determines at the end of each reporting period the existence of any indication of impairment of the Company's investments in subsidiaries. If there are indicators of impairment, management would assess the recoverable amounts of the investment in subsidiary companies. Any shortfall between the recoverable amounts of the subsidiaries and their carrying value is recognised in profit or loss. The subsidiaries operate in the hospitality sector and following the COVID-19 pandemic, there were consequential disruptions in the operations of these subsidiaries. Management is of the view that these subsidiaries might not sustain their performance in order to support their respective carrying value in the company's financial statements. As a result, an impairment assessment was required to be performed by comparing the carrying value of these to their recoverable amount to determine whether an impairment was required to be recognised. There was uncertainty in estimating the recoverable amount of the investment in subsidiaries, which principally arose from the inputs used in both forecasting and discounting of future cash flows. Furthermore, the value-in-use is highly sensitive to changes in these inputs. The impairment adjustment amounted to MUR 749 million (2019: Nil) for financial year 2020 and disclosures relating to the impairment review of investments in subsidiary companies have been provided in Notes 4 and 8 to the separate financial statements.	**Our procedures in relation to assessing the impairment of investment in subsidiary companies included the following:** We reviewed the Group's controls relating to the preparation and approval of cash flow forecasts. We obtained the discounted cash flow models that support the value-in-use calculations. Together with our valuation specialist, we performed the following: • We assessed the appropriateness of the methodology applied in the impairment assessment of investment in subsidiary companies. • We assessed the reliability and appropriateness of assumptions used to reach projections on future income, terminal growth rate assumptions, discount rates and performed sensitivity analysis to determine the impact of those assumptions. Our valuation specialist independently derived the discount rates and compared same with those of management. • We verified the mathematical accuracy of the discounted cashflow forecasts and checked the internal consistency of the models. • We reviewed the supporting agreements and underlying documentation which support the financial forecasts prepared by management. • We challenged the key judgments provided by management with reference to historical trends, our own expectations based on our industry knowledge and management's strategic plans given the continuing impact of the COVID-19 pandemic on the economy.

Independent Auditor's Report

To the Members of Constance Hotels Services Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

The Key Audit Matters apply equally to the audit of the consolidated and separate financial statements. (continued)

Key Audit Matter	How the matter was addressed in the audit
The determination of the recoverable amount of the investments in subsidiary companies was one of the key judgemental areas in preparing the financial statements due to a combination of the significance of the investments in the subsidiaries and the inherent uncertainty in the assumptions supporting the recoverable amount of these investments. Accordingly, the impairment of investment in subsidiary companies was determined to be a key audit matter.	• We discussed potential changes in key inputs with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were reasonable. We reviewed the sensitivity analysis performed by management to evaluate the impact on the value-in-use calculations. We also assessed the appropriateness and completeness of the related disclosures made in the financial statements.
Impairment of goodwill Goodwill arose on the acquisition of a foreign subsidiary in Maldives. The carrying amount of goodwill recognised at Group level amounted to Nil as at December 31, 2020 (MUR 483m) and an impairment loss of MUR 504 million was recognised during the year under review. In accordance with IAS 36 Impairment of Assets, management tests for impairment of goodwill annually by comparing the carrying amount of the cash generating unit (CGU), including the goodwill, with the recoverable amount of the unit. Management has assessed impairment of goodwill as at December 31, 2020 using discounted cash flows to determine the recoverable amount of the respective CGU to which the goodwill has been allocated. These projections involve significant judgment by management such as determining the appropriate weighted average cost of capital (WACC), revenue growth rates, gross margins and operating margins. The COVID-19 pandemic has severely affected the global economy and financial markets. The pandemic has created uncertainties around the projections of future income and growth rate assumptions as well as discount rates. More specifically, there is uncertainty around the duration of the pandemic and timing of the recovery of the economy. These factors have made the timing and amount of future cash flows more uncertain when they are already inherently uncertain.	**Our procedures in relation to assessing the impairment of goodwill included the following:** We evaluated the appropriateness of management's identification of the Group's CGUs and tested the operation of the Group's controls over the impairment assessment process. We obtained the discounted cash flow models that supports the value-in-use calculation. Together with our valuation specialist, we performed the following: • We assessed the appropriateness of the methodology applied in the Group's annual goodwill impairment assessment. • We assessed the reliability and appropriateness of assumptions used to reach projections on future income, terminal growth rate assumptions, discount rates and performed sensitivity analysis to determine the impact of those assumptions. Our valuation specialist independently derived the discount rate and compared same with management's figure. • We verified the mathematical accuracy of the discounted cashflow forecasts and checked the internal consistency of the model.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

The Key Audit Matters apply equally to the audit of the consolidated and separate financial statements. (continued)

Key Audit Matter	How the matter was addressed in the audit
Management has disclosed the accounting judgments and estimates relating to goodwill impairment review in Note 4 to the consolidated financial statements. The disclosures relating to the assumptions used to determine the recoverable amount of the goodwill has been provided in Note 7. The assumptions used, and judgements applied to arrive at those estimates can have a material impact on the consolidated financial statements of the Group. Accordingly, the impairment of goodwill is considered to be a key audit matter.	• We reviewed the supporting agreements and underlying documentation which support the financial forecast prepared by management. • We challenged the key judgments provided by management with reference to historical trends, our own expectations based on our industry knowledge and management’s strategic plans given the continuing impact of the COVID-19 pandemic on the economy. • We discussed potential changes in key inputs with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were reasonable. We reviewed the sensitivity analysis performed by management to evaluate the impact on the value-in-use calculation. We also assessed the appropriateness and completeness of the related disclosures made in the financial statements.
Valuation of employee benefit liabilities The employee benefit liabilities of the Group amount to MUR 316 million as of 31 December 2020 (2019: MUR 270 million). The Group’s employee benefit liabilities comprise the obligations under the defined benefit plan and the Workers’ Rights Act and the Company and is therefore significant. Accounting for a defined benefit pension plan and the value of liabilities is dependent on significant assumptions, including an assessment of the discount rate, salary increase inflation and key demographic figures including life expectancy and mortality rates as disclosed in Note 18. A change in any of these assumptions could cause a material change in the value of the liabilities. Employee benefit liabilities are considered a key audit matter due to the significance of the balance to the financial statements as a whole and due to the judgment associated with determining the amount of provision.	**Our procedures in relation to the valuation of employee benefit liabilities included the following:** • We evaluated the appropriateness of the assumptions applied in the valuation of the employment benefit liabilities, and the information contained within the actuarial valuation reports with the assistance of our internal pension and actuarial specialist team. We compared the discount rates and annual salary increase applied with historical data and market data available at year end and ensured that they were reasonable. Where applicable, we tested whether the balances and movements determined by the actuary were within our expectations. This assessment covers both the Company and its subsidiaries classified as held for sale. • We tested the completeness and accuracy of the underlying membership data provided to the actuary to determine the underlying value of the pension liability. • We assessed the competence and objectivity of the qualified actuaries engaged by the Group to value the defined benefit pension obligations under IAS 19. • We assessed the completeness and accuracy of disclosures in Note 18 of the financial statements in accordance with IAS 19.

Independent Auditor's Report

To the Members of Constance Hotels Services Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "CONSTANCE HOTELS SERVICES LIMITED AND ITS SUBSIDIARIES FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020", which includes Statutory Disclosures, Statement of Directors' Responsibilities, and the Secretary's Certificate as required by the Companies Act 2001. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance ("the Code") 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 Group has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Financial Reporting Act 2004**,** and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and 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.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

- 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 the Directors.
- Conclude on the appropriateness of the 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 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 consolidated and separate 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/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate 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 the Directors 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 the Directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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.

Use of our report

This report is made solely to the Company's members, 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 members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Other matter

The financial statements of Constance Hotels Services Limited (the "Company") and its subsidiaries (the "Group") for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on June 30, 2020.

Independent Auditor's Report

To the Members 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 other than in our capacity as auditors, tax advisors and dealings in the ordinary course of business.

We have obtained all the 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.

ERNST & YOUNG (s)
Ebène, Mauritius

ANDRE LAI WAN LOONG, F.C.A. (s)
Licensed by FRC

30 November 2021

Statements of Financial Position

December 31, 2020

	Notes	THE GROUP 2020 MUR'000	THE GROUP *Restated 2019 MUR'000	THE COMPANY 2020 MUR'000	THE COMPANY *Restated 2019 MUR'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**8,265,139**	8,237,098	**1,068**	1,794
Right-of-use assets	6	**4,258,884**	3,479,116	**3,116**	7,051
Intangible assets	7	**14,068**	502,949	**193**	272
Investments in subsidiary companies	8	**-**	-	**3,192,458**	2,196,534
Investments in associates	9	**2,077,053**	1,754,239	**187,000**	144,070
Financial assets at amortised cost	10	**-**	53,906	**-**	53,906
Deferred tax assets	11	**78,375**	96,770	**3,947**	16,485
		14,693,519	14,124,078	**3,387,782**	2,420,112
Current assets					
Inventories	12	**367,894**	378,180	**-**	-
Trade and other receivables	13	**88,631**	370,799	**-**	-
Financial assets at amortised cost	10	**189,997**	349,728	**1,155,575**	2,385,888
*Other assets	14	**103,318**	172,970	**17,337**	16,203
*Current tax asset	21(a)	**20,991**	18,593	**-**	-
Cash and cash equivalents	27(b)	**144,992**	102,784	**18,474**	11,898
		915,823	1,393,054	**1,191,386**	2,413,989
Total assets		**15,609,342**	15,517,132	**4,579,168**	4,834,101
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
Revaluation and other reserves	16	**3,605,227**	3,347,525	**-**	-
Retained earnings		**(939,004)**	477,849	**(323,319)**	320,607
Owners' interest		**4,819,618**	5,978,769	**1,830,076**	2,474,002
Non-controlling interests		**(11,965)**	10,581	**-**	-
Total equity		**4,807,653**	5,989,350	**1,830,076**	2,474,002
LIABILITIES					
Non-current liabilities					
Borrowings	17	**3,968,283**	2,748,198	**779,104**	626,112
Lease liabilities	6	**3,829,714**	2,910,052	**2,361**	3,702
Deferred tax liabilities	11	**42,350**	44,870	**-**	-
Employee benefit liabilities	18	**316,435**	270,259	**-**	-
		8,156,782	5,973,379	**781,465**	629,814
Current liabilities					
Trade and other payables	19	**502,587**	868,686	**507,455**	642,284
Borrowings	17	**2,027,680**	2,624,417	**1,457,279**	1,084,552
Lease liabilities	6	**112,055**	61,300	**2,893**	3,449
Current tax liabilities	21(a)	**2,585**	-	**-**	-
		2,644,907	3,554,403	**1,967,627**	1,730,285
Total liabilities		**10,801,689**	9,527,782	**2,749,092**	2,360,099
Total equity and liabilities		**15,609,342**	15,517,132	**4,579,168**	4,834,101

These financial statements have been approved for issue by the Board of Directors on 30 November 2021.

George J. Dumbell (s)
Chairman

Jean Ribet (s)
Constance Group Chief Executive Officer

*Certain changes have been made to the comparatives information. Refer to Note 20 for further details of the adjustments that had been made.
The Notes on pages 72 to 134 form an integral part of these financial statements.
Auditor's report on pages 60 to 66.

