

SUN

Hotels | Properties | Services

ANNUAL REPORT 2020



OVERVIEW

2020

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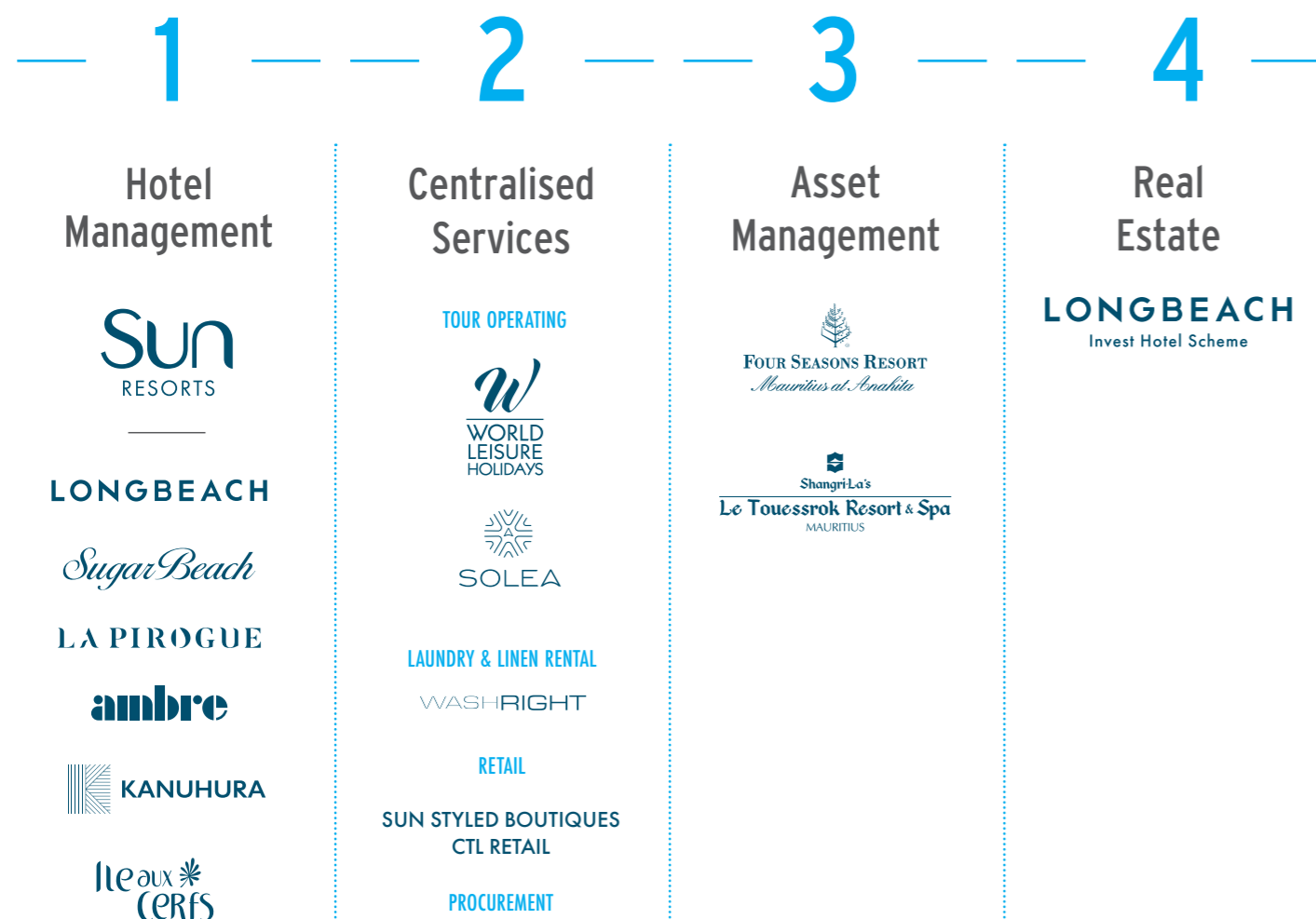
ABOUT SUN

WHO WE ARE

Sun Limited is the owner of seven resorts in Mauritius and Maldives. Five are managed by Sun Resorts and two by recognised international brands: Shangri-La and Four Seasons.



Sun Limited is organised in 4 clusters :



WE ARE SUN

OUR VISION

To be the leading hospitality group that inspires

Timeless Memories

OUR MISSION

- We **delight** our guests
- We **nurture** a passion for excellence
- We **act as role model** in our communities
- We **build** trustful partner relations
- We **reward** our owners

OUR VALUES



INTEGRITY



TEAMWORK



TRUST



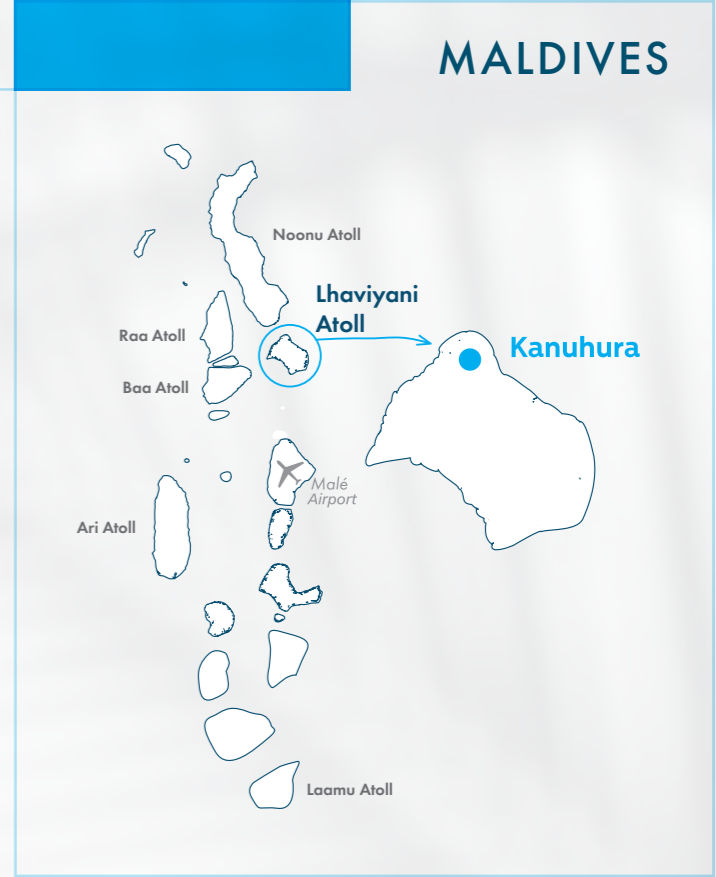
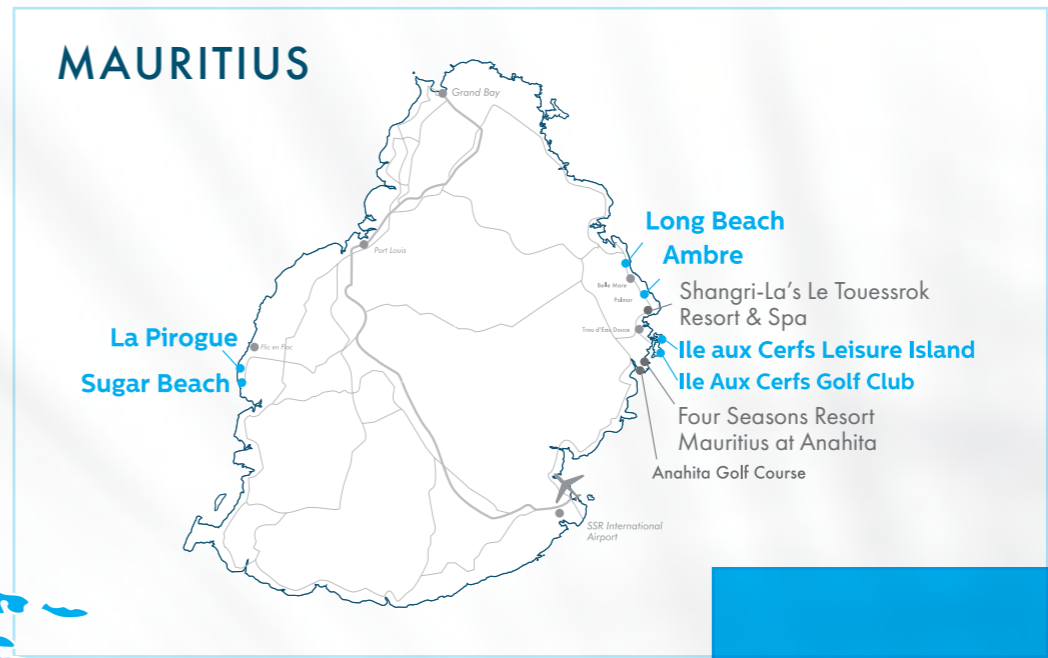
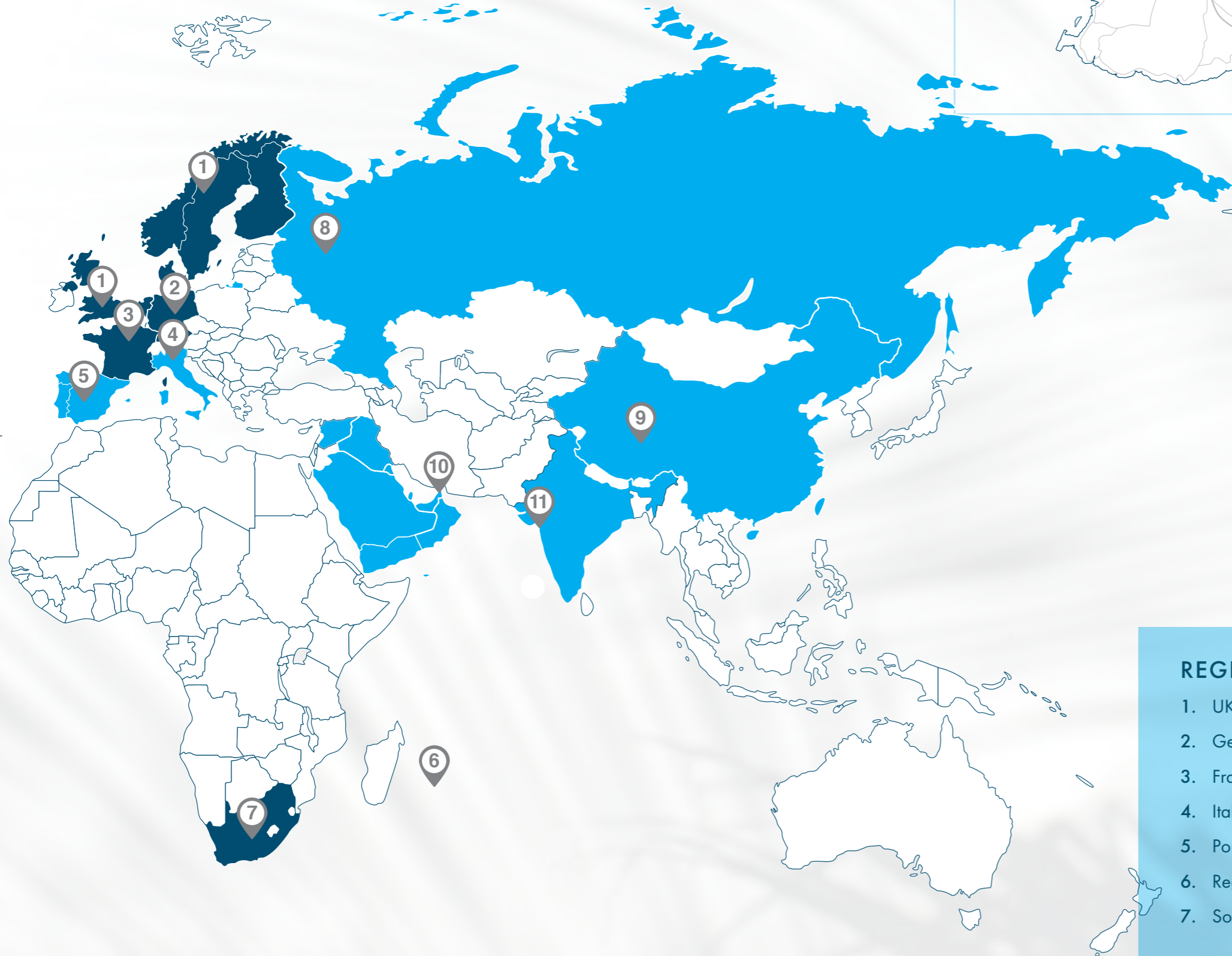
PASSION



EXCELLENCE

ABOUT SUN

OUR GLOBAL PRESENCE



REGIONAL SALES OFFICE

- 1. UK, Scandinavia & Netherlands
- 2. Germany, Austria & Switzerland
- 3. France & Belgium
- 4. Italy
- 5. Portugal & Spain
- 6. Regional Markets
- 7. South Africa

