Sun

Hotels | Properties | Services

PROSPECTUS TO SHAREHOLDERS

PROSPECTUS

(DEEMED TO BE LISTING PARTICULARS PURSUANT TO THE LISTING RULES OF THE STOCK EXCHANGE OF MAURITIUS LTD)

Prospectus to the shareholders of Sun Limited in respect of:

A proposed Rights Issue
Of 19,129,924 new ordinary shares, in the proportion of 0.1511 new ordinary share for every ordinary share held at 12 July 2017, at an issue price of MUR39.00 per share for an amount of MUR746,067,036

And

A proposed Private Placement
Of 28,684,380 new ordinary shares, at an issue price of MUR39.00 per share for an amount of MUR1,118,690,820

Resulting in a total issue of 47,814,304 new ordinary shares and total funds to be raised of MUR1,864,757,856

Shareholders of Sun Limited will be invited to vote on the above resolutions at a special meeting to be held on or about 22 June 2017.

26 May 2017

IF YOU ARE A SHAREHOLDER OF SUN LIMITED, THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This document is issued by Sun Limited ("SUN" or the "Company"), a public company incorporated and domiciled in Mauritius on 10 February 1983 and regulated by the Companies Act 2001.

This document serves as a Prospectus (as defined in the Securities Act 2005) and is issued in compliance with the Securities Act 2005 and the Securities (Public Offers) Rules 2007 for the purpose of providing information to shareholders of the Company and to the public in general in relation to the rights issue of 19,129,924 new ordinary shares (the "Rights Issue") and the private placement of 28,684,380 new ordinary shares (the "Private Placement") by SUN.

A copy of this Prospectus has been provisionally registered with the Financial Services Commission ("FSC") on 5 May 2017. This Prospectus is not an invitation to the public to subscribe for shares in the Company and securities shall not be issued under this Prospectus more than 6 months after the date the Prospectus is granted effective registration.

This Prospectus also serves as Listing Particulars (as defined in the Listing Rules (the "Listing Rules") of the Stock Exchange of Mauritius Ltd ("SEM")) and includes information given in compliance with the relevant chapters of the Listing Rules with regard to the Rights Issue and the Private Placement.

The shares to be offered have been granted approval with regard to their admission to listing on the Official Market of the SEM. This document has been approved by the Listing Executive Committee ("LEC") of the SEM in conformity with the Listing Rules on 26 May 2017 and bears registration number LEC/RI/02/2017.

For a full appreciation of this document, it should be read in its entirety. If you are in any doubt about the action you should take, you should consult your financial advisor, your investment dealer or any other independent advisor immediately.

Neither the FSC, nor the LEC, nor the SEM assumes any responsibility for the contents of this document. The FSC, LEC and the SEM make no representation as to the accuracy or completeness of any of the statements made or opinions expressed in this document and expressly disclaim any liability whatsoever for any loss arising from or in reliance upon the whole or any part thereof.

The FSC, LEC and the SEM do not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

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1. DECLARATION BY AND STATEMENT OF DIRECTORS

1.1. Declaration by Directors

This Prospectus includes particulars with regard to SUN to be given in compliance with the Securities Act 2005, the Securities (Public Offer) Rules 2007 and the Listing Rules governing the listing of securities on the Official Market of the SEM.

The directors of SUN (the "Directors"), whose names appear in Section 14, collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this Prospectus and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no facts, the omission of which, would make any statement herein misleading.

The Directors confirm that the historical financial information included in this document, except for the unaudited interim financial statements as at 28 February 2017, which have been subject to a limited review by the auditors, have been extracted from audited, unqualified and consolidated annual reports for the year ended 30 June 2016, the 18 months ended 30 June 2015 and the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in compliance with the Companies Act 2001 and the Financial Reporting Act 2004. The Directors accept responsibility for the said financial information.

Furthermore, the Directors declare that, to the best of their knowledge and belief and after having made reasonable inquiries, in relation to the period from 31 March 2017, the date to which the last unaudited interim financial statements have been prepared, to the date of this document:

- There has not been any material adverse change in the financial or trading position of SUN and its subsidiaries;
- The business of SUN and its subsidiaries has been satisfactorily maintained;
- There have been no circumstances adversely affecting the value of the assets of SUN and its subsidiaries; and
- The working capital available to SUN and its subsidiaries is sufficient for at least twelve months operations from the date of the issue of this document.

On 25 April 2017, the Board of Directors of SUN approved a proposed rights issue of 19,129,924 new ordinary shares, in the proportion of 0.1511 new ordinary share for every ordinary share held by a shareholder of SUN at 12 July 2017, at an issue price of MUR39.00 per share (the "Rights Issue") and a proposed private placement of 28,684,380 new ordinary shares, at an issue price of MUR39.00 per share to Dentressangle Initiatives SAS ("Dentressangle Initiatives"), subscribing through DI Cirne HLT Ltd, a Mauritius-incorporated subsidiary ("DICHL") (the "Private Placement"). The Rights Issue and the Private Placement (together the "Transaction") shall be conditional one upon the other and undertaken simultaneously. They are subject to the approval of the shareholders of SUN at a special meeting to be held on or about 22 June 2017.

In the context of the Rights Issue, the Board has received an undertaking from CIEL Limited, the majority shareholder, to take up its rights in its entirety, representing MUR447,345,366. Dentressangle Initiatives has given a firm commitment to subscribe for, through DICHL, or procure for the subscription of all new ordinary shares of SUN issued under the Rights Issue, with the exception of the shares issued to CIEL, and not taken up by the shareholders by the end of the rights subscription period. The Transaction is further described in Section 6.

1.2. Statement of Directors pursuant to Section 71(2) (b) of the Securities Act 2005.

The Directors accept responsibility for the contents of the Prospectus and declare that, to the best of their knowledge and belief, and after making reasonable inquiries, the Prospectus complies with the Securities Act 2005, any regulations made under this act or any FSC Rules.

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

Jean-Pierre Dalais	**David Anderson**
Chairman	Director and Chief Executive Officer

2. KEY TERMS AND DEFINITIONS

In this document, where the context permits, the expressions set out below bear the following meanings:

Act	The Companies Act 2001, as may be amended from time to time
Board	The Board of directors of Sun Limited
CDS	The Central Depository & Settlement Co. Ltd
CIEL	CIEL Limited
Company, SUN or the Issuer	Sun Limited
Constitution	The constitution of the Company dated 29 November 2006
Dentressangle Initiatives, or the Parent	Dentressangle Initiatives SAS
DICHL	DI Cirne HLT Ltd, a wholly-owned Mauritius-incorporated subsidiary of Dentressangle Initiatives SAS, substituted in the rights and obligations of Dentressangle Initiatives SAS for the completion of the Transaction
Directors	The directors of SUN
EPS	Earnings per share
FSC	The Financial Services Commission of Mauritius
Group	Sun Limited and its subsidiaries
IFRS	International Financial Reporting Standards
LEC	Listing Executive Committee of the SEM
Listing Particulars	This document prepared pursuant to the Listing Rules of the SEM for the purpose of listing the New Ordinary Shares issued under the Transaction
Listing Rules	The rules constituted by the SEM governing the listing of securities on the Official Market
MUR	Mauritian rupees
NAV	Net asset value
New Ordinary Shares	New ordinary shares of SUN issued in context of the Transaction, with no par value and ranking pari passu with the existing ordinary shares
No par value shares	Existing ordinary shares of SUN of MUR10.00 each will be converted to ordinary shares with no par value, with the same rights as the current ordinary shares, prior to the closing of the Transaction
Private Placement	The proposed issue of 28,684,380 New Ordinary Shares of SUN, at an issue price of MUR39.00 each, to Dentressangle Initiatives SAS, subscribing through DI Cirne HLT Ltd
Prospectus	This document issued in compliance with the Securities Act 2005 and the Securities (Public Offers) Rules 2007
Record date	12 July 2017
Rights Issue	The proposed issue of 19,129,924 New Ordinary Shares of SUN, at an issue price of MUR39.00 each, to the shareholders of the Company as particularised in these Listing Particulars
SEM	The Stock Exchange of Mauritius Ltd
Transaction	The Rights Issue and the Private Placement together

3. SALIENT FEATURES OF THE RIGHTS ISSUE

Terms of the Rights Issue	Rights issue of 19,129,924 New Ordinary Shares at an issue price of MUR39.00 each A shareholder of SUN will be entitled to subscribe for 0.1511 New Ordinary Share for every ordinary share registered in his/her name on 12 July 2017 SUN will not issue fractional shares. The number of New Ordinary Shares will be rounded down to the nearest integer when fractions occur
Amount to be raised under Rights Issue	MUR746,067,036
Purpose of the Rights Issue	The main purpose of the issue is for SUN to (i) repay part of its existing debt and reduce its gearing and (ii) fund the refurbishment of one of its resorts. See Section 6.1
Opening of rights subscription	20 July 2017
Closing of rights subscription	10 August 2017
Trading of rights	Shareholders of SUN opting not to take up their rights may freely trade same on the Official Market of the SEM as from 28 July 2017 to 3 August 2017. See Section 7.2.3
Payment terms	Payable at latest on closure of the subscription period on 10 August 2017
Issue date	28 August 2017
Listing of the New Ordinary Shares	Fully paid New Ordinary Shares will be listed and traded on the Official Market as from 5 September 2017

A full calendar of events is set out in Section 10 of this document.

4. SALIENT FEATURES OF THE PRIVATE PLACEMENT

Terms of the Private Placement	28,684,380 New Ordinary Shares will be issued to Dentressangle Initiatives SAS, subscribing through DICHL, at a price of MUR39.00 per share for an amount of MUR1,118,690,820 The Private Placement will be conditional upon and undertaken simultaneously with the Rights Issue
Purpose of the Private Placement	The main purpose of the issue is for SUN to (i) repay part of its existing debt and reduce its gearing and (ii) fund the refurbishment of one of its resorts. See Section 6.1
Listing of the New Ordinary Shares	Fully paid New Ordinary Shares will be listed and traded on the Official Market as from 5 September 2017

5. COMPANY DESCRIPTION

5.1. Company background and principal activities

Sun Limited (hereinafter referred to as "SUN") was incorporated as a limited company on 10 February 1983 under the name Sun Resorts Limited and subsequently changed its name on 24 September 2015. The duration of the Company is unlimited. SUN is a public company listed on the Official Market of the SEM and is registered as a "Reporting Issuer", as defined under the Securities Act 2005, with the FSC. SUN bears registration number C06003886 and its registered office is situated at 5th Floor, Ebène Skies, rue de l'Institut, Ebène, Mauritius.

As at 31 March 2017, the share capital of the Company amounted to MUR1,467,307,680 represented by 146,730,768 ordinary shares of MUR10.00 each and a share premium totalling MUR1,781,978,588. The share capital is made up of 126,612,222 outstanding ordinary shares and 20,118,546 treasury shares. All issued shares are fully paid.

All the existing ordinary shares of MUR10.00 each will be converted to no par value shares prior to the closing of the Transaction, subject to the approval of the shareholders of the Company at a special meeting to be held on or about 22 June 2017.

SUN is an established hotel group in the Indian Ocean, owning and/or managing six resorts in the Republic of Mauritius (Shangri-La's Le Touessrok Resort & Spa, Four Seasons Resort Mauritius at Anahita, Long Beach Golf & Spa Resort, Sugar Beach Golf & Spa Resort, La Pirogue Resort & Spa, Ambre Resort & Spa) and Kanuhura, an island resort in the Republic of Maldives.

Since October 2015, SUN has been reorganised into four clusters, notably hotel management, centralised services, asset management and real estate, as shown below.

SUN LIMITED

HOTEL MANAGEMENT CLUSTER

- Kanuhura Maldives
- Long Beach Golf & Spa Resort
- Sugar Golf & Spa Resort
- La Pirogue Resort & Spa
- Ambre Resort & Spa
- Ile Aux Cerfs Island & Golf

CENTRALISED SERVICES CLUSTER

- Tour Operating
- Laundry & Linen Rental
- Procurement
- Retail
- Finance
- Human Resource
- Information Technology
- Sun Training Academy

ASSET MANAGEMENT CLUSTER

- Four Seasons Resort Mauritius at Anahita
- Shangri-La's Le Touessrok Resort & Spa, Mauritius
- Kanuhura Maldives
- Long Beach Golf & Spa Resort
- Sugar Golf & Spa Resort
- La Pirogue Resort & Spa
- Ambre Resort & Spa

REAL ESTATE CLUSTER

- Long Beach Invest Hotel Scheme

<u>To be developed:</u>

- SRL Touessrok Residences & Villas
- La Pirogue Residences
- Belle Mare Residences

Hotel Management

The hotel management cluster, trading under the "Sun Resorts" brand, offers operational management services to four resorts in Mauritius (5* Long Beach, 5* Sugar Beach, 4* La Pirogue and 4* Ambre), Kanuhura resort in Maldives and Ile aux Cerfs Island & Golf.

Centralised Services

The centralised services cluster offers services, including tour operating, central procurement of goods and services, laundry services and linen rental, management of hotel retail outlets as well as accounting, human resources and information technology services, to companies within the Group as well as to third-parties.

With its two in-house tour operators, namely Soléa in France and World Leisure Holidays in South Africa, the Group focuses on offering personalised holiday packages to SUN's resorts as well as other resorts in Mauritius and Maldives. The Group also holds marketing offices in London, Paris and Frankfurt and has representatives in Milan, Madrid, India and China.

Asset Management

The asset management cluster comprises SUN's portfolio of owned and managed hotel assets. Apart from the above-mentioned resorts and Ile Aux Cerfs Island & Golf, the Group owns a majority stake in two prestigious luxury resorts managed by top international hotel operators, namely the 5* Luxury Four Seasons Resort Mauritius at Anahita and the 5* Luxury Shangri-La's Le Touessrok Resort & Spa, Mauritius.

