HOTELEST LIMITED

FURTHER ADMISSION DOCUMENT AND INFORMATION MEMORANDUM TO SHAREHOLDERS

IN RESPECT OF

A RIGHTS ISSUE OF

23,301,337 NEW ORDINARY SHARES AT AN ISSUE PRICE
OF MUR 27.00 PER SHARE

5 NEW ORDINARY SHARES WILL BE ISSUED FOR EVERY
7 ORDINARY SHARES HELD ON 24 NOVEMBER 2014

14 OCTOBER 2014

This Further Admission Document bears registration number LEC/R/03/2014

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

This document is issued by Hotelest Limited ("Hotelest" or the "Company"), a public company incorporated in Mauritius on 10 February 1995 and currently regulated by the Companies Act 2001.

This document serves as Further Admission Document (as defined in The Rules for Development & Enterprise Market ("DEM") companies (the "DEM Rules") of the Stock Exchange of Mauritius Ltd ("SEM")) and includes information given in compliance with the relevant sections of the DEM Rules with respect to the Rights Issue of 23,301,337 new ordinary shares by Hotelest.

This document is also issued for the purpose of providing information to shareholders of the Company and to the public in general in relation to the Rights Issue (as defined below) undertaken by Hotelest.

The Rights Issue is subject to approval by shareholders of the Company at a special meeting to be held on 5 November 2014.

The shares to be offered have been granted approval with regard to their admission to listing on the DEM. This document has been approved by the Listing Executive Committee ("LEC") of the SEM in conformity with the DEM Rules on 14 October 2014.

For a full appreciation of this document, it should be read in its entirety. If you have any doubt as to the action you should take, please consult your financial advisor.

This document has been sent to all shareholders of Hotelest registered on the register of shareholders of Hotelest at close of business on 8 October 2014. If you have sold or intend to sell or otherwise transferred your shares in Hotelest, you should send this document together with form B at once to the purchaser or transferee or to the agent through whom the sale or transfer was executed, for onward transmission to the purchaser or transferee. Please refer to the offer letter enclosed with this document for further information.

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

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

The SEM and the LEC do not assume any responsibility for the obligations of the underwriter in the discharge of its duties as per the terms of the Underwriting Agreement.

TABLE OF CONTENTS

1. GLOSSARY

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

Board	The board of directors of Hotelest
BMH	Belle Mare Holding Limited
CBMP	Constance Belle Mare Plage
CDS	The Central Depository & Settlement Co. Ltd
CES	Constance Ephélia, Seychelles
CHM	Constance Halaveli, Maldives
CHSL	Constance Hotels Services Limited
CLPM	Constance Le Prince Maurice
CLS	Constance Lémuria, Seychelles
CTM	Constance Tsarabanjina, Madagascar
CMM	Constance Moofushi, Maldives
Constance	The Constance Hotels brand
DEM	Development & Enterprise Market of the SEM
Directors	The directors of Hotelest
Further Admission Document or FAD	This document prepared for the purpose of listing the New Ordinary Shares issued under the Rights Issue and pursuant to the DEM Rules of the SEM
FSC	Financial Services Commission
Group	Hotelest and its subsidiaries
Hotelest or Company	Hotelest Limited
IFRS	International Financial Reporting Standards
Information Memorandum	This document prepared for the purpose of providing information to shareholders of the Company in the context of the Rights Issue
LEC	Listing Executive Committee of the SEM
LHW	Leading Hotels of the World
MUR	Mauritian rupees
New Ordinary Share	New ordinary shares of Hotelest with a par value of MUR 10 each, ranking pari passu with the existing ordinary shares
Rights Issue	The rights issue of 23,301,337 New Ordinary Shares of Hotelest with a par value of MUR 10 each, at an issue price of MUR 27.00 each, in the proportion of 5 New Ordinary Shares for every 7 shares held.
SEM	The Stock Exchange of Mauritius Ltd
Shares	Ordinary shares of Hotelest with a par value of MUR 10 each, listed on the DEM
Underwriter	The MCB Stockbrokers Ltd
USD	U.S. dollar

2. DECLARATION BY DIRECTORS

This document includes particulars with regard to Hotelest in the context of the offer by the Company to its shareholders to subscribe to additional ordinary shares. It also provides information on Hotelest in compliance with the DEM Rules governing the listing of additional securities on the DEM. The Directors of Hotelest (the "Directors"), whose names appear in Section 9, collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this document and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement herein misleading and that this document complies with the Securities Act 2005 (the "Act"), or any rules or regulation made under the Act as applicable.

In a cautionary announcement dated 8 August 2014, the Directors informed Hotelest's shareholders and the public in general that the Company would be proposing a rights issue of MUR 629 million. On 2 October 2014, the Board approved the Rights Issue, the salient features of which are provided in Section 3.

The Directors confirm that the historical financial information included in this document, except for the unaudited half year accounts, have been extracted from audited and unqualified consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and the Directors accept responsibility for the said financial information.

Furthermore, the Directors of Hotelest declare that, to the best of their knowledge and belief and after having made reasonable inquiries, in relation to the period after 31 December 2013, the date to which the last audited consolidated financial statements of Hotelest have been prepared, to the date of this document:

- There has been no material adverse change in the financial or trading position of Hotelest and its subsidiaries;
- The business of Hotelest and its subsidiaries has been satisfactorily maintained;
- There have been no circumstances adversely affecting the value of the consolidated assets of Hotelest;
- The current assets of Hotelest and its subsidiaries appear in the respective books at values believed to be realisable in the ordinary course of business;
- There have been no unusual factors affecting the consolidated reserves of Hotelest; and
- The working capital available to Hotelest and its subsidiaries is sufficient for at least twelve months from the date of admission of the securities and they do not contemplate any change in the nature of the business of Hotelest.

If you are in any doubt about the content of this document, you should consult an independent qualified person who may advise you accordingly.

Approved by the Board of Hotelest Limited and signed on its behalf by:

George J. Dumbell
Chairperson

Jean Ribet
Executive Director

3. SALIENT FEATURES OF THE RIGHTS ISSUE

Issuer	Hotelest Limited
Offer	Rights Issue of 23,301,337 New Ordinary Shares with a par value of MUR 10 at an issue price of MUR 27.00 each. A shareholder of Hotelest will be entitled to subscribe for 5 New Ordinary Shares for every 7 ordinary shares registered in his/her name on 24 November 2014 rounded down to the nearest integer when fractions occur.
Offer price	MUR 27.00 per share
Amount to be raised	MUR 629,136,099
Purpose of the issue	The main purpose of the issue is to raise the funds necessary for Hotelest to subscribe to its share of the rights issue being undertaken by its subsidiary, Constance Hotels Services Limited.
Underwriter	The MCB Stockbrokers Ltd
Rights subscription period	20 November 2014 - 11 December 2014
Trading of rights	2 December 2014 - 8 December 2014
Allotment date	29 December 2014
Listing of the New Ordinary Shares	Fully paid New Ordinary Shares will be listed and traded on the DEM as from 13 January 2015. The LEC has on 14 October 2014 approved the listing of the New Ordinary Shares.
Payment terms	Payable at latest on closure of the subscription period on 11 December 2014.

A full calendar of events is set out in Section 4.10 of this document.

4. PARTICULARS OF THE RIGHTS ISSUE

4.1 Background to and purpose of the Rights Issue

Hotelest is seeking to raise MUR 629 million through a Rights Issue to enable the Company to subscribe to its share of the rights issue being undertaken by its subsidiary, Constance Hotels Services Limited ("CHSL").

Hotelest's sole asset is a 51% holding in CHSL. CHSL is a company operating in the hospitality sector, with a presence in Mauritius, Maldives, Seychelles and Madagascar and manages a portfolio comprising seven hotels and resorts under its full or partial ownership.

Since 2007-2008, CHSL has expanded its operations through the implementation of a development strategy focusing on the geographical diversification of its hotel assets. Key achievements over that period included:

- Opening of three new flagship properties; Constance Halaveli, Maldives ("CHM"), Constance Ephélia, Seychelles ("CES") and Constance Moofushi, Maldives ("CMM");
- Doubling the room count for both owned and managed properties to reach approximately 1,000 rooms;
- Extending the marketing reach, with a particular focus on non-traditional markets; and
- Developing a focused brand positioning strategy.