GLOBAL SALES AGENCY

- 8. Russia & CIS
- 9. China
- 10. GCC
- 11. India

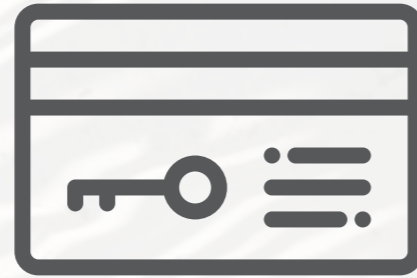
IN-HOUSE TOUR OPERATORS

- 3. SOLEA, France
- 7. World Leisure Holidays, South Africa

ABOUT SUN

A LEADING HOSPITALITY GROUP
IN THE INDIAN OCEAN

1,463
KEYS



8

OWNED & MANAGED
PROPERTIES IN
THE INDIAN OCEAN



3,900
ASSOCIATES



2
TOUR OPERATORS
IN FRANCE
& SOUTH AFRICA

2

WORLD CLASS
CHAMPIONSHIP
GOLF COURSES



2

INTERNATIONAL OPERATORS:
SHANGRI-LA'S LE TOUESSROK RESORT & SPA
AND FOUR SEASONS RESORT MAURITIUS AT ANAHITA

OUR RESORTS



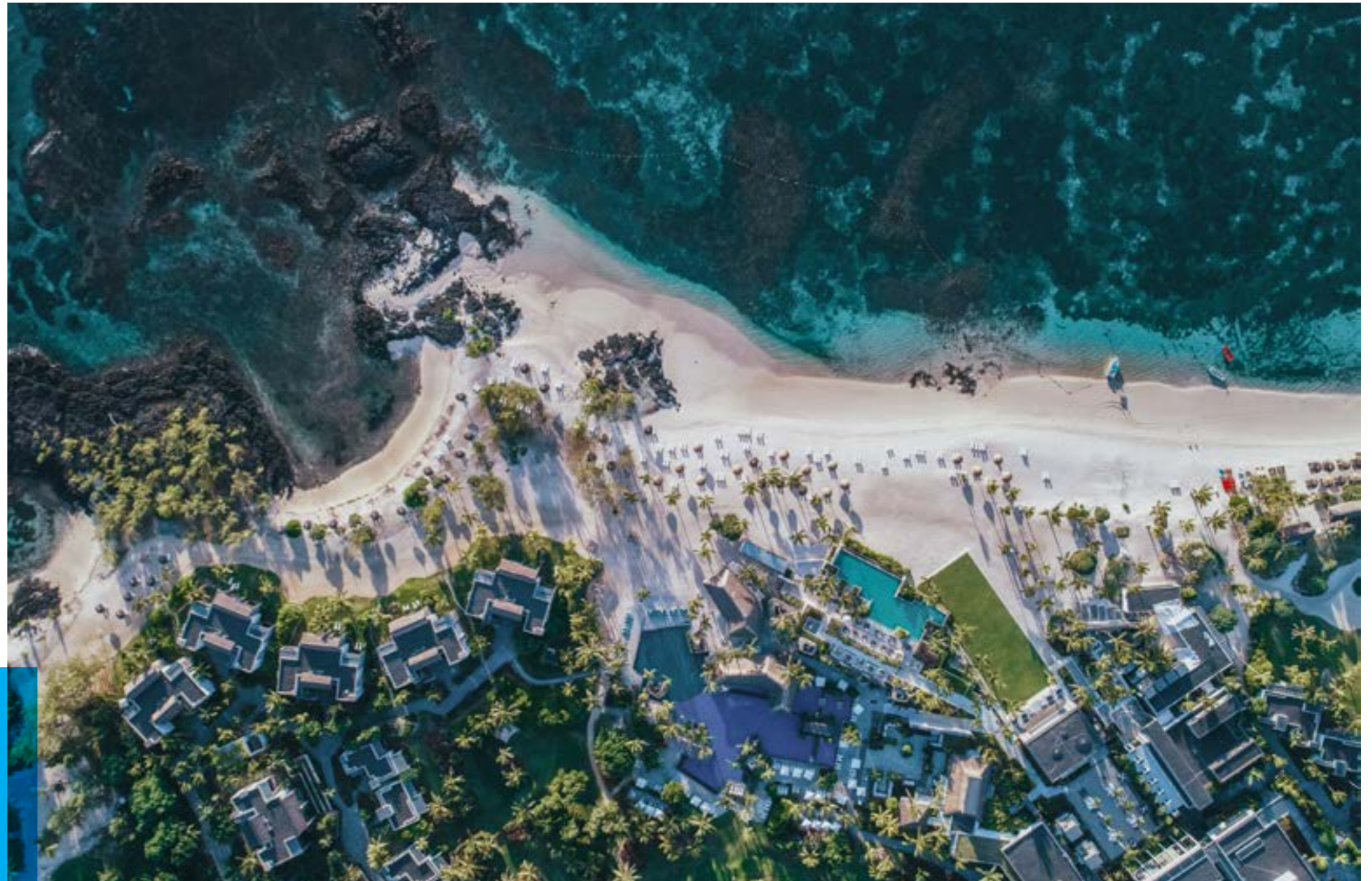
LONG BEACH

A SUN RESORT · MAURITIUS

FEEL THE ENERGY

Long Beach calls out to high-spirited families and couples seeking energetic times or simple relaxation. A brand new state of the art mid-century styled lobby complete with a Rum Academy, mixologist and cool DJ tunes, welcomes guests and transports them into a vibrant world of bold island chic. A sleek new departure lounge now offers comfort when it is time to go home...

The resort is located along the famous Belle Mare beach on the natural eastern coast and offers a wealth of facilities and activities strewn across the property, allowing guests a real sense of exploration.



OUR RESORTS

Sugar Beach

A SUN RESORT · MAURITIUS

ELEGANCE & STYLE

Sugar Beach reopens in 2020 fully refurbished with a stunning new décor. The new design showcasing soft colours and natural materials, combined with tropical flora and stylish pieces, enhance the timeless elegance of this celebrated property on the west coast.

The newly designed rooms and suites in both the iconic “Manor House” and the luxurious Creole-styled “Villa houses” are located throughout the lush landscaped gardens and along the beach, offering guests stylish modern comfort. An array of chic restaurants give the opportunity to enjoy the very best of both Mauritian and international cuisine in fresh new surroundings, as well as discover the new wine cellar, tea lounge, coffee counter and craft beer Brewbar. With the guest experience at heart, Sugar Beach offers a memorable stay at one of the most desirable locations in Mauritius.



OUR RESORTS



LA PIROGUE

A SUN RESORT • MAURITIUS

MAURITIAN GENUINE SPIRIT

La Pirogue offers sheer luxury of space for all. Couples, families and friends will enjoy the perfect location on the west coast of Mauritius with one of the longest beaches in the Indian Ocean and breath-taking views of world heritage mountain, Le Morne. Combining organic, colourful, detailed folk-inspired pieces with modern design using a large degree of sustainable materials, La Pirogue showcases 'boho chic' in a relaxing environment.

After more than 40 years of Genuine Spirit, La Pirogue continues to delight with its charming thatched rooms and suites, exciting culinary experiences, superb wine cellar and coconut groves, all just a step from the beach.



OUR RESORTS

ambre

A SUN RESORT · MAURITIUS

THE LIGHT SIDE OF LIFE

This all-inclusive adult only resort is set along a tranquil beach between Belle-Mare and Trou d'Eau Douce on the untamed east coast of the island. It faces the widest lagoon, catching sunrise and instantly warming guests to its light and rhythmic atmosphere. Cool and cheerful, Ambre is the perfect young at-heart getaway for carefree holidays. This is the place to refresh, mix and mingle; enjoy good company, connect and reconnect.



OUR RESORTS



BAREFOOT CHIC LIFESTYLE

Nestled in the idyllic Maldives, Kanuhura is a place removed from time. A place untouched where every moment is a renaissance of the senses, with infinite ocean tones and lush tropical flora. An island so perfectly preserved it is an invitation to find yourself, among the palm trees, exploring every hidden cove, each secret beach. Luxurious suites and villas offer ultimate comfort in a place of refined sophistication, with your toes in the sand.



OUR RESORTS



A "CHIC AND WILD" ISLAND

Ile aux Cerfs is a picturesque island spread over 87 hectares of untouched land off the east coast of Mauritius. It is famous for its white sandy beaches, its turquoise lagoons and for the wide range of restaurants, water sports and land activities on offer.

The newly introduced Bubble Lodges are the first and only accommodation options available on the Ile aux Cerfs Golf Island. Staying in one of these exclusive Bubble Lodges is truly a unique and romantic experience for both golfers and non-golfers alike.

It is also home to one of the most beautiful golf courses in the world, the Ile aux Cerfs Golf Club, an 18-hole championship golf course designed by two-time Masters champion Bernhard Langer.



CHAIRMAN'S REPORT

DEAR SHAREHOLDER,

There is no doubt that the tourism industry is going through the most severe crisis in its history. The COVID-19 pandemic has had a brutal and sudden impact on our entire industry. In these extremely difficult times, we need to be as determined as ever with the aim of preserving and preparing our Company for a better future.

The repercussions of the crisis began to be felt as from the end of January 2020 with a significant fall in Chinese tourist arrivals in February 2020; a high season for this market with the Chinese New Year. Since March 2020, the borders of Mauritius and the Maldives were closed and as a result, all of our operations came to a standstill. In this environment, and despite the positive results posted for the first 9 months of the financial year, the Group incurred significant post tax losses of Rs 1.8 billion for the year. Our last quarter was severely impacted by revenues being close to nil, high impairment charges and hedging losses attributable to the pandemic. It should however be noted that despite the drop in revenues from Rs 6.6 billion to Rs 5.1 billion for the year, the normalised EBITDA was at Rs 1.344 billion, that is Rs 201 million down on previous financial year following the IFRS 16 adjustments.

Whilst this situation remains mostly out of our control, SUN has been actively working on optimising its costs management, monitoring closely its cash flows and finding solutions for its short, medium and long-term financial plans.

In parallel, a new strategic direction is being defined with the objective of adapting the Company to the post-COVID era.



JEAN-PIERRE DALAIS

STRICT CASH FLOW MANAGEMENT

From the first signs of the crisis and the subsequent closure of borders, a series of measures aimed at cutting fixed costs and managing our cash position were implemented, notably the:

- Strict monitoring of the debtors' collection;
- Renegotiation with main suppliers to extend credit terms;
- Application of voluntary salary reduction of up to 50% for management staff;
- Implementation of a voluntary retirement scheme extended to employees above 55 years;
- Request for moratorium period on existing debts repayments; and
- Obtention of working capital funds through lines of credit from the Bank of Mauritius and our bankers.

The Group was also able to benefit from the support of the Mauritian government through the Wage Assistance Scheme and leasehold payment cancellations.

REFINANCING PLAN

As it became clear that normal operations in all our resorts will remain suspended with the prolonged closure of the borders, the Company decided to seek the support of the Mauritius Investment Corporation Ltd ("MIC") for longer term financing.

As recently announced, the MIC has agreed to subscribe to Rs 3.1 billion of redeemable and convertible secured bonds through two of our wholly owned subsidiaries. This move, together with the funding of Rs 1.7 billion obtained through our bankers, the Company was able to repay its existing listed notes of Eur 54 million (Rs 2.5 billion) which came to maturity on 04 November 2020.

With the above refinancing plan secured, the Group should be able to meet its working capital requirements in the short-term.

SUGAR BEACH RENOVATION

The Company was able to complete its last phase of the Sugar Beach renovation after lockdown. This process was successfully completed by mid-November 2020. The transformation of Sugar Beach and its repositioning in the five-star deluxe category should enable the Group to maximise its full potential when the recovery is there.

REPOSITIONING EXERCISE

The Company has recently launched a repositioning exercise with an international luxury branding agency with the objectives of relooking at the "new" normal, understand new travelling trends and reposition our resorts accordingly. This exercise is important as it will guide us towards the opportunities which are bound to appear. We effectively need to be optimally prepared for making the most of the rebound at the appropriate time.

DIVIDEND

In the current difficult context, the Board of Directors has decided to suspend dividend payments for the financial year ended 30 June 2020.

OUTLOOK

The health environment in Mauritius has been relatively spared from the COVID-19 direct impact thanks to strict measures and protocols implemented by the authorities. At the time of writing this report, the pandemic is however still very active in other parts of the world. We thus have no visibility on the complete reopening of Mauritian borders without quarantine nor any indication of a possible resumption of travel in our main markets. With such low visibility on forward bookings, we shall continue to shoulder the severe effects of the pandemic over the financial year 2020-2021. In the meantime, we are nevertheless opening some of our hotels to welcome guests from the Mauritian market during school holidays, weekends and the festive season as well as hosting of a number of local events.

I remain deeply convinced that our teams will do what it takes to weather this crisis. Furthermore, our recently renovated assets, unique beach locations, real estate development potential and the ongoing work to reposition our hotels puts us in a good position to rebound once market conditions become more favourable.

ACKNOWLEDGMENTS

I would like to express my sincere gratitude to all our associates, under the leadership of our new CEO, Mr. Francois Eynaud, for the extraordinary work accomplished in protecting the health of our employees and ensuring that our customers got back home safely from our resorts. Our leadership team has shown outstanding commitment in safeguarding our Company and preparing for a future which is bound to be different.

I would also like to thank the public authorities for their support in these difficult times, the various initiatives made towards the hotel industry have been critical in keeping the sector afloat for the good of our national economic recovery.

The support of my fellow Directors was important to us all and I express my sincere gratitude for their invaluable contribution.

Sincerely yours,

JEAN-PIERRE DALAIS
Chairman
12 November 2020

BOARD OF DIRECTORS



JEAN-PIERRE
DALAIS



ALEXIS
CAUDE



P. ARNAUD
DALAIS



R. THIERRY
DALAIS



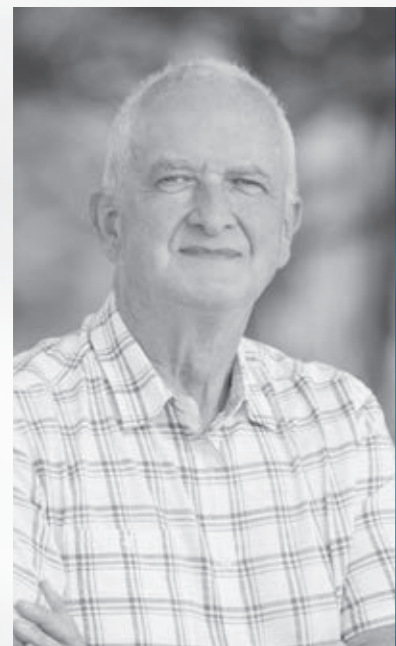
L. J. JÉRÔME DE
CHASTEAUNEUF



FRANCOIS
EYNAUD



HÉLÈNE
ECHEVIN



M. G. DIDIER
HAREL



J. HAROLD
MAYER



OLIVIER
RICHÉ



JEAN-LOUIS
SAVOYE



NADERASEN PILLAY
VEERASAMY



PIERRE
VAQUIER

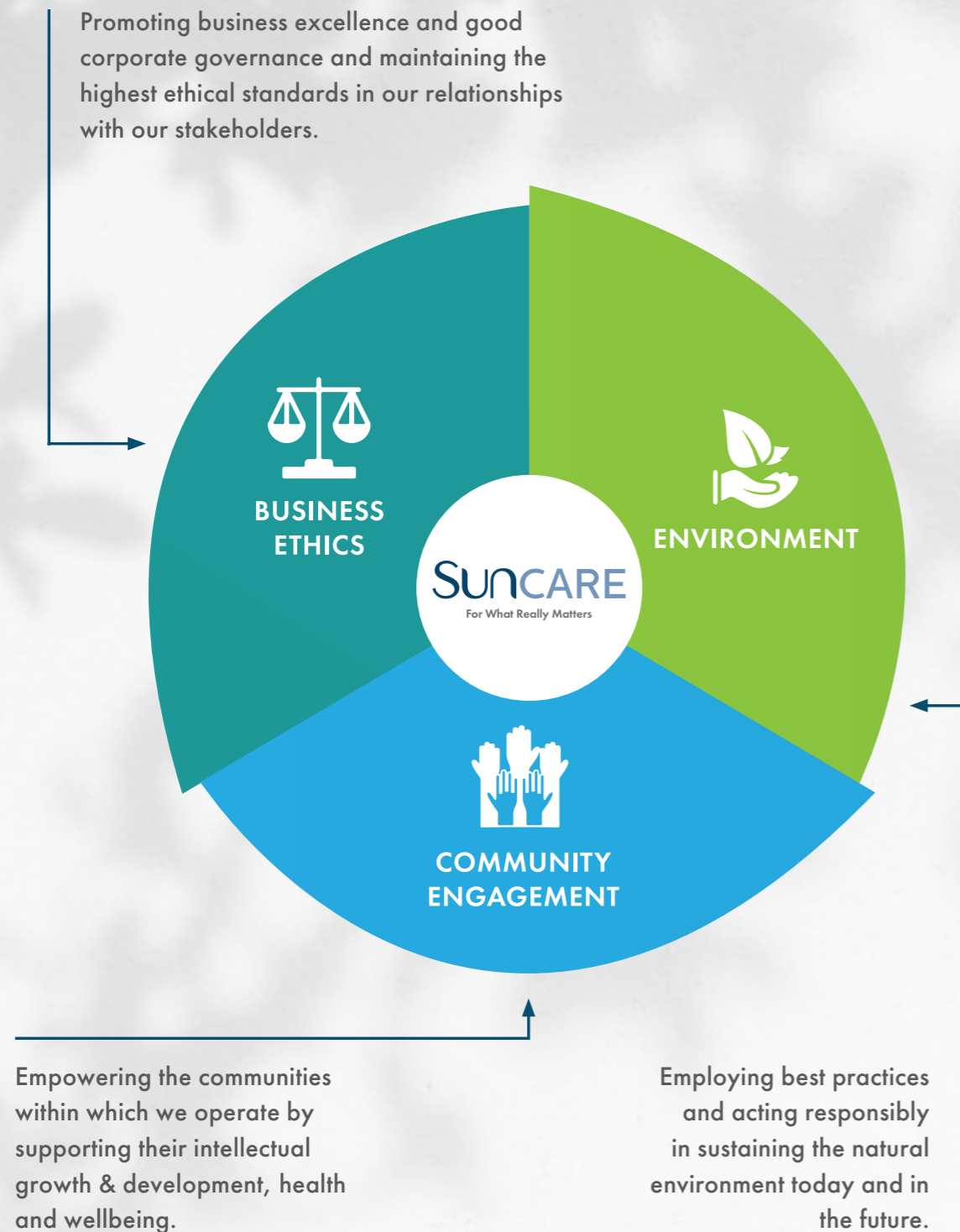


TOMMY WONG
YUN SHING

SUSTAINABILITY

SUNCARE AS A STRATEGY

OUR STRATEGIC JOURNEY FROM 2015 TO 2020



Over the past five years, we have focused on establishing a sustainability framework to help us structure and plan how we manage our corporate responsibilities. We have brought into being a corporate sustainability programme named "SUNCARE", Our strategy is grounded in key environmental, social and governance (ESG) topics and reflects our efforts to contribute to healthy communities and lead a responsible business. This year, we published our first sustainability report to highlight our efforts in these areas and share our performance and stories with our stakeholders, including our employees, investors and the community.

