

CONSISTENT COMMITMENT



ASIAN HOTELS AND PROPERTIES PLC
ANNUAL REPORT 2023/2024

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CONSISTENT COMMITMENT

Here at Asian Hotels and Properties PLC, we believe that true success is derived from unwavering dedication, resounding loyalty and constant improvement. In the year under review, we have persevered through the good times and the challenging times and have gone above and beyond to satisfy the needs of our discerning clientele.

As we take a step towards a new financial year, we are grateful for the unending support of our staff, partners and customers and as we gear up for a new year of triumphs and challenges, we look to our brilliant leadership to manoeuvre the waters with consistent commitment.

Our Approach to Reporting



Welcome to our third integrated annual report

We are pleased to present Asian Hotels and Properties PLC's (the Company) the 3rd integrated annual report, prepared in accordance with the Integrated Reporting <IR> Framework of the IFRS Foundation. We have made every attempt to present a fair and comprehensive account of how we forged ahead in a year of recovery and resilience towards achieving our strategic objectives, whilst delivering meaningful value to all our stakeholders.

Sustainability reporting

Sustainability aspects are seamlessly incorporated into the overall reporting structure to better illustrate our value creation process and the resulting outputs and outcomes.

Reporting period

There were no changes to the Company's organisational structure during the financial year 2023/24. Annual reporting cycle for both financial and sustainability reporting cover the twelve months period from 01 April 2023 to 31 March 2024. There are no major restatements of non-financial information reported in the financial year ended 31 March 2023.

Reporting scope and boundary

This Report covers the operations of Asian Hotels and Properties PLC (the Company). The consolidated financial statements cover Asian Hotels and Properties PLC and its subsidiary Trans Asia Hotels PLC. Non-financial reporting covers only the operations of Asian Hotels and Properties PLC/ the Company.

Reporting frameworks

This report follows a structured format based on a combination of mandatory and voluntary reporting frameworks, including the Sri Lanka Financial Reporting Standards (SLFRS), the International Integrated Reporting Framework, and the Global Reporting Initiative (GRI) Reporting Standards. As we enter a crucial phase in non-financial reporting, particularly with Sri Lanka's impending adoption of SLFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2: Climate-related Disclosures, effective from January 1, 2025, we are initiating steps to align our reporting accordingly. This includes reporting in line with the Hotels & Lodging Sustainability Accounting Standard of SASB, as well as identifying Sustainability Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs) relevant to our business.

Key Frameworks and Assurances Adopted



Financial Statements and Related Disclosures

Reporting frameworks

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 7 of 2007 (as amended)
- Listing Rules of Colombo Stock Exchange

Internal Process

- Internal Audit Process verifications and assessments conducted by Deloitte Advisory Services (Pvt) Ltd
- Internal controls mechanisms
- Oversight of the Board Audit Committee and the Board of Directors

External Assurance

- Independent Auditors' Report by Messrs. KPMG - Chartered Accountants



Non-Financial Reporting

Reporting frameworks

- Integrated Reporting Framework of the IFRS Foundation
- Guidelines for Presentation of Annual Reports issued by the Institute of Chartered Accountants of Sri Lanka
- Non-Financial Reporting Guideline issued by the Institute of Chartered Accountants of Sri Lanka
- Global Reporting Initiative Sustainability Reporting Standards
- SASB Standards – Hotels & Lodging Sustainability Accounting Standard
- Sustainable Development Goals (SDGs)
- Carbon footprint Benchmarks - EarthCheck Pte Ltd - Australia

External Assurance

- Independent Assurance Report by Messrs. KPMG - Chartered Accountants on specific sustainability indicators.



Corporate Governance

Reporting frameworks

- Listing Requirements of the Colombo Stock Exchange, including the new Corporate Governance Rules issued in 2023
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2017)*

*Institute of Chartered Accountants of Sri Lanka issued an updated Code of Best Practice on Corporate Governance (2023) in December 2023. The updated Code has been reviewed and will be adopted to the extent of business exigency and as required by the Group.

Internal Assurance

- Company governance framework built on applicable regulations and internal best practices.
- Internal Audit Process verifications and assessments conducted by Deloitte Advisory Services (Pvt) Ltd

Our Approach to Reporting

Report Navigation

The Management Discussion and Analysis in this Report adheres to the six capitals outlined in the International Integrated Reporting <IR> Framework. Matters deemed “material” to the Company’s business and operations form the foundation for disclosures. Whenever feasible, the Company’s key strategic pillars are connected to the discussions to establish the correlation between strategy and performance.

| Capital Inputs (Page 42) | Stakeholders (Page 18) | Strategic Priorities (Page 32) | Forward looking statements |
|--|---|--|---|
|  Financial Capital |  Shareholders |  Service Excellence | As a part of enhancing our disclosures, some forward-looking statements are integrated into the discussions within the “Way Forward” sections present throughout the non-financial disclosures. |
|  Manufactured Capital |  Employees |  Revenue Optimisation | |
|  Human Capital |  Customers |  Operational excellence and cost optimisation | |
|  Intellectual Capital |  Business Partners |  Talent Management | |
|  Social and Relationship Capital |  Government and regulatory bodies |  ESG Considerations | |
|  Natural Capital |  Communities | | |

These forward-looking statements offer valuable insights into the Company’s expectations and strategic plans. However, it’s important to interpret them cautiously due to the inherent uncertainty in predicting future outcomes, and the possibility that actual results may deviate from projections. Additionally, these forward-looking statements have not undergone review by the Company’s auditors.

Board responsibility statement

The Board of Directors of Asian Hotels and Properties PLC holds ultimate responsibility for ensuring the integrity of this Report. We affirm that this Annual Report for the financial year ending 31 March 2024 comprehensively covers all pertinent material aspects and accurately reflects the Company’s performance. Furthermore, the Board confirms that the Report has been prepared in accordance with the stipulations of the International Integrated Reporting <IR> Framework.

Feedback

We welcome your feedback on our inaugural integrated annual report and are eager to hear how we can improve its readability and relevance. Please share your thoughts and suggestions with us.

Shelton Gunawardane
Finance Manager
Cinnamon Grand Colombo
No.77, Galle Road, Colombo 03
E-mail: shelton@cinnamonhotels.com

Refer our Report

In PDF

Corporate website

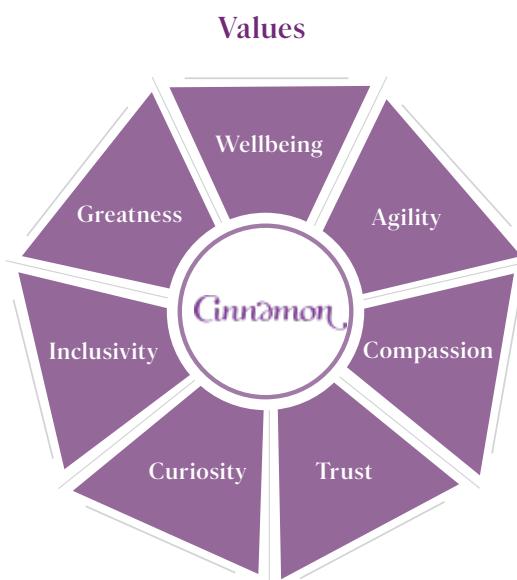
<https://www.keells.com/resource/reports/group-annual-reports/Asian-Hotels-and-Properties-PLC.pdf>

Scan and read



In print - All Share holders of Asian Hotels and Properties PLC have the option to request a printed version of this Report by submitting a Request Letter.

About Us



Our properties

Cinnamon Grand Colombo



Asian Hotels and Properties PLC Group comprises of two esteemed five-star hotels, Cinnamon Grand Colombo and Cinnamon Lakeside Colombo (Trans Asia Hotels PLC), along with its renovated mall, Crescat Boulevard. Its strength lies in its industry leadership, the support of its ultimate Parent Company, John Keells Holdings PLC, its dedicated and skilled professional team, and its capacity to innovate novel guest experiences.

Cinnamon Hotels and Resorts garners the respect as the foremost leader in Sri Lanka's hospitality industry, drawing on decades of expertise and unparalleled excellence. Amidst fast changing economic landscapes and social vistas in the island, particularly the phenomenal transformation the capital Colombo is experiencing with intensifying competition in hospitality sector, Cinnamon Grand Colombo has remained as one of the most sought-after hotels within Colombo, renowned for its exceptional service and exclusive luxury offerings.

Crescat Boulevard



One of Colombo's most preferred retail destinations for discerning shoppers with dynamic shopping experiences and exclusive F&B offerings.

Cinnamon Lakeside Colombo



A premier five-star city hotel in Colombo, with its proximity to the Beira Lake and picturesque landscaping. Led by a team of hospitality professionals dedicated to providing an exceptional guest experience.

Group structure

John Keells Holdings PLC

78.56%

Asian Hotels and Properties PLC

43.41%

Trans Asia Hotels PLC

A Winning Proposition

Affirming the excellence in performance, the Company received following accolades by external evaluators:

World Luxury Hotel Awards 2023

- Best General Manager – Regional Winner Award for Southwest Asia
- Luxury City Hotel – Country Winner, Sri Lanka
- Luxury Urban Hotel – Country Winner, Sri Lanka

South Asian Travel Awards 2023

- Gold Award for the Leading Food and Beverage Hotel of South Asia 2023
- Best Innovative Dining Concept - South West Asia for Nuga Gama
- Best Indigenous/Heritage Cuisine -Asia for Nuga Gama
- Best Luxury Eco-friendly Restaurant - South West Asia for Nuga Gama



Cinnamon Grand Colombo hotel was awarded the following, at the Culinary Art and Food Expo (2023) Event - dubbed Sri Lanka's premier and most renowned Food and Hospitality Showcase .organised by Chef's Guild of Sri Lanka together with the World Association of Chefs Societies (WACS) :

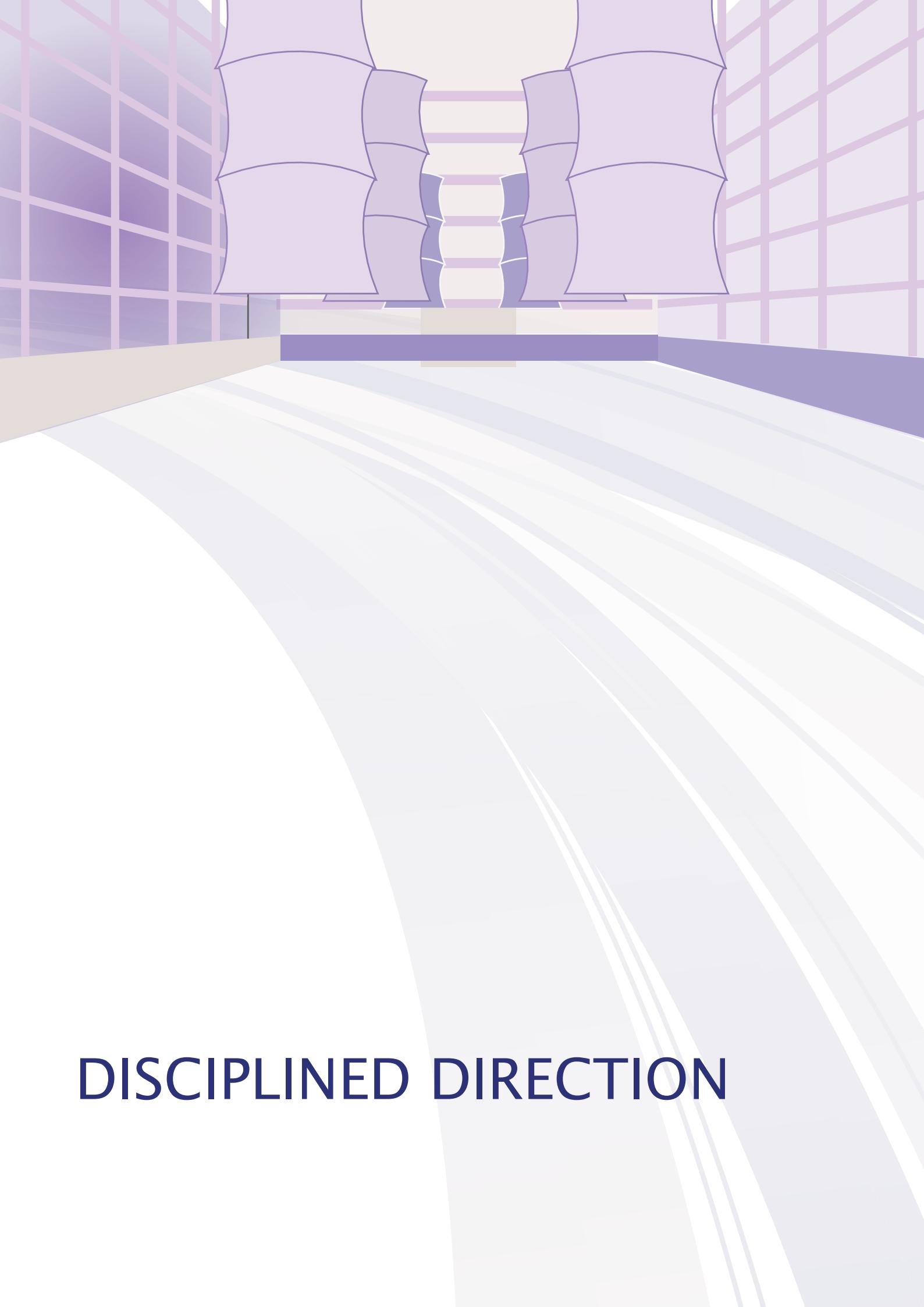
- Most Outstanding Overall Hotel Championship Trophy
- Most Outstanding Overall Hotel Culinary Team
- Most Outstanding Colombo City Hotel Culinary Team

Performance Highlights (Financial)

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|-----------|---------|---------|---------|---------|
| Group Operational Performance | | | | | |
| Revenue | Rs. Mn | 10,772 | 8,417 | 4,095 | 1,790 |
| Results from operating activities | Rs. Mn | 612 | 93 | (407) | (1,913) |
| Profit/(Loss) before tax | Rs. Mn | 212 | (133) | (459) | (2,370) |
| Profit/(Loss) after tax | Rs. Mn | 78 | (333) | (508) | (2,244) |
| Dividends paid | Rs. Mn | - | - | - | 442 |
| Return on equity (ROE) | % | 0.07) | (0.92) | (1.62) | (5.54) |
| Pre-Tax return on capital employed (ROCE) | % | 1.86 | 0.86 | (0.65) | (6.43) |
| Balance Sheet Strength | | | | | |
| Total assets | Rs. Mn | 48,381 | 45,912 | 42,509 | 40,869 |
| Total liabilities | Rs. Mn | 14,832 | 13,674 | 7,549 | 6,256 |
| Net debt / (Cash) | Rs. Mn | 2,284 | 2,101 | 1,645 | 691 |
| Total shareholders' funds | Rs. Mn | 33,549 | 32,238 | 34,959 | 34,612 |
| No. of shares in issue | Thousands | 442,775 | 442,775 | 442,775 | 442,775 |
| Net assets per share | Rs. | 67.64 | 65.21 | 71.43 | 70.70 |
| Debt / Equity | Times | 0.08 | 0.08 | 0.06 | 0.03 |
| Debt / Total assets | Times | 0.05 | 0.05 | 4.39 | 2.54 |
| Investor Information | | | | | |
| Market price of share as at 31 March | Rs. | 61.00 | 44.00 | 37.00 | 37.40 |
| Market capitalisation | Rs. Mn | 27,009 | 19,482 | 16,383 | 16,560 |
| Dividend payout | Rs. | - | - | - | (9.09) |
| Dividend per share | Rs. | - | - | - | 1.00 |
| Dividend yield | Rs. | - | - | - | 3.45 |
| Social Performance | | | | | |
| Economic value added | Rs. Mn | 6,246 | 2,875 | 1,569 | (7) |
| Employee benefit liabilities as of 31 March | Rs. Mn | 474 | 334 | 344 | 378 |
| | | | | | 345 |

Value Creation Highlights (Non-Financial)

| Company | | | 2024 | 2023 |
|--|--|---------------------|---------|---------|
| Manufactured capital  | Room inventory | No. | 501 | 501 |
| | Property, plant and equipment | Rs. Mn | 35,188 | 33,621 |
| | Capital expenditure | Rs. Mn | 494 | 209 |
| Human capital  | Total employees | No. | 817 | 783 |
| | Female representation | % | 12 | 12 |
| | Value added per employee | Rs. Mn | 1.7 | 1.5 |
| | Total training investment | Rs. Mn | 9 | 11 |
| | Total training hours | No. | 56,956 | 60,925 |
| | Training hours per employee | No. | 5.9 | 5.7 |
| | Employee Turnover rate | % | 20 | 17 |
| | Employee retention rate | % | 80 | 83 |
| | Workplace injuries | No. | 17 | 2 |
| Social and relationship capital  | Total suppliers | No. | 863 | 777 |
| | Payments to local suppliers | Rs. Mn | 3,752 | 3,175 |
| | Global Review Index | % | 96 | 96 |
| | Net Promoter Score | % | 78 | 69 |
| | Total investment in community projects | Rs. Mn | 5.7 | 2.4 |
| | Volunteer Hours | No. | 708 | 558 |
| Intellectual capital  | Average service length of an employee | Years | 9 | 9 |
| | | | | |
| Natural capital  | Carbon footprint | tCO ₂ e | 8,399 | 7,909 |
| | Carbon footprint per EarthCheck guest night | KgCO ₂ e | 18.05 | 20.12 |
| | Water withdrawn | m ³ | 171,440 | 179,685 |
| | Water withdrawn per EarthCheck guest night | Litres | 369 | 435 |
| | Total waste | MT | 496 | 459 |
| | Landfill waste disposed per Earthcheck Guest night | Kg | 0.002 | 0.004 |



DISCIPLINED DIRECTION

Chairperson's Message

Dear Stakeholder,

I am pleased to present to you, on behalf of the Board, the highlights of the Integrated Annual Report and Financial Statements of Asian Hotels and Properties PLC (the Company) for the year ended 31 March 2024. Asian Hotels and Properties PLC's robust performance, driven by our core values, reflects our consistent commitment to teamwork and sustainable development. Our strategy, guided by clear direction and people centric leadership, underscores our focus on sustainable growth.

Operating Environment

Global

The 2023 United Nations World Tourism Organisation (UNWTO) World Tourism Barometer indicates a significant rebound in international tourism with destinations worldwide welcoming global travellers and reaching 88% of pre-pandemic levels. In 2023, Asia and the Pacific recorded arrivals of 65% of pre-pandemic levels, with South Asia and Northeast Asia recording arrivals at 87% and 55% respectively. By October 2023, international air capacity and passenger demand had recovered to 90% of pre-pandemic levels, with global occupancy rates reaching 65% by November 2023. Preliminary estimates indicate that international tourism receipts totalled USD 1.4 trillion in 2023, representing 93% of the USD 1.5 trillion earned in 2019. The pent-up demand for global travel, improved air connectivity, and a stronger rebound in Asian markets are expected to drive global tourism to full recovery by the end of 2024.

Sri Lanka

The Sri Lankan economy recorded a gradual recovery during the latter part of calendar year 2023, marking the end of a prolonged period of economic contraction spanning six consecutive quarters. The relative stabilisation of the economic, social, and political environment aided by the improved air connectivity, resulted in a resurgence in tourist arrivals close to 1.5 million in 2023, a 106.6% growth from approximately 720 thousand arrivals recorded in 2022. Arrivals for the month of December 2023 crossed 200,000 for the first time since 2019 and the momentum was sustained in the first quarter of CY 2024. This underscores the industry's resilience and the enduring allure of Sri Lanka's culture, scenery, and renowned hospitality. India emerged as the top source market with over 300,000 arrivals, recording a 146% year-on-year increase and constituting 20.3% of total arrivals. Russia closely followed with approximately 200,000 arrivals, comprising 13.27% of total arrivals. Additionally, the United Kingdom and Germany also made significant contributions.

A Robust Delivery

The occupancy increased with the influx of tourist arrivals, however the profitability of the Group was dampened due to the high cost of inputs that existed during the first half of the year as a result of the import restrictions that were in place. The team endeavoured to achieve equilibrium between managing increasing costs with offering competitive prices to retain our loyal customer base.

“As we operationalize our business model focusing on long-term success, we recognise our responsibility to ensure that our business operations contribute positively to the environment and conservation of the earth's ecosystem”

The implementation of Minimum Room Rates (MRR) by the Sri Lanka Tourism Development Authority (SLTDA) of USD 100 on 5-star hotels effective from 1 October 2023 was intended to expedite the recovery of room rates in the city of Colombo in the short-term. While the success of the MRR was somewhat mixed depending on the corporate and leisure market positioning of the hotels, the Group recorded an encouraging performance during the year as reflected in key performance indicators of Occupancy, Average Room Rate (ARR) and Revenue Per Available Room (RevPAR), with notable improvement posted over the prior year.

Revenue growth was encouraging at Rs. 10,772 million for the current financial year, which is a 28% improvement over 2022/23, a result of the encouraging upward momentum in the tourist arrivals in Sri Lanka. Our foresight, proactiveness and agility ensured a higher capture ratio of tourist arrivals in Colombo. Income from food and beverages continued to lead the total revenue composition and this remained dynamic and resilient. The Crescat Boulevard Mall, continued to record improved performance benefiting from the capital investments made two years ago. Revenue from the mall increased year on year by 57 per cent to Rs. 99 million. With increasing economic stability and consumers gradually resuming their spending and lifestyle patterns, together with exclusive amenities and shopping experiences offered by the mall, results are forecast to improve further. Reversing the loss trend of the prior years, the Group reported a pre-tax profit of Rs. 212 million. Post accounting for income taxes of Rs. 135 million, the Group's post-tax profitability stood at Rs. 78 million as compared with the post-tax loss of Rs. 333 million recorded in the previous financial year.

Unlocking human potential through an empowering culture

The wellbeing of our people being a key priority, we implemented several initiatives to create an inclusive working environment. In our commitment to empowerment, we rolled out projects to encourage female participation in non traditional roles and leadership positions. Ensuring the safety and security of our employees, guests and suppliers remains a top priority, with robust health and safety measures implemented across our properties. Our dedication to Learning and Development (L&D) continues to be at the heart of our service delivery as we cultivate a future-ready workforce. The introduction of the Cinnamon Online Academy underscores our dedication to continuous learning within our ‘Cinnamon’ family. This tailored platform caters to diverse educational needs, offering unparalleled flexibility and accessibility. Since its inception, the academy has provided over 100 courses, nurturing personal and professional growth. Looking ahead, we are poised to unveil 70 additional courses, reaffirming our commitment to equipping our employees with the necessary skills to successfully thrive in a dynamic business environment.

Driving Operational Excellence

Throughout the reporting period, our group continued to harness technology alongside our diverse global and local expertise to cultivate a more flexible, streamlined, and productive business model. An investment was made to implement the Opera Cloud PMS system and Micro Symphony Food and Beverages systems at Asian Hotels and Properties PLC. Opera Cloud empowers hotels to oversee all areas of operations, encompassing both guest-facing and internal functions such as rate management, and reporting. With its seamless integration with various applications, Opera Cloud facilitates the utilisation of third-party platforms to elevate the guest experience from pre-arrival to post-checkout.

Nurturing the Planet

As we operationalise our business model focusing on long term success, we recognise our responsibility to ensure that our business operations contribute positively to the environment and conservation of the earth’s ecosystem. In 2023/24, we continued our focus on the Rainforest Restoration project and replanted 20,000 native plants in the buffer zone of Sinharaja forest.

We also made steady progress on our journey towards achieving a 50% reduction in guest facing single use plastic consumption by 2025. During 2023/24, 95% of the target set for the year was achieved, with the implementation of an in-house NORDAQ glass water bottling plant to replace the use of single use plastic bottles placed in guest rooms. This led to saving approximately 200kg of plastic waste per month.

We are committed to making optimal use of environmental resources maintaining essential ecological balance for sustainability. In this respect, we are aligned with the UN SDGs that set the tone for sustainable tourism development, from preservation of biodiversity to elimination of pollution and waste. Our efforts are well documented in the Natural Capital chapter of this Report.

Recognition

Our ongoing commitment to creating a sustainable brand continues to garner recognition, where during the year Cinnamon Grand Colombo received the Gold certification by Travelife for Accommodation Sustainability, recognised by the Global Sustainable Tourism Council and won the Gold award for the Leading Food and Beverage Hotel of South Asia and the ‘Nuga Gama’ restaurant at Cinnamon Grand Colombo won the Best Luxury Eco-friendly Restaurant - South West Asia awarded by South Asia Travel Awards (SATA) 2023. Asian Hotels and Properties PLC was ranked twelfth in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL), with a 95% score for transparency in disclosure practices.

Corporate Governance

I am pleased to state that there were no reported violations of the Group Code of Conduct and Code of Business Conduct and Ethics of the Code of Best Practice of Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka. I also wish to affirm our commitment to upholding Group policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and any work-related situations.

Integrated Reporting

This Report has been prepared in conformance with the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC). The Board of Directors are responsible for ensuring the accuracy and integrity of this Annual Report. We confirm, to the best of our knowledge, the credibility, reliability, and integrity of the information presented, and in this regard, external assurance has also been sought from independent auditors, as applicable.

Future Focus

Global Tourism

The UNWTO projects a full recovery to pre-pandemic levels in CY2024, estimating a 2% growth above CY2019 levels, underpinned by the release of the residual pent-up demand, improved air connectivity and the robust rebound of the Asian markets. Similarly, the World Travel and Tourism Council (WTTC) has projected a record breaking year for travel and leisure, with tourism estimated to contribute an all-time high of USD 11.1 trillion to the global economy in CY2024.

Chairperson's Message

Potential headwinds to the outlook primarily stem from the global economy, including persistent inflation, high interest rates, volatile oil prices and disruptions to trade. Geopolitical conflicts between Russia-Ukraine and Israel-Palestine may continue to weigh in on confidence and on overall recovery of the industry globally.

As per UNWTO, global travel trends for CY2024 are expected to be centered around value conscious travel options and travel closer to home. Sustainable practices and adaptability are envisaged to become pivotal factors influencing consumer decisions. However, a significant challenge persists in the form of staff shortages, as most destinations are expected to be impacted with a shortage of labour to manage the surge in demand.

Sri Lanka

The Sri Lanka Tourism Development Authority (SLTDA) aims to attract 2.3 million visitors in CY2024. Although arrivals are still below pre-pandemic levels, it is encouraging to witness the month on month pick-up in inquiries and forward bookings. The recovery trend in arrivals is expected to continue with growth across all major source markets. The strong economic growth in India and the resultant increase in travel in India is a significant opportunity for Sri Lanka, particularly considering the proximity to key Indian cities. Increased flight frequencies, particularly from India and China, is envisaged to augur well for the destination.

Tourism will continue to be a key catalyst in driving the recovery and growth of the economy, particularly in the context of the positive impact it will have on foreign exchange earnings. In December 2023, Sri Lanka launched its first global marketing campaign in 15 years titled 'You'll come back for more', which is planned to be launched in three stages. Whilst the launch of a campaign after a considerable period of time is positive, these marketing efforts should be continued on a sustained basis with a strategic focus, in order to reap the full benefits of such campaigns.

The Group remains confident that the prospects for tourism in the medium to long-term remain extremely positive. This optimism is based on the diverse range of offerings and the potential for regional tourism, supported by the availability of a comprehensive portfolio of hotels to accommodate the expected surge in demand. Sri Lanka's potential in the tourism sector remains largely untapped, considering that the country received only 2.3 million tourists prior to the Easter Sunday attacks in CY2019, while regional tourism has experienced significant growth over the past decade.

The Bandaranaike International Airport (BIA) expansion project is a two-phase project - Phase A, which entails the construction of a new passenger terminal building was suspended in CY2022. The Government has intimated that the funding for Phase A will recommence once the debt restructure is finalised. Post completion of Phase A, the terminal will have the ability to handle 15 million passengers annually. It is imperative that these airport capacity

constraints as well as tourism infrastructure are addressed swiftly to allow the country to fully capitalise on the expected boom in tourism. As an interim stop-gap measure to cater to the increasing number of tourists, the Government is in the process of awarding a contract to build a temporary terminal at the BIA.

Several major infrastructure projects are expected to be completed in the ensuing years in Colombo including the Port City project and the development of the East and West Terminals of the Port of Colombo. Additionally, the 'City of Dreams Sri Lanka' which will be the first fully-fledged integrated resort in the whole of South Asia with gaming facilities, is expected to have a positive impact on the other properties in Colombo, similar to trends witnessed in other parts of world. Such notable developments will augur well for Colombo, in attracting leisure and business travellers. The availability of dedicated conferencing and meeting facilities within the 'City of Dreams Sri Lanka' should also drive the MICE segment.

The company will focus on prioritising the development of market specific strategies aimed at harnessing the changing competitive landscape of Colombo city. Our property will also leverage on its exceptional food and beverages (F&B) offering, by reinventing itself to be relevant in the face of the evolving F&B environment in the city.

Given the increasing traction Sri Lanka has received as a holiday destination and the unparalleled cultural and natural landscape of the country, with numerous attractions within the Colombo city limits and the aforementioned development landscape of the city the prospects for the Company remain positive in the medium to long-term.

Acknowledgements

I take this opportunity to thank my colleagues on the Board for their invaluable guidance and constant support. I also wish to convey my appreciation to our management team and staff for their untiring effort, commitment and drive. Finally, I wish to convey my sincere appreciation to all our stakeholders including our tour operator partners, guests and shareholders for their continued support.



K N J Balendra

Chairperson

21 May 2024

Board of Directors

Krishan Balendra

Chairperson

Krishan Balendra is the Chairperson-CEO of John Keells Holdings PLC (JKH). He is also the Chairman of the Employers Federation of Ceylon, Deputy Vice Chairman of the Ceylon Chamber of Commerce and the Hon. Consul General of the Republic of Poland in Sri Lanka. He is a former Chairman of Nations Trust Bank and the Colombo Stock Exchange. Krishan started his career at UBS Warburg, Hong Kong, in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Krishan holds a law degree (LLB) from the University of London and an MBA from INSEAD.

Gihan Cooray

Director

Gihan Cooray is the Deputy Chairperson/ Group Finance Director of John Keells Holdings PLC (JKH) and has overall responsibility of the Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology and Corporate Communications functions. He is a former Chairman of Nations Trust Bank PLC. Gihan holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas. He is a Fellow member of the Chartered Institute of Management Accountants, UK, a certified management accountant of the Institute of Certified Management Accountants, Australia and has a Diploma in Marketing from the Chartered Institute of Marketing, UK. He serves as a committee member of The Ceylon Chamber of Commerce.

Suresh Rajendra

Director

Suresh Rajendra has over 30 years of experience in the fields of finance, travel & tourism, hotel management, property development and real estate management and business development acquired both in Sri Lanka and overseas. Prior to joining the JKH Group, he was the Head of Commercial and Business Development for NRMA Motoring and Services in Sydney, Australia and Director/General Manager of Aitken Spence Hotel Managements (Pvt) Ltd, Sri Lanka. He is a Fellow member of the Chartered Institute of Management Accountants, UK.

He is a member of the Group Executive Committee of the John Keells Group. He is the President of the Leisure Group of John Keells and also responsible for Union Assurance PLC, John Keells Information Technology (Pvt) Limited and John Keells Stockbrokers (Pvt) Ltd. He serves as a Director of Union Assurance PLC, Trans Asia Hotels PLC, John Keells Hotels PLC and also in many of the unlisted companies within the John Keells Group. He is a member of the Tourism Advisory Committee appointed by the Ministry of Tourism.

Changa Gunawardane

Director

Changa Gunawardane oversees the financial health of the Leisure Industry Group of John Keells Holdings as the Chief Financial Officer and has been with the John Keells Group for over 18 years. Changal currently serves as a Non-Executive Director on the Board of Trans Asia Hotels PLC and in many of the unlisted companies of the John Keells Group.

Changa brings extensive financial leadership experience from his current role and his previous role within John Keells Group as the Chief Financial Officer for the Information Technology Sector as well as the Sector Financial Controller for the Airlines and Logistics Business Unit, within the Transportation Sector. He also has over 29 years of financial experience across diverse industries spanning Pharmaceutical, Manufacturing, Management Services, Electrical Engineering and Construction.

A Fellow Member of the Chartered Institute of Management Accountants in the UK, he holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka.

Mikael Svensson

Director

Mikael Svensson is the Chief Executive Officer at Cinnamon Hotels & Resorts, part of the Leisure industry group of John Keells Holdings PLC. He overlooks Cinnamon's entire portfolio of hotels and resorts in Sri Lanka and the Maldives, including Sri Lanka's first and South Asia's largest integrated resort - Cinnamon Life. He brings extensive global leadership experience in managing and operating large-scale luxury hotels across Asia, the Middle East and Australia, of which over 20 years was spent with the Hyatt Group. His previous roles at Palm Jumeirah, the Viceroy Palm Jumeirah Dubai, the Grand Hyatt in Mumbai, Park Hyatt in Canberra and the Hyatt Regency in Hua Hin required him to take advantage of new opportunities for growth, expansion and innovation while nurturing and advancing the company's competitive advantage. He serves as a Director of Trans Asia Hotels PLC and John Keells Hotels PLC. Prior to joining the John Keells Group, he was the Senior Vice President of Louis T Collection, a Singapore-based hospitality management and building solutions company that owns a portfolio of hotels across Asia and Australia, leading change to impact performance.

Board of Directors

Aroshi Nanayakkara

Director*

Aroshi is the CEO of the Global Consulting Company and a dynamic leader in the fields of Strategic Planning, HR and Risk Management, having gathered extensive experience through her 25 plus years in multinationals as well as some of Sri Lanka's prominent blue-chip companies.

She commenced her career as a Corporate Banker and then moved into the fields of HR and Risk Management and finally in a more operational role as CEO.*

She holds a B.Sc. from the prestigious Massachusetts Institute of Technology (MIT), Boston, USA in addition to a M.Sc. from the London School of Economics (LSE), UK. She is the Regional Chair in Sri Lanka for the MIT Educational Council. She also holds the professional qualifications of ACMA and CGMA from the Chartered Institute of Management Accountants (CIMA), UK. She has been recognised with many awards including the recognition by APAC Insider Magazine as the Most Comprehensive Corporate Strategy & Risk Management Consultancy CEO (Sri Lanka) for 2023 and 2024.

She serves on the Board of Sampath Bank PLC. She was formerly an Independent Non-Executive Director of Siyapatha Finance PLC, Sampath IT Solutions (Pvt) Ltd, Hela Clothing PLC and Delmeg Interior Décor (Pvt) Ltd.

She is the Chairperson of the Sri Lanka Institute of Directors (SLID) and the Chair of the Women Corporate Directors (WCD) Sri Lanka chapter and a member of the Strategy Committee of the Global Network of Director Institutes (GNDI).

Jegatheesan Durairatnam

Director*

Jegatheesan Durairatnam joined the Commercial Bank of Ceylon PLC in 1982 and he is the retired Managing Director/ Chief Executive Officer. His banking experience covers all aspects of International Trade, Offshore Banking, Credit, Operations, and IT. He has been in the Bank's Corporate Management Team for 14 years. He holds a bachelor's degree from the University of Peradeniya. He has held positions in Senior Management, including the position of Chief Operating Officer, Deputy General Manager International Division,

Assistant General Manager - International Division and Head of Imports. He also serves on the Boards of Commercial Development Company PLC, Lanka Financial Services Bureau Limited, Sri Lanka Banks' Association (Guarantee) Limited and The Financial Ombudsman Sri Lanka (Guarantee) Limited. He currently serves as an Independent Non-Executive Director on the Boards of Asset line Leasing Co Ltd, Ceylinco Life Ltd, Enviro Solutions Pvt Ltd and as the Non-Executive Chairman of DFCC Bank PLC.

Ashan De Zoysa

Director*

Ashan De Zoysa counts 25 plus years of experience in the field of Information & Communication Technology including several years of overseas exposure, in IT and Derivative/ Commodity Trading in Australia. Ashan holds a Bachelor of Commerce Degree from the University of New South Wales. He is the Managing Director of A.E.C. Properties Private Ltd and serves on the Board of Associated Electrical Corporation Ltd. He has previously served on the Boards of AMW Group as a working Director and as an Independent Non-Executive Director of Union Assurance PLC.

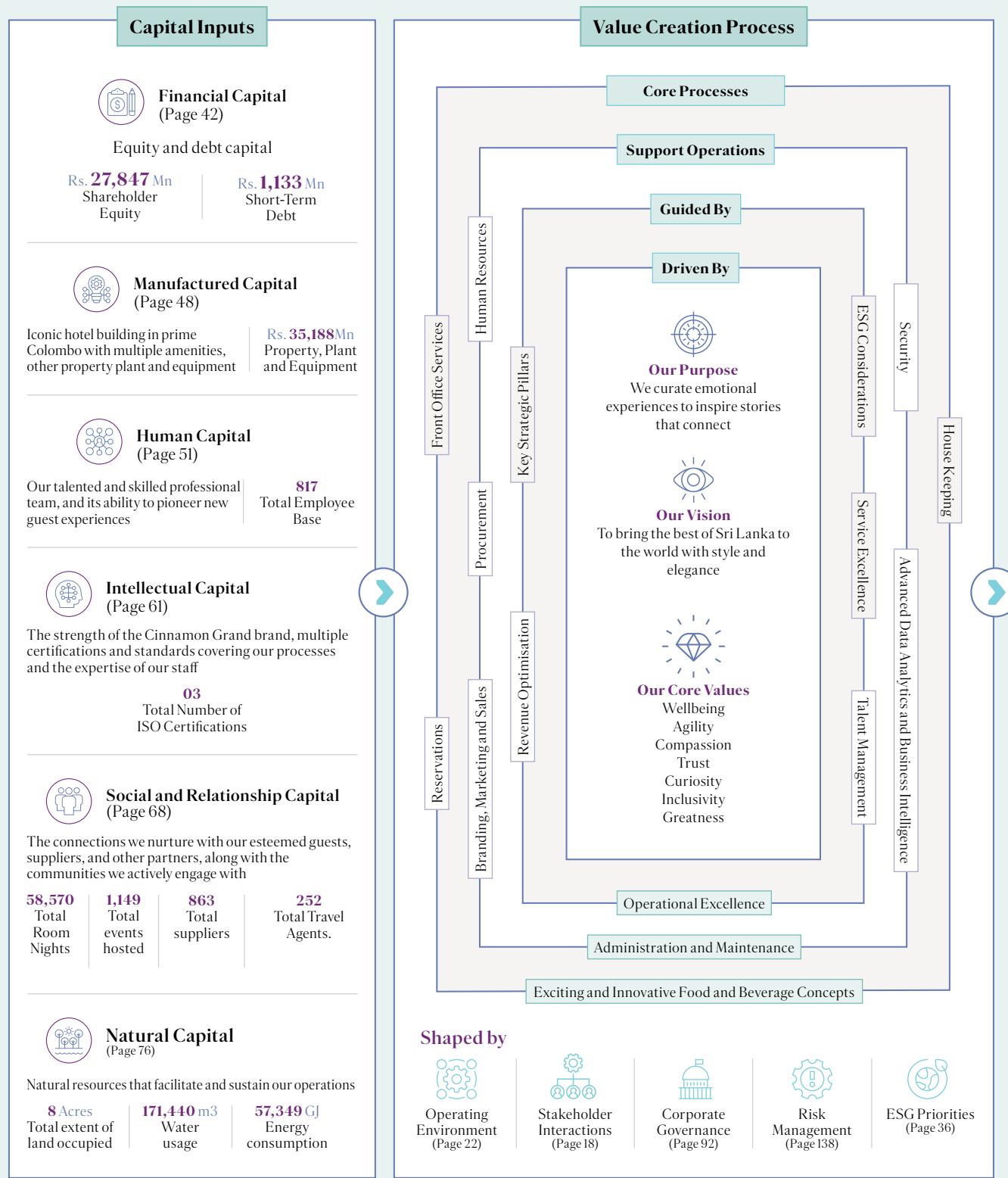
*Independent Non-Executive Director

PERCEPTIVE PLANNING



Value Creation Model

Displayed below is Asian Hotels and Properties PLC's Value Creation Model, featured in our inaugural integrated annual report. We have illustrated graphically how we allocate resources, categorised under the six capitals as outlined in the International Integrated Reporting Framework, and how they result in various outputs and outcomes that contribute to delivering value to our stakeholder groups.



Key Outputs

An exceptional guest experience

66%
Occupancy through
the Financial Year

13,381
Room
Nights

43
MICE Events hosted



Waste and Emissions
Generated

8,399 tCO2e
Total GHG
Emissions

496.87 MT
Total Waste
Generated

Key Outcomes**Capital Outcomes**

 **Financial Capital**
(Page 42)

Rs. 95 Mn
Loss After Tax

 **Manufactured Capital**
(Page 48)

Rs. 494 Mn
Capital
Expenditure

Rs. 358 Mn
Depreciation and
Amortisation

 **Human Capital**
(Page 51)

Rs. 1,395 Mn
Payments to
Employees

73%
Employee
Retention Ratio

Rs. 9 Mn
Investment in Training
and Development

 **Intellectual Capital**
(Page 61)

9 years
Average Length of
Service of Employees

 **Social and Relationship Capital**
(Page 68)

78%
Guest Satisfaction
Rate

Rs. 5,332 Mn
Total Payments
to Suppliers

Rs. 1,033 Mn
Taxes paid to the
Government of Sri Lanka

Impact on Stakeholders

 **Shareholders**

Consistent value creation through appreciation in capital investment and dividends aligned with Company performance. Robust governance and risk management practices ensuring the preservation of wealth.

 **Customers**

Unparalleled star class guest experiences made possible by iconic infrastructure, exceptional service and delectable food and beverages for discerning guests

 **Employees**

Fulfilling and enriching employment opportunities with a focus on the holistic well-being and development of employees, while fostering long-term relationships with them

 **Employees and Customers**

Robust repository of entity-specific knowledge and technical expertise among our employees
Great customer experience from the inception of engagement viz. reservation/ booking

 **Customers, Business partners, Government and Communities**

Healthy, transparent, and mutually beneficial relationships with our customers and business partners, underpinned by strong governance principles and responsible practices across all interactions.
Supporting the Government's economic growth agenda by fulfilling tax obligations and other contributions
Fostering social upliftment through carefully curated corporate sustainability initiatives.

 **Communities**

Utilising natural resources responsibly while safeguarding the rights of future generations.

Contribution to SDGs

Stakeholder Interactions

As illustrated in our Value Creation Process, stakeholder interactions are integral to Asian Hotels and Properties PLC's operations. We prioritise fostering deeper and more meaningful connections with our stakeholders, recognizing the dynamic nature of the operating environment and its influence on stakeholder expectations.

Stakeholder interaction mechanism

Considering the extensive array of stakeholders we engage with, we have implemented a prioritisation system based on two key factors: the degree of stakeholder interest and their level of influence on the Company's value creation, decision making process and strategy. This prioritisation approach is illustrated graphically below. All stakeholder engagements adhere to internal policies and procedures, ensuring that they are conducted in a timely, transparent, and efficient manner.



