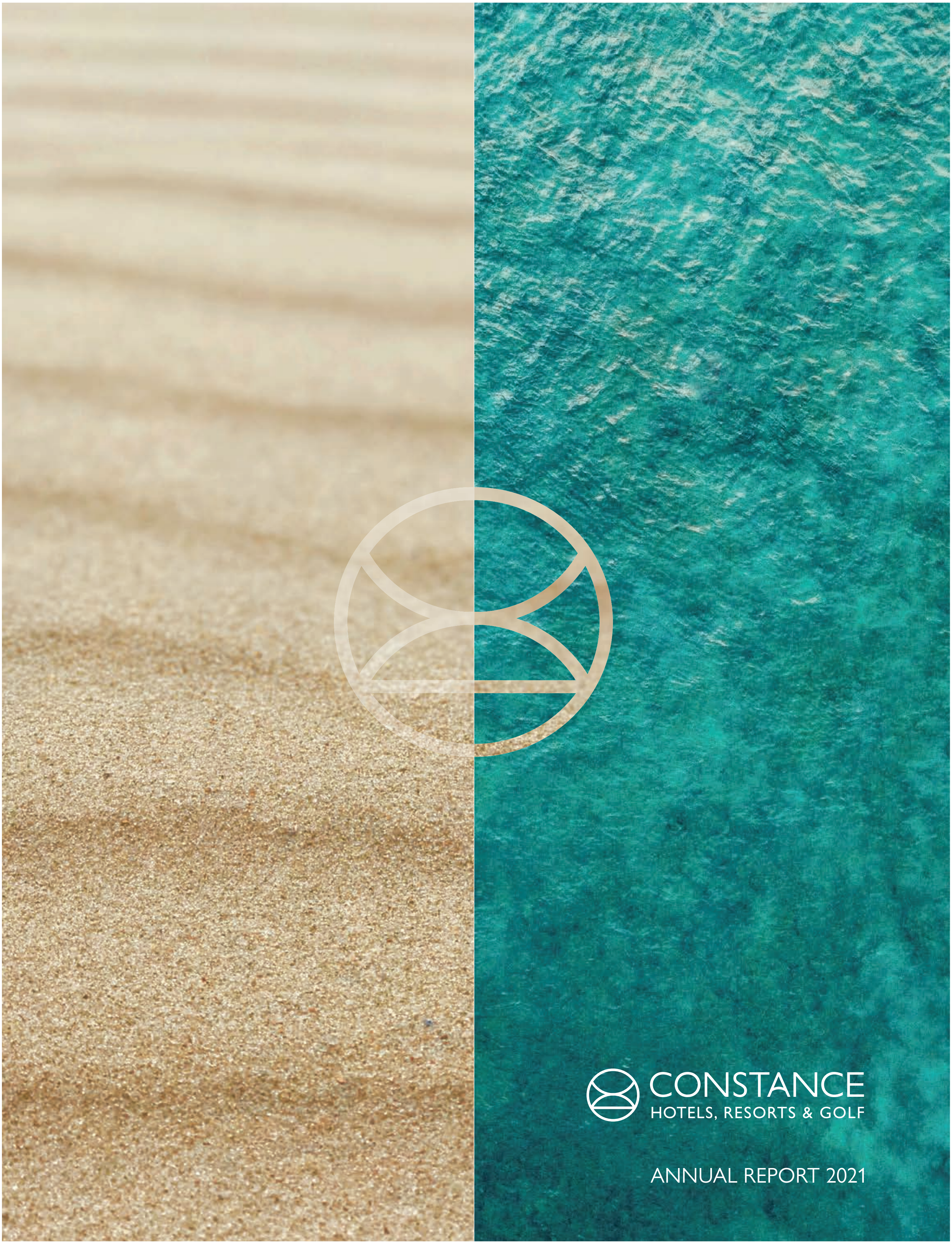


CONSTANCE
HOTELS, RESORTS & GOLF

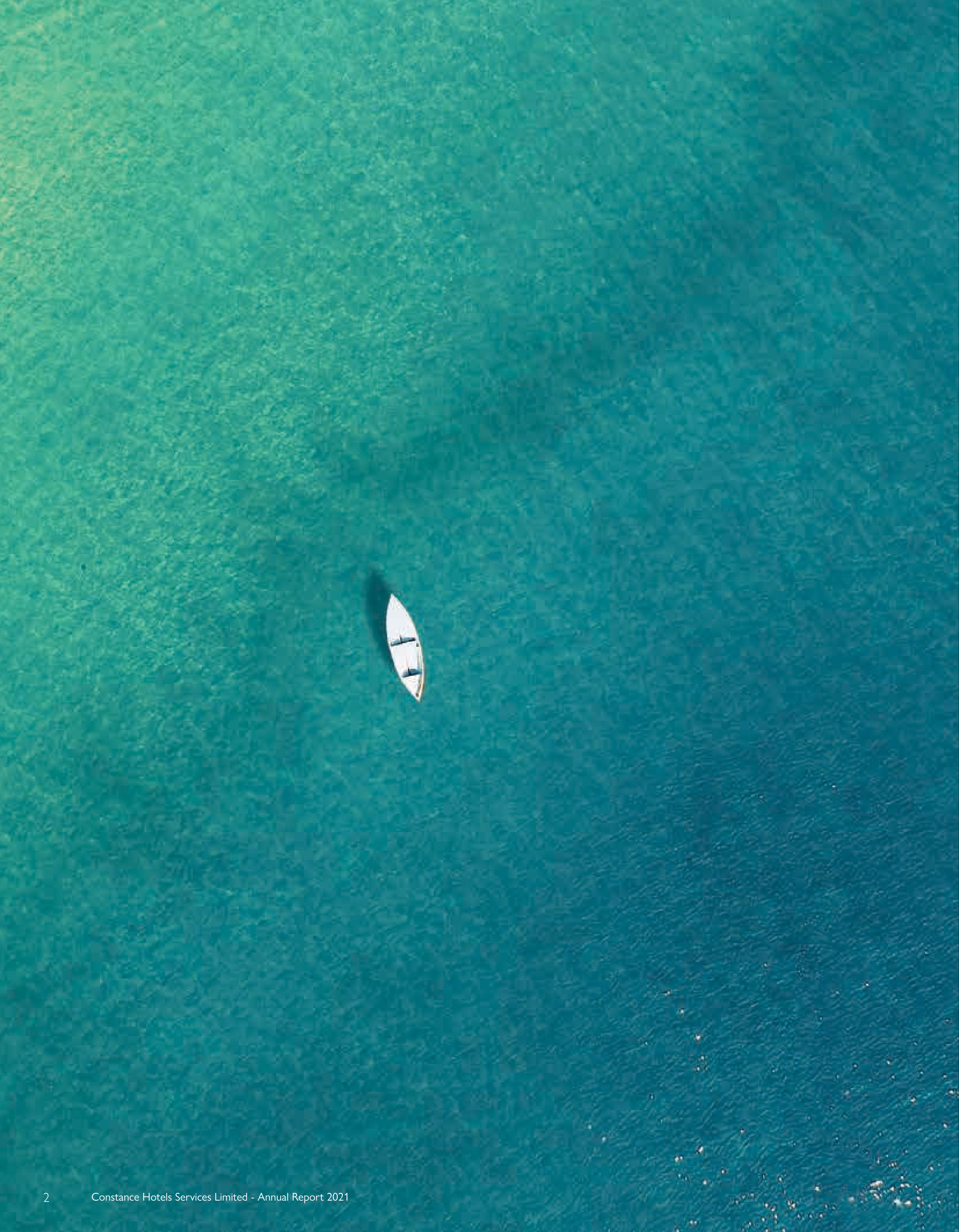
ANNUAL REPORT 2021

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report 2021 of Constance Hotels Services Limited which was approved on 13 May 2022.

George J. Dumbell (s)
Chairman

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



Contents

About the Group

A Leader in Luxury Hospitality Management

Constance Hotels, Resorts & Golf (CHRG) is recognised for its excellence in luxury hospitality and golf management, with a strong international network of sales offices and public relations agencies.

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

CHRG provides quality branded products and services, unique guest experiences and sustainable financial returns to its partners and shareholders.

Our Growth Ambition

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

Our Corporate Values

Innovative Spirit I Passion I Integrity I Responsibility

About the Group

Our Hospitality Brands

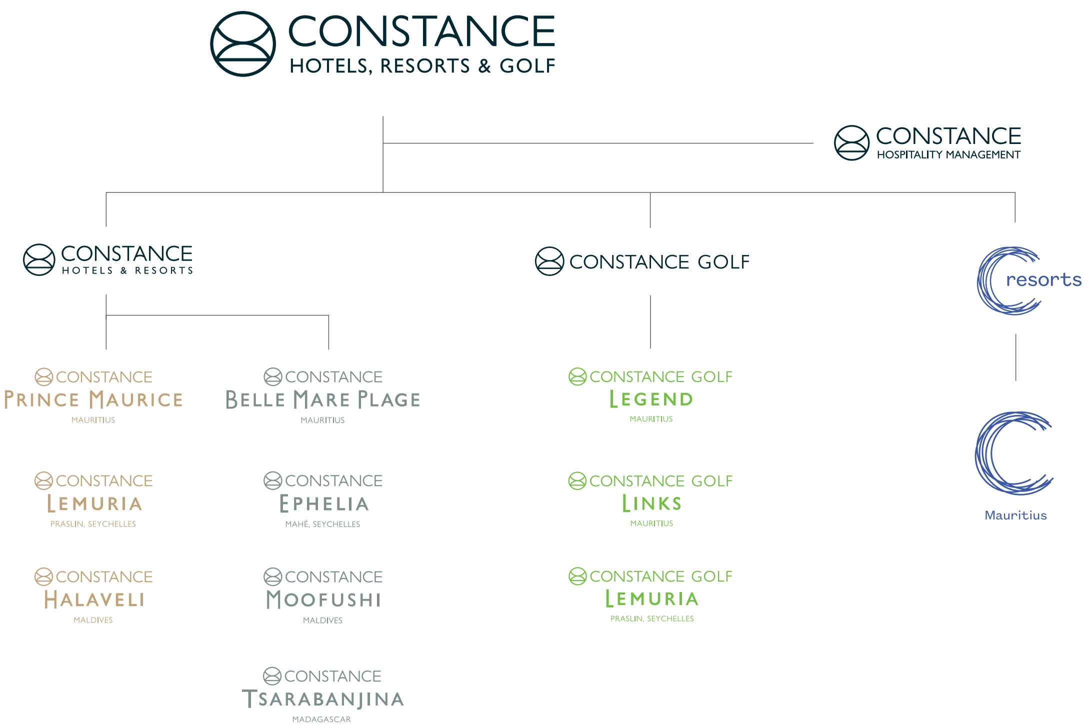
A branded collection of seven luxury resorts

The Constance Hotels & Resorts brand stands for simple, natural and friendly luxury, enjoys a strong reputation built over more than 40 years.

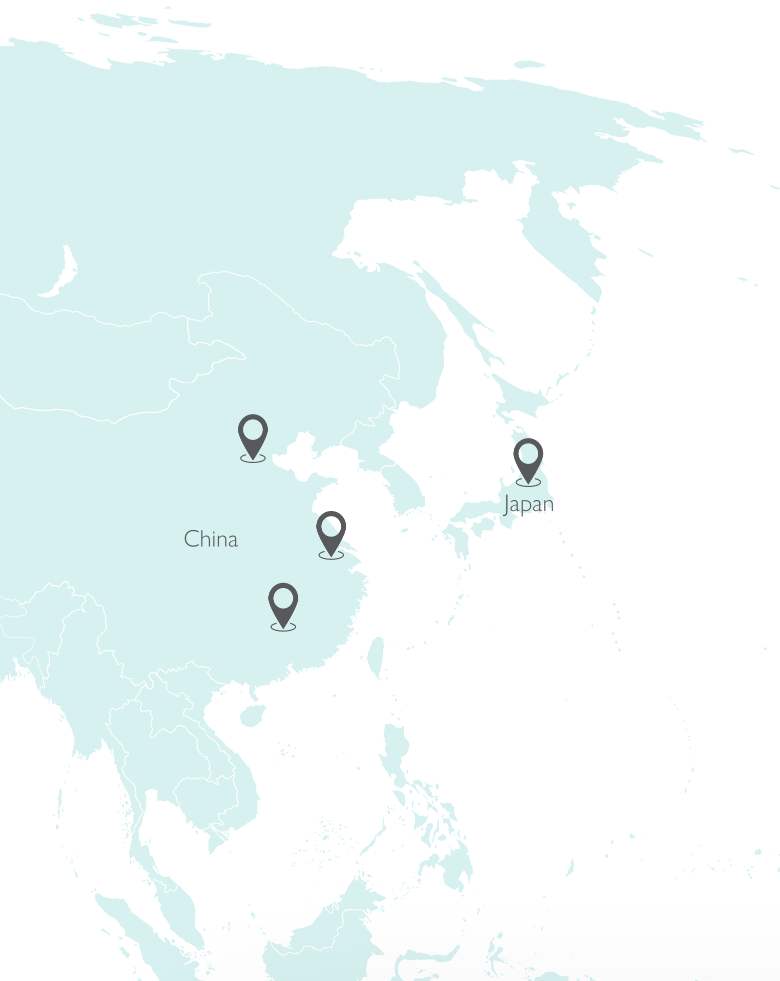
A contemporary lifestyle brand

The C Resorts brand aims to bring hotels to life with exciting guest experiences, fresh and friendly service, and stylish design around a strong brand concept, 'Nature's Playground'.

Our Brand Architecture



The Group in 2021



4
Destinations

15
Sales and Marketing Offices and General Sales Agent Representations

8
Hotels

3
Championship Golf Courses

1,122
Rooms

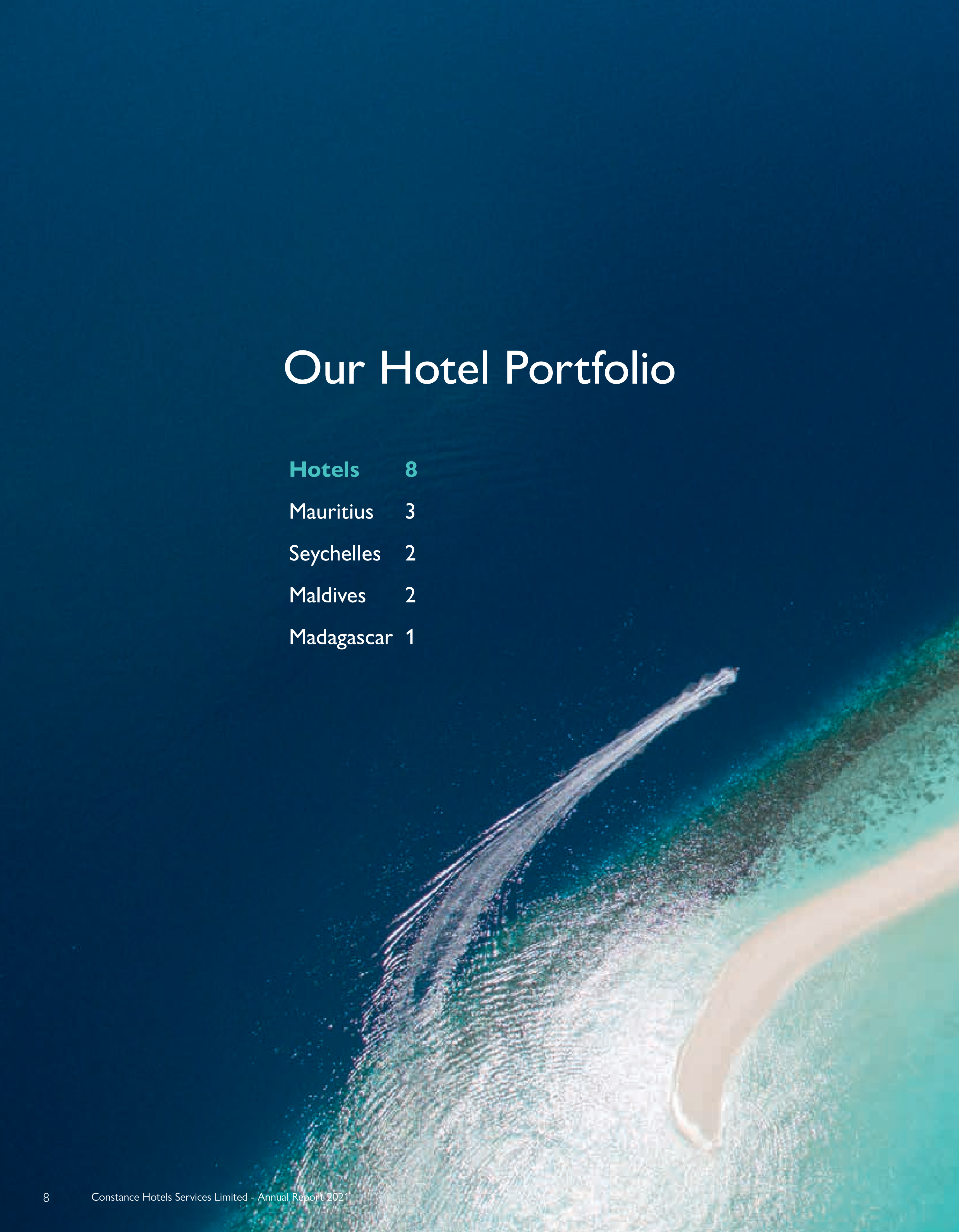
2,900
Team Members

184k
Followers on Instagram

371k
Engagements on Instagram

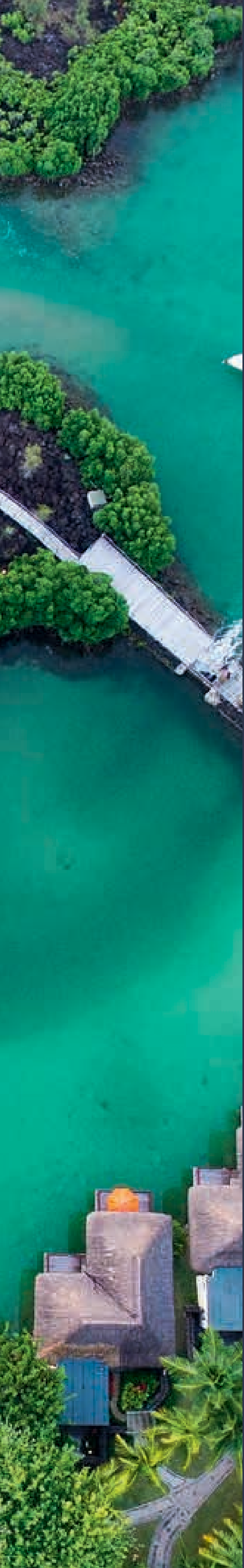
379k
Followers on Facebook

1,510k
Engagements on Facebook



Our Hotel Portfolio

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



CONSTANCE
PRINCE MAURICE
MAURITIUS

89 suites and villas

3 restaurants

3 bars and 1 wine cellar

2 championship golf courses (Legend and Links)

2 swimming pools

Constance Spa with 7 treatment rooms

Constance Kids Club

CONSTANCE

BELLE MARE PLAGE

MAURITIUS

278 rooms, suites and villas

8 restaurants

8 bars

2 championship golf courses (Legend and Links)

4 swimming pools

Constance Spa with 10 treatment rooms

Constance Kids Club

CONSTANCE

LEMURIA

PRASLIN, SEYCHELLES

105 suites and villas

4 restaurants

5 bars

1 championship golf course (Lemuria)

4 swimming pools

Constance Spa with 6 treatment rooms

Constance Kids Club

CONSTANCE
EPHELIA
MAHÉ, SEYCHELLES

313 rooms, suites and villas

5 restaurants

6 bars

5 swimming pools

Constance Spa of 5,000m^2 with 18 treatment rooms

Constance Kids Club

CONSTANCE HALAVELI

MALDIVES

86 suites and villas each with their private pool

4 restaurants

2 bars and 2 wine cellars

1 swimming pool

Constance Spa with 8 treatment rooms
and 1 Thai treatment room

Constance Kids Club

CONSTANCE MOOFUSHI

MALDIVES

110 villas

2 restaurants

2 bars

1 swimming pool

Constance Spa with 8 treatment rooms

CONSTANCE

TSARABANJINA

MADAGASCAR

25 villas

1 restaurant

1 bar

3 white sandy beaches

Constance Spa Kiosk


Mauritius
116 rooms
3 restaurants
1 deli style outlet
1 bar and 1 wine cellar
3 pools
C Spa with 6 treatment rooms

Awards and Accolades in 2021

Constance Hotels & Resorts
World Travel Awards
Indian Ocean's Leading Hotel Brand 2021

Constance Prince Maurice
World Luxury Hotel Awards 2021
Global Win in Best Scenic Environment
2021 Trip Advisor Travelers' Choice Awards
9th among the Top 25 Hotels in Africa
Top 10 of Hotels Worldwide

Constance Belle Mare Plage
World Travel Awards
Mauritius' Leading Family Resort 2021
Mauritius' Leading Green Resort in 2021
2021 Trip Advisor Travelers' Choice Awards
Top 10 of Hotels Worldwide

C Mauritius
2021 Tripadvisor Travelers' Choice Best of the Best Awards
4th among the Top 10 All-Inclusive Resorts in Africa
2021 Trip Advisor Travelers' Choice Awards
Top 10 of Hotels Worldwide

Constance Lemuria, Seychelles
World Travel Awards
Seychelles' Leading Luxury Hotel Villa 2021
2021 Trip Advisor Travelers' Choice Awards
13th among the Top 25 Hotels in Africa
12th among the Top 25 Hotels for Romance in Africa
Top 10 of Hotels Worldwide

Constance Ephelia, Seychelles
Luxury Lifestyle Awards 2021
Top 5 of the Best Luxury Hotels in the Seychelles
World Travel Awards
Seychelles' Leading Family Resort 2021
World Luxury Hotel Awards 2021
Continent Win in Luxury Family Resort
World MICE Awards
Indian Ocean's Best MICE Hotel 2021
Seychelles' Best MICE Hotel 2021
2021 Trip Advisor Travelers' Choice Awards
Top 10 of Hotels Worldwide

Constance Halaveli, Maldives
World Luxury Hotel Awards 2021
Global Win in Luxury Water Villa Resort
World Travel Awards
Maldives' Leading Villa Resort 2021
2021 Trip Advisor Travelers' Choice Awards
Top 10 of Hotels Worldwide

Constance Moofushi, Maldives
World Travel Awards
Indian Ocean's Leading Dive Resort 2021
2021 Trip Advisor Travelers' Choice Awards
Top 10 of Hotels Worldwide

Constance Tsarabanjina, Madagascar
World Luxury Hotel Awards 2021
Global Win in Luxury Private Island Resort
World MICE Awards
Madagascar's Best MICE Hotel 2021

Constance Spa at Constance Ephelia, Seychelles
World Luxury Hotel Awards 2021
Global Win in Luxury Health Spa

“On behalf of the Board, I wish to express my profound appreciation and gratitude to all our Management and Team Members, at Group and Company level, who remained so loyal, committed, and dedicated during another very difficult and challenging year. I thank my fellow Directors for their ongoing support and acknowledge the immense trust shown by our shareholders and stakeholders.”

Chairman's Statement

Dear Shareholder,

2021 was, once again, dominated by COVID-19 and its variants, which continue to create considerable uncertainty and turmoil in the tourism and travel industry. The roll-out and distribution of vaccines, albeit unproportionate, have helped significantly to curb hospitalisation and allow many of our key feeder markets to loosen their health protocols and travel restrictions.

Your Company has carried on with its 'Disaster Preparedness and Continuity Plan'; maintaining its focus on the safety of its people and guests, its commitment to uphold the Constance brand of service excellence and guest satisfaction, the necessity to preserve close and regular contact with its strong base of repeat customers and solid network of partners as well as pursue new markets and the need to accelerate its digitalisation initiatives to enhance guest experiences and optimise processes. In addition, it has successfully put in place, with its providers of finance, a number of relief measures to meet the Company's cash flow and working capital requirements; including its participation in the Government's Work Assistance Programme and that of the Mauritius Investment Corporation Scheme.

Mauritius, after one and half years of closure, fully reopened its borders on 1st October 2021, the start of the peak festive season, for vaccinated travellers with a negative PCR test. No sooner done, came the advent of the Omicron variant, which brought about, yet again, considerable concern and unpredictability across the globe; in response, Mauritius closed its borders to South African travellers and, in turn, was temporarily crimson-red listed by France – two of its key source markets. Seychelles achieved its herd immunity in March 2021, when it reopened its borders and launched attractive promotions worldwide as a COVID-free destination, resulting in a 59% increase in arrivals. On the other hand, the Policy adopted by the Maldivian government with the reopening of its borders, with minimum travel constraints, in the last quarter 2020 was undoubtedly well received by most markets with 2021 arrivals increasing by 130%.

Madagascar was, for all intent and purposes, closed for the entire year to overseas travellers. This market opened in April 2022.

In the face of these challenging times, your Company was able to report improved turnover and EBITDA, and ended the year with a loss of MUR 713,498.

As we look to 2022, we remain concerned with the short to medium term outlook. Although people seem eager to travel, with all our properties recording good occupancy rates for the first three months of 2022, the timing of a full recovery and the return to global travel without constraints cannot be predicted, as recovery time-lines vary greatly by region; also the world needs time to learn to live with the new post-pandemic norm of predictable unpredictability, encompassing inter-alia outbreaks of new variants and the implications of high inflation, worldwide. Furthermore, the recent hostile occupation of Ukraine by Russia has brought about more global uncertainty and has hampered the flow of travellers from this region.

On behalf of the Board, I wish to express my profound appreciation and gratitude to all our Management and Team Members, at Group and Company level, who remained so loyal, committed, and dedicated during another very difficult and challenging year. I thank my fellow Directors for their ongoing support and acknowledge the immense trust shown by our shareholders and stakeholders.

George J. Dumbell (s)
Chairman

"I express my sincere gratitude to all our team members. They have gone off the beaten track and have demonstrated dedication and sheer resilience to ensure that Constance Hotels, Resorts & Golf safely navigate through the difficulties engendered by the COVID-19 pandemic."

In 2021, our operations remained affected by the lingering effects of the COVID-19 pandemic. Our presence in four destinations, coupled with our strong international network of sales offices and partners, enabled us to navigate through this yet another challenging year by leveraging the differing national COVID-19 sanitary policies among our destinations and by tapping into new markets with a view to compensating the decrease in arrivals from our traditional markets due to travel restrictions.

Consequently, like in 2020, our performance for the year under review needs to be analysed and interpreted through a lens that incorporates the effects of the COVID-19 pandemic.

Chief Executive Officer's Review

Review of 2020 by Destination

Mauritius

Tourist arrivals to Mauritius dropped to 179,780 in 2021, compared with 308,980 and 1,383,488 in 2020 and 2019 respectively.

From January to mid-March, our properties were open to either Mauritian residents or quarantined travellers, thus allowing us to generate a certain level of income to maintain our operations. We had to cease our operations from mid-March to mid-July following the enforcement of a national lockdown. A marked pick-up in occupancy was observed as from 01 October 2021 with the re-opening of the country's borders to vaccinated travellers. This enabled us to achieve satisfactory fourth-quarter results in spite of the Omicron wave, the closure of the Mauritian borders to South Africa and Reunion Island, and the addition of Mauritius to France's scarlet red list.