For more information on our Sustainability Report 2019 and our latest materiality assessment update, please visit the 'Sun Sustainability Report 2019' on our website.

Suncare

Programme is committed to:

Conserve natural resources and enhancing resources for future generations

Protect ecosystem biodiversity

Drive sustainable development

Minimise pollution, reduce waste and the consumption of Group resources

Report on key environmental, social and financial performance indicators through our Balance Scorecard.

Raise environmental awareness among our associates, suppliers, guests and communities

Review our performance and the effectiveness of Sun Group Environmental and Social Policy periodically to enable us to determine our next steps forward

(SUN Environmental Policy)

We are setting our sights on long-term goals; the targets we are developing are bold, ambitious, and far-reaching and in order to make sustainability for what really matters we all must pioneer, lead, evolve, optimise and measure.



THE YEAR IN REVIEW

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FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (THE GROUP)

FOR THE FINANCIAL YEAR ENDED 30 JUNE	2020	2019
Revenue (Rs'm)	5,058	6,615
Normalised EBITDA (Rs'm)	1,344	1,545
EBITDA before exceptional items (Rs'm)	1,029	1,260
EBITDA (Rs'm)	160	(679)
Operating loss (Rs'm)	(587)	(1,248)
Loss after tax (Rs'm)	(1,803)	(1,886)
AS AT 30 JUNE	2020	2019
Net debt* (Rs'm)	8,778	7,825
Total equity (Rs'm)	6,030	8,449

*Refer to page 90 for definitions.

PERFORMANCE MEASURES (THE GROUP)

FOR THE FINANCIAL YEAR ENDED 30 JUNE	2020	2019
Net worth per ordinary share (Rs)	30.18	43.78
EBITDA margin before exceptional items (%)	20.34	19.05
AS AT 30 JUNE	2020	2019
Net debt / EBITDA before exceptional items	8.53	6.21
Gearing ratio (%)	59.30	48.10
Stock Price - At 30 June (Rs)	14.80	35.00

Refer to page 90 for definitions.

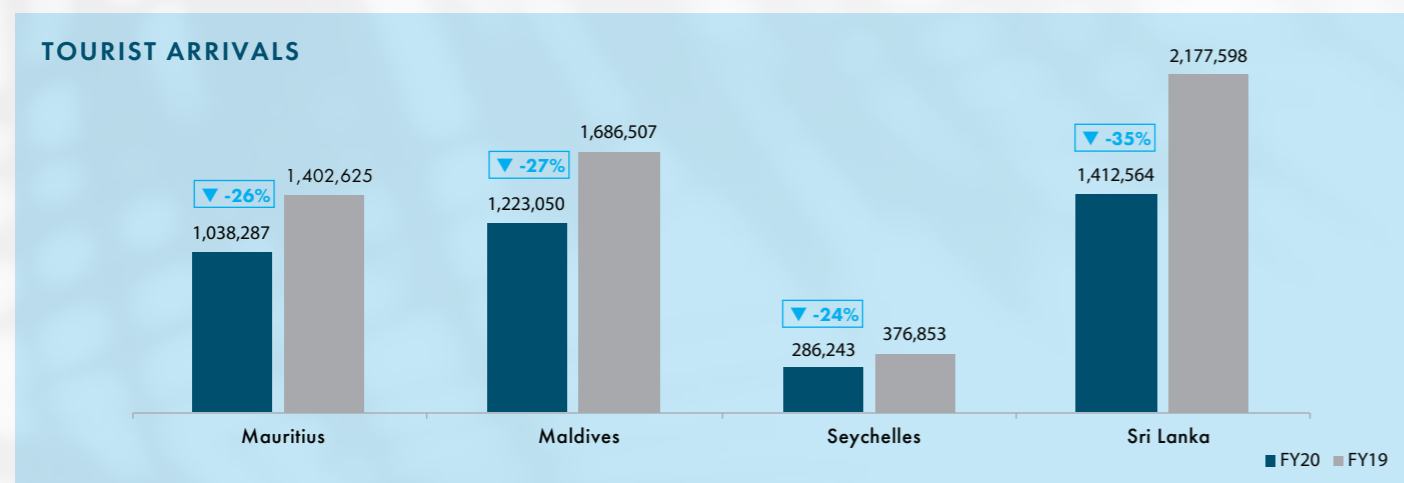
EXECUTIVES' REPORT

We are experiencing the most challenging period in our history with the outbreak of COVID-19 at the end of January 2020 resulting in the suspension of operations of all resorts and business units since the end of March 2020. The results for the financial year under review were heavily impacted by these closures and one-off non-cash impairments attributable to the collateral damage caused by the pandemic on our businesses. Nonetheless, management is actively taking all necessary steps to ensure that the Group is able to maintain its resorts whilst optimising cash flow to meet its working capital requirement and financial commitments in the short term until normal business resumes.

OPERATIONAL REVIEW

MACRO LEVEL

With the global lockdown, tourist arrivals came to a standstill in the last quarter of the financial year 2020. Our destination and competing neighbouring countries witnessed a drop ranging from 24% to 35% for the 12 months ended 30 June 2020.



COVID-19 MEASURES IMPLEMENTED

Since the lockdown on 20 March 2020, the following measures were immediately taken by management to mitigate this impact:

SHORT-TERM INITIATIVES

1. RESORTS' OPERATION

- All resorts and business units suspended operations as from 20 March 2020 until further notice and remained closed until the end of the financial year to 30 June 2020;
- A skeleton team of up to 30 employees with some reduced essential service providers (security and garden/services maintenance) has been retained on property to maintain the resort in working conditions and mostly for security reasons;
- Utilities are being monitored on a daily basis and kept to a strict minimum consumption;
- All other operational costs have been streamlined to essential items; and
- Remaining stocks are being monitored by expiry dates and sold to employees /retail shops.

2. EMPLOYEES

- All recruitments and promotions have been put on hold until further notice since 01 March 2020;
- Salary increment due on 01 July 2020 for the financial year 2021 has been frozen;
- Most employee benefits were reviewed and suspended;
- The management team worked from home with regular meetings to monitor situation in respect of operations, commercial and finance;
- A Voluntary Salary Reduction ("VSR") scheme has been applied ranging from 15% to 50% of basic salary for all executives and senior management;
- A Voluntary Retirement Scheme ("VRS") has been implemented mainly for those above 55 years old; and
- The Company made maximum use of Government Wage Assistance scheme locally and in Europe.

3. CONTRACTS

- All major suppliers' / service contracts have been reviewed by our legal department with:
 - temporary suspension for 3 months based on "force majeure" clause;
 - reduced fee for those that limited service is still required;
- In-sourcing of certain services such as security, gardening and maintenance whereby more than 250 employees have been redeployed.

4. SALES AND MARKETING ("S&M")

- All S&M actions were suspended and the funds have been retained to reactivate the markets when the recovery is foreseen.
- All S&M offices have been closed down in Europe and are on "Chomage partiel".

5. CAPITAL AND OPERATING EXPENDITURE ("CAPEX")

- All ongoing CAPEX/OPEX has been frozen in the suspension period and only emergency ones will be spent for the financial year 2021.
- Only Sugar Beach final renovation phase was executed after lockdown as from June 2020.

MEDIUM TERM INITIATIVES

- Restructuring in terms of both organisational and corporate has been activated;
- Identifying synergies and clustering within resorts, sister companies and re-organisations are under way; and
- Operational optimisation in resorts to adapt with "New Normal".

WORKING CAPITAL OPTIMISATION

1. DEBTORS' MANAGEMENT

- With the lockdown in Europe and the tight cash flow situation of all the Tour Operators, debtors' collection was very challenging.
- With our credit insurer, the debtors' collection were managed very closely to minimise bad debts. At this stage, we have reduced the default risks on the key debtors with payment plans being agreed and respected in most cases.

2. CREDITORS' MANAGEMENT

- With the suspension of all operations, all major suppliers / trade partners have been contacted to negotiate either extended credit terms or an agreed payment plan to match future cash inflows.

EXECUTIVES' REPORT

RESORTS' REVIEW DURING OPERATIONAL PERIOD (9 MONTHS TO 31 MARCH 2020)

SUGAR BEACH

The second phase of Sugar Beach renovation was completed in November 2019 and as from December 2019, the resort operated with full inventory up to March 2020. Sugar Beach has now 238 rooms as compared to 258 rooms last year, following the conversion of 40 rooms into 20 suites, as well as 2 fully transformed restaurants Buddha Bar Beach and Citronella. Occupancy was affected from July 2019 to November 2019 due a reduction of its available inventory during the renovation but nevertheless, the resort capitalised on its new refurbished rooms by achieving a higher ADR especially in the second and third quarter of financial year 2020. After only a few months of operation Buddha Bar Beach was awarded the Buddha-Beach Bar International Hotel & Property Awards at the "International Hotel & Property Awards 2020".

LONG BEACH

Long Beach refurbished its lobby area with the creation of a bar and art gallery. The introduction of an arrival and departure lounge offered to the guests an overall improved guest experience resulting in multiple awards from "Indian Ocean's Best Golf Hotel 2020" to "TripAdvisor Travelers Choice Award 2020". The Resort maintained its positioning with a 7% growth in ADR for the 9 months to 31 March 2020.

LA PIROGUE

The continuing efforts of the team to maintain a high standard of service resulted in the resort winning the "TripAdvisor Travelers Choice Award 2020". La Pirogue still achieved a good performance with a 7% ADR growth and occupancy of 81% until its lockdown.

AMBRE

The ongoing ADR growth strategy of the previous year led to a healthy increase in its key markets resulting in the resort achieving 6.5% increase in ADR with an occupancy of 74% for the 9 months operation. With the implementation of a new reputation management strategy and the introduction of new facilities earlier in the year (Departure Lounge, Gym and Wellness area), the resort was successfully awarded "TripAdvisor Travelers Choice Awards 2020".

KANUHURA

The resort continued to maintain its reputation for excellence receiving multiple outstanding international accolades such as "Forbes Travel Guide 5 Star Award", "Global Best Employer Brand Award", "TripAdvisor's Traveler's Choice Best of the Best Award" or "2020 Luxury Lifestyle Award". All markets showed some steady volume increase. Unfortunately, the continuous inventory growth with more than 15 new resorts in Maldives in financial year 2020 led to a decrease in the ADR due to pressure on rates.

FOUR SEASONS RESORTS MAURITIUS AT ANAHITA

Good performance from the resort pre-COVID was achieved even following significant cancellations especially from China since the outbreak of the COVID-19. The resort continues to be the market leader in its competitive set.

SHANGRI-LA'S LE TOUESSROK

The resort's pre-COVID performance was very satisfactory with strong demand from both groups and the retail segments. Growth was supported by the main European markets and middle-east guests but unfortunately, cancellations due to COVID-19 outbreak heavily impacted its results.

RENOVATION UPDATE

With the outbreak of COVID-19 and the cost reduction exercise being put in place, the Group had to limit the capital expenditure and finish only the Sugar Beach project last phase which was already committed pre-COVID.

SUGAR BEACH

The final phase of the Sugar Beach renovation was launched in June 2020 after the lockdown. This phase addressed the refurbishment of the remaining 80 rooms at the Manor House, main buffet restaurant and bar, the entrance, reception and lobby areas.



EXECUTIVES' REPORT

HUMAN RESOURCES

In FY18-19, in line with our objectives directed towards achieving operational and service excellence, important projects were initiated such as the implementation of Sicorax HRMS, launching of SUN Excellence Award, rolling out of service culture and leadership training, amongst others.

While the focus during the first semester of FY19-20 has been on the completion of projects launched in FY18-19 and the implementation of the Workers' Rights Act (enacted in October 2019), the second semester was dominated by the management of COVID-19 crisis. A crisis committee was set up and a Pandemic Response Plan, elaborated.

As the effects of COVID-19 spread across the entire world, three main priorities were:

1. **Health and Safety of our people**, including our guests and partners.
2. **Employee proximity and support.**
3. **Sustainability of the Company whilst protecting employment.**

1. HEALTH AND SAFETY OF OUR PEOPLE

SUN has implemented all the sanitary protocols in line with the latest advisory and control measures introduced by the Government and the World Health Organization for the well-being of all its stakeholders, ensuring personal safety.

All associates scheduled on duty have been trained on the new protocols and associates considered at risk are not being rostered.

2. EMPLOYEE PROXIMITY AND SUPPORT

Amidst the uncertainties and challenges, regular communication with our associates is essential. In addition to official communication from the Chief Executive Officer, we stay connected with all associates through Online Skype/ Teams Meeting, departmental WhatsApp Group and regular calls effected by the Head of Departments and Head of Human Resources of each Business Unit.

During the confinement period:

- (i) E-learning was encouraged and facilitated by the Learning and Development team and Head of Departments.
- (ii) 'SUN Got Talent' challenge was organized for all employees of the Group, based in Mauritius. The main objectives being:
 - To keep associates engaged with the Company and fellow associates.
 - To keep the spirits high in this difficult time by focusing on something fun.
 - To encourage an intra-preneurial mindset that would eventually create value for the Group.

There were five award categories, namely: culinary, arts and crafts, gardening and landscaping, sustainability and entertainment.

3. SUSTAINABILITY OF THE COMPANY WHILE PROTECTING EMPLOYMENT

COVID-19 has had a disruptive effect, especially in the hospitality world and the impact is expected to last for the next two to three years. Alongside the challenges, there are also opportunities to review the business model and shape the 'future of work'. In this respect, we:

- a) implemented a **short-term action plan** to ensure an effective cash flow management;

The employee costs, being the biggest proportion of the Group's fixed costs, required the implementation of a comprehensive payroll cost reduction plan to sustain the business which was running without any revenue since end of March 2020. Apart from the measures mentioned previously, there has been a call for solidarity across all levels of employees and we are proud of the team spirit demonstrated by each associate.