This expansion of the CHSL's operations was mostly financed by bank loans and temporary facilities, and cash flows generated by the company. Over that period, the performance of CHSL has however been adversely affected by the global economic crisis, inherent issues affecting specific markets in which it operates and delays in the launch of certain projects.

The board of directors of CHSL announced on 8 August 2014 that it intended to undertake a rights issue of MUR 1,234 million at a price of MUR 27.00 per share to raise the funds required to strengthen the balance sheet of the company and thus further enhance shareholder value.

The proceeds from the CHSL's rights issue will be used for repaying temporary loan facilities and financing the anticipated capital requirements in CHSL's associates operating in the Seychelles.

4.2 Terms of the Rights Issue

4.2.1 *Shareholders' approval*

The Rights Issue is subject to approval by shareholders of the Company at a special meeting to be held on 5 November 2014.

4.2.2 *Nature and amount of the Rights Issue*

The Rights Issue will consist of the issue of 23,301,337 New Ordinary Shares (Security ID: HTLS-I-0000; ISIN: MU0174I00006) with a par value of MUR 10 each at an issue price of MUR 27.00 each and fully payable on application.

The shareholders of Hotelest registered at close of business on 24 November 2014 shall be entitled to subscribe for 5 New Ordinary Shares for every 7 shares held at that date.

All the New Ordinary Shares shall be in registered form and the register shall be kept by ECS Secretaries Ltd. The shares shall be in either certificated or dematerialised form.

As of the date of this document, the stated capital of Hotelest is made up of 32,621,872 fully paid up ordinary shares. Upon completion of the Rights Issue, Hotelest is expected to have a stated capital made up of 55,923,209 ordinary shares.

4.2.3 *Issue price*

The Board of Directors of Hotelest has priced the Rights Issue at MUR 27.00 per share, equivalent to a discount of 18.2% to the share price of MUR 33.00 and a discount of 17.1% to the three months volume weighted average share price of MUR 32.55, both discounts calculated as at 8 August 2014, being the date when the Rights Issue was made public by the cautionary announcement of the same date.

4.3 Underwriter

The MCB Stockbrokers Ltd (the "Underwriter") has underwritten the Rights Issue.

The Underwriter will subscribe for or procure the subscription of all New Ordinary Shares of Hotelest issued under the Rights Issue, which have not been subscribed for by the shareholders in accordance with the terms of the underwriting agreement signed on 8 October 2014.

4.4 Dilution impact

In the event that existing shareholders do not subscribe to the New Ordinary Shares, the dilution impact following the Rights Issue for a shareholder will be 41.7%, except for shareholders with less than 7 shares. Shareholders are reminded that their rights can be traded; see section 4.5.2 for additional information.

Table 1: Dilution impact

Shareholders	Number of shares held currently	Current share-holding (%)	Shares taken up through Rights Issue	Number of shares post Rights Issue	Shareholding post Rights Issue (%)
Existing shareholders	32,621,872	100.0%	-	32,621,872	58.3%
Underwriter	-	0.0%	23,301,337	23,301,337	41.7%
Total	**32,621,872**	**100.0%**	**23,301,337**	**55,923,209**	**100.0%**

4.5 Subscription procedures for the Rights Issue[1]

For any queries regarding subscription procedures, please contact the Share Registry and Transfer Office, ECS Secretaries Ltd on 212 1998.

4.5.1 Acceptance

Acceptance may only be made by completing and signing the relevant application form. Shareholders may accept the offer to fully subscribe or to partially subscribe for New Ordinary Shares issued by Hotelest by completing and returning a signed Form A.

The fully completed and signed application form must be returned with the payment of MUR 27.00 per New Ordinary Share subscribed to the Share Registry and Transfer Office, ECS Secretaries Ltd, 3rd Floor, Labama House, 35 Sir William Newton Street, Port Louis not later than 4:00 p.m. on 11 December 2014.

A shareholder will be deemed to have rejected the offer to subscribe for his/her allotment of the New Ordinary Shares under the Rights Issue if he/she fails to meet the above deadline.

Incomplete applications will be rejected and these shareholders will be deemed to have renounced their rights to their allotment of the New Ordinary Shares under the Rights Issue.

Acceptances are irrevocable and may not be withdrawn. The offer will remain open from 20 November 2014 to 11 December 2014.

4.5.2 Trading of rights

Shareholders who do not wish to subscribe for any or part of the New Ordinary Shares offered under the Rights Issue may trade their subscription rights by completing and signing Form B.

The rights may then be negotiated through one of the licensed investment dealers and traded on the DEM from 2 December 2014 to 8 December 2014.

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[1] This document refers to a number of application forms, which have been enclosed herewith. These forms, together with an offer letter, have been posted to shareholders registered as at 8 October 2014. Please refer to Section 14 for guidance on the subscription procedures.

4.5.3 Purchase of rights to subscribe for New Ordinary Shares

For those persons who have acquired rights to subscribe for New Ordinary Shares on the DEM, a duly completed and signed Form C with full payment for the New Ordinary Shares need to be remitted to the Share Registry and Transfer Office, ECS Secretaries Ltd, 3rd Floor, Labama House, 35 Sir William Newton Street, Port Louis, not later than 4:00 p.m. on 11 December 2014.

Copies of Form C will be made available to investment dealers.

4.6 Method of payment

Payment shall be made by crossed cheque drawn to the order of Hotelest Limited for the total amount payable and must reach the Share Registry and Transfer Office, ECS Secretaries Ltd, 3rd Floor, Labama House, 35 Sir William Newton Street, Port Louis together with the appropriate form(s) correctly completed in full and signed, not later than 4:00 p.m. on 11 December 2014.

Should a cheque forwarded in payment of an application for New Ordinary Shares be dishonoured by the drawer's bank, the application will be considered as null/void and will be rejected.

No cash nor any other form of payment will be accepted.

All payments received will be retained by Hotelest pending allotment of shares. Such monies will not bear interest.

4.7 New Ordinary Shares not subscribed for

The New Ordinary Shares in respect of which no duly completed and signed forms and/or relevant full payment have been received at the closure of the subscription shall remain under the control of the Board of Directors of Hotelest. The latter shall allot them to the Underwriter and/or such persons as the Underwriter may nominate at a price which shall not be less than the subscription price of MUR 27.00.

4.8 Fractional shares

Hotelest will not issue fractional shares. The number of New Ordinary Shares will be rounded down to the nearest integer when fractions occur. The difference will be subscribed by the Underwriter and/or such persons as the Underwriter may nominate.

4.9 Allotment of New Ordinary Shares

The allotment of New Ordinary Shares will be effected within 15 working days of the closure of the subscription period for the rights.

Applicants who have subscribed to the Rights Issue and who have a CDS account, will have their CDS accounts credited by 12 January 2015. A letter will be sent to confirm the number of New Ordinary Shares credited.

Share certificates, in respect of New Ordinary Shares allotted to all other shareholders without a CDS account, will be posted to them on 9 January 2015 to their registered address.

4.10 Calendar of events

The following timetable will apply:

Record date for shareholders invited to special meeting	8 October 2014
Posting of Information Memorandum/Further Admission Document, offer letter, application forms and notice of special meeting to shareholders	20 October 2014
Special meeting of shareholders	5 November 2014
First cum right to subscribe for New Ordinary Shares trading session	6 November 2014
Last day to deposit share certificates at CDS for first day of trading of rights for the New Ordinary Shares	17 November 2014
Last cum right to subscribe for New Ordinary Shares trading session	19 November 2014
Shares traded ex-rights to subscribe for New Ordinary Shares	20 November 2014
Opening of rights issue subscription	20 November 2014
Record date for shareholders entitled to subscribe for New Ordinary Shares	24 November 2014
First day to deposit offer letters at CDS for trading of rights	25 November 2014
Last day to deposit offer letters at CDS for trading of rights	1 December 2014
First day for trading of rights to subscribe to New Ordinary Shares	2 December 2014
Last day for trading of rights to subscribe to New Ordinary Shares	8 December 2014
Closing of rights issue subscription and payment	11 December 2014
Allotment of New Ordinary Shares	29 December 2014
Sending New Ordinary Shares certificates to shareholders	9 January 2015
Direct crediting of New Ordinary Shares in CDS accounts	12 January 2015
First day of trading of New Ordinary Shares	13 January 2015

4.11 Description of the rights attached

The New Ordinary Shares to be issued and allotted as part of the Rights Issue will carry the same voting rights as the existing ordinary shares and will rank pari passu with the existing ordinary shares in their entitlement to future dividends and their rights to share in any surplus in the event of a capital distribution.