Real Estate

The real estate cluster focuses on exploiting the growth potential of SUN's assets, situated on the east and west coast of Mauritius. In 2012, SUN was the first company to offer rooms under the "Invest Hotel Scheme", a programme created by the Mauritian authorities to give local and foreign investors the opportunity to own a stake in hotel rooms in Mauritius. This investment scheme also guaranteed a minimum return on investment and offered investors access and consumption at SUN's resorts at preferential rates.

The Group also owns undeveloped land, which has significant investment and growth potential. In fact SUN has already identified opportunities for further development of its real estate assets such that this cluster is expected to play a major part in the growth of the Group.

The number of people employed by the SUN Group at 31 March 2017 was 4,130.

5.2. Group structure

The corporate structure of SUN Group at 31 March 2017 is shown below:

CIEL LIMITED

59.96%

SUN LIMITED

- **100%** → GreenSun Management Ltd
- **100%** → Wolmar Sun Hotels Ltd
- **99.82%** → City & Beach Hotels (Mtius) Ltd
- **99.96%** → Loisirs des Iles Ltée
- **100%** → Sun Leisure Hotels Ltd
- **100%** → Long Beach IHS Ltd
- **100%** → SRL Property Ltd
- **99.89%** → Sun Leisure Investments Ltd
- **74%** → SRL Touessrok Hotel Ltd
  - **100%** → SRL Touessrok Residences & Villas Ltd
- **100%** → Washright Services Ltd
- **100%** → Sun Styled Boutiques Ltd
- **100%** → Sun Resorts International Ltd
  - **100%** → Sun Resorts (Seychelles) Ltd
  - **100%** → Solea Vacances SA
  - **100%** → World Leisure Holidays (Pty) Ltd
  - **100%** → Sun Resorts France Sarl
  - **100%** → SRL Maldives Ltd
    - **100%** → SRL Kanuhura Ltd
- **50%** → Anahita Hotel Limited
  - **12.23%** → Anahita Golf Ltd
- **30%** → EastCoast Hotel Investment Ltd
  - **99.99%** → Armand Apavou & Co Ltd
- **100%** → SRL FS, Ltd
  - **50%** → Anahita Hotel Ltd
- **100%** → Sun Hotel Holdings Ltd
  - **100%** → Ambre Resort Ltd
  - **100%** → Long Beach Resort Ltd
  - **100%** → Sun International Hotel Holdings Ltd
- **100%** → Sun Hotel Investment Ltd
  - **100%** → Sun International Investment Ltd
- **100%** → Sun Resorts Hotel Management Ltd
  - **100%** → Sun International Management Ltd
    - **100%** → SRL Marketing Ltd
    - **100%** → SRL Management Ltd
- **100%** → Sun Real Estates Ltd
  - **100%** → Sun International Realty Development Ltd
- **100%** → Sun Support Ltd
  - **100%** → Sun Centralised Services Ltd
  - **100%** → Sun Logistics Ltd
  - **100%** → Supply Chain Experts Ltd
  - **100%** → Sun Training Institute Ltd
  - **100%** → Sun Resorts CSR Fund Ltd

6. THE TRANSACTION

6.1. Background to and purpose of the Transaction

In 2014, SUN defined a new strategic plan that revolved around four dimensions (re-branding, asset management, hotel management and growth), with the aim of repositioning its business model to address the new operating environment and explore new growth areas. Over the past two years, which was defined as the transformation phase, the management has executed the following major transactions and projects:

- Partnership with the Shangri-La Group in respect of Le Touessrok resort with the former taking a minority stake of 26% and a management contract;
- Acquisition of 100% of Four Seasons Resort Mauritius at Anahita;
- Business Process Re-engineering with the implementation of an ERP Oracle system for the Group;
- Re-branding of the management company with the "Sun Resorts" brand;
- MUR1.2 billion rights issue;
- Major renovations programmes at its 5-star resorts;
- Acquisition of a 30% stake in Ambre Resort & Spa;
- Completion of its first phase rooms renovation of La Pirogue resort; and
- The successful completion of a MUR5 billion multi-currency note programme.

The Company is now halfway through implementing its 2014 – 2019 strategic plan and is seeing encouraging results from its initiatives. With its full room inventory back in operation since December 2016, after two years of renovation and upgrade in the luxury resorts and the impact of its rate strategy, the Group has experienced improved results so far. For the nine months to 31 March 2017, SUN posted total revenues of MUR4.8 billion, representing an increase of 22% over the same period last year. Group's occupancy for the year to date was 80.5% (last year: 82.3%) with an average daily rate of MUR8,344, representing a 23% increase on prior year. The increase in revenues resulted in the Group posting a 25% improvement in EBITDA to MUR925 million and operating profit reaching MUR586 million, up 26% on same period last year. With non-recurring items relating to the closure of Kanuhura receding significantly from MUR405 million to MUR124 million year to date, profit for the period was MUR80 million compared to loss of MUR236 million last year. However, despite the recent improvement in the operating performance, the Company remains highly leveraged with net debt of MUR10.0 billion and gearing of 53.3% at 31 March 2017.

In order to strengthen the balance sheet of the Company, position the Group for future growth and enhance value for shareholders, SUN is therefore looking to raise MUR1,864,757,856 through the Rights Issue to all its shareholders and the Private Placement to Dentressangle Initiatives.

Dentressangle Initiatives is the investment holding company of the Dentressangle family, the founder and majority shareholder until 2015 of the leading European transport and logistics company "Norbert Dentressangle SA". Following the sale of Norbert Dentressangle SA, Dentressangle Initiatives developed a portfolio of investments in a number of global scale business segments, more particularly in industry, services and real estate. Its strategy is to invest, and foster the development of companies with strong growth potential destined to become major players in their activity sector.

The Board believes that the investment by Dentressangle Initiatives will enable the Company to raise between MUR1,118,690,820 and MUR1,417,412,490 at a fair price and to form an alliance with a strategic partner, who has a strong expertise in property.

A successful fund-raising would enable SUN to strengthen its capital base and accelerate its future growth and return to profitability.

The proceeds from the Transaction will be used as follows:

- 90% towards reduction of debt, which will result in an immediate reduction in finance costs; and
- 10% towards the phase 2 refurbishment of La Pirogue Resort & Spa, which is expected to be completed by mid-August 2017 at a total cost of MUR170 million.

6.2. Approvals

The Transaction is conditional on the approval of the shareholders of SUN, at a special meeting to be held on or about 22 June 2017.

At the special meeting, shareholders will also be called to vote on the conversion of the existing ordinary shares of MUR10.00 each to ordinary shares of no par value. The conversion will be executed prior to closing of the Transaction.

A copy of this Prospectus, also deemed to be Listing Particulars pursuant to the Listing Rules, has been registered with the FSC on 23 May 2017.

An application has been made to the LEC of the SEM for the issue and listing of the New Ordinary Shares. The LEC has approved the application on 26 May 2017.

6.3. Estimated net proceeds

The estimated net proceeds from the Transaction are shown in the table below.

	MUR
Gross proceeds from Rights Issue	746,067,036
Gross proceeds from Private Placement	1,118,690,820
Less: estimated expenses (see below)	(24,730,000)
Estimated net proceeds	**1,840,027,856**

The estimated expenses associated with the Transaction are shown in the table below. These expenses will be borne by the Company.

Details of expenses	MUR
Legal and professional fees	22,525,000
SEM application fee	190,000
FSC filing fee	100,000
Printing, stationery and postage	1,915,000
Total estimated expenses	**24,730,000**

7. PARTICULARS OF THE RIGHTS ISSUE

7.1. Terms of the Rights Issue

7.1.1. Nature and amount of the Rights Issue

The Rights Issue will consist of the issue of 19,129,924 New Ordinary Shares (Security ID: SUN.N0000) of no par value at an issue price of MUR39.00 per share and fully payable on application.

The shareholders of SUN registered at close of business on 12 July 2017, the "Record date", shall have the right to subscribe to 0.1511 New Ordinary Share for every ordinary share held at that date. SUN will not issue fractional shares. The number of New Ordinary Shares will be rounded down to the nearest integer when fractions occur.

Immediately following the completion of the Rights Issue in accordance with the terms of these Listing Particulars, the New Ordinary Shares will rank in all respect pari passu with the ordinary shares of SUN presently in issue. The New Ordinary Shares will be listed and traded on the Official Market of the SEM as from 5 September 2017.

Shareholders of SUN opting not to take up their rights may freely trade same on SEM as from 28 July 2017 to 3 August 2017.

All the New Ordinary Shares offered shall be in registered form and the register shall be kept by the Registrar and Transfer Office, MCB Registry & Securities Limited. The New Ordinary Shares shall be in either certificated or dematerialised form.

7.1.2. Issue price

The Board has determined the issue price for the New Ordinary Shares at MUR39.00 per share, which represents a discount of 7.1% over the current market price of MUR42.00 at 25 April 2017, being the last dealing date before the Rights Issue was made public by a cautionary announcement on 26 April 2017 and a premium of 9.0% over the 12 months' volume weighted average share price of MUR35.79 at the same date.

The Directors confirm that they have made due enquiry and consultation and are satisfied that the issue price of MUR39.00 per share for the Rights Issue is fair and reasonable to the Company and all its existing shareholders as required by Section 56(1) of the Companies Act 2001.

7.1.3. Commitment to subscribe

CIEL Limited, the majority shareholder, has committed to subscribe for New Ordinary Shares in the Rights Issue corresponding to its pro rata share.

Dentressangle Initiatives has given a firm commitment to subscribe for, through DICHL, or procure for the subscription of all New Ordinary Shares of SUN issued under the Rights Issue, with the exception of the shares issued to CIEL, and not taken up by the shareholders by the end of the rights subscription period.

7.2. Subscription procedures for the Rights Issue

The whole of Section 7.2 below is subject to approval of the Rights Issue by shareholders on or about 22 June 2017. If the Rights Issue is approved, the offer letter, application instructions to shareholders, application form and bank transfer form will, on or about 19 July 2017, be sent to shareholders registered at close of business on 12 July 2017.

7.2.1. Offer period

The offer will open at 10 a.m. on 20 July 2017 and will close at 4 p.m. on 10 August 2017. If the rights have not been exercised during this period by one or more shareholders, it shall be deemed that the offer has lapsed in respect of those shareholders.

7.2.2. Acceptance of subscription

Acceptances are irrevocable and cannot be withdrawn.

Shareholders may accept, wholly or partly, to subscribe for New Ordinary Shares by completing and signing parts A and B of the application form. The original application form must be returned with full payment for the shares subscribed to the Registrar and Transfer Office, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not later than 4 p.m. on 10 August 2017.

Registered holders of shares burdened with usufruct who do not propose to subscribe for the New Ordinary Shares are required under Clause 7.2(b) of the Constitution to forward the offer to the usufructuaries who may subscribe the New Ordinary Shares on offer in full ownership within the offer period prescribed above.

A shareholder or a usufructuary of a share in appropriate cases will be deemed to have declined the offer to subscribe for the New Ordinary Shares under the Rights Issue if he/she/it fails to meet the above deadline.

Incomplete applications will be rejected.

7.2.3. Trading of rights to New Ordinary Shares

Shareholders who do not wish to subscribe to any or part of the New Ordinary Shares offered under the Rights Issue may sell wholly or partly their rights.

The rights may then be negotiated through one of the licensed investment dealers and traded on the Official Market of the SEM from 28 July 2017 to 3 August 2017.

7.2.4. Transfer of rights to a Related Party

The right of a shareholder to subscribe for New Ordinary Shares may be transferred to a Related Party (as defined below) by completing parts A and C of the application form in accordance with the instructions contained therein.

The transfer of rights will only be accepted if made between husband and wife, an ascendant to a descendant, by a société to its members, or by way of succession (each a "Related Party"). A certified true copy of document evidencing such relationship must be submitted together with the duly completed and signed application form (for example, birth certificate, marriage certificate, "Acte de Société", affidavit).

A duly completed and signed application form, together with documentary evidence as to related party relationship, and full payment must reach the Share Registrar and Transfer Office, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not later than 4 p.m. on 10 August 2017.

7.2.5. Purchase of rights to subscribe for New Ordinary Shares

The forms for the purchase of the rights to subscribe for New Ordinary Shares on the Official Market of the SEM, will be made available to investment dealers.

All buyers of the rights shall complete and remit the forms with full payment in respect of the purchase of rights to the respective Investment Dealer. The Investment Dealers shall then remit the completed forms along with full payment to the Registrar and Transfer Office, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis not later 4 p.m. on 10 August 2017.

7.2.6. Methods of payment

Payment for New Ordinary Shares can be made by using the bank transfer form in favour of Sun Limited, for the full amount payable and must reach the Share Registrar and Transfer Office, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not later than 4 p.m. on 10 August 2017, together with the appropriate form(s) duly completed and signed.

Payment can also be made by crossed cheque or bank office cheque, drawn to the order of Sun Limited, for the full amount payable and must reach the Share Registrar and Transfer Office, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not later than 4 p.m. on 10 August 2017, together with the appropriate form(s) duly completed and signed.

SUN will reject applications for New Ordinary Shares where cheques received for payment in relation thereto have been dishonored by the drawer's bank or where bank transfers have failed.

No cash will be accepted.

All payments received will be banked by SUN as and when received during the offer period.

7.2.7. Refunds

No interest will be paid on monies received in respect of applications for New Ordinary Shares. All refunds in respect of unsuccessful applications shall be made by cheque/bank transfer, as soon as practicable after the offer period.

7.2.8. New Ordinary Shares not subscribed for

Any New Ordinary Share in respect of which no duly completed and signed application form(s) and/or relevant full payment have been received at the closure of subscription shall remain under the control of the Board of SUN. The latter shall allot them to DICHL at a price which shall not be less than the subscription price of MUR39.00.

7.2.9. Fractional shares

SUN will not issue fractional shares. The number of New Ordinary Shares will be rounded down to the nearest integer when fractions occur. The share fractions will be grouped and offered for subscription to DICHL.