- b) initiated the field work towards the elaboration of a **strategic plan** in preparation for business recovery from a marketing, operational and financial standpoint.

In line with emerging consumer trends and our quest to adopt a proactive approach in shaping the 'new normal', a project plan has been laid down to position the 'future SUN'. Our objective is to grow as a 'lean and agile' organisation. As an Employer, our aim is to provide a modern and flexible working environment to our associates. In this respect, SUN Employment Innovation Programme was launched to accompany our associates. The programme is based on our belief that the 'future of work' will not be limited to an individual having only one contract of employment and is comprised of:

- a personal development plan, including career counselling, with an International HR Consulting firm;
- opportunities to experience new roles in other sectors, including re-skilling options and mobility within CIEL Group; and
- training and support for our associates who want to grow as an entrepreneur.

Our HR purpose statement and commitment is "to touch the heart of our people and earn the recognition as Best Employer". The COVID-19 challenges has strengthened this belief as we take a step further to protect our associates by offering them opportunities to earn a better living beyond SUN and we are confident that when business recovers, we shall be able to count on their support.

FINANCIAL REVIEW

REVENUE (Rs)

5,058m
(1,557) vs LY

NORMALISED EBITDA (Rs)

1,344m
(201) vs LY

EBITDA EXCLUDING EXCEPTIONAL ITEMS (Rs)

1,029m
(231) vs LY

EBITDA (Rs)

160m
839 vs LY

OPERATING LOSS (Rs)

(587)m
661 vs LY

OCCUPANCY

50.7%
(20.3) % pts vs LY

ADR (Rs)

10,709
8.5 % v LY

TREVPAR (Rs)

8,831
(23.2) % vs LY

Since the outbreak of COVID-19, the decline in tourist arrivals, both in Mauritius and Maldives, has significantly impacted the tourism sector and consequently, the results for the financial year ended 30 June 2020 were severely affected. However, for a better analysis of the pre and post COVID-19 impact, a proforma profit and loss statement has been shown below.

SUN GROUP (Rs 'm)	2020			2019		
	9 months ended 31 March	3 months ended 30 June	Year ended 30 June	9 months ended 31 March	3 months ended 30 June	Year ended 30 June
Total revenue*	5,086	116	5,202	5,287	1,443	6,730
Operating expenses during operational period	(3,858)	-	(3,858)	(3,993)	(1,190)	(5,183)
Normalised EBITDA	1,228	116	1,344	1,294	253	1,547
Operating lease expenses relating to right-of-use assets	-	-	-	(215)	(72)	(287)
Operating expenses during suspension of operations, net of revenue COVID-19 related	-	(315)	(315)	-	-	-
EBITDA excluding exceptional items	1,228	(199)	1,029	1,079	181	1,260
Exceptional items	(25)	(844)	(869)	(5)	(1,934)	(1,939)
EBITDA	1,203	(1,043)	160	1,074	(1,753)	(679)
Depreciation and amortisation	(570)	(177)	(747)	(425)	(144)	(569)
Operating profit/(loss)	633	(1,220)	(587)	649	(1,897)	(1,248)
Net finance costs	(447)	(623)	(1,070)	(338)	(98)	(436)
Share of result of joint venture	10	(10)	-	1	(1)	-
Impairment of investment in associate	-	(107)	(107)	-	-	-
Profit/(loss) before tax	196	(1,960)	(1,764)	312	(1,996)	(1,684)
Income tax (charge)/credit	(70)	32	(38)	(71)	(131)	(202)
Profit/(loss) for the period/year	126	(1,928)	(1,802)	241	(2,127)	(1,886)

*Total revenue is revenue and other income excluding COVID-19 related revenue

The Group results for the 9 months operation to 31 March 2020 (pre-COVID-19) shows a satisfactory performance with revenues at Rs 5.1 billion compared to Rs 5.3 billion in the same period in prior year and a normalised EBITDA of Rs 1.2 billion compared to Rs 1.3 billion in the corresponding period of the prior year. If we account for the significant cancellations suffered since the declaration of the COVID-19 pandemic at the end of January 2020, estimated at Rs 300 million revenues, the Group would have posted a post-tax profit which would have been better than the Rs 241 million in the prior year.

The last quarter of the financial year 2020 demonstrates the full impact of the COVID-19 on the overall results of the Group. With the suspension of all operations (Rs 1.5bn loss of revenues) and despite drastic measures to control the closure costs, impairment provisions and hedging losses directly related to the pandemic effect had to be booked in this environment.

Although the Group registered a decline in revenue of Rs 1.6 billion from prior year to finish at Rs 5.1 billion in the financial year 2020, the drop in normalised EBITDA was restricted to Rs 201 million to end at Rs 1.3 billion.

EXECUTIVES' REPORT

IMPACT OF COVID-19 ON THE FINANCIAL RESULTS

The post-tax loss for the year ended 30 June 2020 which was impacted by the following COVID-19 related costs:

IMPACT OF COVID-19	2020
(Figures in Rs million)	
Suspension of operations:	
Suspension of operations and restructuring costs	(522)
Government support, net of taxes	175
Other revenue from COVID-19	32
Suspension of operations and restructuring costs, net	(315)
Other costs related to COVID-19	
Impairment of non-financial assets (see 1 below)	(760)
Impairment of financial assets (see 2 below)	(76)
Reorganisation costs	(33)
Impairment of investment in associate (see 4 below)	(107)
Cash flow hedges (see 3 below)	(369)
Foreign exchange loss on retranslation of bond (see 3 below)	(125)
Other costs related to COVID-19	(1,470)
Total impact of COVID-19	(1,785)

At the end of the financial year, the Group accounted for impairment charges as a consequence of the downward revisions of projected cash flows due to the global COVID-19 pandemic on the tourism sector.

1. Impairment of non-financial assets

The Group has been significantly impacted by impairment charges with the downward medium-term trading expectations. Management has conducted an impairment assessment on the recoverable amount of the cash generating units at 30 June 2020 and based on this assessment:

(Figures in Rs million)	Cash generating unit/Company	Reportable segment	Statements of Profit or loss
Impairment charges on:			
Property, plant equipment and operating equipment	Kanuhura Resort	Maldives	643
Property, plant and equipment	Ambre Resort Ltd	Mauritius	93
Inventories	Retail operations	Mauritius	24
			760

Please refer to note 29 of the financial statements for basis and assumptions used for determining impairment charges.

2. Impairment of financial assets

- Relates to the trade debtors which required a higher provision due longer ageing profile.
- Provision for impairment were based on an expected credit losses which was determined by a provision matrix on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
- Includes the full write off of debts from the UK Tour Operator, Thomas Cook (Rs 15 million) following its bankruptcy.

3. Impact of hedging instruments

- A cash flow hedge effectiveness test was performed based on future receipts in foreign currency which will be used to repay foreign borrowings. The ineffectiveness was considered on the forthcoming financial year 2021 plan, which resulted in an impact of Rs 369 million for the Group.
- Similarly management has not performed hedging instrument for financial year 2020 in respect of the bond issued in January 2020 and accounted for a foreign exchange revaluation loss of Rs 125 million in the P&L.

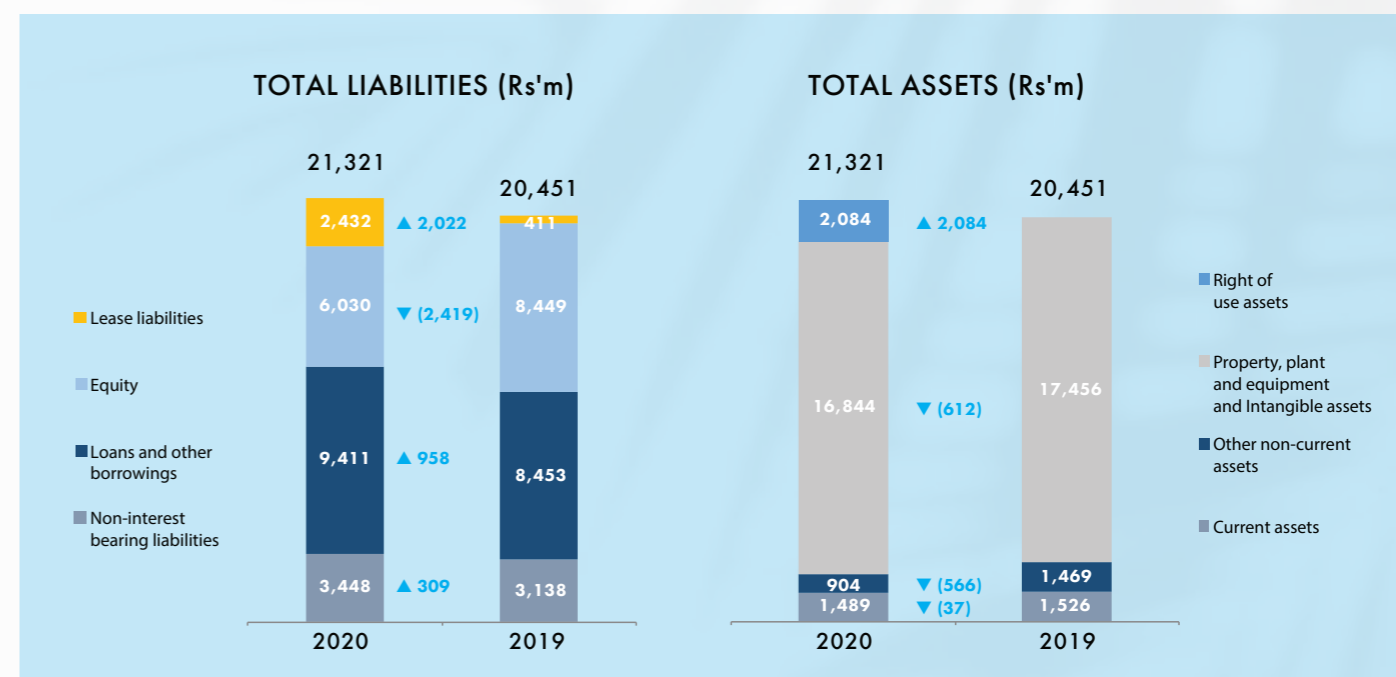
4. Impairment of investment in associate

- An impairment assessment was carried out on the investment in EastCoast Investment Hotel Ltd, which owns 30% of the property company of Ambre resort, based on the present value of future dividend income and present value of cash inflows.
- Based on impairment assessment performed, an impairment of Rs 107 million was recognised.

IFRS 16 LEASES APPLICATION IMPACT

- Application of IFRS 16 as from 1 July 2019 with a right-of-use assets ("ROU") of Rs 2.1 billion and lease liabilities of Rs 2.3 billion as at 30 June 2020.
- ROU assets relate primary to leasehold lands from the Government which have been capitalised at the rate of 7.05% for Mauritius and 11% for Maldives.
- For info, the valuation of the leasehold rights by the chartered valuers, Elevante Property Services and Jones Lang La Salle, as at 30 June 2020 were Rs 6.2 billion for Mauritius and USD 5 million for Maldives.
- Depreciation and finance costs due to the ROU assets were Rs 240 million for the year (operating lease costs LY: Rs 287 million).

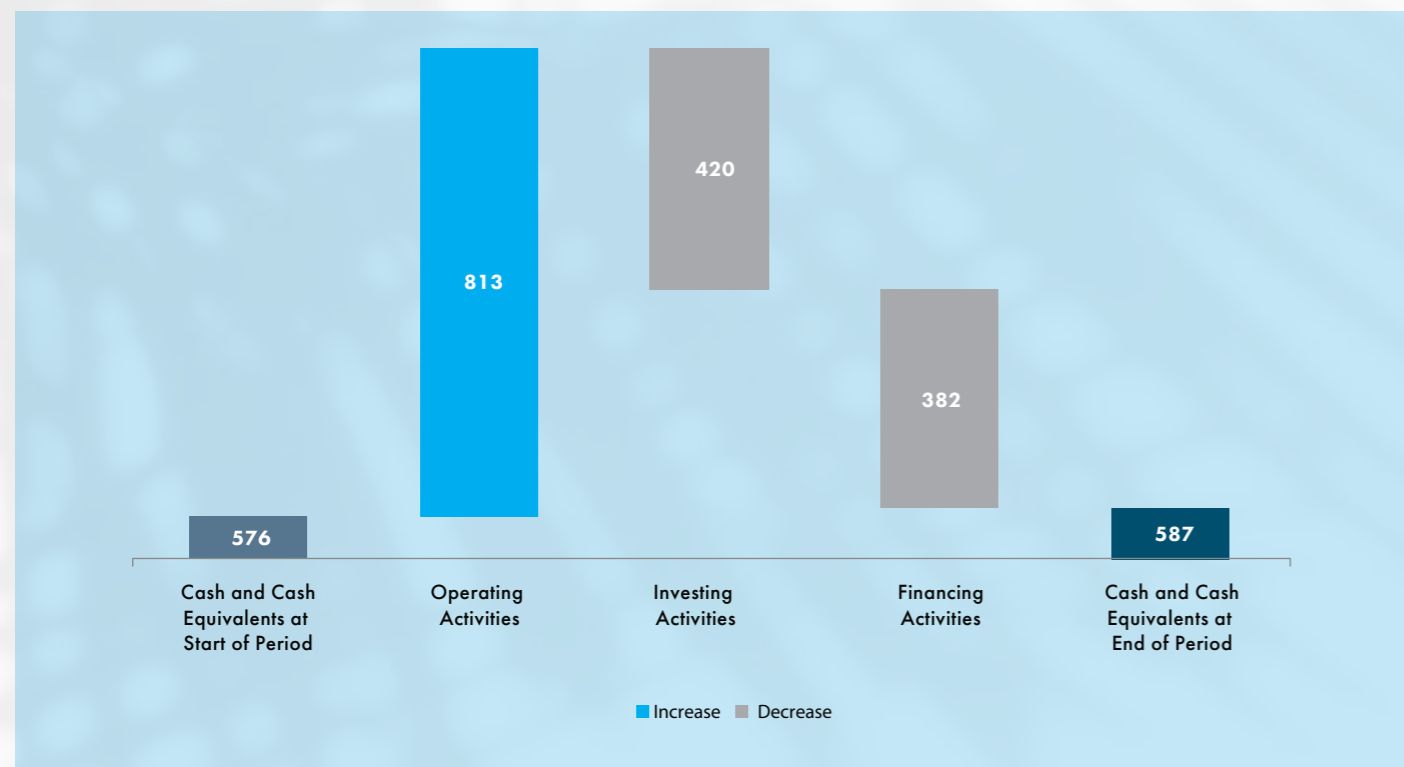
BALANCE SHEET



The adoption of IFRS 16 leases resulted in increase in total assets and liabilities with the recognition of right-of-use assets of Rs 2.1 billion and corresponding lease liabilities. The increase was mitigated by impairment of assets of Rs 0.9 billion.