In 2021, thanks to our proactive and targeted initiatives and despite the limited number of tourist arrivals, we managed to increase the combined RevPAR of our hotels under management by 34.3% when compared with 2020.

Seychelles

Tourist arrivals to the Seychelles reached 182,849 in 2021, up by 59% compared with 2020 but down by 52% when compared with 2019.

We started the year 2021 with promising business on the books for our two properties in the Seychelles. However, the spike in local COVID-19 cases, coupled with the reluctance of travellers from our key markets to visit the destination, resulted in a disappointing first-quarter performance. As from 25 March 2021, the Seychelles fully reopened their borders to all visitors, irrespective of their vaccination status. This open policy, combined with the aggressive marketing campaign conducted by the Seychelles authorities and our efforts to further develop our presence in Eastern Europe, lifted our performance for the year under review, bearing in mind the difficult COVID-19 circumstances faced by the hospitality industry worldwide. In effect, despite having been in full operation for only nine months in 2021, Constance Ephelia and Constance Lemuria posted satisfactory results.

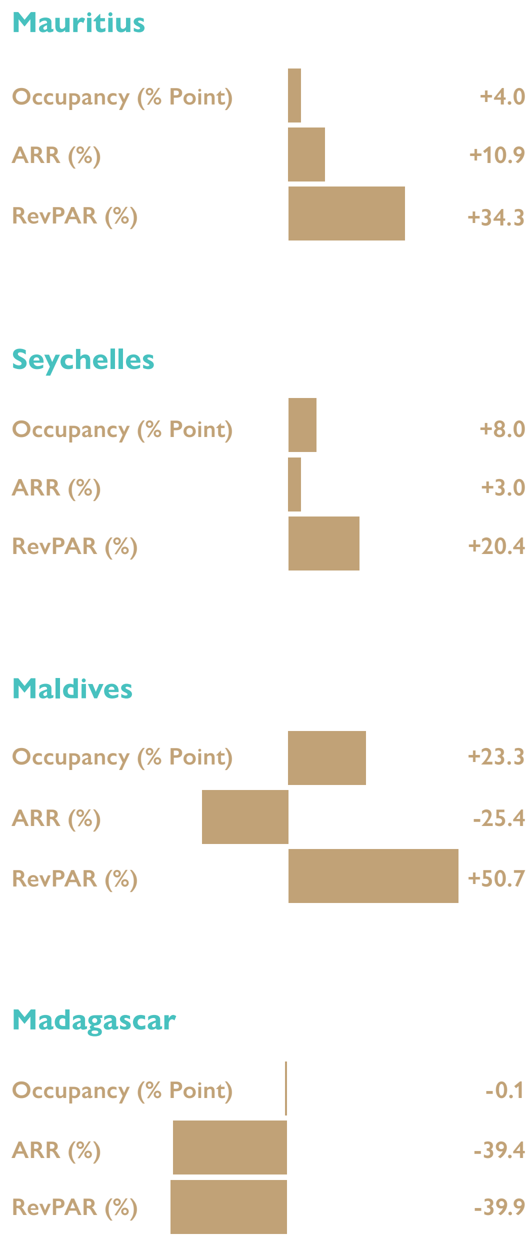
Maldives

The Maldives fully reopened their borders, with no incoming travel restrictions, to tourists from across the globe on 15 July 2020. As a result, tourist arrivals to the Maldives attained 1,321,932 in 2021, up by 132% compared with 2020 and down by 22% when compared with 2019. However, there were no tourist arrivals from China and Japan in 2021. In the light of these circumstances, both Constance Moofushi and Constance Halaveli posted satisfactory results.

Madagascar

The borders of Madagascar were closed to international travel throughout 2021. This is reflected in the low occupancy recorded at Constance Tsarabanjina. The property welcomed few nationals and expatriates during the year under review.

2020-2021 Variances of Key Performance Indicators



2020-2021 variances should be analysed taking into consideration the adverse impact of the COVID-19 pandemic on the operations of Constance Hotels

Chief Executive Officer's Review

Our Key Business Initiatives in 2021

In 2021, our business initiatives were geared towards three key objectives:

i. **Adapt our sales and marketing strategy**: We reviewed and adapted our sales and marketing strategy across our traditional markets in the light of the COVID-19 circumstances. In addition, we extended our presence in new emerging markets, such as Eastern Europe and the Gulf countries, and we continued to grow our online presence.

ii. **Enhance operational efficiency:** We pursued our cost containment and efficiency enhancement initiatives with focus on procurement and HR, without compromising on the service quality provided to our guests. Our supplier base was rationalised whilst key metrics and measures were developed to better contain HR costs.

iii. **Accelerate technology transformation:** We strengthened our data analytics and dashboarding capabilities and deployed business automation solutions across our properties with a view to facilitating informed decision making, increasing productivity and reducing costs. Moreover, we upgraded our security ecosystem to better combat cyberthreats.

Our Priorities in 2022 and Outlook

We expect all our properties across our four destinations to be fully operational by mid-2022. Subject to no new COVID-19 restrictions and no further escalation in the Ukraine-Russia conflict, we shall be heading towards a full recovery in the Maldives and the Seychelles. In Mauritius, a marked increase in tourist arrivals is projected, though the level shall remain lower than that of 2019.

In such a context, we will leverage our solid international network of sales offices and partners, the strong reputation of Constance Hotels as a luxury hospitality brand in the Indian Ocean region and also the unique capabilities of our team members to underpin the recovery process.

In 2020 and 2021, we were not able to launch the C Resorts brand due to the COVID-19 pandemic. 2022 will therefore be crucial for the launch and the strategic positioning of our new brand.

Appreciation

I express my sincere gratitude to all our team members. They have gone off the beaten track and have demonstrated dedication and sheer resilience to ensure that Constance Hotels, Resorts & Golf safely navigate through the difficulties engendered by the COVID-19 pandemic.

I also wish to convey my sincere thanks to all the members of the Board of Directors for their unwavering support and their constructive guidance.

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

Our Value Creation Model

Capital Input

Financial

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

Intellectual

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

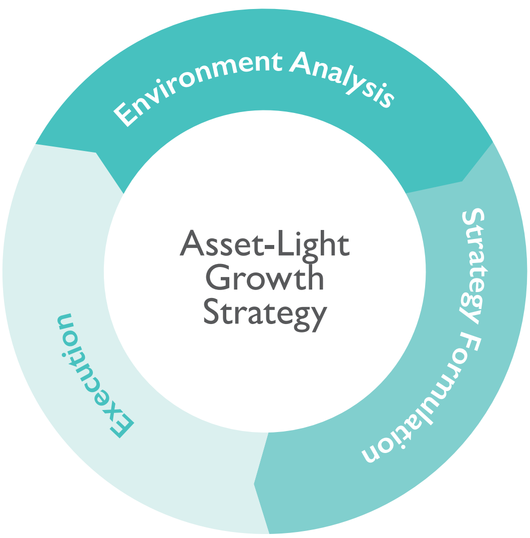
Human

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

Natural and Social

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

Governance and Risk Management Framework



Value In

Target Capital Output

Financial

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

Intellectual

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

Human

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

Natural and Social

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

Outcomes in 2021 by type of stakeholders

Employees

- Employee engagement score of 87.3%
- Communication and engagement activities via the optimised intranet platform, 'Workplace by Facebook'
- Average annual training hours of 34 per team member
- Constance Stay Safe Protocol

Guests

- Score of 95.9% on the Global Review Index (ReviewPro)
- Overall guest satisfaction score of 89.7%
- Constance Stay Safe Protocol
- 25 awards and accolades

Shareholders and Investors

- EBITDA Margin of 22%, Debt-to-Equity of 1.22, Loss Per Share of MUR 6.46, NAV per Share of MUR 37.72, and Return on Total Equity of -14.98%

Communities and Society

- Responsible business practices
- Various initiatives to preserve the biodiversity of the territories in which the Constance Hotels Group operate
- CSR initiatives through Fondation Constance and at property level

Value Out

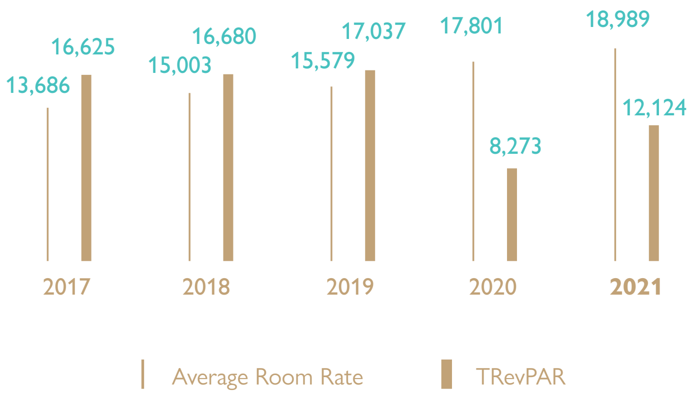
Group Key Performance Indicators

2021 and 2020 data should be analysed taking into account the adverse impact of the COVID-19 pandemic on the operations of CHRG

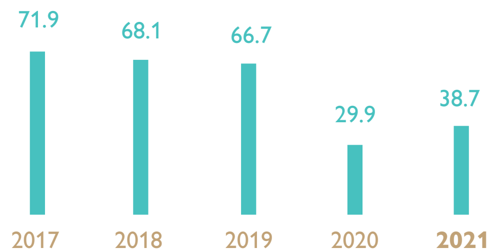
2021 FIGURES

Average Room Rate	Occupancy	TRevPAR
MUR 18,989	38.7%	MUR 12,124
+6.7%	+29.3%	-46.5%

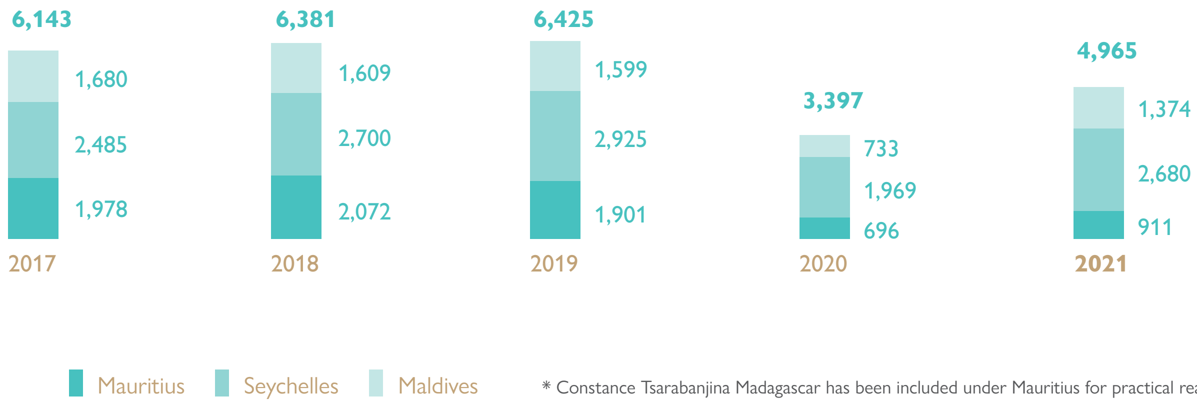
Average Room Rate and Total Revenue Per Available Room (MUR)



Occupancy Rate (%)



Combined Revenue of Hotels under Management (MUR M)*



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

Group Financial Indicators

2021 and 2020 data should be analysed taking into consideration the adverse impact of the COVID-19 pandemic on the operations of CHRG

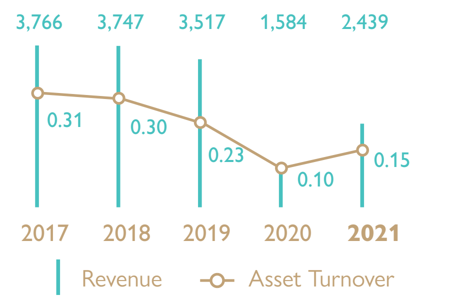
2021

REVENUE
MUR 2,439M

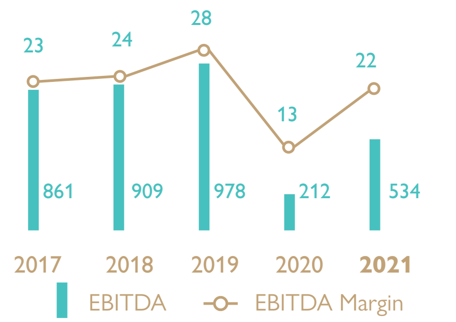
EBITDA
MUR 534M

LPS
MUR (6.5)

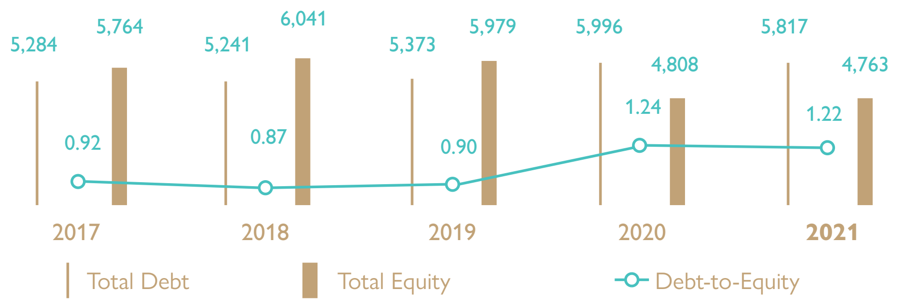
Revenue (MUR M) and Asset Turnover



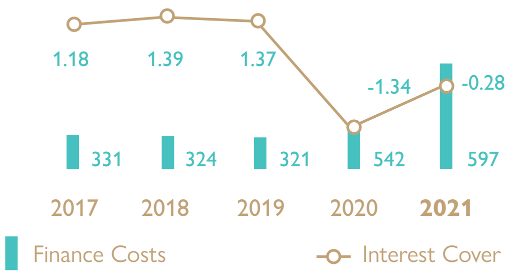
EBITDA (MUR M) and EBITDA Margin (%)



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

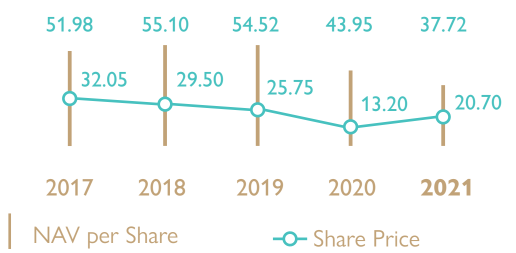


Finance Costs (MUR M) and Interest Cover



Earnings/(Loss) per Share (MUR)

NAV per Share and Share Price (MUR)



Volume of Shares Traded ('000)

Group Financial Highlights

2021 and 2020 data should be analysed taking into consideration the adverse impact of the COVID-19 pandemic on the operations of CHRG

Statement Of Financial Position		2021 MUR'M	2020 MUR'M
Total assets		16,078	15,609
Borrowings		5,817	5,996
Owners' Interest		4,136	4,820
Total equity		4,763	4,808

Statement Of Cash Flow		2021 MUR'M	2020 MUR'M
Net cash generated from/(used in) operating activities		5	(48)
Net cash (used in)/generated from investing activities		(18)	11
Net cash generated from/(used in) financing activities		340	(152)

Statement Of Profit Or Loss		2021 MUR'M	2020 MUR'M
Revenue		2,439	1,584
EBITDA		534	212
Operating loss		(90)	(360)
Finance costs		(597)	(542)
Loss before taxation		(739)	(1,392)
Loss for the year		(713)	(1,419)
Loss attributable to owners of the parent		(708)	(1,417)

Financial Ratios		2021	2020
NAV per share	MUR	37.72	43.95
Debt to equity ratio		1.22	1.24
Operating margin	%	22.00	(23.05)
Return on total equity	%	(14.98)	(29.53)
Interest cover ratio		(0.28)	(1.34)
Loss per share	MUR	(6.46)	(12.92)

Value Added Statement

2021 and 2020 data should be analysed taking into consideration the adverse impact of the COVID-19 pandemic on the operations of CHRG

	2021 MUR'000	**%**	2020 MUR'000	%
Revenue	2,439,188		1,583,508	
Value added tax / Goods and services tax	271,840		132,055	
Total revenue	**2,711,028**		**1,715,563**	
Payment to suppliers for materials and services	(1,608,505)		(1,609,387)	
Value added by operations	**1,102,523**		**106,176**	
Other income/(charges)	112,500		187,657	
Total wealth created	**1,215,023**	**100%**	**293,833**	**100%**
Distributed as follows:				
Employees				
Salaries and wages	846,603		783,607	
	846,603	**70%**	**783,607**	**267%**
Government				
Value added tax / Goods and services tax	271,840		132,055	
Environment fees	7,668		2,144	
Corporate tax	-		27,276	
Licences, land leases and other local tax	43,726		47,185	
Social security charges	30,866		24,156	
	354,100	**29%**	**232,816**	**79%**
Reinvested to maintain/develop operations				
Depreciation and amortisation	429,692		420,812	
Retained earnings	(707,930)		(1,416,853)	
	(278,238)	**-23%**	**(996,041)**	**-339%**
Providers of capital				
Interest on borrowings	292,558		273,451	
	292,558	**24%**	**273,451**	**93%**
Total wealth distributed	**1,215,023**	**100%**	**293,833**	**100%**

Sustainability Report

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, community development issues and more recently pandemics – all of which are critical to the quality of the experiences we provide to our guests.

At Constance Hotels, Resorts & Golf (CHRG), we 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.

The COVID-19 crisis brought the year 2020 to a standstill, and its adverse effects across the world continued throughout 2021. As the pandemic posed brutal and sudden challenges with wide-ranging consequences on the global hospitality industry, we worked closely with our members, communities, sector's associations and Governments to devise and implement, in a timely manner, strategic decisions towards the reopening of the sector in a responsible way while maintaining our sustainable development efforts. During the year under review, we remained committed to our core sustainability values and principles.

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 and True Experiences.

1. Our Sustainability Framework (continued)

1.2 Our Corporate Sustainability Strategy (continued)

The SDGs and the 4 Pillars of Our Corporate Sustainability Strategy

CONSTANCE
HOTELS, RESORTS & GOLF

True People | True Places | True Services | True Experiences

Pillar	Aim	SDG
True People	To contribute to the reduction of social differences and poverty by providing opportunities for economic empowerment through corporate social actions and community development, promoting local employment and supporting local entrepreneurs	**People** SDGs 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 13 and 16
True Places	To identify and minimise the environmental impact of our operations, both at the local and global levels, by seeking greater efficiency in the use of natural resources, managing our waste products in a responsible manner, and contributing to the preservation of the biodiversity and natural ecosystems.	**Planet** SDGs 1, 6, 7, 8, 11, 12, 13, 14 and 15
True Services	To build competitive advantages within the industry through inspired service that exceeds guests' expectations, economic empowerment of the surrounding communities, proactive stakeholder engagement,quality training, and responsible and ethical governance and business practices.	**Prosperity | Peace** SDGs 6, 8, 10, 12, 13, 14 and 16
True Experiences	To preserve both the tangible and intangible cultural and historical heritage of the territories where we operate by remaining fully involved in local life, whilst aiming to immerse our guests in the discovery and conservation of the unique cultural, culinary and artistic wealth of each destination.	**Prosperity | Partnership** SDGs 11, 12, 15 and 17

Our CS strategy fundamentally lies on the identification and analysis of the key factors impacting our business, stakeholders and society at large. The formulation and implementation of our CS strategy is facilitated and supported by CHRG's Corporate Sustainability function, in conjunction with other business units. In this respect, a first materiality assessment, based on the SDGs, was conducted in 2018 among management and employee representatives across our business units to achieve a deep and thorough understanding of the economic, ethical, social, environmental and governance factors shaping our broader business performance. This first materiality assessment enabled us to better grasp the significance of each SDG target for CHRG, to constructively brainstorm on the opportunities to strengthen our dialogue with key stakeholders, and to identify the key levers to effectively drive our CS strategy to year 2030.

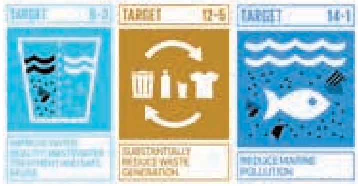
In December 2019, the materiality assessment was refined with a view to:

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

1. Our Sustainability Framework (continued)

1.2 Our Corporate Sustainability Strategy (continued)

In the light of the 2019 materiality assessment, it was decided that our CS strategy should focus on the following three priorities:

	1	2	3
Priority	To promote safe and secure working environments	To substantially reduce waste generation by refusing, reducing, recycling and reusing	To protect marine and coastal ecosystems, including their restoration, and to strengthen their resilience for a healthy and productive ocean
SDG Target			

The full materiality assessment is programmed to be reviewed every three years so as to allow our CS strategy to evolve, as a result of new sustainability factors impacting our business. With the aim of using insights gathered from the COVID-19 pandemic and further materiality assessments to inform strategic and operational planning and decision-making, the scope of our next materiality assessment will be expanded to external stakeholders. This will enable us to conduct a holistic assessment of the current and future needs and expectations of all our stakeholders.

1.3 Roles and Responsibilities

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

1. Our Sustainability Framework (continued)

1.3 Roles and Responsibilities (continued)

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

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

The Sustainability Committee comprises a member from top management, the Sustainability Champion, the Financial Controller, the Human Resources Manager, the Maintenance Manager, the Quality Manager, the Executive Chef, the Food and Beverages Manager and the Executive Housekeeper, along with other team members who act as sustainability engagement ambassadors to support the Sustainability Committee.

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

2. Sustainability Certifications and Practices

2.1 The Green Globe Certification Programme

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

CHRG embarked on the Green Globe Certification programme in 2013 to better promote its existing environmental sustainability credentials and to enhance its sustainability performance. 2018 was a turning point as six of our properties located across the Indian Ocean were awarded the prestigious Green Globe Gold Certificate with an average score of 90%.

The Green Globe Gold Certificate, remitted to organisations which have certified for five consecutive years, is testimony to our rigorous commitment towards continual improvement in our sustainability performance. We now look forward to the next milestone of the certification programme: The Platinum Award.

2.2 Exploitation-Free Environment

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

The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism ('The Code'), introduced by The Code.org, is a multi-stakeholder initiative with the mission to provide awareness, tools and support to the tourism industry to prevent the sexual exploitation of children. Adhering companies commit to six essential criteria to keep children safe. During the year under review, CHRG maintained its compliance with all six criteria of the Code, making it a clear statement to our team members and guests that we do not accept the commercial sexual exploitation of children.

2. Sustainability Certifications and Practices (continued)

2.3 Seychelles Sustainable Tourism Label (SSTL)

Launched in 2011 by the Government of Seychelles and recognised by the Global Sustainable Tourism Council, the SSTL is a voluntary sustainable tourism certification programme specifically designed for use by hotels of all sizes in the Seychelles, the objective being to promote more efficient and sustainable ways of doing business. In line with our commitment to sustainability, Constance Lemuria, Seychelles and Constance Ephelia, Seychelles are among the 21 certified establishments.

2.4 Food Safety Management Systems

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

Following the introduction of the new version in June 2018, Constance Belle Mare Plage became the first hotel in the Indian Ocean to be ISO 22000:2018 certified. Under the leadership of Chef Nicolas Baubé, the team aims to:

- Embed, review and continually improve the internal processes and systems to provide safe food in consistent manner.
- Guarantee to our guests that robust and effective food safety practices and procedures are in place.
- Guarantee to our management teams, team members and suppliers that we have the needed ability to control food safety hazards and provide safe products.
- Continuously improve the food management system so as to optimise all activities related to food safety.
- Ensure adequate control at all stages of the food supply chain to prevent the introduction of food safety hazards.

HACCP practices are in place in other resorts and are regularly audited in conformity with the aforesaid philosophy. With a view to offering the best culinary experiences, the preferences and allergies of each and every guest are duly considered and appropriate portions are offered when requested.

2.5 Green Fins Certification

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

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

2.6 PADI Certification

With 6,400 PADI Dive Centre and Resorts, 133,000 PADI Professionals and nearly 25 million divers around the world, the Professional Association of Diving Instructors (PADI) is the world's leading scuba diver training organisation. It defines itself as a force for good with tremendous human potential to make an impact on critical social and environmental issues. PADI is dedicated to bringing the conversation to the forefront and inspire actions that lead to a stronger global dive community and healthier ocean planet.

All our Diving Centres at CHRG adhere to the PADI principles, thus ensuring that our guests receive the best experience in terms of technical guidance and environmental practices.

2.7 Responsible Sourcing and Procurement (RSP)

In addition to aiming for the procurement of products and services which are less harmful to the environment (land, air and water) and the species that depend on the environment for survival, from the design to disposal stages, RSP also ensures that the procured products and services have the most positive social results.

2. Sustainability Certifications and Practices (continued)

2.7 Responsible Sourcing and Procurement (RSP) (continued)

We carry out RSP whilst giving due consideration to our guests' satisfaction, company standards and also reasonable costing. Our RSP measures include:

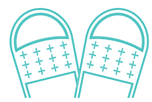
- Incorporating sustainability criteria in purchasing evaluations.
- Implementing monitoring mechanisms and assessments to promote compliance along the supply chain.
- Encouraging and favouring eco-friendly and power-efficient products.
- Favouring recycled and bio-degradable products.
- Buying seasonal and locally-produced goods as far as possible to limit transport energy.
- Purchasing in bulk to reduce packaging wastes.
- Favouring less harmful fertilisers and cleaning agents.
- Favouring eco-friendly designs and eco-labelled products.
- Preferring sources which are less polluting or use clean technology.
- Encouraging and favouring vendors that use recycled packaging materials.
- Exploring the possibilities of further reuse and/or recycling with vendors.
- Greening the supply chain by seeking vendors that share our values and have in place an environment management system.

Some of our main achievements are:

Removal of 120,000 units of PET water bottles over our golf courses.

Elimination of 264,000 units of single use plastic packaging from dry amenities.

Replacement of room key cards with wooden ones.



Introduction of grass mat slippers delivered in paper packaging to replace plastic tongs and packaging.

Replacement of plastic straws with bagasse ones.

In addition, at CHRG, in line with the fair-trade practice provided by our Procurement Policy, we do not engage in transactions related to historical artefacts or other products not permitted by law. We ensure, at all times, that the right methods are used to select suppliers and procure goods and services at the right quality, price, time, source and delivery, whilst striving to support local suppliers and boost the local economy.

3. Climate Change and Environmental Stewardship

At CHRG, we are conscious of climate change consequences and acknowledge our responsibility towards the environment. Whilst the well-being of our guests remains at the forefront, we are committed to balancing our economic priorities with our responsibility to preserve the environment wherever we operate and to reduce our environmental footprint.

3.1 Destination Protection

The natural environment is one of the primary attractions for leisure visitors, and in order to develop sustainable tourism, we aim to:

- Combat climate change through appropriate mitigation and adaptive measures as required.
- Ensure the protection of the natural and cultural values of the areas whilst developing and creating recreational facilities / activities for our guests.
- Participate in habitat restoration efforts whenever possible.
- Promote local food, entertainment, culture and cottage industries.
- Engage with local people when developing cultural attractions.
- Offer our guests local souvenirs made from eco-friendly products.