7.3. Allotment of New Ordinary Shares

The allotment of New Ordinary Shares will be effected by 28 August 2017.

A letter of allotment will be sent by the Share Registrar and Transfer Office to all subscribers confirming the number of New Ordinary Shares allotted to them by 4 September 2017.

CDS account holders will have their respective accounts credited with the number of New Ordinary Shares issued and allotted to them by 4 September 2017.

A share certificate will be sent by registered post to all subscribers who do not have a CDS account, by 4 September 2017.

7.4. Rights attached to New Ordinary Shares

The New Ordinary Shares shall rank pari passu with the existing ordinary shares of the Company and accordingly shall have the rights set forth in the Constitution. A summary of the rights attached to the ordinary shares is set out below:

7.4.1. Voting

Each New Ordinary Share shall confer upon its holder the right to one vote for each share held at a meeting of the Company on any resolution.

7.4.2. Dividends

Each New Ordinary Share shall confer upon its holder the right to an equal share in dividends authorised by the Board.

7.4.3. *Distribution on the winding up of the Company*

Each New Ordinary Share shall confer upon its holder the right to an equal share in the distribution of surplus assets of the Company.

7.4.4. *Redemption*

The New Ordinary Shares available for subscription through the Rights Issue are not redeemable. However, the Company may purchase or contract to purchase any of its ordinary shares, subject to the Listing Rules and the Companies Act 2001.

7.5. Listing of New Ordinary Shares

The New Ordinary Shares will be listed and traded on the Official Market as from 5 September 2017. The Listing Executive Committee of SEM has, on 26 May 2017, approved the above application.

7.6. Theoretical ex-rights price

The theoretical ex-rights price is based on the share price of SUN at 17 May 2017, being the last practicable date prior to the publication of this document.

Last price quoted prior to the issue (17 May 17)	**MUR**	**42.85**
Number of shares in issue (excl. treasury shares)	Units	126,612,222
Market capitalisation prior to the issue	**MUR**	**5,425,333,713**
Number of shares to be issued via Rights Issue	Units	19,129,924
Number of shares to be issued via Private Placement	Units	28,684,380
Total number of shares to be issued	**Units**	**47,814,304**
Rights Issue price	MUR	39.00
Total value of shares to be issued	**MUR**	**1,864,757,856**
Capitalisation following the issue	MUR	7,290,091,568
Total number of shares post issue (excl. treasury shares)	Units	174,426,526
Theoretical ex-rights price following the Transaction	**MUR**	**41.79**
Rounded to nearest tick size	**MUR**	**41.80**

7.7. History of share prices

The market values of SUN shares and SEMDEX index on the first dealing day in each of the six months preceding the date of this document are disclosed below.

Date	Share price (MUR)	SEMDEX
1-Dec-16	34.50	1,803.01
3-Jan-17	35.10	1,808.36
2-Feb-17	39.90	1,885.27
1-Mar-17	39.30	1,922.16
3-Apr-17	40.00	1,935.97
2-May-17	42.55	2,022.61

The share price of SUN on 25 April 2017, being the last dealing date before the announcement of the Rights Issue on 26 April 2017, was MUR42.00. The SEMDEX was at 2,008.52.

The share price of SUN on 17 May 2017, being the last practicable date prior to the publication of this document, was MUR42.85. The SEMDEX was at 2,046.70.

8. PARTICULARS OF THE PRIVATE PLACEMENT

SUN will offer 28,684,380 New Ordinary Shares of no par value at an issue price of MUR39.00 per share to Dentressangle Initiatives, who has committed to subscribe fully, through DICHL, to the Private Placement for a total amount of MUR1,118,690,820.

The Private Placement will remain open until 10 August 2017.

The issue price for the Private Placement will be in line with the Rights Issue price at MUR39.00 per share.

The New Ordinary Shares to be issued to Dentressangle Initiatives, through DICHL, will rank in all respect pari passu with the ordinary shares of SUN presently in issue. The New Ordinary Shares will be listed and traded on the Official Market of the SEM as from 5 September 2017. The New Ordinary Shares shall be in registered form.

9. SHAREHOLDING STRUCTURE

9.1. Current shareholding

The list of substantial shareholders holding more than 5% of the share capital of SUN (excluding treasury shares) as at 31 March 2017 is given below.

Shareholders	No. of shares	% held
CIEL Limited	75,917,296	59.96
National Pension Fund	7,073,005	5.59

9.2. Changes in share capital

As at 31 March 2017, the share capital of the Company amounted to MUR1,467,307,680 represented by 146,730,768 ordinary shares of MUR10.00 each and a share premium totalling MUR1,781,978,588. The stated capital is made up of 126,612,222 outstanding ordinary shares and 20,118,546 treasury shares. All issued shares are fully paid.

The share capital was increased in February 2015 following the issue of 33,333,333 ordinary shares through a previous rights issue.

All the existing ordinary shares of MUR10.00 each will be converted to no par value shares prior to the closing of the Transaction, subject to the approval of the shareholders of the Company at a special meeting to be held on or about 22 June 2017.

Upon completion of the Rights Issue and the Private Placement, SUN is expected to have a stated capital made up of 174,426,526 fully paid up outstanding ordinary shares of no par value and 20,118,546 treasury shares.

No option has been granted or agreed to be granted on any shares of the Company or its subsidiaries.

9.3. Particulars of securities not representing share capital (at 31 March 2017)

The Company has also issued the following notes as part of its MUR5 billion multi-currency note programme:

Tranche	Currency	Issue price	No. of Notes	Interest rate	Tenor (years)
FRNMUR5Y	MUR	1,000	814,756	6% p.a.	5
FLRNMUR5Y	MUR	1,000	322,000	Repo rate + 1.3% p.a.	5
FRNMUR7Y	MUR	1,000	958,276	6.5% p.a.	7
FLRNMUR7Y	MUR	1,000	336,020	Repo rate + 1.7% p.a.	7
FRNEUR4Y	EUR	1,000	1,507,840	4.5% p.a.	4
FLRNEUR4Y	EUR	1,000	638,200	EURIBOR + 4% p.a.	4
FRNMUR61.5M	MUR	10,000	26,868	6% p.a.	5
ZCNMUR61.5M	MUR	10,000	20,739	Not applicable	5

9.4. Dilution impact

Should all existing shareholders fully subscribe to the New Ordinary Shares, the dilution impact post Transaction would be as follows:

Shareholders	Number of outstanding shares held currently	Current shareholding	Shares taken up through Rights Issue	Shares taken up through Private Placement	Number of outstanding shares post Transaction	Shareholding post Transaction	Dilution impact (% points)
CIEL	75,917,296	59.96%	11,470,394	-	87,387,690	50.10%	(9.86)
Other existing shareholders	50,694,926	40.04%	7,659,530	-	58,354,456	33.46%	(6.58)
Issue of New Ordinary Shares to DICHL	-	-	-	28,684,380	28,684,380	16.44%	
Total	**126,612,222**	**100.00%**	**19,129,924**	**28,684,380**	**174,426,526**	**100.00%**	

Should all existing shareholders, other than CIEL, not subscribe to the New Ordinary Shares, the dilution impact post Transaction would be as follows:

Shareholders	Number of outstanding shares held currently	Current shareholding	Shares taken up through Rights Issue	Shares taken up through Private Placement	Number of outstanding shares post Transaction	Shareholding post Transaction	Dilution impact (% points)
CIEL	75,917,296	59.96%	11,470,394	-	87,387,690	50.10%	(9.86)
Other existing shareholders	50,694,926	40.04%	-	-	50,694,926	29.06%	(10.98)
Issue of New Ordinary Shares to DICHL	-	-	7,659,530	28,684,380	36,343,910	20.84%	
Total	**126,612,222**	**100.00%**	**19,129,924**	**28,684,380**	**174,426,526**	**100.00%**	

10. CALENDAR OF EVENTS

Special meeting of shareholders	22-Jun-17
First day for share to trade 'cum rights'	23-Jun-17
Last day to deposit share certificates at CDS for first day of trading of rights for the New Ordinary Shares	5-Jul-17
Last day for shares to trade 'cum rights'	7-Jul-17
Shares traded ex-rights	10-Jul-17
Record date for shareholders entitled to subscribe for New Ordinary Shares	12-Jul-17
Opening of subscription period for Rights Issue and private placement	20-Jul-17
First day to deposit offer letters at CDS for trading of rights	21-Jul-17
Last day to deposit offer letters at CDS for trading of rights	27-Jul-17
First day for trading of rights to subscribe for New Ordinary Shares	28-Jul-17
Last day for trading of rights to subscribe for New Ordinary Shares	3-Aug-17
Closure of subscription period for Rights Issue and last day for payment	10-Aug-17
Closure of subscription period for Private Placement	10-Aug-17
Allotment of New Ordinary Shares	28-Aug-17
Sending letters of allotment and share certificates for New Ordinary Shares to shareholders	4-Sep-17
Direct crediting of New Ordinary Shares in CDS accounts	4-Sep-17
Completion of Transaction	4-Sep-17
First day of trading of New Ordinary Shares	5-Sep-17

11. FINANCIAL SUMMARY AND ANALYSIS – SUN GROUP

11.1. Recent trends

The table below summarises the performance of SUN for the 8 months ended 28 February 2017 and 29 February 2016, the year ended 30 June 2016, the 18 months ended 30 June 2015 and the year ended 31 December 2013. The unaudited financial information for the 8 months ended 28 February 2017 have been subject to a limited review by the auditors. In March 2014, SUN changed its financial year-end from 31 December to 30 June and therefore statutory results for 2015 were presented for the 18 months ended 30 June 2015. Additional financial information is set out in Section 18 - Financial Information.

Consolidated (MUR000s)	8 months ended 28 Feb 2017	8 months ended 29 Feb 2016	Year ended 30 Jun 2016	18 months ended 30 Jun 2015	Year ended 31 Dec 2013
	Unaudited[1]	Unaudited	Audited	Audited	Audited
Statement of Profit and Loss					
Revenue	4,172,224	3,367,897	4,989,237	6,174,276	4,038,084
Other operating income	30,551	17,280	63,930	129,804	41,930
Total revenue	**4,202,775**	**3,385,177**	**5,053,167**	**6,304,080**	**4,080,014**
Operating expenses	(3,360,780)	(2,778,994)	(4,275,378)	(5,351,216)	(3,463,176)
EBITDA	**841,995**	**606,183**	**777,789**	**952,864**	**616,838**
Depreciation and amortisation	(296,384)	(265,367)	(356,894)	(490,663)	(313,325)
Operating profit	**545,611**	**340,816**	**420,895**	**462,201**	**303,513**
Net finance costs	(314,640)	(292,330)	(446,926)	(451,771)	(347,459)
Share of results of associates	(1,935)	(3,534)	(6,799)	27,948	-
Profit/(loss) before tax and exceptional items	**229,036**	**44,952**	**(32,830)**	**38,378**	**(43,946)**
Exceptional costs	(124,138)	(387,391)	(534,208)	339,251	-
Profit/(loss) before tax	**104,898**	**(342,439)**	**(567,038)**	**377,629**	**(43,946)**
Income tax (expense)/credit	(23,196)	51,039	197,577	27,623	12,097
Profit/(loss) for the period	**81,702**	**(291,400)**	**(369,461)**	**405,252**	**(31,849)**
EPS – as reported (MUR)	**0.59**	**(1.92)**	**(2.37)**	**3.93**	**(0.32)**
EPS – adjusted[2] (MUR)	**0.58**	**(1.88)**	**(2.32)**	**3.86**	**(0.32)**

Note: [1] The unaudited financial information for the 8 months ended 28 February 2017 have been subject to a limited review by the auditors.
[2] EPS adjusted for the Transaction.

Copies of the Company's annual and quarterly reports can be obtained on the Company's website at www.sunresorts.com

The results for the 8 months to 28 February 2017 have been encouraging, with revenue growing by 24% year on year as the Group moved from its volume strategy to a rate strategy on the back of double digit growth in the tourist arrivals in Mauritius. Most resorts have experienced good growth in revenues, as the average daily rate grew by 25% versus prior year with achieved occupancy of 81% (prior year: 82%). However, with the slight delay in the re-opening of Kanuhura on 19 December 2016, the performance of this resort will affect the Group's results in this financial year. Nevertheless, EBITDA of MUR842 million represented a growth of 39% over the corresponding period and operating margin improved from 10% to 13% during this period.

Profit before tax and exceptional items increased from MUR45 million to MUR229 million year to date. After accounting for the exceptional items, profit after tax for the period improved to MUR82 million from a loss of MUR291 million in the prior period

11.2. Trading prospects for the year ending 30 June 2017

With the re-opening of Kanuhura Maldives, the Group completed the renovation program of all its luxury resorts. Hence closure and non-recurring charges are significantly receding. However the Group will continue to upgrade the other resorts such that the last phase of the soft refurbishment of La Pirogue Resort & Spa shall be completed by mid-August 2017. There is no other significant capex planned in the short term, save for the ordinary maintenance capex.

The financial year ending 30 June 2017 is a transition year in our strategic plan as the Group completes its major renovation programme and adopts its new commercial direction. With the full effect of the new rate strategy being seen as from the start of this year, the Group expects growth in all resorts. However, the delay experienced with Kanuhura re-opening in a challenging environment will impact on the results for this financial year. Going forward, the Group will be starting its next financial year on a consolidation phase, with all major renovation plans completed and with a full room inventory for the first time in over two years.

11.3. Dividend policy

As approved by its Board of Directors, SUN has put in place a dividend policy whereby, subject to a dividend not causing SUN financial duress, an annual dividend at least equal to the higher of (i) MUR1.95 per share and (ii) 50% of the consolidated net profit of SUN Group is to be distributed as from financial year ending 30 June 2019.

For the year ended 30 June 2016, the Board did not declare any dividend, taking into consideration the financial results and the cash requirements of SUN during this development phase.