Statements of Profit or Loss

Year ended December 31, 2020

	Notes	THE GROUP 2020 MUR'000	THE GROUP *Restated 2019 MUR'000	THE COMPANY 2020 MUR'000	THE COMPANY *Restated 2019 MUR'000
Revenue	22	**1,583,508**	3,516,913	**-**	-
*Cost of inventories expensed	23(a)	**(367,001)**	(770,510)	**-**	-
*Administrative and operating expenses	23(b)	**(1,216,568)**	(1,868,488)	**(57,485)**	(87,928)
*Other operating income	23(c)	**212,056**	100,321	**216,812**	166,196
*Earnings before interest, taxation, depreciation and amortisation	23	**211,995**	978,236	**159,327**	78,268
*Allowance reversed/(raised) on expected credit losses:					
- on trade receivables		**5,282**	(11,178)	**-**	-
- on financial assets at amortised costs		**-**	(88,002)	**-**	(596)
Depreciation and amortisation		**(577,045)**	(543,703)	**(3,390)**	(8,392)
Operating loss / (profit)		**(359,768)**	335,353	**155,937**	69,280
*Finance income		**15,472**	17,602	**95,293**	105,006
*Finance costs	24	**(541,761)**	(543,993)	**(119,925)**	(107,403)
Share of results of associates	9	**(1,772)**	92,575	**-**	-
(Loss)/profit before taxation and non recurring items		**(887,829)**	(98,463)	**131,305**	66,883
Impairment of goodwill	7	**(504,377)**	-	**-**	-
Impairment of investment in subsidiary companies	8	**-**	-	**(748,545)**	-
Impairment of associates	9	**-**	-	**(14,148)**	-
Other non recurring items	25	**-**	(41,863)	**-**	-
(Loss)/profit before taxation		**(1,392,206)**	(140,326)	**(631,388)**	66,883
Income tax credit/(expense)	21(b)	**(27,276)**	3,670	**(12,538)**	3,850
(Loss)/profit for the year		**(1,419,482)**	(136,656)	**(643,926)**	70,733
Attributable to:					
Owners of the parent		**(1,416,853)**	(142,296)	**(643,926)**	70,733
Non-controlling interests		**(2,629)**	5,640	**-**	-
		(1,419,482)	(136,656)	**(643,926)**	70,733
Basic and diluted (loss)/earnings per share (MUR)	26	**(12.47)**	(1.30)	**1.10**	0.65

*Certain changes have been made to the comparatives information. Refer to Note 20 for further details of the adjustments that had been made.

The Notes on pages 72 to 134 form an integral part of these financial statements.
Auditor's report on pages 60 to 66.

Statements of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2020

		THE GROUP		THE COMPANY	
	Notes	**2020 MUR'000**	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
(Loss)/profit for the year		**(1,419,482)**	(136,656)	**(643,926)**	70,733
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit obligations	18	**(39,472)**	(7,953)	**-**	-
Share of other comprehensive income of associates	9	**(184)**	(3,227)	**-**	-
Deferred tax relating to these items					
- defined benefit obligations	11	**6,709**	1,352	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences		**25,693**	44,836	**-**	-
Share of other comprehensive income of associates	9	**267,770**	48,086	**-**	-
Other comprehensive income for the year		**260,516**	83,094	**-**	-
Total comprehensive income for the year		**(1,158,966)**	(53,562)	**(643,926)**	70,733
Total comprehensive income attributable to:					
Owners of the parent		**(1,159,155)**	(61,084)	**(643,926)**	70,733
Non-controlling interests		**189**	7,522	**-**	-
		(1,158,966)	(53,562)	**(643,926)**	70,733

The Notes on pages 72 to 134 form an integral part of these financial statements.
Auditor's report on pages 60 to 66.

Statements of Changes in Equity

Year ended December 31, 2020

THE GROUP	Notes	Stated capital MUR'000	*Revaluation reserve MUR'000	*Translation reserve MUR'000	*Actuarial loss reserve MUR'000	Retained earnings MUR'000	Total MUR'000	Non-controlling interests MUR'000	Total equity MUR'000
		Attributable to owners of the parent							
At January 1, 2020		2,153,395	3,067,125	398,915	(118,515)	477,849	5,978,769	10,581	5,989,350
(Loss)/profit for the year		-	-	-	-	(1,416,853)	(1,416,853)	(2,629)	(1,419,482)
Other comprehensive income for the year	16	-	-	290,815	(33,113)	-	257,702	2,814	260,516
Total comprehensive income		-	-	290,815	(33,113)	(1,416,853)	(1,159,151)	185	(1,158,966)
Dividends		-	-	-	-	-	-	(22,731)	(22,731)
At December 31, 2020		**2,153,395**	**3,067,125**	**689,730**	**(151,628)**	**(939,004)**	**4,819,618**	**(11,965)**	**4,807,653**
At January 1, 2019		2,153,395	3,067,125	308,100	(108,912)	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	-	-	90,815	(9,603)	-	81,212	1,882	83,094
Total comprehensive income		-	-	90,815	(9,603)	(142,296)	(61,084)	7,522	(53,562)
Dividends		-	-	-	-	-	-	(42,271)	(42,271)
At December 31, 2019		2,153,395	3,067,125	398,915	(118,515)	477,849	5,978,769	10,581	5,989,350

*Certain changes have been made to the comparatives information. Refer to Note 20 for further details of the adjustments that had been made.

THE COMPANY	Stated capital MUR'000	Retained earnings MUR'000	Total MUR'000
At January 1, 2020	2,153,395	320,607	2,474,002
Profit for the year	-	(643,926)	(643,926)
At December 31, 2020	**2,153,395**	**(323,319)**	**1,830,076**
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

The Notes on pages 72 to 134 form an integral part of these financial statements.
Auditor's report on pages 60 to 66.

Statements of Cash Flows

Year ended December 31, 2020

	Notes	THE GROUP 2020 MUR'000	THE GROUP Restated 2019 MUR'000	THE COMPANY 2020 MUR'000	THE COMPANY Restated 2019 MUR'000
Cash flows from Operating activities					
(Loss)/profit before taxation		**(1,392,206)**	(140,326)	**(631,388)**	66,883
Adjustment for:					
Share of results of associates	9	**1,772**	(92,575)	**-**	-
*Exchange differences		**(93,655)**	(77,583)	**26,106**	9,824
Depreciation of property, plant and equipment	5	**362,353**	354,188	**726**	1,035
Depreciation of right-of-use assets	6	**208,368**	181,283	**2,521**	5,249
Amortisation of intangible assets	7	**6,324**	8,232	**143**	2,108
Loss/(profit) on disposal of property, plant and equipment		**340**	4,316	**-**	(390)
Profit on disposal of right-of-use assets		**(238)**	(554)	**(543)**	(336)
Write off of property, plant and equipment		**149**	-	**-**	-
Lease concessions		**(24,399)**	-	**-**	-
Impairment/write off of financial assets		**-**	88,002	**-**	596
Impairment of investments in subsidiary companies		**-**	-	**748,545**	-
Impairment of investments in associates		**-**	-	**14,070**	-
Impairment of goodwill		**504,377**	-	**-**	-
Allowance for expected credit loss (reversal)/charge		**(5,282)**	11,178	**-**	-
Interest expense		**541,761**	543,993	**119,925**	107,403
Interest income		**(15,472)**	(17,602)	**(95,293)**	(105,006)
Retirement benefit obligations		**6,703**	17,393	**-**	**-**
Operating profit before working capital changes		**100,895**	879,945	**184,812**	87,366
- inventories		**10,286**	(19,473)	**-**	-
- trade receivables and other receivables		**279,380**	20,556	**-**	-
- other assets		**69,652**	(3,788)	**(1,134)**	(5,115)
- trade and other payables		**(366,099)**	91,986	**(133,049)**	122,668
Cash generated from operations		**94,114**	969,226	**50,629**	204,919
Interest paid		**(152,236)**	(320,647)	**(78,749)**	(106,582)
Interest received		**15,472**	15,689	**95,293**	105,006
Tax paid		**(5,838)**	(18,506)	**-**	-
Cash (used in)/generated from operating activities		**(48,488)**	645,762	**67,173**	203,343
Cash flows from investing activities					
*Movement in financial assets at amortised cost		**156,637**	9,531	**(517,250)**	(474,494)
Purchase of property, plant and equipment		**(146,967)**	(411,106)	**-**	-
Purchase of intangible assets		**(1,176)**	(3,464)	**(64)**	-
Proceeds from sale of property, plant and equipment		**440**	4,492	-	391
Proceeds from sale of right-of-use assets		**2,391**	1,035	**1,957**	609
Cash generated from/(used in) investing activities		**11,325**	(399,512)	**(515,357)**	(473,494)
Cash flows from financing activities					
Proceeds from borrowings		**960,388**	1,104,378	**673,553**	856,684
Payments of borrowings		**(865,365)**	(964,104)	**(350,250)**	(513,509)
Principal paid on lease liabilities		**(17,264)**	(16,482)	**(1,897)**	(7,571)
Interest paid on lease liabilities		**(206,802)**	(223,346)	**(376)**	(821)
Repayment of shareholder's loan		**-**	-	**(7,000)**	-
Dividends paid to company's shareholders		**-**	(54,827)	**-**	(54,827)
Dividends paid to non-controlling interests		**(22,731)**	(42,271)	**-**	-
Cash (used in)/generated from financing activities		**(151,774)**	(196,652)	**314,030**	279,956
(Decrease)/increase in cash and cash equivalents		**(188,937)**	49,598	**(134,154)**	9,805
* Net Foreign exchange difference		**6,012**	3,121	**1,912**	777
Cash and cash equivalents at January 1,		**(381,271)**	(433,990)	**(54,834)**	(65,416)
Cash and cash equivalents at December 31,	27(b)	**(564,196)**	(381,271)	**(187,076)**	(54,834)

*Certain changes have been made to the comparatives information. Refer to Note 20 for further details of the adjustments that had been made.

The Notes on pages 72 to 134 form an integral part of these financial statements.
Auditor's report on pages 60 to 66.

Notes to the Financial Statements

Year ended December 31, 2020

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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group and the Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group and the Company have not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

	Effective for accounting period beginning on or after
Definition of a business (Amendments to IFRS 3)	1 January 2020
Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Conceptual Framework for Financial Reporting issued on 29 March 2018	1 January 2020
Amendments to IFRS 16 COVID-19 Related Rent Concessions	1 June 2020

Definition of a Business (Amendments to IFRS 3)

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Group and the Company as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Group and the Company.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the financial statements of the Group and the Company.

Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Group early adopted the standard and has applied the expedient under IFRS 16 as the following conditions were met:

- The change in lease payments resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- The reduction in lease payments affected only payments originally due on or before June 30, 2021.
- There are no substantive changes to other terms and conditions of the lease.

The disclosure on rent concession has been made in Note 6.

2.1 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS HAVE BEEN ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

<u>**New or amended standards**</u>	**Effective for accounting period beginning on or after**
Amendments to IFRS 3 Reference to the Conceptual Framework	**1 January 2022**
Amendments to IAS 16 Property, Plant and Equipment	**1 January 2022**
Amendments to IAS 37 Onerous Contracts	**1 January 2022**
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards	**1 January 2022**
Amendments to IFRS 9 Financial Instruments	**1 January 2022**
Amendments to IAS 41 Agriculture	**1 January 2022**
IFRS 17 Insurance Contracts	**1 January 2023**
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	**1 January 2023**
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	**1 January 2021**

Management explained below those standards which are deemed to have an impact on the financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.1 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS HAVE BEEN ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

Reference to the Conceptual Framework - Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group and the Company.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group and the Company.

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group and the Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.The amendments are not expected to have a material impact on the Group and the Company.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments are not expected to have a significant impact on the financial statements of the Group and Company.

2.2 SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of preparation**

The financial statements of Constance Hotels Services Limited comply with the Companies Act 2001 and the Financial Reporting Act 2004 and have been prepared in accordance with International Financial Reporting Standards (IFRS) and

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

interpretations issued.

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:

- freehold land is stated at revalued amount;

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group and the Company has a net current liabilities of MUR'000 1,729,084 (2019: MUR'000 2,161,349) and MUR'000 776,241 (2019: Net current assets MUR'000 683,704) respectively. 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(i).

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

Notes to the Financial Statements

Year ended December 31, 2020

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) **Investment in subsidiaries** (continued)

Consolidated financial statements (continued)

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.

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,

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) **Investment in associates** (continued)

Consolidated financial statements (continued)

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.

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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

Property, plant and equipment (except for freehold land) are stated at historical 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, 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 available for use.

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

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) **Leases** (continued)

(i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Land and Building	3 to 15 years
• Leasehold Land	3 to 5 years
• Computer Equipment	3 to 5 years
• Plant and Machinery	3 to 5 years
• Motor Vehicles	3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Refer to Note 6 for more details.

(iii) Lease concessions

The Group obtained a lease waiver as part of COVID-19 reform assistance with its lessor. The Group has early adopted the amendment to IFRS 16-rent concessions and has used the practical expedient as it met the 3 conditions disclosed in Note 2.