EXECUTIVES' REPORT

GROUP CASH FLOW

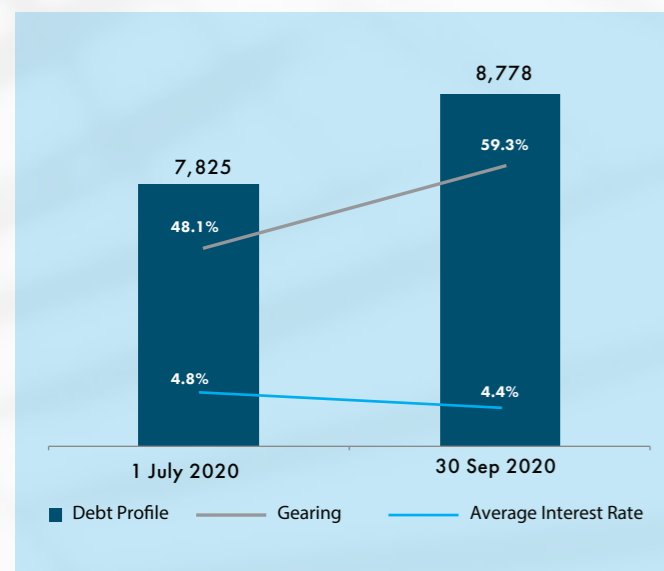


Net cash from operating activities includes non-cash items such as depreciation and amortisation of **Rs 0.7 billion**, finance costs of **Rs 1.1 billion** and impairment charges of **Rs 0.9 billion**.

Net cash flow used in investing activities include purchase of assets of **Rs 0.4 billion**, mainly from Sugar Beach renovation.

Net cash flow used in financing activities include net debt repayment of **Rs 0.3 billion**, lease payments of **Rs 0.2 billion** and interest paid of **Rs 0.5 billion**.

NET DEBT*



Net debt excluding lease liabilities at 30 June 2020 was **Rs 8.8 billion** (2019: Rs 7.8 billion) resulting in a gearing of **59.3%** which was up from prior year (48.1%) due to the decrease in equity with the impairment loss. Net debt to EBITDA before exceptional items was **8.53** at 30 June 2020.

The increase in gearing level on interest bearing bank loans was mainly due to the impairment of assets and revaluation of the foreign exchange debts.

*Loans and other borrowings net of cash and short term deposits

REFINANCING PLAN

- The Group faced two major challenges to meet its financial commitments in the short term:
 - Fund working capital requirement since the lockdown in March 2020.
 - Repay one of its existing bonds of **Eur 54 million** which was maturing on 4 November 2020.

A refinancing plan has been successfully agreed with Mauritius Investment Corporation Ltd ("MIC") and our bankers which consisted of a total amount of **Rs 4.8 billion**. Our Bankers participated for **Rs 1.7 billion** and MIC for **Rs 3.1 billion**.

- MIC has committed to subscribe to redeemable and convertible secured bonds, totalling **Rs 3.1 billion** through two wholly owned subsidiaries, namely Anahita Hotel Limited (owning Four Seasons Resort Mauritius at Anahita) and Long Beach Resort Ltd (owning Long Beach Resort) All transaction agreements concerning the Long Beach Resort Ltd have been signed on 03 November 2020 and those of Anahita Hotel Ltd were still in finalisation process at the approval of the financial statements.
- On 04 November 2020 SUN successfully repaid its existing bonds of **Eur 54 million**.
- Based on cash flow forecast projections for the next 12 months and the funding secured so far, Management are of the view that the Group and the Company will be able to meet its financial obligations, borrowings covenants and fund operational losses that may result from the COVID-19 impact on the Group's operations in the next financial year.

LOOKING FORWARD

MEASURES TO PREPARE FOR RECOVERY

- The sanitary and hygiene protocol will be of utmost importance to reassure the travellers and mitigate the fear of travel. With the assistance of an external expert, SUN has worked on a detailed sanitary protocol for all its business units to stand out among the competitors on local and international market.
- Several commercial and marketing initiatives have been taken under the leadership of the Group's new CSMO (Chief Sales & Marketing Officer) who joined SUN Ltd in April 2020.
- A detailed study of the new macro and travelling trends which have been accelerated and amplified by the COVID-19 crisis.
- Long stay offers are being implemented taking advantage of the newly introduced 1 year premium visa.
- A rebranding process have been initiated so as to better position SUN and its hotels in the post COVID-19 environment.
- Cancellation policies have been made more flexible.

RE-START OF OPERATIONS

- As per the Government's policy, the opening of the borders will be done in phases. The phase 2 with very restrictive protocols and 14 days quarantine started on 1st October 2020 and will last at least until mid-January 2021. The next phase will hopefully be more flexible until a full freedom of movement is re-established for travellers. The tourism industry will surely start to recover upon availability of a vaccine during the next calendar year 2021.
- SUN is currently positioning its Mauritian hotels on different market segments; quarantine business, local residents, long stays and events. The Kanuhura will reopen as from mid-november.

OUTLOOK

The COVID-19 crisis is an opportunity for reviewing our structures, implement productivity gains measures to become a lean and agile organization when business recovery comes.

With the global uncertainties still very much present, priorities are:

- Reduce costs drastically and manage cash flow.
- Explore new sources of revenues such as property development
- New offers/concepts and experiences in line with post COVID-19 amplified trends.
- Finalise SUN financial restructuring with MIC funding to achieve Cash Flow optimisation through Longer Term financing.
- Establish a revised 3-year plan
- Enhanced Sales & Marketing strategy to reposition the Brand with new concepts of differentiation.
- Embrace and leverage on sustainability and enhanced digital leadership .
- Leverage on real-estate assets to deleverage and generate cash.

FRANCOIS EYNAUD
Chief Executive Officer

TOMMY WONG YUN SHING
Chief Finance Officer

12 November 2020

AWARDS

SUN RESORTS

-  Korn Ferry 2019 Employee Engagement Award

LONGBEACH

-  Tripadvisor Travelers Choice Award 2020
-  Indian Ocean's Best Golf Hotel 2020
-  Indian Ocean Luxury Spa 2019
-  EarthCheck Silver Accreditation
-  TripAdvisor Certificate of Excellence

Sugar Beach

-  Buddha-Bar Beach was awarded the "International Hotel & Property Awards 2020" in the category 'Restaurant within a hotel'.
-  Mauritius' Leading Beach Resort 2019 - World Travel Awards
-  British Airways Holidays Customer Excellence Award 2019
-  EarthCheck Silver Accreditation
-  TripAdvisor Certificate of Excellence

LA PIROGUE

-  Tripadvisor Travelers Choice Award 2020
-  TUI Environmental Champion 2019
-  EarthCheck Silver Accreditation
-  TripAdvisor Certificate of Excellence

ambre

-  Tripadvisor Travelers Choice Award 2020
-  Affordable Luxury Hotel of The Year Mauritius - LTG Africa & Middle East Awards 2019 - TUI Top Quality
-  Africa Best Employer Brand Award
-  EarthCheck Silver Accreditation
-  TripAdvisor Certificate of Excellence

KANUHURA

-  Forbes Travel Guide 5 Star Award
-  Global Best Employer Brand Award
-  Tripadvisor's Traveller's Choice 'Best of the Best' award
-  2020 Luxury Lifestyle Awards
-  Kanuhura wins 2019 TripAdvisor Travelers' Choice Award 2019
-  Travellers' Choice Award 2019 - Top 10 Hotels & Top 10 Luxury Hotels
-  Earth Check Silver Certified

ILE AUX CERFS GOLF CLUB

-  2020 Luxury Lifestyle Awards: Category of Best Golf Club in Mauritius
-  2020 Golfers' Choice Award by Leading Golf Course: Best Golf Club in Mauritius
-  2020 Golfers' Choice Award by Leading Golf Course: Best Golf Maintenance in Mauritius
-  2020 Best Golfing Experience in the Indian Ocean by IAGTO (International Association of Golf Tour Operators)
-  2019 Golfers' Choice Award



GOVERNANCE

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STATEMENT OF COMPLIANCE

(SECTION 75 (3) OF THE FINANCIAL REPORTING ACT 2004)

Name of Public Interest Entity ("PIE"):

Sun Limited
("SUN"/"the Company")

Reporting Period:
30 June 2020

Throughout the financial year ended 30 June 2020 and to the best of the Board of Directors' knowledge, SUN has complied with the Corporate Governance Code for Mauritius (2016) ("the Code"). SUN has applied all the principles set out in the Code and explained how these principles have been applied.



JEAN-PIERRE DALAIS
Chairman



NADERASEN PILLAY VEERASAMY
Chairman of the Corporate Governance,
Ethics, Nomination & Remuneration
Committee

12 November 2020

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

SUN LIMITED ("SUN") AT A GLANCE

- Public company listed on the Official Market of the Stock Exchange of Mauritius ("SEM").
- Public Interest Entity as defined by the Financial Reporting Act 2004.
- Listed on the SEM Sustainability Index (SEMSI).
- Experience in the hospitality industry and seven luxury resorts in two of the world's most coveted holiday destinations, Mauritius and the Maldives.

The Board of Directors ("Board") of SUN is committed to maintaining high standards of corporate governance and acknowledges its responsibility for applying and implementing the principles contained in the National Code of Corporate Governance for Mauritius (2016) ("the Code"). Details on how SUN has applied the Code's principles are explained in this report. SUN also uses its website for online reporting in accordance with the recommendations of the Code. You may refer to the governance section dedicated to the Company on <https://www.sunresortshotels.com/en> ("SUN's website").

OUR VISION

To be the leading hospitality group that inspires

Timeless Memories

OUR MISSION

We delight our guests

We nurture a passion for excellence

We act as role model in our communities

We build trustful partner relations

We reward our owners

OUR VALUES

Excellence

Integrity

Trust

Passion

Teamwork

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

PRINCIPLE 1: SUN'S GOVERNANCE STRUCTURE

THE ROLE OF THE BOARD

The Board provides effective leadership and direction to enhance the long-term value of the Group, for its shareholders and other stakeholders. It assumes its responsibility in (i) overseeing the business affairs of the Group, (ii) reviewing its strategic plans, performance objectives, financial plans, annual budget, key operational initiatives, major funding, investment proposals, financial performance reviews and corporate governance practices. It also ensures that all legal and regulatory requirements are met.

CODE OF CONDUCT¹

SUN operates a Code of Conduct for all its employees, officers, Directors and suppliers which demonstrates not only its unwavering commitment to provide outstanding service but ensures that its business is done according to ethical standards.

RESPONSIBILITIES AND ACCOUNTABILITIES¹

SUN has job descriptions for key senior governance positions to provide a clear definition of their roles and responsibilities. The roles of the Board Chairman and that of Group Chief Executive are held separately. Jean-Pierre Dalais assumes the role of the Non-Executive Chairman and Francois Eynaud that of the CEO since 1 September 2019.

BOARD CHARTER¹

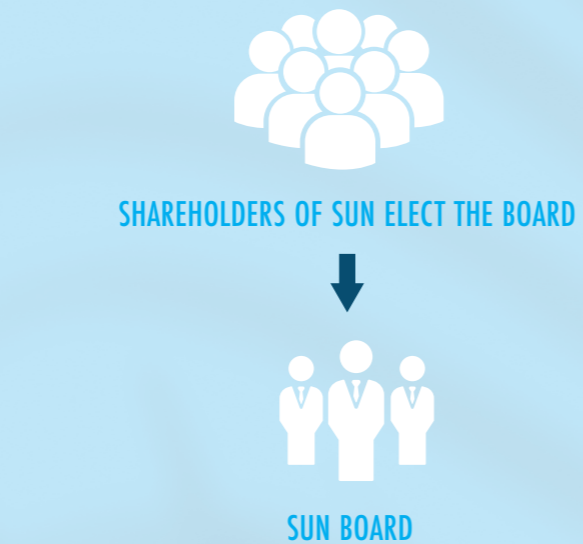
A Board Charter was approved by the Board on 21 September 2017 and subsequently updated on 19 June 2019. It defines, amongst other items, the composition, role and duties of the Directors and the Chairman, as well as the responsibilities assigned to committees of the Board. A copy of the Board Charter is provided to new directors upon their appointment as part of their induction. It can be consulted on SUN's website.

CONSTITUTION

The constitution of SUN complies with the provisions of the Companies Act 2001 and the Listing Rules of the SEM. There are no clauses of the constitution deemed material enough for special disclosure.

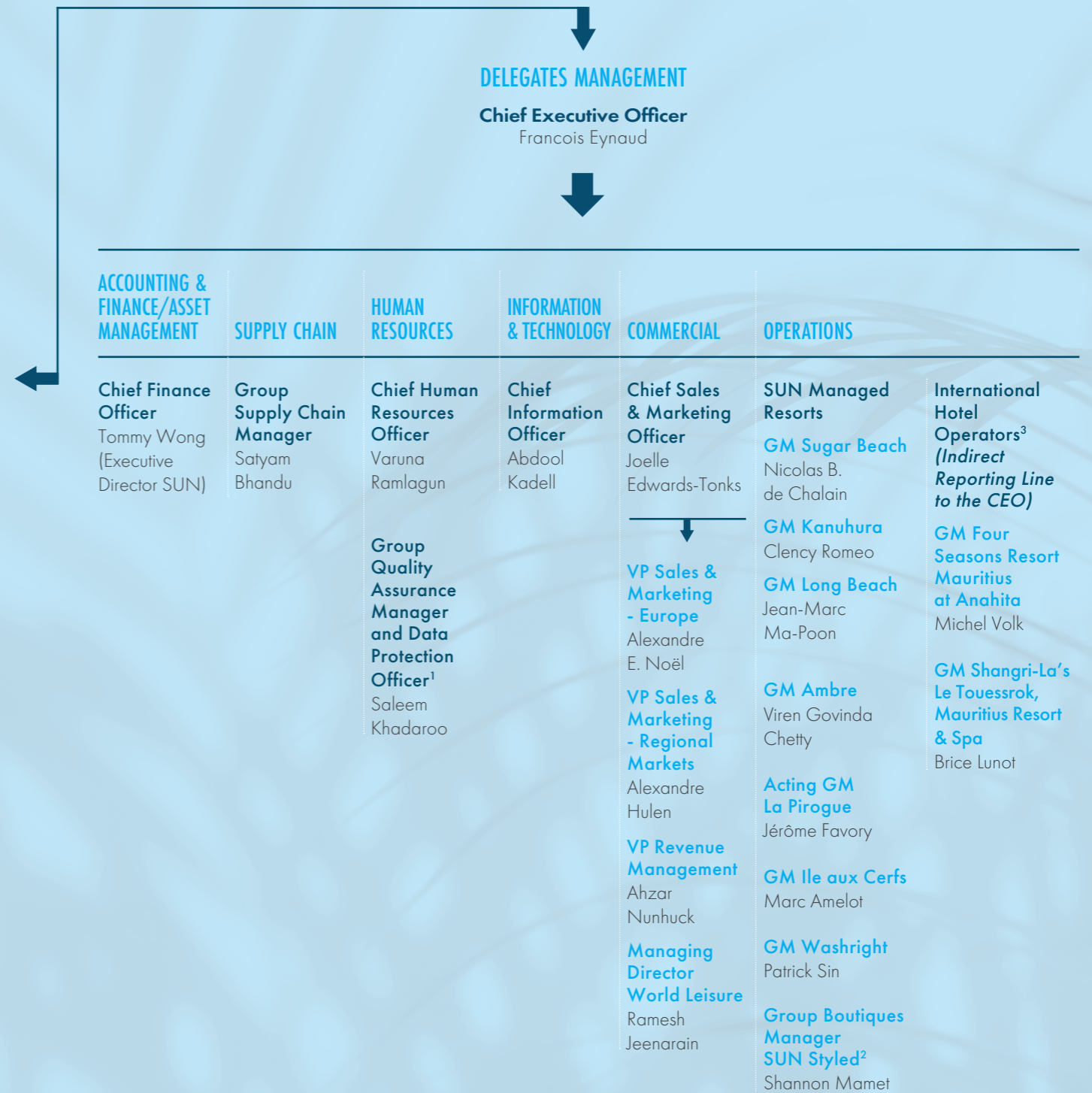
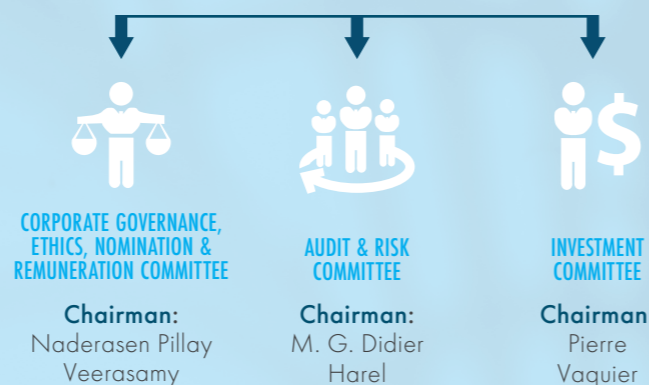
Note 1: The above documents are subject to review by the Board, as and when necessary.