3. Climate Change and Environmental Stewardship (continued)

3.1 Destination Protection (continued)

In delivering this commitment, we endeavour to:

- Meet or exceed applicable environmental legislations, environmental standards and best practices.
- Value and preserve the natural and cultural heritage of our properties, thus enabling our guests to enjoy authentic local experiences.
- Promote the efficient use of materials and resources across our properties, especially water and energy.
- Work diligently to minimise our waste stream by reusing, recycling and conserving natural resources, particularly through energy and water conservation.
- Set sound environmental and social objectives and targets, integrate a process of review and issue progress reports on a periodic basis.
- Continually identify opportunities to improve our environmental management system.
- Promote awareness and educate our team members on environmental issues and sustainable working practices, e.g. preservation of local cultures, resources and active participation in environmental protection programmes at local and national levels.
- Engage our guests, team members, suppliers, contractors and the local community in our initiatives to preserve the environment and consider their opinions/feedback when setting our environmental programmes and procedures.
- Conduct Environmentally Preferable Purchasing.

3.2 Biodiversity

Biodiversity underpins ecosystem productivity and stability, and, in any given ecosystem, each species has a specific and significant role to play. Consequently, CHRG is fully engaged in the biodiversity preservation of the territories in which it operates. In doing so, we aim to:

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

3. Climate Change and Environmental Stewardship (continued)

3.2 Biodiversity (continued)

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

Protection of Endemic Animal and Plant Species

We regularly consult the International Union for Conservation of Nature (IUCN), the global authority on the status of the natural world and the measures needed to safeguard it. The IUCN regroups over 1,400 member organisations and 18,000 experts.

On the basis of information gathered from the IUCN and with the help of professionals in the field, we have identified more than 80 endemic species in the surroundings of our properties and have adapted our landscaping plans and nurseries to protect them from invasive species, thus contributing to the genetic diversity of our destinations. Guided tours are regularly organised to help our guests discover these species and learn about their importance.

World Bee Day at Constance Prince Maurice

Conscious of the urgent need to protect biodiversity, the World Bee Day was first celebrated at Constance Prince Maurice with 7 hives in 2019.

The hives have now been increased and form an integral part of the Chef's Garden which allows the bees to thrive in this exceptional place and produce an equally exceptional nectar with the expert monitoring of Etienne de Senneville.

Mangroves Preservation Programme

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

Apart from being the most effective carbon sinks on Earth, wetlands are also biodiversity hotspots and contribute to socioeconomic progress as they act as a fish nursery to secure fish stocks and create opportunities for ecotourism activities such as kayaking or guided tours.

Given the site locations of Constance Prince Maurice and Constance Ephelia, Seychelles, we aim to improve the management of biodiversity at both properties by enhancing our collaboration with community partners. Community-based mangrove management plans have been established and successfully implemented over the past three years at the RAMSAR site with more than 3,000 trees planted and monitored at Port Launay, Seychelles. Guests and community members are regularly invited for a tour in the mangrove nursery to learn about their contribution in the global ecosystem and the scientific approach adopted for the transplanting of samples.

As part of our Mangrove Management Plan at Constance Ephelia, Seychelles, all projects are implemented in collaboration with the Port Glaud environment club (a local sustainability NGO), the Ministry of Environment, Energy and Climate Change, and funded by either the UNDP Global Environmental Finance or Mangroves for the Future. In addition, we have an ongoing cooperation with governmental and private schools, together with the Wildlife Clubs of Seychelles, to invite students to participate in planting or clean-up activities and to learn about best management practices in respect of mangrove wetlands and sustainable tourism.

Over the last seven years, we have welcomed 2,041 students and community members for sustainability and environmental education tours.

In 2020, we started a 4-year collaboration with Nature Seychelles to implement the project "Enhancing coastal and marine socio-ecological resilience and biodiversity conservation in the Western Indian Ocean", funded by Germany through the International Union for Conservation of Nature and Natural Resources. The funding aims at setting up the first-ever Locally Managed Marine Area in the country that will allow local people to become stewards of coastal and marine resources and to secure their livelihood.

3. Climate Change and Environmental Stewardship (continued)

3.2 Biodiversity (continued)

Marine Ecosystems

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

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

Grande Anse Kerlan at Constance Lemuria, Seychelles, remains the number one beach on Praslin Island with a proper Turtle Conservation Programme by the renowned scientist, Dr. Jeanne Mortimer.

Corals and Island Life

Also known as the “tropical rainforests of the sea”, coral reefs not only harbour 25% of all marine species, despite covering less than 1% of the ocean floor, but they also produce oxygen whilst sequestering carbon dioxide, support fisheries, protect the shorelines and much more.

Along with Reefscapers, the leading company in coral preservation in the Maldives, our marine biologist at Constance Moofushi, Maldives, monitors the recovery of the coral reefs in 3 sites around the island. With our guests as sponsors, this project not only helps to restore the endangered coral reef ecosystems but also develop local trade activities as the iron frames are built by locals on the Fulhadhoo Island and shipped by the resort’s supply boat whenever needed.

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

Local Food and Composting

At each of our properties, aromatic herbs are produced from the Chef’s garden, whilst local food is ethically sourced in line with fair-trade practices, including our coffee.

Leftovers are reused by pig farms and excess food is stored in ideal conditions for distribution to the local and needy communities. Remaining food wastes, mainly biodegradable, are composted onsite for use in our gardens.

Moreover, partnerships with local suppliers and farmers have helped us to implement simple initiatives such as take-back policy for egg trays at Constance Ephelia, Seychelles, and vegetable crates at our properties in Mauritius and the Seychelles.

3. Climate Change and Environmental Stewardship (continued)

3.3 Water

With global warming, sources of freshwater are being depleted faster than they can be recharged by natural processes. Water conservation is therefore becoming essential. In this respect, our continued efforts to reduce water consumption over the past years have enabled us to attain optimal cost savings at Constance Belle Mare Plage and Constance Prince Maurice. Constance Lemuria, Seychelles, is supplied with water from its own natural source and Constance Ephelia, Seychelles, and our properties in the Maldives are equipped with a desalination plant.

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

- Continually find ways to reduce water consumption.
- Reduce water losses by regularly checking for leaks.
- Install sensors, regulators and other water saving devices.
- Ensure efficient use of laundry equipment.
- Sensitise both team members and guests on the responsible use of water.
- Offer to guests the option of reusing towels and sheets.
- Limit the use of freshwater by capturing and using rainwater, wherever possible, and using recycled greywater for irrigation.
- Set, monitor and analyse water consumption reduction targets.
- Consider the option of desalination of sea water.
- Moreover, all our properties are now equipped with water bottling plants to reduce the number of PET bottles within our properties, half of them being attached to a desalination plant with ultraviolet treatment.

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

3.4 Energy

Energy Consumption

During the year under review, our number of guests continued to be impacted by the COVID-19 pandemic. Consequently, comparative studies of our energy consumption are not meaningful.

Yet, in spite of the effects of the pandemic, we maintained our energy-saving practices as we strongly believe that the reduction of our energy consumption will lead to a reduction of our environmental footprint, whilst also lowering energy costs.

In order to minimise energy consumption, we strive to:

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

3. Climate Change and Environmental Stewardship (continued)

3.4 Energy (continued)

Energy Efficiency

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

Constance Ephelia, Seychelles, was already equipped with a photovoltaic system for its water bottling plant. Constance Tsarabanjina, Madagascar, is now equipped with a 30KW solar power plant which is assisted by 2 new generators for better efficiency.

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

Electricity

The implementation of the SCADA system, across our properties, started in 2011. Connected to meteorological stations, this system has enabled the real-time monitoring of electrical power usage and the reduction of associated costs.

Today, all our properties are equipped with the SCADA system, and its functionalities have been expanded so as to include the reporting on temperature and door openings of cold rooms. This has led to a direct positive impact on energy savings as well as on our Health and Safety performance.

Diesel

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

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

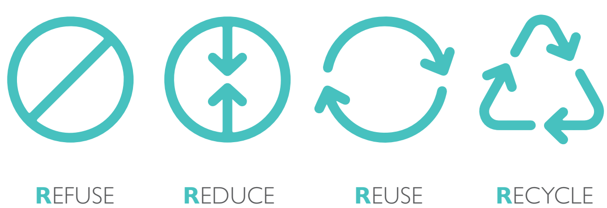
Gas

To date, we have not been able to develop a thorough strategy to minimise our gas consumption due to a lack of appropriate instrumentation. Yet, a number of measures are in place to:

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

3.5 Waste

We recognise that our operations generate an important amount of waste which constitutes a major pollutant, affecting both the environment and public health. In 2020-2021, despite the COVID-19 pandemic and the challenge of managing increased medical waste, we continued to apply the 4 R's of Waste Management - to refuse, reduce, reuse and recycle - so as to limit the impact on the environment by:



3. Climate Change and Environmental Stewardship (continued)

3.5 Waste (continued)

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

In addition, after reviewing the sustainability practices and initiatives in place at Constance Belle Mare Plage, the hotel was selected among 9 prestigious establishments to participate in 'The Pledge on Food Waste' Certification.

This Food Waste Prevention Programme was launched by Business Mauritius under its Sustainability Programme, 'Signe Natir', in collaboration with LightBlue Environmental Consulting Co. Ltd (LEC), the Human Resources Development Council (Mauritius), Living Labs Federation (LLF) and Foodwise Mauritius. After 6 months of implementation and auditing exercise, the hotel was awarded the Certificate and reduced its food wastes per cover by 65% across the food production chain.

Constance Lemuria, Seychelles, was subsequently selected to participate in the same Food Waste Prevention Programme launched by the Organisation Internationale de la Francophonie (OIF) in collaboration with LEC and LLF, and funded by the Agence Francaise de Développement.

3.6 Emissions

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

In 2021, we recorded a net level of GHG emissions of 32,440 tCO2e for our properties, compared with 34,079 tCO2e in 2019.

4. Quality Of Services

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

We value our guests and ensure, through the Constance Minimum Standards, that we consistently provide quality guest experiences across all our properties. A systematic approach enables us to continuously monitor the quality level of our offerings an and to gather and analyse critical insights with a view to providing the best experiences to our guests.

Like 2020, 2021 was a year of challenges for the global hospitality industry due to the lingering adverse effects of the COVID-19 pandemic. At CHRG, from end March 2020 until October 2021, our properties were either in a dormant state or operating in a slow mode. In such a context, it was not possible to conduct our quality monitoring programmes in a consistent and continuous manner. Consequently, online reputation and guest satisfaction data in 2021 and 2020 are to be analysed and interpreted taking into consideration the COVID-19 context.

4. Quality Of Services (continued)

4.2 Online Reputation

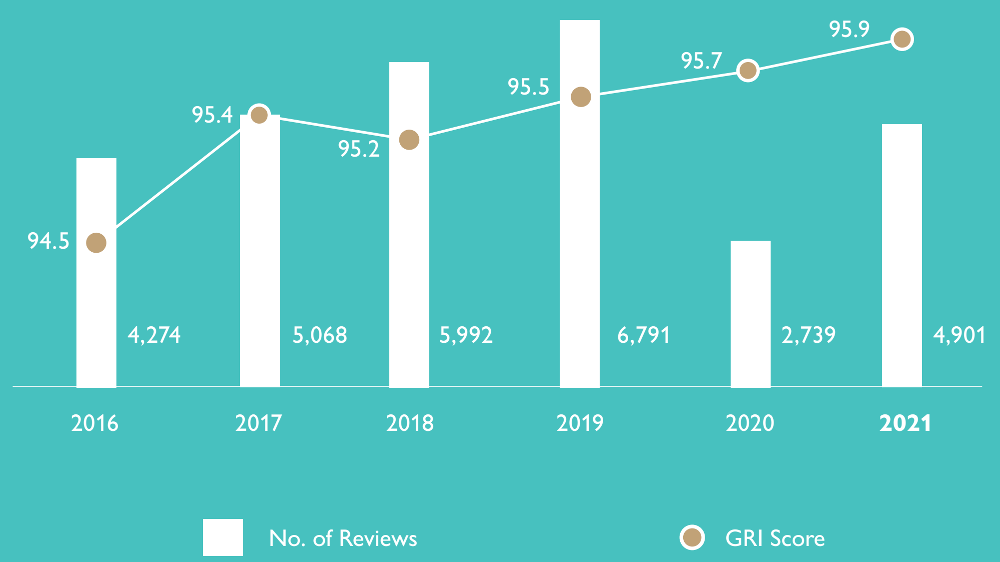
The management of the Group's quality standards includes the monitoring of public feedback, conversations and engagements related to our brands on online platforms, namely Online Travel Agencies (OTAs), review websites and social media. The analytical tools of our e-Business Department enable us to benchmark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

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

In 2021, our overall GRI score, based on 4,901 reviews (+2,203 reviews v/s 2020 and -1,890 reviews v/s 2019), reached 95.9% (+0.1 point v/s 2020 and +0.4 point v/s 2019). All our properties scored higher than 90%, out of which 4 scored higher than 95%.

Since 2014, we have consistently achieved high GRI scores exceeding 93% compared with an industry average ranging between 70% and 80%, thus enabling Constance Hotels & Resorts (CHR) to be listed among the top 10 small luxury brands worldwide.

Annual GRI Scores of CHR



4. Quality Of Services (continued)

4.3 Guest Satisfaction

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

The results of our assessment exercises are systematically benchmarked against the Constance Minimum Standards; the 4 primary criteria being namely product, service, cleanliness and condition. Appropriate action plans are subsequently devised and implemented by Management.

2,523 guest satisfaction questionnaires were completed in 2021, compared with 1,501 and 5,069 in 2020 and 2019 respectively.

2021 Guest Satisfaction Survey

2,523
Completed Questionnaires

89.7%
Overall Satisfaction Score

(+1.1 percent points vs 2020 and +0.8 percent point vs 2019)

93.6%
Emotion Score
Based on 4 key loyalty-inducing emotions:

1. Welcome
2. Pampered
3. Relaxed
4. Respected

Can do attitude | Staff friendliness | Are likely to return | Would recommend the Group

5. Our People And Health and Safety

5.1 Our People

2021 Overview

Strategic Pillars

Building upon the 2018-2020 HR Strategic Plan, the HR function in 2021 focused on completing the key initiatives started pre-covid. In line with our HR mission statement, and keeping in mind the realities of the world and the Company, 6 strategic pillars were defined: The Pneumonic PACERS.

5. Our People And Health and Safety (continued)

5.1 Our People (continued)

Performance Management

During the year under review, all Head of Departments of the Constance Hotels Group participated in a 360-degree feedback exercise, and the feedback reports were debriefed with each participant in order to help build self-awareness and improve team dynamics.

With occupancy rates picking up in 2021 at Constance Ephelia, Seychelles, new team members were recruited to fill in the vacant positions. In order to onboard these team members and bring the existing team up to speed with the Constance Minimum Standards, a training task force plan, covering 5 key topics, was put in place to cater for more than 400 team members. In this respect, over 4,800 training hours were achieved from October to December 2021, in addition to the routine internal training programmes.

To ensure the right people are at the right positions at all times, a Succession Planning Policy was drafted. This will help to identify the critical positions which need to be succession planned for, and to lay out a plan with names of potential successors and their respective development plan to prepare for the position. The Policy will be fully implemented in 2022.

Training and Development: Our hotels in the Seychelles and the Maldives resumed with some sense of normalcy in 2021. They also managed to bring the focus back on training fairly quickly. This was critical to onboard the new recruits and to refresh the knowledge and skills of the teams who had been away from busy operations for months.

"We are back" Programme and Campaign: Prior to the re-opening of our properties in Mauritius, the "We are back" campaign was launched. It included external communication announcing our re-opening, internal team engagement and team building activities, and training to refresh knowledge and skills. The programme was implemented at our 3 properties in Mauritius in July and August 2021.

Talent Acquisition

In 2021, we observed the following trends and challenges in the hospitality industry:

- A labour supply shortage.
- Many people who used to work in the industry were not interested to join again.
- A decrease interest from the younger generations of hoteliers.

In the face of these trends and challenges, which are mainly due to the increasing negative perception about the quality of life of hospitality employees, we decided to:

- Focus on our Employee Value Propositions.
- Enhance our candidate experience.
- Adopt a more targeted approach to the recruitment of local talents in all our destinations.

The recruitment and selection process was reviewed to better adapt to the market needs, have a candidate-centric approach and enhance the candidate journey. We also reviewed our operational needs to be more attractive to seasonal and part-timers who support our operations.

Several recruitment campaigns were conducted through multiple channels and media. Priority was given to internal recruitment to support our team members' development and opportunities in our four destinations.

5. Our People And Health and Safety (continued)

5.1 Our People (continued)

Talent Acquisition (continued)

We also launched two key initiatives:

- Constance Management Experience Training Programme (COMET): A one-year structured management training programme to groom future leaders of the Constance Hotels Groups. As part of the programme, 2 local candidates were recruited per property, and upon successful completion, they will be offered a permanent position as a junior manager.
- Memorandum of Understanding with the Faculty of Tourism in the Maldives: In line with our strategy to recruit locally and to be more attractive to the younger generations of hoteliers, we also reinforced our collaboration with local hospitality schools and universities. On 26 August 2021, Constance Moofushi, Maldives, and Constance Halaveli, Maldives, signed a Memorandum of Understanding with The Maldives National University (MNU). The aim of this collaboration is to develop a structured skilled internship programme for students who are part of MNU and who wish to build their career in the hospitality industry. Through this initiative, we shall contribute to develop local talents in the Maldives and at our resorts. The first batch of students joined Constance Moofushi, Maldives, in November 2021 for a period of 6 months.

Communication and Employer Branding

The year 2021 saw a marked improvement in internal communication thanks to the optimisation of our intranet, 'Workplace by Facebook'. With the second lockdown in Mauritius, the intranet proved to be a valuable tool to keep our teams informed and engaged even while they were working remotely. During the COVID-19 waves in Maldives and Seychelles in 2021, team meetings and addresses of General Managers moved to the virtual platform provided by 'Workplace by Facebook'. We were also able to get our Sales and PR teams, from around the globe, on that platform. This enabled them to stay updated about the events at our various properties as and when they happened.

During the various recruitment campaigns in the destinations in which we operate, we put emphasis on our employee value proposition in order to be more attractive and closer to our target markets. We created more synergies with the E-business team to reinforce our presence as an employer of choice on social media.

Efficiency and HR Cost Management

During the year under review, we developed metrics and measures to better contain cost, to automate reports and to provide real-time data for informed HR decision-making. A Business Intelligence framework was initiated on 'IBM Cognos Analytics'. We are planning to further refine the platform and fully integrate it in 2022.

Seychelles Task Force: In May 2021, Constance Lemuria, Seychelles, and Constance Ephelia, Seychelles, recorded a sudden surge in their occupancy rates along with a shortage of manpower. Concurrently, Mauritius was still closed to international tourists and our properties had minimal occupancies. To provide immediate support to our properties and teams in the Seychelles, a task force team of 84 employees from Mauritius went to the Seychelles from 09 June to 20 August 2021.

5. Our People And Health and Safety (continued)

5.1 Our People (continued)

Retention

In 2021, we organised events across our properties to reinforce our Brand Promise and ensure that all our team members are aligned in their contribution. The activities and initiatives included:

- The 24hr non-stop 'Constance Rides for Zippy' charity event.
- The 'Thank You Week' which covered all our properties and consisted in a week-long celebration of each team member's contribution during the month of May, showing gratitude and appreciation.
- The 'Knowvember' initiative which focused on:
    - Know your Guests
    - Know your Colleagues
    - Know your Product

Sound Physical and Mental Health

Mental Health Week: Along with the World Health Day, we celebrated the Mental Health Week in early April 2021. In this respect, activities to promote awareness and change the mindset around mental health were conducted.

Talks by Subject Specialists: The various properties collaborated with local subject specialists to carry our awareness sessions on Mental health for team members. Moreover, online courses on wellness and mental health were shared with team members and they were encouraged to self-learn.

Quarterly Pulse Surveys: Besides the bi-annual Employee Engagement Survey, 4 shorter Pulse Surveys were conducted via our Intranet, Workplace. The 4 themes of Pulse Surveys were namely:

- Safety Culture
- Change Management
- Diversity and Inclusion
- Well-being

5. Our People and Health and Safety (continued)

5.1 Our People (continued)

Constance Hospitality Training Centre (CHTC)

In a year of unprecedented change in workforce operations due to the COVID-19, we experienced the challenges to ensure that employees felt supported and included. At CHTC, our priority was to ensure the well-being of the team and that of our students. Timely, clear and continuous communication was essential to get through this testing period as normally as possible.

CHTC remains as ever committed to the Constance Hotels Group's strategy to attract and train future hospitality leaders and to provide state-of-the-art learning and development opportunities to its team members for them to stay and grow from within.

In partnership with the Group HR department, we created the framework and formulated the administrative support for COMET. CHTC is a strong advocate for supplementing academic qualifications with a good dose of industry exposure before freshers take challenging roles. Secondly, CHTC collaborated closely with the Group HR team to come up with a Constance Mentoring Programme which involves training and certifying internal mentors who can accompany new recruits to integrate the Constance Culture as smoothly as possible.

We are incredibly proud that despite the COVID-19 situation, team members from CLS successfully completed BRIGHT Level 1 and BRIGHT Level 2, and that team members from both CHM and CMM were able to complete their CITC Level 1 certification programme.

Our intervention at C-Mauritius played a key role to keep the momentum in its Food and Beverage department with the re-opening of the country's borders. CHTC conducted a complete Audit and Training for more than 33 team members just before the festive period.

2021 was a more challenging year than anticipated, all our Award course intakes were put on halt by local authorities due to the COVID-19 restrictions. While we kept our existing students of National Diploma in Hotel Management (NDHM) engaged though our eLearning platforms and live sessions, with the opening of the borders later in October, we nevertheless launched our NC3 in Pastry and Food Production under the NSDP scheme in collaboration with the HRDC with a total of 36 students all in work placement in our hotels in Mauritius.

We completed a fully online Customer Service Excellence programme from a major UK-based Tech Company. We also successfully completed our 5th cohort of the Professional Wine and Service programme

Extending our strong foundation, CHTC continues to maintain its good relations with the STA. We reconnected with the new management of the STA after almost 2 years of COVID-19 restrictions and re-initiated our collaboration which will enable their ADHM students travelling to Mauritius for soft skills training and international exposure in our hotels in early 2022.

2021 Key Highlights

Number of Participants by Training Programme

BRIGHT Level 1	11
BRIGHT Level 2	10
CITC	26
COMET	11
First Aid Training	41
Professional Wine and Service	16
OTJ in FnB Service Audit and Training	33
Constance Mentoring Programme	24
External Training:	
- Customer Service Excellence	13
- NC3 Pastry	18
- NC3 Food Production	18
- On-going NDHM	6

BRIdging the Gap Through Holistic Training (BRIGHT) Level 1 and Level 2

- 8 distinct modules (excluding orientation and project presentations)
- 4 formal assessments (including online assessment and final project write-up and presentation)

CITC: Constance Internal Trainer Certificate
COMET: COnstance Management Experience Training
NC3: National Certificate Level 3
NDHM: National Diploma Level 6 in Hotel Management
NSDP: National Skill Development Programme
HRDC: Human Resources Development Council
STA: Seychelles Tourism Academy
ADHM: Advance Diploma in Hotel Management
CLS: Constance Lemuria, Seychelles
CHM: Constance Halaveli, Maldives
CMM: Constance Moofushi, Maldives

Our team profile in 2021

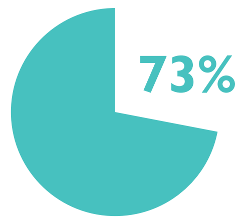
2,900
Team Members

49
Nationalities

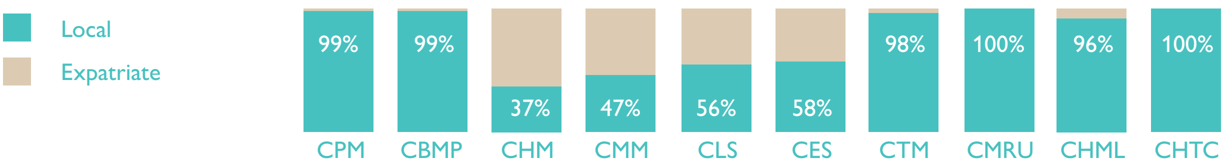
Team Member by Country of Operation

Mauritius	1,165
Seychelles	1,144
Maldives	484
Madagascar	95
Germany	3
France	3
Italy	3
UK	3

% of Local Team Members



% of Local and Expatriate Team Members by Hotel/Entity

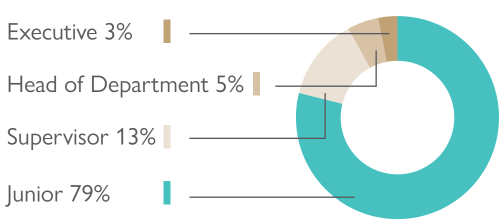


CPM: Constance Prince Maurice
CBMP: Constance Belle Mare Plage
CHM: Constance Halaveli, Maldives

CMM: Constance Moofushi, Maldives
CLS: Constance Lemuria, Seychelles
CES: Constance Ephelia, Seychelles

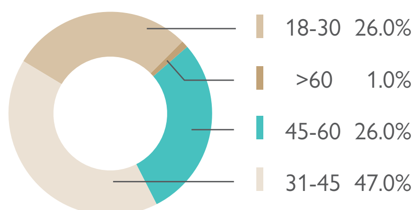
CTM: Constance Tsarabanjina, Madagascar
CMRU: C Mauritius
CHML: Constance Hospitality Management Limited
CHTC: Constance Hospitality Training Centre

Team Member by Job Level



Gender Distribution

Team Member by Age Group



5. Our People And Health and Safety (continued)

5.2 Health and Safety

CHRG is committed to maintaining and continually improving its Health and Safety (H&S) standards across all its operations. We aim to complement local legislations and requirements through the following four spheres of H&S performance, binding all our stakeholders to incorporate them into their daily operations.

1. **Compliance**

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

2. **Risk Management**

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

3. **Competence and Training**

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

4. **Consultation and Communication**

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

During the year under review, our H&S related operations continued to be impacted by the COVID-19 pandemic. As the measures imposed by national and regional authorities varied significantly in terms of time and geography, the team was greatly involved in enhancing the resilience through the management of vaccination campaigns and outbreak patterns, reviewing risk assessments and our Constance Stay Safe protocols, and undergoing Hygiene Audits by SGS at our Mauritian properties.