The Group recognised the rent concession as an income in its statement of profit or loss. Refer to Note 23 for more information.

(g) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition, are accounted for on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost of inventory expensed comprise of food and beverage costs attributable to food and beverage revenue in the various outlets of the hotels of the Group as well as Room and other amenities and cost of boutique items. Further details are provided in Note 12.

Notes to the Financial Statements

Year ended December 31, 2020

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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.

(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 Instrument – initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) **Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) **Financial Instrument – initial recognition and subsequent measurement** (continued)

(i) **Financial assets** (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met: The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and; The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes financial assets at amortised costs, trade receivables, cash and cash equivalent and other assets.

Impairment

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Group and the Company may also make use of PD and LGD information obtained from third party sources.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to the Financial Statements

Year ended December 31, 2020

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) **Financial Instrument – initial recognition and subsequent measurement** (continued)

(i) **Financial assets** (continued)

Impairment (continued)

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalent

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

For cash and cash equivalent management considers the credit risk to be minimal as these balances are held with reputed financial institutions where their credit rating is high. As part of its assessment of ECL management considered the credit rating of the institution and derive a probability of default thereafter.

Financial assets at amortised costs

These consists of loan to associates included in financial assets at amortised cost. For amount due from related parties, general approach is used. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

(ii) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) **Financial Instrument – initial recognition and subsequent measurement** (continued)

(ii) **Financial liabilities** (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(k) **Current versus non-current classification**

The Group and the Company present assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended for sale or consumption in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used, to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) **Current versus non-current classification** (continued)

A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

(l) **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.

(m) **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

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date, in the countries where the Group and the Company operates and generates taxable income. The income tax is recognised as a charge in profit or loss.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Current and deferred income tax (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognise deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group and the Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax except where:

- the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and receivables and payables that are stated with the amount of value added tax included; or
- the net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of accounts receivables or payables in the statements of financial position.

(n) 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.

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.

Notes to the Financial Statements

Year ended December 31, 2020

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) **Retirement benefit obligations** (continued)

Gratuity on retirement

The cost of providing these benefits is determined using the projected unit credit method. Actuarial gains and losses in determining the current value of the unfunded obligations are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested (that is when the employee retires). If the benefits have already vested, immediately following changes in legislation, past service costs are recognised immediately.

(o) **Revenue recognition**

(i) Revenue from contracts with customers

The Group is in the business of hotel operation. Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

Hotel Revenue

It corresponds to all the revenues received from guests by the hotels. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, along the stay in the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

Room Revenue

Recognised as revenue when performance obligation is performed. Revenue is recognised over the duration of stay of the guests. Where the Group act as the principal, the gross revenue is recognised as income.

Food & Beverage revenue

F&B revenue is recognised upon consumption at the different restaurants or bars (i.e at a point in time).

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 for 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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) **Revenue recognition** (continued)

(ii) Dividend income

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

(p) **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.

(q) **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.

(r) **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.

(s) **Segment reporting**

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

(t) **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.

(u) **Wage Assistance Schemes (WAS)**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal annual amounts over the expected useful life of the related asset. In light of the COVID -19 pandemic, Wage Assistance Scheme ("WAS") was introduced by the Government of Mauritius in March 2020 to assist local companies during the lock down period in the payment of salaries to employees. Grants in respect of wages obtained under the wage assistance scheme are accounted for in the statement of profit or loss in the period to which the wages relate simultaneously this has been offset against wages and salaries in the statement of profit or loss. Repayment of the grant (COVID-19 Levy) is contingent on the chargeable income of the entity over the current and next years and is recognised as a levy repayable to the tax authorities. A COVID-19 levy arises in the current year (and possibly in future periods should the entity achieve chargeable income) and is recognised as a levy payable to the tax authorities.

Notes to the Financial Statements

Year ended December 31, 2020

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.

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

CURRENCY PROFILE

	THE GROUP					
2020	**EUR MUR'000**	**USD MUR'000**	**GBP MUR'000**	**MUR MUR'000**	**OTHERS MUR'000**	**TOTAL MUR'000**
Financial Assets						
Net trade receivables	8,183	78,337	334	1,777	-	**88,631**
Financial assets at amortised cost	146,283	6,608	-	37,106	-	**189,997**
Cash and cash equivalents	61,624	70,020	3,761	5,454	4,133	**144,992**
	216,090	**154,965**	**4,095**	**44,337**	**4,133**	**423,620**
Financial Liabilities						
Borrowings	269,192	2,063,038	-	3,561,246	-	**5,893,476**
Lease liabilities	-	2,788,345	-	1,153,424	-	**3,941,769**
Trade payables	16	89,786	199	68,759	-	**158,760**
	269,208	**4,941,169**	**199**	**4,783,429**	**-**	**9,994,005**

	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

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

Currency risk (continued)

CURRENCY PROFILE (continued)

THE COMPANY

2020	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	47,410	816,014	-	292,151	-	1,155,575
Cash and cash equivalents	4,949	13,058	249	218	-	18,474
	52,359	**829,072**	**249**	**292,369**	**-**	**1,174,049**
Financial Liabilities						
Borrowings	48,295	368,999	-	1,776,509	-	2,193,803
Lease liabilities	-	-	-	5,254	-	5,254
Trade payables	-	-	-	19,116	-	19,116
	48,295	**368,999**	**-**	**1,800,879**	**-**	**2,218,173**

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

At December 31, 2020, 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 or loss for the year would have been MUR 31.8 million (2019: MUR 60.4 million) higher/lower mainly as a result of foreign exchange gains/losses on translation of trade receivables, financial assets at amortised cost and bank balances denominated in US Dollar/Euro/GB Pound.

Similarly, the impact on the amount recognised directly into equity would have been MUR 483 million (2019: MUR 418 million) higher/lower, principally due to Group's cash and borrowings of foreign subsidiaries.

	THE GROUP		THE COMPANY	
Impact on profit or loss	**2020 MUR'000**	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
USD	**13,172**	15,384	**70,471**	152,798
EUR	**18,368**	40,444	**4,451**	901
GBP	**348**	4,657	**21**	89

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

Currency risk (continued)

CURRENCY PROFILE (continued)

	THE GROUP		THE COMPANY	
Impact on equity	**2020 MUR'000**	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
USD	**478,620**	431,106	**(46,007)**	(155,024)
EUR	**5,312**	(7,262)	**(406)**	3,004
GBP	**(390)**	(5,479)	**(25)**	105

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.

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.

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.

Following COVID-19 pandemic in financial year 2020, the global travel restrictions led to a downward impact on the operations of the Group. Trade debtors balances remained low as at 31 December 2020 following low operations . Where the Group concluded that there was an increase in significant increase in credit risk the Group made a specific provision for those trade debtor balances.

The Group considers credit risk on cash and cash equivalent to be minimal as these are held with reputed banks with good credit ratings.

	THE GROUP		THE COMPANY	
Maximum exposure to credit risk	**2020 MUR'000**	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Cash and cash equivalents	**144,992**	102,784	**18,474**	11,898
Trade and other receivables	**88,631**	370,799	**-**	-
Financial assets at amortised cost	**189,997**	403,634	**1,155,575**	2,439,794
	423,620	877,217	**1,174,049**	2,451,692

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, 2020 and December 31, 2019 were:

	2020	2019
	Interest rate	Interest rate
EUR	**2.15% - 4.42%**	2.15% - 4.62%
USD	**3.15% - 5.00%**	3.76% - 7.21%
MUR	**3.85% - 5.40%**	3.85% - 6.60%

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

Interest rate risk (continued)

The Group's operating cashflows are exposed to interest risk as it borrows at variable rates. At December 31, 2020, 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 20 million (2019: MUR 19.2 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 Directors are aware that the Group has a net current liability of MUR 1.7 billion as at 31 December 2020 (2019: MUR 2.16 billion) . Despite the uncertainty faced by the tourist industry in general, the Directors are confident and are satisfied that the Group has the adequate resources to continue operating in the near future and that no material uncertainty exists based on the following:

1) The Group has already negotiated with its main bankers to defer some of its major loan repayment for Mauritius hotels; the restructuring has led to a significant improvement in the Group's working capital. Additional loan facilities were obtained from the bankers where the tenor of the loans are from 4 to 5.5 years.

2) In a context marked by uncertainty over the duration and depth of the COVID-19 pandemic, the Bank of Mauritius, has set up the Mauritius Investment Corporation Ltd (''MIC'')in June 2020. The establishment of the MIC is fully in line with the Bank of Mauritius' mandate which is to ensure an orderly and balanced economic development of the country as well as safeguard the stability and soundness of the financial system. The Group and MIC have signed a term sheet pursuant to which MIC has provided funding of MUR 1.1bn to the hotels in Mauritius. The funding shall be received in 3 tranches in 2021-2022. Based on the preliminary assessment of management, the funding provided by the MIC shall be treated as quasi-equity to be repaid at the option of the Group.

3) Finally, with the support of the Government of Mauritius through the Wage Assistance Scheme, the Group's managed to do operational cost saving on payroll.

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.

Notes to the Financial Statements

Year ended December 31, 2020

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The figures disclosed below are undiscounted.

THE GROUP

At December 31, 2020	**Less than 1 year MUR'000**	**Between 1 and 2 years MUR'000**	**Between 2 and 5 years MUR'000**	**Over 5 years MUR'000**	**Total MUR'000**
Trade and other payables	**502,587**	**-**	**-**	**-**	**502,587**
Bank overdraft	**709,188**	**-**	**-**	**-**	**709,188**
Borrowings	**1,568,175**	**230,342**	**691,025**	**3,924,469**	**6,414,011**
Lease liabilities	**377,281**	**371,386**	**1,052,513**	**6,220,865**	**8,022,045**
	3,157,231	**601,728**	**1,743,538**	**10,145,334**	**15,647,831**

At December 31, 2019	Less than 1 year MUR'000	Between 1 and 2 years MUR'000	Between 2 and 5 years MUR'000	Over 5 years MUR'000	Total MUR'000
Trade and other payables	868,686	-	-	-	868,686
Bank overdraft	484,055	-	-	-	484,055
Borrowings	2,429,795	768,812	1,465,657	487,077	5,151,341
Lease liabilities	306,105	295,609	848,557	4,917,101	6,367,372
	4,088,641	1,064,421	2,314,214	5,404,178	12,871,454

THE COMPANY

At December 31, 2020	**Less than 1 year MUR'000**	**Between 1 and 2 years MUR'000**	**Between 2 and 5 years MUR'000**	**Over 5 years MUR'000**	**Total MUR'000**
Trade and other payables	**507,455**	**-**	**-**	**-**	**507,455**
Bank overdraft	**205,550**	**-**	**-**	**-**	**205,550**
Borrowings	**1,325,697**	**39,734**	**119,203**	**798,971**	**2,283,605**
Lease liabilities	**3,146**	**1,996**	**453**	**-**	**5,595**
	2,041,848	**41,730**	**119,656**	**798,971**	**3,002,205**

At December 31, 2019	Less than 1 year MUR'000	Between 1 and 2 years MUR'000	Between 2 and 5 years MUR'000	Over 5 years MUR'000	Total MUR'000
Trade and other payables	642,284	-	-	-	642,284
Bank overdraft	66,732	-	-	-	66,732
Borrowings	1,099,592	88,192	187,366	447,648	1,822,798
Lease liabilities	3,808	2,891	2,450	-	9,149
	1,812,416	91,083	189,816	447,648	2,540,963

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.

Borrowings excludes Bank overdraft which has been disclosed on a separate line as part of the liquidity disclosure.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

Liquidity risk (continued)

Maturity analysis of the financial instruments

These financial assets disclosed below are held to manage liquidity risk of the Group and the Company.