SUN'S ORGANISATIONAL CHART - STATEMENT OF ACCOUNTABILITIES



The Group operates within a defined governance framework through delegation of authorities and clear lines of responsibility while enabling the Board to retain effective control. As such, the Board is ultimately accountable and responsible for the performance and affairs of the Group.

Three Board committees tasked to provide specialist guidance to its Directors, and each operate within approved terms of reference. Recommendations from the committees escalate to the Board. Reports from the chairmen of these committees are systematically included on the agendas of Board meetings.



Note 1: The Group Quality Assurance Manager and Data Protection Officer is responsible for the Risk and Compliance function as from 1 August 2020.
Note 2: The Group Boutiques Manager Sun Styled reports to the Chief Finance Officer.
Note 3: Management contracts entered into by SUN with international hotel operators.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

GOVERNANCE WITHIN THE GROUP

The guidance under the Code for groups provides that the ultimate holding of group companies should apply all principles of the Code and provide appropriate explanations. Wholly owned subsidiaries are thus exempted from applying the principles of the Code. As a holding company, SUN's governance structure contributes to the effective oversight of its subsidiaries considering the nature, scale and complexity of the different risks to which the Group is exposed such that the governance structure remains appropriate considering its growth, increased complexity and geographic expansion.

FIND OUT MORE

<https://www.sunresortshotels.com/en>

- Code of Conduct
- Constitution
- Board Charter
- Job Descriptions of Key Senior Governance Positions

PRINCIPLE 2: STRUCTURE OF THE BOARD AND ITS COMMITTEES

BOARD SIZE AND STRUCTURE

The Board is composed of Directors coming from different industries and backgrounds with strong business, international and management experience which are important considering the nature and scope of the Group's business and the number of board committees.

Tenure of Directorships:

1
Between 0 and 2 years

6
Between 2 and 4 years

5
Between 4 and 6 years

2
More than 6 years

Company Secretary:
This function is fulfilled by CIEL Corporate Services Ltd ("CCS"), through a service agreement it holds with SUN. It employs qualified secretaries from the Institute of Chartered Secretaries & Administrators to fulfill its duties as Company Secretary. In addition to the service agreement, a position statement defines the main duties and responsibilities of the Company Secretary.

Type of Mandate: Unitary Board of **14 Directors** **Constitution:** Not less than **8** or more than **14 Directors**

Executive Directors

Non-Executive Directors, including the Chairman

Independent Non-Executive Directors

6 Board Meetings during the financial year **2** Decisions adopted by way of written resolution in lieu of holding Board Meetings

Areas of expertise: Accounting & Finance, Hospitality, Asset & Risk Management, Textile, Private Equity, Strategic Business Development, Legal, Sales & Marketing

Quorum for the Board: Majority of Directors and in case of equality of votes, Chairman has a casting vote

Gender:

1

13

BOARD SIZE AND STRUCTURE (CONT'D)

Directors	Gender	Age	Board Attendance	Country of Residence	Category
Jean-Pierre Dalais (Chairman)	M	56	6/6	Mauritius	NEC
Alexis Caude	M	51	6/6	Mauritius	NED
P. Arnaud Dalais	M	65	6/6	Mauritius	NED
R. Thierry Dalais	M	61	4/6	Mauritius	NED
L. J. Jérôme De Chasteauneuf	M	54	6/6	Mauritius	NED
Hélène Echevin	F	43	4/6	Mauritius	NED
Francois Eynaud ¹	M	59	5/6	Mauritius	ED
M. G. Didier Harel	M	68	6/6	Mauritius	INED
J. Harold Mayer	M	55	5/6	Mauritius	NED
Olivier Riché	M	64	4/6	France	NED
Jean-Louis Savoye	M	47	6/6	France	NED
Pierre Vaquier	M	63	6/6	France	INED
Naderasen Pillay Veerasamy	M	63	5/6	Mauritius	INED
Tommy Wong Yun Shing	M	53	6/6	Mauritius	ED

NEC - Non-Executive Chairman • **NED** - Non-Executive Director • **INED** - Independent Non-Executive Director • **ED** - Executive Director
Note 1: Appointed Director on 19 September 2019.

FOCUS AREAS OF THE BOARD DURING THE YEAR

Recurring Agenda Items

- Declaration of interests
- Minutes of proceedings of meetings
- Reports from chairmen of Board committees
- Quarterly reports/ review of operations

The Board is of the view that its composition is adequately balanced and that the current directors have the range of skills, expertise and experience to carry out their duties properly.

Governance and Risk

- Remuneration of the Directors
- Update of Board committees' terms of reference
- Feedbacks on internal audit through the report from the Chairman of the Audit & Risk Committee
- Appointment of the CEO
- Remuneration of Executives through the report from the chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee

Strategy, Performance, Financial Monitoring

- Annual and quarterly financial statements
- Annual Report
- Budget
- Deep dive on Kanuhura
- Resorts and property management, refurbishment through the report from the Chairman of the Investment Committee
- Unclaimed dividends
- Monitoring of bank accounts and signatories
- Monitoring of Covid-19 impact on operations

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

BOARD PROCESSES AND ATTENDANCE AT BOARD/COMMITTEE MEETINGS

The dates of Board and committee meetings as well as the annual meeting of shareholders are planned well in advance with the assistance of the Company Secretary. The Board meets at least five times a year and ad-hoc meetings may also be convened to deliberate on urgent substantive matters. Decisions of the Board are also taken by way of written resolutions.

DEDICATED COMMITTEES ASSISTING THE BOARD IN ITS DUTIES

Whilst the Board retains the overall responsibility, committees probe subject more deeply and report on the matters discussed, decisions taken, and where appropriate, make recommendations on items requiring Board approval. The committees play a key role in supporting the Board. The Company Secretary of the Board acts as secretary to these committees. The chairmen of each of the committee report verbally to the Board on their activities. The Board is satisfied that the committees are appropriately structured, skilled and competent to deal with both the Group's existing and emerging issues, and that they have effectively discharged their responsibilities during the year under review according to their terms of reference. The terms of reference of the committees are updated as and when necessary. During the year, those of the Investment Committee were amended to ensure assessment of environmental & social impact, while considering new investment opportunities. The matters deliberated under the Operational Excellence Committee are now taken at Board level. As such, this committee has been dissolved by the Board.

CORPORATE GOVERNANCE, ETHICS, NOMINATION & REMUNERATION COMMITTEE



MEMBERS

Naderasen P. Veerasamy, Chairman	2/2
Jean-Pierre Dalais	2/2
P. Arnaud Dalais	2/2
M. G. Didier Harel	2/2
Olivier Riché	2/2



ATTENDANCE

Main Terms of Reference

- Ensure that the Company's reporting requirements on corporate governance are in accordance with the principles enunciated in the Code and guide the Board on the adoption of other governance policies and best practices.
- Analyse, advise and make recommendation to the Board with respect to ethics, remuneration and nomination matters.
- Monitor the implementation of the code of conduct and set the tone for its implementation by management.

Focus Areas during the Year

- Corporate governance report.
- Board assessment survey results.
- Group salaries' increase and performance incentive schemes.
- Directors' fees.
- Management fees payable to CCS.
- Employee engagement survey results.
- Appointment of the CEO.

AUDIT & RISK COMMITTEE



MEMBERS

M. G. Didier Harel, Chairman	6/6
L. J. Jérôme De Chasteauneuf	6/6
Jean-Louis Savoye	6/6
Naderasen P. Veerasamy	6/6



ATTENDANCE

Main Terms of Reference

- Examine and review the quality and integrity of the Group financial statements and any formal announcements relating to its financial performance.
- Review and report to the Board on significant financial reporting issues and judgements which these financial statements contain having regard to matters communicated to the Committee by the auditors.
- Assess the robustness of the Company's internal controls, including financial and management accounting controls.
- Monitor the effectiveness of the internal control and risk management systems, as well as the conclusions of any verification performed by internal and external auditors.
- Ensure that the Company develops and executes a comprehensive and robust system of risk management.
- Appointment, reconduction and termination of internal and external auditors.

Focus Areas during the Year

- Internal audit reports and status update on the audit plan for the FY 2019/2020 including the approach going forward post Covid-19 crisis.
- Insurance coverage for SUN and its subsidiaries.
- Material legal cases.
- Key audit findings for the FY 30 June 2019 and potential key audit matters for the FY 30 June 2020.
- Audited accounts of the Company and its subsidiaries for the FY 30 June 2019 and the abridged version of these accounts together with the relevant publication notes.
- Meeting with the external auditors without management's presence (in line with the Code).
- Quarterly financial results and respective abridged versions.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

INVESTMENT COMMITTEE



MEMBERS

Pierre Vaquier, Chairman	6/6
Jean-Pierre Dalais	6/6
Francois Eynaud ¹	5/5
Olivier Riché	6/6

Note 1: Appointed Director on 19 September 2019



ATTENDANCE

Main Terms of Reference

- Ensure that investment and development strategies meet the strategic objectives set.
- Ensure that effective and regular access exists for the debate of the Company's/Group's investment strategy options and changes thereto.
- Understand and assess potential investment and divestment opportunities available to the Company/Group.
- Understand and match the Company's/Group's investment strategy options with its financing and treasury strategies.
- Forum to debate deal flow opportunities.

Focus Areas during the Year

- Property development opportunities.
- Deep dive on Kanuhura.
- Resorts refurbishment.



<https://www.sunresortshotels.com/en>

- Terms of Reference of Board Committees



PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

APPOINTMENT AND RE-ELECTION OF DIRECTORS/CHAIRPERSON

STEPS

1

- The Board charter provides that the Directors shall be a natural person of not less than 18 years old and not more than 75 years old.
- It also provides that the Chairman of the Board shall not be older than 70 years old and shall hold office for a period of five years and may, at the term of his office, be re-elected by the Board for a further period of five years or such other term as may be determined by simple majority of the Board. Jean-Pierre Dalais is chairing the Board since 13 February 2017.
- The Corporate Governance, Ethics, Nomination & Remuneration Committee recommends all new appointments on the Board and committees. Skills, knowledge, industry experience, diversity and independence are important factors that are being considered prior to recommending any appointment.

2

- Board approval - The Directors have power at any time, and from time to time, to appoint any person to-be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number fixed in accordance with this constitution.
- The Director appointed to fill up the vacancy or as an addition to the existing Directors shall hold office only until the next annual meeting of shareholders and shall then be eligible for re-election.

3

- Induction process.

4

- Board nomination submitted for approval by the shareholders at Annual Meeting ("AM").
- Directors are also re-elected annually at the AM by way of separate resolutions.
- Directors over the age of 70 are appointed at the AM in accordance with section 138(6) of the Companies Act 2001.

INDUCTION OF THE DIRECTORS

The Board assumes its responsibility for the induction of newly appointed Directors, through a process which is facilitated by the Company Secretary. They undergo an induction programme under the guidance of the Chairperson and the Company Secretary, which enable them to gain an in-depth understanding of the Company's business model, governance framework, activities and strategy. In addition to receiving statutory documents, newly appointed directors meet the Executive Directors and perform site visits to acquaint themselves with SUN's operations and culture. All Directors have unrestricted access to the Company's records.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

DIRECTORS' PROFILES

The biographical details of the Directors of the Company are provided hereunder. The Board has decided to only disclose directorships in listed companies.



JEAN-PIERRE DALAIS

ALEXIS CAUDE

R. THIERRY DALAIS

FRANCOIS EYNAUD

P. ARNAUD DALAIS

L. J. JÉRÔME DE CHASTEAUNEUF

Non-Executive Chairman

Appointed Director on 7 April 2010 /
Appointed Chairman on 13 February
2017

Member of the Corporate Governance,
Ethics, Nomination & Remuneration
Committee Member of the Investment
Committee

With an MBA from The International University of America, San Francisco, Jean-Pierre Dalais acquired working experience from Arthur Andersen (Mauritius and France) before joining the CIEL Group in January 1992. He played an active role in the management and development of the different group's clusters in Mauritius and internationally before being nominated Group Chief Executive of CIEL Limited on 1 January 2017, overseeing all its operations.

Directorships in other listed companies:

Alteo Limited, CIEL Limited, Phoenix Beverages Limited (Alternate Director).

Core competencies:

Corporate finance, building business partnership, international development, property & hotel development, new business opportunities.

Non-Executive Director

Appointed Director on 14 February
2018

Alexis Caude is a French entrepreneur particularly successful in the fields of digital media, hospitality and real estate. He was the founder and Chairman of the Executive Board of NEWSWEB, a leading online publisher that went public in 2006 on the Paris Stock Exchange (Euronext) and was subsequently acquired by the LAGARDERE Group. He was also the co-founder of BETCLIC, the leading French online gaming company that was sold in 2008 to seasoned French investor Stéphane Courbit. In April 2015, he sold his last online publishing company to NEXTRADIO. He is the co-founder and owner of VALUESTATE, a mid-scale hotel operator that owns 10 hotels across Europe. He currently serves as Managing Director of private equity fund Adenia Partners. He holds an MBA from Harvard Business School.

Directorships in other listed companies:
none.

Core competencies:

Finance, entrepreneurship and business management, hospitality and real estate, digital media, private equity.

Non-Executive Director

Appointed Director on 3 December
1991

Member of the Company's Corporate
Governance, Ethics, Nomination &
Remuneration Committee

P. Arnaud Dalais joined the CIEL Group in August 1977. 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 several organisations including the Joint Economic Council from 2000 to 2002 and Business Mauritius from 2015 to 2017. He was appointed Group Chairman of CIEL in 2010 and Chairman of CIEL Limited following the recent reorganisation of the group in 2014. He has chaired the Board between February 2011 and 2017.

Directorships in other listed companies:
Alteo Limited, CIEL Limited (Chairman).

Core competencies:

Entrepreneurship and business management, property & hotel development, strategic development.

Non-Executive Director

Appointed Director on 13 February
2017

R. 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. R. Thierry Dalais was also former director and trustee on numerous boards, including listed companies in Mauritius and abroad. He completed degrees in Commerce and Accounting at the University of the Witwatersrand and qualified as a Chartered Accountant in South Africa.