4.11.1 Voting

Each ordinary share shall confer upon its holder the right to one vote on a poll at a meeting of the Company on any resolution.

4.11.2 Dividends

Each ordinary share shall confer upon its holder the right to an equal share in dividends declared by the Board.

4.11.3 Distribution on the winding up of the Company

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

4.11.4 Redemption

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

4.12 Listing of New Ordinary Shares

The fully paid New Ordinary Shares will be listed and traded on the DEM as from 13 January 2015.

The Listing Executive Committee of SEM has, on 14 October 2014, approved the above application.

4.13 Theoretical ex-rights price

The theoretical ex-rights price is based on the share price of Hotelest at 7 October 2014, being the last practicable date prior to the publication of this document.

Table 2: Theoretical ex-rights price

Last price quoted prior to the issue (MUR)	38.00
Number of shares in issue	32,621,872
Market capitalization prior to the issue (MUR)	1,239,631,136
Rights Issue price (MUR)	27.00
Number of shares to be issued	23,301,337
Value of shares to be issued (MUR)	629,136,099
Capitalisation following the issue (MUR)	1,868,767,235
Number of shares following the issue of New Ordinary Shares	55,923,209
Theoretical ex-rights price following the issue (MUR)	**33.42**
Rounded to nearest tick size (MUR)	**33.40**

4.14 Proceeds from the Rights Issue

4.14.1 Estimated net proceeds

Table 3: Estimated net proceeds

	MUR '000
Gross proceeds	629,136
Less: estimated expenses (see below)	(4,267)
Estimated net proceeds	**624,869**

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

Table 4: Estimated expenses

Details of expenses	**MUR '000**
Underwriting fee	3,320
Professional fees	882
SEM application fee	65
Total estimated expenses	**4,267**

4.14.2 Use of proceeds

It is intended that the net proceeds from the Rights Issue are used for the following purposes:

Table 5: Use of net proceeds

Use of net proceeds	**MUR '000**
Subscribe to CHSL rights issue	624,869
Net proceeds	**624,869**

5. ABOUT HOTELEST

5.1 Description of Hotelest

The only activity of Hotelest is to hold 51% of the share capital of its subsidiary, CHSL.

5.2 Description of CHSL

CHSL started its hotel operations in 1975 with the opening of its first hotel in Mauritius, the Constance Belle Mare Plage Hotel. The group has since then expanded into a major hospitality player in the Indian Ocean with a presence in four countries and a portfolio comprising seven hotels and resorts under its management. The group turnover amounted to MUR 2,564 million at 31 December 2013 (2012: MUR 2,007million).

The growth of the business has been achieved through the implementation of a strategic plan built around the following four axes:

- Geographical diversification;
- Opportunities for hotel management;
- Developing the Constance Hotels brand; and
- Quality of service.

5.2.1 Geographical diversification

CHSL was a pioneer in expanding in the Indian Ocean region, first venturing outside Mauritius in 1999 to open the Constance Lémuria, Seychelles. It has leveraged its knowledge, expertise and reputation developed through its hotel operations in Mauritius to further expand and invest in the region. Today CHSL is well established in all major tourist destinations in the Indian Ocean islands. It owns, operates and manages four hotels in Mauritius and Maldives and has equity participation and management contracts in three hotels in the Seychelles and Madagascar.

In July 2013, CHSL acquired 65% of the share capital of The Waterfont PVT Ltd, the holding company of CHM, for USD 17.2 million, taking full ownership of the hotel. Through this acquisition, CHSL further strengthened its market position in Maldives, a fast growing tourism industry in the region.

In line with its long-term vision of operating a number of quality hotels in the region, CHSL will, in due course, continue with its diversification strategy and intends to look at further opportunities for expansion as and when they arise, with a focus on Middle East, Africa and Asia. To this end, CHSL aims to leverage its management expertise, recognised by the industry, to secure additional opportunities.

Table 6: Portfolio of hotels as at 31 December 2013

Hotel	Ownership
Constance Belle Mare Plage	100%
Constance Le Prince Maurice	100%
Constance Moofushi Maldives	100%
Constance Halaveli Maldives	100%
Constance Lémuria Seychelles	25.4%
Constance Ephélia Seychelles	25.4%
Constance Tsarabanjina Madagascar	37.5%

5.2.2 *Developing the Constance brand*

Product positioning and brand awareness is vital to the success of CHSL and over the past years, the company has carried out a complete rebranding exercise leading to "Constance Hotels and Resorts", with two distinctive collections, the 'Unique' and 'Ultimate' to better distinguish each market segment.

- Unique Resorts invites guests to experience unique and unrestrained moments at distinctive resorts. Constance Belle Mare Plage, Constance Ephélia Seychelles, Constance Moofushi Maldives and Constance Tsarabanjina Madagascar are part of the Unique brand; and
- Ultimate Hotels is more luxury oriented and affluent with fine attention to detail to meet guests' ultimate expectations. Constance Le Prince Maurice, Constance Lémuria Seychelles and Constance Halaveli Maldives are part of the Ultimate brand.

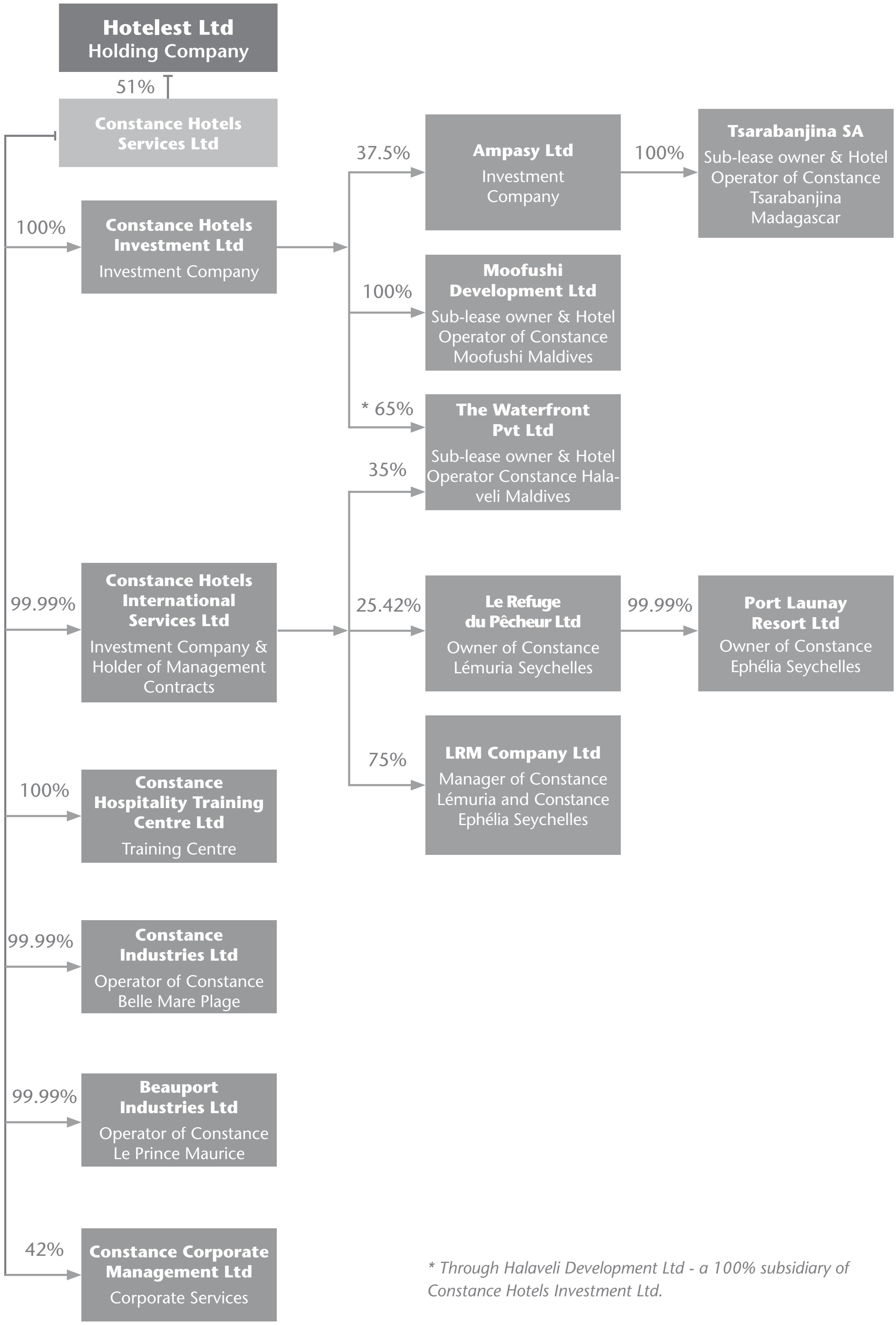
Since January 2013, the Ultimate hotels are all members of Leading Hotels of the World ("LHW"), which is the largest luxury hospitality organisation in the world. LHW is a full-service hotel consortium, which supports sales and marketing, advertising and public relations, financial services, quality control, and hotel inspections for its member properties. The affiliation with LHW is an acknowledgement of the group's standard and quality of service.