Customers

| | |
|---|--|
| Indicators denoting strength and dynamism | 58,570 room nights 130 source countries Net Promoter Score 78. |
|---|--|

| Level of engagement | Collaboration |
|---------------------|---|
| Modes of engagement | <ul style="list-style-type: none">All customer-serving front line staffChannel partners in Sri Lanka and overseasGlobal sales officersIn-stay and post-stay surveysOnline reviews across multiple platforms such as booking.com, etc.Social mediaCorporate website www.cinnamonhotels.com |

| Level of engagement | Collaboration |
|---|---|
| Key focus during the financial year | <ul style="list-style-type: none"> Quality of service Escalations in pricing Novel experiences in cuisine and events ESG considerations in our business |
| Our strategic response | Continuous enhancements to our offerings in meeting emerging customer requirements, exceptional service quality and highest value for money spent by the customer quality and highest value for money spent by the customer |
| Way forward | Introduction of a customer loyalty programme |
| Read more information | Social and relationship capital – Page 68 |
| Employees | |
| Indicators denoting strength and dynamism | <p>817 employees</p> <p>9 years of average service</p> <p>73% retention ratio</p> |
| Level of engagement | Collaboration |
| Modes of engagement | <ul style="list-style-type: none"> Periodic meetings at different levels Employee satisfaction surveys Induction programmes for all new recruits Mid-year and full year performance appraisals Cinnamon Grand Long Service Awards Engagement initiatives conducted by the staff welfare club |
| Key concerns during the financial year | <ul style="list-style-type: none"> Job security and financial wellbeing Psychological and physical wellbeing Effective performance management and attractive remuneration Opportunities for talent development and career advancements Safe working conditions ESG considerations in our business |
| Our strategic response | Ensuring job security and compensations without any compromises or downward revisions. Providing rewarding job opportunities with training, development and capacity building. |
| Way forward | Cinnamon Grand Training Academy for new entrants in to the hospitality sector |
| Read more information | Human capital – Page 51 |

Stakeholder Interactions

| Suppliers and business partners | |
|---|--|
| Indicators denoting strength and dynamism | 5 Global Sales Agents 252 Travel Agents 863 Suppliers |
| Level of engagement | |
| Modes of engagement | <p>Collaboration</p> <ul style="list-style-type: none"> One-on-one meetings via virtual modes and in-person meetings in Colombo or overseas Road-shows and promotional events Agreements and contracts executed Periodic supplier reviews |
| Key concerns during the financial year | <ul style="list-style-type: none"> Opportunities for enhanced business with the revival of the economy Unique experiences curated for guests Fair pricing Timely payments and adherence to terms and conditions in agreements and contracts ESG considerations in our business |
| Our strategic response | Increased collaboration in driving greater business volumes and curating attractive guest experiences thereby positioning Cinnamon Grand as a most-preferred destination |
| Way forward | Further expansion to our agents network and leveraging synergies |
| Read more information | Social and relationship capital – Page 68 |
| Shareholders | |
| Indicators denoting strength and dynamism | 3,327 shareholders 6% institutional shareholders 93% local shareholders |
| Level of engagement | |
| Modes of engagement | <p>Collaboration</p> <ul style="list-style-type: none"> Annual and extra-ordinary general meetings Other one-on-one meetings Periodic publications such as the annual report and quarterly financial statements Announcements released to the Colombo Stock Exchange Corporate website www.cinnamonhotels.com |
| Key concerns during the financial year | <ul style="list-style-type: none"> Sound financial performance and stability of the business amidst macro-economic shocks Effectiveness of risk management practices and strength of governance processes in safeguarding shareholder wealth Adequate returns in form of capital gains and dividends reflecting risk undertaken Strength and competencies of the Board of Directors and corporate management ESG considerations in our business |
| Our strategic response | Preservation of shareholder wealth through enhanced performance in the backdrop of a reviving economy |
| Way forward | Generation of greater shareholder returns through improved financial performance |
| Read more information | Financial capital – Page 42 |

Government and related entities

Indicators denoting strength and dynamism Rs. 1,033 Mn in taxes paid to the Government of Sri Lanka

| | |
|--|--|
| Level of engagement | Adequately informed |
| Modes of engagement | <ul style="list-style-type: none"> • Statutory reporting • Engagement with regulatory bodies regarding sector-related affairs |
| Key concerns during the financial year | <ul style="list-style-type: none"> • Contribution to fiscal revenue • Contribution towards reviving the economy and creation of new employment opportunities • Compliance with all applicable laws, rules and regulations |
| Our strategic response | Full compliance with applicable laws, rules and regulations, timely and accurate tax payments and maximum contribution in economic activities |
| Way forward | Strengthening the on-going relationships |
| Read more information | Corporate governance – Page 92 |

Communities

Indicators denoting strength and dynamism Rs. 5.7 Mn invested in community engagement and empowerment initiatives

| | |
|--|--|
| Level of engagement | Adequately informed |
| Modes of engagement | <ul style="list-style-type: none"> • Direct engagement via projects carried out • Sustainability reporting, press releases and other related publications • Social media platforms |
| Key concerns during the financial year | <ul style="list-style-type: none"> • Benefits delivered through corporate sustainability initiatives • Employment generation for local communities • Integration of environmental and social considerations in to our business operations |
| Our strategic response | Numerous initiatives conducted targeting the empowerment of our communities. Strong policies and processes governing our environmental impact. |
| Way forward | Continuous efforts in powering and uplifting the communities. Further enhancements to our environmental impact management in line with international best practices. |
| Read more information | Social and relationship capital – Page 68 Natural capital – Page 76 |

Operating Environment Review

Global economy

The global economy affirmed its resilience through 2023 with steady growth reported, as inflation returned to target levels. Supply-chain disruptions in the aftermath of the pandemic, Russian-initiated war on Ukraine leading to a global energy and food crisis and high inflation, followed by contractionary monetary policy measures across many economies in the world were some highlights. Notwithstanding the challenges, the global economy avoided a recession and performed considerably well.

Economic growth rates – Global economy and key source market countries of Sri Lanka

| In percentage | Projections | | |
|--|-------------|------|------|
| | 2023 | 2024 | 2025 |
| World Output | 3.2 | 3.2 | 3.2 |
| Advanced Economies | 1.6 | 1.7 | 1.8 |
| United States | 2.5 | 2.7 | 1.9 |
| Germany | -0.3 | 0.2 | 1.3 |
| United Kingdom | 0.1 | 0.5 | 1.5 |
| France | 0.9 | 0.7 | 1.4 |
| Canada | 0.9 | 1.8 | 2.3 |
| Emerging Market and Developing Economies | 4.3 | 4.2 | 4.2 |
| China | 5.2 | 4.6 | 4.1 |
| India | 7.8 | 6.8 | 6.5 |
| Russia | 3.6 | 3.2 | 1.8 |

(World Economic Outlook, International Monetary Fund April 2024)

Global tourism

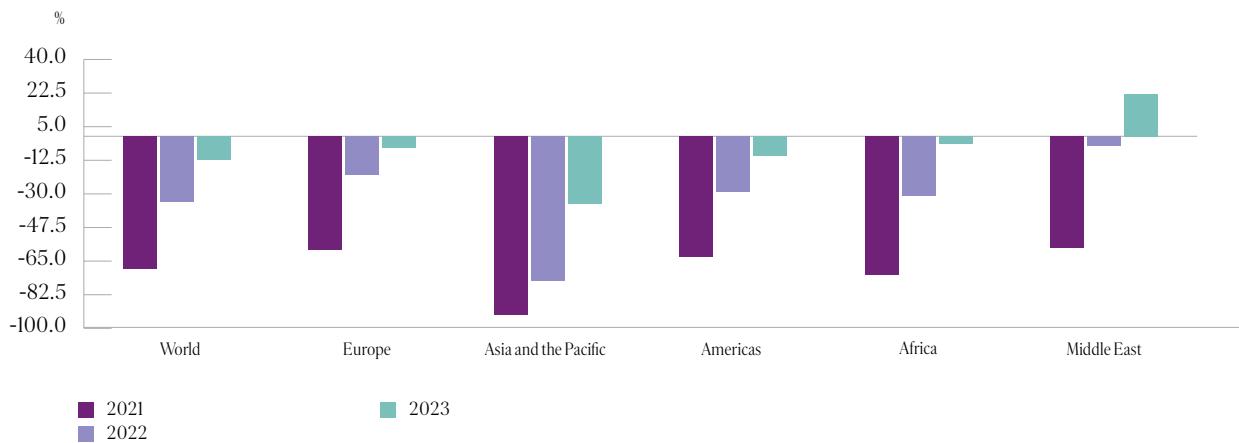
Global tourism recorded a healthy growth in 2023. The sector's resilience and rapid recovery is expected to reach the pre-pandemic numbers by the end of 2024. Some highlights were as follows.

- International tourism receipts reached USD 1.4 trillion in 2023 according to preliminary estimates, about 93% of the USD 1.5 trillion earned by destinations in 2019
- Total export revenues from tourism (including passenger transport) are estimated at USD 1.6 trillion in 2023, almost 95% of the USD 1.7 trillion recorded in 2019
- Preliminary estimates on the economic contribution of tourism, measured in tourism direct gross domestic product (TDGDP) point to USD 3.3 trillion in 2023, or 3% of global GDP. This indicates a recovery of pre-pandemic TDGDP driven by strong domestic and international tourism.

Regional performance

- The Middle East led recovery in relative terms as the only region to overcome pre-pandemic levels with arrivals 22% above 2019.
- Europe, the world's most visited region, reached 94% of 2019 levels, supported by intra-regional demand and travel from the United States.
- Africa recovered 96% of pre-pandemic visitors and Americas reached 90%.
- Asia and the Pacific reached 65% of pre-pandemic levels following the reopening of several markets and destinations. However, performance is mixed, with South Asia already recovering 87% of 2019 levels and North-East Asia around 55%.

International Tourist Arrivals (% change over 2019)



Source: <https://www.unwto.org/>

Sri Lankan economy

During the financial year under review, the Sri Lankan economy showed signs of recovery following a prolonged period of economic hardships on account of multiple internal and external shocks. Other aspects of the operating environment also evolved simultaneously such as social and political, affording various opportunities and posing threats to the operations of Asian Hotels and Properties PLC. The Company was agile in identifying these changes, and adapting

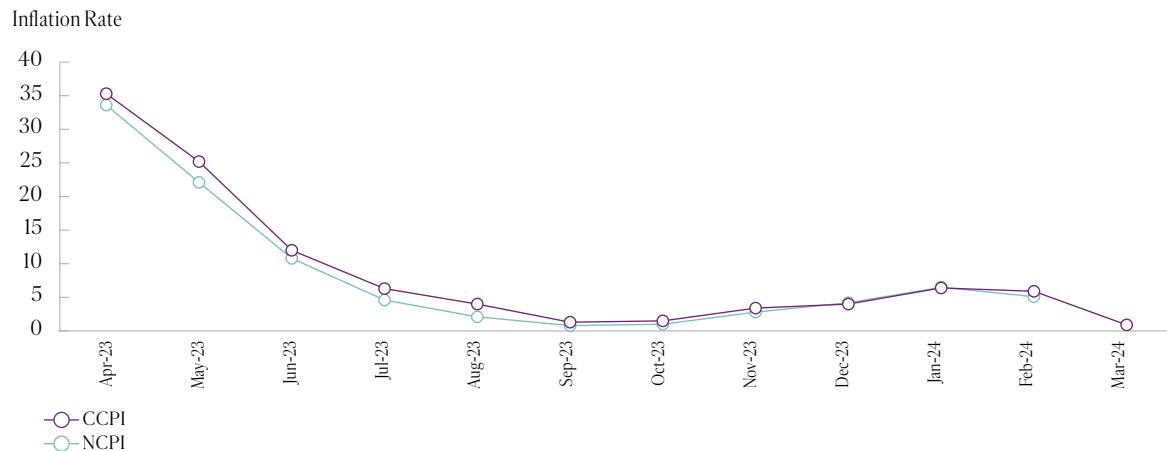
its strategy in minimising potential risks and deploying resources in generating value through capitalizing on the opportunities.

Macro-economic environment

Key indicators

Inflation continued to ease out through the year in the aftermath of having reached historic highs in latter part of 2022. Inflation also ranged within the target mid-single digits level bringing in greater confidence on broader price levels within the economy.

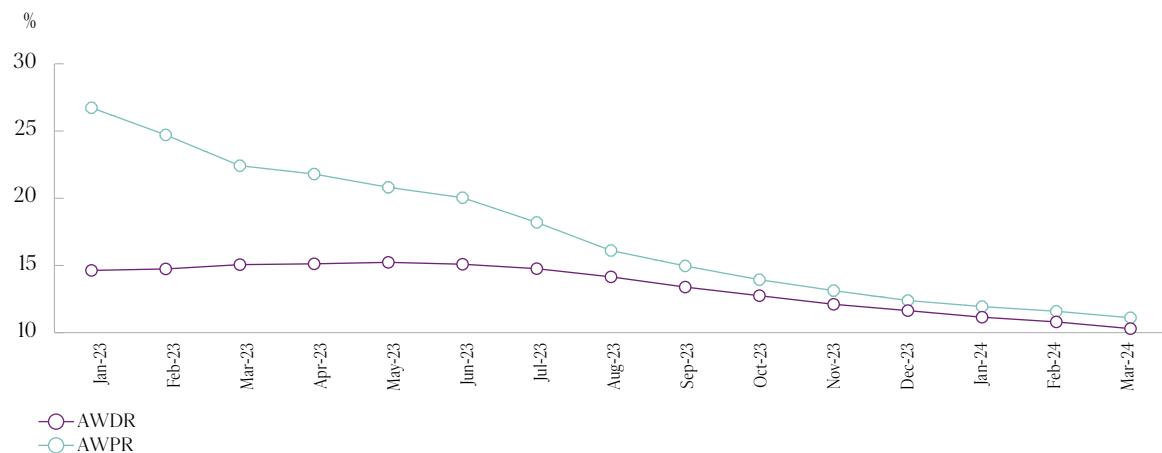
Headline Inflation



Interest rates – The Central Bank of Sri Lanka (CBSL) relaxed its monetary policy commencing June 2023 and during the financial year ended 31 March 2024, the CBSL reduced the two main policy rates of Standing Deposit Facility Rate and Standing Lending Facility Rate by seven percentage points closing in at 8.50% and 9.50% respectively. Government security rates and commercial bank lending and deposit rates followed the macro rate directions and saw considerable reductions by the end of the financial year.

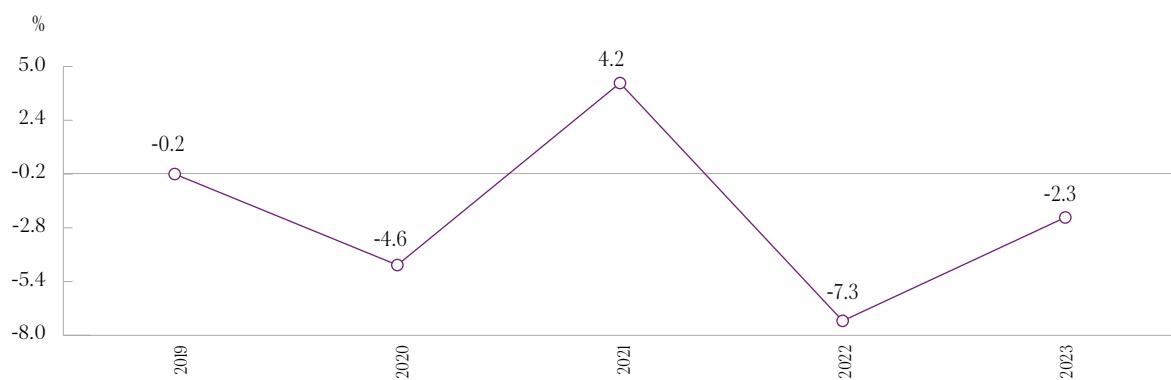
Operating Environment Review

Commercial bank lending and deposit rates



GDP growth - Stimulated by the CBSL's relaxing monetary policies and easing inflation, Sri Lanka's GDP growth entered positive territories during the third quarter of 2023 ending deep contraction, with growth recorded in all three sectors of Services, Industries and Agriculture. However on a yearly basis, GDP recorded a 2.3% contraction in 2023.

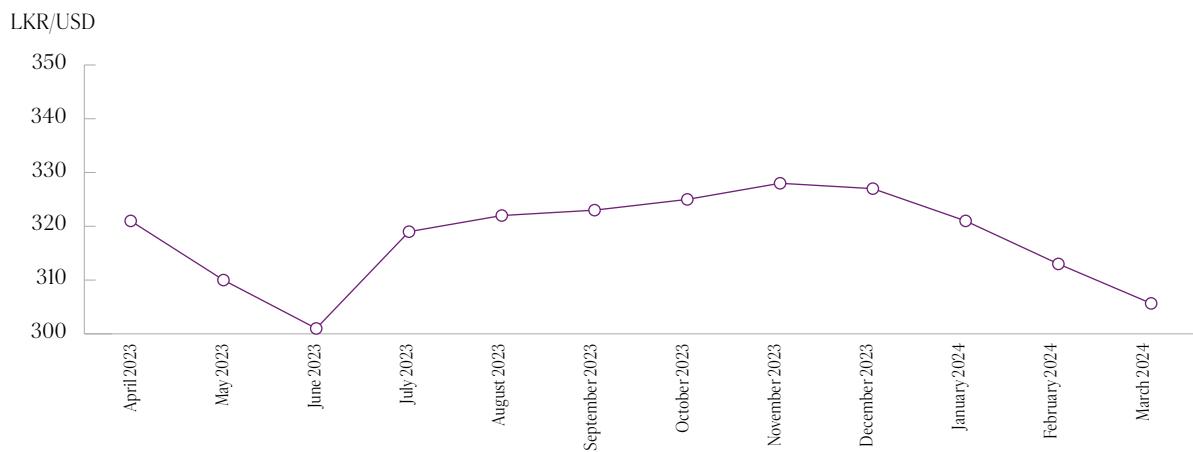
Annual GDP Growth



External sector stability

Exchange rate - The Sri Lankan rupee continued on its appreciating trend with a 7.6% appreciation against the US dollar during the year up to 28 March 2024. The Sri Lankan rupee also appreciated against other major currencies, such as the Euro, the Pound Sterling, the Japanese yen, the Indian rupee, and the Australian dollar during the same period. Monthly average exchange rate for March 2024 was Rs. 305.66 for USD, the second lowest since the economic crisis in March 2022. The relative stabilisation of the exchange rate allowed greater confidence in planning for businesses.

Monthly average exchange rate



Gross official reserves – Gross official reserves continued to improve throughout the year. The merchandise trade deficit contracted during 2023 reaching one of the lowest levels in the past 15 years, resulting from lower expenditure on merchandise imports. Worker remittances which reached USD 6.0 Bn and earnings from tourism which reached USD 2.1 Bn bolstered gross official reserves, and the trend is expected to continue.

Source: Central Bank of Sri Lanka <https://www.cbsl.gov.lk/>

| Impact | Company response |
|--|---|
| <ul style="list-style-type: none"> Dis-inflationary movement easing pressure on cost of input material Exchange rate stability allowing greater confidence in costing in imported material and pricing of products Lowering interest rates lifting pressure on cost of borrowed funds and benefiting overall cost of capital Gradual uptick in the economy stimulating more demand and enhanced spending capacities of our customers | The Company attuned its operations to leverage evolving favourable conditions thereby achieve greater revenue, competitive pricing for customers and strengthen the overall performance of the Company. |

Political stability and Government policies

The year under was notable for political stability compared to the prior year. The monetary policy was effectively deployed in controlling key economic indicators, with the contractionary policy approach adopted ending in June 2023, given positive movement and stabilisation of inflation. The Government of Sri Lanka secured major foreign inflows during the year, including the second tranche of the Extended Fund Facility of the International Monetary Fund amounting to USD 337 Mn and other credit lines from the World Bank and the Asian Development Bank. Funds thus received have been channeled towards reviving various sectors of the economy.

Operating Environment Review

Tourism industry specific policy measure

The Sri Lanka Tourism Development Authority (SLTDA) imposed minimum room rates of USD 100 on 5 star hotels, USD 75 for 4 star hotels, USD 50 for 3 star hotels, USD 35 for 2 star hotels, and USD 20 for 1 star hotels within the city of Colombo, effective from October 1, 2023. This ensured that hotels within these star classifications located within the city of Colombo cannot price their rooms at rates lower than those prescribed by the Government.

| Impact | Company response |
|---|---|
| <ul style="list-style-type: none">Higher taxes having an impact on profitability of the companyPolitical stability and revival of economic activity increasing business confidenceEnhanced profile of the country in overseas markets | <ul style="list-style-type: none">Focus on avenues for profitability enhancement such as cost rationalisationStrategising towards more business volumes amidst recovering economic conditions |
| Response to the minimum room rates implied | |
| | <ul style="list-style-type: none">Enhancements to the value proposition of the CompanyDriving value for money, giving guests the assurance and experience that is worth the feesGreater liaison with our global sales partners and other travel partners in driving Colombo as a preferred and an attractive destination specifically for MICE events despite the rate increase |

Other macro aspects

Evolving employee expectations

With the hardships faced by the economic crisis employee concerns were mostly concentrated on job security and certainty in remunerations and benefits. Mental well-being was also a key concern as employees were subject to various challenges stemming from high cost of living. The country also continued to experience migration of labour to foreign countries in pursuit of more lucrative employment opportunities and better living conditions.

| Impact | Company response |
|--|---|
| Need for further focused employee relations attuned in response to evolving employee expectations and towards ensuring retention | Job security of all employees were assured, together with timely payment of salaries and benefits. Employee mental well-being was ensured through various initiatives including employee engagement activities. |

Evolving customer expectations

There is continually growing inclination in customers to patronage hotels that are environmentally and socially aware businesses. Reducing waste, reducing energy consumption and adding vegan dishes to menus and charitable element are aspects customers now check before they choose their stays. Value for money is also more important than ever. Many customers will be looking for those rooms which offer extra value, or better experiences for the money they are paying. Technology is another important aspect of the guest experience such as automated check-in, technological developments at the property such as digital guidebooks, smart TVs, online bookings for tours, a digital compendium, speakers, charging points.

| Impact | Company response |
|---|--|
| <ul style="list-style-type: none">Necessity to reduce our operations environmental and social foot print and increase the environmental and social handprintEnhancing tech capabilities of the Company | <ul style="list-style-type: none">Continuous environmental and social initiatives under the strong ESG agenda of the John Keells Group with key targets setInvestments in IT capabilities leading to enhanced and fast guest experience at room booking, check-outs, etc. |

Climate change

Businesses around the world are grappling with the impact of climate change in varying degrees with pronounced impact on the hotel and leisure sector. Impact could be direct, such as physical damage and closure of business from extreme and erratic weather conditions like floods, droughts, bushfires, places of tourist attraction being rendered less attractive, etc. Indirect effects can include such weather conditions disrupting supply chain thereby affecting continuity of business operations. Additionally, businesses are coming under increased scrutiny to reduce their carbon footprint, reduce waste and align operations to environmentally friendly means.

Impact

- Increasing demand from customers for environmentally responsible products
- Scope in migration to clean energy and responsible waste management

Company response

- Continued environmental and social initiatives under the strong ESG agenda of the John Keells Group with key targets set

Performance of Sri Lanka Tourism sector

Sri Lanka tourism made an impressive rebound during 2023, with the trend continuing healthily into 2024. Foreign income from tourism also improved in tandem bolstering the country's foreign exchange reserves.

Monthly tourist arrivals



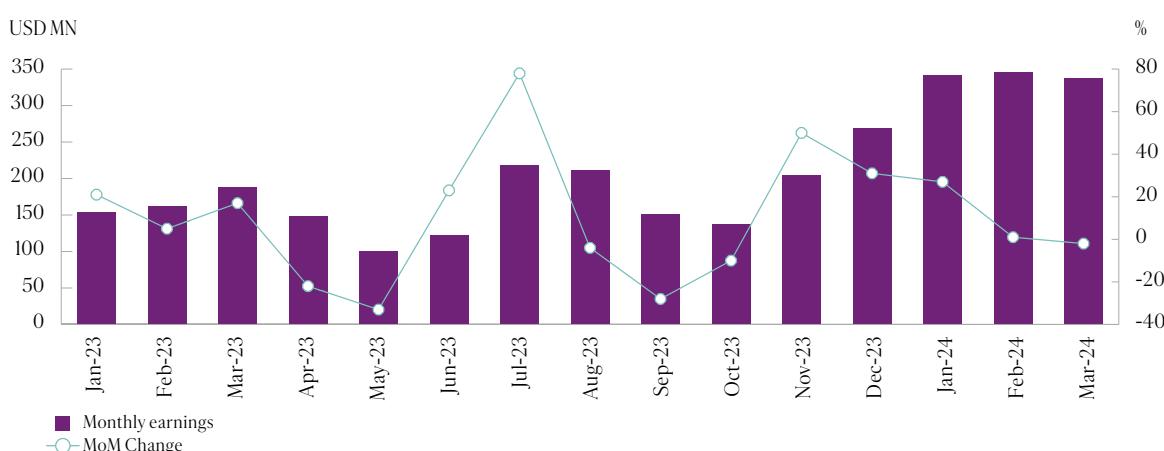
Total tourist arrivals

- 12 months ended 31 December 2023 – 1,487,303
- 4 months ended 30 April 2024 – 784,651
- Maximum monthly arrivals since 01 January 2023 – 218,350 in February 2024

Earnings from tourism

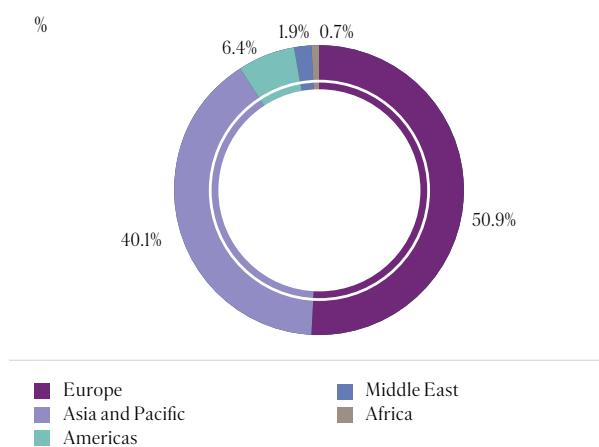
- Total earnings from tourism FY 2023 – USD 2,068 Mn
- YoY improvement – 82%
- Maximum monthly earnings since 01 January 2023 – USD 346 Mn in February 2024

Monthly earnings from tourism



Operating Environment Review

Breakdown of tourist arrivals by region



| Country | Arrivals | Share |
|--------------------|----------|--------|
| India | 302,844 | 20.3 % |
| Russian Federation | 197,498 | 13.2% |
| United Kingdom | 130,088 | 8.7% |
| Germany | 102,539 | 6.8% |
| China | 68,789 | 4.6% |
| Australia | 67,436 | 4.5% |
| France | 56,251 | 3.8% |
| United States | 46,344 | 3.1% |
| Canada | 43,944 | 2.9% |
| The Maldives | 37,328 | 2.5% |

Source: Sri Lanka Tourism Development Authority
<https://www.sltda.gov.lk/en>

A year of progress

During the year, the tourism sector made numerous milestones affirming the attractiveness of Sri Lanka as a most popular destination. The sector also secured funds from various sources to be channelled into elevating the sector infrastructure.

Some highlights are as follows.

Sri Lanka rolls out first global marketing campaign in 15 years themed “You’ll come back for more”

Urban Development Authority with the assistance of the Asian Development Bank to invest Rs. 1.0 Bn to develop Sigiriya/ Dambulla and Trincomalee tourism zones

SLTDA plans to reach 1 Mn Chinese tourist arrivals in 2025

Forbes names scenic Sri Lanka the fourth top solo travel destination for 2024

Tripadvisor ranks Colombo as the world's seventh best cultural destination for tourism

Sri Lanka launches UPI to facilitate payments by growing Indian tourists

Resumption of ferry services between India and Sri Lanka boosting tourism in Northern Sri Lanka

USD 300 Mn earnings from MICE tourism in 2023. The target is to achieve USD 1.36 Bn by 2026

Three year MICE tourism plan development plan unveiled aligned to the 10-year Tourism Master Plan

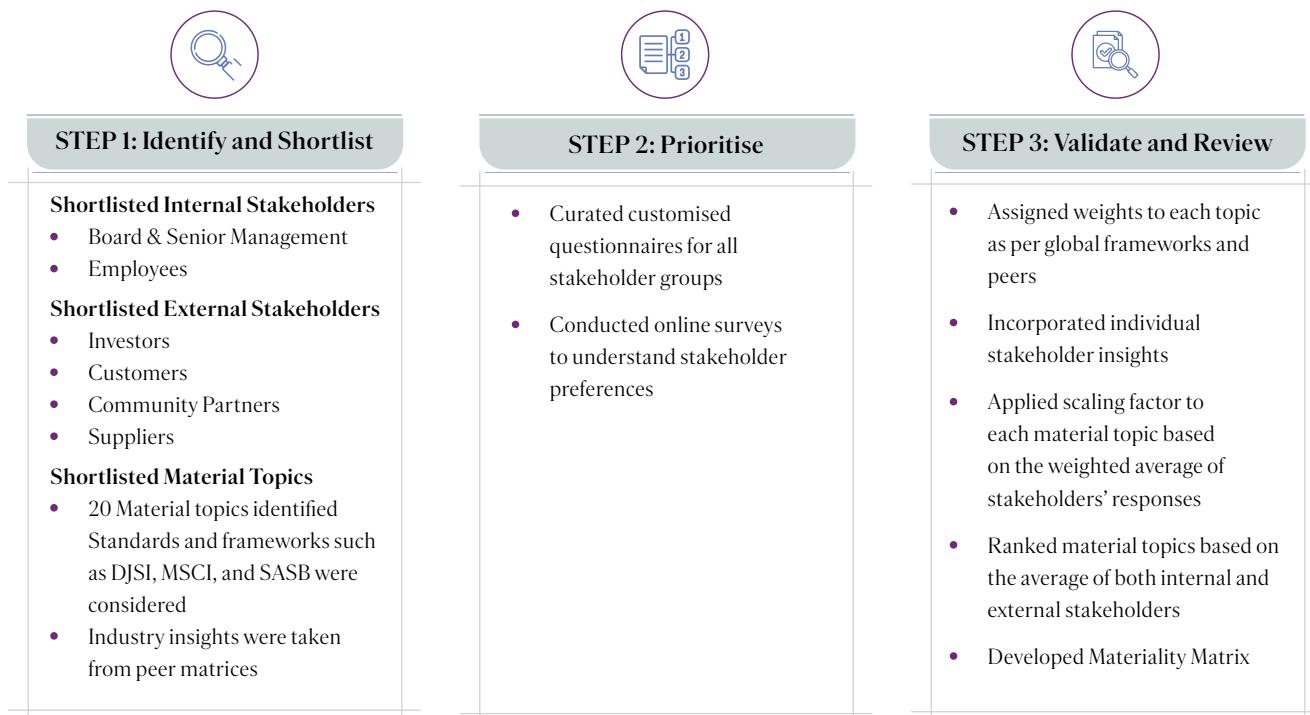
Sri Lanka Tourism promotes its Travel and Tourism Potential in three Australian cities - Perth, Melbourne and Sydney

Sri Lanka Tourism Promotion Bureau (SLTPB), under The Ministry of Tourism and Lands welcomes World's Top Travel Influencer Nusier Yassin also known as "Nas Daily" to promote Sri Lanka as One of Best in the world.

Material Matters

Asian Hotels and Properties PLC follows a structured process in its materiality assessment, based on a stakeholder driven approach, given the balanced and well-rounded methodology it affords.

The process comprises three comprehensive steps leading to the establishment of the most relevant material topics and prioritisation of same based on importance to stakeholders (Influence) and importance to the Company (Impact).



The Board of Directors of John Keells Holdings PLC, as the parent company plays a crucial role in overseeing the materiality assessment process and reviewing and approving the material topics in Asian Hotels and properties PLC towards ensuring the alignment of identified material matters with the Group's strategic direction and stakeholder interests.

Materiality map



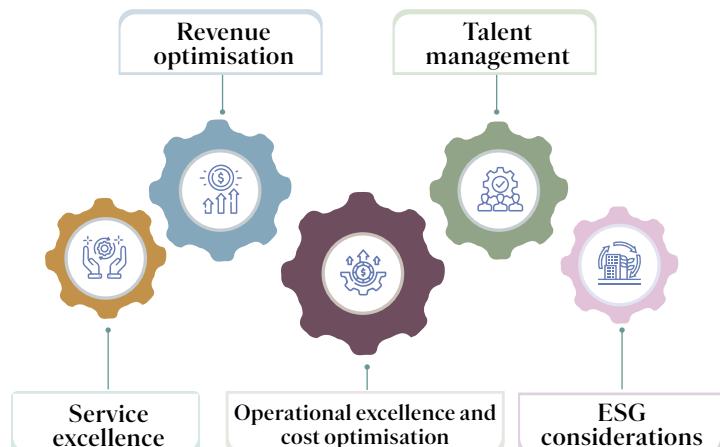
Material Matters

| Material Topic in FY 2023/24 | Impact Level | Relevant GRI/ SASB Standard (If applicable) | Refer more information Page |
|--|--------------|---|-----------------------------|
| GHG emissions and energy management Taking steps to reduce air pollution and using lesser electricity and maximising the renewable energy usage | Very High | GRI 302: Energy, GRI 305: Emissions, SV-HL-130a.1, SV-HL-160a.2 | 79 |
| Human rights Ensuring that humans are treated with dignity (E.g.: no discrimination, no child labor or forced labor, freedom of association and collective bargaining) | Very High | GRI 406: Non-Discrimination, SV-HL-310a.4 | 58 |
| Health and safety Ensuring a safe and healthy workplace for employees (e.g.: zero accidents, safety trainings) | Very High | GRI 403: Occupational Health and Safety | 57 |
| Diversity and Equal opportunity Being inclusive, diverse and providing equal opportunities at the workforce irrespective of gender, age or religion | Very High | GRI 405: Diversity and Equal Opportunity | 58 |
| Talent attraction and retention Making the workplace an attractive environment and Upskilling and reskilling employees in order to achieve career and personal growth | Very High | GRI 401: Employment, GRI 402: Labor/Management Relations, GRI 404: Training and education, SV-HL-310a.1 | 53,54 |
| Business conduct and ethics Ensuring all stakeholders internal or external are compliant with company policies and procedures | Very High | GRI 205: Anti-Corruption GRI 408 - Child labour GRI 417 - Marketing and labelling, SV-HL-310a.3 | 58,72,93 |
| Corporate governance Ensuring a diverse, effective and ethical board of directors committed to preserving shareholder value | Very High | GRI 418: Customer Privacy GRI 201 – Direct economic impacts | 72 47 |
| Transparency in disclosures Provide clear, accurate, and relevant information that enables stakeholders to understand the organisation's performance, risks, and opportunities | Very High | | 11 |
| Water management Utilising less water and reusing wastewater for other purposes like gardening | High | GRI 303: Water and Effluents, SV-HL-140a.1, SV-HL-160a.2 | 80 |
| Waste management Preventing waste by reducing, reusing and recycling | High | GRI 306: Waste | 81 |

| Material Topic in FY 2023/24 | Impact Level | Relevant GRI/ SASB Standard (If applicable) | Refer more information Page |
|---|--------------|---|-----------------------------|
| Privacy and data security Ensuring zero leakage of customer, employee or supplier data | High | GRI 418: Customer Privacy | 72 |
| Guest health and safety Measures and protocols are put in place to ensure the well-being and protection of guests who visit a particular hotel or destination. | High | GRI – 416 Customer health and safety | 72 |
| Risk management Process of identifying, assessing, and prioritising potential risks or uncertainties related to a hotel, and implementing strategies to mitigate or manage those risks effectively. | High | | 142-144 |
| Community relations and empowerment Building strong relationships with the local community in which the company operates | Medium | GRI 413: Local Communities | 73 |
| Sustainable tourism Tourism activities are carried out in a way that preserves the natural resources, culture, and heritage of the destination for future generations. | Medium | GRI - 203 Indirect Economic Impacts | |
| Supply chain management Coordination and integration of various functions within and across companies to ensure the smooth flow of materials and information throughout the supply chain. | Medium | GRI 204: Procurement Practices | 72 |
| Product safety and quality Material used in food production meets specified standards and regulations to ensure that the final food products are safe for guests to use and of high quality. | Medium | GRI 416: Customer Health and Safety | 71 |
| Supplier assessment Review various aspects such as quality, reliability, sustainability, cost-effectiveness, and compliance with regulations | Medium | GRI 308: Supplier Environmental Assessment | 72 |
| Stakeholder relationship management Systematic identification, analysis, and engagement of key stakeholders who are impacted by or have an interest on the organisation | Medium | GRI 413: Local Communities | 18-21 |
| Tax strategy Approach or plan adopted by an organisation to manage its tax obligations in a way that is considered significant or material to its overall financial performance and sustainability | Medium | GRI 207: Tax | 112 |

Strategic Focus

The Company is guided by a five year strategy, which has positioned it for accelerated growth with clearly articulated milestones to be achieved over the near, mid and long term. However, given the challenging macro-environmental conditions that unfolded over the past 24 months, the Company deployed tactical changes to its strategic-blueprint built upon five distinct pillars, in order to stay relevant and competitive within the emerging context whilst preserving its market standing as the premier luxury city hotel in Colombo. The versatility of the team and the agility of the strategy enabled swift maneuvering thereby ensuring uncompromised service excellence to our customers and alignment to other strategic priorities.



| Service excellence | |
|--|---|
| Key focus | Dedication to creating the most delightful experiences to our customers through exceptional service standards, permeating across every single customer touch-point and interaction. We consider service excellence as the differentiator for Cinnamon Grand amidst intensifying competition among city hotels in Colombo. |
| Strategic initiatives rolled out during the year | <ul style="list-style-type: none"> Strengthened training and development initiatives in aligning all our new recruits to the service standards of Cinnamon Grand Establishment of new back-end systems with enhanced capabilities which facilitates a smoother and swifter experience for customers at a host of interaction points such as room reservations, restaurants, check-outs, etc. Host of unique experiences and flagship events conducted throughout the year featuring world renowned Chef's, best regional and global restaurants, etc. Continuous feedback sourced from our customers via multiple platforms and consideration of same in further sharpening our offerings |
| KPIs | Net promoter score – 78% Global Review Index (GRI) score - 96% Occupancy rate – 66% Fair share (Rooms) – 19% Market share (Rooms) – 13% Number 1 ranking in Tripadvisor among Colombo City Hotels |
| Resources allocated and connectivity to capitals | Human capital – Customer service excellence related training Intellectual capital – Investments in IT software |
| Way forward | <ul style="list-style-type: none"> Consistent focus on staff training to elevate service standards throughout the organisation Enhance customer engagement levels by harnessing technology, social media platforms, and customer relationship management strategies Deployment of advanced data analytics and business intelligence in understanding customer requirements and demand patterns, thereby curate precise solutions |

Revenue optimisation

| | |
|--|--|
| Key focus | Concerted efforts in Utilising our physical infrastructure and distinctive capabilities in driving revenue. This comprises a combination of hosting Meetings, Incentives, Conferences and Exhibitions (MICE) events, flagship events and room occupancy at competitive rates. |
| Strategic initiatives rolled out during the year | <ul style="list-style-type: none"> • Collaborations with our global sales agents and travel partners in promoting Sri Lanka as a safe and versatile travel destination thereby build tourist confidence and stimulate in-bound tourist arrivals • Enhancements to capture ratio to Colombo out of total arrivals by offering curated destination experiences within Colombo city limits • Close liaison with our travel partners/ agents in securing MICE events • Augmentation of value generated to customers amidst the implementation of Minimum Room Rate made effective by 01 October 2023, thereby preserve demand for MICE events/ other • Host of innovative initiatives rolled out throughout the year for diversification of sources of revenue • Series of attractive rates and promotions offered • Targeted branding and marketing campaigns • Investment in IT systems for a swifter online booking experience for guests |
| KPIs | <p>Global Review Index – 96%</p> <p>YoY growth in gross revenue – 30%</p> |
| Resources allocated | <p>Social and relationship capital – Leveraging strong relationships maintained with our sales agents, travel partners, etc. Enhanced customer service and experiences</p> <p>Intellectual capital – Harnessing the strength of the Cinnamon Grand brand, our strong presence in social media and high ratings in online travel sites</p> |
| Way forward | <ul style="list-style-type: none"> • Expansion of source markets with new markets to be tapped • Fortify relationships with global sales agents, tour operators, travel agents, in securing more business |

Operational excellence and cost optimisation

| | |
|--|---|
| Key focus | Leaning our processes, achieving faster turnaround times and being resource efficient with resultant cost optimisation are pursued under this strategic priority |
| Strategic initiatives rolled out during the year | <ul style="list-style-type: none"> • Continued adherence to all ISO standards and internal Standard Operating Procedures (SOPs) • Comprehensive training extended to all new recruits and refresher programmes for existing employees on SOPs • Investment in IT systems for speedier check-ins, billing and check-out processes • Investment in IT systems in F&B which leads to more accurate procurement and purchasing quantities • Continued reduction in paper usage |

Strategic Focus

| Operational excellence and cost optimisation | |
|--|---|
| KPIs | 102% cost to income ratio (2023:105%) Rs. 308 Mn increase in operation profit (2023:1 Mn) 47% reduction in paper consumption from the 2018 base year |
| Resources allocated | Financial capital – Capital and operating expenditure on process enhancements Intellectual capital – IT systems and processes Human capital – Integral in driving operational excellence |
| Way forward | <ul style="list-style-type: none"> • Consolidation of operations for greater efficiencies • Optimisation of space utility, including lobby and storage areas • Further deployment of technology in streamlining and automating processes • Continued investment in training and development of staff on SOPs |
| Talent management | |
| Key focus | Cultivating a motivated, creative, and productive team by empowering employees and nurturing a culture centered on innovation and service excellence |
| Strategic initiatives rolled out during the year | <ul style="list-style-type: none"> • Attractive remunerations and benefits particularly in ensuring financial security given the economic challenges faced during the year • Continued training and development opportunities and creation of a strong pipeline of talent to face high attrition • Initiatives conducted to enhance employee engagement such as culinary competition |
| KPIs | 73% retention rate 56,956 training hours |
| Resources allocated | Financial capital Rs. 9 Mn invested in training and development Bn. 1,396 as payments to employees |
| Way forward | <ul style="list-style-type: none"> • Establishment of an academy dedicated to offering certificate courses in hospitality, F&B, culinary, hotel operations, etc. to freshers entering the hospitality sector • Value-based training in aligning all staff to service excellence standards |

ESG considerations

| | |
|--|--|
| Key focus | Strong alignment to environmental, social and governance considerations which are embedded into all aspects of our operation through a comprehensive sustainability policy and with specific, measurable ESG goals and targets. |
| Strategic initiatives rolled out during the year | <p>Environment</p> <ul style="list-style-type: none"> Implementation of energy-efficient practices to reduce carbon footprint Conservation of water resources through efficient use and management Minimising waste generation and promoting recycling and plastic waste reduction initiatives Supporting biodiversity conservation and protection of natural habitats <p>Social</p> <ul style="list-style-type: none"> Promoting employee welfare and well-being through fair labor practices and inclusive workplace policies Engaging with local communities including local artisans, local suppliers, people with disabilities and women through community development projects and initiatives Supporting education, health, and other livelihood development programs in the nearby areas Ensuring diversity, equity, and inclusion within the hotel chain and its operations <p>Governance</p> <ul style="list-style-type: none"> Maintaining high standards of corporate governance and transparency in business operations Upholding ethical business practices and integrity in all dealings Complying with relevant laws and regulations, as well as industry standards and best practices Engaging with stakeholders, including investors, guests, and partners, to ensure accountability and responsible business conduct |
| KPIs | <p>Environment</p> <ul style="list-style-type: none"> 13% reduction in carbon footprint per guest night (base year 2018) 25% reduction in water withdrawn (base year 2018) 95% reduction in single use plastic (base year 2021) <p>Social</p> <ul style="list-style-type: none"> 67% volunteer hours focused on women and children 12% in female participation in the work force compared to 9.2% in 2018 Women in leadership 15% in 2018 and 17% in 2023. 0.25% differently abled representation in the work force <p>Governance</p> <ul style="list-style-type: none"> 11 suppliers assessed under the Supplier Impact Assessments carried out for all contracted suppliers in top 06 purchase categories |
| Resources allocated | Human capital – 708 employee volunteer hours Financial capital – Rs. 5.7 Mn in corporate social initiatives |
| Way forward | Accelerated efforts towards achieving the yearly targets established under the Company's ESG scorecard with the ultimate targets to be achieved by 2025 |

ESG performance

Sustainability is a core value for Asian Hotels and Properties PLC. The Group prioritises integrating Environmental, Social, and Governance (ESG) considerations across all decision-making processes and operational facets, as well as throughout its entire value chain. This commitment to ESG principles is guided by three foundational pillars:

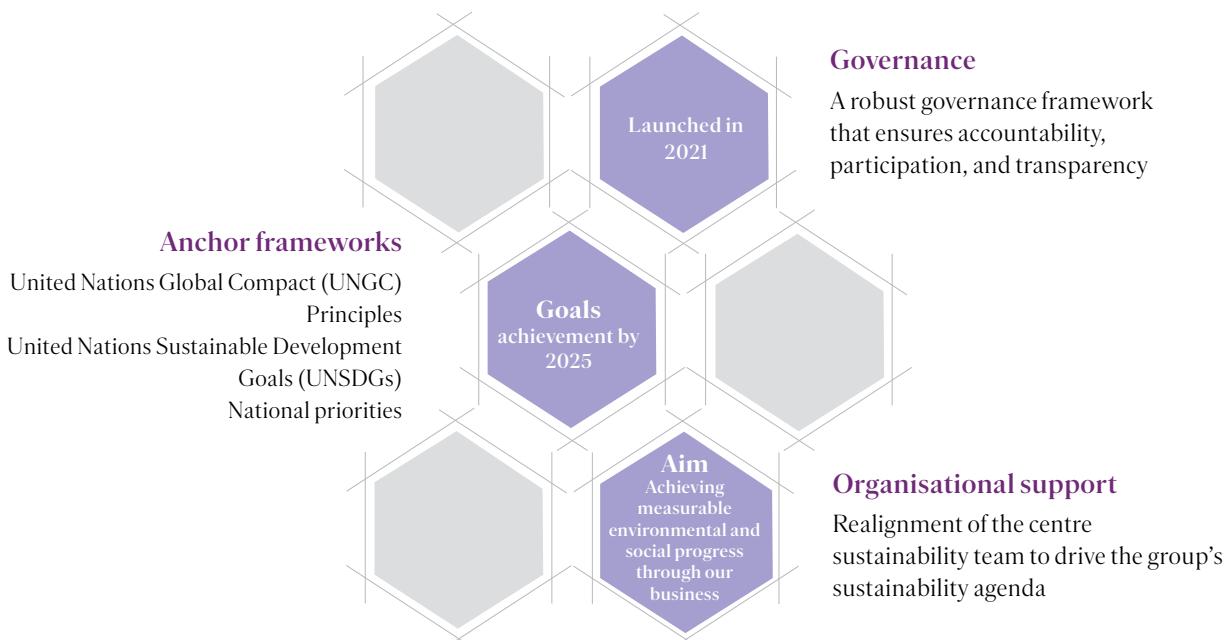


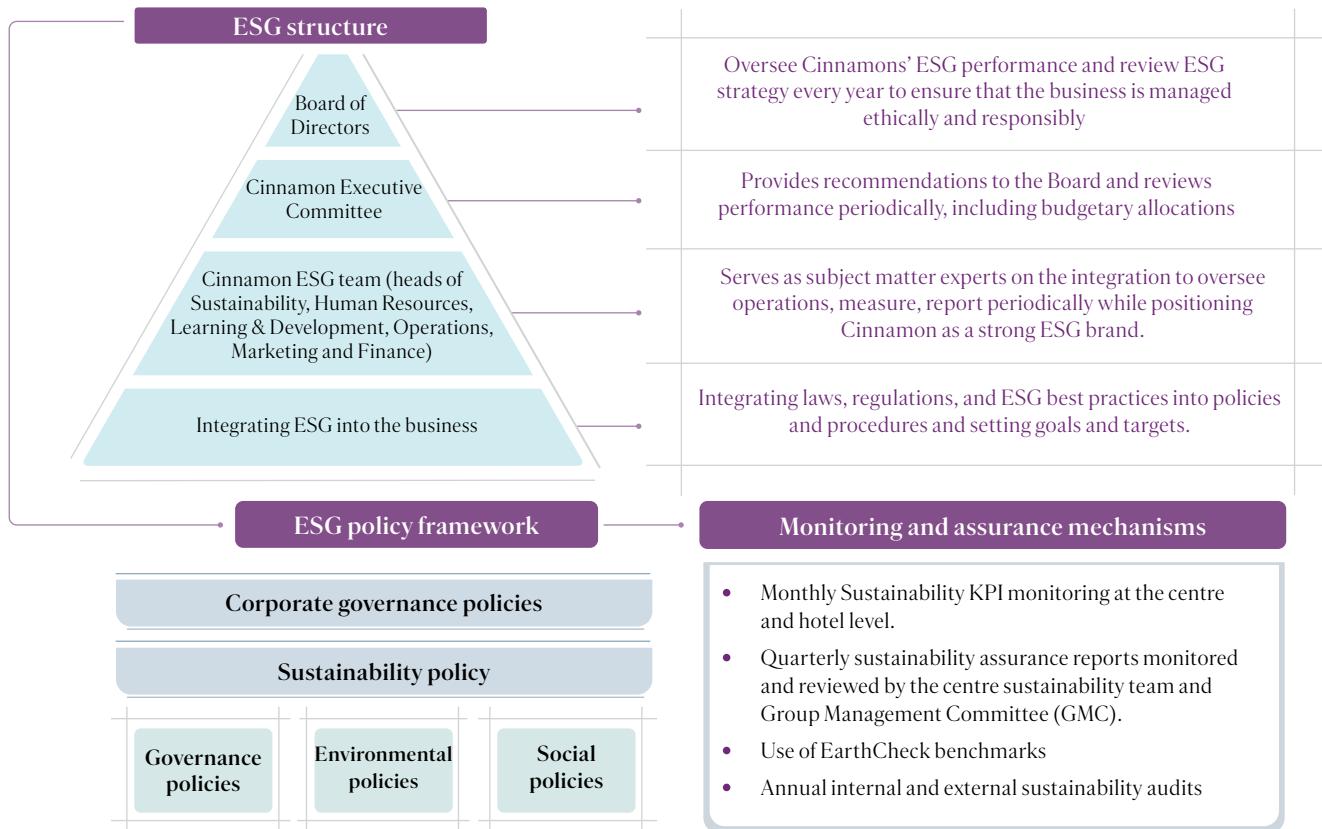
Our ESG strategy and framework

Cinnamon Hotels & Resorts sustainability policy

Cinnamon Hotels & Resorts acknowledges that the balance between the three pillars of sustainability (planet, people, and community) is at the core of our business. We are committed to providing a high standard of hospitality and related services in a manner that ensures a safe and healthy workplace for our employees while minimising our potential impact on the environment and neighbouring communities. We will comply with all relevant environmental legislation and strive to adopt environmental best practices in all we do. During the year, there were no instances of noncompliance with laws and regulations.