Directorships in other listed companies:
CIEL Limited.

Core competencies:

Private equity, corporate finance, property & hotel development, business management.

Non-Executive Director

Appointed Director on 12 November
2014

Member of the Audit & Risk Committee

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 is closely involved with the corporate affairs of the CIEL Group and the major financial re-engineering which accompanies the development of the Group. He was nominated CIEL Group Finance Director on 1 January 2017. He represents CIEL on numerous boards of its subsidiaries.

Directorships in other listed companies:

Alteo Limited, CIEL Limited, Harel Mallac & Co. Ltd.

Core competencies:

Business development and finance, accounting & audit, strategic development, deal structuring.

Executive Director

Appointed Director on 19 September
2019

Francois Eynaud is the Chief Executive Officer of SUN since 1 September 2019. Prior to joining SUN, Francois Eynaud was the CEO of Veranda Leisure & Hospitality ("VLH"), managing the Hotels Division of Rogers Group, where he spent 11 years. Prior to joining VLH, Francois Eynaud had spent 14 years with CIEL Textile where he was Executive Director at Tropic Knits. Francois Eynaud was President of AHRIM (the National Hotel Association) in 2013 and 2014. Prior to returning to Mauritius in 1991, Francois Eynaud has worked 7 years at SAGEM, France as Export Director, Country Manager in the Caribbean and the UK. He holds a French Business School Diploma (Institut Commercial de Nancy - ICN).

Directorships in other listed companies:
none.

Core competencies:

Hospitality & leisure, strategic business development, leadership, sales and marketing.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

DIRECTORS' PROFILES (CONT'D)



HÉLÈNE ECHEVIN

Non-Executive Director

Appointed Director on 22 June 2017

Since 1 July 2019, Hélène Echevin is the Chief Executive Officer of CIEL Healthcare Ltd which regroups all healthcare activities – C-Care (Mauritius), IMG (Uganda) and Hygeia (Nigeria) of the CIEL Group. In this capacity, she is also the Executive Chairman of C-Care (Mauritius) Ltd and sits on the Board of Directors of CIEL Healthcare. Since joining CIEL in March 2017, she has played a key role developing our healthcare portfolio and leading CIEL's operational excellence journey. Prior joining CIEL, Hélène Echevin worked for Eclosia Group and Harel Mallac Group and counts 17 years of experience in operations and project management, at both company and corporate levels.

She holds an engineering degree in Food Technology from Polytech, France and completed her academic skills by an executive management program at INSEAD. Hélène was the first lady President of the Mauritius Chamber of Commerce. She is a member of the board of Maurilait Ltd and MARENA.

Directorships in other listed companies: C-Care (Mauritius) Limited (Chairman).

Core competencies:

Operational excellence, business & management, food production, project management.

M.G. DIDIER HAREL



Independent Director

Appointed Director on 18 August 2015
Chairman of the Audit & Risk Committee
Member of the Corporate Governance, Ethics, Nomination and Remuneration Committee

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.

Directorships in other listed companies: MCB Group Limited (Chairman), Terra Mauricia Ltd.

Core competencies:

Finance, accounting, banking, risk management, international business and management, strategic development, petroleum and gas.



J. HAROLD MAYER

Non-Executive Director

Appointed Director on 24 July 2014

J. Harold Mayer holds a bachelor's in commerce and is qualified as Chartered Accountant - South Africa. He joined CIEL Textile in 1990 and has been holding key positions within the Group since then. He started his career as Head of Finance of New Island Clothing and was promoted General Manager of Aquarelle Clothing Ltd in 1995. He was also Chief Operating Officer of the clothing operations. On 30 June 2020, J. Harold Mayer retired as CEO of the CIEL Textile Group.

Directorships in other listed companies: CIEL Limited, Omnicane Limited (Chairman).

Core competencies:

Finance, accounting, operational excellence, textile, entrepreneurship.

OLIVIER RICHÉ



Non-Executive Director

Appointed Director on 22 June 2017
Member of the Corporate Governance, Ethics, Nomination and Remuneration Committee / Member of the Investment Committee

Olivier Riché is a member and the President of the Supervisory committee of Dentressangle Foncière Immobilière, a real estate investment company wholly owned by Dentressangle (Holding company of the Dentressangle Family). Prior to joining Dentressangle Foncière Immobilière in 2016, Olivier Riché has been Managing Director of Foncière de Paris for 30 years. He is a member of the Corporate Governance of several companies as Axa Mutuelle Vie and IARD, Mutuelles le Conservatory. Olivier Riché is a graduate in Business and Corporate Law.

Directorships in listed companies: none.

Core competencies:

Real estate and property development, corporate law, international business and management.



JEAN-LOUIS SAVOYE

Non-Executive Director

Appointed Director on 22 June 2017
Member of the Audit & Risk Committee

Jean-Louis Savoye is Deputy General Manager of the Dentressangle, a French société par actions simplifiée which is the investment holding company of the Dentressangle family. He has been instrumental in helping Dentressangle to realise its investment strategy during the last 15 years. Prior to joining Dentressangle in 2003 as CFO, Jean-Louis Savoye, served with PwC and ran due-diligences acquisitions in M&A for various Private Equity firms and French leading industrial companies. Jean-Louis Savoye is a graduate of the Toulouse Business School with a major in Finance.

Directorships in listed companies: Tessi.

Core competencies:

Finance, accounting, mergers & acquisition, private equity, international business and management, property investment.

NADERASEN PILLAY VEERASAMY



Independent Director

Appointed Director on 24 July 2014
Member of the Audit & Risk Committee (Committee he has chaired from 13 February 2015 until 30 June 2016)
Chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee

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, now FLV & Associés (aarp), comprising now of 9 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 residing partner of the local office of FLV & Associés in Mauritius and resuming his practice at the Mauritian Bar on a permanent basis.

Directorships in listed companies: Ascencia Limited.

Core competencies:

Corporate and business law, international law, business and management.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

DIRECTORS' PROFILES (CONT'D)



PIERRE VAQUIER

TOMMY WONG YUN SHING

Independent Director

Appointed Director on 14 February 2018
Chairman of the Investment Committee

Pierre Vaquier has more than 37 years principal investment and asset management experience. Having worked since 1980 in financial institutions with global activities, all his career was in business positions held in Europe, the US and Asia. Until recently, he was the Chief Executive Officer of AXA Investment Managers-Real Assets (AXA IM-Real Assets), position he held for 10 years. He chaired the Management Board and Executive Committee of AXA IM-Real Assets and was as well member of the AXA Investment Managers Management Board. His responsibilities included the definition of AXA IM-Real Assets strategy and its implementation. Prior to the launch of AXA IM-Real Assets, he was Director of Business Development at AXA Immobilier. His key assignments were the restructuring of real estate investment generated through the property crisis of the late 80's early 90's, the evaluation of Mergers and Acquisition transaction made by the AXA Group and the governance of Equitable Real Estate Investment. Prior to AXA, he spent 13 years at Paribas in different investment and merchant banking functions. After two years as an associate at Paribas International Private Banking, he moved to the US to manage real estate investment made for Paribas and its clients. He set-up a real estate investment and advisory platform based in New York, Paribas Properties Inc. At the different stage of the property cycle, he managed opportunistic investments, work out situation and investment banking assignments. He graduated from HEC in 1980.

Directorships in listed companies: none.

Core competencies:

Investment and asset management, real estate development, merchant and private banking.

Executive Director

Appointed Director on 12 November 2014
Chief Finance Officer

Tommy Wong holds a BSC degree from the London School of Economics and is a fellow member of the Institute of Chartered Accountants of England and Wales. He acquired his working experience as a chartered accountant in UK with Deloitte before returning to Mauritius. In his role as a partner in Deloitte Mauritius, he oversaw 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 held the position of President of the Association des Hoteliers et Restaurateurs de L'île Maurice (AHRIM) previously, he is still an active Board member and acts as the treasurer and chairman of the finance committee.

Directorships in listed companies: none.

Core competencies:

Corporate finance, accounting, audit, legal, treasury, business and management, strategic development.

SENIOR LEADERSHIP TEAM

SUN is managed by a skilled team of professionals with different backgrounds and experience from the world of tourism, financial, consulting, management and hospitality.

FRANCOIS EYNAUD,
Chief Executive Officer since 1 September 2019

Please refer to the Directors' Profiles.

TOMMY WONG YUN SHING,
Chief Finance Officer

Please refer to the Directors' Profiles.

JOELLE EDWARDS-TONKS,
Chief Sales & Marketing Officer

Joelle Edwards-Tonks, joined SUN on 16 April 2020 as Chief Sales and Marketing Officer, bringing over 20 years of working experience in the hospitality industry and an extensive international exposure. Prior to SUN, Joelle Edwards-Tonks worked at the Four Seasons George V Paris for 6 years as Director of Reservations & Revenue Management and was also Regional coach for Revenue Management followed by 3 years at the Shangri-La Hotel Paris as Director of Sales. Most recently, Joelle served as Senior Vice President of Sales, Marketing & Communication at Oetker Collection, a Luxury Hospitality Brand in Europe, where she spent 10 years in various senior leadership roles and lead the re-branding, successfully repositioning Oetker Collection on the global market. Joelle Edwards-Tonks was also instrumental in the development of Direct Business Sales, notably through digital channels.

Core competencies:

Hospitality & leisure, leadership, strategic development, marketing, communication, sales & revenue management.

PROFESSIONAL DEVELOPMENT

As part of their duties as directors, it is critical for Board members to have a thorough knowledge of the environment within which the Group operate. Directors continuously receive information on the industry, benchmarks to industry players, tourism statistics, Tripadvisor's trends etc., as part of their Board packs. Apart from these, no training has been offered to the Directors.

SUCCESSION PLANNING

The Board assumes its responsibility for succession planning which is a systematic effort and process of identifying and developing candidates for key leadership positions over time to ensure the continuity of management and leadership in an organisation.

The objective of succession planning is to ensure that the organisation continues to operate successfully when individuals occupying critical positions and hard to replace competencies depart. As part of its terms of reference, the Corporate Governance, Ethics, Nomination & Remuneration Committee has reviewed the succession plan for key executives of the Group. Top 20 roles, the Senior Management team, were, in the first place identified to kick-start the succession planning process as part of a long-term initiative to prepare potential candidates. The job incumbents in the current Top 20 roles (except the new recruits) went through an evaluation exercise in view of assessing their potentials as well as understanding their ambitions to better address their personal/ career development plan. The outcome of this exercise has also been considered.

The Chief Human Resources Officer also carried out:

- a Talent Management Review in collaboration with the General Managers in Business Units (for employees at Head of Department level); and
- a career chat with the Head of Departments, both to understand their ambitions and as career counselling. The output of this exercise was also considered in the identification of the successors.

The successors were identified in 4 categories, namely:

EMERGENCY

The individual is ready to step into the role/job/position in case of an emergency vacancy but may not be the most suitable successor long-term. Typically oversees role for 3-6 months pending permanent replacement.

READY NOW

This indicates that this employee was in the highest level of readiness and could transition into the role with minimal development.

READY C+1

The employee would be ready for the role within the next two to three years and may include one additional role or assignment for development purposes.

READY C+2

The employee will be ready for the role in 3 to 5 years and may include one or two additional roles or assignments for development purposes.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

LEGAL DUTIES

Directors are made aware of their legal duties upon their appointment and are reminded of same annually when asked to update the register of interests. Several documents and policies have also been implemented to guide them, namely the code of conduct, conflict of interest/related party transactions policy, share dealings policy and board charter.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

A liability insurance cover for Directors and Officers has been subscribed for by SUN and its subsidiaries, as part of the CIEL Group insurance cover.

CONFLICT OF INTERESTS/RELATED PARTY TRANSACTIONS POLICY

Transactions with related parties are disclosed in the financial statements. A Conflict of Interest/Related Party Transactions Policy has been approved by the Board to ensure that the deliberations and decisions made by SUN are transparent and in the best interests of the Company. It also aims to protect the interests of the Officers from any appearance of impropriety and to ensure compliance with statutory disclosures and law. Notwithstanding the above, Directors of SUN are also invited by the Company Secretary, on an annual basis, to notify the Company of any direct and interest in any transactions or proposed transaction with the Company. Declarations made by the Directors are entered in the interests' register which is maintained by the Company Secretary and which is available for inspection by the shareholders upon written request to the Company Secretary.

60 INFORMATION, INFORMATION TECHNOLOGY AND INFORMATION SECURITY GOVERNANCE

Board Information

The Chairman, with the assistance of the Company Secretary ensures that Directors receive the necessary information for them to perform their duties and that the Board has sufficient time for consultation and decision-making.

Information Technology Policy

There are formalised Information Technology and Information Security Policies in place currently at SUN which are updated on an annual basis. An IT Steering Committee ("ITSC") composed of representatives of management ensures that companies within the Group are involved in critical information technology decision-making which are based on organisational goals. The ITSC meets on a half yearly basis, at which, major information technology investments are considered for approval.

A budget for information technology is allocated annually, based on business needs for the financial year. A clear process has been determined to drive Information technology projects from start to end, while adopting a cost/time effective approach.

EU General Data Protections Regulations ("EU GDPR")

In compliance with new data protection laws, EU GDPR and the Data Protection Act 2017, SUN has worked on a Group Data Privacy Policy and Personal Data Breach Policy ("the Policies") with a view to promote a privacy culture within the Group and ensure that all clusters, business units and employees protect the privacy of personal information of individuals in their daily operations. The Policies were reviewed by the ARC and further approved by the Board on 19 September 2019. The Policies define the Group's requirements regarding the collection, storage, use, transmission, disclosure to third parties and retention of personal information. SUN's Group Quality Assurance Manager has been designated as the Group Data Protection Officer.

SHARE DEALING POLICY

The Directors ensure that their dealings in the shares of the Company are conducted in accordance with the principles of the Model Code for Securities Transactions by Directors of Listed Companies, as detailed in Appendix 6 of Listing Rules of the SEM. In that spirit, the Board has approved a Share Dealing Policy that reiterates the procedures to provide clear guidance to the Directors and Officers of SUN on the practice to be followed when dealing in shares of the Company to avoid the abuse of price-sensitive information (insider dealing). Directors are strictly prohibited to deal in shares of the Company during close periods.

DIRECTORS' INTERESTS IN THE SHAREHOLDING OF THE COMPANY AS AT 30 JUNE 2020

	Direct	Indirect
Jean-Pierre Dalais (Chairman)	192,301	17,266
Alexis Caude	Nil	Nil
P. Arnaud Dalais	139,273	23,656
R. Thierry Dalais	Nil	Nil
L. J. Jérôme De Chasteauneuf	Nil	Nil
Hélène Echevin	Nil	Nil
Francois Eynaud	1,000	Nil
M. G. Didier Harel	Nil	Nil
J. Harold Mayer	349,829	Nil
Olivier Riché	Nil	Nil
Jean-Louis Savoye	Nil	Nil
Pierre Vaquier	Nil	Nil
Naderasen Pillay Veerasamy	Nil	Nil
Tommy Wong Yun Shing	331,048	11,180

Directors of SUN did not trade in shares of SUN during the financial year under review.

BOARD ASSESSMENT

The services of EY were retained to perform a Board assessment over the review period 1 July 2018 to 30 June 2019, as described in the 2019 Annual Report. The Board has resolved that such assessment be carried every two years. The next assessment will thus be performed over financial year ending 30 June 2021.