11.4. Dividends, NAV and Earnings per share

The financial ratios for the last three financial years are shown below.

MUR	8 months to 28 February 2017	Year ended 30 June 2016	18 months ended 30 June 2015	Year ended 31 December 2013
	Unaudited[1]	Audited	Audited	Audited
Dividend per share	Nil	Nil	Nil	Nil
Net asset value per share	68.29	68.09	70.91	42.37
EPS – as reported[2]	0.59	(2.37)	3.93	(0.32)
EPS – adjusted[3]	0.58	(2.32)	3.86	(0.32)

Notes: [1] The unaudited financial information for the 8 months ended 28 February 2017 have been subject to a limited review by the auditors;
[2] EPS as reported and unadjusted for the Transaction;
[3] EPS adjusted for the Transaction.

Had the Transaction occurred on 28 February 2017, the net asset value per share at that date would have been MUR56.14.

12. RISK MANAGEMENT

SUN has an established risk management process and framework to monitor and mitigate its exposure to risks. An Enterprise-Wide Risk Management "ERM" framework is in operation to support the achievement of its strategic objectives.

The key elements of the ERM framework include:
- Risk management policy and governance structure;
- Risk tolerance and appetite assessment;
- Risk identification, prioritisation and response protocols;
- Monitoring and reporting systems; and
- Development of a risk awareness culture.

The Board has the duty to oversee the governance of risk, to set SUN's risk tolerance and risk appetite. The Board has mandated the Audit & Risk Committee to ensure that the Company develops and executes a comprehensive and robust system of risk management and that management operates a sound internal control system.

Management is ultimately responsible and accountable to the Board in:

- Ensuring that all material risks are identified and reported;
- Promoting continuous identification of new emerging risks; and
- Developing, agreeing upon, managing, measuring and communicating the mitigation activities to ensure objectives are achieved.

The key risks that could affect the Company's business, financial position and results of operations are set out below. There are other risks which are not described here, either because they are not currently perceived as material or because they are presently unknown, which could impact the Company.

Strategic risks

Strategic risks are related to the uncertainties and untapped opportunities embedded in the strategic intent of the Issuer. As such, they impact the whole business. The strategic risks of the Issuer include the following:

- The risk that external factors adversely affect the tourism industry in Mauritius/Maldives, thereby impacting the ability of the Issuer to meet its targets due to its reliance on these two destinations. These factors include terrorist attacks, insecurity, health issues, accessibility and cost of travelling to these countries, natural disasters and political developments;
- The risk that external factors adversely affect European markets from which a majority of the Issuer hotel guests originate, thereby impacting the ability of the Issuer to meet its targets. Some of these markets are currently affected by uncertainty generated by BREXIT, terrorist threats and political developments; and
- The risk that difficulties to forecast and report business performance in the face of market uncertainties leads to missed targets and reputation damage.

Operations risks

Operations risks relate to the internal operations of the Company, including business processes, organisational structure, culture, systems and people. The operations risks of the Group include the following:

- The risk that room rates are not achieved in order to generate sought after yields, thereby impacting the financial performance of the Group;
- The risk that the assets on the properties of the Group are not adequately maintained, thereby resulting in disruptions in operations and hotel guest dissatisfaction;
- The risk that capital projects are not delivered within set timeframe to the required standard and costs, thereby impacting guest satisfaction and the financial performance of the Group;
- The risk that service delivery is not as per set standards, thereby impacting guest satisfaction and the financial performance of the Group; and
- The risk that the features and capabilities of existing IT systems are not fully exploited to optimise efficiency and drive operational rigour.

Finance risks

Finance risks relate to the financial health of the business, including its liquidity, profitability and gearing levels. The finance risks include the risk that the gearing level in USD/Euro and associated debt servicing impacts the financial results of SUN and its ability to exploit investment opportunities.

However, the Group has an established risk management process and framework to monitor and mitigate its exposure to the above-mentioned risks. An Enterprise-Wide Risk Management "ERM" framework is in operation to support the achievement of its strategic objectives.

13. SUMMARY OF CORPORATE INFORMATION

13.1. Company information

Name of company	Sun Limited
Date of incorporation	10 February 1983
Place of incorporation and registration	Mauritius
Business Registration Number	C06003886
Registered office	5th Floor, Ebène Skies, rue de l'Institut, Ebène, Mauritius

13.2. Third party information

Company Secretary	CIEL Corporate Services Ltd Represented by: Clothilde de Comarmond, ACIS 5th Floor, Ebène Skies, rue de l'Institut, Ebène, Mauritius
Registrar and Transfer Office	MCB Registry & Securities Limited 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius
Principal bankers	The Mauritius Commercial Bank Ltd MCB Centre Sir William Newton Street, Port Louis, Mauritius
	SBM Bank (Mauritius) Ltd State Bank Tower 1, Queen Elizabeth II Avenue Port Louis, Mauritius
Auditors	BDO & Co *Financial year to 30 June 2016 and 18 months to 30 June 2015* Chartered Accountants 10, Frère Félix de Valois Street, Port Louis, Mauritius
	Deloitte *Financial year to 31 December 2013* 7th Floor, Raffles Tower Ebène, Mauritius
Transaction Advisor	PricewaterhouseCoopers Ltd 18 CyberCity, Ebène, Mauritius
Legal Advisor	ENSafrica (Mauritius) 19 Church Street, Port Louis, Mauritius

14. DIRECTORS

14.1. Directors' names and profiles

The names of the Directors in office as at date of this document, their categories, their profiles and the list of directorships in other listed companies are provided below.

Jean-Pierre Dalais (53)
Non-Executive Director – appointed Director on 7 April 2010 and Chairman on 13 February 2017

With an MBA from The International University of America, Jean-Pierre Dalais acquired working experience from Arthur Andersen (Mauritius and France) before joining the CIEL Group. He played an active role in the management and development of the operations of the CIEL Group, both in Mauritius and internationally and was appointed in January 2017 the Group Chief Executive of CIEL. He is also a Director on several entities forming part of the CIEL Group.

Nationality: Mauritian Citizen

Residential address: King George V Avenue, Floreal, Mauritius

Directorships in other companies listed on the SEM:
- Alteo Limited
- CIEL Limited
- CIEL Textile Limited
- The Medical & Surgical Centre Limited

P. Arnaud Dalais (62)
Non-Executive Director – appointed Director on 3 December 1991 and Chairman on 21 February 2011 till 13 February 2017

P. Arnaud Dalais joined the CIEL Group in August 1977 and was appointed its Group Chief Executive and Director on 22 November 1991. Under his leadership, the CIEL Group at large has gone through an important growth both locally and internationally. He has played and continues to play an active role at the level of the Mauritian private sector and has assumed the Chairmanship of a number of organisations including the Joint Economic Council from 2000 to 2002. He was appointed Group Chairman of CIEL in 2010 and Chairman of CIEL Limited following the recent reorganisation of the group in 2014. He is also the Chairman of Alteo Limited and was the Chairman of the Issuer from February 2011 till February 2017. Since 2015, he is the Chairman of Business Mauritius, the new private sector supreme institution issued from the merger of the Joint Economic Council and the Mauritius Employers Federation.

Nationality: Mauritian Citizen

Residential address: Chemin Campement, Floreal, Mauritius

Directorships in other companies listed on the SEM:
- Alteo Limited (Chairman)
- CIEL Limited (Chairman)
- CIEL Textile Limited (Chairman)

David Anderson (49)
Executive Director – appointed Director on 6 May 2016, Chief Executive Officer

Bringing more than 25 years of industry experience to the Group, David Anderson most recently served as the Regional Vice President of Wyndham Hotel Group, a portfolio of 182 hotels across 5 brands. Previously, he served as Managing Director of Dolce Hotels and Resorts for four years, a respected leader in the group, meeting and conference space and luxury accommodation. The Wyndham Hotel Group acquired Dolce Hotels & Resorts in April 2015. Prior to joining the Dolce Hotels & Resorts in January 2012, David Anderson held senior leadership roles at Louvre Hotel Group, Northern Europe where he was the Vice President of Operations. Aged 49 and a British citizen, he holds a BA Honours in Business Studies with French from London Metropolitan University.

Nationality: British Citizen

Residential address: Le Caprice, Royal Road, Tamarin, Mauritius

Directorships in other companies listed on the SEM: none

Thierry Dalais (58)
Non-Executive Director – appointed Director on 13 February 2017

Thierry Dalais has more than 30 years' experience in the financial services and private equity investment industry. He was the co-founder of two private equity investment firms and acted as a key person and principal in numerous private investment programs over the last 25 years. Thierry Dalais was also former director and trustee on numerous boards, including listed companies in Mauritius and abroad.

Nationality: Mauritian and South African Citizen

Residential address: Plantation Marguery, Rivière Noire, Mauritius

Directorships in other companies listed on the SEM:
- CIEL Limited

L. J. Jérôme De Chasteauneuf (50)
Non-Executive Director – appointed Director on 12 November 2014

L. J. Jérôme De Chasteauneuf is a Chartered Accountant of England and Wales and holds a BSc Honours in Economics from the London School of Economics and Political Science. He joined CIEL Group in 1993 as Corporate Finance Advisor and became Head of Finance of the CIEL Group in 2000. He has been closely involved with the corporate affairs of the CIEL Group together with the financial reengineering which accompanied its development over those years in office. He was nominated Executive Director of CIEL on 14 February 2014, and subsequently on 1 January 2017, as its Group Finance Director.

Nationality: Mauritian Citizen

Residential address: 62, Domaine de Bon Espoir, Piton, Mauritius

Directorships in other companies listed on the SEM:
- Alteo Limited
- CIEL Limited
- CIEL Textile Limited
- Harel Mallac & Co. Ltd
- The Medical & Surgical Centre Limited

M. A. Louis Guimbeau (66)
Non-Executive Director – appointed Director on 22 July 2010

A Fellow of the Institute of Financial Accountants (UK), a Member of the Chartered Management Institute (UK), Alumni of the Graduate School of Business - University of Cape Town and a Fellow of the Mauritius Institute of Directors, he has held senior positions in different sectors of the Mauritian economy and has gained a vast experience in strategy development, administration, finance and accounting until his retirement in 2010. He co-founded La Meule Permaculture Farm in 2014, a Sustainable Living project

Nationality: Mauritian Citizen

Residential address: Chants d'Oiseaux, La Preneuse Coastal Road, Black River, Mauritius

Directorships in other companies listed on the SEM:
- CIEL Limited

M. G. Didier Harel (65)
Independent Director – appointed Director on 18 August 2015

M. G. Didier Harel has spent his career in the downstream sector of the oil industry, working for the EXXON and TOTAL Groups. Starting in operational positions, he progressed into general management, first heading up smaller country subsidiaries (in Reunion Island and across Southern Africa), and then progressing to some of the largest under TOTAL's ownership (in South Africa and in the United Kingdom). He also held executive positions in the general management of core activities, on both business support and operational fronts, within TOTAL's subsidiary in France and at Africa/ Middle East Head Office level. After a rich international career spanning over some 34 years, M. G. Didier Harel has recently retired from the TOTAL Group, and has decided to apply his acquired skills and executive management experience in prominent corporates in Mauritius. He holds an MBA (Distinction) from INSEAD (Fontainebleau, France) and a BSc. Eng (First Class Honours) Degree in Chemical Engineering and Chemical Technology at Imperial College of Science and Technology, London. In 1973, he was awarded the Governor's Prize and William Hinchley Medal for Proficiency in Chemical Engineering.

Nationality: Mauritian and French Citizen

Residential address: Lot 90, Les Vieux Banians, Balaclava, Mauritius

Directorships in other companies listed on the SEM:
- MCB Group Limited
- Terra Mauricia Ltd

Thierry Hugnin (51)

Non- Executive Director – appointed Director on 7 April 2010

Thierry Hugnin qualified as a Chartered Accountant in England and Wales after graduating from Paris Dauphine University with a Masters' Degree in Computer Science and Management. He started his career in investment in London with Price Waterhouse Coopers Corporate Finance before moving into investment banking with Flemings and later Blakeney Management, an investment boutique focusing on equity investments in Africa and the Middle East. He moved to Mauritius in 2004 joining the CIEL Group as Chief Investment Officer of CIEL Investment Limited with a focus on spearheading the group's investment activity in Africa. He is co-founder and Managing Partner of Kibo Capital Partners, a Private Equity firm investing in fast-growing mid-caps in Africa.

Nationality: Mauritian Citizen

Residential address: Morcellement Domaine de Belle Vue, Lot No.44, Belle Vue, Bois Rouge, Pamplemousses, Mauritius

Directorships in other companies listed on the SEM: none

J. Harold Mayer (52)
Non-Executive Director – appointed Director on 24 July 2014

J. Harold Mayer holds a Bachelor in Commerce and is qualified as Chartered Accountant - South Africa. He has been very active in the management team of various companies of CIEL Textile Group since 1990 and was appointed its Chief Executive Officer since 2006.

Nationality: Mauritian Citizen

Residential address: 56, Plantation Marguery, Black River, Mauritius

Directorships in other companies listed on the SEM:
- CIEL Limited
- CIEL Textile Limited

Naderasen Pillay Veerasamy (59)
Independent Director – appointed Director on 24 July 2014

Born in 1957, Naderasen Pillay Veerasamy holds an LLB degree from the University of Buckingham in the United Kingdom. He was called to the Bar at Middle Temple in 1982. In 1989, he completed his Masters in Private Law at Université de Paris II (Assas) and thereafter sat for examinations for attestation as Barrister at La Cour d'Appel de Paris in 1990. He practised as Barrister-at-Law in Mauritius from 1982 to 1987. He started practice in Paris, France, and joined SCP J. C. Goldsmith & Associates, and thereafter SCP Azéma Sells both firms of lawyers at the Paris Bar. In 1995, he created his own Chambers in Paris exercising mainly in Business Law. In 1997 he participated in the setting up of the Chambers Fourmentin Le Quintrec Veerasamy et Associés, comprising now of 8 associates and dealing with litigation, arbitration and Business Law. He is also a member on the Comité Français d'Arbitrage and the Chambre de Commerce et d'Industrie France Maurice. Since 2014, he is based in Mauritius as partner of the French law firm and resuming his practice at the Mauritian Bar on a permanent basis.

