

("SUN"/THE "COMPANY")

The Board of Directors of SUN (the "Board") wishes to inform its shareholders and the public in general that on account of the negative financial impact of COVID-19, the partial closure of Mauritian borders and the continuing suspension of SUN's normal hotel operations in the foreseeable future, the Company sought the support of the Mauritius Investment Corporation Ltd ("MIC"), to mitigate such impact.

The Bank of Mauritius has set up the MIC, a fully-owned subsidiary to, amongst others, mitigate the effect of the ongoing economic downturn resulting from the COVID-19 pandemic, thus limiting macro-economic and financial risks.

The Board is pleased to note that on 6 October 2020, the Company and MIC have agreed on a binding term sheet pursuant to which MIC has committed to subscribe to redeemable and convertible secured bonds (the "Bonds"), each having a nominal value of Rupees Ten Million (MUR 10,000,000) to be issued by two of the Company's wholly owned subsidiaries, namely Anahita Hotel Limited (owning Four Seasons Resort Mauritius at Anahita) and Long Beach Resort Ltd (owning Long Beach Resort) (the "Issuers").

The total subscription amount in Bonds is Rupees Three Billion One Hundred Million (MUR 3,100,000,000), carrying a fixed interest rate with interest payable semi-annually. The Bonds will mature on the ninth (9th) anniversary of the date of issue of the Bonds to MIC (the "Maturity Date"). The Issuers have the option to redeem some or all the Bonds at any time prior to the Maturity Date. At Maturity Date, any outstanding Bonds shall be converted into ordinary shares of the Issuers at conversion prices which reflect the fair value of the ordinary shares as determined by an independent valuer. The Bonds will be secured by a combination of fixed and/or floating charges over the assets of the Issuers.

The proceeds from the Bonds in the form of quasi equity should allow the Issuers to meet their financial commitments and working capital requirements in the short term.

The Board is of the view that this represents an important step in contributing to the financial stability of the Company, including the Issuers. The Company shall continue investigating financing options as deemed necessary given the constantly evolving situation.

The Company is currently in the process of finalising the transaction agreements in connection to the Bonds issue.

The Board remains confident that despite the current difficult economic climate in the hospitality industry, management is taking all the necessary actions to minimise cash outflow and prepare for the recovery. With the support of all partners including its employees and service providers, the Company will be able to overcome these challenges.

Shareholders and the public in general are therefore advised to exercise caution when dealing in the shares of the Company and will be kept informed of further developments.

By Order of the Board

CIEL Corporate Services Ltd
Company Secretary

7 October 2020

This announcement is given pursuant to Listing Rule 11.3 and the Securities Act 2005.

The Board of Directors of Sun Limited accepts full responsibility for the accuracy of the information in this announcement.

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