The CHSL group is benefitting from the investments made in its brand and will continue investing with the aim of becoming the brand of reference for the Indian Ocean. It was recognised as the top small luxury hotel brand in ReviewPro's 2014 report. ReviewPro is the leading independent provider of online reputation and social media analytics for the hotel industry tracking the best luxury hotel brands around the world.

5.3 Corporate structure

The figure below shows the corporate structure of Hotelest Limited.

Figure 1: Corporate structure as at 31 December 2013



** Through Halaveli Development Ltd - a 100% subsidiary of Constance Hotels Investment Ltd.*

5.4 Key milestones in the development of the CHSL group

Figure 2: Corporate timeline

1975	• Opening of Constance Belle Mare Plage
1990 – 1994	• Addition of new rooms to Constance Belle Mare Plage • Opening of Legend Golf
1998	• Opening of Constance Le Prince Maurice • Launch of the Constance Hospitality Training Centre
1999	• Start of regional expansion, with the opening of Constance Lémuria Seychelles
2001 – 2002	• Reconstruction and renovation of Constance Belle Mare Plage and the opening of the Links Golf course
2005 – 2006	• Development of Constance Halaveli Maldives and acquisition of Constance Tsarabanjina Madagascar
2008	• Development of Constance Moofushi Maldives and Constance Ephélia Seychelles
2009	• Opening of Constance Halaveli Maldives
2010	• Opening of Constance Ephélia Seychelles and Constance Moofushi Maldives
2012	• Renovation of Constance Le Prince Maurice • Re-branding exercise; Constance Hotels and Resorts
2013	• Acquisition of remaining 65% of Constance Halaveli Maldives

5.5 List of subsidiaries

Hotelest's only subsidiary is Constance Hotels Services Limited, a company incorporated in Mauritius. Hotelest holds 51% of the ordinary share capital of CHSL.

5.6 Current shareholding

The stated capital of the Company as at 31 December 2013 amounted to MUR 477,397,292 represented by 32,621,872 ordinary shares issued with a par value of MUR 10 each. All issued shares are fully paid.

The list of shareholders holding more than 5% of the share capital as at 15 September 2014 is given below.

Table 7: Substantial shareholders as at 15 September 2014

Shareholders	No. of shares	% held
Belle Mare Holding Limited	9,788,860	30.01
Estate J. Clement Rey	4,116,750	12.62
The Anglo-Mauritius Assurance Society Ltd	2,722,809	8.35
Société des Fraisiers	2,217,343	6.80
Mrs Nicole Vallet	1,898,698	5.82
Others	11,877,412	36.40
Total	**32,621,872**	**100.00**

On 8 August 2014, Belle Mare Holding Limited ("BMH") announced the acquisition of 18.40% of Hotelest. Following this acquisition, BMH's holding in Hotelest increased to 30.01% and BMH was consequently required to make a mandatory offer to the shareholders of Hotelest. The offer to the shareholders of Hotelest opened on 12 September 2014 and will close on 17 October 2014. The shareholding shown in the table above may be subject to change post the mandatory offer by BMH.

5.7 Principal activities of CHSL

The principal activities of CHSL and its subsidiaries consist in operating and managing hotels in the Indian Ocean islands. A brief overview of the hotel properties in the group is given below:

Constance Belle Mare Plage ("CBMP") is a 5-star hotel that first opened in 1975. It is situated on a 2km stretch of white sandy beach on the north-east coast of Mauritius. The hotel underwent major renovation and reconstruction works in 2002 and today comprises 92 rooms, 143 suites, 20 villas and 1 presidential villa. CBMP has 7 restaurants and bars and is the ideal location for golfers with two 18-hole international championship golf courses, the Legend and the Links. Facilities also include a spa by Shiseido.

Recent awards and recognitions:

- Best golf hotel of the year in the Ile Maurice Tourism Awards 2013; and
- Most outstanding golf resort worldwide in the Reader's Travel Award 2013 of VIP International Magazine.

Constance Le Prince Maurice ("CLPM") is a 5-star deluxe hotel that opened its doors in 1998. It is situated on the north-east coast of Mauritius and the hotel is characterised by some unique features including a natural fish reserve and the only floating restaurant on the island. CLPM is an all suite and villa hotel, comprising 64 junior suites, 12 family suites, 12 villas and 1 princely suite. CLPM offers a comprehensive range of facilities that include 4 restaurants, 4 bars, a spa by Sisley and access to the two 18-hole international championship golf courses of CBMP. CLPM was reopened in September 2012 following extensive refurbishment and is affiliated to LHW since January 2013.

Recent awards and recognitions:

- 5 stars hotel of the year in the Ile Maurice Tourism Awards 2013; and
- Top 20 Overseas Hotel Spas category by Conde Nast Traveller Readers' Travel Awards in 2013.

Constance Halaveli, Maldives ("CHM") is a 5-star deluxe hotel, situated in the North Ari Atoll, Maldives. This eco-friendly hotel opened in 2009 and has an architecture in the shape of a curved Dhoni (Maldivian boat). CHM is an all villa hotel, with 86 villas, all with private pool. The hotel is recognised for being a luxury hideaway with facilities that include a spa by Valmont. CHM is accredited the LHW status since January 2013.

Recent awards and recognitions:

- Global winner – Luxury Island Resort 2013 in the World Luxury Hotel Awards.

Constance Moofushi, Maldives ("CMM") is a 5-star hotel that opened in 2010. It is situated in the South Ari atoll, Maldives, and has 86 water villas and 24 beach villas. It offers a luxury all-inclusive concept, providing its clients with a good value luxury experience in a stunning location that is globally recognized for its diving sites.

Recent awards and recognitions:

- Overall winner in the Asian category in the 2012 Travellers' Choice Award

CONSTANCE
Lémuria
SEYCHELLES

Constance Lémuria, Seychelles ("CLS") is a 5-star deluxe hotel that opened in 1999 on the island of Praslin in the Seychelles. It lies directly on three sandy beaches, including Anse Georgette, which has been voted as one of the most beautiful beaches in the world. The LHW affiliated hotel comprises 96 suites, 8 villas and 1 presidential villa and has its own 18-hole championship golf course, which is the only one in Seychelles. It offers an array of facilities including 3 restaurants, 4 bars, a spa by Shiseido and turtle watching activities. The eco-friendly resort is the only one to have a "Turtle Manager" for the protection of the environment.

Recent awards and recognitions:

- One of the ten Best Golf Courses in Africa by CNN Travel International Edition in 2013.

CONSTANCE
Ephelia
SEYCHELLES

Constance Ephélia, Seychelles ("CES") opened in 2010 on the island of Mahé in the Seychelles. It enjoys a unique location, having the national marine park of Port Launay on its shores. This eco-friendly hotel is the largest resort under the Constance Hotels management with a total of 309 rooms, suites and villas. It also has one of the largest spa in the Indian Ocean, with a spa village and a spa by Shiseido.