THE GROUP

2020	**On demand MUR'000**	**3 to 12 months MUR'000**	**1 to 5 years MUR'000**	**Over five years MUR'000**	**Total MUR'000**
Net trade receivables	**87,390**	**1,233**	**-**	**-**	**88,623**
Financial assets at amortised cost	**-**	**189,997**	**-**	**-**	**189,997**
Cash and cash equivalents	**144,992**	**-**	**-**	**-**	**144,992**
	232,382	**191,230**	**-**	**-**	**423,612**

2019	On demand MUR'000	3 to 12 months MUR'000	1 to 5 years MUR'000	Over five years MUR'000	Total MUR'000
Net trade receivables					
Financial assets at amortised cost	359,360	9,413	2,026	-	370,799
Cash and cash equivalents	102,784	-	-	-	102,784
	462,144	9,413	2,026	-	473,583

THE COMPANY

2020	**On demand MUR'000**	**3 to 12 months MUR'000**	**1 to 5 years MUR'000**	**Over five years MUR'000**	**Total MUR'000**
Financial assets at amortised cost	**-**	**1,155,575**	**187,000**	**-**	**1,342,575**
Cash and cash equivalent	**18,474**	**-**	**-**	**-**	**18,474**
	18,474	**1,155,575**	**187,000**	**-**	**1,361,049**

2019	On demand MUR'000	3 to 12 months MUR'000	1 to 5 years MUR'000	Over five years MUR'000	Total MUR'000
Financial assets at amortised cost					
Cash and cash equivalent	-	2,385,888	53,906	-	2,439,794
	11,898	-	-	-	11,898
	11,898	2,385,888	53,906	-	2,451,692

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 2020, the Group's strategy which was unchanged from 2019, was to maintain the debt-to-capital ratio at the lower end in order to secure access to finance at a reasonable cost.

Notes to the Financial Statements

Year ended December 31, 2020

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital Risk Management (continued)

The debt-to-capital ratios at December 31, 2020 and December 31, 2019 were as follows:

	THE GROUP		THE COMPANY	
	2020 MUR'M	2019 MUR'M	**2020 MUR'M**	2019 MUR'M
Total debt (Notes 6 and 17)	**9,938**	8,344	**2,242**	1,718
Less: cash and cash equivalents	**(145)**	(103)	**(18)**	(12)
Net debt	**9,793**	8,241	**2,224**	1,706
Total equity	**4,820**	5,986	**1,830**	2,471
Total capital plus net debt	**14,613**	14,227	**4,054**	4,177
Debt-to-capital ratio	**67.0%**	57.9%	**54.9%**	-

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 57.9% in 2019 to 66.0% in 2020 for the Group and from 40.8% in 2019 to 54.4% in 2020 for the Company, following the additional facilities taken during the year and the impairment adjustments as a result of COVID-19.

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 independent professional 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. Refer to Note 5 for disclosures.

(b) **Deferred tax assets arising from tax losses**

The Group has a deferred tax asset of MUR 55.0 million (2019: MUR 77.1 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. Refer to Note 11 for disclosures.

(c) **Employee Benefit Liabilities**

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 change 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. Refer to Note 18 for more information.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

(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. Refer to Note 5 for PPE disclosures.

(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. Refer to Note 7 for disclosures on goodwill.

(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. Refer to Note 13 for more details.

(g) **Determining the lease term of contracts with renewal and termination options - Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (12 months). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. Refer to Note 6 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

(h) **Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities in Note 6. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Notes to the Financial Statements

Year ended December 31, 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

(i) **Material uncertainty related to going concern**

The outbreak of COVID-19 caused significant disruptions to the global economic environment. Travel bans, strict sanitary protocols and disruptions in the supply chain have impacted the hospitality industry worldwide. In Mauritius borders have been closed since March 2020 and with the release of vaccines against the COVID-19 and its administration program in various countries, travel restrictions started to ease out and borders re-opened albeit some accompanying sanitary requirements.

As a result of the pandemic, the Group suffered significant drop in revenue for a major part of 2020 and posted a loss of MUR 1.42 billion (2019: MUR 136.7 million), while the Company made a loss of MUR 643.9 million (2019: profit of MUR 70.7 million), owing to the impairment provision of some of its investments in the hospitality industry. As at 31 December 2020, the Group and the Company had net current liabilities of MUR 1.73 billion (2019: MUR 2.16 billion) and MUR 776.2 million (2019: net current assets of MUR 683.7 million) respectively. The net current liability position for both the Group and Company arose mainly on bridging facilities that have been put in place to cover for the cash flow requirements during the COVID-19 period, working capital overdraft and short-term bank facilities that were in process of being rescheduled.

In order to manage its liquidity position, management has been closely monitoring cash flows with financial forecasts continually being updated and monitored for any deviations. Towards the end of the financial year 2020 and during 2021, management has secured the following facilities:

- the re-structuring through an extension of its existing loans with its main banker, including a moratorium period of up to 2026 on capital repayments (refer to Note 17). These borrowings have been classified under non-current liabilities in the Statement of Financial Position.
- additional long-term facilities to cover for the cash flow deficits as a result of the pandemic. Pending the implementation of the new loans being re-structured, bridging facilities have been put in place and any drawdown from these bridging facilities have been classified under the current liabilities in the Statement of Financial Position. Once the additional long-term facilities are disbursed, they would be classified under non-current liabilities since these facilities have a moratorium period of up to 2026 on capital repayments.
- funding from the Mauritius Investment Corporation Ltd, a Government support scheme for Mauritian entities that were impacted by the COVID-19. Our resorts operating in Mauritius had their applications approved for a total amount of MUR 1.11 billion and these funds will come in the form of convertible bonds to be repaid or converted into equity in 9 years, at the option of the issuer.

Other measures and strategies were put in place to mitigate the impact of the pandemic in the Group's cash flow. These include close monitoring of debtors' collection, voluntary wages reduction program, renegotiation of contracts for services, re-engineering existing cost structures, negotiating lease concessions and deferment, ensuring that sufficient funds were available for the completion of some major ongoing projects and deferral of non-priority capital expenditure. The Group has also benefitted from other Government incentives such as Wage Assistance Schemes in Mauritius and in the Seychelles as well as lease concessions and deferral for the Mauritian and Maldivian operations.

Post year end, the Company has successfully restructured its remaining short term bank facilities into medium term loans, including moratorium periods for the capital repayments. Included in borrowings classified as current liabilities are bank overdrafts of MUR 205.6 million and bank loans of MUR 1.2 billion. Out of these bank loans, an amount of MUR 760 million has been re-scheduled in 2021 and these debts will be repaid over the next 2-6 years to ease the liquidity position of the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

(i) Material uncertainty related to going concern (continued)

Following the successful COVID-19 vaccination campaigns carried out in the main markets as well as in the countries in which the Group operates, borders re-opened with minimum additional travel requirements in the last quarter 2020 and first quarter 2021 for the Maldives and the Seychelles respectively, and on 01 October 2021 for Mauritius. Our resorts in the Maldives and the Seychelles have been in operations for most of year in 2021, and based on the number of tourist arrivals and bookings in the pipeline, there are positive signs of recovery of the hotel industry in these markets. For Mauritius, the last quarter of 2021 and first quarter 2022 looks promising with increasing airlines seat capacities and bookings requests picking up. However, management acknowledges that there are still uncertainties about the speed and extent of recovery of the industry. These will depend on consumer travel behaviour, travel restrictions globally, sanitary measures that could be imposed by the various different countries and the progression of the pandemic. Management has prepared a 5-year cash flow forecasts for the Company and its underlying subsidiaries based on the above factors as well as prevailing market conditions. These financial forecasts take into account a smooth recovery and normalisation process. Management has also in-built scenarios with longer than anticipated recovery process and is confident that the Group and the Company, with its overall financing plan, have secured adequate and sufficient facilities to meet their future commitments.

Accordingly, the Board of Directors has concluded that it is still appropriate to prepare the financial statements for the year ended December 31, 2020 on a going concern basis. Financial forecasts and projections demonstrate that the Group and the Company should be able to operate and meet their obligations and commitments in the foreseeable future.

(j) Impairment of non-financial assets

Investment in subsidiaries are tested 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 investment's carrying value exceeds its recoverable amount, which represents the investment's fair value less cost to sell, which require the use of assumptions. The calculations use cash flow projections of the subsidiary based on financial forecasts prepared by management covering a five-year period. The carrying amount of the investment as at 31 December 2020 amounted to MUR 3.2 million (2019: MUR 2.2 million). Refer to Note 10 for more information.

(k) Wage Assistance Schemes

The Group applied for the Government Wage Assistance Scheme ('WAS') during the year due. The WAS is an economic measure by the Government of Mauritius to provide a wage subsidy to employers as a response to the COVID-19 pandemic and to ensure that all employees are duly paid their salary. Grants in respect of wages obtained under the wage assistance scheme are accounted for in the statement of profit or loss in the period to which the wages relate. A COVID-19 levy arises in the current year (and possibly in future periods should the entity achieve chargeable income) and is recognised as a levy payable to the tax authorities. The Wage assistance scheme amounted to MUR 176 million. The Directors have made an assessment of their chargeable income and concluded that no COVID-19 levy arose during the year. Refer to Note 23 where the WAS has been disclosed.

Notes to the Financial Statements

Year ended December 31, 2020

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/VALUATION								
At January 1, 2020	2,851,220	7,068,456	274,657	1,384,137	63,467	1,109,604	48,538	12,800,079
Additions	-	42,056	8,674	43,458	528	39,952	12,299	146,967
Disposals	-	(1,504)	(4,718)	(568)	(825)	(954)	-	(8,569)
Transfers	-	(30,110)	4,007	(203)	-	51,103	(24,797)	-
Written off	-	-	(17,801)	(44,518)	-	(12,031)	-	(74,350)
Transfers to profit or loss statement	-	-	-	-	-	-	(149)	(149)
Exchange differences	-	350,624	9,274	63,124	2,875	44,856	3,391	474,144
At December 31, 2020	**2,851,220**	**7,429,522**	**274,093**	**1,445,430**	**66,045**	**1,232,530**	**39,282**	**13,338,122**
DEPRECIATION								
At January 1, 2020	-	2,432,732	228,905	1,127,060	50,524	723,760	-	4,562,981
Charge for the year	-	206,184	15,859	64,279	4,094	71,937	-	362,353
Disposal adjustment	-	(891)	(4,701)	(476)	(825)	(896)	-	(7,789)
Written off	-	-	(17,801)	(44,518)	-	(12,031)	-	(74,350)
Exchange differences	-	130,786	8,078	56,634	2,013	32,277	-	229,788
At December 31, 2020	**-**	**2,768,811**	**230,340**	**1,202,979**	**55,806**	**815,047**	**-**	**5,072,983**
NET BOOK VALUES								
At December 31, 2020	**2,851,220**	**4,660,711**	**43,753**	**242,451**	**10,239**	**417,483**	**39,282**	**8,265,139**

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/VALUATION								
At January 1, 2019	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	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**

(c) Freehold Land was revalued in February 2018 by an independent professional qualified valuer, Mr Noor Dilmohamed Associates, on an open market value basis based on direct sales comparison taking into account recent transactions adjusted for any differences in the nature, location or condition of a specific property. The freehold land is classified as level 2 in terms of the fair value hierarchy. It is the Group's policy to revalue land every 5 years. The significant input is the price per square metre which ranges from MUR 6,155 - MUR 27,246. Management with the assistance of an independent professional qualified valuer has made an assessment of the fair value of land as at 31 December 2020 and simultaneously it was determined that the change in values was immaterial.

Notes to the Financial Statements

Year ended December 31, 2020

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) If the freehold land were stated on the historical cost basis, the amounts would be as follows:

	THE GROUP	
	2020 MUR'000	2019 MUR'000
Cost	**147,426**	147,426

(e) THE COMPANY

	Plant & machinery MUR'000	Motor vehicles MUR'000	Furniture & fittings MUR'000	Computer equipment MUR'000	Total MUR'000
COST					
At January 1, 2020	1,735	10,779	5,544	26,446	44,504
Disposals	-	-	-	-	-
At December 31, 2020	**1,735**	**10,779**	**5,544**	**26,446**	**44,504**
DEPRECIATION					
At January 1, 2020	1,223	10,779	4,966	25,742	42,710
Charge for the year	121	-	190	415	726
Disposal adjustment	-	-	-	-	-
At December 31, 2020	**1,344**	**10,779**	**5,156**	**26,157**	**43,436**
NET BOOK VALUES					
At December 31, 2020	**391**	**-**	**388**	**289**	**1,068**

(f) THE COMPANY

	Plant & machinery MUR'000	Motor vehicles MUR'000	Furniture & fittings MUR'000	Computer equipment MUR'000	Total MUR'000
COST					
At January 1, 2019	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	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) Bank borrowings are secured by floating charges on the assets of the Group and Company including property, plant and equipment (Note 17).