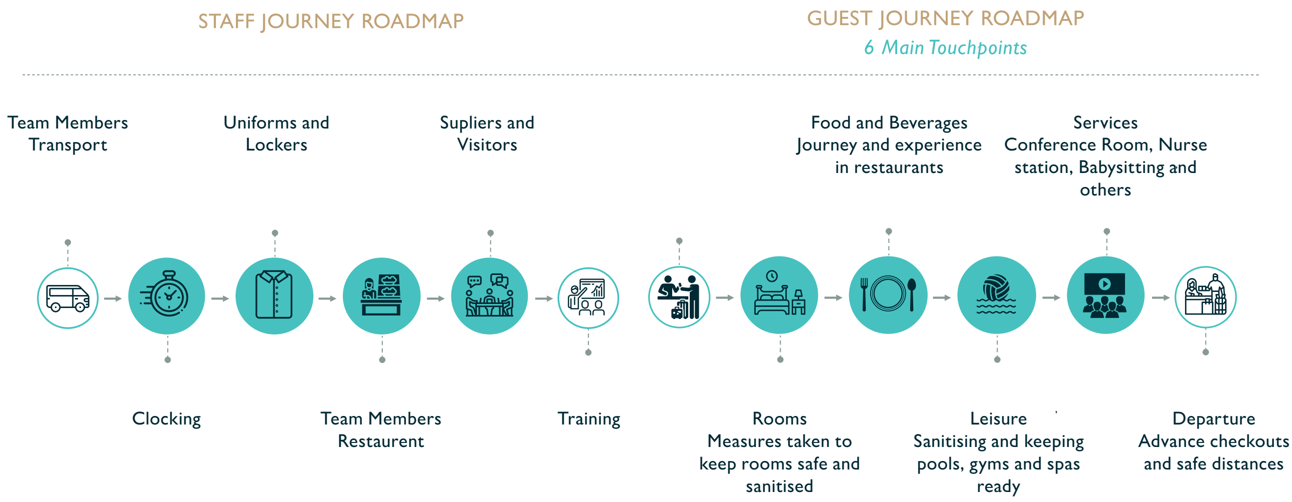
5. Our People And Health and Safety (continued)

5.2 Health and Safety (continued)

Our reinforced sanitary protocol reflects our commitment to the health of our guests and stakeholders throughout their journey with use, in strict compliance with the directives of the World Health Organisation, SGS Global Standards and local health authorities.

Our Sanitary Protocol: Constance Stay Safe

CONSTANCE
STAY SAFE



Corporate Social Responsibility Report

6. Corporate Social Responsibility

6.1 Fondation Constance

Mission

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

Fondation Constance

Fondation Constance is the entity that is responsible for the implementation of Constance Group's CSR programmes, through its Steering Committee. The latter reports to the Corporate Governance Committee, which recommends the approval of the Foundation's annual programme to the Board and monitors its performance on a quarterly basis.

Objectives

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

Objective 1

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

Objective 2

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

Objective 3

Establish that Corporate Social Responsibility is not charity, but an investment intended to bear a positive and sustainable impact on the community.

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

Corporate Social Responsibility Report

6. Corporate Social Responsibility (continued)

6.1 Fondation Constance (continued)

Donation Policy

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

- Ensure that all its donations are compatible with its business activities and reflect its respective values and objectives.
- 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 access to.
- 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 since then.

	The Group		The Company	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Donation	**-**	82	**-**	-

Fund Allocation of Fondation Constance

The Covid-19 pandemic continued to impact on Constance Group of Companies, particularly the hospitality-related activities, leading to considerable cuts in the contributions made to Fondation Constance during the year under review.

Consequently, Fondation Constance reviewed its priorities and allocated the available financial resources to fund projects in three focus areas, namely Education and Training, Socio-economic Development and Health.

Fund allocation by focus area, year ended 31 December 2021

64.47%

EDUCATION AND TRAINING

21.37%

HEALTH

14.16%

SOCIO-ECONOMIC DEVELOPMENT

Corporate Social Responsibility Report

6. Corporate Social Responsibility (continued)

6.1 Fondation Constance (continued)

Education and Training

Taking into consideration that Education and Training has been among the priority areas of the Constance Group of Companies for years, Fondation Constance continued to commit support to the following:

Étoile de Mer: An NGO dedicated to the development of quality non-formal education programmes for 40 underprivileged children excluded from the formal education system.

Friends of the Poor: Schooling support was sponsored for 10 underprivileged children from the eastern region of Mauritius.

Primary School Achievement Certificate (PSAC) Sponsorship
Fondation Constance believes in the empowerment of vulnerable communities through education. Scholarships are awarded annually to the four best Primary School Achievement Certificate (PSAC) pupils from the Poste de Flacq Government and RCA schools, to cover their secondary studies and enhance equitable and quality secondary education, leading to relevant and effective learning outcomes. Over the years, many of Fondation Constance's beneficiaries have succeeded in accessing university education.

Les Amis de Zippy
Through a special event organised by Fondation Constance and employees of the CHSL Group, funds were raised to support "Les Amis de Zippy" project. This project aims at promoting, through a variety of activities, the mental health of children of the Queen Victoria RCA and Poste-de-Flacq RCA primary schools.

Socio-Economic Development

Service d'Accompagnement, de Formation, d'Insertion et Réhabilitation de l'Enfant (SAFIRE)
Fondation Constance renewed its financial support to SAFIRE, an NGO engaged in the promotion of the rights of street children. This collaboration targets children living in the regions of Mauritius where member companies of the Constance Group operate.

Health

Centre d'Accueil de Terre-Rouge (CATR)
Fondation Constance financially supported the CATR, an NGO expert in counselling drug addicts and which is developing a programme to strengthen the prevention and treatment of substance abuse in the eastern region of Mauritius.

In 2021, CATR continued to provide counselling and sensitisation sessions to the community. Moreover, youngsters from the eastern region of Mauritius benefitted from the 'Art Therapy' sessions at Rivière-Citron.

Corporate Social Responsibility Report

6. Corporate Social Responsibility (continued)

6.2 CSR Initiatives At Property Level

Concurrently to projects supported by Fondation Constance, CSR initiatives are also undertaken at the level of our properties. These initiatives give CHRG a wider opportunity to reach out directly to its local stakeholders.

Selected CSR Initiatives

Maalhohu School

The "Living our brand" activity was arranged in line with our first value – Generosity. We welcomed 24 students from the Maalhohu School at Constance Halaveli, Maldives, to celebrate our brand week. A presentation on the Company and the resort was delivered, followed by a show-around at the engineering area, F&B outlets, spa and guest villas.

Support to COVID-19 Facilities

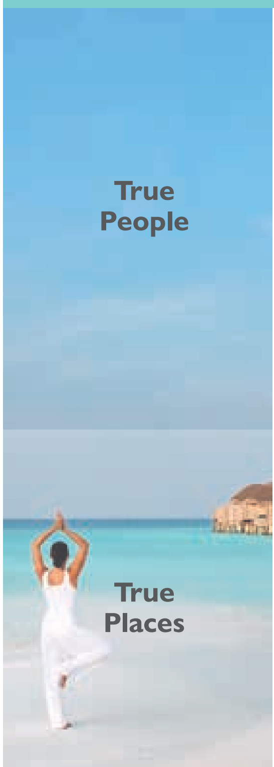
As a token of appreciation, Constance Halaveli, Maldives, offered lunch to the Hulhumale COVID-19 Facility team. This facility has been accommodating all the high-risk COVID-19 patients since the outbreak. We thank them for their consistent support to ensure that we have a safe environment.

In 2021, support was also provided by Constance Moofushi, Maldives, to the local residents of Himandhoo who were affected by COVID-19.

7. The Way Forward

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

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



Sustainability Management Plan Pillar		Indicator/Lever	2024 Target
True People	**Workforce Development and Human Rights**	Employee Satisfaction Score	≥ 80%
		Average Training Hours per Team Member	≥ 30 hours per year
	Operational Health and Safety	Overall OHS Performance	≥ 80%
	Stakeholder Engagement	Supply Chain Engagement	≥ 80%
		CSR Direct Beneficiaries	> 2,000 individuals
True Places	**Biodiversity**	Increase in funding of restoration projects	+15%
	Energy	Reduction in Greenhouse Gas Emissions	-15%
	Waste Management	Reduction in Waste-to-landfill per Room Night	-15%
True Services	**Corporate Governance**	Status of Compliance to Structures and Systems	100%
	Quality Standards	Secured Guests Score	≥ 65%
True Experiences	**Customer Satisfaction**	Overall Guest Satisfaction Score	> 86%
		Emotions Score	> 90%

Governance

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 2021 to 31 December 2021

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
Principle 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

13 May 2022

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 Board acknowledges that the Company has, throughout the year ended 31 December 2021, complied with all the requirements of the Code as described by the Corporate Governance Report of the Company, except for areas mentioned on page 70 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

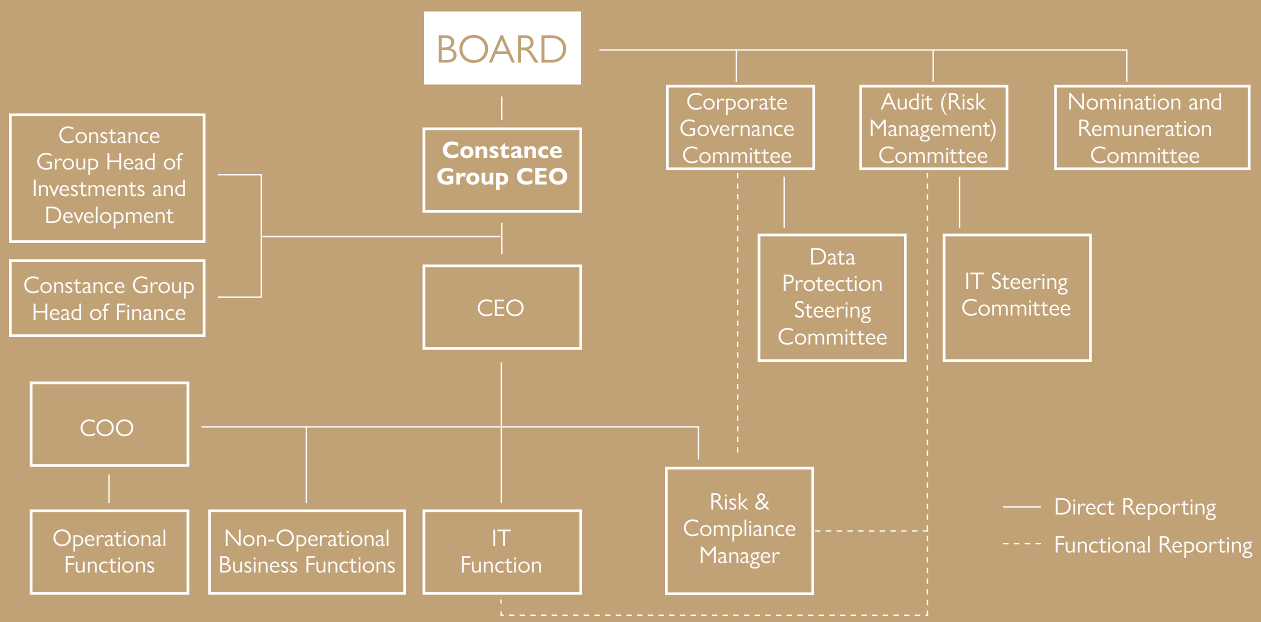
3.1 Company Constitution

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



3. Governance Structure (continued)

3.2 Governance Framework (continued)

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 and 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, risk governance framework and AML/CFT obligations.
- 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 evaluation of Board, Board Committees and Directors' performances.
- Assume responsibility for the induction of new Directors to the Board.
- Assume responsibility for annual assessment of Independent Non-Executive Directors.
- 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.

3. Governance Structure (continued)

3.3 The Board (continued)

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.

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.

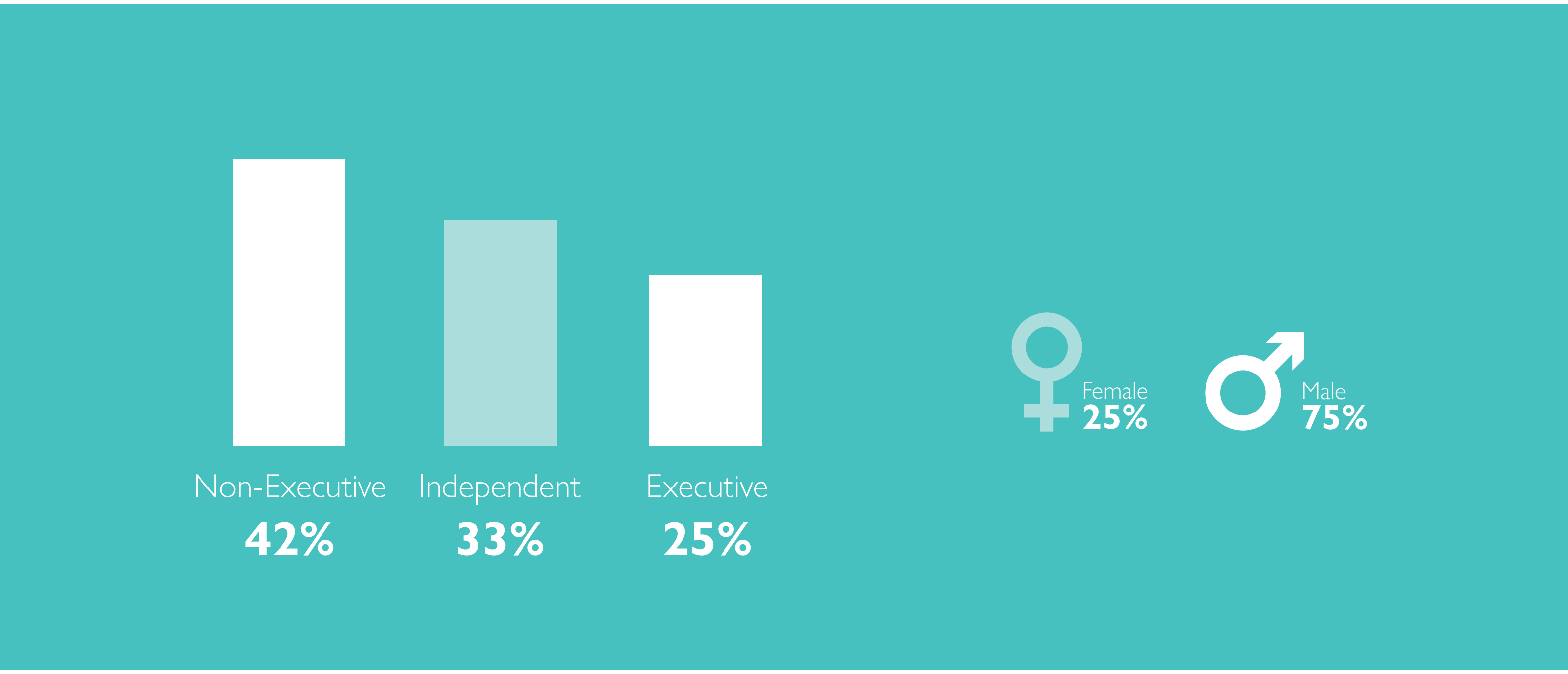
The Company is managed by a unitary Board. At year end, the Board consisted of four Independent, five Non-Executive and three Executive Directors, including three female Directors. The Chairman is a Non-Executive Director.

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 two Independent, seven Non-Executive and three Executive Directors. One Independent and Two 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 80 to 87.

Board Composition by Type of Directorship and Gender



3. Governance Structure (continued)

3.3 The Board (continued)

Independence of the Chairman and Independent Directors

The Board is of the opinion that term limits are a blunt tool and that, without flexibility, they eliminate both effective and non-effective Directors. The Board 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 and 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.

3. Governance Structure (continued)

3.4 Statement Of Major Accountabilities (continued)

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 and 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. It ensures that related Board decisions are implemented and that applicable laws and regulations are complied with. In addition, it ensures effective communication with the relevant regulatory authorities and shareholders and provides assurance that shareholders' interests are duly taken care of.

The function of the Company Secretary during the year is outsourced to La Gaieté Services Ltd. Further to the introduction of the new guidelines in regard to "Company Service Providers" introduced in 2020 by the Registrar of Companies, for enhanced efficiency, the Company has contracted with ECS Secretaries Ltd, effective 15 March 2022, in regard to this function. ECS Secretaries Ltd is represented by Mrs Marie-Anne Adam and Mr Yan Béchard. Both are associate members of the Institute of Chartered Secretaries and Administrators (ICSA) and, as such, are qualified to act as Company Secretary.

3.5 Committees Of The Board

Constitution of Board Committees

Three Board Committees 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.

3. Governance Structure (continued)

3.5 Committees Of The Board (continued)

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

THE BOARD					
Committees as at 31 December 2021					
Audit (Risk Management)		Corporate Governance		Nomination and Remuneration	
Member	Directorship Type	Member	Directorship Type	Member	Directorship Type
Jean-Philippe COULIER	Independent, Chairman	Georgina ROGERS	Non-Executive, Chairperson	George J. DUMBELL	Non-Executive, Chairman
Preetee JHAMNA-RAMDIN	Independent	Nicolas BOULLÉ	Non-Executive	Marc FREISMUTH	Independent
Noël Adolphe VALLET	Non-Executive	George J. DUMBELL	Non-Executive	Jean RIBET	Executive

Audit (Risk Management) Committee

The Audit (Risk Management) Committee, which also has responsibility for the Company's Risk Management function and IT Governance, consisted of three Directors (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 five occasions. Principal matters, including significant issues related to financial statements, considered by the Committee in 2021 were addressed as follows:

Regular financial matters

- Review and recommend to the Board the 2020 Audited Financial Statements, the Annual Report, the 2021 Forecasts, 2021 Unaudited Quarterly Financial Statements and Quarterly Abridged Financial Statements for publication.
- Assess the efficiency of Debt and Treasury Management.

Internal audit matters

- Review of the Internal Audit Plan 2021 - 2022.
- Consider the Internal Audit reports and monitor the implementation of recommendations as agreed.

3.5 Committees Of The Board (continued)

External audit matters

- 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.
- Consider the Risk reports presented.

Other matters

- Assess and monitor the effectiveness of the Company's IT Governance.
- Review IT investment 2022 – 2023.

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 twice during the year under review.

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 Corporate Sustainability 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 2020 with focus on the Corporate Governance, Sustainability and Corporate Social Responsibility Reports and the Statutory Disclosures;
ii. Approve the Group Corporate Social Responsibility Plan for 2021 under the banner of 'Fondation Constance' and monitor its progress and consider new sources of funding;
iii. Review Compliance, Sustainability and Health & Safety reports and ensure corrective measures are implemented, where necessary;
iv. Review the Sustainability Management Plan 2030;
v. Review and recommend for approval new and revised policies, codes and charters;
vi. Review and assess the organisational and technical measures implemented by the Company to comply with the DPA 2017 and EU GDPR);
vii. Review and recommend to the Board, the Annual Report and website disclosures; and
viii. Review requirements pertaining to non-compliance issues.

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 twice during the year to present its accomplishments and the way forward.

3. Governance Structure (continued)

3.5 Committees Of The Board (continued)

Nomination and Remuneration Committee

The Nomination and 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 and 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 five occasions to review and make appropriate recommendations to the Board in regard to the:

i. Ongoing follow-up on the agreed courses of action being taken following the Board and Committee self-evaluations held every two years;
ii. Evaluation of nominees for the annual re-election of Directors;
iii. Approve the bonuses of Senior Executives for 2021;
iv. Approve the remuneration of Senior Executives for 2022;
v. Review the implication of the Companies Act 2001 (2020 Amendments) in regard to Non-Executive Independent Directors;
vi. Review the Group Compliance function in conjunction with that of the Company;
vii. Review and update the job description of the Manager – Compliance and Risk;
viii. Instigate the review of directors' fees;
ix. Review the Group Organisation Structure, notably in the areas of Financial Reporting;
x. Recommend to the Board the re-appointment of the Chief Information Officer as Chairman of the ICT Steering Committee for a period of 2 years;
xi. Evaluate and recommend to the Board the appointment of the Swan Life Ltd nominee to the Board;
xii. Review and make recommendations to the Board on burden sharing by Management and Directors.

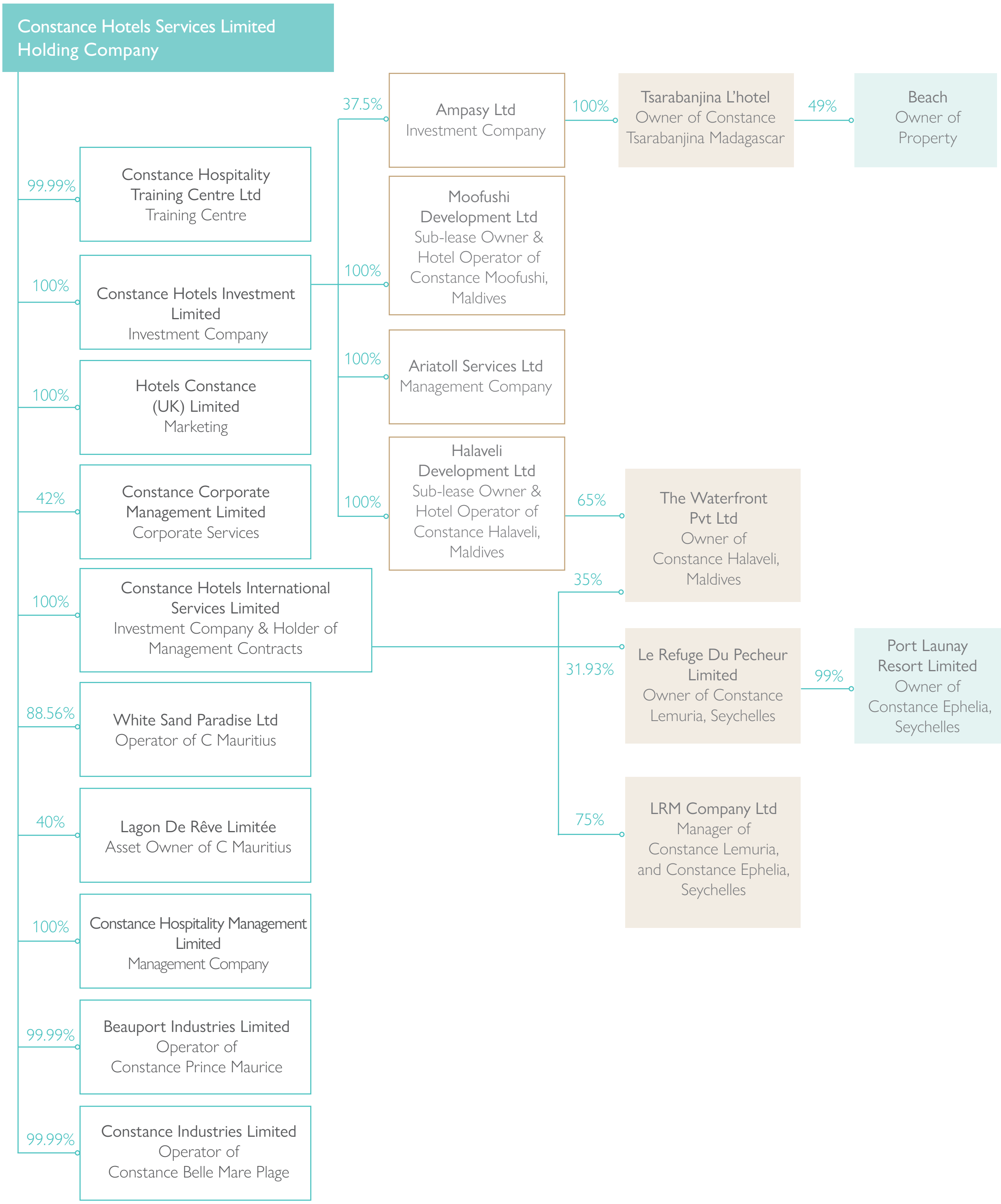
During the year under review, the Committee also took note of the following:

i. Any new disclosures in the Directors' and Senior Officers' Register of Interest/Insiders Share Dealings/Conflict of Interests and Related Party; and
ii. Dates of Board and Committee meetings for 2022.

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

3. Governance Structure (continued)

3.6 Corporate Structure (As At 31 December 2021)



3. Governance Structure (continued)

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 and Remuneration Committee
Nicolas BOULLÉ	Mauritius	Non-Executive	Member - Corporate Governance Committee
Jean-Philippe COULIER	Mauritius	Independent	Chairman - Audit (Risk Management) Committee
Catherine FROMET DE ROSNAY	Mauritius	Independent (Up to 31 December 2021) Non-Executive (As from 01 January 2022)	
Marc FREISMUTH	Mauritius	Independent (Up to 31 December 2021) Non-Executive (As from 01 January 2022)	Member - Nomination and Remuneration Committee
Gianduth JEEAWOCK	Mauritius	Non-Executive	
Preetee JHAMNA RAMDIN	Mauritius	Independent	Member - Audit (Risk Management) Committee
Clément D. REY	Mauritius	Executive	
Jean RIBET	Mauritius	Executive	Member - Nomination and 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	Mauritius	Executive	

Committees of the Board

Audit (Risk Management) Committee
Corporate Governance Committee
Nomination and Remuneration Committee

Steering Committees

IT Steering Committee
Data Protection Steering Committee

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

3. Governance Structure (continued)

3.7 Corporate Information (continued)

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
Moïra MEO	Group Communications Manager
Olivier DOGER DE SPEVILLE	E-Business Manager
Djaved FAREED	Corporate Sustainability Manager
Jayshree GOPEE	Risk and Compliance 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 (Up to 30 April 2022)
5th Floor, Labama House
35 Sir William Newton Street
Port Louis

ECS Secretaries Ltd (As from 15 March 2022)
3rd 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

Address
La Maison 1794
Constance
Centre de Flacq 40609

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 Mauritius Commercial Bank (Maldives) Private Limited
The Hong Kong & Shanghai Banking Corporation Ltd
Banque Française Commerciale Océan Indien
AfrAsia Bank Limited
State Bank of Mauritius Ltd
ABC Banking Corporation

3. Governance Structure (continued)

3.8 Profile Of Directors And Senior Officers

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 53 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 as Consultant with MCB Ltd.
- 16 years of experience in the hospitality and tourism industries as Chairman of 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

Nicolas Boullé [Age: 62]

Non-Executive Director - Appointed in January 2014

Qualifications
- Qualified Notary

Experience and Skills
- 31 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

3. Governance Structure (continued)

3.8 Profile Of Directors And Senior Officers (continued)

Directors (continued)

Jean-Philippe Coulier [Age: 73]

Independent Director - Appointed in January 2021

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

Marc Freismuth [Age: 70]

Independent Director (Up to 31 December 2021) - Appointed in September 2014
Non-Executive Director (As from 01 January 2022)

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

3. Governance Structure (continued)

3.8 Profile Of Directors And Senior Officers (continued)

Directors (continued)

Catherine Fromet de Rosnay [Age: 55]

Independent Director (Up to 31 December 2021) – Appointed in January 2021
Non-Executive Director (As from 01 January 2022)

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 - Appointed in July 2021

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

3. Governance Structure (continued)

3.8 Profile Of Directors And Senior Officers (continued)

Directors (continued)

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: 52]

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. Governance Structure (continued)

3.8 Profile Of Directors And Senior Officers (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)

Experience and Skills
- Joined the Constance Group as Group Financial Controller in 1991.
- 17 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

3. Governance Structure (continued)

3.8 Profile Of Directors And Senior Officers (continued)

Directors (continued)

Noël Adolphe Vallet [Age: 56]

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: 54]

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

3. Governance Structure (continued)

3.8 Profile Of Directors And Senior Officers (continued)

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: 53]

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.