CONSTANCE
Tsarabanjina
MADAGASCAR

Constance Tsarabanjina, Madagascar ("CTM") located on its own island of Tsarabanjina off the coast of Nosy Be in Madagascar. The hotel is designed in a chic Robinson Crusoe style, comprising 25 beach bungalows on the island and is renowned for its unique diving spots. CTM was renovated in 2012.

Recent awards and recognitions:

- "Barefoot Adventure" award in the Tatler Travel Awards 2014.

The table below summarises some key data on the CHSL hotels.

Table 8: Key data on the CHSL hotels

	CLPM	**CBMP**	**CMM**	**CHM**	**CES**	**CLS**	**CTM**
Location	Mauritius	Mauritius	Maldives	Maldives	Seychelles	Seychelles	Madagascar
In operation since	1998	1975	2010	2009	2010	1999	2006
Collection	Ultimate	Unique	Unique	Ultimate	Unique	Ultimate	Unique
No. of rooms	89	256	110	86	309	105	25
Configuration:							
Rooms		92			42		
Suites	76	143			223	96	
Villas	12	20	110	85	43	8	25
Presidential suite/villa	1	1		1	1	1	
Golf	Two 18-hole championship courses					18-hole championship course	

6. FINANCIAL SUMMARY

6.1 Recent trends

The table below summarises the performance of Hotelest over the last two financial years ended 31 December 2012 (“FY12”) and 2013 (“FY13”) and for the half year ended 30 June 2013 and 2014. Additional financial information is set out in Section 13 - Financial Information.

Table 9: Summary of financial performance

Group (MUR million)	Half year ended 30 June 2014	 30 June 2013	Year to 31 December 2013	 2012
	Unaudited	Unaudited	Audited	Audited
Statement of Profit or Loss				
Revenue	1,863	1,115	2,564	2,007
EBITDA	613	256	619	503
Depreciation and amortisation	(213)	(137)	(341)	(261)
Operating profit	400	119	278	242
Finance costs	(193)	(154)	(360)	(361)
Share of results of associated companies	(6)	(35)	(105)	(61)
Surplus on remeasurement of associate to subsidiary	-	-	176	-
Profit/(loss before taxation)	201	(70)	(11)	(180)
Income tax expense	(27)	(18)	(23)	(2)
Profit/(loss) for the period/year	**174**	**(88)**	**(34)**	**(182)**
Statement of Financial Position				
Non-current assets	8,501	6,296	8,702	6,417
Current assets	789	739	888	831
Total assets	**9,290**	**7,035**	**9,590**	**7,248**
Owners’ interest	1,496	1,295	1,450	1,352
Non-controlling interest	1,465	1,265	1,415	1,309
Total equity	**2,961**	**2,560**	**2,865**	**2,662**
Non-current liabilities	3,558	3,083	3,742	3,132
Current liabilities	2,771	1,392	2,983	1,454
Total liabilities	**6,329**	**4,475**	**6,725**	**4,586**
Total equity and liabilities	**9,290**	**7,035**	**9,590**	**7,248**

The Group revenues increased from MUR 2,007 million for the year ended 31 December 2012 to MUR 2,564 million for the year ended 31 December 2013. This improvement in revenues was mostly attributable to the consolidation of CHM in the last six months of the year, following the acquisition of the additional 65% stake in July 2013, as well as positive revenue growth from most of CHSL’s operating jurisdictions.

Operating profit increased from MUR 242 million in FY12 to MUR 278 million in FY13. With the heavy burden of finance costs and the negative contribution from CHSL's associates, the Group reported losses for both FY12 and FY13. In the year ended 31 December 2013 the loss was partially offset by a one-off consolidation adjustment arising from the CHM transaction.

Hotelest reported improved results for the half year ended to 30 June 2014 with group revenues reaching MUR 1,863 million compared to MUR 1,115 million at 30 June 2013. The growth is attributed to the improved performance of CHSL's hotels in all destinations, additional revenues from one-off group events as well as the consolidation of CHM since July 2013. The operating profit at 30 June 2014 increased to MUR 400 million from MUR 119 million in 2013, resulting in a profit after tax of MUR 174 million compared to a loss of MUR 88 million for the same period last year.

6.2 Borrowings

In the context of CHSL's expansion and re-development plan, the Group geared up to finance the renovations at CLPM and its acquisition of CHM. As a result, Group borrowings moved from MUR 4,109 million in FY12 to MUR 6,044 million in FY13.

Table 10: Borrowings

	Year to 31 December	
Group (MUR million)	**2013**	**2012**
	Audited	Audited
Secured		
Bank overdraft	1,650	562
Finance leases	66	39
Bank loans	4,322	3,503
Unsecured		
Other loans	6	5
Total borrowings	**6,044**	**4,109**

6.3 Investments and Property, plant and equipment

Net capital outlay for the Group was MUR 784 million for FY13 compared to MUR 283 million for FY12. These capital outlays were made principally for the respective acquisition of the additional 65% stake in CHM and the renovation of CLPM.

CHSL is also planning to refurbish some of its resorts, which have been operating for some time. The investments are yet to be finalised and approved but is expected to be around MUR 480 million.

6.4 Dividend policy

The Company's dividend policy is to distribute to its shareholders, whenever possible, an adequate dividend, subject to the Company's performance, cash-flow position and capital-expenditure requirements.

6.5 Dividends, NAV and Earnings per share

The financial ratios for the last two financial years and the half year ended 30 June 2013 and 2014 were as follows:

Table 11: Financial ratios

	Half year ended		Year to 31 December	
MUR	**30 June 2014**	**30 June 2013**	**2013**	**2012 restated**
	Unaudited	Unaudited	Audited	Audited
Dividend per share	-	-	-	-
Net asset value per share	45.87	39.70	44.45	41.45
Earnings/(loss) per share	2.53	(1.54)	(0.84)	(3.15)

6.6 2014 dividend

No dividend is planned for the period 1 July 2014 to 31 December 2014.

7. RISK FACTORS

The risks and uncertainties described below represent those the Directors consider to be material:

7.1 Financial risks

The Company through its subsidiaries are exposed to a variety of financial risks:

i. *Currency risk:* The Group operates both locally and in the region, and derives most of its income in foreign currencies namely Euros, Pound Sterling and American Dollars.

ii. *Credit risk:* The Group's credit risk is primarily attributable to its trade receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

iii. *Interest rate risk:* The Group's borrowings are exposed to interest rate risks as it borrows mainly at variable rates.

iv. *Liquidity risk:* Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

7.2 Reputation

Any event that materially damages the reputation of CHSL's brand, and any failure to sustain its appeal to CHSL's clients, could adversely affect the value and attractiveness of the brand and subsequent revenues from the business.

There is the risk that Group employees may not demonstrate the appropriate ethical values and behaviour attitude, which may expose the Group to adverse publicity, and impact on operations. To mitigate this risk, adherence to the Group's code of conduct and relevant policies is sought. Awareness sessions are carried out on an ongoing basis.

7.3 Financial and regulatory compliance

Non-compliance with financial and regulatory requirements may result in fiscal penalties and damage the Company's image on the market. In mitigation, a robust programme of internal monitoring has been put in place by the Compliance function to ensure that financial and regulatory requirements are adhered to.

7.4 Credit standing

The Company may be reliant on having access to credit facilities to meet its capital requirements and effectively manage its statement of financial position. If the Company does not manage its finances in a responsible manner, it may lose its credibility and, as a result, its favourable terms and ability to borrow.

7.5 Political, economic and financial market events

Occupancy levels and room rates, and consequently the Company's subsidiary operations and financial results, could be adversely affected by events that reduce international travel, such as natural disasters, acts of terrorism, increased transport and fuel costs, closed sky policies, political instability, economic crisis, and currency and interest-rate fluctuations. Changes in the macroeconomic and investment environment are regularly assessed by Group Management and the Board to ensure prompt decisions are taken to safeguard the interests of the Group.

7.6 Geographical concentration

Failure to expand geographically could adversely affect the Group's financial results.