Nationality: Mauritian Citizen

Residential address: Morcellement Providence sur Mer, Poste de Flacq, Mauritius

Directorships in other companies listed on the SEM:
- Ascencia Limited

Tommy Wong Yun Shing (50)
Executive Director - appointed Director 12 November 2014, Chief Finance Officer

A BSC graduate from the London School of Economics and fellow member of the Institute of Chartered Accountants of England and Wales, Tommy Wong Yun Shing acquired his working experience as a chartered accountant in UK with Deloitte before returning to Mauritius. As a partner in Deloitte Mauritius, he was in charge of the corporate finance department together with the auditing of some publicly listed companies and large corporations. In July 1998, he joined the Executive team of SUN to take over the responsibilities of finance, project studies and the group accounts. As Chief Finance Officer of the Group, he supervises all the finances, legal and treasury of the group as well as some operational responsibilities. Having been President of the Association des Hoteliers et Restaurateurs de l'île Maurice (AHRIM) previously, he is a Board member and acts as the treasurer and chairman of the finance committee.

Nationality: Mauritian Citizen

Residential address: 17, Oasis 1, Old Mill Road, Pereybere, Mauritius

Directorships in other companies listed on the SEM: none

14.2. Directors' Interests

The interests of the Directors in the stated capital of the Company (excluding treasury shares) as at 31 March 2017 are as follows:

	Direct interest		Indirect interest	
Directors	No. of shares	% held	No. of shares	% held
Jean-Pierre Dalais, Chairman	92,348	0.07%	15,000	0.01%
P. Arnaud Dalais	105,615	0.08%	20,551	0.02%
David Anderson	Nil	Nil	Nil	Nil
Thierry Dalais	Nil	Nil	Nil	Nil
L. J. Jérôme De Chasteauneuf	Nil	Nil	Nil	Nil
M. A. Louis Guimbeau	24,637	0.02%	1,974	0.00%
M. G. Didier Harel	Nil	Nil	Nil	Nil
Thierry Hugnin	348	0.00%	Nil	Nil
J. Harold Mayer	303,909	0.24%	4,840	0.00%
Naderasen Pillay Veerasamy	Nil	Nil	Nil	Nil
Tommy Wong Yun Shing	287,594	0.23%	4,056	0.00%

14.3. Directors' service contracts

The Chief Executive Officer, David Anderson, and the Chief Finance Officer, Tommy Wong Yun Shing, hold service contracts with the Company without expiry date.

As at the date of this document, there are no contracts of significance to which the Company, or one of its subsidiaries, was a party and in which a director was materially interested, either directly or indirectly.

14.4. Directors' remuneration and benefits

The total remuneration and benefits paid by the Company and its subsidiaries were as follows:

MUR000s	Company		Subsidiaries	
	Year ending 30 June 2017 Estimate	Year ended 30 June 2016	Year ending 30 June 2017 Estimate	Year ended 30 June 2016
Executive Directors (full time)	25,000	21,202	20,000	21,440
Non-Executive Directors	1,750	1,728	-	-

As at the date of this document, there are no arrangements under which a Director has waived or agreed to waive future emoluments.

14.5. Outstanding loans

At 31 March 2017, the Company had outstanding loans of MUR13,995,000 provided to Directors under the Executive Share Scheme. The loans are secured by a pledge of the shares issued under the scheme.

15. ADDITIONAL DISCLOSURES

15.1. Legal and arbitration proceedings

During the last 12 months, SUN was not a party to any legal or arbitration proceedings, outside the normal course of business, which have had or may have a significant effect on SUN's consolidated financial position.

15.2. Analysis of consolidated borrowings at 31 March 2017

At 31 March 2017:

- The debt securities of the SUN Group, consisting of listed bonds with varying maturities, amounted to MUR4.9 billion, all of which are secured;
- The other borrowings of the SUN Group, consisting of bank loans, amounted to MUR5.3 billion, of which MUR5.2 billion are secured and MUR0.1 billion are unsecured;
- SUN had provided corporate guarantees of MUR62 million in respect of bank facilities taken by subsidiaries;
- The SUN Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities would arise; and
- The total mortgages and charges of the SUN Group amounted to MUR11.2 billion

15.3. Commitment to subscribe agreement

A commitment to subscribe agreement has been signed between SUN, DICHL and Dentressangle Initiatives on 24 May 2017. Pursuant to this agreement, Dentressangle Initiatives, through DICHL, shall subscribe for or procure for the subscription of all New Ordinary Shares of SUN issued under the Rights Issue, with the exception of the shares issued to CIEL, and not taken up by the shareholders by the end of the rights subscription period. No fee is applicable.

15.4. Shareholders' agreement

CIEL, DICHL and Dentressangle Initiatives have agreed to enter into a shareholders' agreement, subject to completion of the Transaction and of various conditions precedent. The shareholders' agreement is to provide amongst other things for:

1. A number of usual reserved matters;
2. A new dividend policy, whereby, subject to a dividend not causing SUN financial duress, an annual dividend at least equal to the higher of (i) MUR1.95 per share and (ii) 50% of the consolidated net profit of SUN Group is to be distributed as from financial year ending 30 June 2019, as disclosed in Section 11.3 of the Prospectus;
3. A lock up period of 4 years from date of completion of the Transaction; and
4. Tag along and drag along rights.

16. EXTRACTS OF CONSTITUTION

The clauses below relate to the relevant sections of the Company's Constitution in relation to the rights attached to the securities being listed.

Article 5.2 Rights of existing shares

5.2.1 Each of the shares in paragraph 5.1 above will confer upon its holders the rights set out in Section 46(2) of The Act together with any other rights conferred by this constitution.

5.2.2 The rights conferred by Section 46(2) of The Act are the following:

5.2.2.1 the right to one vote on a poll at a meeting of the Company on any resolution;

5.2.2.2 the right to an equal share in dividends authorised by the Board; and

5.2.2.3 the right to an equal share in the distribution of surplus assets of the Company;

5.2.3 In the case of shares burdened with usufruct:

5.2.3.1 the right referred to under sub-paragraph 5.2.2.1 above shall belong either to the bare-owner or to the usufructuary in accordance with the provision of sub-paragraph 19.14.2 of paragraph 19.14 of Article 19;

5.2.3.2 the right referred to under sub-paragraph 5.2.2.2 above shall belong to the usufructuary; and

5.2.3.3 the surplus assets distributed under sub-paragraph 5.2.2.3 above shall belong to the bare-owner for the bare-ownership thereof and to the usufructuary for the usufruct thereof;

Article 5.3 Different classes of shares

Subject to paragraph 7.1 of Article 7 hereafter, the Company, may issue different classes of shares.

Article 5.4 Variation of class rights

If at any time the capital is divided into different classes of shares, the Company, in compliance with the provisions of Section 114 of The Act, shall not take any action which varies the rights attached to a class of shares unless the variation is approved by a special resolution or by consent in writing of the holders of seventy-five per cent (75%) of the shares of the said class. To any such meeting, all the provisions of this constitution relative to meetings of shareholders shall apply "mutatis mutandis".

Article 6 Redeemable shares

Where the issue has been approved by an ordinary resolution of the shareholders the Board may issue shares which are redeemable:

a) at the option of the Company; or
b) at the option of the holder of the share; or
c) at a specified date;

for a consideration that is:
a) specified; or
b) to be calculated by reference to a formula; or
c) required to be fixed by a suitably qualified person who is not associated with or interested in the Company.

Article 7 Issuing of further shares

7.1 Issuing of shares

The Board shall not issue further shares in the Company unless such issue has been approved by an ordinary resolution of the shareholders.

7.2 Rights of bare-owners and usufructuaries on issue of shares

Subject to sub-paragraph 14.2.2 of paragraph 14.2 of Article 14:-

a) Where the Board issues shares under paragraph 7.1 above in the form of a bonus issue following a reserve capitalisation, and, at the time such bonus issue is made, there are already issued shares in the Company which are burdened with usufruct, the bonus shares so issued shall be attributed in like manner to the bare-owner and usufructuary of the shares so burdened; and

b) Where the Board issues shares under paragraph 7.1 above for consideration, the shares so issued shall, where shares already issued in the Company at the time such issue is made are burdened with usufruct, be offered for subscription to the bare-owner of the shares so burdened so that, if the offer were accepted, the shares so subscribed would belong to the bare-owner for the full ownership. In case shares offered for subscription are not accepted within the prescribed time by the bare-owner or if an intimation is received from him declining such offer then the usufructuary may subscribe the shares so offered in full ownership.

7.3 Fractional shares

The Board may, with the approval of an ordinary resolution, issue fractions of shares which shall have corresponding fractional liabilities, limitations, preferences, privileges, qualifications, restrictions, rights and other attributes as those which relate to the whole share of the same class or series of shares.

Article 8 Pre-emptive rights

8.1 Pre-emptive rights on issue of shares

Shares issued or proposed to be issued by the Company that rank or would rank as to voting or distribution rights, or both, equally with or prior to shares already issued by the Company shall, unless otherwise provided in the resolution approving the issue under paragraph 7.1 above, be offered to the holders of shares already issued in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders in accordance with the provisions of Section 55(1) of The Act.

8.2 Time limit for acceptance

An offer under paragraph 8.1 shall remain open for acceptance for a reasonable time, which shall not be less than fourteen days.

8.3 Disposal of unwanted new shares

New shares offered to shareholders pursuant to paragraph 8.1 above and not accepted within the prescribed time or in respect of which an intimation is received from the person to whom the offer is made declining such offer may be disposed of by the Board in such manner as it thinks most beneficial to the Company.

Article 14 Distributions

14.1 Authorisation of distributions

Subject to the provisions of Section 61 of The Act and the other requirements thereof, the Board shall not authorise a distribution by the Company unless the distribution has been approved by an ordinary resolution of the shareholders.

14.2 Shares in lieu of dividends

14.2.1 Subject to the provisions of The Act, the Board may issue shares wholly or partly in lieu of a proposed dividend or proposed future dividends upon such terms as may have been approved by an ordinary resolution of the shareholders.

14.2.2 An issue of shares under preceding sub-paragraph 14.2.1 shall, where shares already issued at the time such fresh issue is made are burdened with usufruct, benefit the usufructuary of those shares to the exclusion of the bare-owner thereof.

Article 14.3 Power to capitalise

The Company in general meeting may, upon the recommendation of the directors, resolve, by way of ordinary resolution, that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution (and not required for the payment or provision of the fixed dividend on any share entitled to fixed preferential dividends) and accordingly that such sums be set free for distribution amongst the shareholders who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such shareholders respectively or paying up in full or in parts unissued shares or debentures of the Company to be allotted and distributed, credited as fully or partly paid up, as the case may be, to and amongst such shareholders in the proportion aforesaid or partly in the one way and partly in the other and the directors shall give effect to such resolution.

Article 15 Dividends

15.1 Deduction of unpaid calls

The Board may deduct from any dividend payable to any shareholder any sums of money due by such shareholder to the Company on account of calls or otherwise in relation to the shares on which such dividends are payable.

15.2 Payment by bank transfer, cheque or warrant

15.2.1 Any dividend, interest or other money payable in cash in respect of shares may be paid either by bank transfer or cheque or warrant.

15.2.2 In case of payment by bank transfer, such transfer shall be made to an account designated by the holder or, in the case of joint holders, to an account designated by the joint holders or by that one of the joint holders who is first named in the share register or, again, in the case of shares burdened with usufruct, to an account designated by the usufructuary of those shares or, in the case of joint usufructuaries, to an account designated by the joint usufructuaries or by that one of the joint usufructuaries who is first name in the share register.

15.2.3 In case of payment by cheque or warrant, such cheque or warrant shall be sent through the post to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named in the share register or to such person and to such address as the holder or joint holders may in writing director, again, in the case of shares burdened with usufruct, to the registered address of the usufructuary of those shares or, in the case of joint usufructuaries, to the registered address of that one of the joint usufructuaries who is first named in the share register. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

15.2.4 Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other money payable in respect of the shares held by them as joint holders.

15.3 No interest

No dividend shall bear interest against the Company.

15.4 Unclaimed dividends

All dividends unclaimed for one year after having been authorised may be invested or otherwise made use of by the Board for the benefit of the Company until claimed, and all dividends unclaimed for five years after having been declared may be forfeited by the Board for the benefit of the Company. The Board may, however, annul any such forfeiture and agree to pay to a claimant who produces evidence of entitlement to the Board's satisfaction the amount of its dividends forfeited unless in the opinion of the Board such payment would embarrass the Company.

15.5 Dividends on shares not fully paid up to be paid pro rata.

Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends on shares not fully paid up shall be authorised and paid in proportion to the amount paid to the Company in satisfaction of the liability of the shareholder to the Company in respect of the shares either under the constitution of the Company or pursuant to the terms of the shares. No amount paid or credited as paid on a share in advance of calls shall be treated for these purposes as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date that share shall rank for dividend accordingly.

Article 16 Acquisition of company's own share

In accordance with the provisions of Section 69 of The Act, the Company is authorised to purchase or otherwise acquire shares issued by it and to hold the acquired shares in accordance with Section 72 of The Act. Such purchase or other acquisition, as the case may be, may be made from some shareholders only.

Article 19 Proceedings at meetings of shareholders

19.7 Voting

19.7.1 Where a meeting of shareholders is held under paragraph 19.5(a) unless a poll is demanded, voting at the meeting shall be:

19.7.1.1 by voice; or

19.7.1.2 by show of hands

As determined by the chairperson.

19.7.2 Where a meeting of shareholders is held under paragraph 19.5(b), unless a poll is demanded, voting at the meeting shall be by the shareholders signifying individually their assent or dissent by voice.