3. Governance Structure (continued)

3.8 Profile Of Directors And Senior Officers (continued)

Senior Officers (continued)

Julien Coëtte dit Dubois [Age: 41]

Chief Finance Officer

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 and 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.

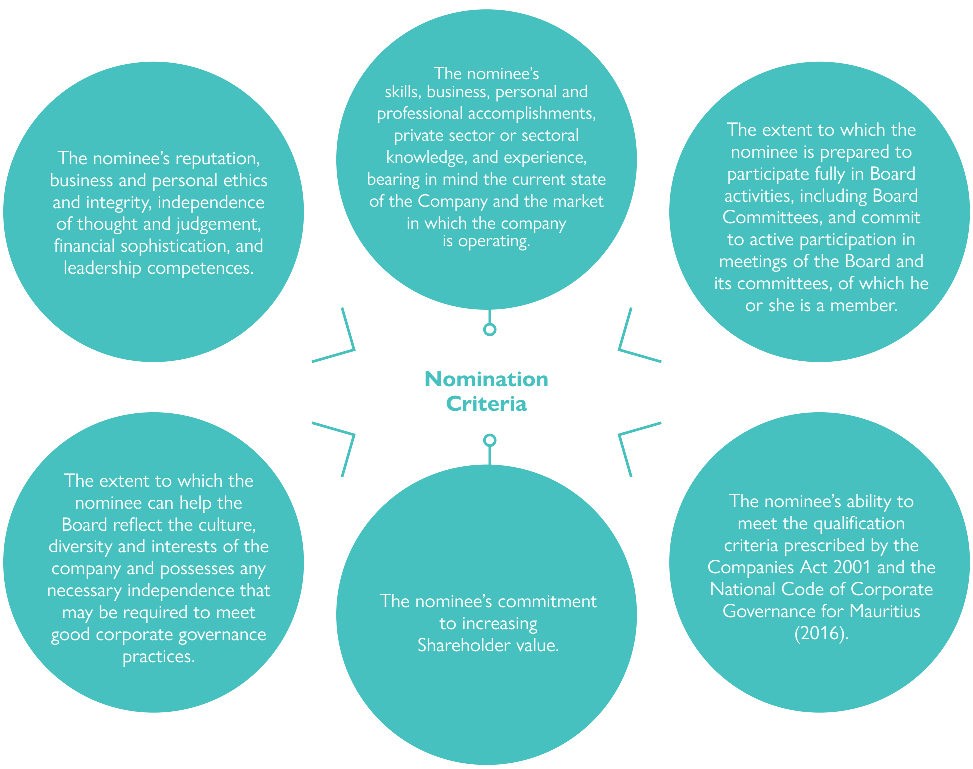
All Directors' profiles are disclosed in the Annual Report, which is presented on the Company's website, and reflect the diverse skill mix of the Board, including industry knowledge, accounting and finance, management, international business, business strategy, crisis management, corporate governance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

The criteria considered are as follows:



4. Director Appointment Procedures (continued)

4.2 Nomination Process and Criteria (continued)

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 and 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 and 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. The next review will be undertaken during 2022.

4. Director Appointment Procedures (continued)

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 and 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 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.

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. Director Duties, Remuneration And Performance (continued)

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, no Directors, related parties or designated employees traded in the Company's shares.

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 2021 were as follows:

	Direct		Indirect
	No. of shares	% Held	% Held
Directors			
George J. DUMBELL – Chairman	34,285	0.03	-
Jean-Philippe COULIER	-	-	-
Nicolas BOULLÉ	-	-	-
Marc FREISMUTH	-	-	-
Catherine FROMET DE ROSNAY	-	-	-
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. Director Duties, Remuneration And Performance (continued)

5.7 Common Directors

The names of common Directors of the subsidiaries of the Company as at 31 December 2021, are found on page 120 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 2021)

Messrs George J. Dumbell, Nicolas Boullé, Jean-Philippe Coulier, Marc Freismuth, Noël Adolphe Vallet, Clément D. Rey, Jean Ribet, Mrs Catherine Fromet De Rosnay and Georgina Rogers.

Directors of BMH Ltd (as at 31 December 2021)

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 and 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 and 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 2021, 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 2021, also remained unchanged at:

	Audit (Risk Management) Committee	Corporate Governance Committee	Nomination and 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. 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. This period was extended up to 31 March 2021.

Under the recommendations of the Nomination and 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 2022.

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

5. Director Duties, Remuneration And Performance (continued)

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 and Remuneration Committee. However, due to the disruptions brought about by COVID-19, this evaluation is scheduled to be carried out during 2022.

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 and 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.

The Nomination and 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 2021.

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 and Remuneration Committee reviews Executives' Remunerations to ensure that they remain competitive to the local market. The next exercise is expected to be undertaken during 2022.

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. Director Duties, Remuneration And Performance (continued)

5.11 Attendance At Board And Committee Meetings

	Board of Directors	Committees of the Board		
		Audit (Risk Management)	Corporate Governance	Nomination and Remuneration
Number of meetings held in 2021	**4**	**5**	**3**	**5**
Meetings attended				
George J. DUMBELL	4	-	3	5
Nicolas BOULLÉ	3	-	2	-
Jean-Philippe COULIER	4	5	-	-
Marc FREISMUTH	4	-	-	5
Catherine FROMET DE ROSNAY	4	-	-	-
Gianduth JEEAWOCK (AS FROM 01 July 2021)	3	-	-	-
Preetee JHAMNA RAMDIN	3	4	-	-
Clément D. REY	4	-	-	-
Jean RIBET	4	-	-	5
Georgina ROGERS	4	-	3	-
Noël Adolphe VALLET	4	4	-	-
Jean-Jacques VALLET	4	-	-	-

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.

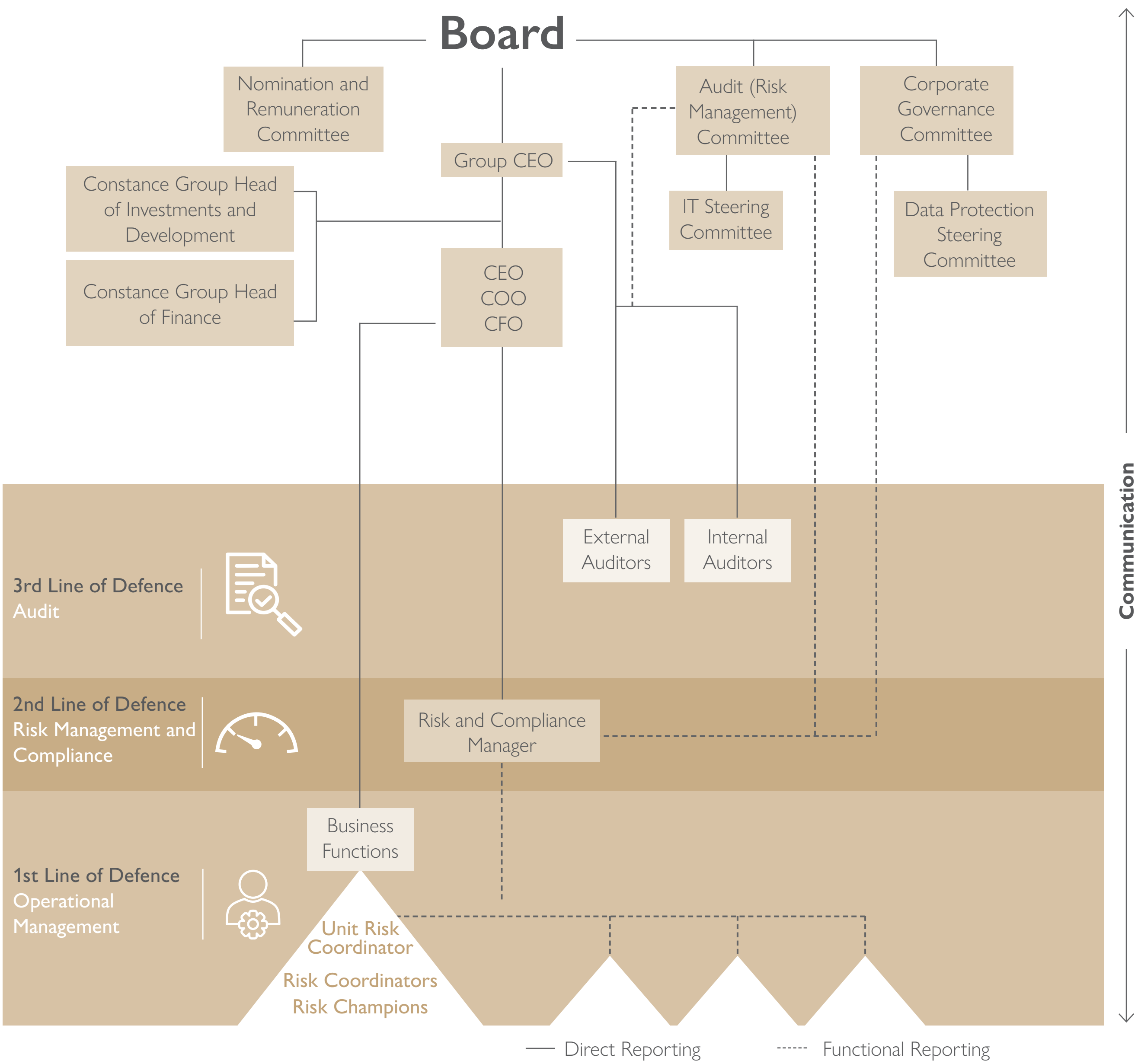
The Board acknowledges that risk management and internal control frameworks are designed to identify and manage rather than eliminate the risk of failure to achieve business objectives. Such frameworks can only provide reasonable, and not absolute, assurance against material misstatement or loss.

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 Enterprise Risk Management (ERM) Programme across all the operations and jurisdictions of the Company.

6 Risk Management And Internal Controls (continued)

6.1 Risk Management (continued)

The CHSL ERM Framework

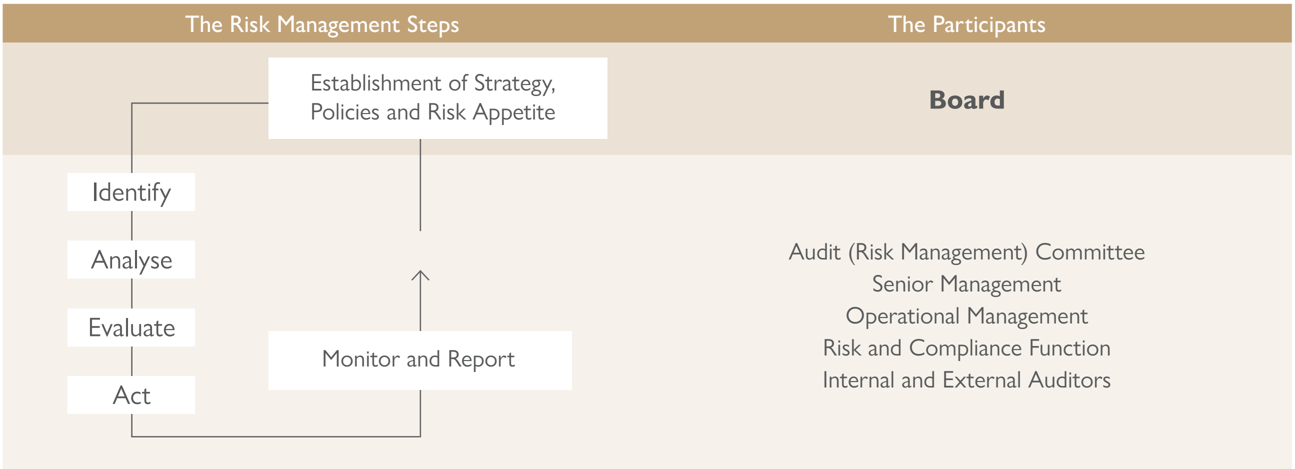


6 Risk Management And Internal Controls (continued)

6.1 Risk Management (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 strategic objectives of the Company are communicated from top to bottom, scorecards are adjusted and activities are, subsequently, organised at the level of each property and department with a view to generating the expected results. Risk Champions identify risks that may hamper the achievement of the objectives and activities in their respective areas of responsibility. Departmental Risk Coordinators, consisting mainly of the department Heads/Assistants, assess the identified risks, ensure that the appropriate preventive and mitigating measures have been taken and suggest further measures which may require approval of the General Manager (GM) or the Head Office (CHML). Risks identified by the different departments are communicated to the Unit Risk Coordinator (URC), whose responsibility in the ERM process is mainly to:

- maintain the property's risk register;
- report to the General Manager who is ultimately responsible for managing risks at property level;
- liaise with department Heads and monitor the implementation of risk treatment measures; and
- report to the RCM on risk management matters.

To facilitate the management of risks at property level, the RCM equips the property URCs and Risk Coordinators with the necessary training, tools, templates and information, including on the strategic objectives, corresponding risk drivers, key risk indicators, and the methodology for evaluating and categorising the identified risks. The RCM remains accessible for any further assistance required by the URCs in the proper management of the ERM activities and process.

Once the risk registers from the different properties have been obtained, the RCM analyses the contents, questions the URCs, if needed, and compiles the Group Risk Register for the properties, after verifying that all the possible risks (pre-listed by CHML) have been taken into account by each property and that the risk evaluation and categorisation are harmonised throughout the organisation. The RCM ensures a seamless flow of information around risk management, both from bottom to top and from top to bottom.

In 2021, an additional register was introduced to record risks that are specific to the activities of the Management Company (CHML), such as the risks related to marketing, brand recognition and technology optimisation.

6 Risk Management And Internal Controls (continued)

6.1 Risk Management (continued)

ERM Reports based on the registers of the properties and CHML are presented to Management (CEO, COO and CFO) who may re-evaluate the principal risks facing the organisation from the Group's perspective and according to its risk impact estimates. Management provides direction with respect to policy, methodology, reporting and internal control matters and advises on the management of the principal risks.

In 2021, reports were presented twice to the Audit (Risk Management) Committee. In the report presented in October 2021, a weighting factor of 1.5 was applied in the evaluation of the financial impact in order to reflect the prevailing COVID-19 pandemic situation. The Chairman of the Committee acknowledged the huge amount of work that has been achieved, during the past two years, with regard to the implementation of the new Risk Appetite Framework. He opined that the dashboard and reports, which may be fine-tuned over time, provided the necessary insight to the Committee.

To improve the efficiency of the ERM system, a new electronic tool has been developed to record and report risks across the organisation. The system, which will be deployed in early 2022, will alleviate the risk management tasks at property level and provide real-time access to the RCM for improved monitoring at the Head Office.

The 3 Lines of Defence of CHSL's ERM Framework

Operational Management 1	• 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. They bear responsibility for the day-to-day management of risks owned. • The ultimate responsibility for the management of risks, at property level, lies with the General Manager. Each General Manager approves the preventive/mitigating actions for his property. • The CEO, COO and CFO are consulted on the management of the principal risks, and they provide direction in respect of policy, methodology, reporting and internal control matters.
Risk and Compliance Management 2	• The RCM coordinates, facilitates and oversees the overall risk management processes in the organisation, including policy, methodology, training and tools for recording and reporting. • The RCM ensures an effective communication flow on risk management, from top to bottom, from bottom to top and across the organisation. • The RCM presents ERM reports, covering both the Operations (at property level) and the Management Company, twice a year to the Audit (Risk Management) Committee, thus enabling an improved oversight of risks facing the organisation. Other forms of risks are reported to the Board through its relevant Board Committees and Steering sub-Committees.
Audit 3	• 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 Risk Management And Internal Controls (continued)

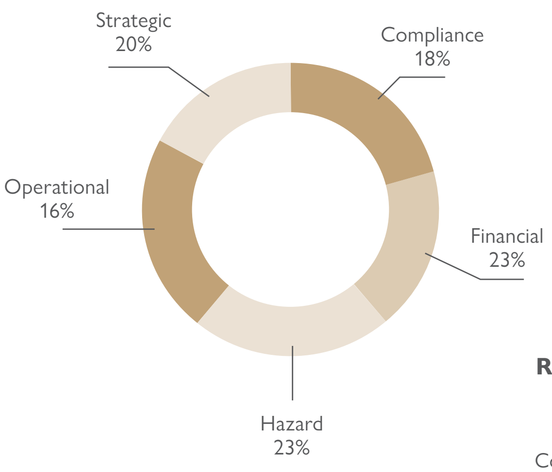
6.1 Risk Management (continued)

Risk Profile

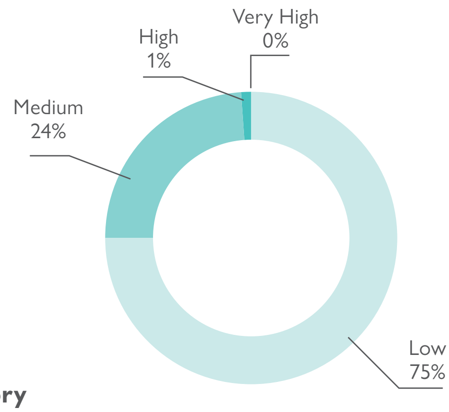
Risks facing the Company are classified by type and subsequently grouped as Strategic, Financial, Operational, Compliance or Hazard, in accordance with the National Code of Corporate Governance for Mauritius (2016). The following charts, which provide an overview of the Company's risk profile as at 31 December 2021, reflect the Company's risk appetite as approved by the Board.

Residual Risk Exposure (based on average residual risk scores)

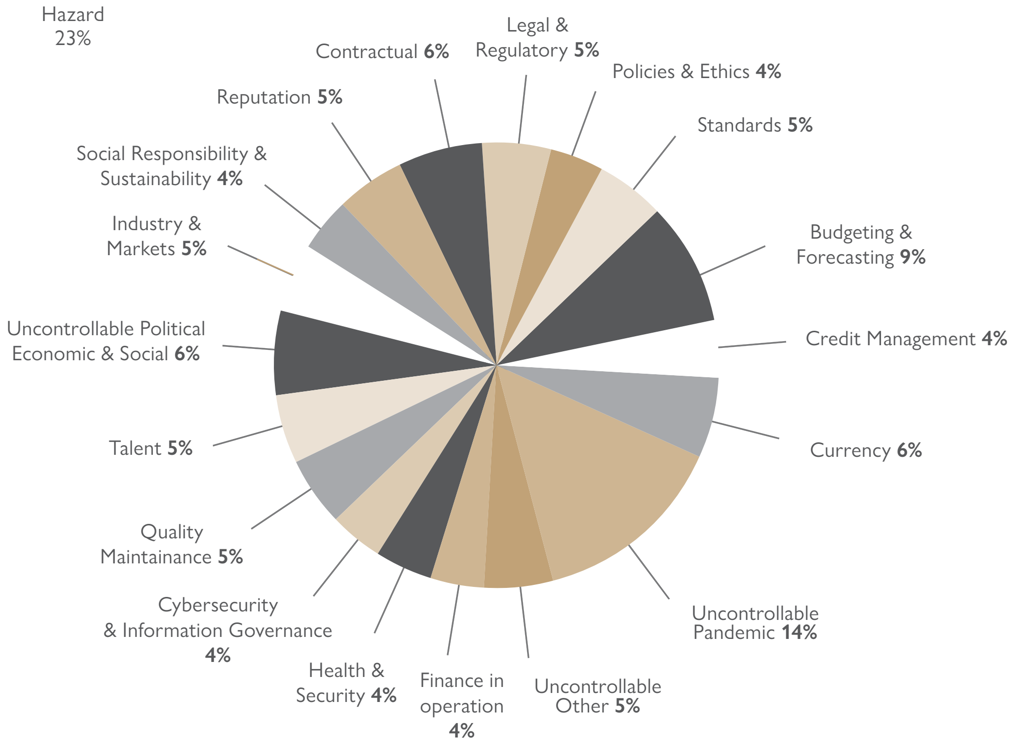
Residual Risk Exposure by Risk Group



Residual Risk Exposure by Risk Level



Residual Risk by Risk Category



6 Risk Management And Internal Controls (continued)

6.1 Risk Management (continued)

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 and Officer Liabilities insurance cover.

Principal Risks by Risk Group and Capital Impacted

Risk	Risk Group	Capital Impacted	Risk Trend (2021 vs 2020)
Geographical Concentration	Strategic	Financial, Human, Intellectual, Social and Natural	↔
Industry and Market	Strategic	Financial, Human, Intellectual, Social and Natural	↓
Political, Economic and Social	Strategic	Financial, Human, Social and Natural	↔
Reputation	Strategic	Financial, Human, Intellectual	↔
Social Responsibility and Sustainability	Strategic	Financial, Human, Social and Natural	↔
Financial Management	Financial	Financial, Human	↔
Cybersecurity and Information Governance	Operational	Financial, Human, Intellectual	↔
Health and Security	Operational	Financial, Human, Social and Natural	↔
Talent	Operational	Financial, Human, Intellectual	↔
Legal, Regulatory and Ethical Compliance	Compliance	Financial, Human, Intellectual	↔
Uncontrollable Events (Natural, Environmental, Geopolitical and Human Perils)	Hazard	Financial, Human, Social and Natural	↔

Legend

Capital Impacted : Financial Human Intellectual Social and Natural

Risk Trend : ↓ Decrease ↔ Unchanged ↑ Increase

6 Risk Management And Internal Controls (continued)

6.1 Risk Management (continued)

Risk Mitigation Initiatives

Risk	Description	Mitigation Initiatives	Relevant Codes and 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. • Monitoring of the evolution of the COVID-19 pandemic and political/economic situation in target countries.
Industry and 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. Since 2020, the industry has been seriously affected by the COVID-19 pandemic	• 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. • Investment optimisation through market studies. • Maintenance of our visibility in target markets through regular communication. • Menus and standards reviewed to adapt to new markets. • Marketing strategy in place. • Risks identified and addressed. • Reinforced sanitary protocol and Constance Stay Safe implemented in all properties.
Political, Economic and 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, Corporate Sustainability 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. • Appropriate contract clauses to mitigate losses related to political, economic and social events.

6 Risk Management And Internal Controls (continued)

6.1 Risk Management (continued)

Risk Mitigation Initiatives

Risk	Description	Mitigation Initiatives	Relevant Codes and 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 and Related Transactions Policy, Gifts Policy, Equal Opportunity Policy, IT Information Security Policy, Corporate Sustainability Policy, Social Media Use Policy, Procurement Policy, Health and Safety 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 and renovation in some properties. • Risks identified and addressed. • Improved complaints handling procedures. • Guest in-room information updated. • Improved communication on sustainable measures implemented at our properties.

6 Risk Management And Internal Controls (continued)

6.1 Risk Management (continued)

Risk Mitigation Initiatives

Risk	Description	Mitigation Initiatives	Relevant Codes and 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 adheres to applicable laws and regulations and good governance practices, support human rights, strives topreserve the natural ecosystem, and respect and support the communities and cultures in all countries it operates.	Corporate Social Responsibility Policy, Anti-Money Laundering Policy, Procurement Policy, Code of Conduct for Business Partners, Health and Safety Policy, Anti-trust Policy, Equal Opportunity Policy, and Corporate Sustainability 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 and 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. • Stakeholder engagement initiatives. • Protection of manta rays in the Maldives. • Monitor the Sustainability Management Plan 2030.
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. The Mauritian Rupee and Seychellois Rupee were strongly impacted during COVID-19 pandemic period.	• 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 and reinforcement of controls. • Close monitoring of costs. • Increased controls by the procurement department. • Monitoring of credit terms and allowances to debtors. • Close monitoring of currency fluctuations. • Miscellaneous measures to reduce wastage and spoilage. • Risks identified and addressed. • Cost anticipation and budgeting.

6 Risk Management And Internal Controls (continued)

6.1 Risk Management (continued)

Risk Mitigation Initiatives

Risk	Description	Mitigation Initiatives	Relevant Codes and Policies	Actions During the Year
Cybersecurity and 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. The outside threats have increased since the start of the COVID-19 pandemic.	• 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 twice. • 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 and HR Systems, Patch Management, Endpoint Detection and Response, Endpoint Encryption, Peripheral control, Bitwarden for Central Password Keeper. • Phishing simulation and cyber training were conducted. • Alternate internet providers to reduce downtime.
Health and 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 and 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 and 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 Risk Management And Internal Controls (continued)

6.1 Risk Management (continued)

Risk Mitigation Initiatives

Risk	Description	Mitigation Initiatives	Relevant Codes & Policies	Actions During the Year
Talent	Failure to identify, secure and retain top-quality management and highly-skilled employees may undermine the Company's ability to remain profitable and achieve its strategic objectives.	• A policy of recruitment and recognition of performance that is fair and transparent based on merit is applied. • The Company ensures an attractive and safe working environment and a competitive remuneration structure. • Succession planning is developed, monitored and maintained for key roles. • Internal and external training to further develop skills of team members. • Employee satisfaction surveys and implementation of improvement plan. • Team members are recognised and rewarded for their contributions.	Code of Ethics and Conduct, Professional Standards and Guidelines, Equal Opportunity Policy, Nomination Policy and Risk Management Policy.	• 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.

6 Risk Management And Internal Controls (continued)

6.1 Risk Management (continued)

Risk Mitigation Initiatives (continued)

Risk	Description	Mitigation Initiatives	Relevant Codes and 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 Charters and the Professional Standards and Guidelines approved by the Board, which include the Compliance Charter, the Risk Management Charter, the Compliance Officer Handbook and the Compliance Officer Accountabilities.