REMUNERATION POLICY

The underlying philosophy is to set remuneration at the right level to attract, retain and motivate high calibre personnel and reward in alignment with their individual as well as joint contribution towards the achievement of SUN's objective and performance, whilst taking into consideration the current market conditions and the Company's financial position. The Directors are remunerated for their knowledge, experience and insight given to the Board and Committee. The fees paid to the Directors are submitted to the Board's approval upon recommendation from the Corporate Governance, Ethics, and Nomination & Remuneration Committee. There are no established policies for remunerating Executive Directors approaching retirement. This will be determined by the Board as and when required.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

REMUNERATION OF THE DIRECTORS

Non-Executive Directors were entitled to the following remuneration for the year under review.

Non-Executive Directors	Board Fees (Rs)	Audit & Risk Committee Fees (Rs)	Corporate Governance, Ethics, Nomination & Remuneration Committee Fees (Rs)	Investment Committee Fees (Rs)	Total Fees (Gross – Rs)
Jean-Pierre Dalais (Chairman)	NIL	NIL	NIL	NIL	NIL
Alexis Caude	150,000	NIL	NIL	NIL	150,000
P. Arnaud Dalais	150,000	NIL	100,000	NIL	250,000
R. Thierry Dalais	150,000	NIL	NIL	NIL	150,000
L. J. Jérôme De Chasteauneuf	NIL	NIL	NIL	NIL	NIL
Hélène Echevin	150,000	NIL	NIL	NIL	150,000
M. G. Didier Harel	200,000	300,000	100,000	NIL	600,000
J. Harold Mayer	150,000	NIL	NIL	NIL	150,000
Olivier Riché	150,000	NIL	100,000	NIL	250,000
Jean-Louis Savoye	150,000	150,000	NIL	NIL	300,000
Pierre Vaquier	200,000	NIL	NIL	300,000	500,000
Naderasen Pillay Veerasamy	200,000	150,000	200,000	NIL	550,000

Directors have voluntarily contributed part or the whole amount of their remuneration into the CIEL Covid Fund. This fund has been created by CIEL Limited, in view of providing employees impacted by retrenchment plans linked to the Covid-19 crisis with adequate support through specific medical assistance, training and/or empowerment programmes.

Jean-Pierre Dalais and L. J. Jérôme De Chasteauneuf are remunerated by CCS, which holds a service agreement with SUN for the provision of strategic support & Group strategy harmonisation, legal, company secretarial and payroll services. They therefore do not perceive Board and Committee fees from SUN.

Non-Executive Directors have not received remuneration in the form of share options or bonuses associated with the Company's performance.

The Remuneration and benefits paid to the Executive Directors for the financial year ended 30 June 2020 are resumed in the table below:

Executive Directors	Gross – Rs'000
Francois Eynaud	11,383 ¹
Tommy Wong Yun Shing	11,939

Note 1: Remuneration is as from date of appointment - 1 September 2019.

In addition to Directors' fees, Directors are encouraged to experience SUN's resorts and quality standards to assess management's performance and receive an annual hotel and golf allowance. Unused allocations during the year are not carried forward to the following year.

To retain and reward its executives while strengthening the mutuality of interests between the latter and the Company, Executive Directors are entitled to a long-term incentive plan, the details of which are included under note 23(b) of the financial statements.

For the remuneration and benefits received, or due and receivable by the Directors of the Company and its subsidiaries as at 30 June 2020, please refer to the section Statutory Disclosures made pursuant section 221 of the Mauritius Companies Act 2001.

FIND OUT MORE

<https://www.sunresortshotels.com/en>

- Share Dealing Policy
- Conflict of Interest/Related Party Transactions Policy

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

RISK MANAGEMENT

SUN, in its journey to achieve its Mission and Vision, recognises that the ever-changing business environment presents multiple form of threats and opportunities. In whichever form, SUN is determined to move forward, manage threats and seize the right opportunities for value creation and capital preservation. The risk management approach of the Group is designed to identify potential events that may affect the Group, and contain risks within its risk appetite, thus providing reasonable assurance regarding the achievement of organisational objectives.

Risk Management Organisation Structure

The Board is ultimately responsible for the oversight and management of SUN's risks and is ultimately accountable for ensuring that the Group develops and executes a comprehensive and robust system of risk management. The Board, through the Audit and Risk Committee, monitors the Group's risk management process and systems of internal control.

The Group's risk management and internal control systems are designed to meet its needs and manage the risks to which it is exposed. However, such risks cannot always be contained, and systems can only provide reasonable, but not absolute outcomes. The systems can never completely protect against such factors as unforeseeable events, fraud and errors in judgement even after due consideration.

The dedicated risk management functions, namely the Risk and Compliance and Quality Assurance teams, are responsible for ensuring the approved risk management framework and policies are implemented and complied with. They are also responsible for facilitating the risk management processes with operational units which include risk identification, assessment, mitigation and monitoring. At the forefront, all business units are responsible for identifying and managing risks within their operations. They are to ensure all daily activities are carried out within the established framework and full compliance with approved policies, procedures and limits.

CORPORATE GOVERNANCE REPORT

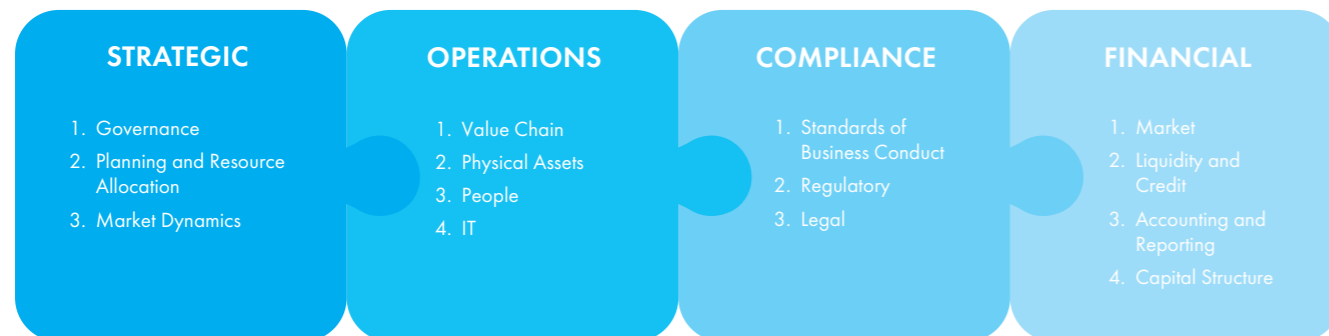
YEAR ENDED 30 JUNE 2020

Risk Management Framework & Policy

SUN has a formalised Enterprise Risk Management Framework ("ERMF") which is in turn supported by an ERM Policy, to facilitate the implementation of ERM. The ERM approach is benchmarked against and aligned to the ISO 31000 Risk Management Standard. Below is the structure of key areas under SUN's ERM Framework:



BROAD RISK CATEGORIES



SUN's RMF is based on the following principles:

- It has been designed to identify, measure, manage, monitor and report the significant risks to the achievement of its objectives. It is embedded throughout the Group and is codified through risk policies as well as ERM manual and business standards, which set out the risk strategy, appetite, framework and minimum requirements for the Group's operations.
- Each major business unit within the Group conducts a quarterly risk review and an annual risk assessment and updates its respective Risk Control Register ("RCR"). The core risk team in each business unit consists of the General Manager, who acts as the Risk Champion, Financial Controller, Resort Manager, Head of Engineering and Quality Assurance Manager. This team is supported by functional heads at each business unit. Functional risk sub-committees at each business unit exist, which provide a bottoms-up approach to the identification of risks and update on progress made in implementing appropriate mitigating controls.
- Regular risk meetings are held with the Risk Management Team, respective risk champions at each business unit and the core risk team to review progress in executing action plans, to ensure appropriate mitigating controls are in place, determine the materiality of new risks identified and review the Key Risk indicators ("KRIs") of each business unit. In preparation of this meeting, the business unit risk champion meets with his operational management teams and departmental risk sub-committees.

Risk Categories

Risks at SUN are broadly categorised as follows to facilitate interpretation and management thereof:

- Strategic risks - Risks related to the uncertainties and untapped opportunities embedded in the corporate strategy.
- Operational risks - Risks related to the internal operations of the company, including business processes, organisational structure, culture, systems and people.
- Compliance risks - Risks related to the exposure to legal penalties, financial forfeiture, material loss and reputation damage to the company when it fails to act in accordance with industry laws and regulations, internal policies or prescribed leading practices.
- Financial risks - Risks related to threats to the financial health of the business, including its liquidity, profitability and gearing levels. They include the risk that the gearing level impacts the liquidity of the company, its financial results and its ability to exploit investment opportunities.

The Group's RCR is based on a consolidation of the operational, strategic, financial and compliance risks from each business unit and at corporate level. This ensures that key risks are identified, these risks are appropriately ranked in terms of significance, risk heat maps are updated, the extent to which appropriate mitigating controls are in place is understood and actions required to further mitigate risks to within its risk appetite. The Risk Oversight Committee ("ROC") reviews the Group's risk register on a quarterly basis.

A quarterly risk report is issued by the ROC to the Audit & Risk Committee incorporating the following:

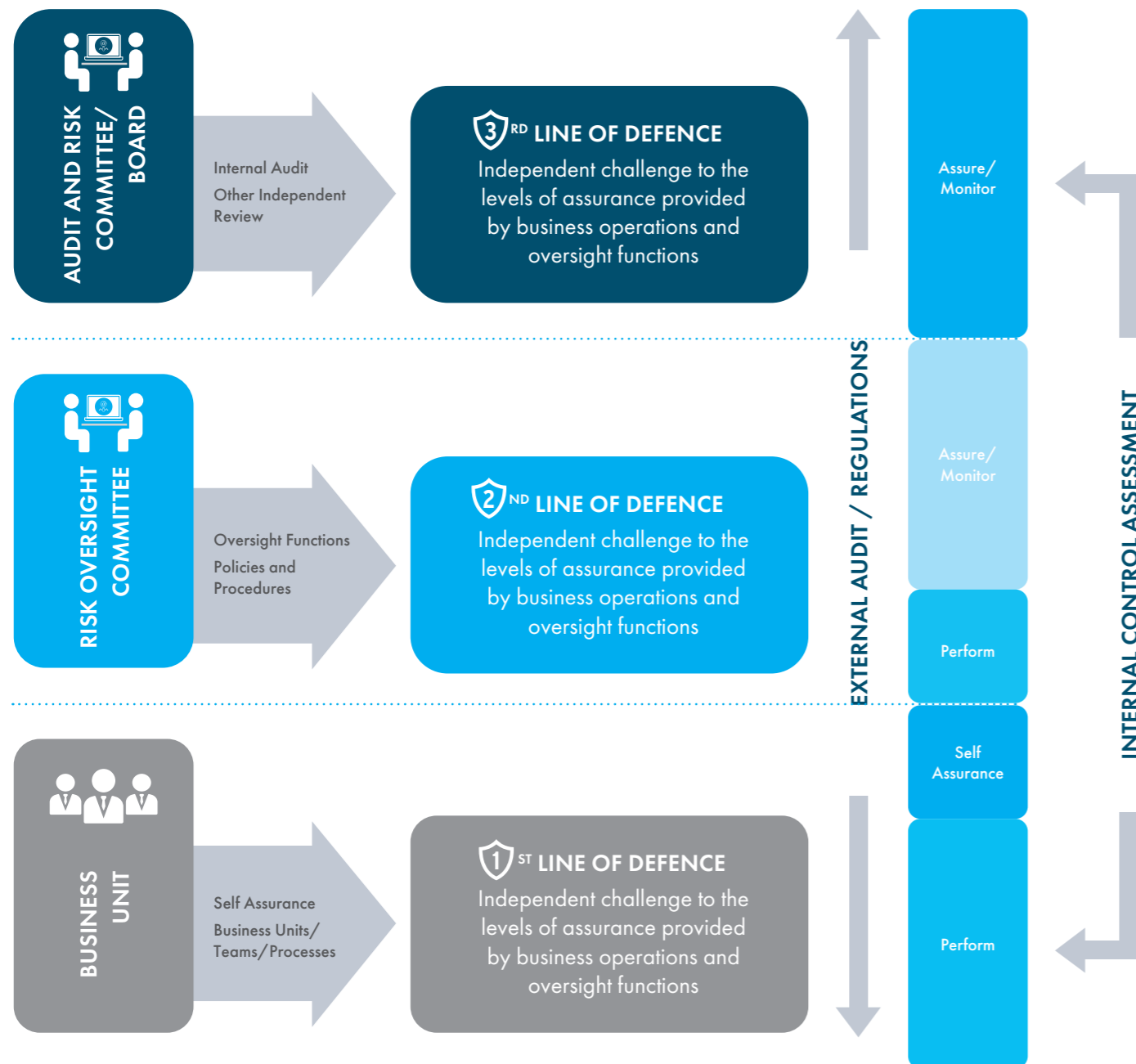
- Updated Summary Risk & Control Register
- Risk Heat Map
- Comments to be escalated
- Potential exception reports

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

Internal Control Framework

The control framework that applies to the Group in order to manage risks is illustrated below. SUN has adopted the three lines of defence model to manage risks as illustrated below.



The roles of each of the components related to the above are explained in more detail below.

Board of Directors ("Board"):

- To determine the nature and extent of the principal risks it is willing to take to achieve the Company's strategic objectives.
- To ensure that an appropriate risk culture has been embedded throughout the organisation.
- To govern and oversee SUN's ERM system.
- To be responsible for the effectiveness of SUN's ERM system.
- To ensure a top-down ERM system that addresses key risks across each cluster (and at group level) and elevates risk discussions to the strategic level.
- To produce a strategy statement that clarifies risk appetite, risk ownership and the strategies to tackle key risks and continuously update it, as and when necessary.

Audit & Risk Committee ("ARC"):

- To require that key risks are reported in a manner that is efficient and accurate.
- To require that risk heat maps and an in-depth prioritised analysis of key risks are produced.
- To challenge management on the completeness of the risk population identified and any emerging risks that may have been overlooked.
- To oversee that actions formulated by management to mitigate risks within tolerable levels are implemented effectively and on a timely basis.
- To ensure that the dotted line between the Board and the risk management function is effective.
- To obtain reasonable assurance on the effectiveness of SUN's ERM system.
- To ensure that SUN's ERM system is aligned to the strategy statement produced by the Board.

Chief Executive:

- To take overall responsibility for implementing a robust Risk Management Framework throughout SUN. This includes embedding risk management in the corporate business processes of SUN, such as:
 - Strategic planning.
 - Financial planning.
 - Capital projects.
 - Policy making and review.
 - Performance management (i.e. ensuring strategic objectives are met).
- To appoint Risk Champions.
- To lead by example and to oversee the adherence to SUN's risk management process and establish a 'risk awareness culture'.
- To appoint at least one member to sit on the ROC.

Risk Oversight Committee ("ROC"):

- To review and ratify all risk related information, as produced by the risk champions, before it reaches the ARC.
- To challenge risk champions on the completeness of the risk population identified and any emerging risks that may have been overlooked.
- To prioritise the risks identified.
- To ensure actions are formulated, with clearly defined accountabilities and timelines to mitigate risks to within tolerable levels.
- To ensure the timely and effective implementation of these actions.
- To assist in ensuring key risks are reported in a manner that is efficient and accurate.