(h) 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, 2020	2,903,777	1,030,305	36,738	58,524	56,551	4,085,895
Additions	744,482	-	-	-	-	744,482
Disposals	-	-	-	-	(5,333)	(5,333)
Exchange differences	212,585	75,090	-	-	-	287,675
At December 31, 2020	**3,860,844**	**1,105,395**	**36,738**	**58,524**	**51,218**	**5,112,719**
DEPRECIATION						
At January 1, 2020	128,059	386,569	36,738	22,121	33,292	606,779
Charge for the year	156,233	38,807	-	5,852	7,476	208,368
Disposal adjustment	-	-	-	-	(3,179)	(3,179)
Exchange differences	14,775	27,092	-	-	-	41,867
At December 31, 2020	**299,067**	**452,468**	**36,738**	**27,973**	**37,589**	**853,835**
NET BOOK VALUES						
At December 31, 2020	**3,561,777**	**652,927**	**-**	**30,551**	**13,629**	**4,258,884**

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	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	-	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, 2020

6. RIGHT-OF-USE ASSETS (continued)

THE COMPANY	**Motor vehicles 2020 MUR'000**	Motor vehicles 2019 MUR'000
COST		
At January 1,	**24,879**	27,616
Disposals	**(3,688)**	(2,737)
At December 31,	**21,191**	24,879
DEPRECIATION		
At January 1,	**17,828**	15,042
Charge for the year	**2,521**	5,249
Disposal adjustment	**(2,274)**	(2,463)
At December 31,	**18,075**	17,828
NET BOOK VALUES		
At December 31,	**3,116**	7,051

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, 2020	2,901,175	283	45,087	24,807	2,971,352
Additions	736,412	-	-	-	736,412
Interest expenses	264,622	-	2,467	1,221	268,310
Lease concessions	(24,399)	-	-	-	(24,399)
Lease payments	(203,250)	(283)	(13,409)	(7,124)	(224,066)
Exchange differences	214,160	-	-	-	214,160
At December 31, 2020	**3,888,720**	**-**	**34,145**	**18,904**	**3,941,769**
Current	92,369	-	11,832	7,854	112,055
Non current	3,796,351	-	22,313	11,050	3,829,714
	3,888,720	**-**	**34,145**	**18,904**	**3,941,769**

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	2,756,539	362	55,564	37,811	2,850,276
Additions	-	-	-	-	-
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

6. RIGHT-OF-USE ASSETS (continued)

LEASE LIABILITIES (continued)

THE COMPANY	**Motor vehicles 2020 MUR'000**	Motor vehicles 2019 MUR'000
At January 1,	7,151	14,722
Interest expenses	376	821
Lease payments	(2,273)	(8,392)
At December 31,	**5,254**	**7,151**
Current	2,893	3,449
Non current	2,361	3,702
	5,254	**7,151**

The following are the amounts recognised in profit or loss

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Depreciation expense of right-of-use assets	**208,368**	181,283	**2,521**	5,249
Interest expense on lease liabilities	**268,310**	223,346	**376**	821
Total amount recognised in profit or loss	**476,678**	404,629	**2,897**	6,070

The effective interest rates at the end of reporting date were as follows:

Refer to 3.1 for undiscounted lease liabilities.

(a) **Nature of leasing activities (in the capacity as lessee)**

The Group leases a number of properties in the jurisdiction 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.

(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, 2020	***Lease contracts***	***Fixed payments***	***Variable payments***	***Sensitivity***
	Number	%	%	± MUR'000
Property leases with payments linked to inflation	4	-	12.6%	53,981
Property leases with fixed payments	4	79.7%	-	-
Leases of plant and equipment	2	5.1%	-	-
Vehicle leases	24	2.6%	-	-
	34	87.4%	12.6%	53,981

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Year ended December 31, 2020

6. RIGHT-OF-USE ASSETS (continued)

LEASE LIABILITIES (continued)

(b) **Variable lease payments** (continued)

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

(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) The total cash outflows for leases in 2020 was MUR 224.1 million and MUR 2.3 million (2019: MUR 239.8 million and MUR 8.4 million) for the Group and the Company respectively.

(f) During the year under review, the Group received a lease waiver of MUR 24 million (2019: MUR Nil) for land lease contracts that it holds with the Government of Mauritius and for one of its properties in the Maldives. The Group and the Company do not have short term lease or low value lease arrangements.

7. INTANGIBLE ASSETS

(a) THE GROUP

	Goodwill on acquisition MUR'000	Computer software MUR'000	Total MUR'000
COST			
At January 1, 2019	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
At January 1, 2020	483,941	76,208	560,149
Additions	-	1,176	1,176
Impairment	(504,377)	-	(504,377)
Exchange differences	20,436	1,998	22,434
At December 31, 2020	**-**	**79,382**	**79,382**
AMORTISATION			
At January 1, 2019	-	47,871	47,871
Charge for the year	-	8,232	8,232
Exchange differences	-	1,097	1,097
At December 31, 2019	-	57,200	57,200
At January 1, 2020	-	57,200	57,200
Charge for the year	-	6,324	6,324
Exchange differences	-	1,790	1,790
At December 31, 2020	**-**	**65,314**	**65,314**
NET BOOK VALUES			
At December 31, 2020	**-**	**14,068**	**14,068**
At December 31, 2019	483,941	19,008	502,949

(b) THE COMPANY

	Computer software	
	2020 MUR'000	2019 MUR'000
COST		
At January 1,	16,955	16,955
Additions	64	-
At December 31,	**17,019**	16,955
AMORTISATION		
At January 1,	16,683	14,575
Charge for the year	143	2,108
At December 31,	**16,826**	16,683
NET BOOK VALUES		
At December 31,	**193**	272

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Year ended December 31, 2020

7. INTANGIBLE ASSETS (continued)

(c) Leasehold land payments are amortised over the period of the leases.

(d) Total depreciation charge for both the Group and the Company have been included in operating profit.

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 5-years and thereafter the cashflow are extrapolated using a growth rate of 2.05%. As an outcome of the downward medium-term trading expectations due to the current economic environment which has been exacerbated by the global COVID-19 pandemic, the Group has fully impaired its goodwill by MUR 504 million for the year ended 31 December 2020 (2019: MUR Nil). The post-tax cash flow projection is based on financial budgets approved by management covering a six-year period. The post-tax discount rate applied represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) which ranges between 9.32% (2019: Nil%) for the various entities of the Group. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with the industry in which each CGU operates.

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of each cash generating unit to at least maintain its market share. Key assumptions used in the impairment tests for goodwill are: occupancy rate, terminal growth rate and discount rate.

	Discount rate	Terminal growth	Occupancy rate
Impairment of Goodwill on Maldives entity	9.32%	2.05%	50% - 65%

8. INVESTMENTS IN SUBSIDIARY COMPANIES

THE COMPANY

COST	2020 MUR'000	2019 MUR'000
At January 1,	**2,196,534**	2,196,534
Addition***	**1,744,469**	-
Impairment	**(748,545)**	-
At December 31,	**3,192,458**	2,196,534
Analysed as:-		
Gross of impairment		
Investment in subsidiaries	1,648,777	1,648,777
Quasi-investments	2,292,226	547,757

8. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

The Company's subsidiaries are as follows:

Name of corporation	Nominal value of investment MUR'000	Proportion of ownership interest Direct 2020 %	Direct 2019 %	Indirect 2020 %	Indirect 2019 %	Country of operation	Country of incorporation	Main business
Constance Industries Limited	964,475	**100**	100	**-**	-	Mauritius	Mauritius	Hotel Industry
Beauport Industries Limited	500,000	**100**	100	**-**	-	Mauritius	Mauritius	Hotel Industry
White Sand Paradise Ltd*	60,030	**75**	75	**-**	-	Mauritius	Mauritius	Hotel Industry
Constance Hotels International Services Limited	87,509	**100**	100	**-**	-	Mauritius	Mauritius	Investment Holding and Management Company
Constance Hospitality Training Centre Ltd	25,025	**100**	100	**-**	-	Mauritius	Mauritius	Training Centre
Constance Hotels Investment Limited	11,365	**100**	100	**-**	-	Mauritius	Mauritius	Investment Holding
Hotels Constance (UK) Limited	1	**100**	100	**-**	-	United Kingdom	United Kingdom	Marketing Representative
Ariatoll Services Ltd	32	**-**	-	**100**	100	Mauritius	Mauritius	Management Company
Constance Hospitality Management Limited ***	32	**100**	100	**-**	-	Mauritius	Mauritius	Management Company
LRM Company Ltd **	227	**-**	-	**75**	75	Mauritius	Mauritius	Management Company
Moofushi Development Ltd	3	**-**	-	**100**	100	Maldives	Mauritius	Hotel Industry
The Waterfront PVT Ltd	48	**-**	-	**100**	100	Maldives	Maldives	Hotel Industry
Halaveli Development Ltd	30	**-**	-	**100**	100	Mauritius	Mauritius	Investment Holding
	1,648,777							

* The proportion of ownership held by non controlling interest for White Sand Paradise Ltd is 25% for the years 2020 and 2019.

** The proportion of ownership held by non controlling interest for LRM Company Ltd is 25% for the years 2020 and 2019.

The shares held in the above subsidiaries are ordinary shares. The reporting date for all the above companies is December 31, 2020.

*** During the financial year 2020, balances amounting to MUR 550 million for Constance Hospitality Management Limited, MUR 12 million for Constance Hospitality Training Centre Ltd and MUR 1.4 billion for Constance Hotels Investment Limited were accounted as part of "investment in subsidiaries" and regarded as a receivable from which settlement is neither planned nor likely to occur in the foreseeable future.

8. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

The recoverable amount has been determined by calculating the value-in-use of each Cash generating unit. The discount rate has been determined using a capital asset model to calculate a post-tax rate that reflects market assessment of the time value of money. The post-tax cash flow projection is based on financial budgets approved by management covering a six-year period. The post-tax discount rate applied represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) which ranges between 8.5% to 9% for the various entities of the Group. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The growth rates are consistent with the industry in which each CGU operates. For the year ended 31 December 2019, the Directors have taken into consideration the audited financial information of the subsidiary companies at 31 December 2019 and concluded that there were no indication of impairment of the investments held in subsidiary companies at 31 December 2019.

Investee	Discount rate	Terminal growth	Occupancy rate (Average)
White Sand Paradise Limited (WSPL)	8.47%	3.66%	61%
Constance Hospitality Management Limited	9%	3%	N/A
Constance Hospitality Training Centre Ltd	N/A	N/A	N/A
Constance Hotels Investment Limited	N/A	N/A	N/A

The table below sets out the outcome of the sensitivity analysis and the resulting hypothetical additional impairments that would result from this modelling. It is the Directors' and management's view that the appropriate impairment charge has been recognised as at 31 December 2020. Additional impairment to be recognised for a reasonable change in key assumptions.

CGU	Increase of 1% in the discount rate MUR'000	Decrease of 1% in the terminal growth MUR'000	Decrease of 1% in the occupancy rate MUR'000
Impact on impairment			
White Sand Paradise Limited (WSPL)	21,039	21,039	21,039
Constance Hospitality Management Limited	83,100	66,948	N/A
****Constance Hospitality Training Centre Ltd	N/A	N/A	N/A
****Constance Hotels Investment Limited	N/A	N/A	N/A

**** The impairment of Constance Hospitality Training Centre Ltd and Constance Hotels Investment Limited has been based on Net asset value .

The disclosure has been made for those investments in subsidiaries where there was an indication of impairment.

9. INVESTMENTS IN ASSOCIATES

(a)

THE COMPANY	2020 MUR'000	2019 MUR'000
Unquoted - cost		
At January 1,	**144,070**	144,070
Transfer from financial assets at amortised cost*	**57,000**	-
Impairment	**(14,070)**	-
At December 31,	**187,000**	144,070

The impairment loss of MUR 14 million represented write-down of the investment in associates to a nil recoverable amount mainly due to negative financial results. This was recognised in the statement of profit or loss under a separate line item. The recoverable amount has been determined using the net asset value of the associates consisting primarily of receivables, payables, borrowings and payables which are short term and approximate their fair values. This is classified as level 3.