The main role of the Compliance function is to assist the Board, Management and Line Managers in discharging their compliance and risk responsibilities by providing the appropriate framework within which the business activities of CHSL and its employees can comply with applicable laws, rules, regulations, industry and country codes of good governance, company charters, policies, standards and procedures in respect of the following five key areas:

i. Corporate Governance
ii. Compliance
iii. Risk Management
iv. Data Protection
v. Anti-Money Laundering / Combatting the Financing of Terrorism

Scope of the Compliance Function

Compliance Funcion

High Level Oversight
- Maintain appropriate records
- Report to Management and Board Committees

Legal and Regulatory Compliance
- Compliance with applicable laws, rules and regulations (including Data Protection) in all jurisdictions
- Monitoring/ Communication of legal and regulatory changes
- Protection of Intellectual Property

Compliance Standards
- Industry and Country Codes of Good Governance
- Charters, Codes, Policies, Standards, Procedures
- Contract clauses/ Disclaimers
- Standard documents and Disclosures

Risk Management
- Maintain ERM Framework/ Facilitate Risk Assesment
- Maintain a Group Risk Register
- Monitor mitigation measures
- Monitor Business Continuity Planning

Communication and Training
Effective Compliance Communication and Training to :
- Mitigate compliance risks
- Promote a culture of integrity

Consultation/ Assistance
- Liaise with Legal Advisers Data Protection and other Authorities
- Review legal documents (including contracts)
- Monitor implementation of recommendations from Internal Auditors and Regulators

Compliance Tools
- Developed on the Laserfiche system :
  - Contract Management
  - ERM Register
  - Incident Register
- COGNOS Reporting tool

Identification of Non-Compliance Matters
- Quaterly compliance reports
- Quarterly Data Protection Questionnaire
- Incidents register
- Health and Safety incidents reports
- Court cases
- Mall/Direct Communication
- Conflict of interest disclosures

6 Risk Management And Internal Controls (continued)

6.2 Compliance Function (continued)

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

- The RCM ensured that all relevant changes to the legal and regulatory framework were promptly shared with the teams to ensure compliance.
- The Risk and Compliance (RC) department ensured that the licensing requirements at all locations were met and it specifically monitored the application of regulations under the Roads Act and the Public Health Act of Mauritius.
- The RCM conducted a general review and update of the existing corporate policies and codes, and drafted new policies on Contract and Risk Management.
- A new policy on "Social Media Usage" was issued to guide employees in making responsible use of their social media account to uphold the Company's reputation.
- While most employees were away from their workplace due to the COVID-19 context, important compliance communication and employee awareness were maintained via the Company's mailing systems and intranet, which was also used for online compliance training in the form of quizzes.
- An online induction programme, based on the Company's Code of Conduct and corporate policies was initiated in collaboration with CHTC.
- Compliance requirements, including corporate policies, codes and relevant legislation were regularly updated on the Knowledge Library of the Company's intranet, for ease of access by employees.
- Assistance was provided to the properties and other departments of CHML in the drafting or reviewing of contracts, non-disclosure and other agreements, as well as disclaimers, most of which relating to the COVID-19 pandemic measures.
- The RC department liaised with the Company lawyers as required.
- Proper use of the contract management system was reinforced through user training and close monitoring to ensure completeness of the contract repository and timely renewals of contracts.
- Data protection is an important part of the RC function. The RC department specifically ensured that data subject requests were attended to within the legal time frame, data processing agreements were signed with third-party processors and that any incidents duly identified were addressed and recorded.
- The department advised on consent requirement regarding the use of personal data for secondary purposes.
- A general review of AML/CFT procedures practised at property level.
- Launch of the annual 'conflict of interests' questionnaire September 2021 and recording of disclosures.
- Protection of the Company's intellectual property and timely renewals of trademarks.
- Monitoring of the implementation of post-audit recommendations, including on the Company's contract management system.
- Updating of the required disclosures on the Company's website.

During the year under review, in order to maintain current knowledge on compliance matters, the RC team attended a few online webinars and training, including on data protection, information security and anti-bribery programme.

In 2021, the RCM was invited to present three reports to the Corporate Governance Committee, two reports to the Audit (Risk Management) Committee and two reports to the Data Protection Steering Committee. The RCM also attended two meetings of the IT Steering Committee.

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.
The IT Steering Committee met twice in 2021. During the first meeting in June 2021, the digitalisation initiatives undertaken by the Group were elaborated and their impact on guest satisfaction and overall employee productivity were discussed. The Steering Committee also

6 Risk Management And Internal Controls (continued)

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

took note of the steps taken by Management to reinforce the cybersecurity posture of the Group and improvements made in respect of the threat-mitigation capabilities.

During the second meeting in October 2021, the Steering Committee reviewed the Group's digital ecosystem and considered urgent proposals for replacing its legacy systems. After analysis, the Steering Committee decided to replace the existing property management system so as to mitigate the existing risks and enabling it to confidently compete on the market. In addition, the Steering Committee further took note of a proposal for 'Constance IT Security Assessment' proposed by PwC. The Steering Committee opined that the exercise would provide the necessary comfort to stakeholders that appropriate actions are being taken to secure the Company's IT systems. The proposal was accepted and the security assessment will be conducted in 2022.

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 and Access Control
- Usage Monitoring and Inspection of Files
- Systems and Network Administration Access
- Use of Password
- User Manager/Computer and Information Control
- Virus 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 and Responsibilities

Compliance
- Backups and Storage
- Contingency Plan
- Business Continuity
- Audit IT General

6 Risk Management And Internal Controls (continued)

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

1. 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.
2. The Chairman approves the Agenda for the Board Meeting.
3. The Financial Statements are prepared by the Constance Group Head of Finance.
4. Agenda, Minutes and Board Papers, including financial documents, are circulated to Board Members prior to the scheduled date of the Board Meeting.

Data Protection

The Company is very conscious of its responsibility to protect personal data processed across the organisation. To properly discharge these responsibilities, a Data Protection Steering Committee (DPSC) was established in 2019, chaired by a Board Director. The DPSC is a sub-committee of the Corporate Governance Committee and has the overall responsibility for establishing, overseeing, revising and monitoring the Company's privacy strategy and governance programmes and related initiatives, based on the Mauritius Data Protection Act 2017 (DPA 2017) and the European Union General Data Protection Regulations (EU GDPR). The DPSC ensures that adequate resources are available to meet the Company's set objectives.

The RCM, who acts as the Data Protection Officer (DPO) for the Company, monitors and facilitates the implementation of the privacy strategy and governance programme in the organisation. In doing so, she works closely with the Chief Information Officer (CIO) who oversees the protection of personal data processed electronically. Data Protection Champions (DPC) designated in each property assist their respective General Manager in discharging their responsibility for compliance with the applicable data protection legislation and liaise with the DPO on data protection matters. Regular employee training and awareness help to maintain a privacy culture across the organisation as it is the responsibility of every person to safeguard information and comply with legal requirements in their daily operations.

6 Risk Management And Internal Controls (continued)

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

Data Protection (continued)

The DPSC met twice in 2021 to review the data protection reports and assess the organisational and technical measures implemented or initiated, which include:

- Update of the corporate data protection policies
- Issue of a new policy on “Social Media Usage”
- Review of various procedures including on the handling of credit card information, sharing of images, use of personal email addresses and handling of data subject requests
- Update of cookies notice on the websites to allow choice for acceptance of different uses
- Planning of security audit and intrusion detection with a third party to be conducted in June 2022
- Masking of guest credit card details on the Property Management System (Opera)
- Encryption of Opera on one property
- Phishing simulation exercise
- Cyber awareness training
- Planning of ISO 27001 implementation in June 2022

6 Risk Management And Internal Controls (continued)

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.

In view of the disruption brought about by the pandemic, the review of charters will be undertaken during 2022.

Charters

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

Nomination and Remuneration Committee

- Nomination and Remuneration Committee Charter ☼

Policies

- Anti-Money Laundering
- Anti-Trust
- Business Travel
- CCTV
- Conflict of Interest and Related Party Transactions ◊
- Contract Management
- Corporate Sustainability
- Data Protection
- Dividend
- Donations
- Equal Opportunity
- Executive Leave
- Gift
- IT Information Security
- Nomination
- Privacy and Cookies (Website)
- Procurement
- Remuneration
- Risk Management
- Share Dealing
- Social Media Use

Codes and Other Documents

- 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 and 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 Risk Management And Internal Controls (continued)

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 pages 195 and 196 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.

6 Risk Management And Internal Controls (continued)

6.5 Audit (continued)

Internal Audit (continued)

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. Due to the closure of borders resulting in slowdown in operations, some field works could not be performed as was planned. Accordingly, follow-ups of past audits were carried out in Mauritius and Maldives. The follow-up reports on Maldives Operations were reviewed during the year, whilst those covering Mauritius operations are scheduled for 2022.

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:

1. The Board is responsible for appointing the External Auditor, subject to the approval of Shareholders.
2. 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.
3. The appointed External Auditor is required to present to Management an annual external audit proposal.
4. 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.
5. The External Auditor prepares the annual engagement letter in conjunction with Management.
6. 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.

6 Risk Management And Internal Controls (continued)

6.5 Audit (continued)

External Audit (continued)

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	192	32,114	0.029
501 - 1,000	39	31,168	0.028
1,001 - 5,000	141	362,125	0.331
5,001 - 10,000	54	373,638	0.341
10,001 - 50,000	65	1,517,945	1.385
50,001 - 100,000	13	909,491	0.829
100,001 - 250,000	15	2,608,450	2.379
250,001 - 500,000	3	1,045,849	0.954
Over 500,000	19	102,771,569	93.724
Total	**541**	**109,653,349**	**100.000**

Shareholder category	Number of Shareholders	Number of Shares Owned	Percentage Shareholding
Individuals	419	8,121,248	7.406
Insurance and Assurance Companies	10	3,882,313	3.541
Pension and Provident Funds	24	28,154,923	25.676
Investment and Trust Companies	10	190,357	0.174
Other Corporate Bodies	78	69,304,508	63.203
Total	**541**	**109,653,349**	**100.000**

7.2 Substantial Shareholders

As at 31 December 2021, 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	25,248,416	23.02

7. Relations With Key Stakeholders (continued)

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 2021 (2020: 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 26.0 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.

7. Relations With Key Stakeholders (continued)

7.7 Stakeholder Engagement (continued)

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

7. Relations With Key Stakeholders (continued)

7.7 Stakeholder Engagement (continued)

Stakeholders	Expectations	Mode of Engagement/ Communication	Frequency
Local Communities and 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 socia 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, 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

Note: The events can be subject to change.

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	536	-	536
Jean-Philippe COULIER	270	-	270
Nicolas BOULLÉ	164	-	164
Marc FREISMUTH	131	-	131
Catherine FROMET DE ROSNAY	120	-	120
Gianduth JEEAWOCK	60	-	60
Preetee JHAMNA RAMDIN	171	-	171
Georgina ROGERS	196	-	196
Noël Adolphe VALLET	171	-	171
TOTAL	**1,819**	**-**	**1,819**
Executive			
Clément D. REY	105	-	105
Jean RIBET	-	-	-
Jean-Jacques VALLET	-	19,777	19,777
TOTAL	**105**	**19,777**	**19,882**
GRAND TOTAL	**1,924**	**19,777**	**21,701**

Directors' Service Contracts

Mr George J. Dumbell, Chairman of the Company, has a service contract which expires on 31 December 2022. The other Directors do not have service contracts with the Company, but letters of appointment.

Directors of Subsidiary Companies (as at 31 December 2021)

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

Political donation during the year, for the Group and the Company was nil (2020: nil). For other disclosures on donations, please refer to page 65.

Auditors' Remuneration

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

	The Group		The Holding Company	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Audit fees paid to:				
Ernst & Young	**4,425**	4,089	**575**	525
Other firms	**748**	719	**-**	-
Fees for other services paid to:				
Ernst & Young	**95**	84	**-**	-
Other firms	**1,155**	730	**-**	-

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

13 May 2022

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 ECS Secretaries Ltd
Secretaries

13 May 2022

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 132 to 197 which comprise the consolidated and separate statements of financial position as at December 31, 2021, and the 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, 2021, 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.

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 to the audit of the consolidated and separate financial statements.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td><u>Company</u>

Impairment of Investments in subsidiary companies

The Company holds investments in subsidiaries which amounted to MUR 3.4 billion as of 31 December 2021 (2020: MUR 3.2 billion). Investments in subsidiary companies are carried at cost less impairment in accordance with IAS 36 Impairment of Assets in the Company' 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 investments 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.

The impairment of the subsidiaries involves significant use of estimates and judgements, including occupancy rates, average room rates, guest night spending, growth rates and discount rates. The value in use is highly sensitive to changes in these key inputs.

The impairment adjustment amounted to MUR 55 million (2020: MUR 749 million) for financial year 2021 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.

The determination of the recoverable amount of the investments in subsidiaries 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.</td><td>Our procedures in relation to assessing the impairment of investments 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 investments 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.

◦ 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.</td></tr>
</table>

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 to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
<u>Group</u>	
Classification of redeemable convertible bonds issued to the Mauritius Investment Corporation Ltd ("MIC") During the year, the group of hotels in Mauritius ("Constance Group") issued redeemable convertible bonds to the MIC, a wholly owned subsidiary of the Bank of Mauritius (refer to Note 20). These funds have been provided as part of the recovery plan of the Government of Mauritius. The valuation and classification of these bonds are dependent on the contractual terms and conditions as per the underlying agreement. Management was assisted by external legal and accounting specialists to opine on certain aspects of the agreement and on the classification of the bonds. It was concluded that the classification of the MIC funds is an accounting policy choice between either equity or a compound instrument comprising both an equity and liability component. Management has opted for the equity classification. The accounting of the MIC funding obtained has been identified as a key audit matter owing to the complexity of certain clauses in the agreement and its impact on the accounting treatment and the magnitude of the amounts involved.	**Our procedures in relation to assessing the classification of the MIC Funds included the following:** We obtained and reviewed the terms and conditions in the subscription agreement entered by the Constance Group and the MIC. We reviewed the technical and legal opinion provided by the management's specialists. We engaged and discussed with our internal technical specialists to validate the accounting treatments of the redeemable convertible bonds. We assessed whether the bonds were properly classified and that appropriate disclosures were made by management in the financial statements in line with the accounting policy choice of the Group.
Valuation of employee benefit liabilities The employee benefit liabilities of the Group amount to MUR 391 million as of 31 December 2021 (2020: MUR 316 million). The Group's employee benefit liabilities comprise the obligations under the defined benefit plan and the Workers' Rights Act. 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. A change in any of these assumptions could cause a material change in the value of the liabilities. The relevant disclosures have been made in Note 18.	**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. We tested the completeness and accuracy of the underlying membership data provided to the actuary to determine the underlying value of the pension liability.

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 to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Group	
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.	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.

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 31 December 2021"**, which includes Corporate Governance Report and the Company 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 (other than the Corporate Governance Report) 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.

Independent Auditor's Report

To The Members Of Constance Hotels Services Limited

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)

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.
- 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.

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 auditor, 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

Date: 13 May 2022

Statement of Financial Position

Year ended December 31, 2021

	Notes	THE GROUP 2021 MUR'000	THE GROUP 2020 MUR'000	THE COMPANY 2021 MUR'000	THE COMPANY 2020 MUR'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**8,245,812**	8,265,139	**585**	1,068
Right-of-use assets	6	**4,312,286**	4,258,884	**658**	3,116
Intangible assets	7	**8,728**	14,068	**84**	193
Investments in subsidiary companies	8	**-**	-	**3,386,586**	3,192,458
Investments in associates	9	**2,029,957**	2,077,053	**187,000**	187,000
Deferred tax assets	11	**113,008**	78,375	**4,113**	3,947
		14,709,791	14,693,519	**3,579,026**	3,387,782
Current assets					
Inventories	12	**418,417**	367,894	**-**	-
Trade and other receivables	13	**453,650**	88,631	**-**	-
Financial assets at amortised cost	10	**143,159**	189,997	**870,201**	1,155,575
Other assets	14	**138,919**	103,318	**20,799**	17,337
Current Tax Asset	21(a)	**20,831**	20,991	**-**	-
Cash and cash equivalents	26(b)	**193,070**	144,992	**5,968**	18,474
		1,368,046	915,823	**896,968**	1,191,386
Total assets		**16,077,837**	15,609,342	**4,475,994**	4,579,168
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	**3,678,266**	3,605,227	**-**	-
Retained earnings		**(1,695,794)**	(939,004)	**(457,032)**	(323,319)
Owners' interest		**4,135,867**	4,819,618	**1,696,363**	1,830,076
Convertible Bonds	20	**646,980**	-		
Non-controlling interests		**(19,767)**	(11,965)	**-**	-
Total equity		**4,763,080**	4,807,653	**1,696,363**	1,830,076
LIABILITIES					
Non-current liabilities					
Borrowings	17	**4,902,870**	3,968,283	**1,624,563**	779,104
Lease liabilities	6	**4,029,268**	3,829,714	**445**	2,361
Deferred tax liabilities	11	**23,791**	42,350	**-**	-
Employee benefit liabilities	18	**390,826**	316,435	**-**	-
		9,346,755	8,156,782	**1,625,008**	781,465
Current liabilities					
Trade and other payables	19	**874,333**	502,587	**684,938**	507,455
Borrowings	17	**913,679**	2,027,680	**467,770**	1,457,279
Lease liabilities	6	**170,099**	112,055	**1,915**	2,893
Current tax liabilities	21(a)	**9,891**	2,585	**-**	-
		1,968,002	2,644,907	**1,154,623**	1,967,627
Total liabilities		**11,314,757**	10,801,689	**2,779,631**	2,749,092
Total equity and liabilities		**16,077,837**	15,609,342	**4,475,994**	4,579,168

These financial statements have been approved for issue by the Board of Directors on 13 May 2022.

George J. Dumbell (s)
Chairman

Jean Ribet (s)
Group Chief Executive Officer

The notes on pages 137 to 197 form an integral part of these financial statements
Auditor's report on pages 126 to 131.

Statement of Profit or Loss

Year ended December 31, 2021

	Notes	THE GROUP 2021 MUR'000	THE GROUP 2020 MUR'000	THE COMPANY 2021 MUR'000	THE COMPANY 2020 MUR'000
Revenue	22	**2,439,188**	1,583,508	**-**	-
Cost of inventories expensed	23(a)	**(548,067)**	(367,001)	**-**	-
Administrative and operating expenses	23(b)	**(1,481,904)**	(1,216,568)	**(80,965)**	(57,485)
Other operating income	23(c)	**124,868**	212,056	**137,452**	216,812
Earnings before interest, taxation, depreciation and amortisation		**534,085**	211,995	**56,487**	159,327
Allowance (raised)/reversed on expected credit losses:					
- on trade receivables	13(c)	**(9,644)**	5,282	**-**	-
- on financial assets at amortised costs	10(d)	**-**	-	**(40,456)**	-
Depreciation and amortisation		**(614,521)**	(577,045)	**(3,050)**	(3,390)
Operating (loss)/profit		**(90,080)**	(359,768)	**12,981**	155,937
Finance income		**10,156**	15,472	**36,974**	95,293
Finance costs	24	**(597,057)**	(541,761)	**(127,962)**	(119,925)
Share of results of associates	9	**(61,704)**	(1,772)	**-**	-
(Loss)/profit before taxation and non recurring items		**(738,685)**	(887,829)	**(78,007)**	131,305
Impairment of Goodwill	7	**-**	(504,377)	**-**	-
Impairment of subsidiary	8	**-**	-	**(55,872)**	(748,545)
Impairment of associates	9	**-**	-	**-**	(14,148)
Loss before taxation		**(738,685)**	(1,392,206)	**(133,879)**	(631,388)
Income tax credit/(expense)	21(b)	**25,187**	(27,276)	**166**	(12,538)
Loss for the year		**(713,498)**	(1,419,482)	**(133,713)**	(643,926)
Attributable to:					
Owners of the parent		**(708,353)**	(1,416,853)	**(133,713)**	(643,926)
Non-controlling interests		**(5,145)**	(2,629)	**-**	-
		(713,498)	(1,419,482)	**(133,713)**	(643,926)
Basic and diluted loss per share (MUR)	25	**(6.46)**	(12.92)	**(1.22)**	(5.87)

The notes on pages 137 to 197 form an integral part of these financial statements
Auditor's report on pages 126 to 131.

Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2021

	Notes	THE GROUP 2021 MUR'000	THE GROUP 2020 MUR'000	THE COMPANY 2021 MUR'000	THE COMPANY 2020 MUR'000
Loss for the year		**(713,498)**	(1,419,482)	**(133,713)**	(643,926)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit obligations	18	**(24,199)**	(39,472)	**-**	-
Share of other comprehensive income of associates	9	**(752)**	(184)	**-**	-
Deferred tax relating to these items					
- defined benefit obligations	11	**4,114**	6,709	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences		**80,515**	25,693	**-**	-
Share of other comprehensive income of associates	9	**15,360**	267,770	**-**	-
Other comprehensive income for the year		**75,038**	260,516	**-**	-
Total comprehensive loss for the year		**(638,460)**	(1,158,966)	**(133,713)**	(643,926)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(635,314)**	(1,159,155)	**(133,713)**	(643,926)
Non-controlling interests		**(3,146)**	189	**-**	-
		(638,460)	(1,158,966)	**(133,713)**	(643,926)

The notes on pages 137 to 197 form an integral part of these financial statements
Auditor's report on pages 126 to 131.

Statement of Changes in Equity

Year ended December 31, 2021

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	Convertible bonds MUR'000	Total equity MUR'000
		Attributable to owners of the parent								
At January 1, 2021		2,153,395	3,067,125	689,730	(151,628)	(939,004)	4,819,618	(11,965)	-	4,807,653
Loss for the year		-	-	-	-	(708,353)	(708,353)	(5,145)	-	(713,498)
Other comprehensive income/(loss) for the year	16	-	-	92,488	(19,449)	-	73,039	1,999	-	75,038
Total Comprehensive income/(loss)		-	-	92,488	(19,449)	(708,353)	(635,314)	(3,146)	-	(638,460)
Issue of convertible bonds	20	-	-	-	-	-	-	-	646,980	646,980
Changes in percentage holding of subsidiary	8	-	-	-	-	(38,813)	(38,813)	38,813	-	-
Interest on convertible bonds		-	-	-	-	(9,624)	(9,624)	(183)	-	(9,807)
Dividends		-	-	-	-	-	-	(43,286)	-	(43,286)
At December 31, 2021		**2,153,395**	**3,067,125**	**782,218**	**(171,077)**	**(1,695,794)**	**4,135,867**	**(19,767)**	**646,980**	**4,763,080**
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 for the year		-	-	-	-	(1,416,853)	(1,416,853)	(2,629)	-	(1,419,482)
Other comprehensive income/(loss) for the year	16	-	-	290,815	(33,113)	-	257,702	2,814	-	260,516
Total Comprehensive income/(loss)		-	-	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**

THE COMPANY	Stated capital MUR'000	Retained earnings MUR'000	Total MUR'000
At January 1, 2021	2,153,395	(323,319)	1,830,076
Loss for the year	-	(133,713)	(133,713)
At December 31, 2021	**2,153,395**	**(457,032)**	**1,696,363**
At January 1, 2020	2,153,395	320,607	2,474,002
Loss for the year	-	(643,926)	(643,926)
At December 31, 2020	**2,153,395**	**(323,319)**	**1,830,076**

The notes on pages 137 to 197 form an integral part of these financial statements
Auditor's report on pages 126 to 131.

Statement of Cash Flows

Year ended December 31, 2021

	Notes	THE GROUP 2021 MUR'000	THE GROUP 2020 MUR'000	THE COMPANY 2021 MUR'000	THE COMPANY 2020 MUR'000
Cash flows from operating activities					
Loss before taxation		**(738,685)**	(1,392,206)	**(133,879)**	(631,388)
Adjustment for:					
Share of results of associates	9	**61,704**	1,772	**-**	-
Exchange differences		**(52,272)**	(93,655)	**38,798**	26,106
Depreciation of property, plant and equipment	5	**368,486**	362,353	**483**	726
Depreciation of right-of-use assets	6	**239,776**	208,368	**2,458**	2,521
Amortisation of intangible assets	7	**6,259**	6,324	**109**	143
(Profit)/loss on disposal of property, plant and equipment		**(5)**	340	**-**	-
Profit on disposal of right-of-use assets		**-**	(238)	**-**	(543)
Write off of property, plant and equipment		**-**	149	**-**	-
Write off of trade receivable balances		**3,202**	-	**-**	-
Lease concessions	6	**(12,368)**	(24,399)	**-**	-
Impairment of investments in subsidiary companies	8	**-**	-	**55,872**	748,545
Impairment of investments in associates	9	**-**	-	**-**	14,070
Impairment of goodwill	7	**-**	504,377	**-**	-
Allowance for expected credit loss charge/(reversal) on trade receivables		**9,644**	(5,282)	**-**	-
Allowance for expected credit loss charge on financial assets		**-**	-	**40,456**	-
Interest expense		**597,057**	541,761	**127,962**	119,925
Interest income		**(10,156)**	(15,472)	**(36,974)**	(95,293)
Retirement benefit obligations		**(50,192)**	6,703	**-**	-
Operating profit before working capital changes		**422,450**	100,895	**95,285**	184,812
- inventories		**(50,523)**	10,286	**-**	-
- trade receivables and other receivables		**(377,865)**	279,380	**-**	-
- other assets		**(35,601)**	69,652	**(3,462)**	(1,134)
- trade and other payables		**361,939**	(366,099)	**177,483**	(133,049)
Cash generated from operations		**320,400**	94,114	**269,306**	50,629
Interest paid		**(301,441)**	(152,236)	**(122,598)**	(78,749)
Interest received		**10,156**	15,472	**36,974**	95,293
Tax paid		**(23,592)**	(5,838)	**-**	-
Cash generated from/(used in) operating activities		**5,523**	(48,488)	**183,682**	67,173
Cash flows from investing activities					
Movement in financial assets at amortised cost		**46,838**	156,637	**(5,082)**	(517,250)
Purchase of property, plant and equipment		**(65,795)**	(146,967)	**-**	-
Purchase of intangible assets		**(761)**	(1,176)	**-**	(64)
Proceeds from sale of property, plant and equipment		**1,578**	440	**-**	-
Proceeds from sale of right-of-use assets		**-**	2,391	**-**	1,957
Cash (used in)/generated from investing activities		**(18,140)**	11,325	**(5,082)**	(515,357)
Cash flows from financing activities					
Proceeds from borrowings		**958,000**	960,388	**809,000**	673,553
Payments of borrowings		**(895,488)**	(865,365)	**(784,521)**	(350,250)
Principal paid on lease liabilities		**(20,137)**	(17,264)	**(2,894)**	(1,897)
Interest paid on lease liabilities		**(282,725)**	(206,802)	**(297)**	(376)
Repayment of shareholders loan		**(23,000)**	-	**(23,000)**	(7,000)
Issue of convertible bonds net of transaction costs		**646,980**	-	**-**	-
Dividends paid to non-controlling interests		**(43,286)**	(22,731)	**-**	-
Cash generated from/(used in) financing activities		**340,344**	(151,774)	**(1,712)**	314,030
Increase/(decrease) in cash and cash equivalents		**327,727**	(188,937)	**176,888**	(134,154)
Net Foreign exchange difference		**(5,334)**	6,012	**(5,647)**	1,912
Cash and cash equivalents at January 1,		**(564,196)**	(381,271)	**(187,076)**	(54,834)
Cash and cash equivalents at December 31,	26(b)	**(241,803)**	(564,196)	**(15,835)**	(187,076)

The notes on pages 137 to 197 form an integral part of these financial statements
Auditor's report on pages 126 to 131.

Notes to the Financial Statements

Year ended December 31, 2021

1. GENERAL INFORMATION

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 applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2021. The Group has 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
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	**01-Jan-21**
- COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16	**01-Apr-21**

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

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

The table below provides a summary of the expected exposure of Group and the Company to the IBOR reform as at 31 December 2021:

	THE GROUP MUR'000	**THE COMPANY MUR'000**
Interest bearing loans and borrowings		
USD LIBOR	273,685	273,685
EURO LIBOR	231,786	-

COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

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.

Notes to the Financial Statements

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16 (continued)

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

The Group first applied the practical expedient in the financial year 2020. With the COVID-19 pandemic impact still affecting the hospitality industry, the Group applied the extension to the practical expedient for financial year 2021. The impact has been described in Note 2.2.(f (iii)).

2.1 NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2021 or later periods, but which the Group has not early adopted.

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

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 Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The Group is still assessing the impact on the financial statements.

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 January 1, 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 Group is still assessing the impact.

Onerous Contracts - Cost 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 January 1, 2022. The Group 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. Management is still assessing the impact of these amendments.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.1 NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. Management is still assessing the impact that the standard will have on the performance of th financial statements.

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 Group 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.

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

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. In June 2020, the IASB issued amendments to IFRS 17. These amendments included changing the effective date to 2023. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The standard will not have any impact on the Group.