Asian Hotels and Properties PLC follows a sustainability policy which is closely aligned to that of the John Keells Group, thereby being in step with the rest of the Group towards the achievement of the core sustainability agenda of the Group.





Strong governance framework guiding our ESG actions

ESG endeavours at Asian Hotels and Properties PLC are subject to governance oversight stemming from Cinnamon Hotels and Resorts.

Cinnamon Executive Committee

Oversees Cinnamon ESG strategy and receives quarterly updates on progress towards 2030 Goals and reviews progress toward 2023 Goals quarterly at business review meetings and shares with other external and internal stakeholders as appropriate

Cinnamon Centre Sustainability Team including area Vice Presidents

Collaborates with sustainability committees across business operational units for strategising and continuous monitoring of medium term (2030) and long term (2050) goals

Advisory Panel (JKH Group Sustainability)

Collaborates with sectors of the John Keells Group to advance collective action on environmental and social issues, including driving policy agendas that advance mutual goals of Cinnamon Hotels and Resorts

Sustainability Committee – Cinnamon Grand

Continuous engagement with management teams on relevant Environment, Social and Governance related programmes, and collaboration for implementation of new sustainability initiatives and achieve mutual goals

ESG Performance

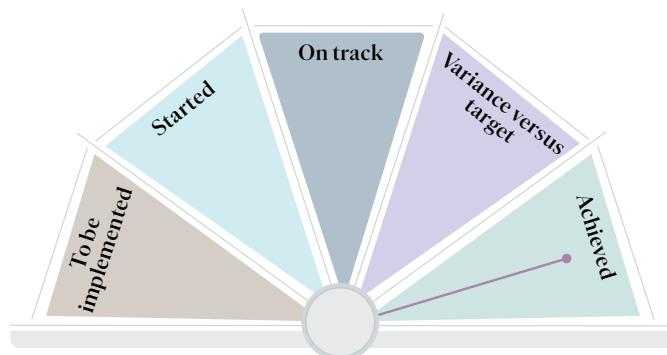
ESG related policies

The following policies are in place within the Company, providing a clear blueprint to follow around critical ESG aspects. They are reviewed as per a set frequency, mostly annually to ensure they are duly updated and remain relevant in the evolving operating, environmental and social context.

| Policy | Additional information |
|--|--|
| Sustainability Policy | <ul style="list-style-type: none"> Derived based on the ESG framework of Cinnamon Hotels & Resorts. New inclusions – Transparency and stakeholder engagement, employee well-being and community relations |
| Environment Policy | <ul style="list-style-type: none"> Derived based on ISO 14001:2015 requirements |
| Elimination of Single-use Plastic Policy | <ul style="list-style-type: none"> Includes banned plastic items, supplier management, plastic based awareness targeting both employees and the community |
| Equal Opportunity Policy | <ul style="list-style-type: none"> Derived based on Travelife requirements New inclusions – Fair and objective recruitment, respect for stakeholders, responsibility for execution |
| Human Rights Policy | <ul style="list-style-type: none"> Derived based on Travelife requirements New inclusions – Respect for stakeholders |
| Policy Against Sexual Harassments | <ul style="list-style-type: none"> Derived based on Travelife requirements New inclusion – Types of sexual harassments, legal consequences and training requirements |
| Community Engagement Policy | <ul style="list-style-type: none"> Derived based on Travelife requirements New inclusions – Women empowerment, local artisans' development programme and local supplier development |
| Child Protection Policy | <ul style="list-style-type: none"> Derived based on Travelife requirements |
| Data Privacy Policy | <ul style="list-style-type: none"> Introduced in November 2023 and content includes obligations of Cinnamon, confidentiality and integrity of data, transferring of data, storing of data, data breach and reporting, asset classification etc. |
| Risk Management Policy | <ul style="list-style-type: none"> John Keells Holdings PLC (JKH Group) risk policy framework |
| Purchasing Policy | <ul style="list-style-type: none"> Derived based on JKH group policy |
| Anti-Fraud Policy | <ul style="list-style-type: none"> Derived based on JKH group policy |
| Brand Quality Assurance Policy | <ul style="list-style-type: none"> Internal processes and procedures |
| Organisation Health & Safety Policy | <ul style="list-style-type: none"> Derived based on ISO 45001:2018 requirements |

Asian Hotels and Properties PLC – ESG Scorecard

Performance spectrum





Environment

| 2025 Goals | KPI/ Target | Progress | Our achievement so far |
|--|---|----------------------|--|
| Reduce carbon footprint (Base year 2018) | Reduction of 1,300 tCO2e at the end of 2025 | Started | 892 tCO2e reduced in 23/24 compared to 2018 13% Reduction in Carbon Footprint per ECG Guest Night |
| Reducing Water withdrawn (base year 2018) | Reduction of water withdrawn by 10 liters per guest night | Achieved | Installation of water flow restrictors. Reduction of 124.85 liters per guest night (base year 2018) |
| 50% reduction of single-use, Guest-facing plastic (base year 2021) | 50% of guest facing plastic | On track | A 95% of reduction in guest-facing single- use plastic consumption |
| 100% of hotels are certified to a recognised (GSTC) | 100% at the end of 2025 | Achieved | Cinnamon Grand is Travelife Gold certified |
| 3% of Energy requirements covered by renewable energy | 3% | To be implemented | Feasibility analysis is being conducted towards installing solar power |
| Review and establish sustainability benchmarks | Define hotel specific sustainability benchmarks | On track | On-going EarthCheck data evaluation process |



Social

| 2025 Goals | KPI/ Target | Progress | Our achievement so far |
|---|--|---------------------------|---|
| 50% of volunteer hours to be focused on women and children | 50% | On track | As per monthly volunteer hours data base, our focus is increasing on children and women |
| Increase female participation in the work force to 24% | 24% | On track | Current composition of female employees - 13% |
| Increase female representation in leadership to 25% | 25% | On track | Current representation of females in leadership - 15% |
| Improving differently able participation across the board into 1% | 1% | Variance versus target | Current differently-abled participation in workforce - 0.25% |
| Plastic reduction awareness sessions for the community | 80 individuals in the community per quarter | To be implemented | Planned commencement - During FY 2024/25 |

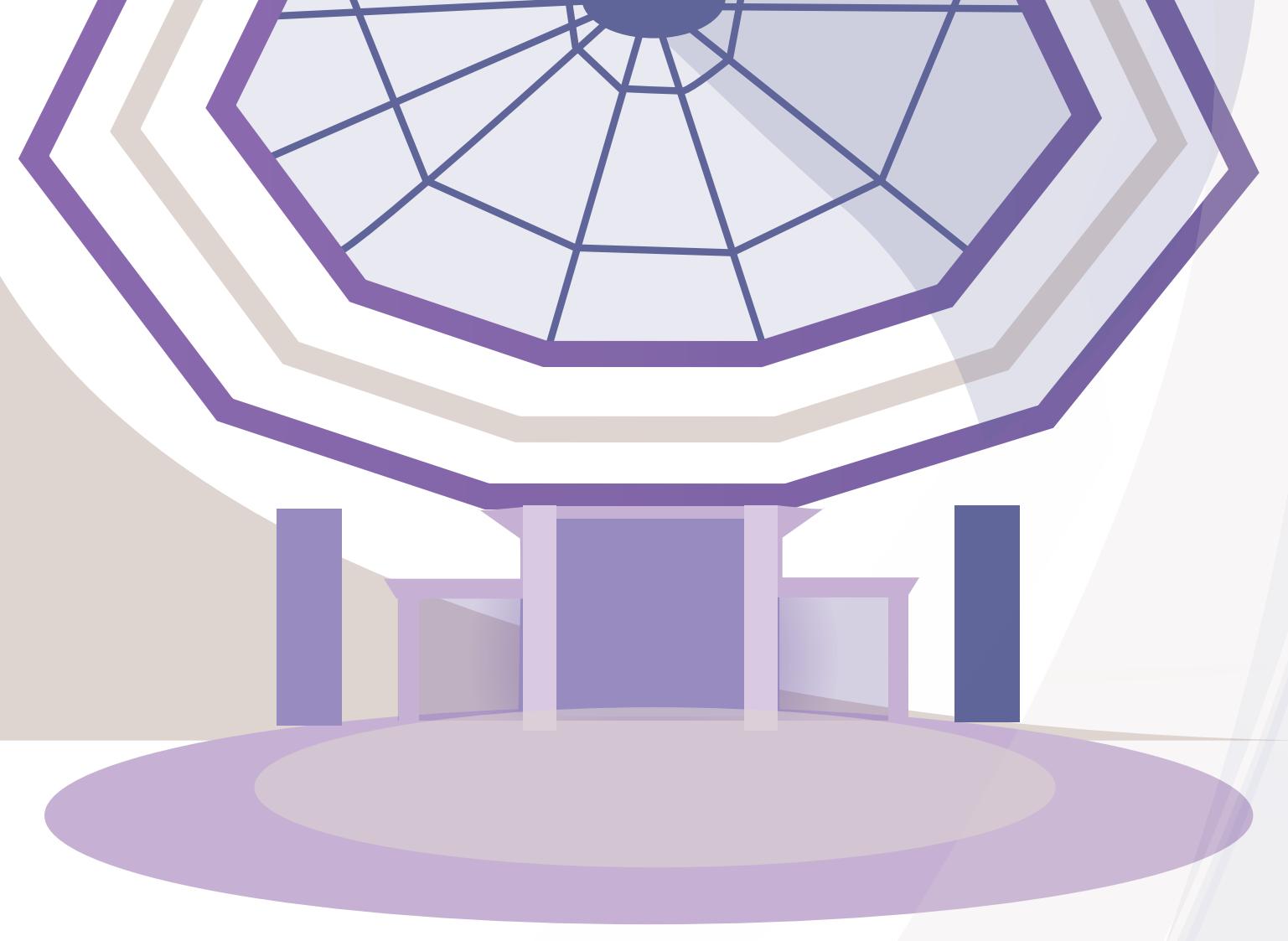
ESG Performance

| 2025 Goals | KPI/ Target | Progress | Our achievement so far |
|--|---|-------------------|--|
| Child protection awareness sessions for the community | 80 individuals in the community per quarter | To be implemented | Planned commencement - During FY 2024/25 |
| 100% of on-property associates to be trained on Child Protection | 100% | On track | Commenced with the support of the WAVE programme conducted by the John Keells Foundation |
| 100% of on-property associates to be trained on plastic minimisation and elimination efforts | 100% | On track | Commenced with Plasticycle. Creation of advocates who can drive community outreach |



Governance - Responsible conduct across operations

| 2025 Goals | KPI/ Target | Progress | Our achievement so far |
|---|--|-------------------|--|
| Supplier Impact Assessments to be carried out for all contracted suppliers in top 06 purchase categories | 100% at the end of 2025 | On track | Supplier impact assessments were carried out for selected suppliers (based on the impact creation to the operation) 11 suppliers |
| Establish supplier base with women, individuals with disabilities and indigenous led businesses up to 25% | 25% of businesses led by women, persons with disabilities (PWDs) and indigenous people | To be implemented | Planned commencement - During FY 2024/25 Current status Women led businesses – 05 Businesses led by PWDs – 01 |



ENGAGING EVALUATION



Financial capital

Asian Hotels and Properties PLC's financial capital is represented by the amalgam of funds comprising shareholders' funds and borrowings. The robust financial capital base has enabled the Group's strategic goals and growth plans.

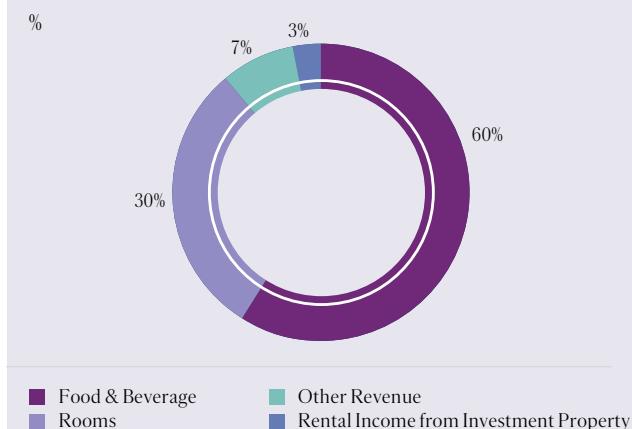
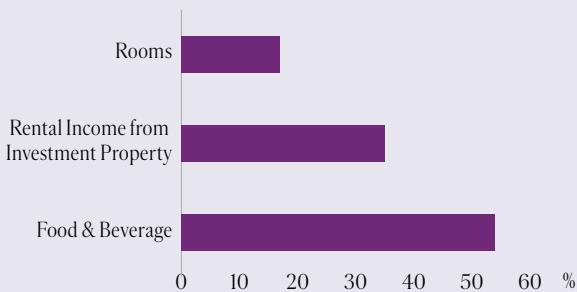
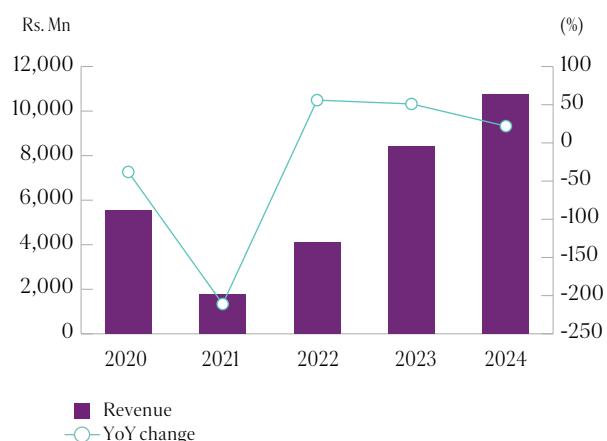
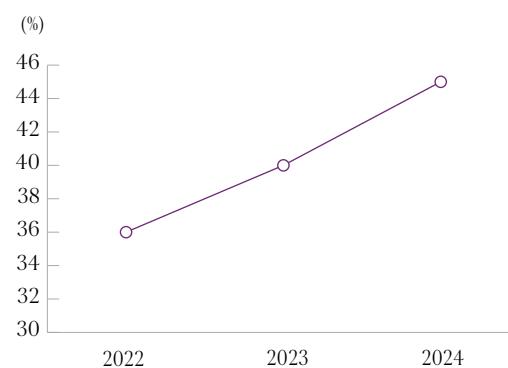
| Role of financial capital in our value creation process | |
|---|--|
| Inputs | <ul style="list-style-type: none"> • Equity capital - Rs. 29.9 Bn • Debt capital - Rs. 581 Mn |
| Value created | Net assets value per share – Rs. 67.64 |
| Key strategic focus areas during the FY | Optimisation of cost of capital with the declining interest rates and deployment of funds in return enhancing ventures. Supporting business growth and operations with timely provision of funds by maintaining adequate liquidity |

Revenue, costs and profitability

| In Rs.Mn For the year ended 31 March | Group | | |
|---|---------|---------|------------|
| | 2024 | 2023 | YoY change |
| Revenue from contracts with customers | 10,772 | 8,417 | 28% |
| Cost of sales | (5,881) | (5,008) | 17% |
| Gross Profit | 4,891 | 3,408 | 43% |
| Other operating income | 82 | 56 | 47% |
| Selling and distribution expenses | (442) | (301) | 47% |
| Administration expenses | (2,787) | (2,204) | 26% |
| Other operating expenses | (1,132) | (866) | 31% |
| Results from operating activities | 612 | 93 | 559% |
| Finance cost | (336) | (393) | (15%) |
| Finance income | 26 | 14 | 90% |
| Net Finance Cost | (310) | (380) | (18%) |
| Change in fair value of investment property | (90) | 154 | (158%) |
| Profit /(Loss) before tax | 212 | (133) | (260%) |
| Tax expense | (135) | (200) | (33%) |
| Profit /(Loss) for the year | 78 | (333) | (123%) |

Revenue from contracts with customers

Revenue from contracts with customers recorded a notable improvement of 28% in 2024 over 2023 (YoY) to Rs. 10,772 Mn, benefiting from the encouraging surge in the tourism sector in Sri Lanka. With guest arrivals surpassing the 1.4 Mn mark for the twelve months ended 31 December 2023 which was a YoY growth of 107% over 2022, and the trend continuing well into 2024. Leisure as a sector reported exceptional growth in revenue from tourism. The Group's foresight, proactiveness and agility ensured the capture ratio of tourists to Colombo and engagement with the Group was maximised. It is noteworthy that all sub revenue categories within total revenue grew YoY. Income from food and beverages continued to lead the total revenue composition and the composition remained well dynamic and resilient.

Revenue composition**YoY growth of key income categories****5 year revenue trend****Gross profit margin****Cost of sales**

Cost of sales increased in tandem but at a slower pace of 17% to Rs. 5,881 Mn despite the high price levels of key input items of our business operations which continued through the year.

Gross profit

Gross profit posted a notable increase of 43% to Rs. 4,891 Mn. Gross profit was bolstered by increase in room occupancy, improved patronage by local guests and more MICE business secured despite the imposition of the minimum room rate requirement of USD 100 per guest night during the year were some drivers of gross profit. Gross profit margin for the year was 45%.

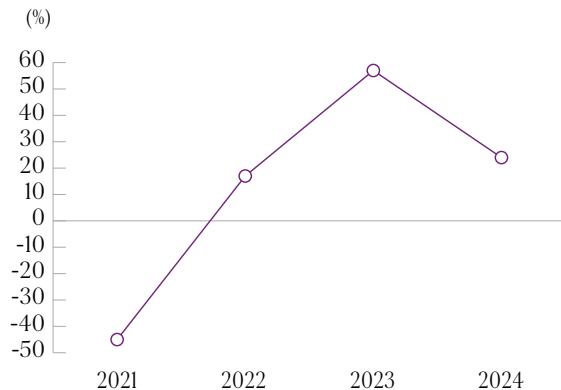
Operating expenses

| In LKR '000 | 2024 | 2023 | YoY change |
|--------------------------|-----------|-----------|------------|
| Distribution expenses | 442,079 | 300,740 | 47% |
| Administration expenses | 2,786,533 | 2,204,387 | 26% |
| Other operating expenses | 1,131,573 | 865,773 | 30% |
| Total | 4,360,185 | 3,370,900 | 29% |

All three expenses classes increased during the year, compared to the comparative year. Administration expenses accounted for the largest component within total expenses. Distribution expenses posted a considerable increase of 47% attributable to increase in fuel prices. Heat, light and power cost included within the other operating expenses category also saw a considerable increase due to tariff changes.

Financial capital

YoY escalation in Heat, Light and Power expenses



Expenses analysis



Net finance cost

Net finance cost declined by a notable 18% to Rs. 310 Mn, driven by finance income of Rs. 26 Mn and finance expense of Rs. 336 Mn. Finance expense posted a notable decline of 15%, benefiting from the decline in market-wide interest rates and also decline in interest bearing borrowings under the non-current liabilities category.

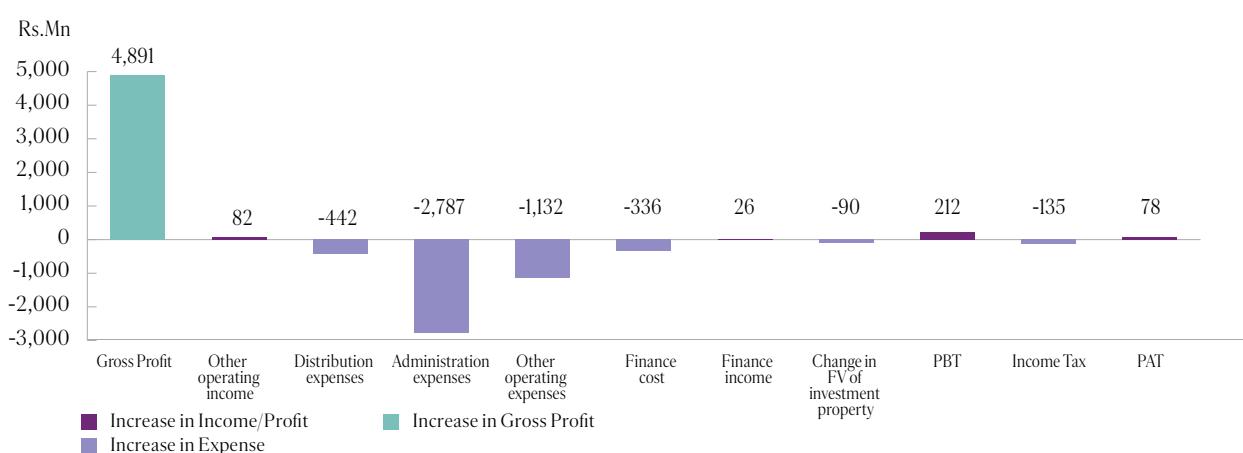
Profitability

Reversing the loss trend of the prior years, the Group posted a welcoming pre-tax profit of Rs. 212 Mn. With income taxes of Rs. 135 Mn, post-tax profitability reached Rs. 78 Mn.

EBITDA

EBITDA for the financial year reached Rs. 1,118 Mn compared to Rs. 774 Mn of 2023, a YoY increase of 44%. EBITDA was driven by strong revenue growth, higher revenue flow, and constant cost minimisation programmes rolled out across our operations. Gross profit margin of 45% also drove EBITDA.

Gross profit, expenses and post tax profitability YoY movement



Balance sheet performance

Assets

| In Rs.Mn | 2024 | 2023 | YoY change |
|----------------------------------|--------|--------|------------|
| Total assets | 48,381 | 45,912 | 5% |
| Total non current assets | 46,236 | 44,231 | 5% |
| Property, plant and equipment | 39,774 | 37,686 | 6% |
| Investment property | 5,721 | 5,785 | (1%) |
| Other | 742 | 760 | (2%) |
| Total current assets | 2,145 | 1,681 | 28% |
| Inventories | 328 | 415 | (21%) |
| Trade and other receivables | 1,315 | 601 | 119% |
| Amounts due from related parties | 108 | 117 | (8%) |
| Other current assets | 225 | 362 | (38%) |
| Cash in hand and at bank | 170 | 187 | (9%) |

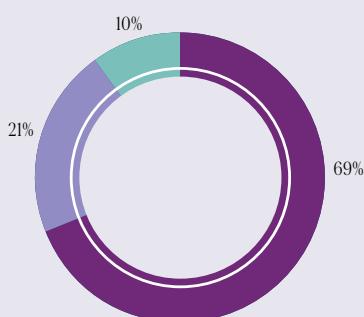
Total assets of the Group posted a 5% year on year growth closing in at Rs. 48,381 Mn. Property, plant and equipment and investment property continued to comprise the larger part of total assets, collectively accounting for 94% of assets.

| Efficiency ratios | 2024 | 2023 |
|--------------------|------|------|
| Current Ratio | 0.45 | 0.41 |
| Quick Asset Ratios | 0.38 | 0.31 |

Balance Sheet funding

| Balance sheet funding | 2024 | 2023 | YoY change |
|-------------------------------|--------|--------|------------|
| Total equity | 33,549 | 32,238 | 4% |
| Total liabilities | 14,832 | 13,674 | 8% |
| Total non-current liabilities | 10,029 | 9,584 | 5% |
| Total current liabilities | 4,803 | 4,090 | 17% |

Balance sheet funding composition



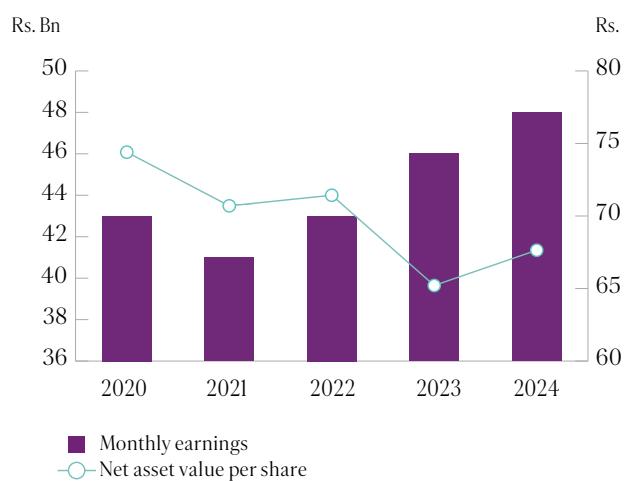
The Group continues to be well capitalised with 69% of the funding coming from equity capital. Total equity reached Rs. 33,549 Mn by the end of the year, with a 4% YoY growth. Total liabilities increased by 8%, to Rs. 14,832 Mn.

- Total equity
- Total current liabilities
- Total non current liabilities

Financial capital

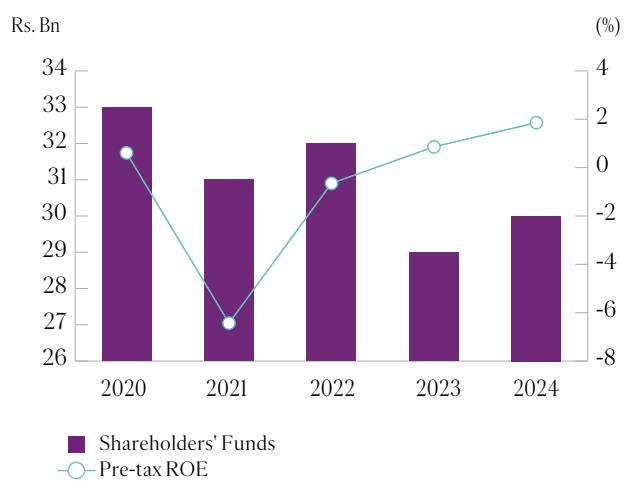
| In Rs.Mn | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Direct economics value generation | | | | |
| Revenue | 10,771,759 | 8,416,558 | 6,309,914 | 4,847,533 |
| Finance income | 25,800 | 13,609 | 7,274 | 9,807 |
| Net gain / (loss) from fair value remeasurement of investment properties | (89,904) | 154,392 | (184,959) | (59,909) |
| Proceeds of sales of property plant and equipment | 18,683 | 12,506 | 1,010 | 7,120 |
| | 10,726,338 | 8,597,065 | 6,133,239 | 4,804,552 |
| Economic value distributed | | | | |
| Operating cost | 4,349,864 | 3,370,970 | 2,616,364 | 2,015,844 |
| Employee wages and benefits | 2,506,718 | 2,443,146 | 1,395,754 | 1,211,292 |
| Payments to providers of funds | 183,438 | 202,387 | | |
| Payment to government | 1,712,972 | 193,839 | 1,033,272 | 174,833 |
| Community investments | 5,940 | 5,609 | 5,759 | 2,400 |
| | 8,758,932 | 6,215,951 | 5,051,149 | 3,404,369 |
| Net economic value retained | 1,967,406 | 2,381,114 | 1,082,089 | 1,400,183 |

Total assets and NAVPS



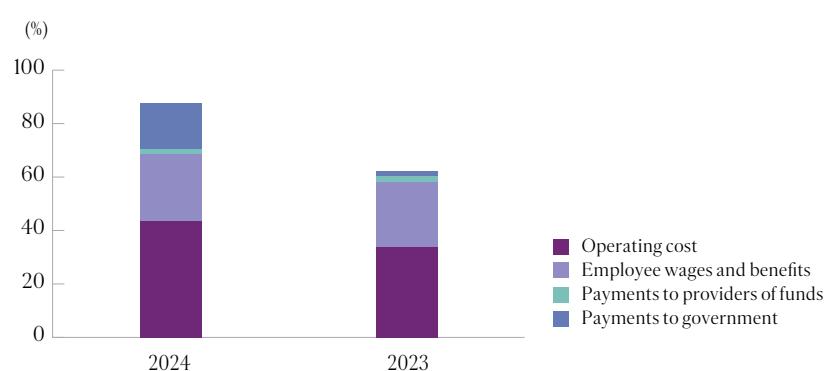
Total assets recorded a 5% increase over the prior year, to Rs. 48.38 Bn. Net asset value per share increased in tandem to Rs. 67.64.

Shareholders' Funds and Pre-tax ROE



Shareholders' funds posted a marginal increase of 4%, to Rs. 29.9 Mn, resulting in a pre-tax ROE of 1.86%.

Group Economic value distributed

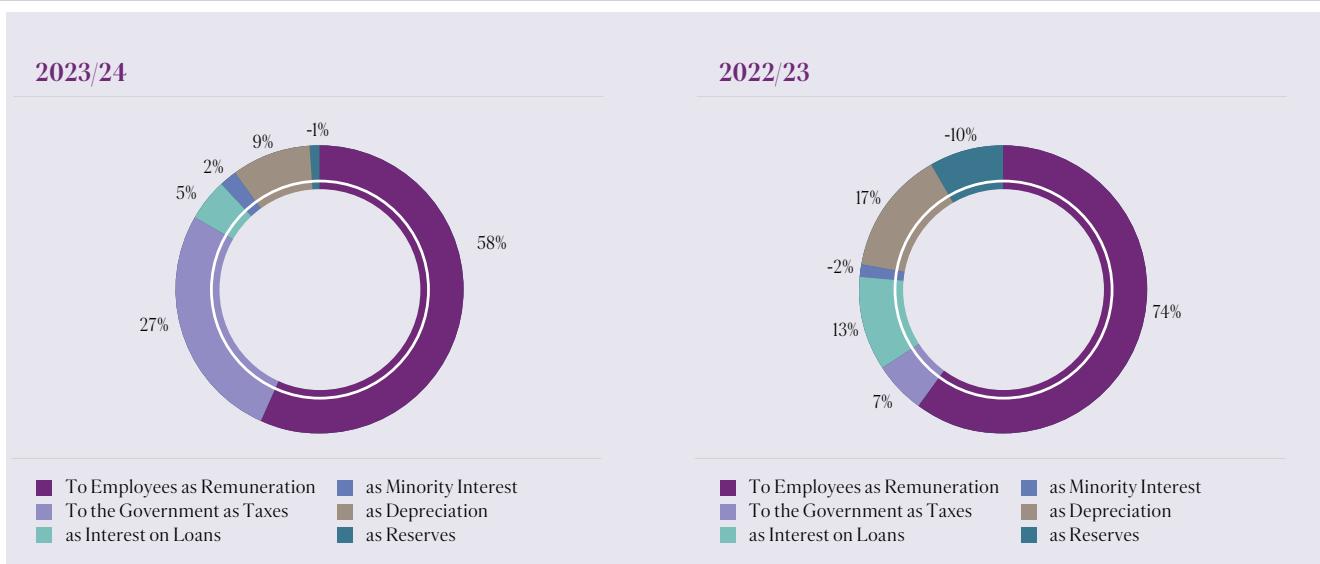


CONSOLIDATED VALUE ADDED STATEMENT

| In Rs. Mn | 2024 | 2023 |
|---|------------------|------------------|
| Revenue | 10,771,759 | 8,416,558 |
| Adjustment for Change in Fair Value of Investment Property | (89,904) | 154,393 |
| Adjustment for Finance Income | 25,800 | 13,609 |
| Adjustment for other Income | 71,731 | 55,711 |
| | 10,779,386 | 8,640,271 |
| Less : Cost of Materials & Services purchased from external sources | (4,533,095) | (5,764,926) |
| Value Added | 6,246,290 | 2,875,345 |

| In Rs. '000s | 2024 | % | 2023 | % |
|------------------------------|-----------|-----|-----------|------|
| Distributed as follows: | | | | |
| To Employees as Remuneration | 3,617,682 | 58% | 2,139,925 | 74% |
| To the Government as Taxes | 1,712,972 | 27% | 193,840 | 7% |
| To the Providers of Capital | | | | |
| as Interest on Loans | 336,016 | 5% | 372,323 | 13% |
| as Minority Interest | 97,967 | 2% | (55,174) | -2% |
| To Shareholders as Dividends | | | | |
| Retained within the business | | | | |
| as Depreciation | 557,689 | 9% | 500,329 | 17% |
| as Reserves | (76,037) | -1% | (275,898) | -10% |
| | 6,246,290 | 100 | 2,875,345 | 100 |

Distribution of Value Added





Manufactured capital

The iconic Cinnamon Grand hotel premises, other physical and digital infrastructure together forming our manufactured capital play a pivotal role in delivering excellence in customer service that our brand promises.

| Role of manufactured capital in our value creation process | | |
|--|--|---|
| Inputs | <ul style="list-style-type: none">• Property, plant and equipment of Rs. 35,188 Mn• Capital expenditure during the financial year – Rs. 494 Mn | |
| Value created |  78 % Net promoter score |  66 % occupancy |
| Key strategic focus areas during the FY | <p>Continued capital investments made in ensuring the upkeep of the property Investments made in advanced data analytics and business intelligence Investments made in new cloud-based systems enabling swifter processes and enhanced experiences to the customer</p> | |

Cinnamon Grand



The hotel premises located at No 77, Galle Road, Colombo 03 is the most iconic of our manufactured capital. The property is famous for the grandeur of its architecture, prime location within Colombo city limits in close proximity to a large number of tourist attractions, long standing history of over half a century and having hosted some of the most high profile personalities from around the world. With the Company's main business sources being corporate events and MICE events, Cinnamon Grand has been able secure its position as one of the most preferred destinations amongst its clientele, garnering their respect and repeat patronage, amidst the intense competition posed by peer hotels in Colombo.

What we offer

- 501 Rooms including 02 Presidential suites
- The Oak room – Main Banquet Hall with a minimum seating capacity of 300 – 500 guests
- 5 corporate meeting rooms with total seating capacity of 270 pax
- The Atrium lobby, a unique indoor open space with a capacity 150 – 250 guests
- Plates – Main restaurant offering international cuisine
- 9 Other restaurants offering thematic experiences
- State-of-the-art fully equipped gymnasium
- Executive Lounge exclusively for the use of guests occupying Executive Rooms and Suites
- Nuga Gama – An enchanting outdoor restaurant located in the shades of a 200 year old banyan tree offering Sri Lankan cuisine with a rural charm
- Wellness centre
- Swimming pool
- Laundry facility
- Travel counter
- 24 hour doctor on - call service



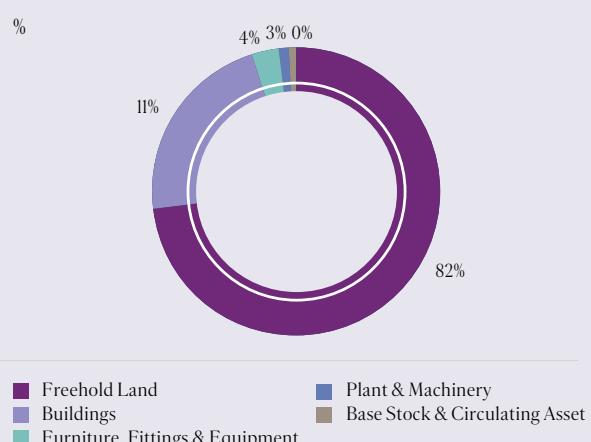
Capital expenditure

With the gradual recovery of the economy and thriving tourism sector performance we prioritised our capital expenditure on enhancing our premises as well as several other infrastructure which directly contributes towards enhanced value created for our guests.

Additions to PPE



Composition of PPE



Enhancing our customer experience

QR codes were placed at main customer interaction points across our premises, allowing them to share their feedback on social media platforms and online travel sites such as Booking.com.



Manufactured capital

Digital infrastructure

Investments in our IT system capabilities

During the year we made investments in two systems viz. Opera and Micro Symphony leading to enhanced operations and customer experience.

- Opera – Cloud-based property management system

Enables speedier reservations, check-ins, check-outs and bill finalisations at restaurants

Provides a consolidated view of our guest behaviours which is useful in curating customised experiences for them

- Micro symphony – Food and beverages system

Enables efficient planning of related stocks

All our systems are seamlessly integrated and facilitate efficient processes.



Investments in advanced analytics and business intelligence

The year saw all preliminary ground work being conducted towards establishing advanced analytics and business intelligence which will enable the Company to transform in to a digital and data driven entity (more information found under Intellectual Capital).

Training programmes conducted to ensure safety within premises and related compliances of our processes

- Fire safety and basic firefighting training for staff
- Emergency evacuation drills
- Lifeguard training for Pool Attendants
- Safe chemical handling practices
- Food Safety and Hygiene



Crescat Boulevard

Located adjacent to Cinnamon Grand and fully owned by the Company, Crescat Boulevard serves as a valuable extension for the hotel's guests. With a range of tourist-focused stores offering merchandise with a local flavor such as cashews, ayurvedic products, jewelry, and handicrafts, Crescat provides a convenient one-stop shop for tourists to find souvenirs and other items to take back home.

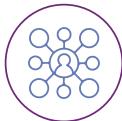
Reputed for being the first ever premier shopping mall in Sri Lanka, Crescat Boulevard now caters to its clientele with enhanced amenities following a full scale refurbishment project and with many lifestyle and F&B tenants in addition to retail tenants.

Link to the Company strategy: Revenue optimisation

Alignment to our ESG agenda:

- During the refurbishment of the mall, state of the art chillers were installed to replace the old ones, resulting in significant energy savings
- The road adjacent to the Boulevard is paved with recycled plastic infused asphalt





Human Capital

The agility, skills, and mindset of the Asian Hotels and Properties PLC team allowed the Company to remain resilient despite challenges, ensuring the delivery of the exceptional customer service promised by the Cinnamon Grand brand.

| Role of Human Capital in our value creation process | | | |
|---|---|---|--|
| Inputs | <ul style="list-style-type: none"> • 817 team members • 12% female employees • Combined expertise and experience of our team | | |
| Value created |  <p>Rs. 1.7 Mn value addition per employee</p> |  <p>56,956 Total training hours</p> |  <p>105 promotions during the year</p> |
| Key strategic focus areas during the FY | <ul style="list-style-type: none"> • All round employee wellbeing • Continued skill development through training opportunities • Fostering a performance based culture | | |

Management approach

Human capital management of Asian Hotels and Properties PLC is grounded in comprehensive HR policies and procedures based on which are ISO 9001:2015 standard certified and also industry best practices and JKH Group policies. These guidelines establish a workplace that values inclusive employment and fosters an environment based on dignity, mutual respect and employee well-being.

All employees are expected to comply with HR policies that detail professional and ethical standards, ensuring consistent and fair treatment across the organisation. This commitment to ethical conduct and professionalism is essential for maintaining a positive and respectful work environment.

The Whistleblowing Policy

The Whistleblowing Policy serves as a vital framework for upholding ethical standards and protecting colleagues who report unauthorized or unethical behavior within the organization. This policy provides clear guidelines and procedures for colleagues to raise concerns or complaints, ensuring their protection against any form of retaliation or harassment. By encouraging transparency and accountability, the policy facilitates the early detection and resolution of issues, thereby safeguarding the company's reputation and preventing potential risks. It underscores the organization's commitment to ethical conduct, compliance with legal requirements, and the fostering of a culture of trust and responsibility. While group-level whistleblowing incidents are managed through an independent ombudsman, at Cinnamon, we have an appointed committee, led by senior management, ensuring thorough investigation of reported concerns and appropriate actions to address them, while maintaining the anonymity of whistleblowers. Progress and results will be communicated to the complainant/whistleblower. The policy extends its protection to colleagues, consultants, interns, third-party contractors, freelancers, and agents, demonstrating the company's dedication to upholding integrity and ethical business practices across all levels.

Human Capital

Robust HR Policy guidelines

The Company's HR practices are guided by a set of clearly articulated policies which enable consistent, transparent and unbiased treatment to all employees alike. The policies cover diverse aspects that affect an employee's well-being.

- Policy on ombudsperson
- Policy on support network
- Recruitment and selection policy
- Performance management policy
- Reward and recognition policy
- Leave policy
- Flexi-hours policy
- Teleworking policy
- Compensation and benefits policy
- Code of conduct
- Policy against sexual harassment
- Diversity, Equity and Inclusion related policies
- Gender policy
- HIV AIDS workplace policy
- Policy on equal opportunity and non-discrimination
- Anti-fraud policy
- Grievance handling policy
- Disciplinary procedure
- Whistle blowing policy
- Part Time work policy
- Data Protection Policy

Team profile

| Employees by contract and gender | Male | Female |
|----------------------------------|------|--------|
| Permanent | 451 | 44 |
| Contract | 268 | 54 |
| Total | 719 | 98 |

| Employees by Age & Gender | Male | Female |
|---------------------------|------|--------|
| 18-30 years | 172 | 52 |
| 31-55 years | 526 | 46 |
| 55 years above | 21 | 0 |
| Total | 719 | 98 |

| Employees by Staff Category & Gender | Male | | | Female |
|--------------------------------------|--------|------|--------|--------|
| | Number | % | Number | % |
| Senior Management & above | 29 | 4% | 8 | 8% |
| Executive | 101 | 14% | 15 | 15% |
| Non-executive | 589 | 82% | 75 | 77% |
| Total | 719 | 100% | 98 | 100% |

| Employees by Staff Category & Age | 18-30 years | | 31-55 years | | Above 55 years | | Total |
|-----------------------------------|-------------|------|-------------|-----|----------------|-----|-------|
| | Number | % | Number | % | Number | % | |
| Senior Management & above | 1 | 0.4% | 32 | 5% | 4 | 19% | 37 |
| Executive | 12 | 5% | 100 | 18% | 4 | 19% | 116 |
| Non-executive | 211 | 94% | 440 | 77% | 13 | 62% | 664 |

| Employees by Region/ Contract - 2024 | Permanent | | Contract | Total |
|--------------------------------------|-----------|---|----------|-------|
| | Number | % | Number | |
| Western | 339 | | 212 | 551 |
| Southern | 30 | | 26 | 56 |
| North Western | 26 | | 19 | 45 |
| Central | 43 | | 24 | 67 |
| Sabaragamuwa | 42 | | 23 | 65 |
| Northern | 1 | | 1 | 2 |
| Eastern | 3 | | 3 | 6 |
| North Central | 4 | | 6 | 10 |
| Uva | 7 | | 7 | 14 |
| Expats | | | 1 | 1 |
| | 495 | | 322 | 817 |

- 61% of the staff cadre is engaged on a permanent basis while the remainder is engaged on a contract basis.
- Over 33% of our staff and senior management are recruited from outside the Western Province.

Staff movements

The recruitment and retention of skilled employees presented significant challenges throughout the year due to the high levels of labor migration triggered by the country's economic crisis. These challenges were compounded by the fact that a substantial number of employees exited the Company. During the year, a total of 7 employees retired, while 157 employees resigned, leading to an overall attrition rate of 20%.

To address these issues, the Company adopted a proactive internal hiring approach to fill vacant positions. This strategy involved re-purposing roles, re-deploying employees, and promoting from within the organisation. As a result, 30% of open positions were filled internally, showcasing the company's commitment to nurturing and developing its existing talent pool.

In addition, internal promotions and re-deployments help foster a culture of learning and adaptability within the Company. Employees are given the chance to take on new challenges and develop their skills in different roles, ultimately contributing to their personal and professional growth.

By focusing on internal talent development and retention strategies, the Company was able to mitigate the impact of high attrition rates and continue to operate efficiently despite the challenges posed by the economic crisis. This approach demonstrates the Company's resilience and commitment to supporting its employees' careers while maintaining business continuity.