*During the year under review loans receivable from associates were accounted as part of "investment in associates" and regarded as a receivable from which settlement is neither planned nor likely to occur in the foreseeable future.

Associates	**Carrying value At January 1, 2020 MUR'000**	**Impairment MUR'000**	**Transfer MUR'000**	**Carrying value At December 31, 2020 MUR'000**
Constance Corporate Management Limited	14,070	(14,070)	-	-
Lagon de Rêve Limitée	130,000	-	57,000	187,000
	144,070	**(14,070)**	**57,000**	**187,000**

Associates	Carrying value At January 1, 2019 MUR'000	Impairment MUR'000	Transfer MUR'000	Carrying value At December 31, 2019 MUR'000
Constance Corporate Management Limited	14,070	-	-	14,070
Lagon de Rêve Limitée	130,000	-	-	130,000
	144,070	**-**	**-**	**144,070**

(b)

THE GROUP	2020 MUR'000	2019 MUR'000
Unquoted		
At January 1,	**1,552,262**	1,414,828
Transfer from financial assets at amortised cost	**57,000**	-
Share of results for the year	**(1,772)**	92,575
Share of other comprehensive income	**(184)**	(3,227)
Exchange differences	**267,770**	48,086
	1,875,076	1,552,262
Deposit on shares*	**201,977**	201,977
At December 31,	**2,077,053**	1,754,239

Investment in associates at December 31, 2020 include goodwill of MUR 19 million (2019: 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.

9. INVESTMENTS IN ASSOCIATES (continued)

(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 2020 %	By holding company 2019 %	By other group companies 2020 %	By other group companies 2019 %
Le Refuge du Pêcheur Limited and its subsidiary *	December 31, 2020	Seychelles	Seychelles	**-**	-	**31.93**	31.93
Ampasy Ltd and its subsidiary	December 31, 2020	Mauritius	Mauritius	**-**	-	**37.50**	37.50
Constance Corporate Management Limited	December 31, 2020	Mauritius	Mauritius	**42.00**	42.00	**-**	-
Lagon De Rêve Limitée	June 30, 2020	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. 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.

(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 compre-hensive income MUR'000	Total compre-hensive income MUR'000
2020								
Le Refuge du Pêcheur Limited and its subsidiary	**292,617**	**3,090,991**	**787,948**	**314,111**	**908,449**	**320,048**	**983,370**	**1,303,418**
Lagon De Rêve Limitée	**24,103**	**940,996**	**41,937**	**542,918**	**4,800**	**70,851**	**-**	**70,851**
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	448,721
Lagon De Rêve Limitée	52,435	640,640	36,681	364,500	4,800	(2,211)	-	(2,211)

9. INVESTMENTS IN ASSOCIATES (continued)

(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
2020										
Le Refuge du Pêcheur Limited and its subsidiary	**3,327,465**	**320,048**	**983,370**	**263,564**	**4,894,447**	**31.93%**	**1,562,797**	**338,065**	**19,098**	**1,919,960**
Lagon De Rêve Limitée	**291,894**	**70,851**	**-**	**-**	**362,745**	**40.00%**	**145,098**	**-**	**-**	**145,150**
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

(v) Aggregate information of the associates that are not individually material.

	2020 MUR'000	2019 MUR'000
Carrying amount of interests	**11,943**	72,493
Share of profit	**(64,524)**	13,743
Share of other comprehensive income	**3,970**	(1,705)
Share of total comprehensive income	**(60,554)**	12,038

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10. FINANCIAL ASSETS AT AMORTISED COST

		THE GROUP			
		2020		2019	
		MUR'000	MUR'000	MUR'000	MUR'000
		Current	Non-current	Current	Non-current
(a)	Receivables from associates:				
	- other receivables (Note (b))	144,280	-	314,325	-
	- loan (Note (c))	2,669	-	-	53,906
	Other receivables (Note (b))	43,048	-	35,403	-
		189,997	-	349,728	53,906

	THE COMPANY			
	2020		2019	
	MUR'000	MUR'000	MUR'000	MUR'000
	Current	Non-current	Current	Non-current
Receivables from subsidiary companies	1,153,867	-	2,381,566	-
Receivables from associates:				
- other receivables (Note (b))	378	-	3,514	-
- loan (see Note (c))	-	-	-	53,906
Other receivables (Note (b))	1,330	-	808	-
	1,155,575	-	2,385,888	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.

(d) During the year under review, Directors have made an assessment of allowance for expected credit loss on the above balances. As part of their assessment the Directors considered their unencumbered assets of these subsidiaries and associates and considered the ECL to be immaterial.

11. DEFERRED INCOME TAX

(a) Deferred income taxes are calculated on all temporary differences under the liability method at 15%-17% (2019:15%-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	
	2020	2019	2020	2019
	MUR'000	MUR'000	MUR'000	MUR'000
Deferred tax assets	78,375	96,770	3,947	16,485
Deferred tax liabilities	(42,350)	(44,870)	-	-
Net deferred income tax assets	36,025	51,900	3,947	16,485

11. DEFERRED INCOME TAX (continued)

(b) At the end of the reporting period, the Group and the Company had unused tax losses of MUR 1,002 million (2019: MUR 1,276 million) and MUR 52 million (2019: MUR 76.9 million) respectively, available for offset against future profits. A deferred tax asset has been recognised in respect of MUR 333 million (2019: MUR 468.3 million) for the Group and MUR 52 million (2019: MUR 76.9 million) for the Company respectively of such losses. No deferred tax asset has been recognised in respect of the remaining MUR 943 million (2019: MUR 646.1 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	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
At January 1, - restated	**51,900**	31,054	**16,485**	12,635
Charged/(credited) to profit or loss (Note 21(b))	**(21,251)**	21,306	**(12,538)**	3,850
Charged to other comprehensive income	**5,376**	(460)	**-**	-
At December 31,	**36,025**	51,900	**3,947**	16,485

(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, 2019	(877)	72,710	393,617	465,450
Charged to profit or loss	30,432	-	9,280	39,712
(Credited)/charged to other comprehensive income	(1)	3,293	20,146	23,438
At December 31, 2019	29,554	76,003	423,043	528,600
At January 1, 2020	29,554	76,003	423,043	528,600
Credited to profit or loss	(9,328)	-	(262,854)	(272,182)
Charged to other comprehensive income	286	4,782	15,556	20,624
At December 31, 2020	**20,512**	**80,785**	**175,745**	**277,042**

11. DEFERRED INCOME TAX (continued)

(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, 2019	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
At January 1, 2020	45,945	77,098	15,641	441,816	580,500
Credited/(charged) to profit or loss	1,139	(24,931)	(310)	(269,331)	(293,433)
Credited to other comprehensive income	6,709	2,846	283	16,162	26,000
At December 31, 2020	**53,793**	**55,013**	**15,614**	**188,647**	**313,067**

(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, 2019	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
At January 1, 2020	3,407	-	13,078	16,485
Credited to profit or loss	-	-	-	-
At December 31, 2020	**3,407**	**-**	**13,078**	**16,485**

12. INVENTORIES

	THE GROUP	
	2020 MUR'000	2019 MUR'000
At Cost/net realisable value		
Food and Beverages	**175,291**	190,446
Operating supplies	**55,893**	61,777
Maintenance	**89,113**	76,851
Sales products	**28,780**	30,380
Printing and stationeries	**10,927**	9,823
Marketing and advertising	**6,083**	6,830
Others	**5,693**	2,073
	371,780	378,180
Less provision for slow moving stock	**(3,886)**	-
	367,894	378,180

(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 amounted to MUR 367.0 million (2019: MUR 770.5 million) for the Group.

(c) Included under the category "Others" are items such as decorations, uniform, medical supplies, small operating supplies and other similar items.

13. TRADE AND OTHER RECEIVABLES

		THE GROUP	
		2020 MUR'000	2019 MUR'000
(a)	Trade receivables	**188,568**	476,018
	Less : Provision for impairment	**(99,937)**	(105,219)
	Net trade receivables	**88,631**	370,799

The carrying amount of trade receivables approximate their fair values. The significant movement in the carrying value of trade receivables from 2019 to 2020 is mainly due to decline in operations following closure of borders across the world in the financial year 2020. The trade receivable balances outstanding as at 31 Dec 2019 were partly recovered and simultaneously ECL decreased due to these reasons.

(b) Trade receivables are not secured, non interest-bearing and are generally on 30 days term.

(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, 2020 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 31 December 2020 in compliance with IFRS 9 was determined as follows for trade receivables:

At December 31, 2020	**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	4.21%	6.77%	25.44%	61.76%	99.71%	14.56%
Gross carrying amount - trade receivables	86,092	3,249	172	6,890	92,165	188,568
Less: guest in house	(52,477)	-	-	-	-	(52,477)
Less: specific provision	-	(339)	(3)	(3,995)	(89,441)	(93,778)
Net carrying amount	33,615	2,910	169	2,895	2,724	42,313
Loss allowance	(1,415)	(197)	(43)	(1,788)	(2,716)	(6,159)
Total provision	**(1,415)**	**(536)**	**(46)**	**(5,783)**	**(92,157)**	**(99,937)**

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Year ended December 31, 2020

13. TRADE AND OTHER RECEIVABLES (continued)

(c) *Impairment of trade receivables (continued)*

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)**

The closing loss allowances for trade receivables as at December 31, reconcile to the opening loss allowances as follows:

	THE GROUP	
	2020 MUR'000	2019 MUR'000
Loss allowance as at January 1,	**105,219**	94,041
Loss allowance (reversed)/recognised in profit or loss during the year	**(5,282)**	11,178
At December 31,	**99,937**	105,219

(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	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Prepayments	**36,258**	141,190	**16,272**	13,098
Others	**67,060**	31,780	**1,065**	3,105
	103,318	172,970	**17,337**	16,203

Others comprise mainly of VAT receivables.

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, 2020 & 2019	109,653,349	1,096,533	1,056,862	2,153,395

(b) The issued ordinary shares are at par value MUR 10 and are fully paid.

16. REVALUATION AND OTHER RESERVES

	THE GROUP	
	2020 MUR'000	2019 MUR'000
The movements in each category are as follows:		
Revaluation reserve		
At January 1,	**3,067,125**	3,067,125
Transfer from retained earnings	**-**	-
Revaluation surplus on freehold land	**-**	-
At December 31,	**3,067,125**	3,067,125
Translation of foreign operations		
At January 1,	**398,915**	308,100
Movement for the year	**290,815**	90,815
At December 31,	**689,730**	398,915
Actuarial losses		
At January 1,	**(118,515)**	(108,912)
Movement for the year	**(33,113)**	(9,603)
At December 31,	**(151,628)**	(118,515)
Total	**3,605,227**	3,347,525

(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.

Notes to the Financial Statements

Year ended December 31, 2020

17. BORROWINGS

(a)

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Non-current				
Loans - USD	**1,393,407**	921,906	**-**	-
- EUR	**220,666**	145,205	**-**	-
- MUR	**2,354,210**	1,681,087	**779,104**	626,112
	3,968,283	2,748,198	**779,104**	626,112

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Current				
Bank overdrafts	**709,188**	484,055	**205,550**	66,732
Loans - USD	**347,854**	701,297	**347,854**	247,180
- EUR	**48,295**	201,929	**48,295**	40,640
- MUR	**922,343**	1,237,136	**855,580**	730,000
	2,027,680	2,624,417	**1,457,279**	1,084,552
Total borrowings	**5,995,963**	5,372,615	**2,236,383**	1,710,664

(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 2.85% and 5.43% (2019: 4.3% and 7.2%).

(c) All the Group's borrowings have repricing date within one year.