7.7 Social responsibility

The reputation of the Company is influenced by a variety of factors, including the Company's subsidiary ability to demonstrate sufficiently responsible practices in such areas as sustainability, responsible tourism, environmental management, Health & Safety, and support for the local community. CSR programmes and initiatives are tailored to the need of the community and society in the region where the Company operates. Regular review and reporting over the progress of CSR programmes and achievements, as well as new potential projects, are brought to the CSR committee of Fondation Constance and, on a quarterly basis, to the Board through the Corporate Governance Committee.

7.8 Industry risk

The tourism industry in general is sensitive to fluctuations in the economy. The hotel sector in particular may be adversely affected by changes in global economies, political unrest, excess hotel-room supply, reduced international demand for hotel rooms and associated services, uncompetitive open-sky policy, competition in the industry, government policies and regulations, fluctuations in interest rates and foreign-exchange rates, and other natural and social factors. We are at present experiencing the adverse impact of a number of those negative factors, notably: the global recession in the eurozone; a volatile euro; the over-supply of hotel rooms; heavy room-rate discounting; and insufficient air seats.

7.9 Health and safety

All reasonable precautions are taken to provide and maintain the health and wellbeing of the Group's guests and employees. Controls are in place to ensure compliance with all statutory requirements and all legally binding codes of practice. Appropriate training is provided to CHSL's staff, and the highest standards of care are applied to the services and products provided to our Group's guests.

7.10 Socio-political risks

In addition to economic risks, the Group faces risks from the socio-political environment, internationally as well as within the countries in which it operates, and is affected by events such as political instability (as in Madagascar), the occurrence of diseases and extreme weather conditions, all of which affected the level of travel and business activity in our region.

8. SUMMARY OF CORPORATE INFORMATION

8.1 Company information

Name of company	Hotelest Limited
Date of incorporation	10 February 1995
Place of incorporation and registration	Mauritius
Business registration number	C06014126
Registered office	5th Floor, Labama House 35, Sir William Newton Street Port Louis, Mauritius Tel: 211 0238

8.2 Third party information

Company Secretary	La Gaieté Services Limited 5th Floor, Labama House 35, Sir William Newton Street Port Louis, Mauritius
Share Registry and Transfer Office	ECS Secretaries Ltd 3rd Floor, Labama House 35 Sir William Newton Street Port Louis, Mauritius
Principal banker	The Mauritius Commercial Bank Ltd 9 – 15, Sir William Newton Street, Port Louis, Mauritius
Auditors/public accountant	BDO & Co Frère Felix de Valois Street Champ de Mars Port Louis, Mauritius
Transaction Advisor	PricewaterhouseCoopers Ltd 18 CyberCity Ebène, Mauritius
Legal Advisor	Mr. André Robert 8, Georges Guibert Street, Port Louis, Mauritius
Underwriter	The MCB Stockbrokers Ltd 9th Floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius

9. DIRECTORS

9.1 Directors

Director	Age	Function	Address
George J. Dumbell	66	Independent Director and Chairperson	Ginjam, Coastal Road, Pointe-aux-Cannoniers
Nicolas Boullé	55	Independent Director	Constance Sugar Estate, Central Flacq
Jean de Fondaumière	61	Independent Director	Coastal Road, Poste La Fayette
Marc Freismuth	62	Independent Director	Allée de la Canne Rubanée, Domaine de Belle Vue, Belle Vue
Clément D. Rey	44	Executive Director	Queen Mary Avenue, Floréal
Jean Ribet	54	Executive Director, Group Chief Executive Officer	Avenue de l'Indépendance, Vacoas
Louis Rivalland	43	Non-executive Director	Rue Dr. Ernest Harel, Floréal
Georgina Rogers	52	Independent Director	Melville, Grand Gaube
Noël Adolphe Vallet	48	Non-executive Director	Royal Road, Pereybère

9.2 Statement of interest of Directors

Figures presented in the table below correspond to the holdings of the above mentioned Directors as at 15 September 2014.

Table 12: Interests of Directors as at 15 September 2014

	Direct		Indirect
	No. of shares	% held	% held
Directors			
George J. Dumbell	-	-	-
Nicolas Boullé	-	-	-
Jean de Fondaumière	-	-	-
Marc Freismuth	-	-	-
Clément D. Rey	521	-	3.16
Jean Ribet[2]	-	-	1.19
Louis Rivalland	-	-	-
Georgina Rogers	350,479	1.07	-
Noël Adolphe Vallet	4,264	0.01	1.48

9.3 Directors' service contracts

Mr George J. Dumbell, Chairperson of the Company, has a two-year service contract which expires on 31 December 2015.

The other Directors do not have service contracts with the Company, but letters of appointment.

[2] Group Chief Executive Officer

9.4 Director's remuneration and benefits

Aggregate remuneration and benefits paid by the Company and its subsidiaries to the Directors were as follows:

MUR '000	2013	2012
Directors of Hotelest		
Executive	40	40
Non-executive	305	305
Directors of subsidiary companies		
Executive	14,703	11,121
Non-executive	1,733	1,180

For 2013, directors' fees remained at MUR 50,000 for the Chairperson and MUR 40,000 for other Board members. In addition, the fees for members of committees of the Board for 2013 were:

MUR	Nomination & Remuneration
Chairperson	10,000
Member	5,000

There was no change in fees for 2014.

10. SUMMARY OF CONSTITUTION

10.1 Object of the Company

Subject to the Companies Act 2001 and any other enactment, the Company shall have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction both within and outside Mauritius. The Company is a public company limited by shares and its duration is unlimited.

10.2 Existing shares

10.2.1 Rights of existing shares

Each existing share confers upon its holder the rights set out in Section 46 (2) of the Companies Act 2001 namely:

- The right to one vote on a poll at a meeting of the Company on any resolution;
- The right to an equal share in dividends authorised by the Board; and
- The right to an equal share in the distribution of surplus assets of the Company.

10.2.2 Issue of shares

The Board may only issue further ordinary shares in the Company if the issue has been approved by an ordinary resolution of the shareholders.

10.3 Pre-emptive rights

Shares issued or proposed to be issued by the Company that rank or would rank as to voting or distribution rights, or both, equally with or prior to shares already issued by The Company shall, unless otherwise provided in the resolution approving the issue under paragraph 10.2.2 above, be offered to the holders of shares already issued in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders in accordance with the provisions of Section 55 (1) of the Companies Act 2001. Such an offer shall remain open for acceptance for a reasonable time, which shall not be less than fourteen days.

New shares offered to shareholders pursuant to the paragraph above and not accepted within the prescribed time may be disposed of by the Board in such manner as it thinks most beneficial to the Company.

10.4 Variation of rights

If at any time the capital is divided into different classes of shares, The Company, conformably to the provisions of Section 114 of the Companies Act 2001, shall not take any action which varies the rights attached to a class of shares unless the variation is approved by a special resolution, passed at a separate meeting of the shareholders of that class, or by consent in writing of the holders of seventy-five per cent (75%) of the shares of the said class.

To any such meeting, all the provisions of the constitution relative to general meetings shall apply "mutadis mutandis" provided however that the necessary quorum shall be the holders of at least one third of the issued shares of the class concerned (but so that if, at any adjourned meeting of such holders, a quorum is not present, those shareholders who are present shall constitute a quorum).

10.5 Transfer of shares

There shall be no restrictions on the transfer of fully paid up shares in the Company and transfers shall be registered with the Company without payment of any fee.

10.6 Distributions

Subject to the provisions of Section 61 of the Companies Act 2001 and the other requirements thereof, the Board may authorise a distribution by the Company.

Subject to the requirements of the Companies Act 2001, the Board may issue shares wholly or partly in lieu of a proposed dividend or proposed future dividends upon terms that have been previously approved by an ordinary resolution of the shareholders.

10.7 Dividends

10.7.1 Deduction of unpaid calls

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

10.7.2 Payables by cheque or warrant

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the registered address of the holder, or, in the case of joint holders, to the registered address of that one of the joint holders who is first named in the share register or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other money payable in respect of the shares held by them as joint holders.

10.7.3 No interest

No dividend shall bear interest against the Company.

10.7.4 Unclaimed dividend

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

10.8 Purchase of own shares

Conformably to the provisions of Section 69 of the Companies Act 2001, The Company is hereby expressly authorised to purchase or otherwise acquire shares issued by it and to hold the acquired shares in accordance with Section 72 of the Companies Act 2001.