Staff movement

| | | |
|-----------------------------|---|---|
| Due to |  |  |
| Promotions and job upgrades | 95 | 10 |
| Recruitments | 203 | 44 |
| Retirements | 6 | 1 |
| Resignations | 136 | 21 |

Human Capital

Recruitments and turnover

| Recruitment by Region | Number | Percentage |
|-----------------------|--------|------------|
| Western | 159 | 64% |
| Southern | 24 | 10% |
| North Western | 12 | 5% |
| Central | 22 | 9% |
| Sabaragamuwa | 15 | 6% |
| Northern | 1 | 0% |
| Eastern | 3 | 1% |
| North Central | 7 | 3% |
| Uva | 4 | 2% |
| Total | 247 | 100% |

| Recruitment by Gender | Number | Percentage |
|-----------------------|--------|------------|
| Male | 203 | 82% |
| Female | 44 | 18% |
| Total | 247 | 100% |

| Recruitment by Age | Number | Percentage |
|-----------------------|--------|------------|
| Under 30 Years | 160 | 65% |
| Between 30 - 55 Years | 84 | 34% |
| Over 55 Years | 3 | 1% |
| Total | 247 | 100% |

| Turnover by Region | Number | Percentage |
|--------------------|--------|------------|
| Western | 119 | 76% |
| Southern | 8 | 5% |
| North Western | 6 | 4% |
| Central | 12 | 8% |
| Sabaragamuwa | 7 | 4% |
| Northern | 0 | 0% |
| Eastern | 0 | 0% |
| North Central | 5 | 3% |
| Uva | 0 | 0% |
| Total | 157 | 100% |

| Turnover by Gender | Number | Percentage |
|--------------------|--------|------------|
| Male | 136 | 87% |
| Female | 21 | 13% |
| Total | 157 | 100% |

| Turnover by Age | Number | Percentage |
|-----------------------|--------|------------|
| Under 30 Years | 57 | 36% |
| Between 30 - 55 Years | 98 | 62% |
| Over 55 Years | 2 | 1% |
| Total | 157 | 100% |

Rewarding our employees

Total payments to employees during the year
Rs. 1,395 Mn

We draw in talented individuals by providing clear, equitable, and consistent compensation and reward structures in line with industry standards. Permanent employees benefit from a foundational base salary coupled with a variable pay component that directly ties to individual performance, ensuring rewards are merit-based and aligned with company goals. Additionally, we offer a secure fixed income to provide financial stability.

Beyond the base salary, we provide a comprehensive suite of statutory and additional benefits designed to retain and engage our employees. These benefits include health insurance, paid time off and parental leave, as well as professional development opportunities such as training programs and career advancement paths. Our approach is to foster a supportive and rewarding work environment that values employee growth and satisfaction. By investing in our workforce, we aim to create a culture of trust, loyalty, and long-term commitment.

Benefits to full-time employees

- Accommodations for employees those who work in night shifts
- Transport for female employees those who work in night shifts
- Meals and uniforms
- Food, beverage, and restaurant discounts
- Birthday stay for permanent employees with a service period exceeding five years
- Gym facility

- Locker room / Dormitory
- Doctor and Clinic facility
- Welfare facility
- 100 days parental leave
- Annual medical
- Birthday cake provided in celebration of employee birthday

Performance management

A performance-based culture forms the cornerstone of operational ethos at the Company. All eligible employees participate in an annual performance appraisal process guided by established key performance indicators (KPIs). This structured approach enables us to objectively assess individual contributions and achievements throughout the year. Employees who meet or exceed their targets are recognised and rewarded fairly, fostering a sense of accomplishment and enhancing overall morale.

The performance appraisal process is more than just an evaluation; it serves as a vital tool for employee development. It provides an opportunity for open, constructive dialogue between employees and their managers about career progression and personal growth. Through these discussions, we work together to identify areas where employees can improve and set achievable goals for the future.

This appraisal process also helps in pinpointing specific training needs, ensuring that employees have access to the resources and skill development opportunities necessary to excel in their roles. By focusing on professional development, we empower our workforce to reach their full potential, contributing to both individual career growth and the overall success of the organisation.

Our commitment to a performance-based culture, coupled with a transparent appraisal system, underpins our aim to cultivate a motivated, skilled, and dedicated workforce that is vital to achieving Cinnamon Grand's strategic goals.

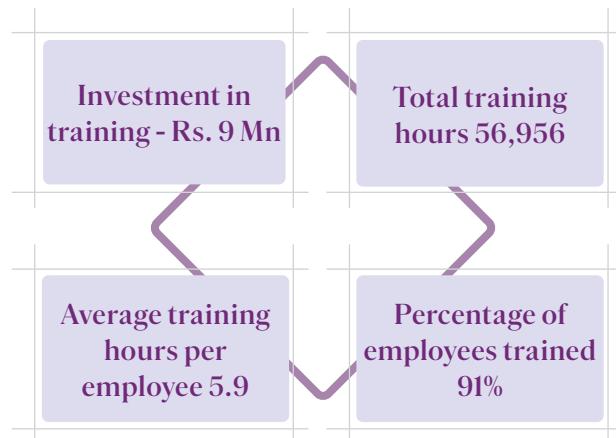
| Percentage of Staff Receiving Regular Performance Appraisals | Male | Female |
|--|------|--------|
| Senior Management and above | 96% | 100% |
| Executive | 78% | 67% |
| Non-executive | 92% | 80% |

Training and development

Our HR strategy emphasises continuous learning and development through a competency-based approach to upskill our talent pool. We conduct role-based competency mapping for all critical business functions to assess and tailor training programs for employees' specific needs. By identifying skill gaps and development areas, we design targeted training initiatives aligned with our business goals.

We offer a variety of learning opportunities, including formal training, on the job training, workshops, seminars, online courses, etc., to ensure employees can grow throughout their careers. This focus on continuous learning boosts individual performance, enhances organisational success, and fosters productivity, innovation, and competitiveness.

Investments in training and development



| Average Training Hours per Category | Male | Female |
|-------------------------------------|------|--------|
| Executive Staff and Above | 76.3 | 3.6 |
| Non-executive Staff | 66.9 | 27.9 |

Human Capital

Training topics

| Type of training | Number of training hours | % of training hours |
|---|--------------------------|---------------------|
| Cinnamantra - Cinnamon Values training | 2,518 | 4.42% |
| Middle Manager Development Programme | 658 | 1.16% |
| Induction for new recruits - covering Hotel Information and Policies | 7,427 | 13.04% |
| Elevate Experience Complaint Handling | 324 | 0.57% |
| EmpowHer - Sessions on Women's Rights | 308 | 0.54% |
| Empowerment matrix | 423 | 0.74% |
| Train The Trainer | 941 | 1.65% |
| Performance Management Appraisal Programme (PMAP) | 126 | 0.22% |
| English Dose (for new joiners)- Language Training | 1,212 | 2.13% |
| Training on Basic Email Etiquette and Modern Business Email Writing | 155 | 0.27% |
| Orators' Club | 104 | 0.18% |
| TAP Trainings | 117 | 0.21% |
| Basic Hospitality- Professional Presence | 122 | 0.22% |
| My Pal - Training for Supervisors on Onboarding process | 118 | 0.21% |
| Cinnamon Connect - Call Centre Training | 381 | 0.67% |
| First Aid Training | 266 | 0.47% |
| Lifeguard Training | 104 | 0.18% |
| Annual Fire Safety Training | 742 | 1.30% |
| Training on Food Safety | 245 | 0.43% |
| Child Abuse and Protection | 83 | 0.15% |
| No. of Hours provided through Cinnamon Online Academy training platform | 4,508 | 7.91% |
| Breast Cancer Awareness Programme | 65 | 0.11% |
| Awareness programme on Substance abuse | 77 | 0.14% |
| Other Trainings including Departmental / General and On the Job trainings | 35,929 | 63.08% |
| Total | 56,956 | 100.00% |

Employee health and well-being

We prioritise the holistic well-being of our employees by fostering a supportive and comprehensive environment that nurtures their physical, mental, emotional, and social wellness. These key areas form the foundation of our HR agenda, guiding our initiatives and practices to promote the overall health and happiness of our workforce. Initiatives in place are as follows.

- Financial well-being - Ensured through a wide range of benefits besides the designation-based basic salary and performance-based bonuses. We have continued to maintain zero gender based pay discrepancy
- Medical care - Convenient, accessible, and affordable medical care together with health insurance benefits for all permanent and contract employees and annual medical checks
- Mental well-being- Continued focus on mental wellness of employees. "It's Okay not to be Okay" wellness initiative in action across the Company

By integrating these wellness components into our HR strategy, we create a work environment that supports the diverse needs of our employees. This holistic approach enhances employee satisfaction, productivity, and retention, contributing to a thriving, engaged, and motivated workforce. Ultimately, our commitment to employee well-being aligns with our broader goals of fostering a positive, inclusive, and supportive organisational culture.

Occupational health and safety

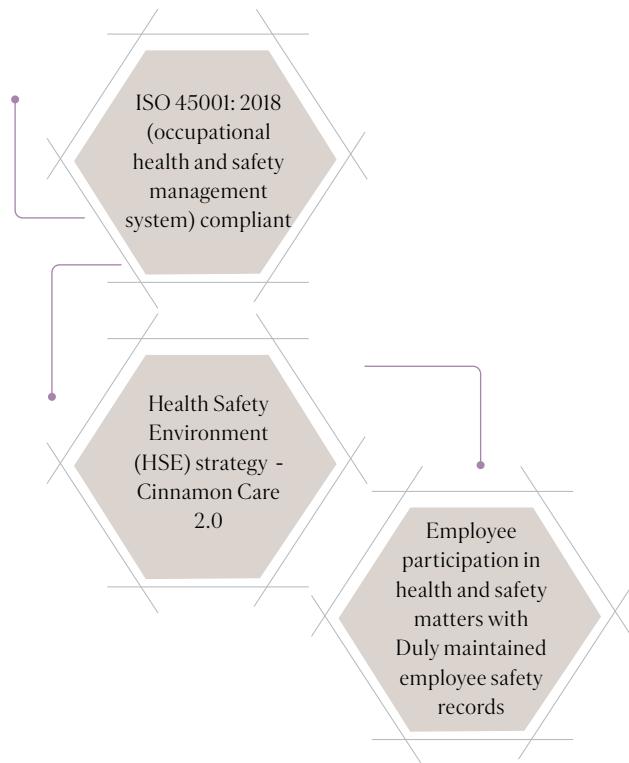
Our dedication to health and safety begins with our genuine care for employees, aiming to cultivate a safe and secure work environment for everyone. All our employees covered by our occupational health and safety management system. The Company adheres to ISO 45001:2018, the internationally recognised standard for occupational health and safety management systems, maintaining compliance since 2008. This certification guarantees that we uphold the highest standards for health and safety in our operations.

In line with our continuous commitment to safety, we launched our new Health Safety Environment (HSE) strategy under Cinnamon Care 2.0, which sets a new benchmark for care and

cleanliness across our properties. This comprehensive strategy includes robust protocols and procedures to safeguard employees and guests, focusing on prevention, preparedness, and swift response to any health and safety concerns.

To further enhance our safety culture, we actively engage with employees. This engagement promotes open communication and encourages employee participation in health and safety matters, ensuring that all voices are heard and considered in the decision-making process.

By prioritising employee involvement, we can better identify potential hazards and implement preventive measures, fostering a collaborative approach to workplace safety. This proactive stance not only reduces risks but also builds trust and confidence among our workforce.



| Employee safety records | 2023/24 |
|--|----------------------------|
| Workplace related accidents and incidents | 16 |
| Workplace related fatalities | 01 (Outsourced contractor) |
| No. of lost workdays due to workplace related injuries | 144 |

Employee engagement

Employee engagement activities are crucial in cultivating a sense of belonging and emotional well-being among our workforce. By organising opportunities for employees across the entire Cinnamon Hotels network to engage informally, we foster a collaborative and inclusive work culture where individuals feel valued and part of a larger team.

These activities provide employees with a platform to connect with their colleagues and peers outside of their regular job functions, encouraging cross-departmental communication and collaboration. Such interactions can take the form of team-building exercises, social events, networking opportunities, and employee recognition programs. Through these initiatives, employees can develop strong professional relationships and build a support network within the company.

Human Capital

By promoting a culture of inclusivity and mutual respect, these engagement activities enhance employee satisfaction and loyalty. Employees who feel connected to their peers and the organisation are more likely to be motivated, productive, and committed to achieving shared goals. Additionally, these activities contribute to a positive workplace atmosphere, reducing stress and promoting work-life balance.

- New Year celebrations
- Inter Department Vesak Lantern Competition
- Poson Bhakthi Geetha
- Mother's Day celebrations
- Father's Day celebrations
- Cricket Carnival
- Staff Appreciation Week
- Anniversary multi-ethnic Ceremony
- Special Christmas Dinner
- Women's Day celebrations
- Participation at Travel Trade sports activities



Employee grievances

The Company has a robust employee grievance handling mechanism. A grievance could be communicated verbally or in writing. Such a grievance can be communicated to the immediate supervisor or the Head of the Department. Once raised the grievance will be addressed within 48 hours. However, the timeline could vary depending on the urgency and the nature of the grievance. If the employee does not receive a proper response or does not receive any response, then he/she can escalate it to a higher authority. The process is clearly articulated with service level timelines, and employees are well enlightened on this process.

Human rights

The Company prioritises compliance with local and international labor regulations in all operations and supply chain. Our governance framework enforces a zero-tolerance policy against sexual harassment, child labor, and forced labor, protecting human rights with strict policies. Ongoing training programs enhance awareness of fair work practices and human rights. We foster a culture of trust with an open-door policy and encourage transparent communication among team members. Our whistle-blowing policy offers a safe and confidential channel for reporting concerns or violations, ensuring accountability and adherence to ethical standards. We prioritise the well-being and rights of our colleagues, creating a workplace environment based on integrity, fairness, and accountability.

There were no reported incidents of human rights violations, child labour, forced or compulsory labour during the year.

Commitment to diversity and inclusion

At the centre of the Company lie inclusivity and compassion, which drive efforts to foster a culture that embraces and celebrates diversity in all its forms. We actively work to eradicate workplace discrimination based on factors such as ethnicity, gender identity, sexual orientation, age, or ability, creating an environment where every employee feels valued and respected. Challenging ingrained biases and discrimination against women is a key focus for us. We aim to level the playing field by implementing policies and practices that promote gender equality and empower women at all levels of the organisation. These measures include ensuring equitable hiring practices, offering mentorship and leadership development programs, and promoting a healthy work-life balance.

We also take proactive steps to support and encourage more women to join and remain in the workforce. These efforts involve providing resources and opportunities for career growth, offering flexible work arrangements, and fostering an inclusive culture that champions the contributions of women. Additionally, we are committed to creating a welcoming and

accommodating workplace for people with disabilities. This includes implementing accessible facilities, offering job opportunities that cater to a diverse range of abilities, and providing necessary accommodations to enable individuals to excel in their roles. Through these efforts, we strive to build a diverse, inclusive, and equitable workplace where all employees can thrive and contribute their unique perspectives and talents.

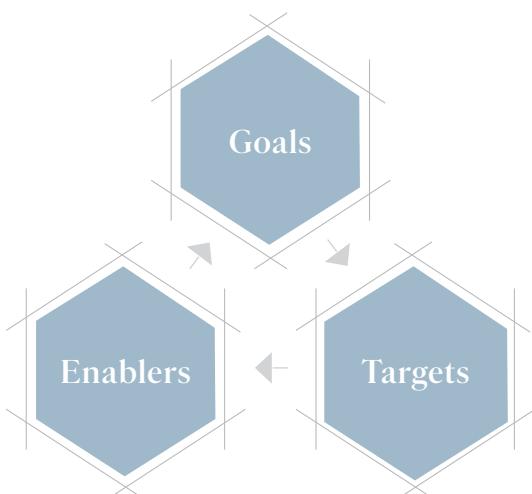
There were no incidents of discrimination reported during the year.

Freedom of Association

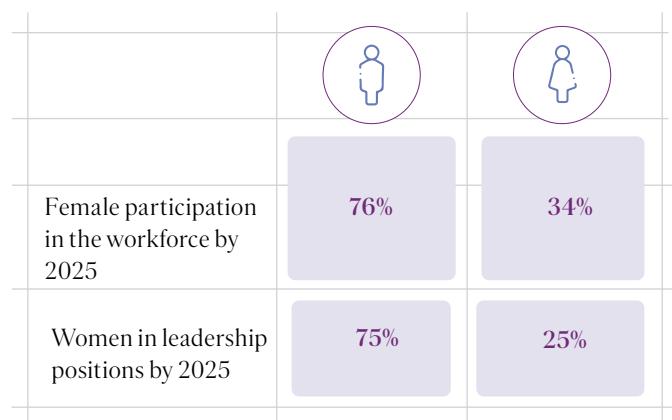
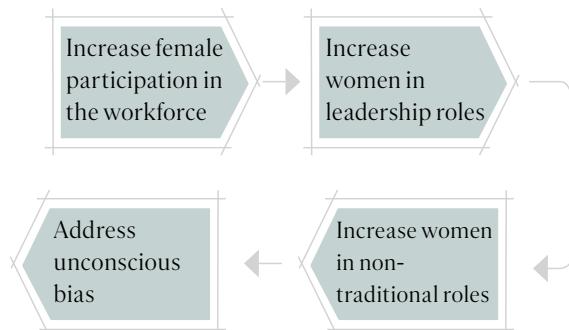
We maintain the right to freedom of association. The Company does not have any collective bargaining agreements in place. During the year under review, there were no material issues relating to employees or industrial relations which required disclosure. The Management maintains close relationship with employees of all levels and they are duly consulted when major changes are to be implemented in operations of the Company and their views are heard. We ensure a minimum notice period of one month before any significant operational change.

Gender parity

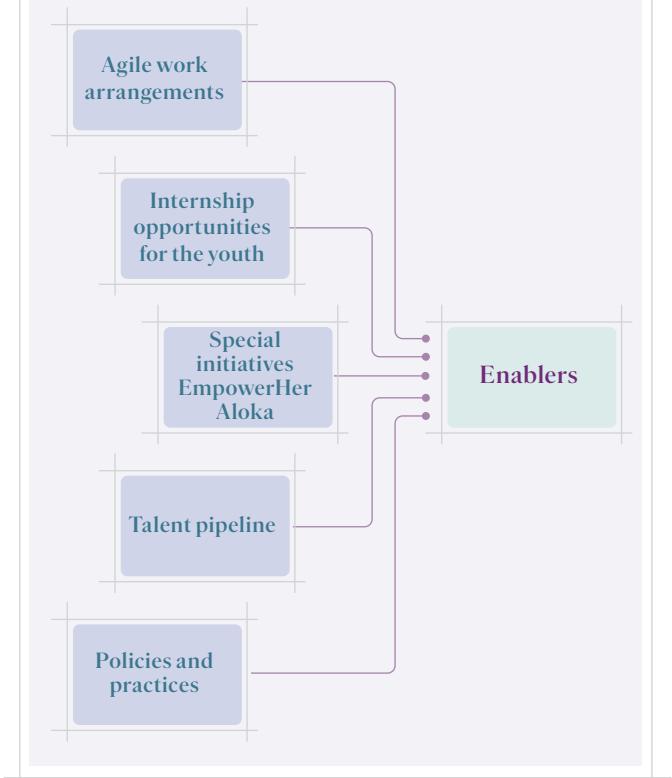
Asian Hotels and Properties PLC's commitment to gender parity is driven by several overarching objectives. Enhancing diversity and inclusion, improving performance and productivity, attracting and retaining talent, enhancing employee morale and affording equitable opportunity to all are some such objectives. Promoting gender parity at the Company is structured, carefully thought-out goal driven.



Our gender parity goals



Enablers



Human Capital

Gender parity indication results

| Gender Representation by Grade | Senior Management & above | Executive | Non-executive |
|--------------------------------|---------------------------|-----------|---------------|
| Male | 29 | 101 | 589 |
| Female | 8 | 15 | 75 |
| Total | 37 | 116 | 664 |
| Male – Percentage | 78% | 87% | 89% |
| Female - Percentage | 22% | 13% | 11% |

| Parental Leave | Male | Female |
|--|------|--------|
| Employees entitled to parental leave | 719 | 98 |
| Employees that took parental leave | 19 | 1 |
| Number of employees that returned to work in the reporting period after parental leave ended | 17 | - |
| Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work | 8 | 1 |

Average Training Hours per Gender

| | Female |
|--------|--------|
| Male | 71.6 |
| Female | 15.8 |

Gender parity initiatives

- 100 days parental leave for both male and female employees
- One JKH logo displayed on recruitment advertisements stating we don't discriminate in our recruitments.
- Women recruited for non-traditional roles, example Banquet operations, Lifeguard, Engineering Technicians.

Gender pay parity

The ratio of basic salary between women and men was 1:1



Intellectual capital

Our intellectual capital distinguishes us from intensifying competition and remains a crucial element of our growth trajectory. By continually nurturing this capital, we enhance our capacity to respond to evolving customer preferences and offer innovative solutions, thereby build trust and confidence among key stakeholders.

| Role of Intellectual capital in our value creation process | | | | |
|--|---|---|---|--|
| Inputs | <ul style="list-style-type: none"> The strength of Cinnamon Grand brand Organisational tacit knowledge Strength of the organisational structure, with holding of John Keells Holdings PLC Well established systems, processes and standards | | | |
| Value created |  No. 01 ranking in Tripadvisor among 87 hotels in Colombo |  # 02 ranking in Revenue Generation Index (RGI) among 5 star city hotels. |  10 awards won during the year |  09 years in average length of service of an employee |
| Key strategic focus areas during the FY | Enhancing the strength of the Cinnamon Grand brand through a number of brand building initiatives Curating unique innovative guest experiences Continued training and development initiatives in aligning all our staff to the service standards of Cinnamon Grand | | | |

The strength of our brand

The brand Cinnamon Grand, since its inception in 2005 has traversed a transformative journey to be the respected, vibrant and much loved brand it is today, at home and across the globe. The brand is synonymous with star class services, state-of-the-art amenities, exceptional food and beverages and flagship thematic experiences all year round.

Our thematic restaurants and bars which serve our guests with unique and unmatched experiences, renowned for their culinary excellence and operated by professional award winning Chef's also drive our brand strength.

Brand enhancement initiatives

We conduct a host of events throughout the year in keeping our brand live and close to our discerning clientele. They are a judicious fusion featuring local charm and the best of the rest of

the world. Our deep commitment to bring the best of Sri Lanka with a touch of elegance, often sees a wide range of initiatives rolled out celebrating local festivals and showcasing Sri Lankan traditions and rituals with authenticity. Our extensive reputation and strong relationships with world renowned Chef's and restaurants from around the world enable us to recreate international experiences right here in Colombo.

We were also the preferred hospitality partner for a number of high profile events in the city of Colombo, which drove our brand visibility.

Details of brand enhancement initiatives are as follows.

Intellectual capital

Celebrity Chef Takeovers

Cinnamon Grand Colombo hosted a series of celebrity chef takeovers throughout the year, bringing forth eclectic cuisine from across the world, to Sri Lanka. The series of events featured:

| Chef | Representing country and restaurant | Type of cuisine featured |
|--|---|--------------------------|
| Chef Dominique Schrotters | Michellin starred restaurant 'La Riva' in Switzerland | Fine Dining |
| Chef Jean-Pierre | Switzerland | Swiss Cuisine |
| Chef Azam Riyard | The ClubHouse SteakHouse, UK | Fine Dining |
| Chef Eliyaz and Chef Yahvin Siriwardhana – | Nadodi, Malaysia | South Asian |
| Chef Sami Ali Bazih. | Lebanese | Arabian and Lebanese |

International events and pageants

Social Creators of the Year (SCY) Awards

Cinnamon Grand hosted India's Social Creator of the Year (SCY) Awards presented by Gold Coast Films, making Sri Lanka the official venue for the 2023 international awards debut. SCY is a platform that recognises the top 40 influencers and content creators of India across Social Media. These creators have been nominated based on various award categories covering travel, culinary, fitness, beauty, lifestyle, entertainment, comedy, dance, technology and luxury with a focus on Instagram, YouTube, and blogs, with a combined campaign reach of 40 million. A series of events were planned from June 21 to 24, 2023, where the content creators toured Sri Lanka, leading to the Grand Finale - the Awards Ceremony at the Cinnamon Grand Colombo. The guests featured were those with tremendous capacity to take the message of Sri Lanka and Cinnamon Grand to a mammoth audience, viz., their social media follower base.



T & A Dancesport Soiree

The T&A Dancesport Soirée was a series of dance sport events and finale show in partnership with Mastercard which featured BBC Strictly Dancing's Jowita Pryzstal, professional dancer Nauris Kalva, Tarja De Silva and her students.

Mrs India INC Pageant, Season 4

Mrs. India Inc. Season 4 event took place in Sri Lanka, commencing on July 13, and concluded with the grand finale on July 19, with Cinnamon Hotels & Resorts as the Hospitality partner throughout. A total of 75 participants from India took part, with the presence of Bollywood stars Malaika Arora, Dino Morea, and acclaimed Indian cricketer Shanthakumaran Sreesanth on the judging panel. The finale had some Sri Lankan flair with the Channa and Upuli dance troupe as well as international artiste Yohani performing at the live telecast. This was again a highlight event which afforded both Sri Lanka as a country and Cinnamon Grand to gain visibility access to India, Sri Lanka's largest source market in tourism.



Streets of Colombo Exhibition

Conducted by the renowned Panos Pictures Photographer Alfredo D'Amato, this event included a Street Photography assignment and culminated in to the Discovery Exhibition.



Ceylon Literary Festival

Cinnamon Grand Colombo hosted an elegant dinner at Nuga Gama for the attendees of the Ceylon Literary Festival which represented renowned writers, poets, and thinkers from around the world.

Colombo Fashion Week

Cinnamon Hotels and Resorts, encompassing multiple locations across Colombo, including Cinnamon Grand, Cinnamon Lakeside and Cinnamon Red partnered with the Colombo Fashion Week with a series of events, official shows as well as after parties.



Flagship event - Master Table with Gary Mehigan

Gary Mehigan, one of the former trios of judges from MasterChef Australia hosted a series of curated events set to take Sri Lanka on a gastronomic journey like no other. Events included Carvery and a High Tea Event, featuring a book signing session and 5 course dinners, at Cinnamon Grand Colombo.



Festive celebrations - Longest Yule Log event

In a spectacular celebration of time-honoured Christmas traditions, Cinnamon Grand Colombo proudly presented the unveiling of the city of Colombo's largest Yule Log ever, measuring an impressive 300 feet and weighing 300 kg.

City Trails

Cinnamon City Trails was launched during the year, offering travellers a fresh perspective on Colombo, moving away from its transit reputation. They aim to uncover the city's hidden treasures were achieved via five carefully curated tours:

- Birding in Colombo Wetlands: A comprehensive tour of wetlands like Attidiya on the city's outskirts.
- Zookeeper for a Day: Participants care for selected mammals and birds at the National Zoological Gardens in Dehiwela.
- Tree Walk in the Heart of Colombo: Explore rare flora at the Cathedral, Bauddhaloka Mawatha.
- Spiritual Ceylon: Visit Ganagaramaya, St. Anthony's Church, the Red Mosque, and Maradana Hindu Kovil.
- Street Photography: A walk and photography expedition through the streets of Colombo.

Intellectual capital

Organisational tacit knowledge

The Company possesses a rich organisational tacit knowledge base stemming from various aspects of operations such as our values, team strength, IT capabilities, systems and processes, etc. Such tacit knowledge has enabled us to evolve in response to shifting operating landscapes, demonstrate resilience at the face of unforeseen challenges, stay aligned to our strategic agenda and effectively connect with our stakeholders in driving mutual value.

Cinnamantra – Corporate purpose and values

Cinnamantra, our new purpose and seven corporate values launched during the previous financial year unite our employees and guide them towards the common vision; To bring the best of Sri Lanka to the world with style and elegance.



Continuous and learning and development

One critical factor that sustainably augments our organisational tacit knowledge is continuous learning and development of our employees. Annual training initiatives are conducted covering all staff of the Company in catering to relevant skill upgrades. As elaborated under Human Capital in page 51 all employees were trained across 56,956 training hours during the year, with Rs.9 Mn invested.

Advanced analytics and business intelligence

The Company has embarked on a transformation journey towards a digitised organisation. Towards this end an Advanced Analytics and Business Intelligence Team was set up during the year, with the knowledge transfer and expertise of OCTAVE, the John Keells Group Data and Advanced Analytics Centre of Excellence.

Upskilling the team, setting IT infrastructure and creating awareness amongst the users of information generated and capacity building in accessing and analysis dashboards/information packs were some of the critical steps rolled out during the year. With the fully-fledged implementation of the system from the financial year 2024/25 the management will be equipped with predictive and analytical data covering guest demand patterns, spending patterns, revenue trends etc., which will equip them with invaluable insights towards making information-driven decisions thereby deliver on the Company's strategic aspirations more effectively.

Average length of service of the team

We pride ourselves on the diverse, talented and resilient team of Cinnamon Grand. Their collective knowledge, expertise and know-how have enabled the delivery of the Cinnamon Grand promise over and above our guest expectations. Over the past few years, the country saw mass migration of skilled labour with pronounced impact on the tourism and leisure sector. Cinnamon Grand experienced the same trend, however fusion of new blood with experienced staff ensured that our delivery continued uncompromised. Notwithstanding the comparatively high attrition in the recent years, the Company benefited from 8 years as average length of service of the team.

Ethical and strong stewardship

The Company is led by a versatile Board of Directors who has to their credit a repository of expertise from multiple disciplines, essential in running the business. They are ably led by the corporate management team, bringing with them dynamic exposure from overseas markets as well. Their collective visionary leadership has been a key strength in navigating the unprecedented hardships experienced in the recent past, focusing on value creation and elevating the Cinnamon Grand promise and delivery to new dimensions. The Company's time tested governance structure and code of ethics provide the leadership a clear blueprint in conducting its affairs ethically and effectively.

Systems and processes

Our operations are guided by clearly established systems and processes. There are Standard Operating Procedures (SOP) covering the entire gamut of operations of our business, thereby establishing a common standard based on which all employees should deliver consistently.

All employees are duly enlightened on the importance and application of SOPs, as a part of induction and on the job training for new recruits and in the form of refreshers throughout the year to existing employees.

Examples of SOPs

- Business Continuity Plans
- Emergency Response Plans
- Data Protection and Guest Privacy
- Empowerment Matrix
- Health and Safety, Environment Consequence Matrix

During the year, our systems and processes were augmented by automating certain processes and establishing new systems thereby improving internal efficiency and guest experience.

Training programmes conducted to ensure compliance of our processes

- Fire safety and basic fire fighting for staff
- Emergency evacuation drills
- Selected staff trained on lifesaving and first aid
- Annual food handlers' medicals done for all food handlers

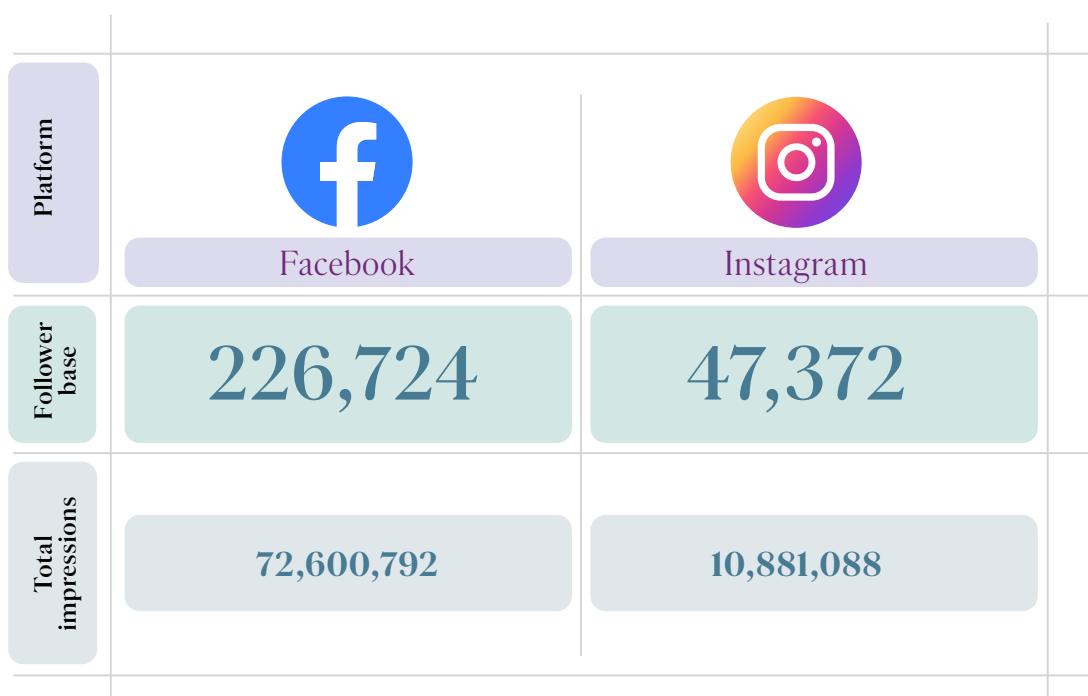
Certifications

Our operations are certified by the following ISO certifications and other certifications.

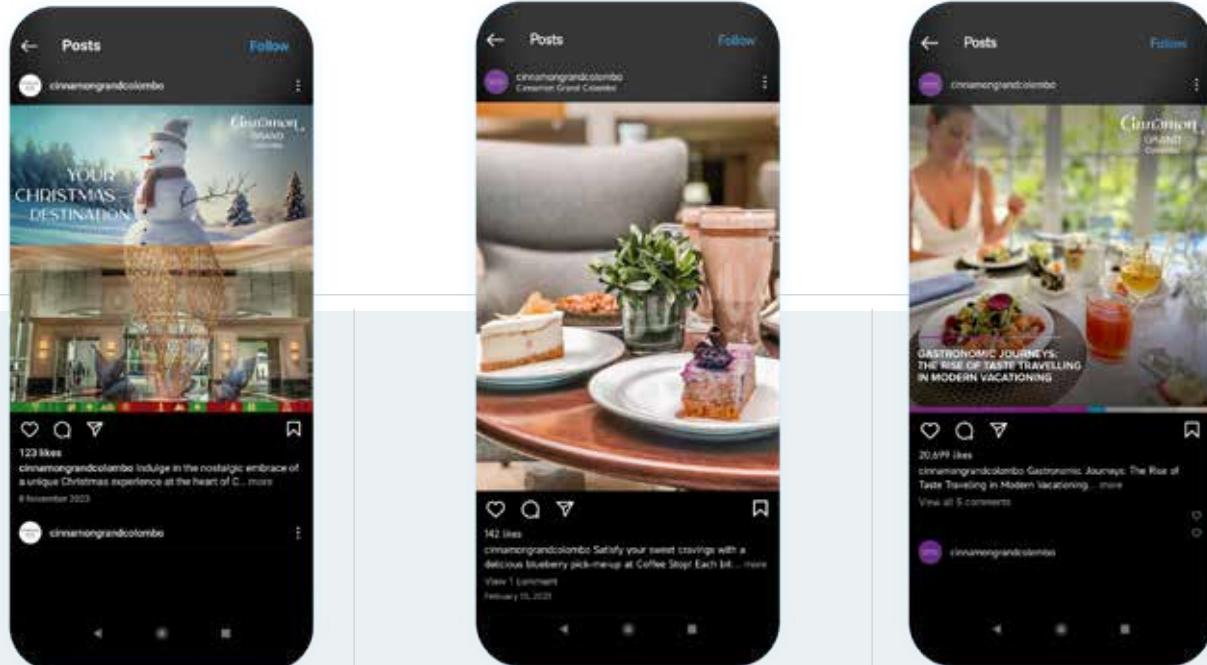
| Certification | Issuing authority | Periodic review/ audit involved | Frequency |
|---|--------------------------------------|------------------------------------|----------------------------|
| ISO 22000:2018 – Food Safety Management System | International Standards Organisation | Yes | Annual |
| ISO 45001:2018 – Occupational Health and Safety Management System | International Standards Organisation | Yes | Annual |
| ISO 14001:2015 – Environmental Management System | International Standards Organisation | Yes | Annual |
| Travelife Gold certification for accommodation sustainability | Travelife Ltd - UK | Yes | Annual (From 2025 onwards) |

Social media presence

Cinnamon Grand enjoys a strong presence and followership in social media platforms. We engage with our target audiences on a continuous basis all year round with dynamic, attractive and informative content. We feature our thematic events, specialists feature Chef's from across the globe and other special events through our platforms.



Intellectual capital



Reception at online travel sites

Cinnamon Grand enjoys one of the best ratings in a number of online travel sites.



4.5 rating at
Tripadvisor

#1 ranking
out of 87
hotels in
Colombo



Reviews Summary

This summary was created by AI, based on recent reviews.

Cinnamon Grand Colombo garners praise for its cleanliness and the professionalism of its staff, which many guests find enhances their stay significantly. While the hotel's value elicits mixed reviews, with some guests critical of the food costs versus room experience, the extensive amenities, including diverse dining options and live music, earn rave reviews. Its central location is lauded for convenience, and the rooms are generally appreciated for their comfort, despite occasional maintenance issues. The vibrant atmosphere and authentic Sri Lankan vibe also contribute positively to the guest experience.

Source: <https://www.tripadvisor.com/>

Cinnamon Grand Colombo

★★★★★ 8.5
679 reviews

Cleanliness 8.9

[Show prices](#)

Source: Booking.com

(As of April 2024)

Awards and recognition

Asian Hotels and Properties PLC/ Cinnamon Grand is a constant recipient of awards across multiple performance aspects. Awards are external validations of the exceptional standards that we maintain in our operations and drive the strength of our brand across vast stakeholders, as a trusted, excellent and reliable service provider. A full list of awards won by the Company during the year is found in page 06.

Industry collaborations

We continually engage with various industry stakeholders to promote the growth and development of our sector. By fostering strong partnerships with other organisations and entities in the tourism and leisure industry and other connected sectors, we aim to create a collaborative environment where ideas and best practices can be exchanged freely. This cooperative approach not only benefits our own operations but also helps to drive innovation and progress across the industry as a whole. We believe this to be of crucial importance, particularly at times like this when the tourism and leisure sector is demonstrating marked improvement in performance following many years of setback.

Our employees are also encouraged to participate in a variety of industry forums, which provide opportunities for them to share their expertise and insights with peers. Through these exchanges, our team stays informed about the latest trends and developments, while also contributing to shaping the future of the industry.

The Company also maintains memberships in numerous industry associations, allowing us to leverage collective strength and work in partnership for the mutual benefit of all parties involved. These affiliations enable us to stay connected with other industry leaders, access valuable resources and knowledge, and advocate for common interests.

List of memberships held

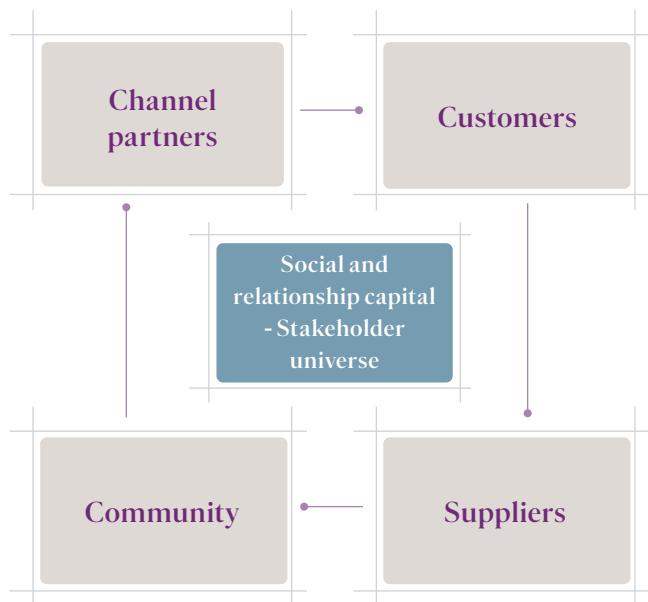
- The Hotels Association of Sri Lanka
- Pacific Asia Travel Association
- Employers' Federation of Ceylon
- European Chamber of Commerce Sri Lanka
- The American Chamber of Commerce in Sri Lanka
- Ceylon Chamber of Commerce
- Swiss Circle Sri Lanka
- Skal International Colombo
- Biodiversity Sri Lanka



Social and Relationship Capital

We are dedicated to cultivating strong relationships with our customers, value chain partners, suppliers and the community. This commitment involves engaging proactively with these groups to build and retain their trust and confidence. By fostering open lines of communication and understanding their needs, we establish meaningful connections that lead to long-term partnerships. Our holistic value proposition encompasses a range of initiatives and practices that prioritise the well-being of our stakeholders. Our approach also fosters mutual benefit for all parties involved, creating a strong foundation for our social license to operate. By doing so, we reinforce our reputation as a trusted and responsible partner within the industry and society at large.

| Role of social and relationship capital in our value creation process | | | | |
|---|--|---|--|---|
| Inputs | <ul style="list-style-type: none">Customers with a dynamic profile comprising individuals and corporate professionals, local and internationalValue chain partners comprising global sales agents, channel partners, suppliers and industry stakeholdersThe community we operate in | | | |
| Value created | | 96 % Global review index | | 78 % Net promoter score |
| | | Rs. 5.3 Bn payments made to suppliers | | Rs. 5.7 Mn investment in corporate sustainability initiatives |
| Key strategic focus areas during the FY | <ul style="list-style-type: none">Enhancing customer experience by introducing a host of novel engagement initiativesFocus on delivering the Social goals established under the Company's ESG framework which encompasses women, children, differently-abled and the community at largeFocus on delivering the Responsible Conduct goals established under the Company's ESG framework which encompasses suppliers | | | |



Management approach

We deployed a comprehensive set of clearly established and duly reviewed policies in effectively managing our social and relationship capital (please see page 68 for a full list of policies). The effectiveness of policy deployment was enhanced by the strong corporate governance framework within which we operate. As the financial year 2023/24 demonstrated the hotel and leisure sector's characteristic resilience with tourist arrivals to the country recording notable increase, we swiftly stood up to the emerging opportunities in creating unique experiences and delivering meaningful value to all our related stakeholders.

Customers

Our customers are our strongest motivation. We are committed to curating experiences for them which compel them to visit us more. Our customer range is dynamic, comprising individual guests on leisure travel and those attending MICE events. We conducted the following initiatives during the year targeting our customers.

- Innovative culinary experiences featuring the world's best Chef's and renowned restaurants

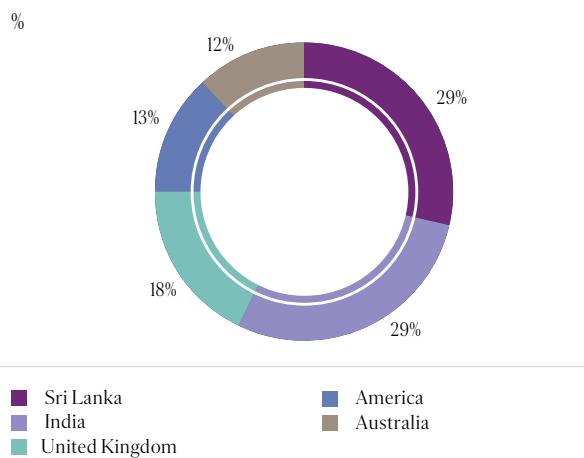


- Partnering a number of high profile local and international events as the official hospitality partner
- Curated events during special occasions/ celebrations such as Christmas, traditional Sinhala and Tamil New Year, Octoberfest, etc.
- Extension of our excellent services beyond our premises to mass scale events such as concerts and events
- Establishment of Cinnamon Connect to deliver a convenient service to the guests in one button to provide services related to Engineering/ Housekeeping/ Room Service orders and Restaurant reservations
- Deployment of data analytical tools such as IDEAS, FORNOVA, OTA Insights, STR and HOTSTATS in gathering information around customer demand patterns, behaviours and preferences thereby curate more refined experiences to them
- Implementation of Opera – property management system ensuring a swifter service to our customers at a number of touch points
- Strengthening of online platforms in ensuring data security and customer privacy
- Vibrant marketing campaigns rolled out through social media platforms

- In-house content development for social media and other promotional campaigns, ensuring precise, relevant and quality contents. We ensure that all our communications are accurate, non-offensive and easily accessible
- Strong alignment of all our operations to ESG considerations, thereby making our proposition more appealing to customers who seek responsible hospitality

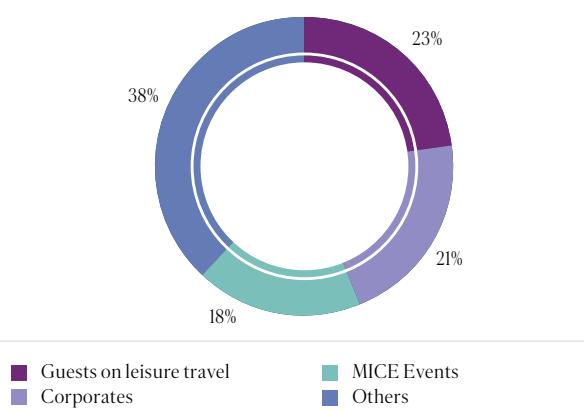
Our key source markets

Key source markets



Our engagements, based on revenue

Customer engagements - Based on revenue



A diverse range of offerings to discerning customers

Asian Hotels and Properties PLC offers some of the best thematic restaurants and pubs in the country patronized by discerning customers all year round. The diversity of choices, excellence in cuisine delivered by master Chef's, warm ambiances and outstanding service deliver unmatched experiences to our customers.

Social and Relationship Capital

PLATES - is a highly sought-after international buffet in Colombo, offering a diverse range of cuisines from around the world. Guests can enjoy their culinary journey in either the alfresco dining area or the sleek contemporary interior. The restaurant takes pride in its unique selection of beverages infused with local ingredients, enhancing the overall dining experience.



NOODLES - A popular restaurant in Colombo offering Vietnamese and Far Eastern cuisine known for its speedy service and diverse menu. Specializing in noodle soup and offering 70 dishes made from 10 types of noodles, it's recognised for its variety, quick service, and exceptional taste.