Notes to the Financial Statements

Year ended December 31, 2021

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.1 NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is still assessing the impact the amendments on the financial position.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

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 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.

Notes to the Financial Statements

Year ended December 31, 2021

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) **Basis of preparation** (continued)

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: as modified by the revaluation of freehold land which is stated at fair value as disclosed in the accounting policies thereafter.

(i) 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 600 million (2020: MUR 1,729.1 million) and MUR 257.7 million (2020: MUR 776.2 million) 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 4.1(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.

Notes to the Financial Statements

Year ended December 31, 2021

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Investment in subsidiaries (continued)

Consolidated financial statements (continued)

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

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

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

Transactions and non-controlling interests

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

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.

Notes to the Financial Statements

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Investment in associates (continued)

Consolidated financial statements (continued)

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

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

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

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

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

(d) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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.

Notes to the Financial Statements

Year ended December 31, 2021

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 Company 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 and the Company assess 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 and the Company 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.

(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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) **Leases** (continued)

(i) Right-of-use assets (continued)

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 and the Company 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 and the Company recognise 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 and the Company 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 three conditions disclosed below:

- 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, 2022.
- There are no substantive changes to other terms and conditions of the lease.

The Group recognised the rent concession as an income in its statement of profit or loss. Refer to Note 6 and Note 23(c) for more information.

Notes to the Financial Statements

Year ended December 31, 2021

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

Notes to the Financial Statements

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)

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.

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.

These consists of loan to associates and subsidiary companies 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.

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.

Notes to the Financial Statements

Year ended December 31, 2021

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Impairment (continued)

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).

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 270 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.

(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,lease liabilities loans and borrowings including bank overdrafts.

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 (Lease liabilities, 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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

All other assets are classified as non-current.

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 and associates,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

Notes to the Financial Statements

Year ended December 31, 2021

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. Unrecognised 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.

Notes to the Financial Statements

Year ended December 31, 2021

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Defined benefit plan (continued)

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.

Unfunded employee benefit obligation

The employee benefit scheme is unfunded and its liability relates to employees who are entitled to statutory benefits prescribed under parts VIII and IX of the Workers' Rights Act 2019 (WRA). The latter provides for a lump sum on withdrawal, at retirement or death, whichever occurs earlier, based on final salary and years of service. The assets of the plan are invested in the Portable Retirement Gratuity Fund (PRGF). Pension costs are assessed using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statement of profit or loss and other comprehensive income under the heading "other comprehensive income". Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The employee benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation.

The Group carries out an actuarial valuation every year.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

Gratuity on retirement

The employee benefit scheme is unfunded and its liability relates to employees who are entitled to statutory benefits prescribed under parts VIII and IX of the Workers' Rights Act 2019 (WRA). The latter provides for a lump sum on withdrawal, at retirement or death, whichever occurs earlier, based on final salary and years of service. The assets of the plan are invested in the Portable Retirement Gratuity Fund (PRGF). Pension costs are assessed using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statement of profit or loss and other comprehensive income under the heading "other comprehensive income". Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benfits become vested.

(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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

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.

(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 and a reliable estimate can be made of the amount of 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).

Notes to the Financial Statements

Year ended December 31, 2021

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) **Provisions** (continued)

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 reconised 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.

(v) **Convertible Bond**

For the classification and measurement of the funds received from the Mauritius Investment Corporation Ltd ("MIC"), a policy choice is available, that is, the Group can either treat the convertible bonds as an equity instrument or a compound financial instrument with an embedded derivative. The Directors have opted to treat the convertible bonds as equity where both the principal and interest components have been classified as equity on initial recognition based on the subscription proceeds received, net of transaction costs, and is not subsequently remeasured.

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.

Notes to the Financial Statements

Year ended December 31, 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

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**

2021	EUR MUR'000	USD MUR'000	GBP MUR'000	MUR MUR'000	OTHERS MUR'000	TOTAL MUR'000
Financial Assets						
Net trade receivables	**104,587**	**243,673**	**66,976**	**38,235**	**179**	**453,650**
Financial assets at amortised cost	**104,072**	**7,880**	**-**	**31,207**	**-**	**143,159**
Cash and cash equivalents	**86,813**	**35,800**	**22,166**	**30,667**	**17,624**	**193,070**
	295,472	**287,353**	**89,142**	**100,109**	**17,803**	**789,879**
Financial Liabilities						
Borrowings	**231,786**	**2,273,903**	**-**	**3,310,860**	**-**	**5,816,549**
Lease liabilities	**-**	**3,004,284**	**-**	**1,195,083**	**-**	**4,199,367**
Trade payables	**474**	**157,428**	**228**	**175,974**	**-**	**334,104**
	232,260	**5,435,615**	**228**	**4,681,917**	**-**	**10,350,020**

Trade payables exclude other payables and amount due from associates.

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

Notes to the Financial Statements

Year ended December 31, 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

CURRENCY PROFILE — **THE COMPANY**

2021	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	**79,886**	**700,415**	**-**	**89,900**	**-**	**870,201**
Cash and cash equivalents	**3,548**	**344**	**573**	**1,503**	**-**	**5,968**
	83,434	**700,759**	**573**	**91,403**	**-**	**876,169**
Financial Liabilities						
Borrowings	**-**	**400,522**	**-**	**1,686,744**	**-**	**2,087,266**
Lease liabilities	**-**	**-**	**-**	**5,254**	**-**	**5,254**
Trade payables	**-**	**-**	**-**	**566**	**-**	**566**
	-	**400,522**	**-**	**1,692,564**	**-**	**2,093,086**

CURRENCY PROFILE — **THE COMPANY**

2020	EUR MUR'000	USD MUR'000	GBP MUR'000	MUR MUR'000	OTHERS MUR'000	TOTAL MUR'000
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

At December 31, 2021, if the Mauritian Rupee had weakened/strengthened by 10% against the US Dollar/Euro/GB Pound with all other variables constant, the impact on the profit for the year would have been MUR 57.1 million (2020: MUR 31.8 million) for the Group and MUR 66.7 million (2020: MUR 74 million) for the Company 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 499 million (2020: MUR 483 million) for the Group and MUR 41.2 million (2020: MUR 46.4 million) higher/lower, principally due to Group's cash and borrowings of foreign subsidiaries.

	THE GROUP		THE COMPANY	
Impact on profit	**2021 MUR'000**	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
USD	**24,425**	13,172	**59,565**	70,471
EUR	**25,115**	18,368	**7,092**	4,451
GBP	**7,577**	348	**49**	21

Notes to the Financial Statements

Year ended December 31, 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

CURRENCY PROFILE (continued)

	THE GROUP		THE COMPANY	
Impact on equity	**2021 MUR'000**	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
USD	**514,826**	478,620	**(30,024)**	(46,007)
EUR	**(6,321)**	5,312	**(8,343)**	(406)
GBP	**(8,891)**	(390)	**(57)**	(25)

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 2021 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. Financial assets at amortised cost comprised mainly of intercompany balances, the Group and the Company assess the credit risk of these intercompany balances based on their repayment capacities and the value of unencumbered assets, the balance is adjusted for any shortfall between the carrying amount and the recoverable amount.

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	**2021 MUR'000**	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Cash and cash equivalents	**193,070**	144,992	**5,968**	18,474
Trade and other receivables	**453,650**	88,631	**-**	-
Financial assets at amortised cost	**143,159**	189,997	**870,201**	1,155,575
	789,879	423,620	**876,169**	1,174,049

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, 2021 and December 31, 2020 were:

	2021 Interest rate	2020 Interest rate
EUR	**3.46% - 4.48%**	2.15% - 4.42%
USD	**3% - 5.22%**	3.15% - 5.00%
MUR	**1.5% - 6.25%**	3.85% - 5.40%

Notes to the Financial Statements

Year ended December 31, 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

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 table below analyses the Group's/Company'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, 2021**	**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	**874,333**	**-**	**-**	**-**	**874,333**
Bank overdraft	**434,873**	**-**	**-**	**-**	**434,873**
Borrowings	**747,720**	**382,809**	**5,260,455**	**98,130**	**6,489,114**
Lease liabilities	**458,651**	**406,184**	**1,125,522**	**6,229,572**	**8,219,929**
	2,515,577	**788,993**	**6,385,977**	**6,327,702**	**16,018,249**

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

THE COMPANY **At December 31, 2021**	**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	**684,938**	**-**	**-**	**-**	**684,938**
Bank overdraft	**21,803**	**-**	**-**	**-**	**21,803**
Borrowings	**532,281**	**181,042**	**1,598,819**	**98,130**	**2,410,272**
Lease liabilities	**1,996**	**453**	**-**	**-**	**2,449**
	1,241,018	**181,495**	**1,598,819**	**98,130**	**3,119,462**

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

Notes to the Financial Statements

Year ended December 31, 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial Risk Factors (continued)

Liquidity risk (continued)

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.

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 2021	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	**453,650**	**-**	**-**	**-**	**453,650**
Financial assets at amortised cost	**-**	**143,159**	**-**	**-**	**143,159**
Cash and cash equivalents	**193,070**	**-**	**-**	**-**	**193,070**
	646,720	**143,159**	**-**	**-**	**789,879**

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

THE COMPANY 2021	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	**-**	**870,201**	**-**	**-**	**870,201**
Cash and cash equivalent	**5,968**	**-**	**-**	**-**	**5,968**
	5,968	**870,201**	**-**	**-**	**876,169**

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

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.

Notes to the Financial Statements

Year ended December 31, 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital Risk Management (continued)

During 2021, the Group's strategy which was unchanged from 2020, was to maintain the debt-to-capital ratio at the lower end in order to secure access to finance at a reasonable cost.

The debt-to-capital ratios at December 31, 2021 and December 31, 2020 were as follows:

	THE GROUP		THE COMPANY	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Total debt (Note 6 and 17)	**10,016**	9,938	**2,095**	2,242
Less: cash and cash equivalents	**(193)**	(145)	**(6)**	(18)
Net debt	**9,823**	9,793	**2,089**	2,224
Total equity	**4,763**	4,808	**1,696**	1,830
Total capital plus net debt	**14,586**	14,601	**3,785**	4,054
Debt-to-capital ratio	**67.3%**	67.1%	**55.2%**	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 67.1% in 2020 to 67.3% in 2021 for the Group and from 54.9% in 2020 to 53.7% in 2021 for the Company, following the additional facilities taken during the year.

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 more disclosures.

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

The Group has a deferred tax asset of MUR 69.5 million (2020: MUR 55.0 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 more disclosures.

Notes to the Financial Statements

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(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 changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Refer to Note 18 for more information.

(d) Revaluation of freehold land

The freehold land were revalued in February 2018 for the financial year 2017 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 2.2(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. Goodwill was fully impaired in 2020.

(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 Notes 10 and 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.

Notes to the Financial Statements

Year ended December 31, 2021

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(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).

(i) Going concern

The Group and the Company has a net current liability of MUR 600 million (2020: MUR 1,729 million) and MUR 258 million (2020: MUR 776 million) respectively. This is mainly attributable to bridging finance and short term facilities totaling MUR 381 million as at 31 December 2021 which were either refunded or converted into medium term loan after year end. Moreover, with new variant of the COVID-19 being detected during the last months of 2021 and the accompanied travel restrictions from our source markets, bookings were slightly affected for the last quarter of 2021.

With the reopening of borders worldwide, the lifting of stringent arrival conditions and a successful vaccination campaign, the bookings the first quarter 2022 were good, generating satisfactory revenue for the Group. Booking trends for the rest of the year also look promising, provide that there is no resurgence of the Covid-19 and/or other disruptions.

During these challenging periods, the Group has maintained its close monitoring of cash flows, including monitoring of debtors' collection, renegotiation of contracts for services, reengineering existing cost structures, ensuring that sufficient funds were available for both its operations and the completion of some ongoing projects. Convertible bonds and long term bank facilities, which were approved in the financial year 2020 and during 2021 have been partially drawn down and as at March 31, 2022, the amount which is still available amounts to MUR 930 million.

(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 recognized 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 2021 amounted to MUR 3.4 billion (2020: MUR 3.2 billion). Refer to Note 10 for more information. The assessment for impairment of investment in subsidiaries company which obtained funds from MIC companies were made on a diluted basis.

(k) Funds received from the MIC

During the financial year ended 31 December 2021, the Group and the Company, has contracted with the Mauritius Investment Corporation Ltd ("MIC"), a wholly owned subsidiary of the Bank of Mauritius to issue redeemable convertible bonds. The Group has the option to classify the funds received from the MIC as an equity instrument or compound financial instrument. The Directors have applied judgement for the accountin treatment of these Funds and have opted to treat the convertible bonds as equity. Refer to Note 20 for further details.

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, 2021	2,851,220	7,429,522	274,093	1,445,430	66,045	1,232,530	39,282	13,338,122
Additions	-	17,115	14,021	16,972	45	10,988	6,654	65,795
Disposals	-	-	(5,605)	(15,667)	(609)	(2,652)	-	(24,533)
Transfers	-	4,160	36,738	10,963	-	4,442	(19,565)	36,738
Exchange differences	-	438,742	11,719	79,486	3,595	57,154	3,150	593,846
At December 31, 2021	**2,851,220**	**7,889,539**	**330,966**	**1,537,184**	**69,076**	**1,302,462**	**29,521**	**14,009,968**
DEPRECIATION								
At January 1, 2021	-	2,768,811	230,340	1,202,979	55,806	815,047	-	5,072,983
Charge for the year	-	222,477	16,752	57,368	4,139	67,750	-	368,486
Transfers	-	-	36,738	-	-	-	-	36,738
Disposal adjustment	-	-	(5,444)	(14,603)	(609)	(2,304)	-	(22,960)
Exchange differences	-	180,192	10,198	72,818	2,841	42,860	-	308,909
At December 31, 2021	**-**	**3,171,480**	**288,584**	**1,318,562**	**62,177**	**923,353**	**-**	**5,764,156**
NET BOOK VALUES								
At December 31, 2021	**2,851,220**	**4,718,059**	**42,382**	**218,622**	**6,899**	**379,109**	**29,521**	**8,245,812**

Notes to the Financial Statements

Year ended December 31, 2021

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, 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

Notes to the Financial Statements

Year ended December 31, 2021

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(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.

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

	THE GROUP	
	2021 MUR'000	2020 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 and December 31, 2021	**1,735**	**10,779**	**5,544**	**26,446**	**44,504**
DEPRECIATION					
At January 1, 2021	1,344	10,779	5,156	26,157	43,436
Charge for the year	108	-	145	230	483
Disposal adjustment	-	-	-	-	-
At December 31, 2021	**1,452**	**10,779**	**5,301**	**26,387**	**43,919**
NET BOOK VALUES					
At December 31, 2021	**283**	**-**	**243**	**59**	**585**

(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 & 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

(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.

Notes to the Financial Statements

Year ended December 31, 2021

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, 2021	3,860,844	1,105,395	36,738	58,524	51,218	5,112,719
Additions	-	-	-	-	2,200	2,200
Transfer to property plant and equipment	-	-	(36,738)	-	-	(36,738)
Exchange differences	265,732	98,005	-	-	-	363,737
At December 31, 2021	**4,126,576**	**1,203,400**	**-**	**58,524**	**53,418**	**5,441,918**
DEPRECIATION						
At January 1, 2021	299,067	452,468	36,738	27,973	37,589	853,835
Charge for the year	184,829	42,093	-	5,852	7,002	239,776
Transfer to property plant and equipment	-	-	(36,738)	-	-	(36,738)
Exchange differences	31,023	41,736	-	-	-	72,759
At December 31, 2021	**514,919**	**536,297**	**-**	**33,825**	**44,591**	**1,129,632**
NET BOOK VALUES						
At December 31, 2021	**3,611,657**	**667,103**	**-**	**24,699**	**8,827**	**4,312,286**

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

Notes to the Financial Statements

Year ended December 31, 2021

6. RIGHT-OF-USE ASSETS (continued)

THE COMPANY	Motor vehicles 2021 MUR'000	Motor vehicles 2020 MUR'000
COST		
At January 1,	**21,191**	24,879
Disposals	**-**	(3,688)
At December 31,	**21,191**	21,191
DEPRECIATION		
At January 1,	**18,075**	17,828
Charge for the year	**2,458**	2,521
Disposal adjustment	**-**	(2,274)
At December 31,	**20,533**	18,075
NET BOOK VALUES		
At December 31,	**658**	3,116

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 1 January 2021	3,888,720	-	34,145	18,904	3,941,769
Additions	-	-	-	1,919	1,919
Interest expenses	304,501	-	1,773	1,076	307,350
Lease concessions	(12,368)	-	-	-	(12,368)
Lease payments	(279,876)	-	(13,615)	(9,371)	(302,862)
Exchange differences	263,559	-	-	-	263,559
At 31 December 2021	**4,164,536**	**-**	**22,303**	**12,528**	**4,199,367**
Current	151,808	-	12,185	6,106	170,099
Non current	4,012,728	-	10,118	6,422	4,029,268
	4,164,536	**-**	**22,303**	**12,528**	**4,199,367**

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 1 January 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 31 December 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

Notes to the Financial Statements

Year ended December 31, 2021

6. RIGHT-OF-USE ASSETS (continued)

THE COMPANY	**Motor vehicles 2021 MUR'000**	Motor vehicles 2020 MUR'000
At 1 January	**5,254**	7,151
Interest expenses	**297**	376
Lease payments	**(3,191)**	(2,273)
At 31 December	**2,360**	5,254
Current	**1,915**	2,893
Non current	**445**	2,361
	2,360	5,254

The following are the amounts recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Depreciation expense of right-of-use assets	**239,776**	208,368	**2,458**	2,521
Interest expense on lease liabilities	**307,350**	268,310	**297**	376
Total amount recognised in profit or loss	**547,126**	476,678	**2,755**	2,897

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

Refer to Note 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.

31 December 2021	***Lease contracts Number***	***Fixed payments %***	***Variable payments %***	***Sensitivity ± MUR'000***
Property leases with payments linked to inflation	**4**	**-**	**15.7**	**57,398**
Property leases with fixed payments	**4**	**77.7**	**-**	**-**
Leases of plant and equipment	**2**	**2.7**	**-**	**-**
Vehicle leases	**18**	**3.9**	**-**	**-**
	28	**84.3**	**15.7**	**57,398**

6. RIGHT-OF-USE ASSETS (continued)

31 December 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

(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) **Lease payments**

The total cash outflows for leases in 2021 was MUR 302.9 million (2020: MUR 224.1 million) and MUR 3.2 million (2020: MUR 2.3 million) for the Group and the Company respectively.

(f) **Lease concession**

During the year under review, the Group received a lease waiver of MUR 12 million (2020: MUR 24 million) for land lease contracts. The Group and the Company do not have short term lease or low value lease arrangements. Refer to Note 23 for more details.

Notes to the Financial Statements

Year ended December 31, 2021

7. INTANGIBLE ASSETS

(a) **THE GROUP**

	Goodwill on acquisition MUR'000	Computer software MUR'000	Total MUR'000
COST			
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
At January 1, 2021	**-**	**79,382**	**79,382**
Additions	**-**	**761**	**761**
Exchange differences	**-**	**2,519**	**2,519**
At December 31, 2021	**-**	**82,662**	**82,662**
AMORTISATION			
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
At January 1, 2021	**-**	**65,314**	**65,314**
Charge for the year	**-**	**6,259**	**6,259**
Exchange differences	**-**	**2,361**	**2,361**
At December 31, 2021	**-**	**73,934**	**73,934**
NET BOOK VALUES			
At December 31, 2021	**-**	**8,728**	**8,728**
At December 31, 2020	-	14,068	14,068

(b) **THE COMPANY**

	Computer software	
	2021 MUR'000	2020 MUR'000
COST		
At January 1,	**17,019**	16,955
Additions	**-**	64
At December 31,	**17,019**	17,019
AMORTISATION		
At January 1,	**16,826**	16,683
Charge for the year	**109**	143
At December 31,	**16,935**	16,826
NET BOOK VALUES		
At December 31,	**84**	193

Notes to the Financial Statements

Year ended December 31, 2021

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 in financial year ended 31 December 2020. The post-tax cash flow projection is based on financial budgets approved by management covering a six-year period.

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. The key assumptions used in the impairment tests for financial year 2020 were:

	Discount rate	Terminal growth	Occupancy rate
2020			
Impairment of Goodwill on Maldives entity	9.32%	2.05%	50% - 65%

8. INVESTMENTS IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2021 MUR'000	2020 MUR'000
COST		
At January 1,	**3,192,458**	2,196,534
Addition (a) (c)	**250,000**	1,744,469
Impairment	**(55,872)**	(748,545)
At December 31,	**3,386,586**	3,192,458
Analysed as:-		
Gross of impairment		
Investment in subsidiaries	**1,898,777**	1,648,777
Quasi-investments	**2,292,226**	2,292,226

Notes to the Financial Statements

Year ended December 31, 2021

8. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

The Company's subsidiaries are as follows:

Name of corporation	Nominal value of investment	Proportion of ownership interest Direct 2021	Direct 2020	Indirect 2021	Indirect 2020	Country of operation	Country of incorporation	Main business
	MUR'000	%	%	%	%			
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 (a)	310,030	**86**	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 (c)	32	**100**	100	-	-	Mauritius	Mauritius	Management Company
LRM Company Ltd (b)	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
	1,898,777							

The shares held in the above subsidiaries are ordinary shares. The reporting date for all the above companies is December 31, 2021.

(a) During the year, an additional investment of MUR 250 million was made into White Sand Paradise Ltd. The proportion of ownership held by non controlling interest for White Sand Paradise Ltd is 13.6% for 2021 (2020: 25%). The settlement for the additional stake was made as part of a non-cash transactions.

	THE GROUP 2021 MUR'000
Conversion of shareholders loan	**250,000**
Carrying value of additional stake	**(211,187)**
	38,813

(b) The proportion of ownership held by non controlling interest for LRM Company Ltd is 25% for the years 2021 and 2020.

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Year ended December 31, 2021

8. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

(c) 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.

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.

2021 **Investee**	**Discount rate**	**Terminal growth**	**Occupancy rate (Average)**
White Sand Paradise Ltd (WSPL)	**8.47%**	**2.05%**	**65%**
Constance Hospitality Management Ltd	**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**

2020 Investee	Discount rate	Terminal growth	Occupancy rate (Average)
White Sand Paradise Ltd (WSPL)	8.47%	3.66%	61%
Constance Hospitality Management Ltd	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 2021. Additional impairment to be recognised for a reasonable change in key assumptions.

2020	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
CGU			
Impact on impairment			
White Sand Paradise Ltd (WSPL)	28,074	19,990	19,990

2021	**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**
CGU			
Impact on impairment			
White Sand Paradise Ltd (WSPL)	21,039	21,039	21,039
Constance Hospitality Management Ltd	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.

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9. INVESTMENTS IN ASSOCIATES

THE COMPANY	2021 MUR'000	2020 MUR'000
(a) **Unquoted - cost**		
At January 1,	**187,000**	144,070
Transfer from financial assets at amortised cost*	**-**	57,000
Impairment	**-**	(14,070)
At December 31,	**187,000**	187,000

In 2020, the impairment loss of MUR 14 million represented write-down of the investment in associates to a nil recoverable amount mainly due to negative equity and impact on future revenue. 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.

*Loans receivable from an associate 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 1 January 2021 MUR'000**	**Impairment MUR'000**	**Transfer MUR'000**	**Carrying value At 31 December 2021 MUR'000**
Constance Corporate Management Limited	**-**	**-**	**-**	**-**
Lagon De Rêve Limitée	**187,000**	**-**	**-**	**187,000**
	187,000	**-**	**-**	**187,000**

Associates	Carrying value At 1 January 2020 MUR'000	Impairment MUR'000	Transfer MUR'000	Carrying value At 31 December 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

(b) THE GROUP	2021 MUR'000	2020 MUR'000
Unquoted		
At January 1,	**1,875,076**	1,552,262
Transfer from financial assets at amortised cost	**-**	57,000
Share of results for the year	**(61,704)**	(1,772)
Share of other comprehensive income	**(752)**	(184)
Exchange differences	**15,360**	267,770
	1,827,980	1,875,076
Deposit on shares*	**201,977**	201,977
At December 31,	**2,029,957**	2,077,053

Investment in associates at December 31, 2021 include goodwill of MUR 15.5 million (2020: MUR 19 million).

* Deposit on shares represent subscription to rights issue for which shares are awaiting approval of relevant authorities and have not yet been issued.

Notes to the Financial Statements

Year ended December 31, 2021

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 2021 %	By holding company 2020 %	By other group companies 2021 %	By other group companies 2020 %
Le Refuge du Pêcheur Limited and its subsidiary *	December 31, 2021	Seychelles	Seychelles	**-**	-	**31.93**	31.93
Ampasy Ltd and its subsidiary	December 31, 2021	Mauritius	Mauritius	**-**	-	**37.50**	37.50
Constance Corporate Management Limited	December 31, 2021	Mauritius	Mauritius	**42.00**	42.00	**-**	-
Lagon De Rêve Limitée	June 30, 2021	Mauritius	Mauritius	**40.00**	40.00	**-**	-

(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
2021								
Le Refuge du Pêcheur Limited and its subsidiary	**1,001,830**	**7,142,093**	**892,407**	**2,535,471**	**2,670,785**	**(314,246)**	**-**	**(314,246)**
Lagon De Rêve Limitée	**26,460**	**954,301**	**62,460**	**543,845**	**19,800**	**(5,789)**	**-**	**(5,789)**
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)

Notes to the Financial Statements

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
2021										
Le Refuge du Pêcheur Limited and its subsidiary	**4,893,610**	**(314,246)**	**-**	**37,290**	**4,616,654**	**31.93**	**1,474,098**	**341,180**	**19,274**	**1,834,552**
Lagon De Rêve Limitée	**221,043**	**(5,789)**	**-**	**-**	**215,254**	**40.00**	**86,102**	**57,000**	**-**	**143,102**
2020										
Le Refuge du Pêcheur Limited and its subsidiary	3,327,465	320,048	983,370	262,727	4,893,610	31.93	1,562,530	338,065	19,098	1,919,693
Lagon De Rêve Limitée	291,894	(70,851)	-	-	221,043	40.00	88,417	57,000	-	145,417

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

	2021 MUR'000	2020 MUR'000
Carrying amount of interests	**52,303**	11,943
Share of loss	**(11,076)**	(64,524)
Share of other comprehensive income	**867**	3,970
Share of total comprehensive income	**(10,209)**	(60,554)

Share of accumulated loss and other comprehensive income not recognised amounted to MUR 2.7 million (2020: Nil) as at December 31, 2021. The Group has not incurrred any legal or constructive obligation or made any payment on behalf of the associate.

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Year ended December 31, 2021

10. FINANCIAL ASSETS AT AMORTISED COST

		THE GROUP		THE COMPANY	
		2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
(a)	Receivables from subsidiary companies	**-**	-	**868,421**	1,153,867
	Receivables from associates:				
	- other receivables (Note (b))	**78,255**	144,280	**559**	378
	- loan (Note (c))	**34,470**	2,669	**-**	-
	Other receivables (Note (b))	**30,434**	43,048	**1,221**	1,330
		143,159	189,997	**870,201**	1,155,575

(b) Other receivables

These amounts generally arise from transactions outside the trading activities of the Group and the Company. 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 are 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. The ECL which has been booked and included in the above balances amount to MUR 40.5 million.