10.9 Power of shareholders

Except as required by the Companies Act 2001 or by the constitution, all powers reserved to shareholders may be exercised by an ordinary resolution.

The majority required for a special resolution is seventy-five percent (75%) of the votes of those shareholders entitled to vote and voting on the question.

10.10 Liquidation

10.10.1 Distribution of surplus assets

Subject to the terms of issue of any shares in The Company and to the paragraph below, upon the liquidation of The Company the assets, if any, remaining after payment of the debts and liabilities of The Company and the costs of winding-up ("the surplus assets") shall be distributed among the shareholders in proportion to their shareholding provided however that the holders of shares not fully paid up shall only receive a proportionate share of their entitlement being an amount which is in proportion to the amount paid to The Company in satisfaction of the liability of the shareholder to The Company in respect of the shares either under the constitution of The Company or pursuant to the terms of issue of the shares.

10.10.2 Distribution in specie

Upon liquidation of the Company, the liquidator, with the sanction of an ordinary resolution of shareholders and any other sanction required by law, may divide amongst the shareholders in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as the liquidator deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with a like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the shareholders as the liquidator thinks fit, but so that no shareholder shall be compelled to accept any shares or other securities whereon there is any liability.

10.11 Management of the Company

The business and affairs of the Company shall be managed by, or under the direction or supervision of a board of directors.

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

10.12 Number of Directors

The minimum number of directors shall be 8 and the maximum number of directors shall be eleven.

At every annual meeting of the Company, one third of the directors in office or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office. Every director retiring shall be eligible for re-election.

10.13 Appointment of Directors

The directors of the Company shall be such person or persons as may from time to time be appointed either by the shareholders by ordinary resolution or by notice in writing to the Company signed by the holder or holders of a majority of the shares in the capital of the Company but so that the total number of directors shall not at any time exceed the maximum number fixed pursuant to paragraph 10.12 above.

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

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

10.14 Directors' remunerations

Subject to Section 159 (5) to (10) of the Companies Act 2001 the Board may with the prior approval of an ordinary resolution authorise:

- the payment of remuneration or the provision of other benefits by the Company to a director for services as a director;
- the payment by the Company to a director or former director of compensation for loss of office; and
- the entering into of a contract to do any of the things set out in the paragraphs above.

10.15 Chairperson

The directors may elect one of their number as chairperson of the Board and determine the period for which he is to hold office.

The chairperson shall not have a casting vote.

11. OTHER CONSIDERATIONS

11.1 Legal proceedings

Hotelest is only involved in legal proceedings arising in the normal course of business. During the last 12 months Hotelest was not a party to any material court or arbitration proceedings that is expected, either individually or in the aggregate, to result in a material adverse effect on the group's consolidated financial condition or results of operations. In addition, Hotelest is not currently involved in or aware of any such pending or threatened proceedings.

11.2 Contingent liabilities

	Year to 31 December	
Group (MUR million)	**2013**	**2012**
	Audited	Audited
Secured		
Bank guarantees to third parties	0.3	1.1
Total	**0.3**	**1.1**

There were no contingent liabilities at Company level.

11.3 Mortgages and charges

The Group has its borrowings secured by floating charges on its assets.

11.4 Number of people employed

Hotelest does not have any employees as it is managed by its Board.

11.5 Material contracts (entered into within the two years immediately preceding the publication of this document)

11.5.1 Management Services Agreement

CHSL entered into a Management Services Agreement with Constance Corporate Management Ltd ("CCM"), in which it holds a 42% interest. Under this agreement, CCM provides a wide range of corporate and management services to CHSL, in the fields of corporate affairs, financial accounting, company secretariat, planning, and development.

The fees charged are based on a percentage mix of net asset value, market capitalisation, and net profit and amounted to MUR 22.8 million for the year ended 31 December 2013.

11.5.2 Hotelest Underwriting Agreement

An underwriting agreement has been signed between Hotelest and MCB Stockbrokers Ltd on 8 October 2014. Pursuant to the underwriting agreement, MCB Stockbrokers Ltd shall subscribe for or procure for the subscription of all New Ordinary Shares of Hotelest issued under the Rights Issue and not taken up by the shareholders by the end of the rights subscription period. The underwriting fee charged amounts to MUR 3.3 million.

11.5.3 CHSL Underwriting Agreement

An underwriting agreement has been signed between CHSL and MCB Stockbrokers Ltd on 8 October 2014. Pursuant to the underwriting agreement, MCB Stockbrokers Ltd shall subscribe for or procure for the subscription of all new ordinary shares of CHSL issued under the latter's rights issue and not taken up by the shareholders by the end of the rights subscription period. The underwriting fee charged amounts to MUR 6.5 million.

11.5.4 Other

There is no contract of significance to which the Company or any of its subsidiaries are a party and in which a director or substantial shareholder of the Company is materially interested either directly or indirectly.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of Hotelest for a minimum of 14 business days as from the date of this document, during normal working hours:

- The Further Admission Document;
- The constitution of the Company;
- The Management Services Agreement between CHSL and CCM;
- The Underwriting Agreements;
- Hotelest's unaudited abridged financial statements for the half year ended 30 June 2013 and 2014; and
- Hotelest's audited financial statements and annual reports for the years ended 31 December 2012 and 2013.

13. FINANCIAL INFORMATION

The tables below have been extracted from the unaudited financial statements for the half year ended 30 June 2013 and 2014 and the audited financial statements for the years ended 31 December 2012 and 2013.

13.1 Statement of Financial Position

GROUP	Unaudited Half year ended		Audited Year to 31 December	
MUR'000	**30 June 2014**	**30 June 2013**	**2013**	**2012 (restated)**
ASSETS				
Non-current assets				
Property, plant and equipment	6,699,011	4,911,471	6,856,294	4,987,344
Intangible assets	1,007,736	370,564	1,024,579	382,434
Investments in associated companies	762,810	955,948	773,209	985,552
Financial assets	545	2,045	2,045	1,930
Retirement benefit obligations	-	1,893	-	1,895
Loans to related companies	-	35,309	-	34,898
Deferred tax assets	31,272	18,393	45,728	23,149
	8,501,374	**6,295,623**	**8,701,855**	**6,417,202**
Current assets				
Inventories	222,174	134,345	225,203	144,070
Trade and other receivables	501,770	548,887	594,834	651,176
Cash and cash equivalents	64,805	55,675	68,386	35,665
	788,749	**738,907**	**888,423**	**830,911**
Total assets	**9,290,123**	**7,034,530**	**9,590,278**	**7,248,113**
EQUITY				
Capital and reserves (attributable to owners of the parent company)				
Stated capital	477,397	477,397	477,397	477,397
Revaluation and other reserves	720,172	624,668	756,575	631,425
Retained earnings	298,669	192,909	216,003	243,308
Owners' interest	1,496,238	1,294,974	1,449,975	1,352,130
Non-controlling interest	1,464,596	1,264,894	1,415,412	1,309,452
Total equity	**2,960,834**	**2,559,868**	**2,865,387**	**2,661,582**
LIABILITIES				
Non-current liabilities				
Borrowings	3,433,281	3,019,517	3,665,802	3,069,292
Deferred tax liabilities	39,305	7,124	20	7,001
Retirement benefit obligations	85,903	56,164	75,906	56,165
	3,558,489	**3,082,805**	**3,741,728**	**3,132,458**
Current liabilities				
Trade and other payables	513,622	309,019	603,923	412,636
Borrowings	2,056	1,078,183	2,378,483	1,039,578
Current tax liabilities	2,255,122	4,655	757	1,859
	2,770,800	**1,391,857**	**2,983,163**	**1,454,073**
Total liabilities	**6,329,289**	**4,474,662**	**6,724,891**	**4,586,531**
Total equity and liabilities	**9,290,123**	**7,034,530**	**9,590,278**	**7,248,113**