CHEERS PUB - a premier sports bar in Colombo, known for its authentic English pub ambiance. The bar features multiple screens for watching various matches, creating an energetic atmosphere with low murmur and loud cheering.



THE LAGOON - offers a unique seafood dining experience, designed to mimic the lively atmosphere of a seafood market. It features seafood preparations, from sashimi to lobster thermidor, and sauces across five specialty cuisines, crafted by expert Chef's. The freshest seafood arrives each morning, ensuring a vibrant, bustling dining environment for lunch and dinner.



CHUTNEYS - is our signature 5-star Indian restaurant offering an affordable menu with dishes from Tamil Nadu, Kerala, Karnataka, and Andhra Pradesh, prepared by specialty Chef's. It also includes a Dosai Bazaar with specialty dosas and fillings..



THE LONDON GRILL - Offers a sophisticated dining experience, featuring cloche service and an exceptional wine selection. With refined interiors and attentive service, it promises a culinary journey celebrating fine dining. It's an immersive experience that delights the senses and leaves a lasting impression.



COFFEE STOP - The menu offers items including cakes, tarts, handcrafted truffles, savory pastries, and exotic coffee blends. The versatile ambiance and diverse menu cater to busy city dwellers of all ages.



NUGA GAMA - An enchanting recreation of a traditional Sri Lankan village, nestled amidst the urban landscape, offering culinary delights of authentic Sri Lankan cuisine, lovingly prepared by famous, local traditional village cooks, providing a unique dining experience



BREEZE BAR - Relax in our serene poolside setting, perfect for unwinding with a variety of enticing cocktails. Enjoy a calm and inviting ambience for both evening and afternoon leisure.



TEA LOUNGE - Serves delightful selection of artisan tea, delectable savouries, and enticing desserts that are available all day, as a talented pianist fills the air with ambient music.



Excellence in food quality and safety

We adhere to global best practices across all areas of our operations and maintain various standards and certifications related to health and food safety, including ISO 22000:2018 – Food Safety Management System . Consequently, there were no reported incidents of non-compliance with health and safety standards regarding our products and services during the year.

Customer satisfaction

We deployed a number of modes in capturing customer satisfaction levels, as this was integral insights for us in ensuring the effectiveness of and sharpening our efforts in delivering customer service excellence.

Review pro –

Captures customer feedback from all channels. Comprises a guest satisfaction survey is emailed to the guest upon departure to obtain feedback.



In stay Survey –

QR code in guest rooms which enables guests to provide their feedback during their stay

Restaurant survey –

QR code placed in outlets for diners to provide their feedback

Analysis of social media reviews – (Trip Advisor/Google, Facebook etc.)

Social and Relationship Capital

Customer testimonials

Here is what some of our guests had to say about us.

Source: Tripadvisor



Hearty and delicious

Some of the best Asian food I've had in town. We had a couple of starters and 2 mains and we could not finish it. The portion sizes are amazing and the quality isn't compromised because of it. The broth was rich in flavour and the atmosphere matched

the hearty meals. The service was great and a special mention goes to the server Nethmi, who was incredibly friendly and accommodating. Overall an amazing experience!

Great dining experience

Service was wonderful and staff was really helpful. Would visit again and recommend to anyone...

Exceptional Dining Experience at Plates Restaurant, Cinnamon Grand Hotel

During our visit to Plates Restaurant, we were delighted by the exceptional level of service extended. The culinary experience surpassed our expectations, with each dish bursting with delicious flavors that tantalised our taste buds. The diverse and extensive selection of cuisines offered left us in awe of the depth and quality of the dining options available.

Worth every penny

The buffet was extraordinary, and the variety was amazing. The food suited everyone's individual taste which isn't the easiest to accomplish. The staff was helpful and the atmosphere of the place was warm and welcoming. They nailed all the dishes and it was worth every penny. Staff was very helpful and went out of his way to ensure the experience was a good one!

Customer engagements – Compliance

| | No. of instances |
|---|------------------|
| Incidents of non-compliance concerning the health and safety impacts of products and services | N/A |
| Incidents of non-compliance concerning product and service information and labeling | N/A |
| Incidents of non-compliance concerning marketing communications | N/A |
| Substantiated complaints concerning breaches of customer privacy and losses of customer data | N/A |

Channel partners

Our primary sales and distribution channel include the following.

- Travel agencies
- Online Travel Agents (OTAs)
- Direct sales channels
- Online platforms/ websites for booking
- Walk-in guests

Our global sales offices available in

- India
- France
- United Kingdom
- China
- Germany

delivered significant benefits in terms of higher conversion rates and improved customer satisfaction levels during the year

Key strategies deployed during the year

- Continuous dialogue and road shows in Colombo with our key global sales agents demonstrating the country's readiness to accept global tourists and host international events
- Expansion of our channel partners' network in source markets such as India, China and Far-east markets
- Marketing campaigns rolled out based on the theme "Bringing the best of Sri Lanka to the world with style and elegance"
- Attractive pricing, bundled offers, etc.

Global Contact Center – Established in 2022, has also

Suppliers

Asian Hotels and Properties has in place procedures to promote long-term business relationships with suppliers. Supplier relations are guided by a Supplier Code of Conduct. All significant suppliers shall be in compliance with applicable laws and regulations with regard to labour, human rights, environment and ethical business practices. The Company also applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers and endeavours to pay for all items properly charged in accordance with these agreed terms.

The following key concerns pertaining to suppliers were addressed throughout the year

- Continued business opportunities
- Ease of transactions
- Timely payment
- Ethical business conduct

We incorporate environmental and social best practices into our procurement processes by prioritising the sourcing of sustainable products, services, and technologies that align with our corporate responsibility goals. This commitment extends to supporting local, small and medium-sized enterprises, as well as minority-owned suppliers, and collaborating with them to establish a diverse, responsible, and resilient supply chain. Our supplier selection follows a transparent, impartial tender process that includes documented social, environmental, and financial criteria.

There were no identified negative social or environmental impacts in the supply chain during the year

We aim to achieve the following supplier related goals by 2025.

| 2025 Goals | KPI/ Target | Progress | Our achievement so far |
|---|--|-------------------|--|
| Supplier Impact Assessments to be carried out for all contracted suppliers in top 06 purchase categories | 100% at the end of 2025 | On track | Supplier impact assessments were carried out for selected suppliers (based on the impact creation to the operation) 11 suppliers |
| Establish a supplier base with women, individuals with disabilities and indigenous led businesses up to 25% | 25% of businesses led by women, persons with disabilities (PWDs) and indigenous people | To be implemented | Planned commencement - During FY 2024/25 Current status Women led businesses – 05 Businesses led by PWDs – 01 |

Industry Engagement

- A strategic collaboration between Cinnamon Hotels & Resorts and Streets of Colombo, that aims to nurture the art of street photography, capture the essence, vibrancy and diversity of Colombo, as a destination through visual story telling.

Cinnamon Colombo Hotels, in collaboration with Streets of Colombo, presents 'Discovery,' an enthralling photography exhibition which was held on 18th of December at the Atrium at Cinnamon Grand Colombo, showcased a fresh perspective on Colombo. With over 500 submissions received, the exhibition, curated by a distinguished panel including Dominic Sansoni and Luxshman Nadaraja, highlights 52 exceptional works capturing the city's essence. Accompanied by workshops led by renowned photographer Alfredo D'amato, the event also features panel discussions with luminaries such as Johan Latiff and David Blacker. Notable winners include Abdul Hameed, Ushan Gunasekara, and Rishada Fauz. The exhibition, ran until December 21, 2023, supports the

SOS Children's Villages in Sri Lanka. Streets of Colombo, founded in 2018, has grown into a vibrant community celebrating the charm of Colombo's streets. Partnering with entities like Canon and the Sri Lanka Tourism Promotions Bureau, this initiative aims to showcase Colombo's cultural richness and modern dynamism on a global stage.

- World Travel Market – London November 5 to 7
- Hosting a media FAM movement from India in partnership with Sri Lankan Airlines
- OTM Mumbai
- SATTE 22-24 Feb

Community – Corporate Sustainability Initiatives

Our CSR vision

Empower our communities to enjoy a better standard of living tomorrow by fostering relevant skills, opportunities and environment today

Social and Relationship Capital

Our focus areas

| | |
|------------------------|--|
| Education | To provide better access to educational opportunities for those in need to enhance their employability and entrepreneurship |
| Health | To foster healthy communities that contribute to the wellbeing and productivity of nations |
| Environment | To minimise the impact of our operations and promote conservation and sustainability towards enhancing environmental and natural capital |
| Livelihood development | To foster sustainable livelihoods through relevant skills, capacity, and infrastructure enhancement towards building empowered and sustainable communities |
| Art and culture | To nurture the livelihoods of artists and preserve our cultural heritage towards safeguarding and promoting local arts and culture |
| Disaster relief | To aid national and global communities in times of adversity and disaster by enabling them to rebuild their lives and livelihoods |

The impact we create

| Direct impact | Indirect impact |
|---|---|
| <ul style="list-style-type: none">Strengthening communitiesProvision of social servicesCommercialisation of culture and art | <ul style="list-style-type: none">Preserving the local culture and heritageRevitalisation of customs and art forms |

Our Environmental, Social, and Governance (ESG) strategy

Sustainability has always been integral to Cinnamon Hotels & Resorts' brand ethos. Our Environmental, Social, and Governance (ESG) approach is based on three fundamental pillars: protecting the wellbeing of our planet, supporting the wellbeing of our people and communities, and empowering all for sustainable development by promoting responsible business conduct.

Environmental Sustainability:

- Implementation of energy-efficient practices to significantly reduce our carbon footprint
- Conservation of water resources through effective management and utilisation practices
- Minimisation of waste generation by championing recycling and initiatives to reduce plastic waste
- Advocacy for biodiversity conservation and protection of natural habitats

Social Responsibility:

- Promotion of employee welfare and well-being through fair labour practices and inclusive workplace policies
- Engagement with local communities, including local artisans, suppliers, individuals with disabilities, and women, through community development projects
- Support for education, health, and livelihood development programs in neighbouring areas
- Commitment to fostering diversity, equity, and inclusion across our hotel chain and operations

Governance and Ethics:

- Adherence to high standards of corporate governance and transparency in all business operations
- Upholding ethical business practices and integrity in every interaction
- Compliance with pertinent laws, regulations, industry standards, and best practices
- Engagement with stakeholders, such as investors, guests, and partners, to ensure accountability and responsible business conduct

Our ESG strategy's core components showcase our steadfast commitment to sustainability, community empowerment, and ethical conduct, establishing Cinnamon Hotels and Resorts as a frontrunner in responsible business practices.

In 2021, we unveiled a comprehensive sustainability strategy with precise objectives slated for achievement by 2025. This strategic blueprint aims to catalyse measurable progress in environmental, social, and governance. Aligned with the United Nations Global Compact (UNGC), the United Nations Sustainable Development Goals (UNSDGs).

Our ESG strategy's core components showcase our steadfast commitment to sustainability, community empowerment, and ethical conduct, establishing Cinnamon Hotels and Resorts as a frontrunner in responsible business practices.

Projects carried out during the year

| Project | Impact |
|--|--|
| Sponsoring of meals at Gangarama Temple community kitchen | 21,665 Meals |
| Sponsoring of meals for Children's day organised by Pulse Derana | Meals for 150 children |
| Sponsoring of meals for Children's day Events organised by Panagoda Army Camp | Meals for 100 children |
| Hosting of students of St.Michael's College Colombo 03 in celebration of Christmas, at Cinnamon Grand and gifting of Christmas goodies and gift vouchers for school shoes | 75 children |
| Awareness sessions conducted on Resource management, urban biodiversity and responsible consumption for students, teachers and parents of St. Michael's College | Number of sessions: 4 Number of participants: 102 |
| Accommodating requests for property visits to gain knowledge on industry practices, services and facilities offered by the hotel, from universities, vocational institutions and schools | 419 students |
| Crow Island Colombo 15 - Beach Cleanup together with the Cinnamon Red team in collaboration with PlastiCycle (a Social Entrepreneurship initiative by John Keells Group) | 96 Kg of Recyclable waste and 96.5kg of Non Recyclable waste collected and sent for responsible disposal through Cleantech (Pvt) Limited |
| Awareness sessions conducted on Child Protection and Abuse for staff | 85 staff members Additionally, all new employees are enlightened on this at induction programmes |
| Awareness session organised on Drug addiction and Prevention conducted by the Police Narcotic Bureau | 77 staff members |

Wherever possible, our staff contribute towards CSR initiatives by volunteer work.

Total staff volunteer hours during the year

708





Natural Capital

Asian Hotels and Properties PLC places significant strategic importance on the management of our impact on the natural world. This is guided by our clearly articulated ESG agenda, where we have set specific targets to be met by set deadlines.

Our environmental impact

| Indirect impact | Direct impact |
|---|---|
| <ul style="list-style-type: none">Long-term ability to stay in business and be profitable while contributing to climate actions | <ul style="list-style-type: none">Reducing negative impacts and preserving the environmentReducing operational costs and cost control efficiency through interventions related to energy, water and waste management |

| Role of natural capital in our value creation process | | | |
|---|---|---|--|
| Inputs | A host of natural inputs are used such as energy, water, land and paper as essential components in our value creation process. We strive to maintain a healthy and balanced ecosystem, as same is crucial for ensuring the seamless continuity of our operations. | | |
| Value created |  13 % reduction in carbon footprint per guest night (base year 2018) |  25 % reduction in litres of water per guest night (base year 2018) |  95 % of reduction in guest-facing single-use plastic consumption (base year 2021) |
| Key strategic areas during the FY | Reduction of single-use plastic Reduction of carbon footprint Reduction of water consumption | | |

Management approach

The company is deeply committed to minimising its impact on the environment, recognising the growing challenges posed by climate change and the need for sustainable business practices. We prioritise environmental responsibility across our operations and are actively taking steps to reduce our carbon footprint and resource consumption. These environmental sustainability efforts include the following.

| | | | |
|---|---|---|---|
|  | Implementing energy-efficient practices to reduce carbon footprint We have invested in energy-efficient technologies and practices such as monitoring of consumption on daily basis, installing LED bulbs and sensor lights. This helps us reduce greenhouse gas emissions and lower our overall energy consumption |  | Conserving water resources through efficient use and management We take measures to conserve water by using water-saving fixtures and systems, reusing water where possible, and monitoring usage to prevent waste. This approach ensures the sustainable use of water resources and supports local ecosystems. |
|---|---|---|---|

Minimising waste generation and promoting recycling and plastic waste reduction initiatives

We strive to minimise waste generation by purchasing reusable products, replacing the use of paper by using technology, segregating waste for recycling, monitoring food waste and diverting such waste to piggeries, as well as reducing single-use plastics and packaging materials. This helps us lessen our impact on landfills and promotes a circular economy.

Supporting biodiversity conservation and protection of natural habitats

We work to protect and enhance local ecosystems by preserving natural habitats and supporting biodiversity conservation efforts. This includes collaborating with local organisations to create awareness on biodiversity, organising beach cleaning campaigns and implementing a butterfly garden at Nuga Gama.

As a leader in the Sri Lankan hotel industry, we embrace the potential of responsible tourism and strive to set an example for others in the industry. We understand the importance of promoting sustainable tourism practices that not only benefit our business but also contribute positively to local communities and the environment.

Our comprehensive ESG agenda, developed in close alignment with the ESG agenda of our parent company, John Keells Holdings PLC, guides our approach to environmental initiatives. This ensures that we remain focused on long-term sustainability goals and uphold our commitment to environmental stewardship while maintaining our reputation as a responsible and forward-thinking organisation.

Policies that drive our environmental initiatives

| Policy | Revised in 2023/24 | Additional information |
|--|-----------------------|---|
| Sustainability Policy | No | Derived based on the ESG framework of Cinnamon Hotels & Resorts. Policies on Transparency and stakeholder engagement, employee well-being and community relations will be included next FY |
| Environment Policy | No | Derived based on ISO 14001:2015 requirements |
| Elimination of Single-use Plastic Policy | No | Includes banned plastic items, supplier management, plastic based awareness encompassing both employees and the community |

Standards and certifications that guide our action

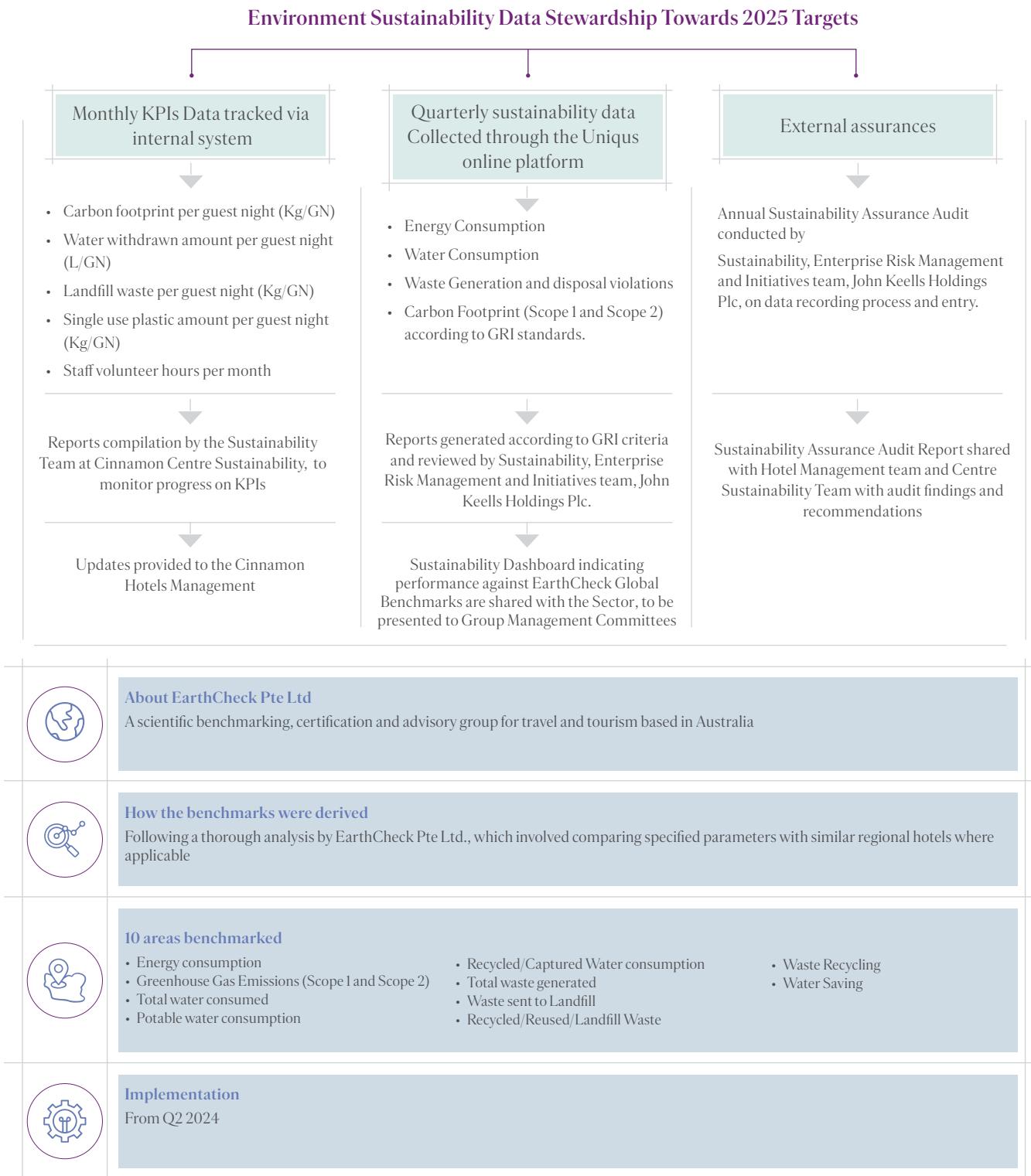
- ISO 14001:2015 – Environmental Management System
- Travelife Gold certification for accommodation sustainability

New development under Travelife certification: Implementation of a new greenhouse emission tool to enhance monitoring and assurance mechanisms. This tool enables the calculation of emissions, particularly in relation to potable and waste water treatment, as well as solid waste disposal, thereby expanding the scope of our scope 3 emission calculations.

Monitoring environmental sustainability

Monitoring environmental performance and obtaining external assurances are key components of our management approach. By regularly tracking our environmental impact and engaging third-party assessments, we ensure transparency, accountability, and continuous improvement in our sustainability efforts. These practices allow us to identify areas for enhancement, validate our progress, and provide confidence to our stakeholders regarding our commitment to environmental responsibility.

Natural Capital



Key focus areas during the year

- Energy Management and Emissions Management
- Water Management and Effluent Management
- Waste Management and responsible consumption of resources (plastic, etc.)
- Biodiversity Conservation efforts

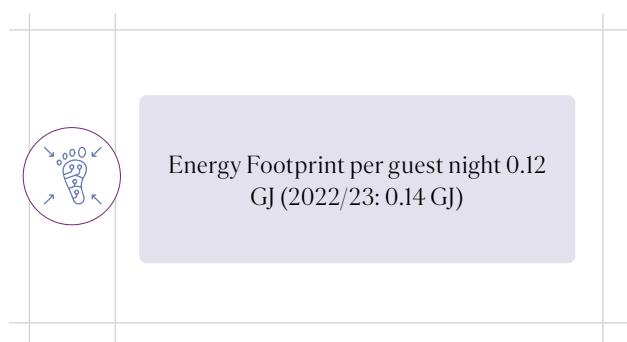
Energy Management and Emissions Management

Energy consumption by source

| In GJ | 2024 | 2023 | YoY change (%) |
|---------------------------------|---------------|---------------|----------------|
| Grid electricity | 36,023 | 32,748 | -10 |
| Diesel | 986 | 6,359 | 84 |
| Petrol | 6 | 1 | 500 |
| Furnace Oil | 14,920 | 11,918 | 25 |
| LPG | 5,413 | 4,882 | -11 |
| Total energy consumption | 57,349 | 55,908 | -3 |

Environmental impact - Emissions

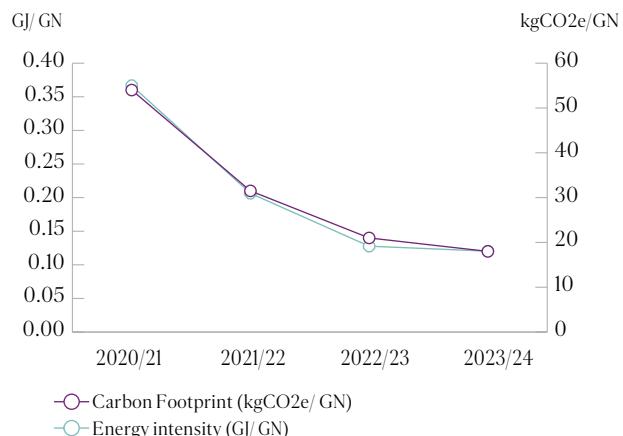
| In tCO2e | 2024 | 2023 | YoY change (%) |
|----------------------------------|--------------|--------------|----------------|
| Direct (scope 1) GHG emissions | 1,579 | 1,709 | -8 |
| Indirect (scope 2) GHG emissions | 6,820 | 6,200 | 10 |
| Total carbon footprint | 8,399 | 7,909 | 6 |



Energy conservation efforts during the year

- Energy assessments - We carefully track energy use and efficiency across the property to identify and address inefficiencies in our systems. As previously mentioned, we collaborated with EarthCheck Pte Ltd in tracking our carbon footprint.
- Replaced the use of vacuum cleaners with manual sweepers to clean banquet halls and corridors, saving approximately Rs.75,000 per month.
- Continued replacing light bulbs with LED lights
- Monitoring of energy efficiency of chillers through Chiller Management System
- Raised awareness on responsible consumption of energy through notice board displays for staff and through events such as "Earth Hour" where non-essential lights were switched off for 1 hour, saving 190Kwh of energy.

Energy intensity and carbon footprint



Emissions reductions initiatives during the year

- Annual monitoring of generator and routine boiler stack emission and preventive maintenance carried out to ensure machinery are running efficiently and meet the compliance requirements
- Monitoring of electricity, LPG, furnace oil, diesel and petrol consumption on a daily and monthly basis

Contribution to UN SDGs



Natural Capital

Water Management and Effluent Management

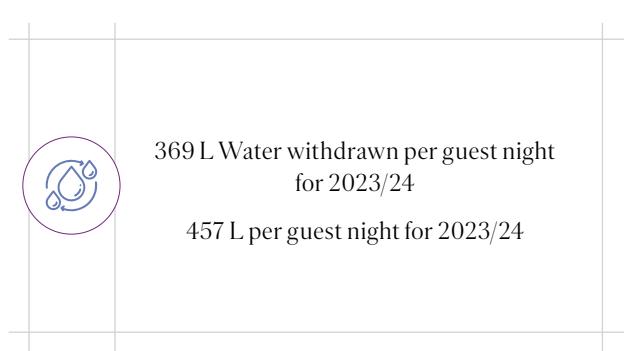
Water withdrawn by source

| In m3 | FY 2023/24 | FY 2022/23 | YoY change (%) |
|--|------------|------------|----------------|
| Pipe-borne water from the municipality | 157,209 | 167,692 | -6% |
| Groundwater | 14,231 | 11,993 | 19% |
| Total water withdrawn | 171,440 | 179,685 | -5% |

Water consumption

| In m3 | FY 2023/24 | FY 2022/23 | YoY change (%) |
|-------------------------|------------|------------|----------------|
| Total water withdrawn | 171,440 | 179,685 | -5% |
| Total water discharged* | 132,138 | 137,762 | -4% |
| Total water consumed | 39,302 | 41,923 | -6% |

- This is based on the assumption that 77% of water is discharged, considering the hotels' overall operations.



Water withdrawn /Guest night



Water conservation efforts during the year

- Portable water is tested monthly, while wastewater effluent is tested quarterly for a number of parameters, including pH level, Biological Oxygen Demand (BOD) and Chemical Oxygen Demand (COD), fecal coliform levels, residual chlorine levels etc.
- Installation of pre-treatment system for City water supply to increase quality of drinking water.
- Installation of aerators to minimise water usage.

Contribution to UN SDGs

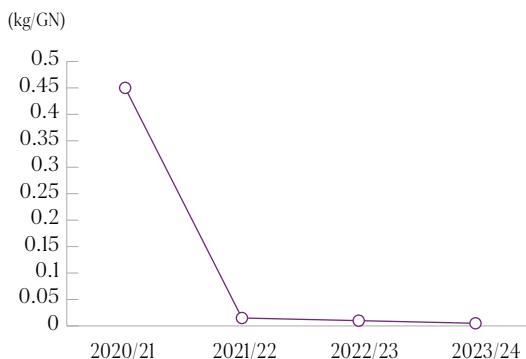


Waste Management and responsible consumption of resources (plastic, etc.)

Waste generated

| In Kg | 2024 | 2023 | YoY change (%) |
|---------------------------|---------|---------|----------------|
| Total hazardous waste | 478 | 551 | -16 |
| Total non-hazardous waste | 496,393 | 458,165 | 8 |
| Total waste generated | 496,871 | 458,716 | 8 |

Landfill waste/ Guest Night

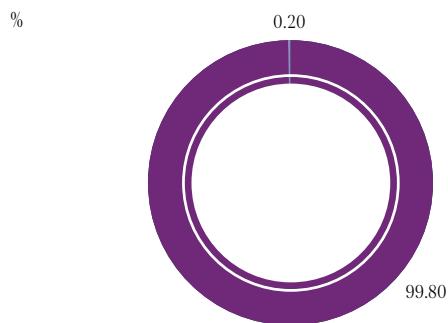


- Reduction in waste sent to landfill as waste is being diverted to waste to energy power plant, since 2021/2022.

Waste by disposals methods

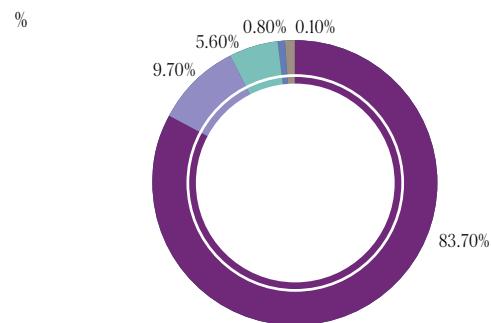
| Waste Type | Method of Disposal | 2024 | 2023 |
|---------------------------|--------------------|---------|-------|
| Non Hazardous | Reuse | 416,086 | 83.7% |
| | Recycle | 27,816 | 5.6% |
| | Recovery | 3,583 | 0.7% |
| | Landfill | 728 | 0.1% |
| | Incineration | 48,180 | 9.7% |
| Hazardous | Recycle | 76 | 0.0% |
| | Incineration | 1 | 0.0% |
| | Recovery | 401 | 0.1% |
| Total Measured Waste - Kg | | 496,871 | 100% |
| | | 458,716 | 100% |

Waste composition



■ Hazardous waste
■ Non-hazardous waste

Composition based on method of disposal



■ Reuse
■ Incineration
■ Recycle
■ Recovery
■ Landfill

Natural Capital

| Waste type disposed | Measured Waste (Kg) | |
|------------------------------------|---------------------|---------|
| | 2024 | 2023 |
| Organic waste | 416,086 | 389,986 |
| Paper/cardboard waste | 8,724 | 74 |
| Plastic/ polythene waste | 7,974 | 5,939 |
| E-waste | 75 | 62 |
| Hazardous metal waste | 401 | 273 |
| Non-hazardous metal waste | 3,583 | 2,350 |
| Glass/ceramic waste | 11,846 | 10,944 |
| Other hazardous waste | 1 | 216 |
| Other non-hazardous waste | 48,180 | 48,872 |
| Total non-hazardous waste disposed | 496,393 | 458,165 |
| Total hazardous waste disposed | 477 | 551 |
| Total Measured waste | 496,871 | 458,716 |

*Significant increase in waste paper recycled in 2023/24, due to bulk disposal of archived documents

*Hazardous waste includes bulbs, computer parts, toners and cartridges

Initiatives taken to reduce/ manage waste during the year

- Recyclable solid waste segregated at source and sold to Central Environment Authority registered recyclers ,while food waste is collected as animal feed by piggeries
- Monitoring of food waste generated from each kitchen and outlets
 - Targeting employees - No Bin Day awareness campaign and poster to educate them on food waste
 - Reduce plate waste (ground work conducted during 2023/24 with the campaigns to be launched via social media platforms in 2024/25)
- Used collected cooking oil and reused as burning fuel for the boilers
- 47% reduction in usage of A4 paper from 1,956 bundles in year 2018 to 1,033 bundles in 2024, through departmental level initiatives taken throughout the years
- Trainings conducted on waste management for employees

Responsible consumption of resources - Reducing our plastic waste footprint

The core focus under waste management at Asian Hotels and Properties during the financial year 2023/24 was reducing our plastic waste footprint. A number of initiatives were conducted towards this end, which enabled us notable results achieved during the year.

Target by 2025 – 50% reduction of single-use, Guest-facing plastic (base year 2021)

Achievement in 2023/24 - 95% of reduction in guest-facing single use plastic consumption

Initiatives undertaken during the year

- Implementation of NORDAQ glass water bottling plant in-house, to replace the use of single use plastic bottles placed in guest rooms

Impact:

Approximately 200 kgs of plastic waste avoided per month

Use of recycled glass and metal for glass bottles and caps

- Continued avoidance of plastic straws, stirrers, takeaway containers, jam sachets, etc.
- Awareness posters displayed to educate employees on plastic pollution



Other flagship initiatives conducted towards eliminating waste and promoting nature-friendly solutions

“Zero Waste School” project

Target group: Students, parents and teachers of St. Michael’s College Colombo 03

Project initiation: 2022

Collaboration: Eco-friendly volunteers group

Project objective: Achieve 99% waste-free status, which will enable the school to be recognised as a “Zero Waste School”

Project scope:

- Train and educate the target group on responsible resource management to reduce waste generation based on the 10R concept of resource management
- Divert 99% resources from landfills

Other focus areas: Awareness on responsible consumption, urban biodiversity and organising school events with zero waste

Awareness sessions conducted:

- 10R Concept of Resource Management
- Plastic and its impact on our health and environment
- Urban biodiversity and its importance
- Responsible Consumption
- Organising Zero waste events at School

Behavioural change driven:

- Students picking litter and avoid littering themselves
- Refusing single use plastic items such as straws
- Making eco-bricks with non-recyclable plastic waste
- Avoiding food wastage

Impact: 65 students and 20 teachers



Plant-Based Gastronomy: Tales of Sri Lanka’s Cultural Heritage

Collaboration: SLYCAN Trust and Cinnamon Hotels & Resorts Colombo

Key aim: Promote ethical, sustainable, and climate-friendly dining choices

Focus: Celebration of Sri Lanka’s rich cultural heritage through a unique culinary journey

Project emphasis: Plant-based cuisine to promote culinary tourism while showcasing the diverse flavors of Sri Lanka’s traditional culinary practices

Contribution to SDGs



Natural Capital

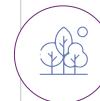
Biodiversity conservation efforts

- Establishment of a butterfly garden to enhance biodiversity at Nuga Gama – an enchanting outdoor restaurant located in the shades of a 200 year old banyan tree within the Company's Colombo 03 premises, by planting pollinator friendly plants
- Donation of flowering and fruit bearing plants to St. Michael's College, Colombo 3 for their school garden and conducting awareness sessions on Biodiversity for students.
- Conducting beach cleaning campaigns.



Sustainability Related Risks and Opportunities and Climate Related Risks and Opportunities

We are well aware of the various sustainability and climate related risks and opportunities that are prelevant in the current context. We also understand the importance of identifying the financial impact of same on operations and to what extent they can affect our ability to generate cash flows over the short, medium and long term as such ability is inextricably linked to the interactions between us and our stakeholders, society, the economy and the natural environment throughout our value chain. Our dependencies on those resources and relationships and its impacts on those resources and relationships give rise to sustainability-related risks and opportunities (SRROs) and Climate Related Risks and Opportunities (CRROs) in our operations. We firmly believe that aligning SRROS and CRROs in our operations will ensure more meaningful value generated to all our stakeholders. Additionally reporting on the SRROs and CRROS will be very useful to the primary users of our financial statements, as same leads to informed decisions made by them.



Volunteer hours on Environmental Activities: 102

Whilst identification and application of SRROs and CRROs in our operations is already in place, in this year, we have made initial steps towards identifying the financial impact of same on our capital providers. In the ensuing years we will strengthen these disclosures in full congruence with SLFRS SI and SLFRS 2.

Creating a sustainable world for all - Mapping SRROs

Sustainability encompasses multiple aspects such as the economy, employees, customers, suppliers, good governance, etc. We have identified the SRROs having considered all these multiple aspects.

Sustainability related risks**Sustainability related opportunities****Stemming from a shift to a circular economy**

- Implementing circular economy practices in our operations may require additional energy for recycling, reusing, and refurbishing materials.
- Proper disposal and management of waste generated from circular economy practices can be complex and costly.
- Circular economy initiatives may require increased water usage for recycling and reusing materials, potentially impacting water resources.
- Implementing circular economy practices may require changes in the supply chain, leading to challenges in sourcing sustainable materials.

- Implementing sustainable practices in hotel operations, such as reducing energy consumption, water usage, and waste generation
- Promoting local sourcing of ingredients and materials to support the community and reduce carbon footprint
- Introducing recycling and waste management programs to minimize waste and increase recycling rates
- Offering eco-friendly amenities and products to guests to promote sustainability and reduce environmental impact
- Partnering with local organisations and suppliers that prioritise sustainability and ethical practices

Stemming from talent attraction

- Increased competition for talent from other companies in the hospitality industry
- Difficulty in retaining top talent due to attractive offers from competitors
- Possibility of talent poaching from competitors leading to strained relationships in the industry
- Legal risks associated with talent acquisition, such as non-compete agreements and intellectual property protection

- Networking events: Cinnamon Grand as a MICE host can host networking events to attract talented individuals in the hospitality industry.
- Collaborations with universities and hotel schools: Partnering with higher education institutes for career fairs and recruitment drives can help in attracting young talent.
- Industry conferences and seminars: Participating in industry events to network with potential candidates and showcase the company's expertise

Stemming from Diversity, Equity and Inclusion (D,E & I)

- Failure to create an inclusive work environment may result in discrimination, harassment, or exclusion of certain employees based on their race, gender, or other characteristics.
- Inequitable treatment of employees from diverse backgrounds can lead to low morale, high turnover rates, and potential legal issues.

- Implement diversity training programs for employees to promote understanding and inclusivity.
- Host cultural events and celebrations to showcase and celebrate diversity within the company.
- Create affinity groups or employee resource groups to support underrepresented employees.

Stemming from Health and Safety aspects

- Health and safety violations leading to fines or legal action
- Accidents or injuries to guests or staff
- Foodborne illnesses or outbreaks
- Poor hygiene practices leading to negative reviews or reputation damage
- Environmental health risks from improper waste management or chemical use

- Organising outdoor wellness activities such as yoga sessions, nature walks, and meditation classes to promote physical and mental well-being.
- Implementing strict hygiene protocols and food safety measures to ensure the health and safety of guests during their stay.
- Creating a supportive and inclusive environment that prioritises the well-being of both guests and employees.

Natural Capital

| Sustainability related risks | Sustainability related opportunities |
|---|--|
| <p>Stemming from good governance</p> <p>Personal data protection and security</p> <ul style="list-style-type: none">• Cinnamon Hotels may face the risk of data breaches where sensitive customer information such as personal details, credit card information, and booking history could be compromised.• The resorts are vulnerable to cyber attacks such as ransomware, malware, and phishing scams that could lead to data theft, system disruption, and financial loss.• Compliance with data protection laws such as GDPR, and other regulations should be ensured to avoid legal penalties and reputational damage. | <ul style="list-style-type: none">• Implementing data protection policies and procedures to ensure compliance with relevant regulations such as GDPR.• Conducting regular security assessments and audits to identify and address vulnerabilities in the hotel's systems.• Providing training to staff on data protection best practices and security protocols.• Implementing encryption and access controls to protect sensitive guest information. |
| <p>Protection of human rights</p> <ul style="list-style-type: none">• Ensuring fair labor practices and working conditions for hotel staff• Preventing discrimination based on race, gender, religion, or other factors in hiring and service provision• Protecting the rights of local communities in areas where the hotel operates• Promoting inclusivity and accessibility for guests with disabilities• Preventing human trafficking and exploitation within the hotel's supply chain | <ul style="list-style-type: none">• Implementing a comprehensive human rights policy that aligns with international standards• Conducting regular human rights impact assessments to identify and address potential risks• Providing human rights training for all staff members to ensure awareness and compliance• Establishing grievance mechanisms for employees and guests to report human rights violations |
| <p>Supplier chain controls</p> <ul style="list-style-type: none">• Disruptions in the supply chain due to natural disasters, pandemics, or political unrest can impact the availability of essential goods and services for resorts.• Ensuring the quality of products and services from suppliers can be challenging and can lead to customer dissatisfaction if not managed effectively.• Fluctuations in prices of raw materials and services can affect the profitability of resorts and their ability to maintain competitive pricing | <ul style="list-style-type: none">• Developing strategic partnerships with local suppliers for fresh and sustainable produce• Implementing sustainable practices in the supply chain to reduce environmental impact• Conducting regular supplier audits to ensure quality and compliance with standards• Exploring opportunities for vertical integration to reduce costs and improve control over the supply chain |

Fighting the triple planetary crisis – Mapping CRROs

The triple planetary crisis viz., climate change, pollution, and biodiversity loss has significant relevance to the hotel industry. We make conscious efforts in understanding various risks and opportunities that affect our business by assessing their impact on our business and how our operations may contribute to ecological harm and worsen the crisis. This understanding allows us to take proactive measures to support sustainable development and protect our assets and investments from such risks.

As a part of this endeavour, we have identified the following Climate Related Risks and Opportunities (CRROs).

Climate related risks**Climate related opportunities****Stemming from direct climate related aspects**

- Increased frequency and intensity of floods, storms and other extreme weather events can damage property and disrupt operations
- Climate change can lead to changes in precipitation patterns, resulting in water scarcity even in the Colombo Municipality
- Climate change can threaten local ecosystems and biodiversity in limited locations within Colombo city limits impacting the natural beauty and attractions that we rely on to a certain extent
- Climate change can increase the spread of diseases and heat-related illnesses, posing health risks to guests and staff

Stemming from sustainable food

- The production of sustainable food for Cinnamon resorts may contribute to deforestation if land is cleared for agriculture.
- Sustainable food production may require significant amounts of water, leading to water scarcity in the region where the food is sourced.
- Intensive agriculture practices for sustainable food production can lead to soil degradation and erosion, impacting the long-term sustainability of the land.
- Monoculture farming practices for sustainable food can result in the loss of biodiversity and disruption of local ecosystems.
- Transportation of sustainable food products to our hotels may result in greenhouse gas emissions, contributing to climate change

- Capturing scope 1 and 2 emissions and extending the process to include capturing scope 3 emissions
- Partnering with local environmental organisations for conservation and restoration projects
- Educating staff and guests about climate change and promoting sustainable practices
- Incorporating green building practices in the construction and renovation of hotel facilities
- Supporting and investing in community-based climate change adaptation and mitigation initiative

- Implementing farm-to-table practices by sourcing ingredients locally to reduce carbon footprint
- Offering plant-based menu options to promote sustainability and reduce greenhouse gas emissions
- Partnering with sustainable food suppliers and farmers to support ethical and environmentally friendly practices
- Incorporating food waste reduction strategies
- Educating guests and staff about sustainable food practices and the importance of environmental conservation

Way Forward



Envisaged growth in global tourism

United Nations World Tourism Organisation (UNWTO) projection for the global tourism sector

- Full recovery to pre-pandemic levels in CY2024 with an estimated 2% growth above CY2019 levels
- Growth enablers - Release of the residual pent-up demand, improved air connectivity and the robust rebound of the Asian markets.

World Travel and Tourism Council (WTTC) projections for 2024 - Tourism to contribute an all-time high of USD 11.1 trillion to the global economy in CY2024

Potential headwinds

- Challenged global economy including persistent inflation, high interest rates, volatile oil prices and disruptions to trade
- Geopolitical conflicts between Russia-Ukraine and Israel-Palestine
- Staff shortages, as most destinations are expected to be impacted with a shortage of labour to manage the surge in demand

Forecasts for Sri Lanka tourism

Target tourist attractions to the country - 2.3 Mn visitors in CY2024

Trend - Month-on-month increase and pick-up in inquiries and forward bookings

Growth enablers

- Growth across all major source markets. The strong economic growth in India and the resultant increase in travel in India is a significant opportunity for Sri Lanka
- Increased flight frequencies, particularly from India and China
- 'Sri Lanka – You'll come back for more' global campaign for Sri Lanka tourism

Major on-going development project which will boost tourism in Sri Lanka, MICE tourism in specific

- Colombo Port City project
- Development of the East and West Terminals of the Port of Colombo
- (Currently suspended) The Bandaranaike International Airport (BIA) expansion project - Phase A which entails the construction of a new passenger terminal building was suspended in CY2022 - The Government has intimated that the funding for Phase A will recommence once the international debt restructure is finalised

Key trends shaping global tourism

- Sustainability and Eco-Tourism
- Technological Advancements
- Health and Wellness Tourism
- Cultural and Experiential Travel
- Leisure Travel combining business and leisure
- Remote Work and Digital Nomadism
- Safety and Hygiene

Asian Hotels and Properties PLC's readiness to forge ahead

Guided by a robust strategy

The Company remains guided by its five pronged strategic blueprint. The strategic direction has enhanced the resilience of the business, enabling it to swiftly adapt to evolving external challenges and opportunities.



Future-fit human capital

Human capital is one of the Company's major strengths. Continuous learning, development and time relevant training have enhanced the capabilities of our team and prepared them for evolving demands in the hotels and leisure sector. We are also building a strong pipeline of talent via Cinnamon Online Academy in ensuring the undisrupted provision of talent towards maintaining our service standards, amidst continuing migration of skilled labour.



Strong commitment to ESG considerations

With growing concerns of customers on ESG aspects and increasing scrutiny to which hotels are subject, it is imperative that hotels function on a clearly articulated ESG roadmap. The Company is ahead of the game in this regard with clearly established goals, actions and resources allocated towards achieving the overall ESG framework of the John Keells Group. The Company functions with a deep commitment to reduce its environmental footprint and increase the handprint.



Embracing technology

The Company draws strength from the investments it has made of new IT platforms which have led to swifter interactions for customers and internal efficiencies. It also has operationalised the use of advanced analytics and business intelligence thereby being equipped with predictive and analytical data covering guest demand patterns, spending patterns, revenue trends, etc., which will equip them with invaluable insights towards making information-driven decisions thereby deliver on the Company's strategic aspirations more effectively.





EXEMPLARY VENTURES

Corporate Governance

Corporate governance provides the necessary guidelines to ensure the continuation of essential functions to achieve sustainable economic growth and corporate success. The comprehensive corporate governance framework of Asian Hotels and Properties PLC (“Company/AHP”) has provided a solid foundation to navigate the uncertainties during the year under review. The expectations of the Board were met through stringent policies, organisational structures and systems placed to provide internal checks and controls on the conduct of business. As a subsidiary of John Keells Holdings PLC

(“JKH/Parent Company”) and as a member of the John Keells Group of Companies (“Group”) the Company and its subsidiary Trans Asia Hotels PLC (“TAH”) adhere to the Parent Company’s policies, strategic planning, resource allocation, accountability, values and assurance processes.

A mutual understanding and an agreed level of compliance is reached across the Group through the adoption of a strong set of values and a formal Code of Conduct ensuring the application of policies and structures of the Holding Company.