19.7.3 A declaration by the chairperson of the meeting that a resolution is carried by the requisite majority shall be conclusive evidence of that fact, unless a poll is demanded in accordance with paragraph 19.7.4

19.7.4 At a meeting of shareholders, a poll may be demanded by –

19.7.4.1 not less than five shareholders having the right to vote at the meeting; or

19.7.4.2 a shareholder or shareholders representing not less than ten per cent (10%) of the total voting rights of all shareholders having the right to vote at the meeting; or

19.7.4.3 by a shareholder or shareholders holding shares in the Company that confer a right to vote at the meeting and on which the aggregate amount paid up is not less than ten per cent (10%) of the total amount paid up on all shares that confer that right; or

19.7.4.4 the chairperson of the meeting.

19.7.5 A poll may be demanded either before or after the vote is taken on a resolution.

Article 20 Management of company

20.1 Management

The business and affairs of the Company shall be managed by, or be under the direction or supervision of a board of directors (referred to as "the Board" in this constitution).

20.2 Powers

The Board shall have all the powers necessary for managing, directing and supervising the management of the business and affairs of the Company.

20.3 Limitations

Paragraphs 20.1 and 20.2 shall be subject to any modifications, adaptations, exceptions, or limitations contained in The Act or in this constitution.

20.4 Resolutions binding

Resolutions of shareholders which made recommendations to the Board on matters affecting the management of the Company as provided for by Section 107(2) of The Act shall be binding on the Board only if carried as special resolutions.

Article 21 Appointment and removal of directors

21.1 Number of directors

The minimum number of directors shall be eight and the maximum shall be fourteen.

21.3 Appointment and removal

Sections 135, 137 and 138 of The Act are qualified as follows:

a) The directors of the Company shall be such person or persons as may from time to time be appointed either by the shareholders by ordinary resolution or by notice in writing to the Company signed by the holder or holders of a majority of the shares in the capital of the Company but so that the total number of directors shall not at any time exceed the maximum number, provided by paragraph 21.1.

The actual directors of the Company shall remain in office until they are removed or until their office becomes otherwise vacant under this constitution or The Act:

Every Director shall hold office subject to the provisions of the constitution and may at any time be removed from office by ordinary resolution of the shareholders or by notice in writing to the Company signed as aforesaid. Directors may be appointed individually or together unless the shareholders by ordinary resolution require any director's appointment to be voted on individually.

b) The Board shall have power at any time and from time to time to appoint any person to be a director to fill a casual vacancy. Any director so appointed shall hold office only until the next following annual meeting and shall then retire but shall be eligible for appointment at that meeting.

Article 25 Directors' indemnity and remuneration

25.1 Indemnity authorised

The Company is hereby expressly authorised to indemnify and/or insure any director or employee against liability for acts or omissions and/or costs incurred in connection with claims relating thereto provided such acts or omission and/or costs are of the type specifically contemplated by subsections (3), (4) and (6) of Section 161 of The Act and provided further that such indemnity or insurance does not exceed the maximum extent permitted by those subsections.

25.2 Director's remuneration

Subject to Section 159(5) to (10) of The Act the Board may with the prior approval of an ordinary resolution authorise:

a) the payment of remuneration or the provision of other benefits by the Company to a director for services as a director or in any other capacity;

b) the payment by the Company to a director or former director of compensation for loss of office; and

c) the entering into of a contract to do any of the things set out in paragraphs (a) and (b) above.

25.3 Director's gratuities

25.3.1 Subject to the provisions of Section 159 of The Act, the Board on behalf of the Company may:

25.3.1.1 pay a gratuity or pension or allowance on retirement to any director of the Company or in the case of a director's death to his spouse or dependants; and

25.3.1.2 make contributions to any fund and pay premiums for the purchase or provision of any such retirement benefit.

25.3.2 The amount so paid or used as a base for calculating any such benefit shall not, without the sanction of an ordinary resolution of shareholders, exceed the total remuneration paid by the Company to such director as a director in respect of any three financial years selected by the Board during which he was a director. All such benefits paid or payable shall be in addition to normal amounts or benefits paid or payable to any such director from any superannuation scheme established by the Company or any of its subsidiaries.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of SUN from 20 July to 10 August 2017, during normal working hours:

- This Prospectus, deemed to be Listing Particulars pursuant to the Listing Rules of the SEM;
- The Constitution;
- The commitment to subscribe agreement;
- SUN's audited financial statements and annual reports for the year ended 30 June 2016, the 18 months ended 30 June 2015 and the year ended 31 December 2013; and
- SUN's unaudited financial statements for the 8 months to 28 February 2017 and for the 9 months to 31 March 2017.

BDO & Co, the independent auditors, have provided a report, dated 25 April 2017, for incorporation in the Prospectus. This report is set out in Section 18.

The auditors have given their written consent to include their report, in the form and context in which it appears, in the Prospectus, and have not withdrawn their consent as at the date of the Prospectus. The auditors' report has been filed with the FSC and the SEM.

18. FINANCIAL INFORMATION

18.1. Auditor's report

GrpA/0495/pr

April 25, 2017

The Board of Directors
Sun Limited
2nd Floor, Ebene Skies,
Rue de L'institut
EBENE

Dear Sirs

We report on the historical financial information set out in section 18 of the Prospectus. This report, for which we accept full responsibility, has been prepared for inclusion in the Prospectus of Sun Limited ("the Issuer"), in relation to the Rights Issue of up to 19,129,924 new ordinary shares and Private Placement of up to 28,684,380 new ordinary shares at an issue price of MUR 39.00 per share.

Basis of preparation

The financial information is based on the following:

- Audited consolidated financial statements of Sun Limited for the year ended 30 June 2016, period ended 30 June 2015 and year ended 31 December 2013;
- Unaudited consolidated statement of financial position of Sun Limited at 28 February 2017 and statement of profit or loss, statement of comprehensive income and statement of changes in equity for the eight months ended 28 February 2017.

Responsibilities

The Directors of Sun Limited are responsible for preparing the financial information on the basis of preparation set out in the significant accounting policies and accounting judgements and key sources of estimation uncertainty and in accordance with International Financial Reporting Standards.

Scope of audit for the year ended 30 June 2016, period ended 30 June 2015 and year ended 31 December 2013

We conducted our audits in accordance with International Standards on Auditing. Our responsibility is to express an opinion on the historical financial information included in the standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the abovementioned Financial Statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

Scope of review for the eight months ended 28 February 2017

We conducted our review of the historical financial information for the eight months ended 28 February 2017 in accordance with the procedures described in International Standard on Review *Engagements ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity.*

A review of historical financial information consists of making inquiries, primarily of people responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the eight months ended 28 February 2017

Statement of independence

During the three periods ended 31 December 2013, 30 June 2015 and 30 June 2016, and the eight months ended 28 February 2017, we have not been an associate, as defined in the Listing Rules, of any directors or of any shareholders holding more that 5% of the issued share capital of the Issuer.

We have been the statutory auditors of Sun Limited for the period ended 30 June 2015 and year ended 30 June 2016. The financial statements for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on these financial statements.

Opinion on the historical financial information

In our opinion, the historical financial information gives, for the purpose of the Prospectus, a true and fair view of the financial position of Sun Limited and its subsidiaries (the "Group") and its financial performance and its cash flows for each of the periods ended 30 June 2015 and 30 June 2016, in accordance with International Financial Reporting Standards and accounting policies used in the Issuer's audited financial statements underlying the historical financial information. The historical financial statements for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on these financial statements.

Further, based on our review, nothing has come to our attention that causes us to believe that the historical financial information of the Group for the eight months ended 28 February 2017 is not fairly presented, in all material respects, in accordance with the recognition and measurement requirements of International Financial Reporting Standards.

Consent

We consent to the inclusion in this report in the Prospectus in the form and context in which it appears and such consent have not been withdrawn prior to the approval of the Prospectus. We confirm that since our last audit report dated September 28, 2016, we are not aware of any matters which could affect the validity of our report.

BDO & CO

BDO & CO
Chartered Accountants

18.2. Financial statements

AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Audited	Audited	Audited
		Restated	
	30 June 2016	30 June 2015	31 December 2013
	Rs'000	Rs'000	Rs'000
ASSETS			
Non-current assets			
Property, plant and equipment	**15,883,066**	14,805,789	9,765,724
Operating equipment	**100,099**	104,568	147,980
Intangible assets	**2,050,820**	1,991,801	1,521,158
Interest in associates	**808,293**	815,092	-
Other investments	**5,550**	5,550	10,591
Leasehold rights and land prepayments	**396,471**	408,097	198,737
Other financial assets	**90,011**	129,702	165,876
	19,334,310	18,260,599	11,810,066
Current assets			
Inventories	**197,294**	192,139	248,698
Trade and other receivables	**1,060,752**	644,192	772,506
Cash and short term deposits	**434,839**	317,008	255,143
	1,692,885	1,153,339	1,276,347
TOTAL ASSETS	**21,027,195**	19,413,938	13,086,413
EQUITY AND LIABILITIES			
Capital and reserves (attributable to owners of the parent)			
Stated capital	**1,467,308**	1,467,308	1,133,974
Share premium	**1,781,979**	1,781,979	921,994
Reserves	**3,055,518**	3,009,386	1,804,685
Retained profits	**2,976,828**	3,315,976	2,939,562
	9,281,633	9,574,649	6,800,215
Treasury shares	**(1,432,030)**	(1,432,030)	(1,422,238)
Equity attributable to owners of the Parent	**7,849,603**	8,142,619	5,377,977
Non-controlling interests	**796,489**	861,667	1,773
TOTAL EQUITY	**8,646,092**	9,004,286	5,379,750
LIABILITIES			
Non-current liabilities			
Borrowings	**3,792,914**	4,344,350	3,796,198
Deferred tax liability	**655,566**	865,518	532,099
Employee benefit liability	**264,592**	190,056	113,593
	4,713,072	5,399,924	4,441,890
Current liabilities			
Borrowings	**5,973,272**	3,009,393	2,001,061
Trade and other payables	**1,691,348**	1,999,315	1,253,850
Current tax liability	**3,411**	1,020	9,862
	7,668,031	5,009,728	3,264,773
TOTAL LIABILITIES	**12,381,103**	10,409,652	7,706,663
TOTAL EQUITY AND LIABILITIES	**21,027,195**	19,413,938	13,086,413

AUDITED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2016

	Audited	Audited	Audited
	Year ended 30 June 2016	Restated 18 months ended 30 June 2015	Year ended 31 December 2013
	Rs'000	Rs'000	Rs'000
Continuing operations			
Revenue	**4,989,237**	6,174,276	**4,038,084**
Other operating income	**63,930**	129,804	**41,930**
Total revenue	**5,053,167**	6,304,080	**4,080,014**
Direct costs	**1,125,823**	1,425,278	**855,598**
Employee benefits	**1,531,735**	2,012,974	**1,302,444**
Other operating costs	**1,617,820**	1,912,964	**1,305,134**
	4,275,378	5,351,216	**3,463,176**
Earnings before interest, tax, depreciation and amortisation	**777,789**	952,864	**616,838**
Depreciation and amortisation	**(356,894)**	(490,663)	**(313,325)**
Operating profit	**420,895**	462,201	**303,513**
Finance costs	**(457,453)**	(462,998)	**(353,167)**
Finance income	**10,527**	11,227	**5,708**
Share of results of associates	**(6,799)**	27,948	-
(Loss)/profit before tax and exceptional items	**(32,830)**	38,378	**(43,946)**
Fair value gain on business combination	-	604,500	-
Closure, marketing launch, restructuring, branding and transaction costs	**(534,208)**	(265,249)	-
(Loss)/profit before tax	**(567,038)**	377,629	**(43,946)**
Income tax credit	**197,577**	27,623	**12,097**
(Loss)/profit for the year/period	**(369,461)**	405,252	**(31,849)**
(Loss)/profit attributable to:			
Owners of the Company	**(300,353)**	416,044	**(31,849)**
Non-controlling interests	**(69,108)**	(10,792)	-
	(369,461)	405,252	**(31,849)**

AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Audited	Audited	Audited
	Year ended 30 June	Restated 18 months ended 30 June	Year ended 31 December
	2016	2015	2013
	Rs'000	Rs'000	Rs'000
(Loss)/profit for the year/period	**(369,461)**	405,252	(31,849)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment, net of deferred tax	**-**	747,305	-
Share of other comprehensive income of associate	**-**	(17,178)	-
Movement in retirement benefit obligations	**(47,320)**	(25,933)	(55,431)
Deferred tax on retirement benefit obligations	**7,098**	3,890	8,315
	(40,222)	708,084	(47,116)
Items that may be reclassified subsequently to profit or loss:			
Differences arising on retranslation of foreign operations	**19,505**	160,682	(7,104)
Differences arising on retranslation of goodwill	**32,710**	247,627	(13,927)
Release to income on disposal of investments	**-**	(2,040)	-
Revaluation of other investments	**-**	(1)	(211)
Cash flow hedges	**(726)**	56,255	7,448
	51,489	462,523	(13,794)
Other comprehensive income for the year/period, net of tax	**11,267**	1,170,607	(60,910)
Total comprehensive income for the year/period	**(358,194)**	1,575,859	(92,759)
Total comprehensive income attributable to:			
Owners of the Company	**(293,016)**	1,581,115	(92,759)
Non-controlling interests	**(65,178)**	(5,256)	-
	(358,194)	1,575,859	(92,759)