11. DEFERRED INCOME TAX

(a) Deferred income taxes are calculated on all temporary differences under the liability method at 15%-17% (2020: 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	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Deferred tax assets	**113,008**	78,375	**4,113**	3,947
Deferred tax liabilities	**(23,791)**	(42,350)	**-**	-
Net deferred income tax assets	**89,217**	36,025	**4,113**	3,947

(b) At the end of the reporting period, the Group and the Company had unused tax losses of MUR 1,689 million (2020: MUR 1,002 million) and MUR 130 million (2020: MUR 52 million) respectively, available for offset against future profits. A deferred tax asset has been recognised in respect of MUR 408 million (2020: MUR 323 million) for the Group of such losses. No deferred tax asset has been recognised in respect of the remaining MUR 1,281 million (2020: MUR 679 million) for the Group due to unpredictability of future profit streams. The tax losses expire on a rolling basis over 5 years.

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Year ended December 31, 2021

11. DEFERRED INCOME TAX (continued)

(c) The movement on the deferred income tax account is as follows:

	THE GROUP		THE COMPANY	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
At January 1,	**36,025**	51,900	**3,947**	16,485
Credited/(charged) to profit or loss (Note 21(b))	**56,245**	(21,251)	**166**	(12,538)
Charged to other comprehensive income	**3,879**	5,376	**-**	-
At December 31,	**96,149**	36,025	**4,113**	3,947

(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, 2021	20,512	80,785	175,745	277,042
Credited to profit or loss	(14,269)	-	(8,230)	(22,499)
Charged to other comprehensive income	322	5,625	-	5,947
At December 31, 2021	**6,565**	**86,410**	**167,515**	**260,490**
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

(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, 2021	53,793	55,013	15,614	188,647	313,067
Credited/(charged) to profit or loss	8,541	9,290	392	8,596	26,819
Credited to other comprehensive income	4,114	5,194	517	-	9,825
At December 31, 2021	**66,448**	**69,497**	**16,523**	**197,243**	**349,711**
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

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Year ended December 31, 2021

11. DEFERRED INCOME TAX (continued)

(iii) Deferred tax assets

	THE COMPANY			
	Accelerated tax depreciation MUR'000	**Retirement benefit obligations MUR'000**	**Tax losses carried forward MUR'000**	**Total MUR'000**
At January 1, 2021	3,947	-	-	3,947
Credited to profit or loss	166	-	-	166
At December 31, 2021	**4,113**	**-**	**-**	**4,113**
At January 1, 2020	3,407	-	13,078	16,485
Credited/(charged) to profit or loss	540	-	(13,078)	(12,538)
At December 31, 2020	3,947	-	-	3,947

12. INVENTORIES

	THE GROUP	
	2021 MUR'000	2020 MUR'000
At Cost/net realisable value		
Food and Beverages	**217,480**	175,291
Operating supplies	**52,448**	55,893
Maintenance	**106,193**	89,113
Sales products	**25,898**	28,780
Printing and stationeries	**12,596**	10,927
Marketing and advertising	**6,130**	6,083
Others	**1,581**	5,693
	422,326	371,780
Less provision for slow moving stock	**(3,909)**	(3,886)
	418,417	367,894

(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 607 million (2020: MUR 367 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.

Notes to the Financial Statements

Year ended December 31, 2021

13. TRADE AND OTHER RECEIVABLES

		THE GROUP 2021 MUR'000	THE GROUP 2020 MUR'000
(a)	Trade receivables	**560,029**	188,568
	Less : Provision for impairment	**(106,379)**	(99,937)
	Net trade receivables	**453,650**	88,631

The carrying amount of trade receivables approximate their fair values. The significant movement in the carrying value of trade receivables from 2020 to 2021 is mainly due to the activities of the resorts picking up during the financial year.

(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, 2021 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 2021 in compliance with IFRS 9 was determined as follows for trade receivables:

At December 31, 2021	**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	**2.73%**	**5.68%**	**28.03%**	**41.24%**	**92.29%**	**5.12%**
Gross carrying amount - trade receivables	**352,601**	**110,347**	**3,391**	**2,156**	**91,534**	**560,029**
Less: guest in house	**(167,764)**	**-**	**-**	**-**	**-**	**(167,764)**
Less: specific provision	**(1,096)**	**(394)**	**(30)**	**(774)**	**(88,655)**	**(90,949)**
Net carrying amount	**183,741**	**109,953**	**3,361**	**1,382**	**2,879**	**301,316**
Loss allowance	**(5,017)**	**(6,244)**	**(942)**	**(570)**	**(2,657)**	**(15,430)**
Total provision	**(6,113)**	**(6,638)**	**(972)**	**(1,344)**	**(91,312)**	**(106,379)**

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)

Notes to the Financial Statements

Year ended December 31, 2021

13. TRADE AND OTHER RECEIVABLES (continued)

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

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

	THE GROUP	
	2021 MUR'000	2020 MUR'000
Loss allowance as at January 1,	**99,937**	105,219
Loss allowance recognised/(reversed) in profit or loss during the year	**9,644**	(5,282)
Receivables written off during the year	**(3,202)**	-
At December 31,	**106,379**	99,937

(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	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Prepayments	**61,161**	36,258	**19,189**	16,272
Others	**77,758**	67,060	**1,610**	1,065
	138,919	103,318	**20,799**	17,337

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) **Authorised and Issued shares**				
At December 31, 2021 & 2020	**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.

Notes to the Financial Statements

Year ended December 31, 2021

16. REVALUATION AND OTHER RESERVES

	THE GROUP	
	2021	2020
	MUR'000	MUR'000
The movements in each category are as follows:		
Revaluation reserve		
At January 1, and at December 31,	**3,067,125**	3,067,125
Translation of foreign operations		
At January 1,	**689,730**	398,915
Movement for the year	**92,488**	290,815
At December 31,	**782,218**	689,730
Actuarial losses		
At January 1,	**(151,628)**	(118,515)
Movement for the year	**(19,449)**	(33,113)
At December 31,	**(171,077)**	(151,628)
Total	**3,678,266**	3,605,227

(a) **Revaluation reserve**

Revaluation surplus relates to revaluation of freehold land.

(b) **Translation of foreign operations**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(c) **Actuarial losses**

The actuarial losses reserve represents the cumulative remeasurement of defined benefit obligation recognised.

17. BORROWINGS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'000	MUR'000	**MUR'000**	MUR'000
Non-current				
Loans - USD	**1,499,754**	1,393,407	**-**	-
- EUR	**231,786**	220,666	**-**	-
- MUR	**3,171,330**	2,354,210	**1,624,563**	779,104
	4,902,870	3,968,283	**1,624,563**	779,104

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	MUR'000	MUR'000	**MUR'000**	MUR'000
Current				
Bank overdrafts	**434,873**	709,188	**21,803**	205,550
Loans - USD	**385,432**	347,854	**381,004**	347,854
- EUR	**-**	48,295	**-**	48,295
- MUR	**93,374**	922,343	**64,963**	855,580
	913,679	2,027,680	**467,770**	1,457,279
Total borrowings	**5,816,549**	5,995,963	**2,092,333**	2,236,383

17. BORROWINGS (continued)

(b) Bank borrowings are secured on the assets of the Group including inventories, property, plant and equipment. Refer to page 159 Note 3.1.

(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	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
After one year and before two years	**133,054**	28,411	**-**	-
After two years and before three years	**170,163**	29,932	**-**	-
After three years and before five years	**4,504,820**	64,755	**1,624,563**	-
After five years	**94,833**	3,845,185	**-**	779,104
	4,902,870	3,968,283	**1,624,563**	779,104

(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	
	2021 MUR'000	2020 MUR'000
Amounts recognised in the statement of financial position:		
Defined pension benefits (Note (a)(ii))	**331,909**	289,362
Other post retirement benefits (Note (b)(i))	**58,917**	27,073
	390,826	316,435
Analysed as follows:		
Non-current liabilities	**390,826**	316,435
Amounts charged/(credited) to profit or loss:		
- Defined pension benefits (Note (a)(v))	**35,052**	35,316
- Other post retirement benefits (Note (b)(ii))	**36,172**	4,863
	71,224	40,179
Amounts (credited)/charged to other comprehensive income:		
- Defined pension benefits (Note (a)(vi))	**27,571**	79,906
- Other post retirement benefits (Note (b)(ii))	**(3,372)**	(40,434)
	24,199	39,472

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18. RETIREMENT BENEFIT LIABILITIES (continued)

(a) Defined pension benefits (continued)

(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, 2021 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	
	2021	2020
	MUR'000	MUR'000
Present value of funded obligations	**548,298**	517,240
Fair value of plan assets	**(216,389)**	(227,881)
Liability in the statement of financial position	**331,909**	289,359

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

	THE GROUP	
	2021	2020
	MUR'000	MUR'000
At January 1,	**289,362**	198,165
Charged to profit or loss	**35,052**	35,316
Charged to other comprehensive income	**27,571**	79,906
Contributions paid	**(20,076)**	(24,025)
At December 31,	**331,909**	289,362

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

	THE GROUP	
	2021	2020
	MUR'000	MUR'000
At January 1,	**517,240**	440,669
Effect of transfer of members		
Current service cost	**26,327**	23,251
Interest expense	**11,383**	21,072
Remeasurements:		
- Actuarial losses	**33,037**	79,066
Benefits paid	**(39,692)**	(46,818)
At December 31,	**548,295**	517,240

Notes to the Financial Statements

Year ended December 31, 2021

18. RETIREMENT BENEFIT LIABILITIES (continued)

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

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

	THE GROUP	
	2021 MUR'000	2020 MUR'000
At January 1,	**227,881**	242,504
Remeasurements:		
- Return on plan assets	**5,005**	11,501
- Actuarial gains/(losses)	**5,465**	(840)
Scheme expenses	**(776)**	(790)
Cost of insuring risk benefits	**(1,570)**	(1,700)
Contributions by the employer	**20,076**	24,024
Benefits paid	**(39,692)**	(46,818)
At December 31,	**216,389**	227,881

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

	THE GROUP	
	2021 MUR'000	2020 MUR'000
Current service cost	**26,327**	23,251
Scheme expenses	**776**	790
Cost of insuring risk benefits	**1,570**	1,700
Net interest expense	**6,378**	9,571
Total included in employee benefit expense	**35,051**	35,312

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	
	2021 MUR'000	2020 MUR'000
Actual return on plan assets	**10,470**	10,661

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

	THE GROUP	
	2021 MUR'000	2020 MUR'000
Liability experience gains	**476**	27,833
Actuarial losses arising from changes in financial assumptions	**32,559**	51,233
Actuarial losses	**33,035**	79,066
Return on plan assets excluding interest income	**(5,465)**	840
	27,570	79,906

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Year ended December 31, 2021

18. RETIREMENT BENEFIT LIABILITIES (continued)

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

(vii) The assets of the plan are invested in the Deposit Administration Policy. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes, underwritten by Swan Life Ltd. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

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

	2021	2020
	%	%
Discount rate	**3.8 - 4.7**	2.1 - 2.9
Future salary growth rate	**2.5**	1.0

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

	THE GROUP	
	2021	2020
	MUR'000	MUR'000
December 31,		
Decrease in discount rate (1% movement)	**56,568**	56,128
Increase in discount rate (1% movement)	**49,413**	48,764
Increase in future long term salary (0.5% movement)	**58,078**	26,079
Decrease in future long term salary (0.5% movement)	**50,301**	24,138

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(x) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk, market (investment) risk and salary risk.

Longevity Risk

The liabilities disclosed are based on the mortality tables PA(92). Should the experience of the pension plans be less favourable than the standard mortality tables, the liabilities will increase.

Interest rate Risk

If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

Investment Risk

The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

Salary Risk

If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

Notes to the Financial Statements

Year ended December 31, 2021

18. RETIREMENT BENEFIT LIABILITIES (continued)

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

(xi) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xii) The Group expects to pay MUR 18.6 million in contributions to its post-employment benefit plans for the year ending December 31, 2021.

(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	
	2021 MUR'000	2020 MUR'000
Present value of unfunded obligations	**58,917**	27,072

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

	THE GROUP	
	2021 MUR'000	2020 MUR'000
At January 1,	**27,072**	72,094
Charged to profit or loss (a)	**36,172**	4,909
(Charged)/credited in other comprehensive income	**(3,372)**	(40,434)
Benefits paid	**(955)**	(9,497)
	58,917	27,072
(a) Included in profit or loss		
- Current service cost	**4,965**	1,542
- Past service cost	**29,590**	-
- Net interest expense	**1,617**	3,367
	36,172	4,909

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

	2021 %	2020 %
Discount rate	**4.0 - 4.9**	2.3 - 3.2
Future salary growth rate	**2.5**	1.0

Notes to the Financial Statements

Year ended December 31, 2021

18. RETIREMENT BENEFIT LIABILITIES (continued)

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

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

	THE GROUP	
	2021 MUR'000	2020 MUR'000
December 31,		
Decrease in discount rate (1% movement)	**10,833**	7,569
Increase in discount rate (1% movement)	**8,956**	6,072
Increase in future long term salary (0.5% movement)	**10,273**	3,421
Decrease in future long term salary (0.5% movement)	**8,812**	5,111

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Trade payables	**334,105**	158,760	**566**	19,116
Payable to group companies:				
- Ultimate Holding Company	-	-	-	-
- Subsidiary companies	-	-	**647,600**	468,743
- Associated companies	**27,911**	14,260	**26,678**	14,260
Other payables	**512,317**	329,567	**10,094**	5,336
	874,333	502,587	**684,938**	507,455

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.

20. CONVERTIBLE BONDS

	THE GROUP	
	2021 MUR'000	2020 MUR'000
As at January 01, 2021	**-**	-
Amount subscribed during the year	**655,000**	-
Cost attributable to Convertible Bonds	**(8,020)**	-
As at December 31, 2021	**646,980**	-

During the financial year ended 31 December 2021, the Group, through three of its subsidiaries namely Constance Industries Limited, Beauport Industries Limited and White Sand Paradise Ltd, has contracted with the Mauritius Investment Corporation Ltd ("MIC"), a wholly owned subsidiary of the Bank of Mauritius to issue convertible bonds for a total amount of Rs 1.11 billion of Rs 10 million each.

20. CONVERTIBLE BONDS (continued)

One of the main objectives of the MIC was to provide financial support to Mauritian companies impacted by the Covid-19 pandemic through the subscription of convertible bonds to companies.

During the year, the Group has issued for an amount of MUR 625 million of convertible bonds in favour of the MIC and the remainder will be issued by 30 June 2022. All transaction costs associated with the redeemable convertible bonds have been set off against the amount subscribed.

Key terms and conditions of the funding arrangements are as follows:

- Maturity date of the bonds are 30 July 2030.
- The conversion price has been predetermined prior to the subscription.
- An interest rate of 3.50% over the period of the bond is payable on the last day of each interest period.
- On maturity, any unpaid capital and interest is converted into ordinary shares in accordance with the predetermined conversion price.
- The conversion price is subject to certain adjustments such as capitalisation of profit or reserves, capital distribution, rights issues, share split, amongst others.
- Redemption of the bonds shall be at the option of the issuer. The issuer may redeem some or all the bonds, any time prior to the maturity date. The option price shall be determined as follows:
  - if redemption happens before the 4th anniversary of the first subscription, the redemption price shall be the nominal amount,
  - if redemption happens after the 4th anniversary of the first subscription, the redemption amount shall be 100.5% of the nominal amount.

21. INCOME TAX

		THE GROUP	
		2021 MUR'000	2020 MUR'000
(a)	**Amounts recognised in the statements of financial position are as follows:**		
	Current tax assets	**20,831**	20,991
	Current tax liabilities	**9,891**	2,585

Current tax liabilities is on adjusted profit for the year at 15% (2020: 15%).

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

	THE GROUP		THE COMPANY	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Current tax on the adjustment profit for the year at 15% (2020: 15%)	**31,058**	6,025	**166**	-
Deferred income tax (Note 11(c))	**(56,245)**	21,251	**-**	12,538
(Credited)/charged to profit or loss	**(25,187)**	27,276	**166**	12,538

Notes to the Financial Statements

Year ended December 31, 2021

21. INCOME TAX (continued)

(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	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
(Loss)/profit before taxation	**(738,685)**	(1,392,206)	**(133,879)**	(631,388)
	(738,685)	(1,392,206)	**(133,879)**	(631,388)
Tax calculated at a rate of 15% (2020: 15%)	**(110,803)**	(208,831)	**(20,082)**	(94,708)
Expenses not deductible for tax purposes	**79,277**	162,856	**2,020**	126,353
Withholding and foreign tax	**(3,598)**	(7,878)	**-**	-
Income not subject to tax	**(22,550)**	(23,900)	**(5,800)**	(19,032)
Under provision in previous years	**-**	2,345	**-**	-
Tax losses for which no deferred income tax was recognised	**79,021**	117,861	**23,862**	-
Deferred tax rate differential on corporate social responsibility tax	**(49,295)**	(23,879)	**166**	(75)
Other adjustments and timing differences	**2,761**	8,702	**-**	-
(Credited)/charged to profit or loss	**(25,187)**	27,276	**166**	12,538

22. REVENUE

	THE GROUP	
	2021 MUR'000	2020 MUR'000
The following is an analysis of the revenue for the year.		
Room Revenue	**1,248,610**	838,952
Food and beverages	**698,356**	398,266
Others	**492,222**	346,290
	2,439,188	1,583,508

	THE GROUP	
	Hotel operations	
	2021 MUR'000	2020 MUR'000
Timing of revenue recognition		
At a point in time	**1,190,578**	744,556
Over time	**1,248,610**	838,952

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

Notes to the Financial Statements

Year ended December 31, 2021

23. OPERATING PROFIT

	THE GROUP		THE COMPANY	
	2021 MUR'000	Restated 2020 MUR'000	**2021 MUR'000**	2020 MUR'000
The operating profit is arrived at:				
after crediting:				
Other operating income	**34,367**	54,244	**97,399**	101,932
Net foreign exchange transaction gains	**78,128**	133,413	**40,053**	127,502
Profit on disposal of property, plant and equipment	**5**	-	**-**	-
after charging:				
Cost of sales	**1,107,318**	805,699	**-**	-
Operating expenses	**142,786**	160,116	**-**	-
Administrative expenses	**791,511**	593,355	**80,966**	70,107

(a) Cost of inventories expensed

	THE GROUP	
	2021 MUR'000	2020 MUR'000
Food and beverages and room supplies	**384,168**	216,195
Others	**163,899**	150,806
	548,067	367,001

Others is comprised of Spare parts, fabrics and garments.

(b) Administrative and operating expenses

	THE GROUP		THE COMPANY	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Employee benefit expense (Note 23 (d))	**620,620**	598,607	**-**	-
Marketing expenses	**153,726**	148,822	**46,087**	43,727
Repairs and maintenance	**57,912**	67,839	**-**	-
Energy and other utilities	**142,631**	112,582	**-**	-
Property costs	**61,772**	62,934	**-**	-
Payment of services	**139,151**	66,743	**-**	-
Levy and other taxes	**24,933**	14,558	**-**	-
Others	**281,159**	144,484	**34,878**	13,758
	1,481,904	1,216,568	**80,965**	57,485

Others is comprised of stationery and professional fees

Notes to the Financial Statements

Year ended December 31, 2021

23. OPERATING PROFIT (continued)

(c) Other operating income

	THE GROUP		THE COMPANY	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Net foreign exchange gains	**78,128**	133,413	**40,053**	127,502
Contributions	**34,372**	54,244	**97,399**	89,310
Rent concession	**12,368**	24,399	**-**	-
	124,868	212,056	**137,452**	216,812

(d) Employee benefits expense

	THE GROUP	
	2021 MUR'000	2020 MUR'000
Included in employee benefit expenses are:		
Wages and salaries***	**418,473**	425,007
Social security costs	**30,067**	27,365
Pension and other retirement costs	**81,790**	39,387
Other employment benefits other than pensions	**90,290**	106,848
	620,620	598,607

***A Wage Assistance Scheme (WAS) of MUR 210 million (2020: MUR 176 million) was granted to the Group in the financial year 2021 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 418.5 million (2020: MUR 425 million).

24. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Interest expense:				
- Bank overdrafts	**85,228**	50,933	**21,670**	3,909
- Bank and other borrowings repayable by instalments	**193,558**	216,443	**79,671**	78,384
- Leases (Note 6)	**307,348**	268,310	**297**	376
- Other interests	**10,923**	6,075	**26,324**	37,256
Total borrowing costs	**597,057**	541,761	**127,962**	119,925

Other interests is comprised of finance costs on intercompany loan.

Notes to the Financial Statements

Year ended December 31, 2021

25. LOSS PER SHARE

		THE GROUP		THE COMPANY	
		2021	Restated 2020	**2021**	2020
Loss attributable to equity holders	MUR'000	**(708,353)**	(1,416,853)	**(133,713)**	(643,926)
Number of ordinary shares in issue (thousands)		**109,653**	109,653	**109,653**	109,653
Loss per share (basic and diluted)	MUR	**(6.46)**	(12.92)	**(1.22)**	(5.87)

26. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

THE GROUP

		Cash changes		**Non-Cash changes**		
	2020 MUR'000	**Cash inflows MUR'000**	**Cash outflows MUR'000**	**Other** MUR'000**	**Exchange differences MUR'000**	**2021 MUR'000**
Borrowings*	**5,286,775**	**958,000**	**(918,488)**	**(112,118)**	**167,507**	**5,381,676**
Lease liabilities	**3,941,769**	**-**	**(302,862)**	**296,901**	**263,559**	**4,199,367**
Funds received from MIC	**-**	**646,980**	**-**	**-**	**-**	**646,980**
Total liabilities from financing activities	**9,228,544**	**1,604,980**	**(1,221,350)**	**184,783**	**431,066**	**10,228,023**

THE GROUP

		Cash changes		Non-Cash changes		
	2019 MUR'000	Cash inflows MUR'000	Cash outflows	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 COMPANY

		Cash changes		**Non-Cash changes**		
	2020 MUR'000	**Cash inflows MUR'000**	**Cash outflows MUR'000**	**Other** MUR'000**	**Exchange differences MUR'000**	**2021 MUR'000**
Borrowings	**2,030,833**	**809,000**	**(807,521)**	**5,067**	**33,151**	**2,070,530**
Lease liabilities	**5,254**	**-**	**(3,191)**	**297**	**-**	**2,360**
Total liabilities from financing activities	**2,036,087**	**809,000**	**(810,712)**	**5,364**	**33,151**	**2,072,890**

Notes to the Financial Statements

Year ended December 31, 2021

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

	THE COMPANY					
		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*	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

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

**Other comprise of interests accrued on borrowings and interest paid during the year (these are classified in finance costs paid as part of cashflow) and lease liabilities, lease concessions and new lease during the financial year.

(b) **Cash and cash equivalents**

	THE GROUP		THE COMPANY	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Cash in hand and at banks	**193,070**	144,992	**5,968**	18,474
Bank overdrafts (Note 17)	**(434,873)**	(709,188)	**(21,803)**	(205,550)
	(241,803)	(564,196)	**(15,835)**	(187,076)

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

(c) **Non-cash transactions**

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

The principal non cash transactions for the Company is the investment of MUR 250 million (2019: Nil) in White Sand Paradise Ltd, through the conversion of receivables from the subsidiary.

(d) At December 31, 2021, the Group and the Company had MUR 300 million (2020: MUR 800 million) and MUR 107 million (2020: MUR 600 million) of undrawn committed borrowing facilities respectively.

27. COMMITMENTS

	THE GROUP	
	2021 MUR'000	2020 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	**8,897**	4,730

28. CONTINGENCIES

	THE GROUP		THE COMPANY	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Contingent liabilities				
Bank guarantees to third parties	**1,080**	1,080	**1,060**	1,060

29. 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	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000	**2021 MUR'000**	2020 MUR'000	**2021 MUR'000**	2020 MUR'000	**2021 MUR'000**	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
THE GROUP												
Ultimate holding company	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(23,000)	**-**	-
Holding company	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Enterprises with common shareholders	**-**	113	**(27,678)**	(29,469)	**-**	-	**-**	-	**-**	-	**(18,365)**	(725)
Associates	**443**	-	**(19,800)**	(4,000)	**16,446**	16,432	**151,510**	144,685	**-**	-	**84,814**	132,689
THE COMPANY												
Ultimate holding company	**-**	-	**-**	-	**(319)**	(701)	**-**	-	**-**	(23,000)	**-**	-
Holding company	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Subsidiaries	**-**	-	**-**	-	**12,504**	65,489	**64,938**	59,594	**-**	-	**261,277**	685,124
Enterprises with common shareholders	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Associates	**-**	-	**-**	-	**-**	-	**4,961**	5,914	**-**	-	**(26,120)**	(13,882)

	THE GROUP		THE COMPANY	
	2021 MUR'000	2020 MUR'000	**2021 MUR'000**	2020 MUR'000
Key management personnel compensation:				
Short term employee benefit	**146,902**	135,019	**1,923**	1,324
Post-employment benefit	**5,637**	6,352	**-**	-
	152,539	141,371	**1,923**	1,324

Notes to the Financial Statements

Year ended December 31, 2021

29. RELATED PARTY TRANSACTIONS (continued)

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

Loan from related party is unsecured, payable at call and bears interest at variable rate. The interest rate was between 2.73% and 3.78%.

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.

30. 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.

31. 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, 2021			
Segment revenue from contract with customers	**1,046,613**	**1,392,575**	**2,439,188**
Segment interest income	**10,156**	**-**	**10,156**
Segment finance cost	**(287,581)**	**(309,476)**	**(597,057)**
Segment depreciation and amortisation	**(200,887)**	**(413,634)**	**(614,521)**
Segment operating profit	**(166,550)**	**76,470**	**(90,080)**
Segment assets	**9,090,293**	**6,987,544**	**16,077,837**
Segment liabilities	**(5,918,993)**	**(5,395,764)**	**(11,314,757)**

Notes to the Financial Statements

Year ended December 31, 2021

31. SEGMENT REPORTING (continued)

(b) Geographical information (continued)

	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	9,625,763	5,983,579	15,609,342
Segment liabilities	(4,576,311)	(6,222,182)	(10,798,493)

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

32. EVENTS AFTER REPORTING DATE

The Russia/Ukraine conflict started on the 24 February 2022 and with the global restrictions and response to the conflict, travels from those countries became very difficult. Our resorts, mainly in the Maldives and Seychelles, had a fair share of the tourists from those countries (around 10% occupancy prior to the crisis) and saw some cancellation for the month of March and April of 2022. However, we were able to mitigate this occupancy shortfall from these countries with other traditional markets such as Europe and the GCC countries. The Group do not expect that the 2022 results would be materially impacted by this conflict.

Beside the above, there were no events after reporting date to report which require a disclosure in the financial statement or impact the financial position of the Group and the Company.

MAURITIUS | SEYCHELLES | MALDIVES | MADAGASCAR

CONSTANCE
HOTELS, RESORTS & GOLF

True by Nature

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