Key Governance Highlights - 2022/23

- Asian Hotels and Properties PLC was ranked 12th in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL). This ranking is based on an assessment of corporate disclosure practices among the top 125 companies listed on the Colombo Stock Exchange

Highlights of the 29th Annual General Meeting held on 27th June 2023

- Mr. M R Svensson, who retired in terms of Article 84 of the Articles of Association of the Company was re-elected as a Director of the Company.
- Mr. C L P Gunawardane, who retired in terms of Article 84 of the Articles of Association of the Company, was re-elected as a Director of the Company.
- Messrs. KPMG were re-appointed as the External Auditors of the Company and the Directors were authorised to determine their remuneration.

Compliance Summary Regulatory Benchmark

| Standard/Principle/Code | Adherence |
|---|--|
| <ul style="list-style-type: none">The Companies Act No. 7 of 2007 including applicable regulationsListing Rules of the Colombo Stock Exchange (CSE) including circularsSecurities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circularsCode of Best Practices on Related Party Transactions (2013) advocated by SECCode of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)Code of Best Practice on Corporate Governance (2017) issued by CA Sri LankaInternational Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) | Mandatory provisions - Fully Compliant |
| | Voluntary provisions - Fully Compliant |
| | Voluntary provisions - compliant with the 2017 Code to the extent of business exigency and as required by the John Keells Group Reporting Frameworks |
| Global Reporting Initiative Standards | |
| <ul style="list-style-type: none">Articles of AssociationInternal Policies | Internal mechanisms |

*CA Sri Lanka issued an updated Code of Best Practice on Corporate Governance (2023) in December 2023, effective from 1 April 2024. The updated Code has been reviewed and will be adopted to the extent of business exigency and as required by the Group.

Policy Framework

The Company and the subsidiary policy framework is largely aligned to that of the Group and tailored to suit the specific requirements of the industry wherever relevant. Policies are reviewed and updated regularly to ensure relevance to internal dynamics and the external landscape. Key policies include the following:

Key internal policies:

- Code of Conduct, which also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information
- Policies at a Board level covering nominations, human resources and compensation, audit and internal controls
- Policies on anti-fraud, anti-corruption, anti-money laundering and countering the financing of terrorism and bidding for contracts, including on government contracts
- Policy on diversity, equity and inclusion, including a gender policy
- Policies on equal opportunities, non-discrimination, career management and promotions, including on employees with disabilities
- Leave (which also encompasses the equal parental leave), flexi-hours and agile working policies including health and safety enhancements and protocols
- Information Technology (IT) policies and procedures, including data protection, classification and security
- Policy on communications and ethical advertising, complemented by social media and crisis communication guidelines
- Policy on enterprise risk management
- Policies on products and services
- Recruitment and selection, rewards and recognition, and learning and development policies
- Policies on whistleblowing, grievance handling and disciplinary procedures
- Policy against sexual harassment
- Policy on forced, compulsory child labour and child protection
- Group accounting procedures and policies
- Policies on fund management and foreign exchange risk mitigation
- Insider trading policy
- Ombudsperson policy
- Group sustainability policies including policies on energy, emissions, climate risk, water, waste management and biodiversity conservation
- Supplier code of conduct

The Group's policy commitments available to all employees of the Company and the subsidiary via the Group's employee portal. These policy commitments are approved by the Group Executive Committee with Board oversight. The Company and TAH, its subsidiary is in the process of making available all applicable policies in the public domain as required by applicable laws, rules and regulations.

Principles Of Corporate Governance

- Allegiance to the Group values.
- Compliance with applicable laws, rules and regulations.
- Conducting business in an ethical manner, in line with acceptable business practices.
- Exercise professionalism and integrity in all business and 'public' personal transactions.
- Ensuring that no one person has unfettered powers of decision making.
- Opting for the early adoption of accounting standards and best practices of governance, when practical.
- Encouraging proactive discussions with the relevant regulatory bodies to facilitate the implementation of matters of governance and other business reforms in Sri Lanka.
- Making business decisions and resource allocations in an efficient and timely manner, within a framework that ensures transparent and ethical dealings, which adhere to the laws of the country and the standards of governance that stakeholders expect from the Company.

Corporate Governance

The Corporate Governance System

The regulatory frameworks based on the foundational principles of accountability, participation, integrity and transparency are regularly reviewed to reflect global best practices, evolving regulations, and dynamic stakeholder needs. The Company's governance structure and policies are in conformity with the Parent Company. The Parent Company's governance structure and policies are as depicted in the diagram.

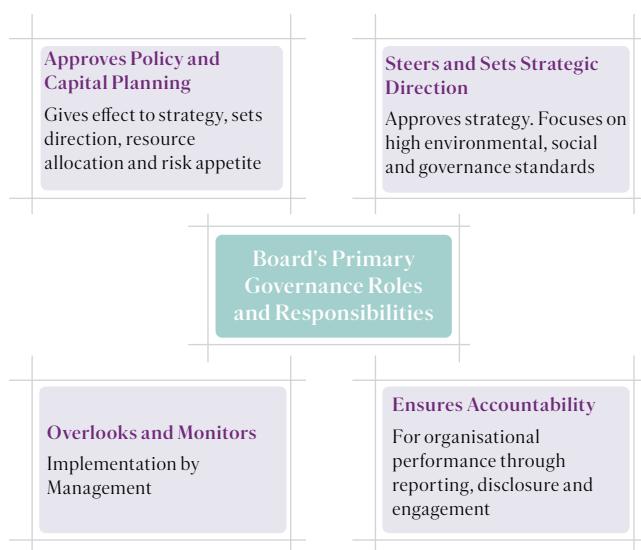
| Level | Internal Governance Structure | Integrated Governance | Assurance Mechanisms | Regulatory Mechanisms |
|------------------------------------|-------------------------------|---|--|---|
| Group | | Integrated Governance Systems and Procedures Strategy Formulation and Decision Making Process Human Resource Governance Integrated Risk Management IT Governance Tax Governance Stakeholder Management and Effective Communication Sustainability Governance | JKH Code of Conduct Senior Independent Director Board Committee Employee Participation Internal Controls Ombudsperson External Assurance | Companies Act No.07 of 2007 Mandatory compliance Listing Rules of the Colombo Stock Exchange (CSE) Mandatory compliance Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars Mandatory compliance Code of best practices on Related Party Transactions (2013) advocated by Securities and Exchange Commission (SEC) Mandatory compliance The Code of Best Practice on Corporate Governance (2013) as published by the Securities and Exchange Commission and the Institute of Chartered Accountants, Sri Lanka (CA Sri Lanka) Voluntary compliance Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka Voluntary compliance with almost the full 2017 Code to the extent of business exigency and as required by the John Keells Group |
| Group + Industry/ Function | | | | |
| Industry/ Function | | | | |
| Sector/ Function/ Sub- sector | | | | |
| Business/ Function/ BU/ Department | | | | |

- Except the Audit Committee and Nominations Committee, the other three (3) Boards Sub-Committees of John Keells Holdings PLC act on behalf of the Company and are chaired by Independent Directors appointed by the Parent Company Board.

Board Of Directors

Roles and Responsibilities

The Board has overall responsibility for formulating strategy, setting risk appetite, ensuring consistency of workforce policies with Company values, and monitoring achievement of goals and objectives while balancing stakeholder interests. Integrated thinking at the Board level ensures that Environmental, Social and Governance (ESG) perspectives are incorporated into policy and strategy across the Company.



In carrying out its responsibilities, the Board promotes a culture of openness, productive dialogue and constructive dissent, ensuring an environment which facilitates employee empowerment and engagement and creates value to all stakeholders. The Board's key responsibilities include:

- Providing direction and guidance to the Company and Subsidiary in the formulation of sustainable, high-level, medium, and long-term strategies which are aimed at promoting the long-term success of the Company.
- Tracking actual progress against plans.
- Ensuring business is conducted with due consideration of ESG factors.
- Reviewing HR processes with emphasis on senior management succession planning, including the diversity, equity and inclusion (DE&I) strategy.
- Ensuring operations are carried within the scope of the Enterprise Risk Management framework.
- Reviewing the performance of the senior management.
- Monitoring systems of governance and compliance, including concerns on ethics, bribery and corruption.

- Overseeing systems of internal control, risk management and establishing whistleblowing conduits.
- Determining any changes to the discretions/authorities delegated from the Board to the executive levels.
- Reviewing and approving annual plans and long-term business plans.
- Ensuring compliance with laws, regulations and ethical standards and monitoring systems of governance and compliance, including concerns on ethics, bribery and corruption.
- Reviewing and approving major acquisitions, disposals and capital expenditure.
- Approving any amendments to constitutional documents.
- Ensuring all related party transactions are compliant with statutory obligations.
- Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.
- Ensuring all stakeholder interests are considered in corporate decisions.
- Ensuring sustainable business development in corporate strategy decisions and activities.
- Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.
- Approving the issue of Company equity/debt/hybrid securities.

Chairperson

Key roles and responsibilities of the Chairperson include:

- Providing leadership to the Board whilst inculcating good governance and ensuring effectiveness of the Board
- Ensuring that, constructive working relations are maintained between the members of the Board
- Ensure the assistance of the Board Secretary that:
 - Board procedures are followed
 - Information is disseminated in a timely manner to the Board

The Board is of the view that the Chairperson's other commitments do not interfere with the discharge of his responsibilities to the Company. The Board is satisfied that the Chairperson allocates sufficient time to serve the Company effectively.

Corporate Governance

President – Leisure, JKH and Chief Executive Officer - Cinnamon Hotels & Resorts

While the Company does not have a Chief Executive Officer, the President – Leisure, JKH and Chief Executive Officer (CEO) Cinnamon Hotels & Resorts, who are Non-Executive Directors of the Company, undertake the following responsibilities:

President – Leisure, JKH: Provides leadership pertaining to business portfolio decisions, strategy and planning of the Company and its subsidiary.

CEO - Cinnamon Hotels & Resorts: executes strategies and policies , in consultation with the President - Leisure and ensures

- The efficient management of all businesses of the Hotel and its subsidiary
- That the operating model is aligned with the short and long term strategies of Cinnamon Hotels and Resorts
- Succession planning in respect of the senior management levels of the Hotel and its subsidiary

Regular reporting on key matters by the President – Leisure, and CEO - Cinnamon Hotels & Resorts to the Board, enables effective oversight by the Board.

Composition of the Board of Directors

The composition of the Board of Directors of the Company during the year under review is illustrated as follows:

| | |
|---|---|
| Non-Executive Non-Independent Directors |  |
| Non-Executive Independent Directors |  |

Tenure, Retirement And Re-Election Of Directors

As prescribed by the Articles of Association of the Company, at each Annual General Meeting, one-third of the Directors of the Company, except the Chairperson, retire by rotation. A Director retiring by rotation is eligible for re-election. The Directors who retire by rotation are those who have been longest in office since their appointment, last election/re-appointment. In addition, any new Director who was appointed to the Board during the year is required to stand for re-election at the next Annual General Meeting in terms of the Articles of Association of the Company. Casual vacancies are filled by the Board based on the recommendations of the Nominations Committee in accordance with the Articles of Association of the Company.

All Non-Executive Independent Directors are appointed for a period of three (3) years subject to any limitations under the Listing Rules and applicable laws, including those on the age limit. Further, Non-Executive Independent Directors can serve up to a maximum of three successive terms unless an extended Board tenure is necessitated by the requirements of the Company.

The proposal for the re-election of Directors is set out in the Annual Report of the Board of Directors.

Details of new Directors are disclosed to shareholders at the time of their appointment through a public announcement, covering the following:

- A brief resume of the Director.
- The nature of his expertise in relevant functional areas.
- The names of companies in which the Director holds directorships or memberships in Board Committees.
- Whether such Director can be considered ‘Independent’.

Details of such appointments are also carried in the relevant Interim Releases and the Annual Reports. The appointment of all Directors comply with applicable laws and rules including all qualifying and fit and proper criteria stipulated by the Listing Rules and Companies Act. Further, each Director annually signs a declaration which determines their independence based on such declaration and other information available to the Board. Directors are required to report any substantial change in their professional responsibilities and business associations to the Nominations Committee, which will examine the facts and circumstances and make recommendations to the Board accordingly.

There were no retirements and re-appointments during the year.

Induction and Training for Directors

All newly appointed Directors undergo a formal induction process which includes knowledge sharing sessions on Company values and culture, governance framework, policies and processes, JKH Group Code of Conduct & Ethics (which includes anti-corruption and anti-bribery) adopted by the company, sector business model, strategy and Directors' responsibilities. Board members are also given insights into regulatory changes that may impact the industry at Board meetings.

Further, newly appointed Directors are granted access to relevant parts of the business and are given the opportunity to meet with key management personnel and other key third-party service providers such as External Auditors and Risk Consultants. Directors recognise the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties and regularly participate in industry forums and other personal development training to expand their knowledge and skills.

Board Meetings, Agendas and Attendance

Four (04) Board meetings were held during the financial year under review.

The typical Board agenda of the Company includes the following :

- Confirmation of the minutes of the previous Board meeting
- Matters arising from the previous minutes
- Board Sub-Committee reports and other matters exclusive to the Board
- Review of performance - in summary and in detail, including high level commentary on actuals and outlook
- Approval of quarterly and annual Financial Statements
- Ratification of capital expenditure and donations
- Ratification of the use of the Company seal
- Ratification of Circular resolutions
- New resolutions
- Any other business

All Directors have access to Keells Consultants (Private) Limited, who act as Company Secretaries, for advice on relevant matters.

The Director's attendance at Board meetings held during the financial year 2023/24 is given below:

| Name | Year of Appointment to the Board | Tenure on the Board as of 31.03.2024 | Age as of 31.03.2024 | 28/04/2023 | 20/07/2023 | 30/10/2023 | 20/01/2024 | Eligibility | Attended |
|---------------------------------------|----------------------------------|--------------------------------------|----------------------|------------|------------|------------|------------|-------------|----------|
| Mr. K NJ Balendra - Chairperson (NED) | 2016/2017 | 8 Years | 50 | ✓ | ✓ | ✓ | ✓ | 4 | 4 |
| Mr. J G A Cooray (NED) | 2017/2018 | 6 Years + | 47 | ✓ | ✓ | ✓ | ✓ | 4 | 4 |
| Mr. C L P Gunawardane (NED) | 2020/2021 | 3 Years + | 50 | ✓ | ✓ | ✓ | ✓ | 4 | 4 |
| Mr. S Rajendra (NED) | 2005/2006 | 18 Years + | 60 | ✓ | | ✓ | ✓ | 4 | 4 |
| Mr. M R Svensson (NED) | 2019/2020 | 4 years + | 53 | ✓ | ✓ | ✓ | ✓ | 4 | 4 |
| Mr. A S De Zoysa (NED/ID) | 2018/2019 | 5 years + | 53 | ✓ | ✓ | ✓ | ✓ | 4 | 4 |
| Mr. J Durairatnam (NED/ID) | 2018/2019 | 5 years + | 65 | ✓ | ✓ | ✓ | ✓ | 4 | 4 |
| Ms. A Nanayakkara (NED/ID) | 2021/2022 | 2 Years + | 54 | ✓ | ✓ | ✓ | ✓ | 4 | 4 |

Access to Information and Resources

Directors receive their Board packs seven days prior to the meetings. Directors have unrestricted access to the management and organisation information, as well as the resources required to clarify matters and carry out their duties and responsibilities effectively. Executive Management makes presentations on matters including business performance against operating plans, strategy, investment proposals, risk management, compliance and regulatory changes. Access to independent professional advice, co-ordinated through the Company Secretaries, is available to Directors at the Company's expense.

Corporate Governance

Board Secretary

Secretarial services to the Board are provided by Keells Consultants (Private) Limited. The Secretaries and the Management apprise the Board of new and potential laws, revisions, regulations and requirements which are relevant to them as individual Directors and collectively to the Board. The Secretaries maintain minutes of Board meetings, which are open for inspection by any Director at any time. All Directors have access to the advice and services of the Secretaries, as necessary. The shareholders can also contact the Company secretaries, during office hours, on 011-2306245 for any Company related information requirements. Appointment and removal of the Company Secretaries is a matter for the Board.

Time dedicated by Non-Executive Directors

The Board has dedicated adequate time for the fulfilment and discharge of their duties as Directors of the Company. It must be recognised that Directors have to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification, and after a meeting to follow up on issues consequent to the meeting. This should be supplemented by a time allocation for familiarisation with business changes, operations, risks and controls.

In addition to attending Board meetings, the Directors attend the relevant Sub-Committee meetings and have also contributed to decision making via Circular Resolutions and one-on-one meetings with key management personnel, when necessary.

Maintaining Board Independence and Managing Conflicts of Interest

Stringent nominating procedures, the use of systematic and comprehensive board evaluation processes and independent director led engagement emphasise Board independence. All Directors are experienced leaders in their respective fields and exercise independent and unfettered judgement, promoting constructive Board deliberations and objective evaluation of matters set before them.

Each Director holds a continuous responsibility to identify potential or actual conflicts of interest or biases arising from external associations, interests or personal relationships in material matters and to disclose the same to the Board.

Directors make a general disclosure of interests, as illustrated below, at appointment, at the beginning of every financial year and during the year as required. Potential conflicts are reviewed by the Board from time to time to ensure integrity and Board independence. Details of companies in which Board members hold Board or Board Committee membership are available with the Company Secretary for inspection by shareholders, on request.

| Prior to Appointment | Once Appointed | During Board Meetings |
|---|--|---|
| Nominees are requested to make known their various interests that could potentially conflict with the interest of the Company | <p>Directors obtain Board clearance prior to;</p> <ul style="list-style-type: none">• Accepting a new position• Engaging in any transaction that could create or potentially create a conflict of interest• All NEDs are required to notify the Chairperson-CEO of any changes to their current Board representations or interests and a new declaration is made annually. | <p>Directors who have an interest in a matter under discussion;</p> <ul style="list-style-type: none">• Excuse themselves from deliberations on the subject matter• Abstain from voting on the subject matter (abstention from decisions are duly minuted) |

The independence of all its Independent Non-Executive Directors was reviewed against the criteria summarised below:

| Criteria for defining Independence | Status of conformity of INED |
|--|------------------------------|
| (a) None of the INEDs have Shareholding carrying 10 per cent or more of voting rights | Compliant |
| (b) None of the INEDs is a Director of another company* | Compliant |
| (c) None of the INEDs have Income/non-cash benefit equivalent to 20 per cent of the Director's annual income excluding income/non-cash benefits received which are applicable on a uniform basis to all non-executive Directors on the Board | Compliant |
| (d) None of the INEDs have employment at JKH and/or material business relationship with JKH, currently or in the three years immediately preceding appointment as Director | Compliant |
| (e) None of the INEDs have a close family member who is a Director, CEO or a Key Management Personnel | Compliant |
| (f) None of the INEDs have served on the Board continuously for a period exceeding nine years from the date of the first appointment | Compliant |
| (g) None of the INEDs are employed or has a material business relationship and/or significant shareholding in other companies*. Entails other companies that have significant shareholding in JKH and/or JKH has a business connection with | Compliant |

* Other companies in which a majority of the other Directors of the listed company are employed or are Directors, or have a significant shareholding or have a material business relationship or where the core line of business of such company is in direct conflict with the line of business of the listed company. The Related Party Transactions Review Committee of the parent acts as the Related Party Transactions Review Committee of the Company

and, considers all transactions that require approval, in line with the Company's Related Party Transactions Policy and in compliance with the applicable rules and regulations.

The related party transactions are disclosed in note 30 to the financial statements. No Non-Executive Independent Director has a conflict of interest as per the criteria for independence outlined above.

The following table illustrates the total number of Board seats (excluding Group Board seats) held in other listed and unlisted companies (outside the Group) in Sri Lanka by each Director as of 31 March 2024.

| Name of Director | No. of Board Seats Held in Other Listed Sri Lankan Companies | | Board Seats Held in Other Unlisted Sri Lankan Companies |
|-----------------------|--|------------------------|---|
| | Executive Capacity | Non-Executive Capacity | |
| Mr. K NJ Balendra | - | - | - |
| Mr. J G A Cooray | - | - | - |
| Mr. M R Svensson | - | - | - |
| Mr. S Rajendra | - | - | - |
| Mr. C L P Gunawardane | - | - | - |
| Mr. A S De Zoysa | - | - | A E C Properties (Pvt) Ltd, Associated Electrical Corporation Ltd, Econic (Private) Ltd. Ashan de Zoysa & Co (Pvt) Ltd, Forest Sense (Pvt) Ltd, ADZ Insurance Brokers (Pvt) Ltd |
| Mr. J Durairatnam | - | - | - |
| Ms. A Nanayakkara | - | Sampath Bank PLC | Global Consulting Company, Sri Lanka Institute of Directors |

Remuneration

The Remuneration policy is determined by the Human Resources & Compensation Committee of the ultimate parent company, JKH. The remuneration policy is designed to attract and retain highly capable executives and to motivate the implementation of business strategy. The policy provides an appropriate balance between fixed remuneration and variable remuneration based on both individual performance and an organisational performance matrix, which covers revenue and after-tax profit.

Compensation of NEDs is determined with reference to fees paid to other NED/IDs of comparable companies and is adjusted where necessary. Fees received by NEDs/IDs are determined by the Board and reviewed annually. NEDs/IDs do not receive any performance/incentive payments and are not eligible to participate in any of the Group's share option plans. The NEDs/IDs fees are not subject to time spent or defined by a maximum/minimum number of hours committed to the Group per annum, and hence are not subject to additional/lower fees for additional/lesser time devoted.

Corporate Governance

Directors' fees applicable to Non Executive Directors nominated by John Keells Holdings PLC are paid directly to John Keells Holdings PLC and not to individuals. The aggregate remuneration paid to Non-Executive Directors is disclosed on page 175 of this Report.

Compensation for Early Termination

In the event of an early termination of a Non-Executive Directors there are no compensation commitments other than for, accrued fees payable, if any, as per the terms of their contract.

BOARD EVALUATION

The Board conducts its Board performance appraisal every financial year. This formalised process of individual appraisal enabled each member to self-appraise on an anonymous basis, the performance of the Board under the areas of,

- Role clarity and effective discharge of responsibilities,
- People mix and structures,
- Systems and procedures,
- Quality of participation and
- Board and corporate image and reputation

The scoring and open comments are collated by an Independent Director, and results are analysed to give the Board an indication of its effectiveness as-well-as areas that required addressing and strengthening.

BOARD SUB-COMMITTEES

The Board has delegated certain functions to Board sub-committees, while retaining final decision-making rights. Members of these sub-committees are able to focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise. These are;

1. The Audit Committee
2. The Nominations Committee
3. The Human Resources and Compensation Committee
4. The Related Party Transactions Review Committee
5. Project Risk Assessment Committee

As permitted by the listing rules of the CSE, the Human Resources and Compensation Committee and the Related Party Transactions Review Committee of the ultimate Parent Company, JKH, functions as the Human Resources and Compensation Committee and Related Party Transactions Review Committee of the AHP. Additionally, the Project Risk Assessment Committee of JKH also functions as the Project Risk Assessment Committee of the AHP.

The Board sub-committees comprise predominantly of Non-Executive Independent Directors.

John Keells Holdings PLC (Parent Company)

Human Resources and Compensation Committee
Related Party Transactions Review Committee
Project Risk Assessment Committee

Asian Hotels and Properties PLC

Audit Committee
Nominations Committee

AUDIT COMMITTEE

Role

Assist the Board in fulfilling its oversight responsibilities for the integrity of the Financial Statements of the Company, the internal control and risk management systems of the Company and its compliance with legal and regulatory requirements, the External Auditors' performance, qualifications and independence, and the adequacy and performance of the Internal Audit function, which is undertaken by the Group Business Process Review Division of JKH (Group BPR). This is detailed in the terms of reference of the Committee which has been approved by the Board and is reviewed annually. The effectiveness of the Committee is evaluated annually by each member of the Committee and the invitees and the results are communicated to the Board.

Composition of Committee

The Audit Committee comprises of three (3) Independent Non Executive Directors. As prescribed in the Listing Rules of CSE, the Chairperson of the Audit Committee is an Associate member of the Chartered Institute of Management Accountants (CIMA), UK.

The Chief Executive Officer of Cinnamon Hotels and Resorts, Vice President - Finance, Director - Finance, Area Vice President - Colombo, CH&R ,General Manager - Cinnamon Grand Colombo, Chief Financial Officer -Property Group, Head of Asset Management- Property Group, Sector Head - Property Sector, Head of Risk & Control Review - Group Business Process Review attend the meetings of the Audit Committee by invitation. The Director Finance of Cinnamon Grand is the secretary of the Committee.

Scope

- i. Overseeing the preparation and presentation and reviewing of the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations, prior to tabling the same for the approval of the Board of Directors.
- ii. Obtain and review assurance received from the President, CEO, CFO and other key management personnel, as relevant that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.
- iii. Evaluate the competence and effectiveness of the risk management systems of the Company and ensure the robustness and effectiveness in monitoring and controlling risks, as recommended by the internal auditors.
- iv. Review the adequacy and effectiveness of the internal and external audit arrangements.

Attendance

No. of Meeting – Four

| Name | Date of Appointment | 28/04/2023 | 19/07/2023 | 23/10/2023 | 19/01/2024 | Eligibility | Attended |
|----------------------------------|---------------------|------------|------------|------------|------------|-------------|----------|
| Ms. A. Nanayakkara - Chairperson | 25/06/2021 | ✓ | ✓ | ✓ | ✓ | 4 | 4 |
| Mr. A. S. De Zoysa | 08/09/2018 | ✓ | ✓ | ✓ | ✓ | 4 | 4 |
| Mr. J. Durairatnam | 08/09/2018 | ✓ | ✓ | ✓ | ✓ | 4 | 4 |

Human Resources and Compensation Committee

| | |
|-------------|---|
| Composition | <ul style="list-style-type: none"> • The Committee comprises exclusively of Independent Non-Executive Directors. • The Chairperson of the Committee must be an Independent Non-Executive Director. • The Chairperson-CEO of JKH and Group Finance Director of JKH are invited to all Committee meetings unless the Chairperson-CEO of JKH or Executive Director remuneration is under discussion, respectively. • The Deputy Chairperson of JKH /Group Finance Director of JKH is the Secretary of the Committee. |
| Scope | <ul style="list-style-type: none"> • Review and recommend overall remuneration philosophy, strategy, policies and practice and performance-based pay plans for the Group. • Determine and agree with the Board a framework for remuneration of the Chairperson, Deputy Chairperson of JKH and the Executive Directors of the John Keells Group of Companies based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration • Succession planning and talent management of Key Management Personnel. • Ensure the integrity of the Group's compensation and benefits programme is maintained. • Commission compensation and benefit surveys as appropriate to assist the Committee in its deliberations. • In performing these functions, to ensure that stakeholder interest are aligned and that the Group is able to attract, motivate and retain talent. • At its discretion, the Committee may invite external specialists to provide advice and information on relevant remuneration and Human Resource development practices. • Determining compensation of Non-Executive Directors is not under the scope of this Committee. |

Corporate Governance

Committee Meeting Dates and attendance

No. of meetings – One

| Name | Eligible to Attend | 19/07/2023 | Date of appointment |
|---------------------------|--------------------|------------|---------------------|
| D A Cabraal - Chairperson | 1 | 1 | 29/01/2015 |
| S S H Wijayasuriya | 1 | 1 | 05/11/2016 |
| By Invitation | | | |
| S Coorey | 1 | 0 | - |
| A N Fonseka | 1 | 1 | - |
| KNJ Balendra | 1 | 1 | - |
| J G A Cooray | 1 | 1 | - |

Nomination Committee

| | |
|-------------|---|
| Composition | <p>Comprises of two Independent Non-Executive Directors and one Non- Executive Director namely:</p> <p>The Chairperson of the Committee shall be an Independent NED.</p> <p>The current members are:</p> <p>Mr. J Durairatnam (I/NED) - Chairperson</p> <p>Mr. A S De Zoysa (I/NED)</p> <p>Mr. K NJ Balendra (NED)</p> |
| Scope | <ul style="list-style-type: none"> i. Assess skills required on the Board given the needs of the businesses. ii. From time to time assess the extent to which required skills are represented on Board iii. Prepare a clear description of the role and capabilities required for appointment. iv. Identify and recommend suitable candidates for appointments to the Board. v. Ensure that on appointment to the Board, Non- Executive Directors receive a formal letter of appointment specifying clearly, the expectation in terms of time commitment, involvement outside of the formal Board meetings, participation in Committees, amongst others. vi. Ensure that every appointee undergoes an induction to the Group. <p>The appointment of the Chairperson as relevant, is a collective decision of the Board. Refer page I35 for the report of the Nominations Committee.</p> |

Committee Meeting Dates and attendance

No. of meetings – One

| Name | Date of Appointment | Meetings Attended |
|---------------------------------|---------------------|-------------------|
| Mr. J Durairatnam - Chairperson | 08/09/2018 | 1 |
| Mr. K NJ Balendra | 01/01/2019 | 1 |
| Mr. A S De Zoysa | 08/09/2018 | 1 |

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

| | |
|-------------|---|
| Composition | <ul style="list-style-type: none"> The Chairperson shall be an Independent Non-Executive Director. Members of the Committee should be a combination of Non-Executive Directors and Independent Non-Executive Directors. <p>The composition may include Executive Directors at the option of the Listed Entity.</p> |
| Scope | <ul style="list-style-type: none"> The Group has broadened the scope of the Committee to include senior decision makers in the list of Key Management Personnel, whose transactions with Group companies also get reviewed by the Committee, in addition to the requisitions of the CSE. All proposed Related Party Transactions shall be reviewed in advance and in the event of any material changes, such changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction. Develop and recommend for adoption by the Board of Directors of JKH and its listed subsidiaries, a Related Party Transaction Policy which is consistent with the operating model and the delegated decision rights of the Group. Update the Board on Related Party Transactions of each of the listed companies of the Group on a quarterly basis and formally requesting the Board to approve the related party transactions following the determination of whether such approval is needed. Define and establish the threshold values for each of the subject listed companies in setting a benchmark for Related Party Transactions, Related Party Transactions which have to be pre-approved by the Board, Related Party Transactions which require to be reviewed annually, such as recurrent Related Party Transactions and similar issues relating to listed companies. Ensure that they have access to expertise to assess all aspects of proposed Related Party Transactions, and where necessary, obtain expert advice from an appropriately qualified person. Where a Director has personal material interest in a matter being reviewed by the Committee, such Director shall not be present in the meeting and shall not vote in the matter, except at the request of the Committee. <p>Where both the parent company and the subsidiary are Listed Entities, Related Party Transactions Review Committee of the parent company shall function as the Related Party Transactions Review Committee of the subsidiary.</p> |

Committee Meeting Dates and attendance

No. of meetings – Four

| Name | Eligible to Attend | Attended | Date of Appointment |
|--------------------------|-----------------------|----------|------------------------|
| D A Cabraal- Chairperson | 4 | 4 | 29/01/2014 |
| S Coorey* | 2 | 2 | 01/07/2023 |
| S Fernando** | 1 | 1 | 08/11/2023 |
| A N Fonseka | 4 | 4 | 29/01/2014 |
| M P Perera*** | 1 | 1 | 24/07/2014 |
| By Invitation | | | |
| K Balendra | 4 | 4 | - |
| G Cooray | 4 | 3 | - |

* Appointed to the RPT Committee w.e.f. 1 July 2023 and resigned w.e.f. 8 November 2023

** Attended by invitation on 6 November 2023. Appointed with effect from 8 November 2023

*** Retired with effect from 1 July 2023.

Corporate Governance

PROJECT RISK ASSESSMENT COMMITTEE

| | |
|-------------|--|
| Composition | Must include the Chairperson – CEO of JKH and the Deputy Chairperson/ Group Finance Director JKH. The Chairperson of the Committee must be a Non-Executive Director. |
| Scope | <ul style="list-style-type: none">• Review and assess risks associated with large-scale investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated.• Ensure stakeholder interests are aligned, as applicable, in making this investment decision.• Where appropriate, obtain specialised expertise from external sources to evaluate risks, in consultation with the Group Finance Director.• Recommend to the Board, necessary action required, to mitigate risks that are identified in the course of evaluating a project in order to ensure that those risks are captured by the Group Risk Matrix for monitoring and mitigation. |

a. Strategy formulation and decision-making processes

Strategy Mapping Strategy mapping exercises, concentrating on the short, medium and long-term aspirations of each business, are conducted annually and reviewed, at a minimum, quarterly/half-yearly or as and when a situation so demands. This exercise entails the following key aspects, among others.

1. Progress and deviation report of the strategies formed.
2. Competitor analysis and competitive positioning.
3. Analysis of key risks and opportunities.
4. Management of stakeholders such as suppliers and customers.
5. Value enhancement through initiatives centered on the various forms of Capital under an integrated reporting framework.

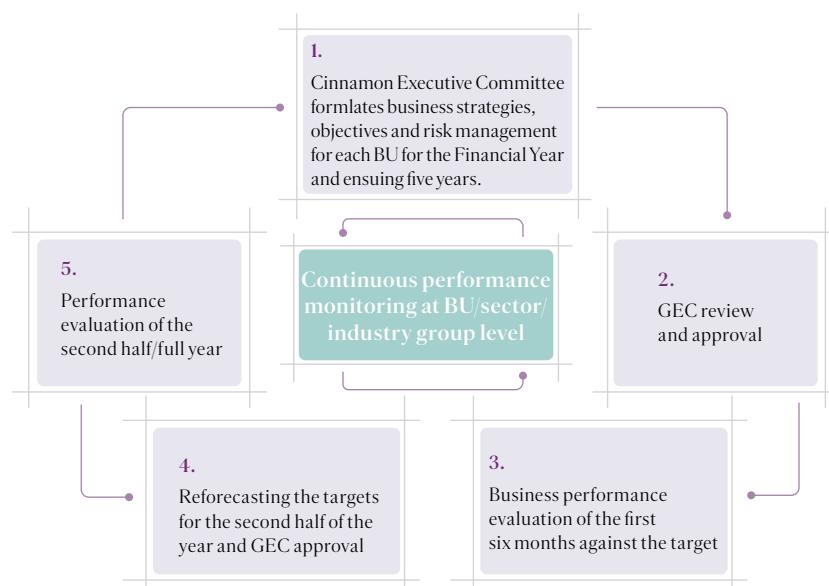
The strategies of the various business units, operating in diverse industries and markets, will always revolve around the JKH group strategy, while considering their domain specific factors. The prime focus always is to enhance value for all stakeholders. The Group's investment appraisal methodology and decision-making process ensures the involvement of all key stakeholders that are relevant to the evaluation of the decision.

In this manner:

- A broad range of views, opinions and advice are obtained prior to making an investment decision.
- A holistic view is taken on the commercial viability and potential of any project, including operational, financial, funding, legal, risk, sustainability and tax implications.
- Sensitivity and scenario analysis are conducted to understand the impacts from the macroeconomic environment, especially during periods of volatility and uncertainty.
- All investment decisions are consensual in nature, made through the management committee structure where no single individual has unfettered decision making powers over investment decisions.

The ultimate responsibility and accountability of the investment decision rests with the Chairperson of JKH

The following section further elaborates on the JKH Group's project appraisal and execution process.



Corporate Governance

Medium-term Strategy

The ensuing section illustrates the comprehensive process followed by each business in developing the business's strategy for the medium term.

| Values and Promises | Brand and Business Review | Brand Plan | Long-term Business Plan | Annual Business Plans |
|---|--|--|---|--|
| <ul style="list-style-type: none"> Identification of the core values the business will operate with and the internal promises that the business will strive to deliver to stakeholders | <ul style="list-style-type: none"> Review of global and regional trends Identification of insights, risks, challenges, Opportunities and implications, collated into key themes | <ul style="list-style-type: none"> Identifying key activities required to be undertaken under each theme and the articulation of the varied brand-led themes and activities Identification of KPIs to measure delivery of Promises | <ul style="list-style-type: none"> Setting of a long-term goal and agreeing on the core pillars that would deliver growth Target setting, scheduling activities and identifying workstreams to execute long-term initiatives Identifying operating and capital expenditure along with capability resources | <ul style="list-style-type: none"> Articulation and approval of detailed project plans for execution of workstreams Approval of Annual Business Plan |

PERFORMANCE MEASUREMENT

Measure of performance against:

- Promises
- Annual plans and projects
- Long-term initiatives
- Financial objectives

Project Approval Process

New Projects follow a detailed feasibility report covering key business considerations under multiple scenarios, within a framework of sustainability. The feasibility stage is not restricted to a financial feasibility and encompasses a wider scope of work covering risk management, sustainable development, economic social governance and human

resources considerations. Project appraisal and capital investment decisions are processed through a committee structure which safeguards against one individual having unfettered decision-making powers in such decisions.

The JKH project appraisal framework flow is illustrated below:



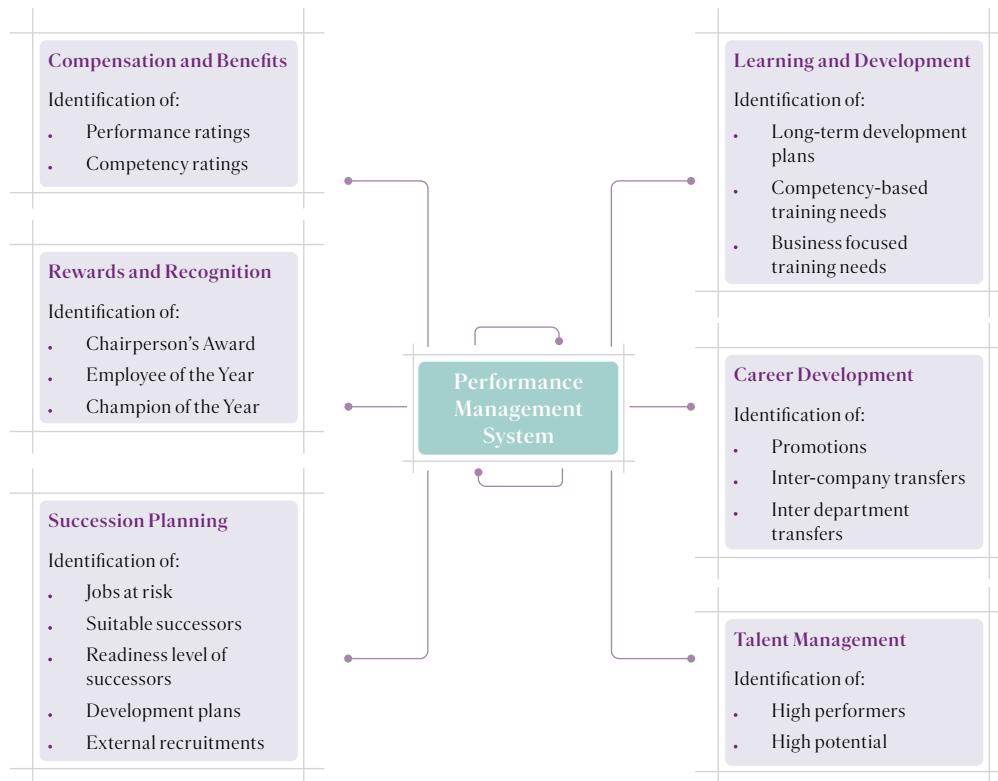
b. Human Resource Governance

The JKH human resource governance framework is designed in a manner that enables high accessibility by any employee to every level of management. Constant dialogue and facilitation are also maintained ranging from work related issues to matters pertaining to general interest that could affect employees and their families. The Company and its subsidiary

follows an open-door policy for its employees and this is promoted at all levels of the Company and its subsidiary. The Human Resource Information System (HRIS) manages the entire lifecycle of the employee from onboarding to performance management, succession planning, compensation, learning and development, through to offboarding.

Performance Management

Performance Management System, as illustrated below, is at the heart of many supporting human resource management processes such as learning and development, career development, succession planning, talent management, rewards/recognition and compensation/ benefits.



JKH Success Drivers with Highlights

In line with the Group's constant pursuit of excellence and people-led growth, a revised set of competencies termed 'Success Drivers' were launched during the year. These 'Success Drivers' will be the cornerstone of the Group's leadership development, talent attraction, and learning and development (L&D) initiatives. The following pool of six JKH Success Drivers were identified by the Company and its subsidiary during the year.

| | | |
|---|--|---|
| <p>1. INCLUSIVE LEADERSHIP</p> <ul style="list-style-type: none"> • Inclusivity & Diversity • Collaboration & Open Communication • Compassion & Empathy • Coaching & Mentoring • Upholding Values | <p>3. BEING AGILE</p> <ul style="list-style-type: none"> • Adapting to Change • Thriving in uncertainty • Bouncing back from adversities • Rapid experimentation approach • Solution-oriented Growth Mindset | <p>5. STORYTELLING</p> <ul style="list-style-type: none"> • Impactful Communication • Inspiring People • Creative ways of engagement • Active Listening |
| <p>2. CONNECTING THE DOTS</p> <ul style="list-style-type: none"> • Big Picture Perspective • Multidisciplinary approach • Critical Thinking • Value Driven approach | <p>4. RELENTLESS EXECUTION</p> <ul style="list-style-type: none"> • Action orientation • Prioritisation • Effective Time Management • Focus & Commitment | <p>6. 360 STAKEHOLDER COMMITMENT</p> <ul style="list-style-type: none"> • Passion for all stakeholders • Building Synergies • Trust & Credibility • Commitment to Financial outcomes + ESG |

Corporate Governance

The Company and its subsidiary Compensation Policy is as follows:

| PERFORMANCE MANAGEMENT | SATISFACTION |
|--|--|
| 'Pay for performance' Greater prominence is given to the incentive component of the total target compensation. | 'More than just a workplace' Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction. |
| Compensation Policy | |
| <ul style="list-style-type: none">Compensation comprises of fixed (base) payments, short-term incentives and long-term incentiveHigher the authority levels within the Group, higher the incentive component as a percentage of total pay.Greater the decision influencing capability of a role, higher the weight given to organisational performance as opposed to individual performance.Long-term incentives are in the form of Employee Share Options and cash payments. | |
| INTERNAL EQUITY | EXTERNAL EQUITY |
| <ul style="list-style-type: none">Remuneration policy is built upon the premise of ensuring equal pay for equal roles.Manager and above level roles are banded using the Mercer methodology for job evaluation, on the basis of the relative worth of jobs. | <ul style="list-style-type: none">Fixed compensation is set at competitive levels using the median, 65th percentile and 75th percentile of the best comparator set of companies (from Sri Lanka and the region, as relevant) as a guide.Regular surveys are done to ensure that employees are not under/over compensated. |

During the year a comprehensive designation levelling and salary band realignment exercise to align ourselves with bench-marked international players. This is in line with our policy of ensuring internal and external equity.

Employee Share Option Plan

JKH Employee Share Option Plans are offered at defined career levels based on pre-determined criteria which are uniformly applied across the eligible levels and performance levels. These long-term incentives have been significantly instrumental in inculcating a deep sense of ownership in the recipients and is seen to be a key driver of performance driven rewards. Share options are awarded to individuals based on their immediate performance and potential importance of their contribution to the Group's future plans.

c. Integrated Risk Management

JKH's Group-wide risk management programme focuses on wider sustainability development, to identify, evaluate and manage significant Group risks and to stress test various risk scenarios, including a review of materiality. The programme ensures that a multitude of risks, arising as a result of the Group's diverse operations, are effectively managed in creating and preserving stakeholder wealth. The Group manages its

enterprise risk, audit and incident management processes through an automated risk management platform that enables the maintenance of live, dynamic and virtual risk registers which are linked to business goals and responsible personnel. Features such as the provision of timely alerts on action plans and escalation processes for risks, where action plans are overdue, ensure maintenance of live risk grids

Continuous steps taken towards promoting the Group's integrated risk management process are:

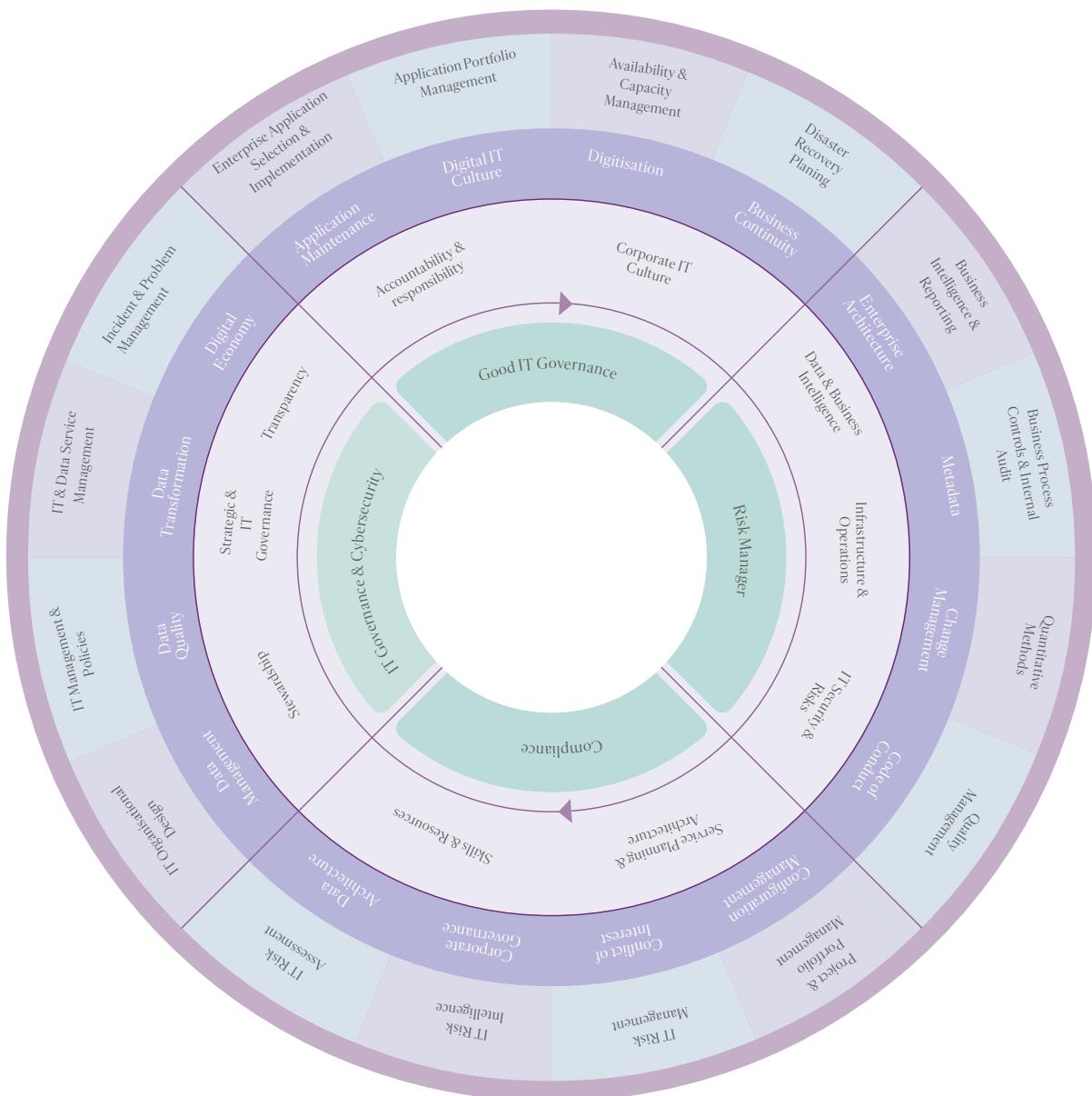
- Integrating and aligning activities and processes related to planning, policies/ procedures, culture, competency, internal audit, financial management, monitoring and reporting with risk management.
- Supporting executives/managers in moving the organisation forward in a cohesive integrated and aligned manner to improve performance, while operating effectively, efficiently, ethically and legally within the established limits for risk taking. The risk management programmes have allowed greater visibility and understanding of risk appetites. Enabled by the automated risk management platform, key management personnel have virtual visibility of the risks, as relevant, while the Board has visibility of all Group risks.