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Audited									
	Attributable to owners of the Company									
	Stated capital	Share premium	Property & investment revaluation reserve	Foreign currency transla-tion reserve	Cash flow hedging reserve	Retained profits	Total	Treasury shares	Non-con-trolling interests	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2015										
- as previously reported	1,467,308	1,781,979	2,527,500	454,606	27,280	3,226,114	9,484,787	(1,432,030)	861,667	8,914,424
- prior year adjustment	-	-	-	-	-	89,862	89,862	-	-	89,862
- as restated	1,467,308	1,781,979	2,527,500	454,606	27,280	3,315,976	9,574,649	(1,432,030)	861,667	9,004,286
Loss for the year	-	-	-	-	-	(300,353)	(300,353)	-	(69,108)	(369,461)
Other comprehensive income for the year	-	-	-	52,215	(6,083)	(38,795)	7,337	-	3,930	11,267
Total comprehensive income for the year	-	-	-	52,215	(6,083)	(339,148)	(293,016)	-	(65,178)	(358,194)
At 30 June 2016	**1,467,308**	**1,781,979**	**2,527,500**	**506,821**	**21,197**	**2,976,828**	**9,281,633**	**(1,432,030)**	**796,489**	**8,646,092**
At 1 January 2014	1,133,974	921,994	1,787,363	46,297	(28,975)	2,939,562	6,800,215	(1,422,238)	1,773	5,379,750
Profit/(loss) for the period	-	-	-	-	-	416,044	416,044	-	(10,792)	405,252
Other comprehensive income for the period	-	-	740,137	408,309	38,886	(22,261)	1,165,071	-	5,536	1,170,607
Total comprehensive income for the period	-	-	740,137	408,309	38,886	393,783	1,581,115	-	(5,256)	1,575,859
Issue of shares, net of transaction costs	333,334	859,985	-	-	-	-	1,193,319	-	-	1,193,319
Purchase of treasury shares	-	-	-	-	-	-	-	(9,792)	-	(9,792)
Transfer to retained earnings	-	-	-	-	17,369	(17,369)	-	-	-	-
Issue of shares to non-controlling interest	-	-	-	-	-	-	-	-	865,150	865,150
Total transactions with owners of the parent	333,334	859,985	-	-	17,369	(17,369)	1,193,319	(9,792)	865,150	2,048,677
At 30 June 2015	1,467,308	1,781,979	2,527,500	454,606	27,280	3,315,976	9,574,649	(1,432,030)	861,667	9,004,286
At 1 January 2013	1,133,974	921,994	1,787,574	67,328	(36,423)	3,018,527	6,892,974	(1,422,238)	1,773	5,472,509
Loss for the year	-	-	-	-	-	(31,849)	(31,849)	-	-	(31,849)
Other comprehensive income for the year	-	-	(211)	(21,031)	7,448	(47,116)	(60,910)	-	-	(60,910)
Total comprehensive income for the year	-	-	(211)	(21,031)	7,448	(78,965)	(92,759)	-	-	(92,759)
At 31 December 2013	1,133,974	921,994	1,787,363	46,297	(28,975)	2,939,562	6,800,215	(1,422,238)	1,773	5,379,750

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 28 FEBRUARY 2017

	28 February 2017
	Rs'000
ASSETS	
Non-current assets	
Property, plant and equipment	16,797,933
Operating equipment	88,038
Intangible assets	2,073,186
Interest in associates	806,358
Other investments	5,550
Leasehold rights and land prepayments	388,187
Other financial assets	68,480
	20,227,732
Current assets	
Inventories	234,645
Trade and other receivables	1,219,872
Cash and short term deposits	548,899
	2,003,416
TOTAL ASSETS	22,231,148
EQUITY AND LIABILITIES	
Capital and reserves (attributable to owners of the parent)	
Stated capital	1,467,308
Share premium	1,781,979
Reserves	3,082,489
Retained profits	3,027,293
	9,359,069
Treasury shares	(1,432,030)
Equity attributable to owners of the Parent	7,927,039
Non-controlling interests	813,110
TOTAL EQUITY	8,740,149
LIABILITIES	
Non-current liabilities	
Borrowings	9,332,074
Deferred tax liability	651,111
Employee benefit liability	313,547
	10,296,732
Current liabilities	
Borrowings	1,351,099
Trade and other payables	1,839,822
Current tax liability	3,346
	3,194,267
TOTAL LIABILITIES	13,490,999
TOTAL EQUITY AND LIABILITIES	22,231,148

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE EIGHT MONTHS ENDED 28 FEBRUARY 2017

	8 months ended 28 February 2017 Rs'000
Continuing operations	
Revenue	4,172,224
Other operating income	30,552
Total revenue	4,202,776
Direct costs	898,359
Employee benefits	1,179,932
Other operating costs	1,282,489
	3,360,780
Earnings before interest, tax, depreciation and amortisation	841,996
Depreciation and amortisation	(296,384)
Operating profit	545,612
Finance costs	(323,021)
Finance income	8,381
Share of results of associates	(1,935)
Profit before tax and exceptional items	229,037
Closure and marketing launch	(124,138)
Profit before tax	104,899
Income tax credit	(23,196)
Profit for the period	81,703
Profit attributable to:	
Owners of the Company	75,036
Non-controlling interests	6,667
	81,703

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE EIGHT MONTHS ENDED 28 FEBRUARY 2017

	8 months ended 28 February 2017
	Rs'000
Profit for the period	81,703
Other comprehensive income	
Items that will not be reclassified to profit or loss:	
Movement in retirement benefit obligations, net of deferred tax	(24,383)
Items that may be reclassified subsequently to profit or loss:	
Differences arising on retranslation of foreign operations	(12,825)
Differences arising on retranslation of goodwill	(2,736)
Cash flow hedges	52,298
	36,737
Other comprehensive income for the period, net of tax	12,354
Total comprehensive income for the period	94,057
Total comprehensive income attributable to:	
Owners of the Company	77,436
Non-controlling interests	16,621
	94,057

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE EIGHT MONTH ENDED 28 FEBRUARY 2017

	Attributable to owners of the Company									
	Stated capital	**Share premium**	**Property & investment revaluation reserve**	**Foreign currency translation reserve**	**Cash flow hedging reserve**	**Retained profits**	**Total**	**Treasury shares**	**Non-controlling interests**	**Total equity**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2016	1,467,308	1,781,979	2,527,500	506,821	21,197	2,976,828	9,281,633	(1,432,030)	796,489	8,646,092
Profit for the period	-	-	-	-	-	75,036	75,036	-	6,667	81,703
Other comprehensive income for the period	-	-	-	(15,561)	42,532	(24,571)	2,400	-	9,954	12,354
Total comprehensive income for the period	-	-	-	(15,561)	42,532	50,465	77,436	-	16,621	94,057
At 28 February 2017	**1,467,308**	**1,781,979**	**2,527,500**	**491,260**	**63,729**	**3,027,293**	**9,359,069**	**(1,432,030)**	**813,110**	**8,740,149**

18.3. Significant accounting policies for the period ended 28 February 2017

18.3.1 Basis of preparation

The unaudited financial information for the eight months ended 28 February 2017 have been prepared in compliance with International Financial Reporting Standards (IFRSs) using the same accounting policies as for the audited financial statements for the year ended 30 June 2016, except for the adoption of relevant amendments to existing standards, new published standards and interpretations issued which are now effective. The significant accounting policies have been set out below.

18.3.2 Basis of consolidation

The financial statements of the Group comprise of the financial statements of Sun Limited and its subsidiaries as at 30 June 2016.

Subsidiaries are all entities (including structured 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 of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full. Unrealised losses are also eliminated. Appropriate adjustments are made to the consolidated financial statements where a member of the group uses accounting policies other than those adopted by the Group.

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 interests' 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 profit or loss as a bargain purchase gain.

Transactions with non-controlling interests

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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.

18.3.3 Property, plant and equipment

Property, plant and equipment, except for freehold land and buildings and site improvement are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Freehold land is stated at revalued amounts and buildings are stated at revalued amounts less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at each financial year end. It is the Group's policy to revalue its freehold land and buildings at least every three years. The basis used is open market value and independent valuers are used for such exercises. Any revaluation surplus is credited to other comprehensive income, except to the extent that it reverses a revaluation deficit for the same asset previously recognised in profit or loss, in which case the surplus is credited to profit or loss to the extent of the deficit previously charged. A decrease in an asset's carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to the retained earnings.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land and capital work in progress are not depreciated.

It is the Group's policy to maintain its buildings in a continued state of sound repair, such that their value is not significantly diminished by the passage of time or usage. Accordingly, in estimating the residual values, the Group has assessed the value of the building at the end of their useful life based on today's rate and this exercise is done by an independent valuer. Therefore, buildings are depreciated on a straight line basis to their estimated residual values over their estimated useful lives.

Leasehold land improvements are depreciated over the shorter of their useful life and the lease period. On other property, plant and equipment, depreciation is calculated on a straight line basis to write off their depreciable amounts (cost less residual value) over their estimated useful lives.

The annual rates are as follows:-

Buildings	2.5% to 4%
Plant and Machinery	10% to 15%
Hotel furniture and soft furnishings	10% to 15%
Motor vehicles and boats	20%
Computers and telecommunication equipment	25% to 33%

The gain or loss arising on the disposal or retirement of an item (or part of an item) of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the item (or part of the item, as applicable) and is recognised in profit or loss.

Work in progress is valued at the cost of the project. Costs include an appropriate portion of fixed and variable overhead expenses.

18.3.4 Leased assets

Accounting for leases – where Group is the lessee

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Depreciation on the assets under finance leases is in accordance with the policy stated above and is charged to profit or loss.

Leasehold land upfront payments to acquire long-term leasehold interest in property are treated as prepayments and are amortised over the period of the leases.

Periodic payments made under operating leases are charged to profit or loss during the period in which they are incurred.

18.3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

18.3.6 Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Group and/or the Company have become party to the contractual provisions of the financial instruments.

Except where stated separately, the carrying amounts of the Group's and the Company's financial instruments approximate their fair values. These instruments are measured as set out below:-

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Financial assets

(a) Financial assets 'at fair value through profit or loss' ("FVTPL")

Financial assets are classified as at FVTPL where the financial assets are either held for trading or are designated upon initial recognition at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group and/or the Company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

(b) Available-for-sale ("AFS") financial assets

Listed shares held by the Group and the Company that are traded in an active market are classified as being AFS and are stated at fair value, based on current bid prices. The Group also has investments in unlisted shares that are not traded in an active market but are also classified as AFS financial assets and stated at cost less any identified impairment losses since their fair value cannot be reliably measured.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest income calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. For AFS that are not monetary items, the gain or loss that is recognised in other comprehensive income includes any related foreign exchange component.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's and/or the Company's right to receive the dividend is established.

(c) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be insignificant.

(d) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

*(e) Derecognition of financial asset*s

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Financial liabilities and equity instruments issued by the Group

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

(d) Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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

(e) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each financial year end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unquoted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets classified as AFS, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

18.3.7 Interest in subsidiaries

In the Company's separate financial statements, interest in subsidiaries are treated as available-for-sale financial assets and, therefore, are carried at fair value. The valuation of a subsidiary on a net asset basis or latest transaction price is periodically updated to reflect fair value.

18.3.8 Investment in associates

Separate financial statements of the investor
In the separate financial statements of the investor, 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 (see below). Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the group's share of the 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 the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

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

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

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

If the ownership 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.

18.3.9 Intangible assets

Pre-operational costs, marketing launch costs and expenses incurred during renovation and extension works and hotel redevelopments are written off to profit or loss in the period in which they are incurred.

Goodwill arising on the acquisition of subsidiaries is initially measured at its cost, being the excess of cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities and is subsequently reassessed at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Computer software is depreciated on a straight line basis to write off the depreciable amounts (cost less residual value) over its estimated useful life of 4 years.

18.3.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost basis. Net realisable value is determined based on the estimated selling price in the ordinary course of business less any estimated costs associated with the sale.

18.3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax are calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

18.3.12 Revenue

Group revenue is measured at the fair value of the consideration received or receivable and represents income derived from hotel operations, golf, trading activities and margins from tour operators. Intragroup transactions have been excluded and all revenues are net of value added tax. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific criteria must also be met:

(i) Sale of goods and services

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and upon consumption and customer acceptance, if any, or performance of services, net of value added taxes and discounts, and after eliminating sales within the Group. The Group and Company's turnover reflects the invoiced values derived from hotel operations.

(ii) Other revenues

Other revenues earned by the Group and the Company are recognised on the following basis:

- Interest income – on a time basis (taking into account the effective yield on the asset) unless collectibility is in doubt.
- Dividend income - when the shareholder's right to receive payment is established.
- Sale of Invest Hotel Scheme (IHS) rooms – Revenue on sale of IHS rooms is recognised when there is legal transfer of ownership and customer acceptance.

18.3.13 Foreign currency

The individual financial statements of the Group's entities are presented in the currency of the primary economic environment in which the entity operates, known as the functional currency. For the purpose of the financial statements, the results and financial position of each entity are expressed in Mauritian rupee, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Mauritian Rupee using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

18.3.14 Employee benefits

(a) Career Average Revalued Earnings (CARE)

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. 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 benefit 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.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "Employee Benefits". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(b) Other retirement benefits

The present value of other retirement benefits in respect of the Employments Rights Act 2008 is recognised in the statement of financial position as a non-current liability. Actuarial gain or losses are recognised using the same policy as described in note 18.3.14 (a) above.

(c) State plan

Contributions to the National Pension Scheme are charged to profit or loss in the period in which they fall due.

18.3.15 Impairment of tangible and intangible assets excluding goodwill

At each financial year end, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

18.3.16 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

18.3.17 Derivative financial instruments

The Group and the Company enter into a variety of derivative financial instruments to manage their exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges on interest rate swap, hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

18.3.18 Hedge accounting

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

Where there is a hedging relationship between a hedge instrument and a related item being hedged, the hedging instrument is measured at fair value. The treatment of any resultant gains and losses is set out below.

Cash Flow Hedge
Where a financial instrument hedges the exposure to variability in the cash flows of anticipated transactions or firm commitments, the effective part of any gain or loss on remeasurement of the hedging instrument is recognised directly in other comprehensive income. The ineffective part of any gain or loss is recognised in profit or loss.