(d) The maturity of non-current borrowings is as follows:

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
After one year and before two years	**28,411**	610,909	**-**	50,000
After two years and before three years	**29,932**	1,288,972	**-**	50,000
After three years and before five years	**64,755**	382,776	**-**	100,000
After five years	**3,845,185**	465,541	**779,104**	426,112
	3,968,283	2,748,198	**779,104**	626,112

(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 LIABILITIES

	THE GROUP 2020 MUR'000	THE GROUP 2019 MUR'000
Amounts recognised in the statement of financial position:		
Defined pension benefits (Note (a)(ii))	**289,362**	198,165
Other post retirement benefits (Note (b)(i))	**27,073**	72,094
	316,435	270,259
Analysed as follows:		
Non-current liabilities	**316,435**	270,259
Amounts charged to profit or loss:		
- Defined pension benefits (Note (a)(v))	**35,316**	32,384
- Other post retirement benefits (Note (b)(ii))	**4,863**	8,125
	40,179	40,509
Amounts (credited)/charged to other comprehensive income:		
- Defined pension benefits (Note (a)(vi))	**79,906**	6,211
- Other post retirement benefits (Note (b)(ii))	**(40,434)**	1,742
	39,472	7,953

(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.

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, 2020 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 2020 MUR'000	THE GROUP 2019 MUR'000
Present value of funded obligations	**517,240**	440,669
Fair value of plan assets	**(227,881)**	(242,504)
Liability in the statement of financial position	**289,359**	198,165

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	THE GROUP 2020 MUR'000	THE GROUP 2019 MUR'000
At January 1,	**198,165**	182,261
Charged to profit or loss	**35,316**	32,384
Charged to other comprehensive income	**79,906**	6,211
Contributions paid	**(24,025)**	(22,691)
At December 31,	**289,362**	198,165

Notes to the Financial Statements

Year ended December 31, 2020

18. RETIREMENT BENEFIT LIABILITIES (continued)

(a) **Defined pension benefits** (continued)

(iii) The movement in the defined benefit obligations over the year is as follows:

	THE GROUP	
	2020 MUR'000	2019 MUR'000
At January 1,	**440,669**	405,837
Effect of transfer of members	**-**	-
Current service cost	**23,251**	19,462
Interest expense	**21,072**	24,368
Remeasurements:		
- Actuarial losses	**79,066**	4,561
Benefits paid	**(46,818)**	(13,559)
At December 31,	**517,240**	440,669

(iv) The movement in the fair value of plan assets of the year is as follows:

	THE GROUP	
	2020 MUR'000	2019 MUR'000
At January 1,	**242,504**	223,576
Remeasurements:		
- Return on plan assets	**11,501**	13,951
- Actuarial gains/(losses)	**(840)**	(1,650)
Scheme expenses	**(790)**	(860)
Cost of insuring risk benefits	**(1,700)**	(1,645)
Contributions by the employer	**24,024**	22,691
Benefits paid	**(46,818)**	(13,559)
At December 31,	**227,881**	242,504

(v) The amounts recognised in profit or loss are as follows:

	THE GROUP	
	2020 MUR'000	2019 MUR'000
Current service cost	**23,251**	19,462
Scheme expenses	**790**	860
Cost of insuring risk benefits	**1,700**	1,645
Net interest expense	**9,571**	10,417
Total included in employee benefit expense	**35,312**	32,384

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	
	2020 MUR'000	2019 MUR'000
Actual return on plan assets	**10,661**	12,301

18. RETIREMENT BENEFIT LIABILITIES (continued)

(a) **Defined pension benefits** (continued)

(vi) The amounts recognised in other comprehensive income are as follows:

	THE GROUP	
	2020 **MUR'000**	2019 MUR'000
Liability experience gains	**27,833**	2,282
Actuarial losses arising from changes in financial assumptions	**51,233**	2,279
Actuarial losses	**79,066**	4,561
Return on plan assets excluding interest income	**840**	1,650
	79,906	6,211

(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:

	2020 **%**	2019 %
Discount rate	**2.1 - 2.9**	4.9 - 5.2
Future salary growth rate	**1.0**	3.0

(ix) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	THE GROUP	
December 31,	**2020** **MUR'000**	2019 MUR'000
Discount rate (1% movement)	**56,128**	39,454
Future long term salary (1% movement)	**26,079**	50,105

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.

Notes to the Financial Statements

Year ended December 31, 2020

18. RETIREMENT BENEFIT LIABILITIES (continued)

(a) **Defined pension benefits** (continued)

(x) 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.

(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.

(b) **Other post retirement benefits**

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Workers' Rights Act 2019 and other benefits.

(i) The amounts recognised in the statement of financial position are as follows:

	THE GROUP	
	2020 MUR'000	2019 MUR'000
Present value of unfunded obligations	**27,072**	72,094

(ii) Movement in the liability recognised in the statements of financial position:

	THE GROUP	
	2020 MUR'000	2019 MUR'000
At January 1,		
- As previously reported	**72,094**	441
- Prior year adjustment	**-**	62,211
At January 1, - restated	**72,094**	62,652
Charged to profit or loss (a)	**4,909**	8,125
(Charged)/credited in other comprehensive income	**(40,434)**	1,742
Benefits paid	**(9,497)**	(425)
	27,072	72,094
(a) Included in profit or loss		
- Current service cost	**1,335**	4,191
- Net interest expense	**3,367**	3,934
	4,702	8,125

18. RETIREMENT BENEFIT LIABILITIES (continued)

(b) **Other post retirement benefits**

(iii) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	THE GROUP	
	2020	2019
	%	%
Discount rate	**2.3-3.20**	5-5.20
Future salary growth rate	**1**	3

(iv) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	THE GROUP	
	2020	2019
December 31,	**MUR'000**	MUR'000
Discount rate (1% movement)	**6,915**	3,603
Future long term salary (1% movement)	**5,567**	2,145

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	MUR'000	MUR'000	**MUR'000**	MUR'000
Trade payables	**158,760**	247,176	**19,116**	9,733
Payable to group companies:				
- Ultimate Holding Company	**-**	802	**-**	802
- Subsidiary companies	**-**	-	**468,743**	617,480
- Associated companies	**14,260**	6,234	**14,260**	6,234
Other payables	**329,567**	614,474	**5,336**	8,035
	502,587	868,686	**507,455**	642,284

The carrying amounts of trade and other payables approximate their fair values.

Other payables comprises mainly of accruals for payroll related costs, amounts payable to contractors and other accruals made in the normal course of business.

Notes to the Financial Statements

Year ended December 31, 2020

20. COMPARATIVES

During the current year, management reassessed the classification and presentation of certain account balances in the financial statements. Accordingly, comparative figures have been reclassified to conform with the current year's presentation. There is neither any effect on the loss for the year in the comparatives statement of profit or loss and other comprehensive income nor on the assets and liabilities in the comparative statement of financial position.

Statement of financial position

THE GROUP

At December 31, 2019	**Before restatement MUR'000**	**Current tax assets MUR'000** (a)	**After restatement At December 31, 2019 MUR'000**
Other assets	**191,563**	**(18,593)**	**172,970**
Current tax assets	**-**	**18,593**	**18,593**

(a) Current tax assets initially disclosed on the statement of financial position under other assets has been reclassified to current tax assets under a separate line on statement of financial position.

Statement of changes in equity

The revaluation and other reserves in the statement of changes in equity reported in the annual report of 2019 has been split into actuarial loss reserve, revaluation reserve and foreign exchange reserve to align with current year presentation.

Income statement for the year ended December 31, 2019

THE GROUP At December 31, 2019	Before restatement MUR'000	Allowance for expected credit loss MUR'000 (b)	Finance costs MUR'000 (c)	Finance income MUR'000 (d)	After restatement MUR'000
Earnings before interest, depreciation and amortisation	984,660	11,178	-	(17,602)	978,236
Allowance for expected credit loss Trade receivables	-	(11,178)	-	-	(11,178)
Finance costs:-					
On financial debt	(320,647)	-	320,647	-	-
On right-of-use assets	(223,346)	-	223,346	-	-
Finance costs	-	-	(543,993)	-	(543,993)

THE COMPANY At December 31, 2019	Before restatement MUR'000	Finance income MUR'000 (d)	Finance costs MUR'000 ‘ (c)	After restatement MUR'000
Earnings before interest, depreciation and amortisation	183,274	(105,006)	-	78,268
Finance income	-	105,006	-	105,006
Finance costs:-				
On financial debt	(106,821)	-	106,821	-
On right-of-use assets	(582)	-	582	-
Finance costs	-	-	(107,403)	(107,403)

20. COMPARATIVES (continued)

(b) Allowances for expected credit loss initially grouped under EBITDA in the reported financial statement of 2019 has been classified under allowance for expected credit loss on a separate for the purpose of the requirement IAS 1.

(c) Finance costs initially split between financial debt and right-of-use assets has been reclassified under one line under Finance costs for the purpose of improvement of the presentation of the financial statement.

(d) Finance income was initially grouped under EBITDA in the reported financial statement of 2019 has been reclassified to a separate line on the statement of profit or loss for the purpose of improvement of the presentation.

(e) Cost of inventories, administrative and operating expenses and other operating income were grouped as part of EBITDA in the annual report of 2019, these have been disclosed on separate lines on the statement of profit or loss to conform with IAS 1. The reclassification did not change the amount disclosed as EBITDA.

Statement of cashflows

THE GROUP

At December 31, 2019	Before restatement MUR'000	Foreign exchange difference (Cash and cash equivalent) MUR'000 (f)	Financial assets at amortised cost MUR'000 (g)	After restatement MUR'000
Cashflow from operations	658,414	3,121	(9,531)	652,004
Cash (used in)/generated from investing activities	(409,043)	-	9,531	(399,512)
Cash and cash equivalent foreign exchange movement	-	(3,121)	-	(3,121)

THE COMPANY

At December 31, 2019	Before restatement MUR'000	Foreign exchange difference (Cash and cash equivalent) MUR'000 (f)	Financial assets at amortised cost MUR'000 (g)	After restatement MUR'000
Cashflow from operations	(270,374)	(777)	474,494	203,343
Cash (used in)/generated from investing activities	1,000	-	(474,494)	(473,494)
Cash and cash equivalent foreign exchange movement	-	777	-	777

(f) 'Net foreign exchange difference' relates to the effects of exchange rate changes on the foreign currency cash balances for the Group and the Company respectively. This line item was added in the current year to be in line with IAS 7 'Statement of Cash Flows' and comparative figure has been re-stated accordingly.

(g) Movement pertaining to financial assets at amortised cost was reclassified from cashflow from operating activities to cashflow from investing activities to align with the business nature of the Group and the Company.

Notes to the Financial Statements

Year ended December 31, 2020

21. INCOME TAX

		THE GROUP	
		2020 MUR'000	2019 MUR'000
(a)	**Amounts recognised in the statements of financial position are as follows:**		
	Current tax assets	**20,991**	18,593
	Current tax liabilities	**2,585**	-

Current tax liabilities is on adjusted profit for the year at 15% (2019: 15%).

(b) **Amounts recognised in the profit or loss**

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Current tax on the adjustment profit for the year at 15% (2019: 15%)	**6,025**	30,883	**-**	-
Foreign tax credit	**-**	(14,978)	**-**	-
Under provision in previous years	**-**	1,731	**-**	-
Deferred income tax (Note 11(c))	**21,251**	(21,306)	**12,538**	(3,850)
Charged/(credited) to profit or loss	**27,276**	(3,670)	**12,538**	(3,850)

(c) **Tax reconciliation**

The tax on the Group's and the Company's 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	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
(Loss)/profit before taxation	**(1,392,206)**	(140,326)	**(631,388)**	66,883
Less: Share of results of associates	**(1,392,206)**	(140,326)	**(631,388)**	66,883
Tax calculated at a rate of 15% (2019: 15%)	**(208,831)**	(21,049)	**(94,708)**	7,685
Expenses not deductible for tax purposes	**162,856**	25,009	**126,353**	1,139
Withholding and foreign tax	**(7,878)**	(14,978)	**-**	-
Income not subject to tax	**(23,900)**	(21,318)	**(19,032)**	(12,935)
Under provision in previous years	**2,345**	1,731	**-**	-
Tax losses for which no deferred income tax was recognised	**117,861**	39,406	**-**	-
Deferred tax rate differential on corporate social responsibility tax	**(23,879)**	(20,344)	**(75)**	261
Other adjustments and timing differences	**8,702**	15,213	**-**	-
Charged/(credited) to profit or loss	**27,276**	3,670	**12,538**	(3,850)

22. REVENUE

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	MUR'000	MUR'000	**MUR'000**	MUR'000
The following is an analysis of the revenue for the year.				
Room Revenue	**838,952**	1,944,043	**-**	-
Food and beverages	**398,266**	1,005,474	**-**	
Others	**346,290**	567,397	**-**	-
	1,583,508	3,516,914	**-**	-

THE GROUP	Hotel operations	
	2020	2019
	MUR'000	MUR'000
Timing of revenue recognition		
At a point in time	**744,556**	1,572,871
Over time	**838,952**	1,944,043

Others consist of revenue streams such as SPA and boutique and various other hotel services provided by the Group.