The Board, GEC and Group Management Committees, oversee risk management across the Group to ensure that risks are brought within tolerance, managed and/or mitigated. Please refer the Risk Management Report on 138 and Notes to the Financial Statements of the Annual Report.

d. Information Technology (IT) Governance

IT governance stewardship roles are governed through layered and nested committees, cascading from the GEC to the Group IT Steering Committee to the Group IT Operation Committee with well-defined roles and responsibilities at a Group, industry group as well as business unit level.

The Group's IT governance framework focuses on five broader segments, namely strategic alignment, value delivery, performance management, risk management, and resource management. Additionally, the IT governance framework used within the JKH Group leverages best practice and industry leading models such as CoBIT (Control Objectives for Information and Related Technology), ISO 35800, ISO27001, ISO 9001:2015, COSO (Committee of Sponsoring Organisations of the Treadway Commission)/BCP (Business Continuity Planning), ITIL (Information Technology Infrastructure Library), CMMI (Capability Maturity Model Integration), NIST (National Institute of Standards and Technology), FAIR (Factor Analysis of Information Risk), among others, in formulating a state-of-the-art framework for IT governance, risk and compliance management across the Group. The key focus areas of the governance framework are as follows:



The Group continually focuses on enhancing the IT governance framework in line with its business and IT strategies with a focused shift towards a zero-trust model built on a mobile-first, internet-first, cloud-first and AI-first strategy.

Corporate Governance

Digital Oversight and Cyber Security

The rapidly advancing nature of technology and the continual integration of the Group's operations with technological progress has resulted in increased vulnerability for the Group from a digital standpoint. As a result, the Board places significant emphasis on ensuring that the Group's soft and hard infrastructure is designed in a manner adequate, to deal with a potential breach. Data protection and cyber security are regularly addressed during the Risk Management and Audit Committee meetings and periodically discussed at a Board level.

Data Protection, Information Management and Adoption

The presence of continuously evolving IT infrastructure and platforms to meet requirements of day-to-day business, augured well for the Group, particularly given restrictions in movement and social distancing measures in light of the COVID-19 pandemic. The Group witnessed an acceleration of digitisation and better user adoption. Despite this, adoption of such systems and features remain at a relatively early stage across the Group and is a key focus area for the Group. Given the emergence of regulations such as European Union General Data Protection Regulation (GDPR) and the Data protection act of No. 09 of 2022 of Sri Lanka, data security, integrity and information management will be pivotal. In addition to this, the Group's initiatives on advanced data analytics also necessitate an established governance framework to manage the flow of data.

To this end, the Group will continue to strengthen its data governance structure to ensure ownership and accountability of clearly articulated data governance policies and processes and Group-wide data quality standards.

e. Tax Governance

The JKH Group's tax governance framework and tax strategy adopted by the Company and its subsidiary is guided by the overarching principles of compliance, transparency and accountability, and acknowledges JKH's duty in fulfilling its tax obligations as per fiscal legislation, while preserving value for other stakeholders, particularly investors.

Governance Structure

1. Voluntary compliance and efficient tax management are key aspect of the Group's overall tax strategy.
2. This is enabled through a decentralised tax structure where expertise is built at each industry group level.
3. The Head of Tax of each industry group, reporting functionally to the Group Head of Tax, ensures compliance and implements Group tax strategy across all businesses.

Policy and Strategy

Ensure:

1. Integrity of all reported tax disclosures.
2. Robust controls and processes to manage tax risk.
3. Openness, honesty and transparency in all dealings.
4. Presence of legitimate business transactions underpinning any tax planning or structuring decision/ opportunity.
5. Contribute to fiscal policy decisions constructively in the interest of all stakeholders

Role

1. Implement and maintain strong compliance processes.
2. Analyse and disseminate business impact from change in tax legislation.
3. Provide clear, timely, and relevant business focused advice across all aspects of tax.
4. Ensure availability of strong and well documented technical support for all tax positions.
5. Obtain independent/external opinions where the law is unclear or subject to interpretation.

Review and Monitoring

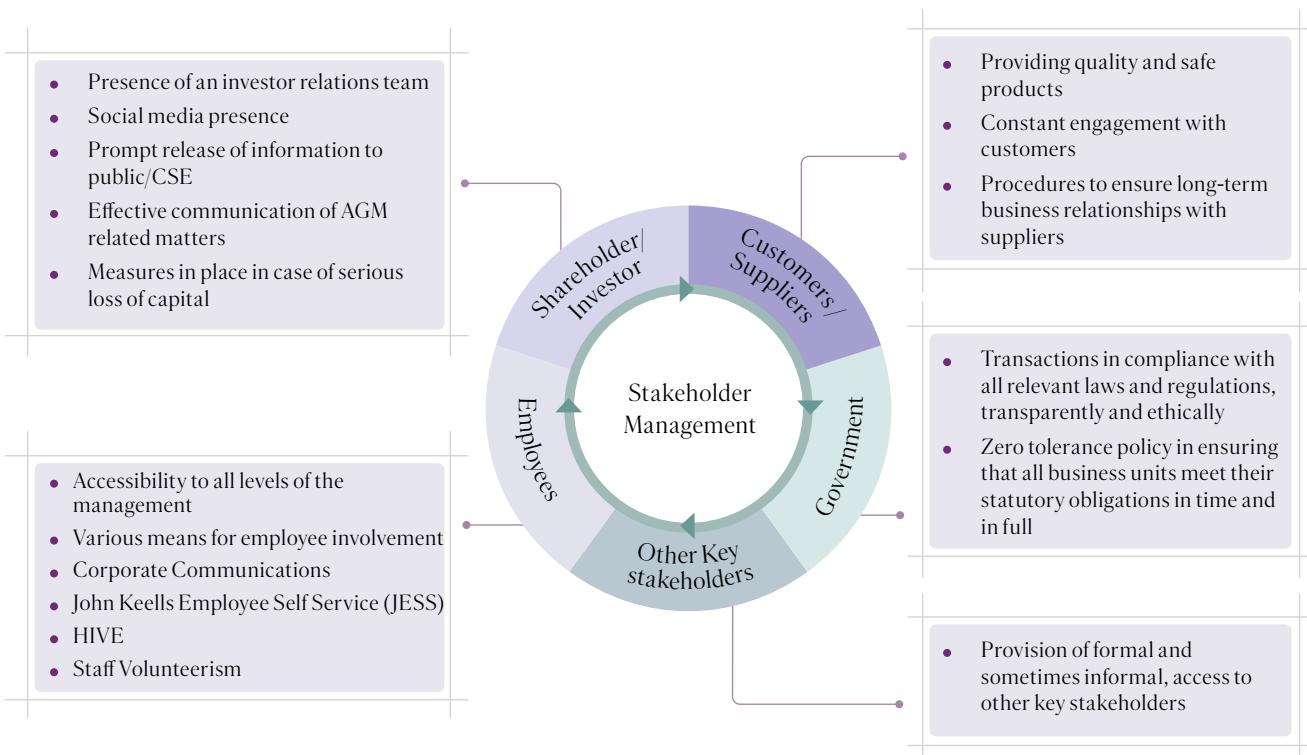
1. Leverage on digital platforms to support, record and report on tax compliance status across the Group.
2. Periodic updates to the Board of Directors on various tax matters (quarterly at minimum).

The Company and its subsidiary approach to tax governance is directly linked to the sustainability of business operations. The presence of a well-structured tax governance framework ensures the following:

- Ability to manage tax efficiently by reducing the tax burden on the Group, within the ambit of applicable laws.
- Manage tax risks and implications on Group reputation through adequate policies, proactive communication and defense.
- Facilitate healthy relationships amongst stakeholders, Government and tax authorities.
- Ensuring integrity of reported numbers and timely compliance.

f. Stakeholder management and effective communications

The JKH Group's key stakeholder management methodologies adopted by the Company and its subsidiary is shown below.



Communication with Shareholders

The Company and its subsidiary encourages effective communication with shareholders who are engaged through multiple channels of communication, including the AGM (detailed below), Annual Report, Interim Financial Statements, press releases, social media platforms and announcements to the CSE.

The Board recognises its responsibility to present a balanced and understandable assessment of the Company's financial position, performance and prospects and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided so as not to create a false market. Shareholders may also, at any time, direct queries and concerns to Directors or Management of the Company through the Company Secretaries - Keells Consultants (Pvt) Ltd. The Company Secretaries maintain a record of all correspondence received and keeps the Board apprised of issues raised by the shareholders to ensure that they are addressed in an appropriate manner. Matters raised in writing are responded to in writing directly by the Company Secretaries, as relevant.

Investor Relations

The Investor Relations team of the Group is responsible for maintaining an active dialogue with shareholders, potential

investors, investment banks, analysts and other interested parties in ensuring effective investor communication.

The Investor Relations team has regular discussions with shareholders, as and when applicable, to share highlights of the Company's performance as well as to obtain constructive feedback. The online quarterly investor forums provide stakeholders the opportunity to directly engage with the Company's Executive Directors. Investor Presentations, which include an update on the latest financial results, are made available on the corporate website, to provide easier access and in-depth detail of the operational performance of the Company.

Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Group by contacting the Investor Relations team, Secretaries, the Senior Independent Director or the Chairperson, although individual shareholders are encouraged to carry out adequate analysis or seek independent advice on their investing, holding or divesting decisions at all times.

Corporate Governance

| Engagement Mechanism | Frequency |
|---|-------------|
| Annual Reports and AGMs | Annually |
| Extraordinary General Meetings | As required |
| Interim financial statements and webinar | Quarterly |
| Investor presentations | As required |
| Press releases | As required |
| Announcements to CSE | As required |
| One-to-one discussions | As required |
| Investors' section in the Corporate website | Continuous |
| Feedback surveys | As required |

Release of Information to the Public and CSE

The Board of Directors, in conjunction with the Audit Committee where applicable, is responsible in ensuring the accuracy and timeliness of published information and in presenting a true and fair view, and balanced assessment of results in the quarterly and annual financial statements. Accordingly, the Company has reported a true and fair view of its financial position and performance for the year ended 31 March 2023 and at the end of each quarter of the financial year 2023/24.

All other material and price sensitive information about the Company and its subsidiary is promptly communicated to the CSE and such information is also released to employees, the press and shareholders.

Constructive use of the Annual General Meeting (AGM)

The AGM is the main mechanism for the Board to interact with and account to Shareholders and affords an opportunity for Shareholders' views to be heard. At the AGM, the Board provides an update to Shareholders on the Company's performance and Shareholders may ask questions clarifying matters prior to voting on resolutions. It is the key forum for Shareholders to engage in decision making matters reserved for the Shareholders which include proposals to adopt the Annual Report and Accounts, appoint directors and auditors and other matters requiring special resolutions as defined in the Articles of Association or the Companies Act. The Chairperson ensures the Chairperson of the Audit Committee, Board members, key management personnel and External Auditors, are present to respond to queries that may be raised by the Shareholders.

The Group makes use of the AGM constructively towards enhancing relationships with the shareholders and towards this end the following procedures are followed:

- Notice of the AGM and related documents are made available to the shareholders along with the Annual Report not later than 15 working days prior to the AGM.

- Summary of procedures governing voting at the AGM are clearly communicated.
- The Board ensures that the external auditors are present at the AGM.
- Most Executive and Non-Executive Directors are made available to answer queries.
- The Chairperson-CEO ensures that the relevant senior managers are also available at the AGM to answer specific queries.
- Separate resolutions are proposed for each item that is required to be voted on.
- Proxy votes, those for, against, and withheld (abstained) are counted.

Serious Loss of Capital

In the unlikely event that the net assets of the Company fall below half of its stated capital, shareholders will be notified and the requisite resolutions would be passed on the proposed way forward.

Extraordinary General Meetings, including Shareholder Approval through Special Resolution

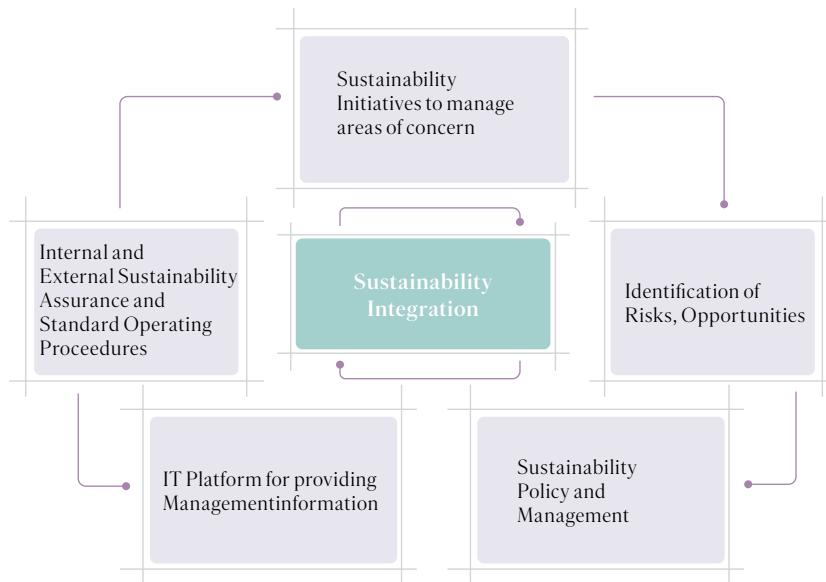
The Company will seek shareholder approval, either via special or ordinary resolution as permitted under applicable law, when transactions and events which are material in the context of Group and Company occur or are undertaken in line with all applicable rules and regulations.

g. Sustainability Governance

The Company and its subsidiary places significant emphasis on sustainable development and value creation. The JKH Group's Sustainability Management Framework ensures specific policies and procedures are established for social and environmental governance in each business unit, ensuring an agreed level of compliance within the Group. As such, sustainability principles are embedded in the Company and its subsidiary business strategy and endorsed throughout its operations.

Activities undertaken in recognition of its responsibility as a corporate citizen are presented throughout the Integrated Annual Report. The integration of sustainability goals into our operation is supported by a robust governance framework that ensures accountability, participation and transparency. During the year, the Group further strengthened our environmental, social and governance (ESG) framework.

The Group has in place a sound sustainability integration process, management framework and sustainability organisational structure through which sustainable practices are embedded to the Group's operations.



The Group's well-established sustainability integration processes and its sustainability management framework works alongside other key functions and management systems such as human resources, health and safety and product responsibility processes, as well as risk management, internal audit, legal and statutory compliance and corporate social responsibility initiatives. The Sustainability Management Framework is updated on a continuous basis to incorporate changing requirements and updates to the global sustainability landscape.

Environmental issues such as, climate change, resource scarcity and environmental pollution, social issues such as, the Group's labour practices, talent management, product safety and data security, and Governance aspects such as, Board diversity, executive pay and business ethics are given significant emphasis within the Group and are periodically reviewed at a GEC and Board level.

Group's effort towards ESG initiatives during the year

- The Group, along with an international consulting firm, conducted an in-depth study within each industry group to identify material ESG topics in the current context.
- Benchmarking studies were conducted across the businesses to assess their ESG performance vis-à-vis industry leaders.

- Stakeholder engagement sessions were held with both internal and external stakeholders across sectors to gather insights. These efforts culminated in the determination of material ESG topics for each industry group and a holistic perspective for the JKH Group.
- Subsequently, a series of ambition-setting workshops were convened. These workshops involved the senior leadership of each industry group, including the Chairperson/CEO and Deputy Chairperson/Group Finance Director, in defining both Group-level and sector-specific ESG ambitions.
- This collaborative process ensured alignment between the overarching Group goals and the specific objectives of each sector.

The Group's ESG framework is an amalgamation of the various frameworks within the Group, and, through this, the Group endeavours to ensure sustainable value creation for all stakeholders and mitigate any adverse impacts of Group businesses on the environment, economy and society. As such, the ESG disclosures across the Report are captured through the following frameworks:

Corporate Governance



Sustainability Organisation Structure

Group Executive Committee

Responsible for formulating and steering the Group's overall sustainability strategy.

Sustainability, Enterprise Risk Management and Group Initiatives Division

Operationalizes the Sustainability Management Framework (SMF) and carries out Group-wide processes, including identification of stakeholder and material issues, stakeholder engagements, risk assessments, Group-wide awareness campaigns and overall review and monitoring of the SMF.

Business Units

Each business unit is responsible for their sustainability performance, operating under the umbrella of the Group's SMF. Sustainability Champions under the leadership of their respective Heads of Business/Sector Heads, and working closely with the central sustainability division, have responsibility for implementing sustainability initiatives and management of performance of their individual businesses.

The Group firmly embeds Sustainability concerns within the Group's strategic planning process, with companies striving to optimise performance from a triple bottom line lens. All business units are required to identify non-financial risks and material impacts and include strategies to address these through sustainability initiatives and projects. Business and individual objectives are therefore aligned with overall sustainability goals, resulting in an entrenched focus on sustainability.

The SMF extends beyond Group boundaries, also focusing on the Group's value chain with the purpose of benefitting suppliers and their own dependent supply chains. Through its Supplier Code of Conduct, annual assessment of supply chain partners and ongoing awareness and engagement through Supplier Fora, the Group hopes to have a positive impact on key external stakeholders.

Human Rights

Caring, Excellence, Trust, Innovation and Integrity are core values intrinsic to JKH and the Company and its subsidiary places the highest value on ethical practices including a zero-tolerance policy towards corruption and bribery in all its transactions. The Company is committed to upholding universal human rights of all its stakeholders whilst maintaining the highest ethical standards in all its operations.

John Keells Group's Anti-Corruption Policy

JKH Group Policy on Anti-Corruption is followed by all employees of the Company and its subsidiary.

JKH places the highest value on ethical practices and has promulgated a zero-tolerance policy towards corruption and bribery in all its transactions. JKH strives to maintain a culture of honesty and opposition to fraud and corruption. Based on this commitment, the Code of Conduct, anti-fraud, fraud prevention, anti-corruption, anti-bribery, validation and audit policies of JKH outline the principles to which we are committed in relation to preventing, reporting and managing fraud and corruption. Accordingly, all forms of fraud and corruption, including, but not limited to, theft, embezzlement, overriding controls, giving or receiving kickbacks, facilitation payments and bribery is prohibited across the Group.

It covers inter alia, theft, embezzlement, overriding controls, giving or receiving kickbacks, bribery, allowing oneself to be placed in situations of conflict of interest and statements (financial or non-financial) dishonestly and recklessly made contrary to the factual position. The Company and its subsidiary also has a process to ensure compliance with the laws and regulations of the countries it operates in, including anti-corruption and anti-bribery laws. The evaluation of the risk of corruption as part of its risk management process has been put in place and mitigation measures to reduce such risks has been addressed in the risk management report on page 138 of the Annual Report.

JKH seeks to ensure that ethical business practices are the norm from the business unit level, down to the individual employee. Its transparent control and prevention mechanisms also extend to its value chain, to its customers, suppliers and business partners. At the employee level, every employee and director is required to comply with Company policies, including the Code of Conduct. The Company and its subsidiary Leadership spearheads the implementation of the Code. Further, Directors and all employees of the Company and its subsidiary are given training on JKH Group Policy on Anti- Corruption.

John Keells Group's diversity, equity and inclusion (DE&I) policy

John Keells Group's DE&I policy is followed by all employees of the Company and its subsidiary. The company and its subsidiary recognises that organisations that constitute diverse and inclusive workforces are best placed to innovate, retain talent and deliver better overall results, and firmly believes that it can achieve its highest potential through bringing together of diverse perspectives and backgrounds. The Group is committed to advancing a culture of equitable inclusion amongst its workforce and value chain and ensuring that the dignity and diversity of all employees and value chain partners are respected.

The DE&I policy is based on the key principles of:

- Empowerment and inclusion
- ZERO tolerance for discrimination
- Equal opportunity
- Equal participation
- Diverse value chains

The following key initiatives and targets which were introduced was further emphasized during the year, in furtherance of the Group's emphasis on creating an inclusive, diverse and equitable work environment;

- The Group continued to offer 100 days of equal parental leave on the birth or adoption of a child, the five-days of paternity leave was enhanced to 100 days, ensuring equity, and recognising the importance of both parents' roles in early childcare.
- The Group continued with the gender-neutral terminology with the objective of avoiding word choices which may be interpreted as biased, discriminatory or demeaning and with the intention of being inclusive of gender non- binary persons.
- The Group continued to provide equal opportunities, non-discrimination, career management and promotions, including on employees with disabilities.

Policies on forced, compulsory and child labour and child protection

In line with JKH, the company and its subsidiary employs stringent checks during its recruitment process to ensure that its minimum age requirements are met and ensures that all employees are educated on key aspects of forced and compulsory labour.

Policies on equal opportunities, non-discrimination, career management and promotions

In line with JKH, the company and its subsidiary remains committed to maintaining a workplace that is free from discrimination and is committed to hiring, developing and promoting individuals who best meet the requirements of available positions.

Gender policy

In line with JKH, the company and its subsidiary is committed to striving for gender equity through empowerment & inclusion, equal opportunity and equal participation.

Policy against sexual harassment

A zero tolerance for physical, verbal or non-verbal harassment based on gender, race, religion, nationality, age, social origin, disability, sexual orientation, gender identity, political affiliations or opinion is in place at the company and its subsidiary.

HIV & AIDS workplace policy

In line with JKH, the company and its subsidiary does not discriminate in the workplace against employees on the basis of real or perceived HIV status.

Policies on anti-fraud, anti-corruption and anti- money laundering and countering the financing of terrorism

All functions are required to include and analyse the risk of corruption as a part of their risk management process.

Supplier Code of Conduct

In line with JKH, all significant suppliers of company and Subsidiary shall be in compliance with applicable laws and regulations with regard to labour, human rights, environment and ethical business practices.

Policy for bidding on contracts and tenders

This policy entails a standardised set of guidelines for bidding, including to those of local and foreign governments and related bodies. The companies are required to adhere to local statutory provisions and Government procurement guidelines and meet the requirements stipulated in the request for proposal/guidance notes specified in the contracts/tenders.

Corporate Governance

John Keells Group's policy for bidding on contracts and tenders

In November 2022, the Group introduced the Policy for bidding on contracts and tenders, which entails a standardised set of guidelines for bidding, including to those of local and foreign governments and related bodies. The Policy for bidding on contracts and tenders, is a step towards promoting organisational transparency and consistent organisational behaviour. Whilst Group companies are required to adhere to local statutory provisions and Government procurement guidelines and meet the requirements stipulated in the request for proposal/guidance notes specified in the contracts/tenders, the policy also requires the bidding entity within the Group to adhere to all Group policies including the Code of Conduct, anti-corruption, anti-bribery and anti-money laundering and gift policies.

This policy applies to the company and, as applicable, to consultants, agents, representatives, and supply chain partners.

Assurance

A system of ‘assurance’ is in place as the supervisory module of the Company’s Corporate Governance Framework to ensure high standards of integrity, accuracy and transparency

JKH Group Code of Conduct

- Allegiance to the Company and the Group that ensures the Group will “do the right thing”, by going further than the letter of any contract, the law and our written policies.
- Compliance with rules and regulations applying in the territories that the Group operates in
- Conduct all businesses in an ethical manner at all times in keeping with acceptable business practice
- Exercising of professionalism and integrity in all business and ‘public’ personal transactions

Code of Conduct

The company and its subsidiary abides by the JKH Group Code of Conduct. To drive cohesive growth across the Group, the Board has established common guidelines including a code of conduct aligned to a strong set of corporate values. The Code applies to all employees including Directors and is inculcated at all levels through structured communication, with the objective of enhancing awareness and driving reinforcement. The code fosters an ethical culture and promotes compliance with relevant laws and legislation, an imperative to retaining the trust of stakeholders.

The Code of Conduct also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information. Policies on anti-fraud, anti-corruption and anti-money laundering and countering the financing of terrorism and JKH’s Code of Conduct also encompass:

- Anti-bribery controls to prevent payments and contributions being made with the aim of obtaining an improper business benefit from any party including, but not limited to clients, service providers, customers, business associates and political parties; and
- Controls on gifting and favours. The giving or accepting gifts or favours in whatsoever form, including from clients, service providers, customers, business associates and political parties and any other stakeholder we engage with in the course of carrying out duties in our professional capacity, is prohibited if it was possible on the part of a “reasonable person” to conclude that the giving/acceptance of such gifts or favours could directly or indirectly affect one’s independence in decision making and conduct as an employee and/or if it could be seen by others as a consideration for an official or business favour. The ‘reasonable person’ test should also be applied in respect of charitable donations and sponsorships (financial or in-kind) that are made.
- In the event a gift or benefit of a threshold of above USD 50 per gift is given or received, based on business exigencies, these are monitored to ensure conformance with the Group’s policies, including policies on gifts and entertainment. Such exceptions are required to be reported to the respective Finance Head of the business (Chief Financial Officer or Sector Financial Controller), where in turn, these are collated and monitored centrally.

The Board leads by example setting the ethical tone for the Company. Employees are assessed, recognised and rewarded for conformance with Corporate Values and adherence to the Code of Conduct as an element of their annual performance appraisal. The Chairperson of the Board affirms that there has not been any material violation of any of the provisions of the Code of Conduct. In instances where violations did take place, they were investigated and handled through well established procedures.

The Group further enhanced and strengthened its internal policy universe during the year under review, keeping in line with best practices and the revised CSE Listing Rules, including reviewing the policies in terms of its interdependencies as well.

Corporate Values

Our seven core values Greatness, Compassion, Agility, Wellbeing, Inclusivity, Trust and Curiosity will continue to be the foundation on which we base our future journey of growth. A series of programmes were carried out during the year to create awareness about the Hotels Group’s purpose and values.

Whistle-blower Policy

Independence of the Group's whistle-blower channels was maintained by the appointment of a Ombudsperson effective 1 December 2020. This individual is an attorney-at-law by profession. The Group has witnessed an increased level of communication flow from employees. Such communication and feedback received from the employees by the management are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up. The respective outcomes are duly recorded.

The Group's Whistle-blower Policy provides an effective mechanism for employees and other stakeholders to report any concerns regarding compliance and ethics. The Policy provides a transparent and confidential process which encourages the reporting of any such concerns. The Policy covers the reporting process, how such reports will be addressed and emphasizes that those who make a report in good faith under the Policy will be protected from retaliation.

Key aspects of the Policy:

- Guidelines on the process through which concerns raised will be investigated and appropriate corrective/preventive action will be taken
- Designated persons to whom reports can be made
- Management responses and steps taken
- Details of the internal inquiry process
- Maintaining confidentiality

The Whistleblower policy which was also established at CH&R serves as a vital framework to uphold ethical standards and protect colleagues who report unauthorised or unethical practices within the organisation. The anonymity and protection of the reporting employee is maintained and there is two-way communication with the management.

Employee Participation in Assurance

Employee engagement is encouraged at all levels of the company and its subsidiary continues to work towards introducing innovative and effective ways of employee communication and employee awareness. Whilst employees have many opportunities to interact with senior management, the Company and its subsidiary has created the ensuing formal channels for such communication through feedback, without the risk of reprisal. Further, any of the communication channels mentioned here are available to any of the employees of the company and its subsidiary through which employees can report suspected acts of corruption or breaches of anti-corruption policies. Such communication and feedback received from the employees by the management are recorded,

irrespective of the level of anonymity, and subsequently discussed and followed up. The respective outcomes are duly recorded.

Employee Communication Channels

- Skip level meetings
- Exit interviews
- 360-degree evaluation
- Employee surveys
- Monthly staff meetings
- Chairperson-Direct
- Ombudsperson
- Access to Senior Independent Director
- Continuous reiteration and the practice of the “Open-Door” policy

Ombudsperson and Grievance Mechanism

An Ombudsperson is available to report any complaints from employees of alleged violations of the published Code of Conduct if the complainant feels that the alleged violation has not been addressed satisfactorily by the internally available mechanisms.

The findings and the recommendations of the Ombudsperson, subsequent to an independent inquiry, is confidentially communicated to the Chairperson-CEO of JKH or to the Senior Independent Director of JKH upon which the involvement duty of the Ombudsperson ceases.

On matters referred to him by the Ombudsperson, the Chairperson-CEO of JKH or the Senior Independent Director of JKH, as the case may be, will place before the Board:

- i. the decision and the recommendations;
- ii. action taken based on the recommendations;
- iii. where the Chairperson-CEO of JKH or the Senior Independent Director of JKH disagrees with any or all of the findings and or the recommendations thereon, the areas of disagreement and the reasons, therefore.

In situation (iii) the Board is required to consider the areas of disagreement and decide on the way forward. The Chairperson-CEO of JKH or the Senior Independent Director of JKH is expected to take such steps as are necessary to ensure that the complainant is not victimised, in any manner, for having invoked this process.

Corporate Governance

Mandate and Role

For purposes of easy reference, the Ombudsperson's mandate and role is set out below:

- (a) legal and ethical violations of the Code of Conduct for employees, but in an appellate capacity, when a satisfactory outcome using existing procedures and processes has not resulted or when the matter has been inadequately dealt with;
- (b) violations referred to above by individuals at the Executive Vice President, President and Executive Director levels, including that of the Chairperson-CEO of JKH, in which case the complainant has the option of either complaining to the Ombudsperson in the first instance, or first exhausting the internal remedies;
- (c) sexual harassment, in which event the complainant has the option of either complaining to the Ombudsperson in the first instance or first exhausting the internal remedies.

The mandate excludes disciplinary issues from the Ombudsperson's responsibilities. The right to take disciplinary action is vested exclusively in the Chairperson-CEO of JKH and those to whom this authority has been delegated.

No issues were raised by any member of the companies covered during the year under review.

Internal Controls

A quarterly self-certification programme requires the President, CEO, COO and Chief Financial Officer (CFO) of the Leisure industry group to confirm compliance with statutory and other regulatory procedures, and also to identify any significant deviations from the expected norms. The compliance statement which gets collated every quarter and tabled at the respective Audit Committee meeting, is subjected to periodic review and where applicable revised, to reflect and capture any material changes that drive the macro and micro operating contexts, for reporting and monitoring purposes.

The Board has taken steps to obtain assurance that systems designed to safeguard the Company's assets and provide management information are functioning according to expectations and proper accounting records are in place through the involvement of the Group Business Process Review function.

This also entails automated monitoring and workflow based escalation in order to facilitate timely clearing of all transactional entries including complete reconciliation, unreconciled and open entries being flagged and periodically scrutinised, and formal disclosure being made to the relevant Audit Committees, efficient management and tracking of cash and cheque deposits, in line with international best practice and continual streamlining and optimisation of the Internal Audit function via identification of focus areas, improvement opportunities and feedback reporting in order to reinforce governance and assurance.

The Group has in place two integrated frameworks, the 'Fraud Deterrent and Investigation Framework' and the 'Process Review Framework' that complement each other to strengthen the Group's effort to promote anti-fraud, anti-corruption and anti-bribery by proactively recognising the changing context and operating landscape. The integrated fraud deterrent and investigation framework which enables an integrated platform for handling all aspects of fraud and stakeholder assurance, reinforces uniformity across common processes in matters relating to fraud, employs a data driven approach to the continuous assessment of control efficacy and assesses and deploys appropriate preventive and detective controls against frauds. The Integrated Process Review Framework provides an innovative approach to internal audits which enable audits to be specific and highly focussed on matters relevant to a business entity. Emphasis is placed on use-cases and events stemming from the current business strategy, which must be facilitated by participating processes, systems, and personnel which form micro-value chains with special attention to the efficacy of control and its placement to ensure the integrity of transaction as each traverse through each micro-value chain, at the time of audit reviews.

The Company and its subsidiary has clearly defined formal policies and procedures which include the documentation of key systems and rules relating to delegation of financial authority. This restricts the unauthorised use of the Company's assets and ensures the monitoring of controls. Company capital expenditure is subjected to formal authorisation procedures. To further strengthen internal control and have independent assurance, the Company has enlisted the services of Messrs. Deloitte Sri Lanka, an internationally reputed firm of Chartered Accountants, to monitor and report on the adequacy of the financial and operational systems.

The digital system for quarterly financial and operational information management implemented, continues to perform as per expectations facilitating data capturing for compliance reporting, providing a sustainable and structured mechanism to enable top-down and bottom-up stakeholder engagement, and tracking the progression of how the compliance posture at an entity level has evolved, among others. The Forensic Data Analytics platform feeds into 'Internal Audit Scoping' and continues to be used to identify areas for process optimisation, strengthening controls and in feedback reporting to reinforce governance (management) and assurance structures.

The Group engaged a leading international consultancy firm to conduct a comprehensive assessment of its cybersecurity resilience, leveraging industry-leading methodologies such as the Microsoft Cybersecurity Reference Architecture (MCRA) and Microsoft Cloud Security Benchmarks (MCSB) to fortify its technological backbone for future growth and resilience. By aligning with the best practice and recommended technological principles, the Group aims to enhance performance, scalability, and reliability across its cloud ecosystem, positioning itself as a mobile-first, data-first, cloud-first, and AI-first organisation. Whilst proactively mitigating risk, this initiative was carried out to boost the efficiency, security and reliability of the Group's cloud ecosystem, underscoring the Group's commitment to delivering value to its stakeholders by maintaining robust and secure cloud infrastructure.

JKH remains steadfast in its commitment to safeguarding stakeholder privacy amidst evolving regulations and technological advancements. The establishment of the Data Governance Steering Committee, overseen by the Group Executive Committee, aims to strengthen data governance practices in compliance with relevant laws, notably the Personal Data Protection Act No. 9 of 2022. Key initiatives during the reporting period included:

- benchmarking initiatives
- data lifecycle management
- appointment of data protection officers for each industry group
- gap analysis
- awareness creation

Segregation of Duties (SoD) under Sarbanes-Oxley (SOX)

The Company and its subsidiary are very aware of the need to ensure that no individual has excessive system access to execute transactions across an entire or several business

processes which have critical approval linkages, in the context that increasing use of information technology and integrated financial controls creates unintended exposures within the Company. SoD dictates that problems such as fraud, material misstatements and manipulation of financial statements have the potential to arise when the same individual is able to execute two or more conflicting, sensitive transactions. Separating disparate jobs into task-oriented roles can often result in inefficiencies and costs which do not meet the cost versus benefit criteria. Whilst the attainment of a zero SoD conflict state is utopian, the Company continues to take steps, to identify and evaluate existing conflicts and reduce residual risks to an acceptable level under a cost versus benefit rationale. No material conflicts were reported during the year.

Forensic Data Analytics

The group uses forensic data analytics to facilitate action towards investigating transactions that are distinct within its population, based on well-established algorithms that prompt attention to strengthen process and systems controls in ensuring the integrity of such transactions within its contextual domain.

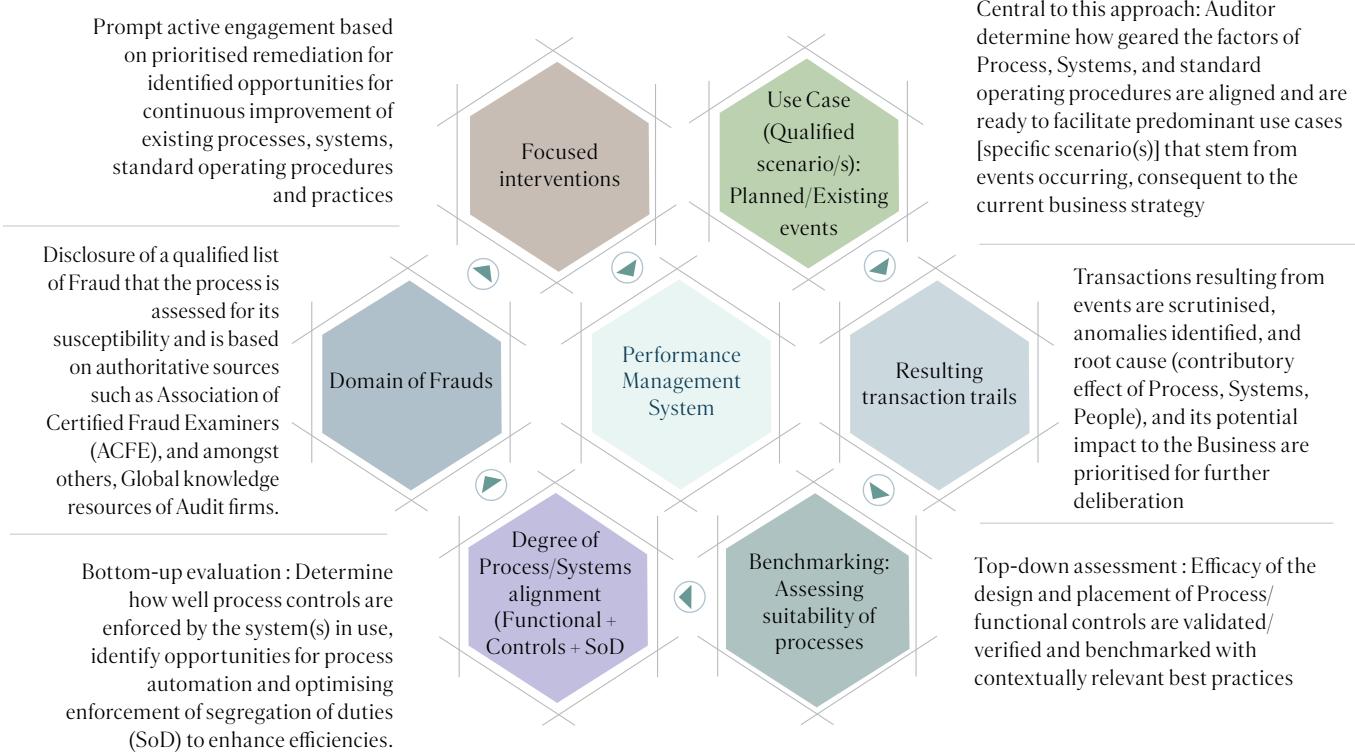
A key success factor of this oversight mechanism is the use of advanced machine learning algorithms, that are continuously sensitised to each business's operating circumstances that trigger such transactions, and to remain relevant and insightful, by increasing its utility and providing optimisation opportunities for Continuous Controls Monitoring (CCM) and active intervention.

The Group piloted and implemented a series of new initiatives throughout the year, to strengthen the effectiveness of the forensic data analytics platform and related capabilities to complement CCM and internal audit engagements.

Internal Audit

The Company and its subsidiary's internal audit process is conducted by outsourced parties at regular intervals, coordinated by the Group Business Process Review function (GBPR) of the Group. GBPR ensures that the internal audit plan adequately covers the significant risks of the Company, reviews the important internal audit findings and follow-up procedures. Whilst there are merits and demerits associated with outsourcing an internal audit, the Company is of the view that having an external based internal auditor is more advantageous. However, there are certain industries where the domain is very operationally specific and requires an internal auditor in addition to the external auditor.

Corporate Governance



External Audit

The External Auditor is appointed subject to the provisions of the Companies Act. The Audit Committee makes recommendations to the Board for the appointment, reappointment or removal of the External Auditor in-line with professional and ethical standards and regulatory requirements. It monitors and reviews the External Auditor's independence, objectivity and effectiveness of the audit process considering relevant professional and regulatory requirements. In assignment of non-audit services to External Auditors, the Audit Committee ensures the External Auditor has the necessary skills and experience for the assignment and ascertains that independence and objectivity in carrying out his duties and responsibilities will not be impaired. On the recommendation of the Board, the shareholders approved the reappointment of Messrs. KPMG as the External Auditor for the financial year 2023/24 at the last AGM.

Regulatory and Accounting Benchmarks

The Board, through its operating structures, strived to ensure that the Company and its subsidiary complied with the laws and regulations of the countries they operated in.

The Board of Directors also took all reasonable steps in ensuring that all financial statements were prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the CSE and other applicable authorities. Information contained in the

financial statements of the Annual Report is supplemented by a detailed Management Discussion and Analysis which explains to shareholders the strategic, operational, investment, sustainability and risk related aspects of the Company, and the means by which value is created and how it is translated into the reported financial performance and is likely to influence future results.

The Company and its subsidiary is fully compliant with all the mandatory rules and regulations stipulated by the:

- Listing Rules of the CSE (effective as at 1 April 2024); and
- Companies Act No.7 of 2007
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars
- Code of Best Practices on Related Party Transactions (2013) advocated by SEC

The Group has also given due consideration to the Best Practice on Corporate Governance (2017) Reporting guidelines set out by CA Sri Lanka and have in all instances, barring a few, embraced such practices, voluntarily, particularly if such practices have been identified as relevant and value adding. In the very few instances where the Group has not adopted such best practice, the rationale for such non-adoption is articulated.

Compliance

The Directors are conscious of their duty to comply with the laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business of the Company. The Board receives Compliance Statements from the President - Leisure confirming compliance with regulatory requirements each quarter in accordance with its commitment to regulatory compliance. The Company is compliant with all relevant legal and statutory requirements. Any litigations currently pending if any, have been disclosed under the Annual Report of the Board of Directors on page 149 of this Report.