The cumulative gain or loss recognised in equity is transferred to profit or loss at the same time that the hedged transaction affects net profit or loss and included in the same line item as the hedged transaction. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in profit or loss immediately.

18.3.19 Cash and cash equivalents

Cash and short-term deposits in the statements of financial position comprise of cash at banks and in hand. For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

18.3.20 Segmental reporting

The Group presents segmental information using business segments as its primary reporting format and geographical segments as its secondary reporting format. This is based on the internal management and financial reporting systems and reflects the risks and earnings structure of the Group. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

18.3.21 Operating equipment

Operating equipment is shown at cost less amounts written off for usage, breakages and losses. Effective 1 January 2015, the Group decided to expense all operating equipment in profit and loss.

18.3.22 Stated capital

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

(b) Treasury shares
Where the Company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such shares are reissued, any net consideration received, is included in equity attributable to the Company's equity holders.

18.3.23 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

18.4. Accounting judgements and key sources of estimation uncertainty for the period ended 28 February 2017

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

18.4.1 Critical judgements in applying accounting policies

(i) Determination of functional currency of the Group entities

The determination of the functional currency of the Group's entities is critical since the way in which every transaction is recorded and whether exchange differences arising are dependent on the functional currency selected. In making this judgement, the Directors have considered the currencies in which revenue is received, the currency of the country whose competitive forces and regulations matter, the currencies in which labour, material and other costs are settled, the currencies in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. The Directors have determined that the functional currency of the Company and its local subsidiaries is the Mauritian rupee. The choice of the functional currency of the foreign subsidiaries has been based on factors such as the primary economic environment in which each party operates, the currency that mainly influences revenues, costs of goods and services and labour costs.

(ii) Recognition of revenue on sale of Invest Hotel Scheme ("IHS") rooms

Management has considered the detailed criteria for the recognition of revenue on sale of IHS rooms set out in International Accounting Standard 18 - Revenue (IAS 18), International Accounting Standard 11 – Construction contracts and IFRIC 15 – Agreements for the Construction of Real estates. Based on those criteria, management is satisfied that revenue on sale of IHS rooms is recognised under IAS 18.

18.4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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 in the following pages.

(iii) Useful lives and residual values of property, plant and equipment, including buildings

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The depreciation of buildings is dependent on the estimations of the useful lives and residual values of the buildings, which have been made by the Group and the Company based on the report of an independent professional valuer.

(iv) Carrying amount of goodwill

The Group carries out the test for impairment of goodwill periodically, but at least on an annual basis, for the determination of the carrying amount of goodwill. This exercise requires an estimation of the "value in use" of the cash generating units to which goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cashflows from the generating unit and also to choose a suitable discount rate in order to compute the present value of future cashflows. As at 28 February 2017, the carrying amount of goodwill for the Group amounted to Rs 1.978 billion (30 June 2016: Rs 1.981 billion, 30 June 2015: Rs 1.948 billion and 31 December 2013: Rs 1.477 billion) which mainly include goodwill arising on operations in Maldives and Mauritius. The Directors have reviewed the carrying value of goodwill and are of the opinion that at the periods end, the carrying value has not suffered any impairment loss.

(v) Employee benefit liability

The cost of defined benefit pension plans and related provisions requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates in respect of inter alia, discount rate, expected returns on plan assets, future salary increases, mortality rate and future pension increases. Due to long term nature of these plans, such estimates are subject to significant uncertainty. Any changes in the assumptions regarding the estimates will impact the carrying amount of the pension obligation.

(vi) Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of the receivables, continuing credit evaluation of the customer's financial conditions. Provisions are recorded when the Group and the Company's becomes aware of the customer's inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

(vii) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(viii) Revaluation of property, plant and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at 30 June 2015.

(ix) 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 were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on 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.

(x) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Group using valuation techniques including earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(xi) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

19. NOTICE OF SPECIAL MEETING TO THE SHAREHOLDERS OF SUN LIMITED

Notice is hereby given that a Special Meeting ("the Meeting") of the shareholders of Sun Limited ("the Company") will be held on **22 June 2017 at 10:00 hours at Hennessy Park Hotel, Ebony Conference Room, 65 Cybercity, Ebène,** for the purpose of considering, and if thought fit, passing the following resolutions:

RESOLUTION NUMBER ONE – CONVERSION OF ORDINARY SHARES TO NO PAR VALUE SHARES - TO BE VOTED AS A SPECIAL RESOLUTION
"**THAT**, pursuant to section 47(3) of the Companies Act 2001 and subject to the adoption of all other Resolutions set out in this notice, each of the existing fully-paid ordinary share of Ten Rupees (MUR 10.00) in the share capital of the Company, be converted to ordinary shares of no par value."

RESOLUTION NUMBER TWO - RIGHTS ISSUE – TO BE VOTED AS AN ORDINARY RESOLUTION
"Subject to Resolutions Number One and Three, as appearing on the present notice, being validly passed, **THAT** the Board of Directors of the Company be authorised to issue up to a maximum of NINETEEN MILLION ONE HUNDRED AND TWENTY NINE THOUSAND NINE HUNDRED AND TWENTY FOUR (19,129,924) new ordinary shares at an issue price of THIRTY NINE RUPEES (MUR 39.00) per share, ranking *pari passu* in all respects with the existing ordinary shares in the capital of the Company and to offer, by way of a rights issue (the "Rights Issue"), such shares in the first instance to the holders of the existing ordinary shares registered as at the close of business on 12 July 2017 in the proportion of 0.1511 new ordinary share for every ordinary share held by them, rounded down to the nearest integer when fractions occur, on such date and on such terms and conditions as the Board of Directors shall determine, **THAT** such new shares be listed on the Official Market of the Stock Exchange of Mauritius Ltd upon their issue and **THAT** DI CIRNE HLT Ltd, a wholly-owned Mauritian incorporated subsidiary of Dentressangle Initiatives SAS, be authorised to subscribe for all new ordinary shares issued which have not been subscribed for under the Rights Issue."

RESOLUTION NUMBER THREE – PRIVATE PLACEMENT – TO BE VOTED AS AN ORDINARY RESOLUTION
"Subject to Resolutions Number One and Two, as appearing on the present notice, being validly passed, **THAT**, the Board of Directors of the Company be authorised to issue up to TWENTY EIGHT MILLION SIX HUNDRED AND EIGHTY FOUR THOUSAND THREE HUNDRED AND EIGHTY (28,684,380) new ordinary shares at an issue price of THIRTY NINE RUPEES (MUR 39.00) per share by way of private placement (the "Private Placement"), **THAT** the pre-emptive rights of the existing shareholders be waived as regards the Private Placement, **THAT** the Private Placement be entirely issued to DI CIRNE HLT Ltd, and **THAT** such new shares be listed on the Official Market of the Stock Exchange of Mauritius Ltd upon their issue, ranking *pari passu* with the existing ordinary shares of the Company."

RESOLUTION NUMBER FOUR – ALTERATION OF THE CONSTITUTION - TO BE VOTED AS A SPECIAL RESOLUTION
"Subject to Resolutions Number One, Two and Three, as appearing on the present notice, being validly passed, subject to the completion of the Rights Issue and the Private Placement and pursuant to section 44(2) of the Companies Act 2001, **THAT** the constitution of the Company be altered by repealing paragraph 5.1 of Article 5 and replacing it by the following new paragraph:

5.1. Issue of Shares
The Company, has on issue, as at date of the constitution, 194,545,072 ordinary shares of no par value, of which 20,118,546 are held as treasury shares, each, having the rights set out in paragraph 5.2 below."

RESOLUTION NUMBER FIVE - APPOINTMENT OF DIRECTOR – TO BE VOTED AS AN ORDINARY RESOLUTION
"**THAT** Mr. Thierry Dalais*, who has been nominated by the Board of Directors on 13 February 2017 following the resignation of Mr. G. Christian Dalais, be appointed Director of the Company until the next Annual Meeting of the shareholders of the Company."

By Order of the Board

Clothilde de Comarmond, ACIS
Per CIEL Corporate Services Ltd
Company Secretary

26 May 2017

Notes:
(i) A shareholder of the Company entitled to attend and vote at the Meeting may appoint a proxy, whether a member or not, to attend and vote in his/her stead. A proxy need not be a member of the Company.
(ii) Proxy forms should be deposited at the Share Registry and Transfer Office of the Company, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not less than twenty-four hours before the start of the Meeting, and in default, the instrument of proxy shall not be treated as valid.
(iii) A proxy form is attached to the present Notice of Meeting and is also available at the Registered Office of the Company, 5th Floor, Ebène Skies, rue de l'Institut, Ebène.
(iv) For the purpose of the Meeting, the shareholders who are entitled to receive notice and vote at the Meeting, shall be those shareholders whose names are registered in the share register of the Company as at 24 May 2017.

* Please refer to section 14.1 of the Prospectus – Directors' names and profiles.

20. PROXY FORM – SPECIAL MEETING OF THE SHAREHOLDERS OF SUN LIMITED

I/We ……

of ……

being shareholder(s) of Sun Limited ("the Company") do hereby appoint ……………………………………………………………

……

of ……

or, failing him/her ……

of ……

or, failing him/her, the Chairman of the meeting as my/our proxy to represent me/us and vote for me/us and on my/our behalf at the Special Meeting of the shareholders of the Company ("the Meeting") to be held on **22 June 2017 at 10:00 hours at Hennessy Park Hotel, Ebony Conference Room, 65 Cybercity, Ebène** to transact, and at any adjournment thereof, the following business.

I/We direct my/our proxy to vote in the following manner (Please vote with a tick).

RESOLUTIONS	FOR	AGAINST
RESOLUTION NUMBER ONE – CONVERSION OF ORDINARY SHARES TO NO PAR VALUE SHARES - TO BE VOTED AS A SPECIAL RESOLUTION "**THAT**, pursuant to section 47(3) of the Companies Act 2001 and subject to the adoption of all other Resolutions set out in this notice, each of the existing fully-paid ordinary share of Ten Rupees (MUR 10.00) in the share capital of the Company, be converted to ordinary shares of no par value."		
RESOLUTION NUMBER TWO - RIGHTS ISSUE – TO BE VOTED AS AN ORDINARY RESOLUTION "Subject to Resolutions Number One and Three, as appearing on the present notice, being validly passed, **THAT** the Board of Directors of the Company be authorised to issue up to a maximum of NINETEEN MILLION ONE HUNDRED AND TWENTY NINE THOUSAND NINE HUNDRED AND TWENTY FOUR (19,129,924) new ordinary shares at an issue price of THIRTY NINE RUPEES (MUR 39.00) per share, ranking *pari passu* in all respects with the existing ordinary shares in the capital of the Company and to offer, by way of a rights issue (the "Rights Issue"), such shares in the first instance to the holders of the existing ordinary shares registered as at the close of business on 12 July 2017 in the proportion of 0.1511 new ordinary share for every ordinary share held by them, rounded down to the nearest integer when fractions occur, on such date and on such terms and conditions as the Board of Directors shall determine, **THAT** such new shares be listed on the Official Market of the Stock Exchange of Mauritius Ltd upon their issue and **THAT** DI CIRNE HLT Ltd, a wholly-owned Mauritian incorporated subsidiary of Dentressangle Initiatives SAS, be authorised to subscribe for all new ordinary shares issued which have not been subscribed for under the Rights Issue."		
RESOLUTION NUMBER THREE – PRIVATE PLACEMENT – TO BE VOTED AS AN ORDINARY RESOLUTION "Subject to Resolutions Number One and Two, as appearing on the present notice, being validly passed, **THAT**, the Board of Directors of the Company be authorised to issue up to TWENTY EIGHT MILLION SIX HUNDRED AND EIGHTY FOUR THOUSAND THREE HUNDRED AND EIGHTY (28,684,380) new ordinary shares at an issue price of THIRTY NINE RUPEES (MUR 39.00) per share by way of private placement (the "Private Placement"), **THAT** the pre-emptive rights of the existing shareholders be waived as regards the Private Placement, **THAT** the Private Placement be entirely issued to DI CIRNE HLT Ltd, and **THAT** such new shares be listed on the Official Market of the Stock Exchange of Mauritius Ltd upon their issue, ranking *pari passu* with the existing ordinary shares of the Company."		
RESOLUTION NUMBER FOUR – ALTERATION OF THE CONSTITUTION - TO BE VOTED AS A SPECIAL RESOLUTION "Subject to Resolutions Number One, Two and Three, as appearing on the present notice, being validly passed, subject to the completion of the Rights Issue and the Private Placement and pursuant to section 44(2) of the Companies Act 2001, **THAT** the constitution of the Company be altered by repealing paragraph 5.1 of Article 5 and replacing it by the following new paragraph: *5.1. Issue of Shares* *The Company, has on issue, as at date of the constitution, 194,545,072 ordinary shares of no par value, of which 20,118,546 are held as treasury shares, each, having the rights set out in paragraph 5.2 below."*		
RESOLUTION NUMBER FIVE - APPOINTMENT OF DIRECTOR – TO BE VOTED AS AN ORDINARY RESOLUTION "**THAT** Mr. Thierry Dalais*, who has been nominated by the Board of Directors on 13 February 2017 following the resignation of Mr. G. Christian Dalais, be appointed Director of the Company until the next Annual Meeting of the shareholders of the Company."		

Signed this …………………… day of …………………………… 2017. ……………………………………………

Signature/s

Notes:

(i) Any member of the Company entitled to attend and vote at the Meeting, may appoint a proxy, whether a member or not, to attend and vote in his/her stead. A proxy need not be a member of the Company.

(ii) If the instrument appointing the proxy is returned without an indication as to how the proxy shall vote on any resolution, the proxy will exercise his discretion as to whether, and, if so, how he/she votes. Proxy forms should be deposited at the Share Registry and Transfer Office of the Company, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not less than twenty-four hours before the start of the Meeting, and in default, the instrument of proxy shall not be treated as valid.

CONTACTS

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