13.2 Statement of Profit or Loss

GROUP	Unaudited Half year ended		Audited Year to 31 December	
MUR'000	**30 June 2014**	**30 June 2013**	**2013**	**2012 (restated)**
Revenue	1,863,373	1,115,021	2,563,590	2,007,245
EBITDA	613,383	256,106	619,506	502,781
Depreciation and amortisation	(212,962)	(137,084)	(341,463)	(261,054)
Operating profit	400,421	119,022	278,043	241,727
Finance costs	(193,361)	(154,303)	(359,815)	(360,827)
Share of results of associated companies	(6,418)	(34,912)	(104,962)	(61,380)
Surplus on remeasurement of associate to subsidiary	-	-	176,031	-
Profit/(loss) before taxation	200,642	(70,193)	(10,703)	(180,480)
Income tax expense	(26,871)	(18,330)	(22,773)	(1,563)
Profit/(loss) for the period/ year	**173,771**	**(88,523)**	**(33,476)**	**(182,043)**
Attributable to:				
Owners of the parent	82,666	(50,370)	(27,305)	(102,627)
Non-controlling interest	91,105	(38,153)	(6,171)	(79,416)
	173,771	**(88,523)**	**(33,476)**	**(182,043)**

13.3 Statement of Comprehensive Income

GROUP	Unaudited Half year ended		Audited Year to 31 December	
MUR'000	**30 June 2014**	**30 June 2013**	**2013**	**2012 (restated)**
Profit/(loss) for the period/year	173,771	(88,523)	(33,476)	(182,043)
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	-	-	(12,485)	(24,152)
Deferred tax on remeasurement of defined benefit obligations	(69,581)	-	1,872	3,623
Share of other comprehensive income of associates	-	805	160,362	-
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	(1,747)	(9,061)	95,504	24,683
Total comprehensive income for the period/year	**102,443**	**(96,779)**	**211,777**	**(177,889)**
Attributable to:				
Owners of the parent	46,263	(54,638)	97,845	(100,652)
Non-controlling interest	56,180	(42,141)	113,932	(77,237)
	102,443	**(96,779)**	**211,777**	**(177,889)**

13.4 Statement of Changes in Equity

Audited Financial Year 31 December 2012/31 December 2013						
GROUP	**Attributable to owners of the parent**					
MUR'000	**Stated capital**	**Revaluation and other reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total Equity**
At 1 January 2012						
As previously reported	477,397	633,082	345,935	1,456,414	1,410,944	2,867,358
Prior year adjustment	-	(3,632)	-	(3,632)	(3,489)	(7,121)
As restated	477,397	629,450	345,935	1,452,782	1,407,455	2,860,237
Loss for the year	-	-	(102,627)	(102,627)	(79,416)	(182,043)
Other comprehensive income for the year - restated	-	1,975	-	1,975	2,179	4,154
Dividends to non-controlling interest	-	-	-	-	(20,766)	(20,766)
At 31 December 2012	**477,397**	**631,425**	**243,308**	**1,352,130**	**1,309,452**	**2,661,582**
At 1 January 2013						
As previously reported	477,397	645,526	243,470	1,366,393	1,323,157	2,689,550
Prior year adjustment	-	(14,101)	(162)	(14,263)	(13,705)	(27,968)
As restated	477,397	631,425	243,308	1,352,130	1,309,452	2,661,582
Loss for the year	-	-	(27,305)	(27,305)	(6,171)	(33,476)
Other comprehensive income for the year - restated	-	125,150	-	125,150	120,103	245,253
Dividends to non-controlling interest	-	-	-	-	(7,972)	(7,972)
At 31 December 2013	**477,397**	**756,575**	**216,003**	**1,449,975**	**1,415,412**	**2,865,387**

Unaudited Half Year 30 June 2013/30 June 2014						
GROUP	**Attributable to owners of the parent**					
MUR'000	**Stated capital**	**Revaluation and other reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
At 1 January 2013						
Balance at 1 January 2013	477,397	628,936	243,279	1,349,612	1,307,035	2,656,647
Total comprehensive income for the period	-	(4,268)	(50,370)	(54,638)	(42,141)	(96,779)
At 30 June 2013	**477,397**	**624,668**	**192,909**	**1,294,974**	**1,264,894**	**2,559,868**
At 1 January 2014						
Balance at 1 January 2014	477,397	756,575	216,003	1,449,975	1,415,412	2,865,387
Total comprehensive income for the period	-	(36,403)	82,666	46,263	56,180	102,443
Dividends to non-controlling interest	-	-	-	-	(6,996)	(6,996)
At 30 June 2014	**477,397**	**720,172**	**298,669**	**1,496,238**	**1,464,596**	**2,960,834**

13.5 Statement of Cash Flows

GROUP	Unaudited Half year ended		Audited Year to 31 December	
MUR'000	**30 June 2014**	**30 June 2013**	**2013**	**2012 (restated)**
Operating activities				
Profit/(loss) before taxation	200,641	(70,194)	(10,703)	(180,480)
Adjustment for:	-	-	-	-
Share of results of associated companies	6,418	34,912	104,962	61,380
Translation difference	(6,833)	(2,394)	26,048	15,051
Depreciation of property, plant and equipment	195,240	125,190	302,065	242,506
Amortisation of intangible assets	17,722	11,894	39,398	18,548
Surplus on remeasurement of associate to subsidiary	-	-	(176,031)	-
Loss on disposal of property, plant and equipment	-	-	787	7,593
Interest expense	193,182	154,205	359,815	360,827
Interest income	(5,053)	(7,892)	(24,270)	(80,675)
Retirement benefit obligations	10,000	-	9,151	(1,872)
Operating profit before working capital changes	**611,317**	**245,721**	**631,222**	**442,878**
Decrease/(increase) in inventories	3,029	8,322	(15,549)	(2,432)
Decrease/(increase) in trade and other receivables	93,064	104,720	85,146	(64,236)
Decrease in trade and other payables	(90,308)	(103,628)	(150,483)	(49,519)
Cash flows from operating activities	**617,102**	**255,136**	**550,336**	**326,691**
Interest paid	(193,182)	(154,205)	(359,694)	(360,917)
Interest received	5,053	7,892	24,270	80,675
Tax paid	(25,572)	(15,533)	(37,059)	(40,366)
Net cash generated from operating activities	**403,401**	**93,290**	**177,853**	**6,083**
Cash flows used in investing activities				
Purchase of property, plant and equipment	(31,773)	(18,581)	(84,557)	(283,043)
Purchase of intangible assets	(879)	(24)	(4,784)	(2,962)
Proceeds from sale of property, plant and equipment	-	-	16	2,643
Acquisition of subsidiary, net of cash acquired	-	-	(485,976)	-
Consolidation adjustment arising on conversion of associate to subsidiary	-	-	(208,432)	-
Investments in financial assets	-	-	(115)	(115)
Net cash used in investing activities	**(32,652)**	**(18,605)**	**(783,848)**	**(283,477)**
Cash flows used in financing activities				
Proceeds from borrowings	120,000	279,925	109,736	294,413
Payments of borrowings	(322,851)	(392,311)	(537,466)	(326,065)
Finance lease principal repayment	(9,750)	(5,331)	(13,817)	(8,446)
Loans from/(granted to) related companies	36,180	83,280	-	(5,181)
Dividends paid to non-controlling interest	(6,996)	-	(7,972)	(20,766)
Net cash used in financing activities	**(183,417)**	**(34,438)**	**(449,519)**	**(66,045)**
Net increase/(decrease) in cash and cash equivalents	**187,332**	**40,247**	**(1,055,514)**	**(343,439)**
Cash and cash equivalents at January 1,	(1,581,950)	(526,436)	(526,436)	(182,997)
Cash and cash equivalents at December 31,	**(1,394,618)**	**(486,189)**	**(1,581,950)**	**(526,436)**

14. APPLICATION GUIDE

FORMS	OPTIONS	WHAT YOU SHOULD DO	DEADLINE DATE
A	Accept in full or partially accept the New Ordinary Shares	Complete FORM A and return it to the Share Registry and Transfer Office together with the appropriate remittance to HOTELEST LIMITED.	11 December 2014
B	Sell your rights to subscribe for the New Ordinary Shares on the DEM (see note below)	If you are a CDS Account holder remit FORM B to your investment dealer.	8 December 2014
		If you do not have a CDS Account, send your offer letter to your investment dealer.	1 December 2014
C	For those who have purchased rights to subscribe for New Ordinary Shares	Remit FORM C to the Share Registry and Transfer Office together with the appropriate remittance to HOTELEST LIMITED. Form C will be made available to investment dealers	11 December 2014

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