23. OPERATING PROFIT

	THE GROUP		THE COMPANY	
		Restated		
	2020	2019	**2020**	2019
	MUR'000	MUR'000	**MUR'000**	MUR'000
The operating profit is arrived at:				
after crediting:				
Other operating income	**54,244**	3,701	**101,932**	79,888
Net foreign exchange transaction gains	**133,413**	96,620	**127,502**	87,174
after charging:				
Cost of sales	**805,699**	1,386,613	**-**	-
Operating expenses	**160,116**	678,520	**-**	-
Other expenses	**-**	20,301	**-**	2,543
Administrative expenses	**593,355**	553,564	**70,107**	86,251

(a) **Cost of inventories expensed**

	THE GROUP	
	2020	2019
	MUR'000	MUR'000
Food and beverages and room supplies	**216,195**	422,264
Others	**150,806**	348,246
	367,001	770,510

Others comprise of spare parts, fabrics and garments.

Notes to the Financial Statements

Year ended December 31, 2020

23. OPERATING PROFIT (continued)

(b) Administrative and operating expenses

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Employee benefit expense (Note 23 (d))	**598,607**	866,838	**-**	-
Marketing expenses	**148,822**	234,799	**43,727**	58,156
Repairs and maintenance	**67,839**	143,128	**-**	-
Energy and other utilities	**112,582**	162,655	**-**	-
Others	**288,718**	461,068	**13,758**	29,772
	1,216,568	1,868,488	**57,485**	87,928

Others comprise of stationary and professional fees.

(c) Other operating income

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Net foreign exchange gains	**133,413**	96,620	**127,502**	87,174
Contributions	**54,244**	3,701	**89,310**	79,022
Rent concession	**24,399**	-	**-**	-
	212,056	100,321	**216,812**	166,196

(d) Employee benefits expense

	THE GROUP	
	2020 MUR'000	2019 MUR'000
Included in employee benefit expenses are:		
Wages and salaries***	**425,007**	681,775
Social security costs	**27,365**	27,774
Pension costs	**39,387**	29,255
Other employment benefits other than pensions	**106,848**	128,034
	598,607	866,838

***A Wage Assistance Scheme (WAS) of MUR 176 million was granted to the Group in the financial year 2020 for the purposes of paying salaries and wages during the COVID-19 period. The grant has been deducted from the cost of wages and salaries to arrive at MUR 425.0 million.

24. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Interest expense:				
- Bank overdrafts	**50,933**	53,507	**3,909**	3,928
- Bank and other borrowings repayable by instalments	**216,443**	252,055	**78,384**	65,962
- Leases (Note 6)	**268,310**	223,346	**376**	821
- Other interests	**6,075**	15,085	**37,256**	36,692
Total borrowing costs	**541,761**	543,993	**119,925**	107,403

Other interest of comprise of finance costs on intercompany loan.

25. OTHER NON RECURRING ITEMS

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Pre-opening expenses (Note (a))	**-**	(41,863)	**-**	-
	-	(41,863)	**-**	-

(a) Pre-opening expenses:

	THE GROUP	
	2020 MUR'000	2019 MUR'000
Staff costs	**-**	16,093
Selling and marketing expenses	**-**	19,563
Others	**-**	6,207
	-	41,863

This represents pre-opening expenses incurred prior to re-opening of C Mauritius.

26. (LOSS)/EARNINGS PER SHARE

		THE GROUP		THE COMPANY	
		2020	Restated 2019	**2020**	2019
(Loss)/profit attributable to equity holders	MUR'000	**(1,367,392)**	(142,296)	**120,889**	70,733
Number of ordinary shares in issue	(thousands)	**109,653**	109,653	**109,653**	109,653
(Loss)/earnings per share	MUR	**(12.47)**	(1.30)	**1.10**	0.65

Notes to the Financial Statements

Year ended December 31, 2020

27. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

THE GROUP

		Cash changes		Non-Cash changes		
	2019 MUR'000	Cash inflows MUR'000	Cash outflows MUR'000	Other MUR'000	Exchange differences MUR'000	**2020 MUR'000**
Borrowings*	4,888,560	960,388	(865,365)	121,213	181,979	**5,286,775**
Lease liabilities	2,971,352	-	(224,066)	980,323	214,160	**3,941,769**
Total liabilities from financing activities	7,859,912	960,388	(1,089,431)	1,101,536	396,139	**9,228,544**

THE GROUP

		Cash changes		Non-Cash changes		
	2018 MUR'000	Cash inflows MUR'000	Cash outflows MUR'000	Other MUR'000	Exchange differences MUR'000	2019 MUR'000
Borrowings*	4,643,586	1,104,378	(964,104)	-	104,700	4,888,560
Lease liabilities	2,850,276	-	(239,828)	223,346	137,558	2,971,352
Dividend proposed	54,827	-	(54,827)	-	-	-
Total liabilities from financing activities	7,548,689	1,104,378	(1,258,759)	223,346	242,258	7,859,912

THE COMPANY

		Cash changes		Non-Cash changes		
	2019 MUR'000	Cash inflows MUR'000	Cash outflows MUR'000	Others MUR'000	Exchange differences MUR'000	**2020 MUR'000**
Borrowings*	1,643,932	673,553	(350,250)	42,024	21,574	**2,030,833**
Lease liabilities	7,151	-	(2,273)	376	-	**5,254**
Total liabilities from financing activities	1,651,083	673,553	(352,523)	42,400	21,574	**2,036,087**

27. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

(a) Reconciliation of liabilities arising from financing activities (continued)

THE COMPANY

		Cash changes		Non-Cash changes		
	2018 MUR'000	Cash inflows MUR'000	Cash outflows MUR'000	Others MUR'000	Exchange differences MUR'000	2019 MUR'000
Borrowings*	1,290,156	856,684	(513,509)	-	10,601	1,643,932
Lease liabilities	6,330	-	(8,392)	-	821	7,151
Total liabilities from financing activities	1,296,486	856,684	(521,901)	-	11,422	1,651,083

* Borrowings exclude bank overdrafts as per below and include short term and long term borrowings.

Other comprise of interests accrued and new lease during the financial year.

(b) **Cash and cash equivalents**

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Cash in hand and at banks	**144,992**	102,784	**18,474**	11,898
Bank overdrafts (Note 17)	**(709,188)**	(484,055)	**(205,550)**	(66,732)
	(564,196)	(381,271)	**(187,076)**	(54,834)

While cash and cash equivalents are also subject to the impairment requirement of IFRS 9, the identified impairment loss was immaterial.

The principal non-cash transactions are the acquisition of the rights-of-use assets.

28. COMMITMENTS

	THE GROUP	
	2020 MUR'000	2019 MUR'000
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	**4,730**	45,537

29. CONTINGENCIES

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Contingent liabilities				
Bank guarantees to third parties	**1,080**	9,121	**1,060**	9,101

Notes to the Financial Statements

Year ended December 31, 2020

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	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000	**2020 MUR'000**	2019 MUR'000	**2020 MUR'000**	2019 MUR'000	**2020 MUR'000**	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
THE GROUP												
Ultimate holding company	**-**	-	**-**	-	**-**	(7,042)	**-**	-	**(23,000)**	(45,000)	**-**	(802)
Holding company	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Enterprises with common shareholders	**113**	34	**(29,469)**	(25,086)	**-**	(2,463)	**-**	-	**-**	-	**(725)**	(29)
Associates	**-**	5,672	**(4,000)**	(9,600)	**16,432**	19,480	**144,685**	185,551	**-**	23,906	**132,689**	308,091
THE COMPANY												
Ultimate holding company	**-**	-	**-**	-	**(701)**	(2,957)	**-**	-	**(23,000)**	(30,000)	**-**	(802)
Holding company	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Subsidiaries	**-**	-	**-**	-	**65,489**	76,616	**59,594**	52,693	**-**	-	**685,124**	1,764,086
Enterprises with common shareholders	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Associates	**-**	-	**-**	-	**-**	3,094	**5,914**	7,544	**-**	53,906	**(13,882)**	(2,720)

	THE GROUP		THE COMPANY	
	2020 MUR'000	2019 MUR'000	**2020 MUR'000**	2019 MUR'000
Key management personnel compensation:				
Short term employee benefit	**135,019**	160,724	**1,324**	2,421
Post-employment benefit	**6,352**	6,096	**-**	-
	141,371	166,820	**1,324**	2,421

The amounts receivable and payable in respect to related parties have maturity within one year.

As part of our assessment of the recoverability of the intercompany balance receivables, the financial unencumbered performance and assets available of the related party are considered.

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) **Primary segment-Business**

The Group has no significant reporting segment separate from the hotel operations.

Internal reports reviewed by the Chief Operating Decision Makers (i.e the Directors) in order to allocate resources to the segments and to assess their performance, comprise the hotel segment and the non-hotel segment. The non-hotel segment remains insignificant (i.e less than 10%) both in terms of revenue and trading results compared to the Group. The Directors therefore consider that there is no relevance in disclosing segmental information at this level.

(b) **Secondary Segment-Geographical information**

The Directors consider its most significant segments to be as per below i.e Geographical due to the fact that the contribution of the hotels in Maldives exceeds 10% in terms of revenue and the following disclosures are made with respect to segmental reporting.

	THE GROUP		
	Mauritius MUR'000	**Maldives MUR'000**	**Total MUR'000**
For the year ended December 31, 2020			
Segment revenue from contract with customers	**845,086**	**738,422**	**1,583,508**
Segment interest income	**15,472**	**-**	**15,472**
Segment finance cost	**(242,281)**	**(299,480)**	**(541,761)**
Segment depreciation and amortisation	**(405,628)**	**(171,417)**	**(577,045)**
Segment operating profit	**(128,815)**	**(230,953)**	**(359,768)**
Segment assets	**9,673,941**	**5,983,579**	**15,657,520**
Segment liabilities	**(4,576,311)**	**(6,222,182)**	**(10,798,493)**

	THE GROUP		
	Mauritius MUR'000	**Maldives MUR'000**	**Total MUR'000**
For the year ended December 31, 2019			
Segment revenue from contract with customers	1,909,230	1,607,683	3,516,913
Segment interest income	46,185	-	46,185
Segment finance cost	(257,117)	(313,283)	(570,400)
Segment depreciation and amortisation	(242,554)	(301,149)	(543,703)
Segment operating profit	317,980	105,375	423,355
Segment assets	8,963,976	6,553,156	15,517,132
Segment liabilities	(5,017,224)	(4,510,558)	(9,527,782)

The Group's customer base is diversified, with no individually significant customer.

Notes to the Financial Statements

Year ended December 31, 2020

33. EVENTS AFTER REPORTING DATE

Overall risk to operations

Post year end, the Company has successfully restructured its remaining short term bank facilities into medium term loans, including moratorium periods for the capital repayments. Following the successful COVID-19 vaccination campaigns carried out in the main markets as well as in the countries in which the Group operates, borders reopened with minimum additional travel requirements in the last quarter 2020/first quarter 2021 for the Maldives and Seychelles, and on 01 October 2021 for Mauritius. Our resorts in the Maldives and Seychelles have been in operations for most of 2021, and based on the number of tourist arrivals and the bookings in the pipeline, there are positive signs of recovery of the hotel industry. The Group received the support of the Government through funding from the Mauritius Investment Corporation Ltd, a support scheme for Mauritian entities that were impacted by the COVID-19. Our resorts operating in Mauritius had their applications approved for a total amount of MUR 1.11 billion and these funds will come in the form of convertible bonds to be repaid or converted into equity in 9 years at the option of the issuer.

Notes

Notes

CONSTANCE
HOTELS, RESORTS & GOLF

True by Nature

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