APPENDIX I- STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURES

MANDATORY PROVISIONS - FULLY COMPLIANT

| Rule | Compliance Status | Reference (within the Report) |
|--|---------------------------|--|
| (i) Names of persons who were Directors of the Entity during the financial year | Yes | Profiles of Directors - Page 13 |
| (ii) Principal activities of the Entity and its subsidiaries during the year, and any changes therein | Yes | Annual Report of the Board of Directors - Page 149 |
| (iii) The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held | Yes | Information to Shareholders and Investors - Page 214 |
| (iv) a) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement. The public holding percentage in respect of non- voting Shares (where applicable) | Yes Not Applicable | Information to Shareholders and Investors - Page 214 |
| b) The public holding percentage in respect of Foreign Currency denominated Shares | Not Applicable | |
| (v) A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year | Yes | Annual Report of the Board of Directors - Page 149 |
| (vi) Information pertaining to material foreseeable risk factors of the Entity | Yes | Risk and Opportunities Report - Page 138 |
| Details of material issues pertaining to employees and industrial relations of the Entity | Yes | During the year 2023/2024, there were no material issues pertaining to employees and industrial relations of the Company |
| (viii) Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties | Yes | Notes to the Financial Statements - Page 168 |
| (ix) Number of shares representing the Entity's stated capital | Yes | Notes to the Financial Statements - Page 168 |

Corporate Governance

| Rule | Compliance Status | Reference (within the Report) |
|--|-------------------|--|
| (x) A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings | Yes | Information to Shareholders and Investors - Page 214 |
| (xi) Financial ratios and market price information | Yes | Performance Highlights - Page 7 |
| (xii) Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year | Yes | Notes to the Financial Statements - Page 168 |
| (xiii) Details of funds raised through a public issue, rights issue and a private placement during the year | Yes | Information to Shareholders and Investors There were no funds raised during FY 23/24 through public issues, rights issues and/or through private placement. - Page 214 |
| (xiv) Information in respect of Employee Share Ownership or Stock Option Schemes | Yes | Notes to the Financial Statements - Page 168 |
| (xv) Disclosures pertaining to Corporate Governance practices in terms of section 9 of the Listing Rules | Yes | Corporate Governance - Page 92 |
| (xvi) Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Entity as per audited Financial Statements, whichever is lower | Yes | Notes to the Financial Statements - Page 168 |
| (xvii) Disclosures pertaining to Foreign Currency denominated to Securities, Sustainable Bonds, Perpetual debt Securities. | Not Applicable | |
| (xxi) Infrastructure Bonds and/or Shariah Compliant Debt Securities listed on the CSE | | |

STATEMENT OF COMPLIANCE UNDER SECTION 7.10 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

MANDATORY PROVISIONS - FULLY COMPLIANT

| CSE Rule | Compliance Status | Company Action/Reference (within the Report) |
|---|-------------------|---|
| 7.10 Compliance | | |
| a./b./c. | Yes | The Company is in compliance with the Corporate Governance Rules and any deviations are explained where applicable. |
| 7.10.1 Non-Executive Directors (NED) | | |
| a./b./c. | Yes | All Board members are NEDs. The Company is conscious of the need to maintain an appropriate mix of skills and experience on the Board and to refresh progressively its composition over time. |
| 7.10.2 Independent Directors | | |
| a. | Yes | 2 or 1/3 of NEDs, whichever is higher shall be "independent" 3 out of the 8 NEDs are Independent. |
| b. | Yes | Each NED to submit a signed and dated declaration of his/her independence or non- independence Independence of the Directors has been determined in accordance with CSE Listing Rules and the 3 Independent NEDs have submitted signed confirmation of their independence. |

| CSE Rule | Compliance Status | Company Action/Reference (within the Report) | |
|--------------------------------------|---|--|---|
| 7.10.5 Remuneration Committee | | | |
| a.1 | Remuneration Committee shall comprise of NEDs, a majority of whom will be independent | Yes | Corporate Governance Report The Human Resources and Compensation Committee (equivalent of the Remuneration Committee with a wider scope) only comprises of Independent NEDs. |
| 7.10.6 Audit Committee | | | |
| a.1 | Audit Committee (AC) shall comprise of NEDs, a majority of whom should be independent | Yes | The Audit Committee comprises of three Independent NEDs. |
| a.2 | A NED shall be the Chairperson of the committee | Yes | The Chairperson of the Audit Committee is an Independent NED. |
| a.3 | CEO and CFO should attend AC meetings unless otherwise determined by AC | Yes | Vice President - Finance, Director - Finance, Area Vice President - Colombo, CH&R, General Manager - Cinnamon Grand Colombo, Chief Financial Officer - Property Group, Head of Asset Management- Property Group, Sector Head - Property Sector, Head of Risk & Control Review - Group Business Process Review |
| a.4 | The Chairperson of the AC or one member should be a member of a recognised professional accounting body | Yes | The Chairperson of the AC is a member of a recognised professional accounting body. |
| b. | Functions of the AC | Yes | The AC carries out all the functions prescribed in this section. |
| b.1 | Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements in accordance with SLFRS/LKAS | Yes | The AC assists the Board in fulfilling its oversight responsibilities for the integrity of the financial statements of the Company. |
| b.2 | Overseeing the compliance with financial reporting requirements, information requirements as per laws and regulations | Yes | The AC has the overall responsibility for overseeing the preparation of financial statements in accordance with the laws and regulations of the country and also recommending to the Board, the adoption of best accounting policies |
| b.3 | Overseeing the process to ensure that the internal and risk management controls, are adequate, to meet the requirements of the SLFRS/LKAS | Yes | The AC assesses the role and the effectiveness of the Group Business Process Review division which is largely responsible for internal control and risk management. |
| b.4 | Assessment of the independence and performance of the Entity's External Auditors | Yes | The AC assesses the external auditor's performance, qualifications and independence. |
| b.5 | Make recommendations to the Board pertaining to External Auditors | Yes | The Committee is responsible for recommending the appointment, re-appointment or removal of External Auditors and also providing recommendations on remuneration and terms of engagement. |

Corporate Governance

| CSE Rule | | Compliance Status | Company Action/Reference (within the Report) |
|----------|---|-------------------|--|
| c.1 | Names of the Audit Committee members shall be disclosed | Yes | Corporate Governance |
| c.2 | Audit Committee shall make a determination of the independence of the external auditors | Yes | Refer Report of the Audit Committee. |
| c.3 | Report on the manner in which Audit Committee carried out its functions and manner of compliance of Company in relation to the above. | Yes | Refer Report of the Audit Committee. |

Statement of Compliance under Section 9 of the Revised Listing Rules of the CSE on Corporate Governance, effective as at 1 April 2024

Mandatory Provisions - Fully Compliant

| CSE Rule | | Compliance Status | Company Action/Reference (within the Report) |
|--|--|-------------------|--|
| 9.1 Corporate Governance Rules | | | |
| 9.1.3 | A statement confirming compliance with Corporate Governance Rules | Yes | The Company is in compliance with the Corporate Governance Rules and has stated so within the Report with any deviations explained where applicable. |
| 9.3 Board Committees | | | |
| 9.3.1 b/c/d | Minimum required Board Committees | Yes | The required Committees are maintained and are functioning effectively. |
| 9.3.2 | Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees | Yes | The Company is in compliance with the requirements in respect of the Board Committees. |
| 9.4 Meeting procedures and the conduct of all General Meetings with shareholders | | | |
| 9.4.1 | Records of all resolutions and the following information upon a resolution being considered at any General Meeting shall be maintained | Yes | The Company maintains all records and information regarding resolutions considered at General Meetings. |
| 9.4.2 a/b/c | Communication and relations with shareholders and investors | Yes | Refer Stakeholder management and effective communications under Corporate Governance Report |
| 9.6 Chairperson and CEO | | | |
| 9.6.1 | Requirement for a SID if the positions of Chairperson and CEO are held by the same individual | Not Applicable | Not Applicable |
| 9.6.2 | Market announcement on the rationale behind the appointment of a SID | Not Applicable | |
| 9.6.3 a-d | Requirement for a SID | Not Applicable | |

| CSE Rule | | Compliance Status | Company Action/Reference (within the Report) | | |
|---|--|-------------------|--|--|--|
| 9.6.3 E | SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties | Not Applicable | Not Applicable | | |
| 9.6.4 | Rationale for the appointment of a SID set out in the Annual Report | Not Applicable | Not Applicable | | |
| 9.7 Fitness of Directors and CEO | | | | | |
| 9.7.1-9.7.5 | Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures | Yes | <p>Directors are required to provide general disclosures and declarations on fitness and propriety annually and are required to report any material changes to the information provided therein, including any changes to their professional responsibilities and business associations, to the Board.</p> <p>The Nominations Committee reviews and makes recommendation to the Board on the fitness and propriety of Directors.</p> <p>No non-compliances were reported during the year in this regard.</p> | | |
| 9.8 Board Composition | | | | | |
| 9.8.3 (i) to (viii) | Requirements for meeting the criteria to be an ID | Yes | Details of the independence criteria are explained within the Corporate Governance Commentary. | | |
| 9.8.5 a/b/c | The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'. | Yes | All independent NEDs have submitted declarations as to their independence, and a determination of their independence is evaluated. | | |
| 9.9 Alternate Directors | | | | | |
| a-e | Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association. | Yes | <p>No Alternate Directors were appointed during the financial year.</p> <p>CSE has granted a waiver to amend the Articles of Association to incorporate the requirements of the Rules at an EGM to be held on the same day as the date of the AGM.</p> | | |
| 9.10 Disclosures relating to Directors | | | | | |
| 9.10.2/9.10.3 | Market announcement upon the appointment of a new director and any changes to the Board composition | Yes | Timely market announcement of the new independent NED appointed was made through the CSE. | | |
| 9.10.4 a-i | Details in relation to the Board members | Yes | Refer Board of Director Profiles report | | |
| 9.12 Remuneration Committee | | | | | |
| 9.12.3 | The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on EDs and individual Directors | Yes | Refer Human Resources Compensation Committee Report | | |
| 9.12.4 | Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure the independence | Yes | Refer Director Remuneration section in the Corporate Governance Report | | |

Corporate Governance

| CSE Rule | | Compliance Status | Company Action/Reference (within the Report) |
|--|---|-------------------|---|
| 9.12.5 | The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings | Yes | Refer Human Resources and Compensation Committee Report |
| 9.12.6 (2) | Where the parent company and the subsidiary are Listed Entities, the Remuneration Committee of the parent company may function as the Remuneration Committee of the subsidiary. | Yes | Refer Human Resources and Compensation Committee Report |
| 9.12.6 (3) | An ID shall be appointed as the Chairperson of the Remuneration Committee | Yes | Refer Human Resources and Compensation Committee Report |
| 9.12.7 | Functions | Not Applicable | |
| 9.12.8 A | Names of Remuneration Committee Chairperson and members | Yes | Refer Human Resources and Compensation Committee Report |
| 9.12.8 B | Statement of Remuneration policy | Yes | Refer Human Resources and Compensation Committee Report |
| 9.12.8 C | Aggregate remuneration paid to EDs and NEDs | Yes | Refer Human Resources and Compensation Committee Report |
| 9.13 Audit Committee | | | |
| 9.13.2 | The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties. | Yes | Refer Audit Committee section of the Corporate Governance Report |
| 9.14 Related Party Transactions Review Committee | | | |
| 9.14.2 (1) | Related Party Transactions Review Committee shall comprise of a minimum of 3 members, majority of whom should be IDs and an ID shall be appointed as the Chairperson | Yes | The Related Party Transactions Committee comprises only of Independent Directors and maintained the minimum requirement of three members throughout the year. |

| CSE Rule | | Compliance Status | Company Action/Reference (within the Report) | |
|-----------------------------|--|-------------------|---|--|
| 9.14.2 (2) | Subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may function as the Related Party Transactions Review Committee of the subsidiary. | Yes | Refer Related Party Transactions Review Committee section. | |
| 9.14.3 | Functions | Yes | Refer Related Party Transactions Review Committee section. | |
| 9.14.4 | General Requirements | Yes | Refer Related Party Transactions Review Committee section. | |
| 9.14.5 | Review of Related Party Transactions by the Related Party Transactions Review Committee | Yes | Refer Related Party Transactions Review Committee section. | |
| 9.14.6 | Shareholder Approval | Yes | Refer Extraordinary General Meetings, including Shareholder Approval through Special Resolution section. | |
| 9.14.8 (1) | Details pertaining to Non-Recurrent Related Party Transactions | Yes | Refer Notes to the Financial Statements. | |
| 9.14.8 (2) | Details pertaining to Recurrent Related Party Transactions | Yes | Refer Notes to the Financial Statements. | |
| 9.14.8 (3) | Report of the Related Party Transactions Review Committee | Yes | Refer Report of the Related Party Transactions Review Committee | |
| 9.14.8 (4) | Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise | Yes | Refer Annual Report of the Board of Directors. | |
| 9.14.9 (1)/(2) | Shareholder approval for acquisition and disposal of substantial assets | Yes | Refer Extraordinary General Meetings, including Shareholder Approval through Special Resolution section. | |
| 9.14.9 (4)/(5)/ (6) | Competent independent advice on acquisition and disposal of substantial asset | Yes | There were no acquisition and disposal of substantial assets during the year 2023/24. | |
| 9.16 Additional Disclosures | | | | |
| (i) | Directors have disclosed all material interests in contracts and have refrained from voting when materially involved. | Yes | Directors make a disclosure of interests at appointment, at the beginning of every financial year and during the year as required. | |
| (ii) | Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence | Yes | Board takes steps to ensure the integrity of internal control systems remain effective via the review and monitoring of such systems on a periodic basis. | |

Corporate Governance

| CSE Rule | | Compliance Status | Company Action/Reference (within the Report) |
|----------|---|-------------------|--|
| (iii) | Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions | Yes | Refer Board Induction and Training section. |
| (iv) | Disclosure of material non-compliance with laws/regulations and fines by relevant authorities where the Entity operates. | Not Applicable | Not Applicable |

7.4 STATEMENT OF COMPLIANCE PERTAINING TO THE COMPANIES ACT NO. 7 OF 2007 MANDATORY PROVISIONS - FULLY COMPLIANT

| CSE Rule | | Compliance Status | Company Action/Reference (within the Report) |
|----------------|---|-------------------|--|
| 168 (l) (a) | The nature of the business of the Company or subsidiaries or classes of business in which it has an interest together with any change thereto | Yes | Annual Report of the Board of Directors |
| 168 (l) (b) | Signed Financial Statements of the Group and the Company | Yes | Financial Statements |
| 168 (l) (c) | Auditors' Report on Financial Statements | Yes | Independent Auditors' Report |
| 168 (l) (d) | Accounting policies and any changes therein | Yes | Notes to the Financial Statements |
| 168 (l) (e) | Particulars of the entries made in the Interests Register | Yes | Annual Report of the Board of Directors |
| 168 (l) (f) | Remuneration and other benefits paid to Directors of the Company | Yes | Notes to the Financial Statements |
| 168 (l) (g) | Corporate donations made by the Company | Yes | Notes to the Financial Statements |
| 168 (l) (h) | Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period | Yes | Board of Directors |
| 168 (l) (i) | Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered | Yes | Notes to the Financial Statements |
| 168 (l) (j) | Auditors' relationship or any interest with the Company and its Subsidiaries | Yes | Report of the Audit Committee/Financial Statements |
| 168 (l) (k) | Acknowledgement of the contents of this Report and signatures on behalf of the Board | Yes | Financial Statements/Annual Report of the Board of Directors |
| 168 (2) | Information specified in paragraphs (b) to (j) of subsection (l) in relation to Subsidiaries. | Yes | Financial Statements/Annual Report of the Board of Directors |

7.5 Code of Best Practice of Corporate Governance 2017 Issued by CA Sri Lanka

VOLUNTARY PROVISIONS

The Company is compliant with almost the full 2017 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the Group.

Directors

- The Company is directed, controlled and lead by an effective Board that possess the skills, experience and knowledge and thus all Directors bring independent judgement on various subjects, particularly financial acumen.
- Chairperson of the board is a Non-executive Director
- Board Balance is maintained as the Code stipulates.
- Whilst there is a transparent procedure for Board Appointments, election and re-election, subject to shareholder approval, takes place at regular intervals.
- Specified information regarding Directors is shared in the Corporate Governance Commentary.

Directors' Remuneration

- The Human Resource and Compensation Committee, consisting of exclusively INEDs of JKH is responsible for determining the remuneration of Chairperson.
- The determination of NED remuneration, remuneration policy and aggregate remuneration paid is disclosed under the Director Remuneration section and is in line with the Code.

Relationship with Shareholders

- There is constructive use of the AGM, as per Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute.
- The Group has in place multiple channels to reach shareholders as discussed under the Stakeholder Management and Effective Communication section.

Accountability and Audit

- Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the company carried out all business in accordance with regulations and applicable laws, equitably and fairly.
- The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements.
- There is an annual review of the effectiveness of the Group's risk management and internal controls which ensures the maintenance of a sound system of internal control which is reported on under the Internal Controls section
- The Internal Audit function and the Audit Committee, functions as stipulated by the Code, and are discussed under the Audit Committee section.
- A Related Party Transactions Review Committee is in place and functions in line with the Code.
- There were no violations of the Group Code of Conduct and the Code of Business Conduct and Ethics during the year, which is mentioned under the Chairperson's Message section.

Corporate Governance

| | |
|----------------------------|--|
| Institutional Investors | <ul style="list-style-type: none">The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM. |
| Other Investors | <ul style="list-style-type: none">Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and exercise their voting rights and seek clarity, whenever required. |
| Sustainability | <ul style="list-style-type: none">ESG (environmental, social, and governance) is a pivotal consideration in the Group's decision making. In reporting performance, the Annual Report covers ESG disclosures through the <IR> framework, Global Reporting Initiative Sustainability Reporting Standards and operations in conformity with the Principles of the United Nations Global Compact and United Nations Sustainable Development Goals. |
| Internet and Cybersecurity | <ul style="list-style-type: none">The Board has prioritised cybersecurity by appointing a dedicated member responsible for overseeing it within the group. Company has implemented a group policy, conduct periodic reviews to ensure its effectiveness, discuss cybersecurity risks at the board level, and disclose the management of risks in the Annual Report. Furthermore, measures have been taken to secure connectivity for both internal and external devices. |

7.6 Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka

CA Sri Lanka issued a revised Code of Best Practice on Corporate Governance in December 2023, effective from 1 April 2024. While the Group has presented its compliance in line with the 2017 Code of Best Practice on Corporate Governance, the Group has reviewed the 2023 Code for further adoption, as applicable, and relevant to the Group.

Board Subcommittee Reports

Report of the Audit Committee

Introduction

The Board Audit Committee of Asian Hotels and Properties PLC is a formally established Sub-Committee of the Main Board, to which it is accountable. The Charter of the Committee clearly defines the terms of reference of the Audit Committee and has been drawn in-line with corporate governance best practices adhering to the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The effectiveness of the Committee is evaluated annually by each member of the Committee and the results are communicated to the Board.

This report focuses on the activities of the Audit Committee for the year under review. A more general overview of the Committee's functions is given under the Corporate Governance Commentary from page 92.

Role Of The Committee

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the Financial Statements of the Company and of the subsidiary (AHP Group), the internal control and risk management framework and systems of the Group, compliance with legal and regulatory requirements, the External Auditors' performance, qualifications and independence as well as the adequacy and performance of the Internal Audit function undertaken by the JKH Group's Business Process Review Division (Group BPR). The scope of functions and responsibilities set out in the terms of reference of the Audit Committee have been approved by the Main Board and is reviewed annually.

Composition of The Committee and Meetings

The Audit Committee comprised of three Non-Executive Independent Directors. Ms. Aroshi Nanayakkara serves as the Chairperson of the Audit Committee since June 2021. She is a member of Chartered Institute of Management Accountants (CIMA), UK having gathered extensive experience through her 20 plus years in multinationals as well as some of Sri Lanka's prominent blue-chip companies. Other members of the committee have specialist banking and IT backgrounds. All Non-Executive Directors satisfy the criteria for independence as specified in the Standards on Corporate Governance for listed Companies issued by the Securities and Exchange Commission of Sri Lanka. The individual and collective knowledge, business experience and independence of members are brought to bear on all matters which fall within the purview of the committee. The Director Finance of the Cinnamon Grand Hotel serves as the Secretary to the Audit Committee.

The President - Property Group of John Keells Holdings, Chief Executive Officer – Cinnamon Hotels & Resorts, Chief Financial Officer - Leisure Industry Group, General Manager of Cinnamon Grand, Sector Financial Controllers of Property and Hotels Sectors together with the Head of Group Business Process Review division of John Keells Holdings PLC, attend Audit Committee meetings by invitation. Other officials are invited to attend on a need basis. Outsourced Internal Auditors, Deloitte Advisory Services (Pvt) Ltd, and Independent External Auditors, KPMG, are required to attend meetings on a regular basis.

The Audit Committee held four meetings during the financial year. Information on the attendance at these meetings are given under Corporate Governance on page 92. In addition, the Chairperson of the Committee met the Internal and External Auditors and in-house personnel, as necessary, to strengthen guidance and oversight related to Audit Committee matters.

The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings and by tabling the minutes of the Committee's meetings at the Main Board.

Financial Reporting

The Audit Committee has reviewed and discussed the Group's quarterly and annual Financial Statements with the Management and the external auditors prior to their publication. The scope of the review included ascertaining compliance of the statements and disclosures with Sri Lanka Accounting Standards and the appropriateness and changes in accounting policies and material judgemental matters. The Committee further discussed with the External Auditors and Management the matters communicated to the Committee by the External Auditors in their report on the audit for the financial year. In addition, the Committee regularly discussed the operations of the Company, the volatility and risks in the industry, risk mitigants and future prospects with the Management and is satisfied that all relevant matters have been taken into account in the preparation of the Financial Statements.

The committee obtained independent input from External Auditors on the effects of any new Sri Lanka Accounting Standards that came into effect for the year under review and satisfied themselves that necessary preparatory work was carried out to enable the Company to comply with these new standards.

Board Subcommittee Reports

Internal audit, Risk and Controls

Deloitte Advisory Services (Pvt) Ltd continued to serve as the outsourced Internal Auditors of the Company with the audit plans and scope of work being formulated in consultation with Group BPR division and thereafter approved by the Audit Committee.

The main focus of Internal Audit was to provide independent assurance on the overall system of internal controls, risk management and governance by evaluating the adequacy and effectiveness of internal controls, compliance with laws and regulations and compliance with established policies and procedures of the Company. Reports from the outsourced Internal Auditors on the operations of the Company were also reviewed by the Committee.

The recommendations of the Internal Auditors are implemented as deemed fit and implementation confirmed by the auditors in subsequent follow-up audits.

The Audit Committee has also reviewed the processes for the identification, evaluation and management of all significant operational risks faced by the Company. The most significant operational risks and the remedial measures taken to mitigate them have been reviewed with the Management, the John Keells Group Sustainability and Group BPR division as well as the Main Board.

Formal confirmations and assurances have been received from senior management on a quarterly basis regarding the efficacy and status of the internal control systems and risk management systems as well as compliance with applicable laws and regulations.

The Committee reviewed the whistle blowing arrangements of the Company which is in-line with the Group (JKH) arrangements and had direct access to the Ombudsperson for the Group.

External Audit

The External Auditors' letter of engagement, including the scope of the audit, was reviewed and discussed by the Committee with the external auditors and Management prior to the commencement of the audit.

The External Auditors kept the Committee advised on an on-going basis regarding any unresolved matters of significance. Before the conclusion of the audit, the Committee met with the External Auditors to discuss all audit issues and agreed on their treatment. The Committee also met the External Auditors, without the Management being present, prior to the finalisation of the Financial Statements.

The External Auditors' final management reports on the audit of the Company and Group Financial Statements for the year 2023/24, together with management's responses, were discussed with management and the auditors.

The Audit Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service giving rise to a conflict of interest. Due consideration has been given to the level of audit and non-audit fees received by the External Auditors from the Group and confirmation has been received from the External Auditors of their compliance with the independence criteria given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The performance of the External Auditors has been evaluated and discussed with the senior management of the Company, and the Committee has recommended to the Board that KPMG be re-appointed as the External Auditors of Asian Hotels and Properties PLC for the financial year ending 31 March 2025, subject to approval by the shareholders at the Annual General Meeting.

Information Technology Risk Assessment

Keeping abreast with international standards, the company seeks the services of Information Technology (IT) to provide customers with a superior service. Adoption of changes, going concern of the IT infrastructure and the security aspect of data is reviewed and assessed by the Committee on a periodic basis. The committee draws conformity of the Leisure Group Head of IT when disseminating this role.

Insurance Assessment

An integrated assessment of the adequacy of insurance of the Hotel is done by the committee on a periodic basis. The committee assesses the adequacy of insurance coverage in terms of Employee wellbeing, public liability and Economic benefit. The committee draws conformity of the Group Insurance Broker for the expertise and confirmation of its compliance.

Compliance With Code of Best Practice on Audit Committee

The Board Audit Committee scope and functions are in compliance with the requirements of the Code of Best Practice on Audit Committee issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Compliance With Code of Best Practice on Corporate Governance

The Board Audit Committee has conducted its affairs with the requirements of the code of best practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Compliance With Corporate Governance Rules As Per Section 9.13 of The Listing Rules of The Colombo Stock Exchange.

The Board Audit Committee has conducted its affairs within the requirements of Corporate Governance rules as per section 9.13 of the listing Rules of the Colombo Stock Exchange.

Evaluation of The Board Audit Committee

Evaluation of the Board Audit Committee is done on a periodic basis. The members of the Board Audit Committee along with other participants such as The Chief Executive Officer of the Cinnamon Hotels and Resorts, General Manager of the Hotel, Chief Financial Officer of the Leisure Group, Internal auditors, and external auditors assess the Committee. The assessment is tabled annually at the Audit Committee Meeting and communicated to the Board of the Company.

Conclusion

Based on the reports submitted by the External Auditors and the outsourced Internal Auditors of the Company, the assurances and certifications provided by the senior management and the discussions with the Management and the auditors both at formal meetings and informally, the Committee is of the view that the control environment within the Company is satisfactory and provides reasonable assurance that the financial position of the Company is adequately monitored and its assets are safeguarded.



Aroshi Nanayakkara

Chairperson of the Audit Committee

21 May 2024

Members:

Ms. Aroshi Nanayakkara - Chairperson

Mr. J. Durairatnam

Mr. A. S. De Zoysa

Board Subcommittee Reports

Report of the Related Party Transactions Review Committee

Composition

The following Directors served as members of the Committee during the financial year:

N Fonseka (Chairperson)

A Cabral

S Fernando

P Perera – former Chairperson retired from the RPT committee with effect from 1 July 2023

S Coorey – appointed to the RPT committee with effect from 1 July 2023 and resigned with effect from 8 November 2023.

The Chairperson-CEO, Deputy Chairperson/Group Finance Director, and Group Financial Controller attended meetings by invitation. The Head of Group Business Process Review served as the Secretary to the Committee. The Committee held four meetings during the financial year, which were held on a quarterly basis. Information on the attendance at these meetings by the members of the Committee is given alongside. Urgent transactions that required prior approval of the Committee were dealt with by circulation among the members.

Objective and Governing Policies

The objective of the Committee is to exercise oversight on behalf of the Board of John Keells Holdings PLC and its listed Subsidiaries, to ensure compliance with all applicable rules and regulations, namely the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ('The Code') and the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and ensures that transactions are in line with the Groups' internal governance framework and associated policies.

Procedure

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP) with a view to ensuring that:

- there is compliance with 'The Code' and the Listing Rules of the CSE
- shareholder interests are protected; and
- fairness and transparency are maintained.

Non-recurrent Related Party Transactions (RPTs) of listed entities:

The Committee advocated the Management to implement appropriate procedures to ensure that all non-recurrent RPTs of the Group's listed entities are submitted to the Committee,

for pre-approval. Accordingly, the Committee reviewed and pre-approved all proposed non-recurrent Related Party Transactions (RPTs) of the parent, John Keells Holdings PLC, and all its listed subsidiaries, including: Asian Hotels and Properties PLC.

Recurrent RPTs of listed entities:

The Committee has endorsed guidelines to facilitate disclosures and assurances to be provided by the senior management of listed entities in the Group so as to validate compliance with Section 9.5(a) of the Listing Rules and thus exclusion from the mandate for review & pre-approval of such transactions by the Committee.

Accordingly Recurrent RPTs as well as the aforesaid disclosures & assurances were reviewed annually by the Committee.

Other significant transactions of non-listed subsidiaries:

Material transactions of non-listed subsidiaries in the Group were presented to the Committee for information.

The Group continued to adopt a broader scope in defining key management personnel including therein all senior decision makers. Accordingly, in addition to the Directors, all Presidents, Executive Vice Presidents, Chief Executive Officers, Chief Financial Officers and Financial Controllers of respective companies/sectors have been designated as KMPs in order to increase transparency and enhance good governance. Annual disclosures from all KMPs setting out any RPTs they were associated with, if any, were obtained and reviewed by the Committee.

The activities and views of the Committee have been communicated to the Board of Directors, quarterly, through verbal briefings, and by tabling the minutes of the Committee's meetings.



N Fonseka

Chairperson of the Related Party Transaction Review Committee

20 May 2024

NOMINATIONS COMMITTEE REPORT

The Nominations Committee of the Company as at 31 March 2024, consisted of the following members:

- J. Durairatnam (INED*) – Chairperson
- K. N. J. Balendra (NED*)
- A. S. De Zoysa (INED*)

* NED-Non-Executive Director INED-Independent Non-Executive Director

During its annual self-review, the Committee reaffirmed its mandate as follows:

- To identify suitable persons who could be considered for appointment as Directors to the Boards of the Company and its subsidiary, Trans Asia Hotels PLC, as Non-Executive Directors.
- To review the structure, size, composition and skills of the Board of the Company and its subsidiary.
- To ensure that every appointee undergoes an induction.
- To make recommendations on matters referred to it by the respective Boards of the Company and its subsidiary.

During the reporting period, the Committee recommended the following appointment /re-appointment to the Board of Trans Asia Hotels PLC:-

- N L Gooneratne (renewal of contract as an Independent Non-Executive Director).

The Committee continues to work with the Company Board on reviewing its skills mix, based on immediate and emerging needs. Further, the Committee discusses with the Board the outputs of the Annual Board Evaluation.



J. Durairatnam

Chairperson of the Nominations Committee

21 May 2024

Board Subcommittee Reports

Report of the Human Resources and Compensation Committee

The Human Resource and Compensation Committee forms a key part of the governance framework of the Group and carries the mandate to oversee the compensation and benefits policies adopted by the Group, and in doing so, review and recommend overall remuneration philosophy, strategy, policies and practices and performance-based pay plans. Furthermore, it reviews performance, compensation and benefits of the CEO, the other Executive Directors, and key executives who support and implement decisions at an apex level, the overall business strategy and make recommendations, thereon to the Board. The Committee also reviews and monitors the performance of the Group's top talent for the purposes of organisational growth and succession planning, with particular emphasis on succession at key executive levels.

In performing this role, the Committee is conscious of the need to ensure that stakeholder interests are aligned, and the Group is able to attract, motivate, retain talent and ensure their loyalty; the integrity of the Group's compensation and benefits programme is maintained and importantly, that the compensation policy and schemes are compliant with applicable laws and regulations.

In this context, the Committee determined the remuneration of the Executive Directors including the Chairperson-CEO in terms of the methodology set out by the Board, upon an evaluation of their performance by the Non-Executive Directors. The evaluation of the members of the Group Executive Committee was considered by the Committee and remuneration was determined based on performance, market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy.

As per the mandate outlined, the report from the Chairperson of the Human Resources and Compensation Committee continues to be a standing agenda item at the quarterly Board meetings. The Chairperson of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

The Committee wishes to report that the Company has complied with the Companies Act in relation to remuneration of Directors. The annual performance appraisal scheme, the calculation of short-term incentives, and the award of ESOPs were executed in accordance with the approvals given by the Board, based on discussions conducted between the Committee and the Management.



A Cabraal

Chairperson of the Human Resources and Compensation Committee

20 May 2024

Report of the Project Risk Assessment Committee

The following Directors served as members of the Committee during the financial year:

H Wijayasuriya (Chairperson)

K Balendra

G Cooray

The Project Risk Assessment Committee was established with the purpose of further augmenting the Group's Investment Evaluation Framework. The Committee provides the Board with enhanced illumination of Risk perspectives with respect to large scale new investments, and also assists the Board in assessing the potential impact of risks associated with such investments. Investments which are referred to the Committee are those which exceed a board-agreed threshold in terms of quantum of investment and/or potential impact to the Group. The Committee accordingly provides early-stage recommendations to the Board with respect to the extent of risk and adequacy of mitigation strategies.

During the year under review, the context of Project Risk Assessment was centred on (i) The extenuating impact of Sri Lanka's macroeconomic crisis on Group businesses and (ii) The two landmark investment projects of the Group - City of Dreams Sri Lanka (formerly known as the Cinnamon Life Integrated Resort) and the West Container Terminal. Given the scale and impact of the risks and opportunities associated

with the said subjects, the committee and JKH board were of the view that related deliberations should take place with participation of the full Board as regular board agenda items.

While there were no specific new investments during the year which required Board Approval as per the Group's financial thresholds, new ventures such as the partnership with the Reliance Group on the marketing and distribution of Beverages in the Indian market, the entry into the partnership with BYD on New Energy Vehicles and the launch of the VIMAN project were a some of the key projects of the Group which were also discussed at JKH Board level.



H Wijayasuriya

Chairperson of the Project Risk Assessment Committee

20 May 2024

Risk Management

Hotels and leisure industry remains to be one of the most susceptible industries to shocks stemming from macro-economic imbalances, geo-political instabilities, pandemics and since of recent climate change among other multi-dimensional sources. As a part of the John Keells Group and Cinnamon Hotels and Resorts, Asian Hotels and Properties PLC (the Group/ AHP) maintains an enterprise-wide approach to risk management with a robust risk management framework implemented, clearly establishing the governance structures, policies, processes, and procedures which guide managing risks and enabling balances of profitability and financial stability. The framework has supported strategic foresight and agility, whilst proving its validity particularly over the recent years of unprecedented external shocks.

Risk Governance

AHP draws deep strength from the very robust risk governance process that has been instilled within the Cinnamon Hotels and Resort. With the Board of Directors assuming ultimate responsibility in risk management, the following factors contribute to efficient risk governance.

- Audit Committee which oversees risk and internal control matters supported by John Keells Group Business Process Review (GBPR) Division and Outsourced Internal Auditors through regular reviews and recommendations on the robustness of the internal control systems
- Sector risk management team which is responsible for the effective execution of the risk management framework

Enterprise Risk Management

Enterprise Risk Management (ERM) is an ongoing process at the Group which follows a structured process and enables the pre-identification of potential risks that may impact the performance of the Group. This also enhances the Board's capabilities in discharging of its responsibilities in identifying, assessing and responding to the identified risks efficiently and effectively.

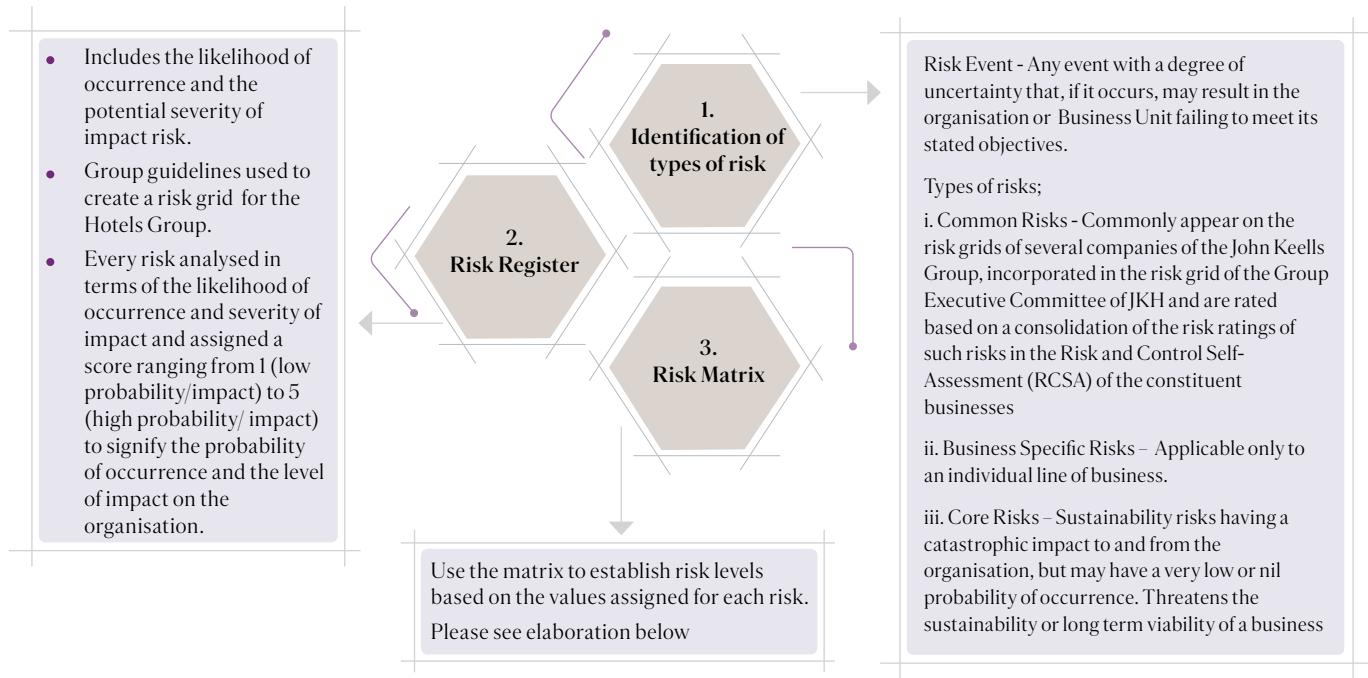
It follows the process of

- Consideration of the existing and emerging risk factors that may impact the business
- Evaluation of risks in terms of likelihood and impact
- Designing appropriate risk treatments



Key cogs of the ERM Framework

The ERM Framework adopted by the John Keells Group and implemented by the Hotels Group, involves the following:



Risk Matrix

The Group's Risk Matrix is built up on a dual factor scoring model of Impact/ severity of the risks and Occurrence/ likelihood of risks. The spectrum for both these factors ranges across five sub classifications increasing in severity and likelihood of occurrence with scores assigned.

In a second step the scoring is interpreted based on a colour matrix in assessing the priority level of the risks.

Step 1 – Guideline for risk rating and identification of risk score

| | | | | | | | |
|-------------------|------------------------|------------------------------|-------------------|-------------------|-----------------|-------------------------|----|
| Impact / Severity | 5 | Catastrophic/ Extreme Impact | 5 | 10 | 15 | 20 | 25 |
| | 4 | Major/ Very High Impact | 4 | 8 | 12 | 16 | 20 |
| | 3 | Moderate/ High Impact | 3 | 6 | 9 | 12 | 15 |
| | 2 | Minor Impact | 2 | 4 | 6 | 8 | 10 |
| | 1 | Low/ Insignificant Impact | 1 | 2 | 3 | 4 | 5 |
| | Occurrence/ Likelihood | | | | | | |
| | | Rare/ Remote to Occur | Unlikely to Occur | Possible to Occur | Likely to Occur | Almost Certain to Occur | |
| | | 1 | 2 | 3 | 4 | 5 | |

Risk Management

Step 2 – Determining the priority level of risks

Occurrence/Likelihood

The Colour Matrix implies the following;

| Priority level | 5 | 4 | 3 | 2 | 1 |
|----------------|------------|-------|--------|-----|---------------|
| Colour code | Ultra High | High | Medium | Low | Insignificant |
| Score | 13-25 | 10-12 | 7-9 | 3-6 | 1-2 |

Key risks for Asian Hotels and Properties PLC and their risk priorities

The following risks have been identified at the John Keells Hotels level as applicable to all hotels of the sector. These risks have been assessed as per the above illustrated Risk Matrix and their respective priority levels are indicated.

| Risk categorization | Key risks | Risk priority |
|-----------------------|--|---------------|
| Operating Environment | Consumer behaviour | High |
| | Increased competitiveness in the industry | High |
| | Threat from terrorism and civil unrest | Medium |
| | Digital innovation and technological transformation | Medium |
| | Geo-political developments | Low |
| | Macro-economic and political environment | Low |
| | Inflation risk | Low |
| Financial Risks | Exchange rate risk | Medium |
| | Interest rate risk | Medium |
| | Credit risk & Liquidity & risk | Low |
| Operational Risks | Talent attraction and retention | High |
| | Condition of property and efficient functioning of equipment and machinery | High |
| | Operational resilience to incidents or disruption or control breakdown | Medium |
| | Occupational health and safety | Medium |
| | Supply chain issues/ Supply Chain shortages | Low |
| | Fraud and anti-corruption | Low |
| | Brand reputation impact | Low |
| | Technology, data and cyber security risk | Low |
| Environmental Risks | Climate change risk | Low |

Risk Management Strategy

The Hotels Group follows a holistic approach to identifying and managing risks where the risk management function is closely intertwined with its sustainability management framework and Corporate Social Responsibility (CSR) functions. Risk Management, therefore, extends beyond managing the operational and financial risks faced by the Company to incorporate broader environmental, community, employee, value chain and other non-financial risks related to Environmental, Social and Governance (ESG) considerations of the Company.

The Sector Risk Management Team, headed by the Industry Group President, reviews high-level or core risks to validate the risk process at the Business Unit level. The significant risk areas impacting the company's strategic business objectives and the measures taken to address these risks are discussed below.

Risks analysis

Risk categorization: Operating Environment

| Risk description | Impacted strategic imperative | Risk Rating | Risk responses |
|--|-------------------------------|-------------|---|
| Consumer behavior Failure to adapt to the rapidly evolving traveler needs driven by technological and socio-economic advancements can negatively affect customer satisfaction levels. | Revenue optimisation | High | <ul style="list-style-type: none"> Greater focus on revenue management to predict customer behaviour Refining product and rate positioning to correspond with the value proposition of Cinnamon Grand High level of guest engagement through satisfaction surveys, social media platforms and face-to-face interactions, including positioning staff with multilingual skills in guest interface areas Reassure employees and existing and potential guests of the Hotel's commitment to safety and well-being, through a dedicated page on the Hotels Group website Reviewing and innovating our experiential offerings to cater to evolving requirements |
| Increased competitiveness in the industry Continuous increase in quality standards to keep in line with competition resulting in cost increases | Revenue optimisation | High | <ul style="list-style-type: none"> Close monitoring of competitors using reliable industry analysis Pricing to be frequently revisited under a robust pricing strategy Excellent upkeep of property Excellence in service levels ensured through retention of talent, training and development Timely updates to product and services in line with emerging customer needs |
| Threat from terrorism and civil unrest Possible attacks on civilians and economic targets by terrorists may lead to civil unrest and imposition of travel advisories against Sri Lanka | Revenue optimisation | Medium | <ul style="list-style-type: none"> Establishment of protocols as per the Business Continuity Plans (BCP) on action to be taken in such an event Appointment of vigilance officers at the Company and establishment of reporting protocols Establishment of direct links with local intelligence for information on potential risks Review/Implementation of Emergency Response Plans for armed intrusions/hostage handling/isolation/bomb threat Annual evacuation drills Emergency Preparedness plans to be in place Monitoring of Political Environment Insurance covers |

Risk Management

| Risk description | Impacted strategic imperative | Risk Rating | Risk responses |
|--|--|-------------|---|
| Digital innovation and technological transformation Inability to be technologically advanced at customer touch-points as well as in internal processes may lead to loss of competitive advantage, reduced efficiency & higher operating costs | Revenue optimisation Operational excellence and cost optimisation | Medium | <ul style="list-style-type: none"> Comprehensive gap analysis to be conducted to identify the current position |
| Geo-political developments Recent geopolitical events, such as the conflict involving Russia and Ukraine, tensions between Israel and Hamas militants in Palestine and neighboring countries, coupled with sluggish economic growth in key feeder markets. | Add icon Revenue optimisation | Low | <ul style="list-style-type: none"> Proactively implement marketing strategies to pursue other key feeder markets Expanding geographical coverage Continued efforts into enhancing revenue in all sales channels Robust and carefully thought-out contingency plans |
| Macro-economic and political environment Sri Lanka's macroeconomic instabilities affects both demand and supply dynamics. Political instability together with inconsistency in Government policies also affect operations. | Revenue optimisation | Low | <ul style="list-style-type: none"> Scenario testing and proactively identifying action plans to mitigate risks The senior management of our Hotels Group actively participates in the development and promotion of economic policies by engaging in consultative committees, trade associations, and policy-making bodies |
| Inflation Risk Inflationary pressures can have a significant impact on our business and operational results | Revenue optimisation | Low | <ul style="list-style-type: none"> Supply chain management viz. lock in short-term, medium-term, and long-term supplier contracts, expanding supplier base and building up stocks – thereby managing the potential fluctuations of prices of input goods due to inflation Menu re-engineering with price effective inputs Company-wide cost optimisation initiatives |

Risk categorization: Financial Risks

| Risk description | Impacted strategic imperative | Risk Rating | Risk responses |
|--|--|----------------|---|
| Exchange rate risk Devaluation of the Rupee is likely to increase operating cost base and finance cost of Dollar borrowings. With policy maker intervention the exchange rate is currently stabilized yet with possibility of sudden shocks | Operational excellence and cost optimisation | Medium | <ul style="list-style-type: none"> • Regular monitoring of fluctuations in exchange rates and hedging the exposure by matching foreign currency earnings and payments, in close liaison with the John Keells Group Treasury • Inclusion of terms in third party agreements to mitigate foreign currency exposure |
| Interest rate risk Impact of interest rate fluctuations on investments and borrowing costs, together with planning in to the medium to long term rendered challenging | Operational excellence and cost optimisation | Medium | <ul style="list-style-type: none"> • Prudent management of financial assets • Closely monitoring interest rate movements in the market and regular communication with John Keells Group Treasury • Continuous negotiations with financial institutions • Diversifying the sources and tenors of debt • Renegotiation of credit periods and constant follow ups on outstanding debt |
| Credit and liquidity risk With challenging macroeconomic conditions, high taxes, reduced income levels and resultant heavily reduced spending capabilities, potential defaults by customers may occur elevating credit risk. The Hotel's financial performance and growth have been negatively impacted by uncertainty surrounding geopolitical events. Therefore, our primary focus is on safeguarding cash flow and preserving our cash reserves, as well as maximising the use of available credit facilities to maintain adequate liquidity for the future, eliminating any liquidity risk. | Revenue optimisation Operational excellence and cost optimisation | Low | <p>Managing credit quality</p> <ul style="list-style-type: none"> • Stringent credit policy in place with controls in place to mitigate the impact of default • Evaluation of customer creditworthiness • Obtaining periodic confirmation of outstanding balances • Regular follow-up on debtors with collection targets and adapt progressive action • Regular review of credit limits • Weekly debtors meeting with Management • Regular internal audits <p>Managing liquidity risk</p> <ul style="list-style-type: none"> • Regular review mechanisms in place to monitor the performance of the company against approved budget • Preserving cash flow by reducing cash burn • Capital augmentation and governance around capital and discretionary expenses • Regular internal audits |

Risk Management

Risk categorization: Operational Risks

| Risk description | Impacted strategic imperative | Risk Rating | Risk responses |
|--|--|-------------|--|
| Talent attraction and retention <p>The hospitality industry faces persistent challenges in attracting and retaining skilled employees due to increasing levels of migration in the country and high demand for and employability of skilled labour from the sector</p> | Talent management Service excellence | High | <ul style="list-style-type: none"> Explore innovative recruitment and employment models such as part-time work and flexible work options to attract and retain non-traditional cohorts Communicating Employer Brand Value proposition more effectively to attract and retain new employees, including the use of Great Place To Work score Ongoing investment in talent and competency development Strengthening rewards and benefits schemes through global benchmarking and levelling exercises Talent management and succession planning programmes for critical positions Offer employment opportunities in other business units within the Group Enhance talent acquisition capabilities through registration with overseas recruitment agencies |
| Condition of the property <p>The condition of the property is a critical factor which directly affects customer experiences, loyalty towards the brand, brand reputation, induce repeat patronage and safety of customers as well as employees/other visitors</p> | Revenue optimisation Operational excellence and cost optimisation | High | <ul style="list-style-type: none"> Conducting regular audit and checks/tests Periodic preventive maintenance such as rewiring, re-plumbing, refurbishment Timely operational and capital expenditure in ensuring the upkeep of property |
| Operational resilience to incidents, disruptions or control breakdown <p>The inherent operational risks associated with our business persist, encompassing aspects such as safety, security, reliance on equipment, and financial control procedures</p> | Operational excellence and cost optimisation | Medium | <ul style="list-style-type: none"> Comprehensive schedule of preventive maintenance programmes Valid service provider agreements with local spare part suppliers Additional provisions for backup generators and identified generator providers in each resort location Outsourced internal audits Special investigations |
| Occupational health and safety <p>Non-compliance with health and safety standards can disrupt operations and seriously impact brand reputation</p> | Talent management ESG considerations | Medium | <ul style="list-style-type: none"> The Company has set environmental, health and safety policies and standards Conducting periodic audits and addressing of gaps identified through training |

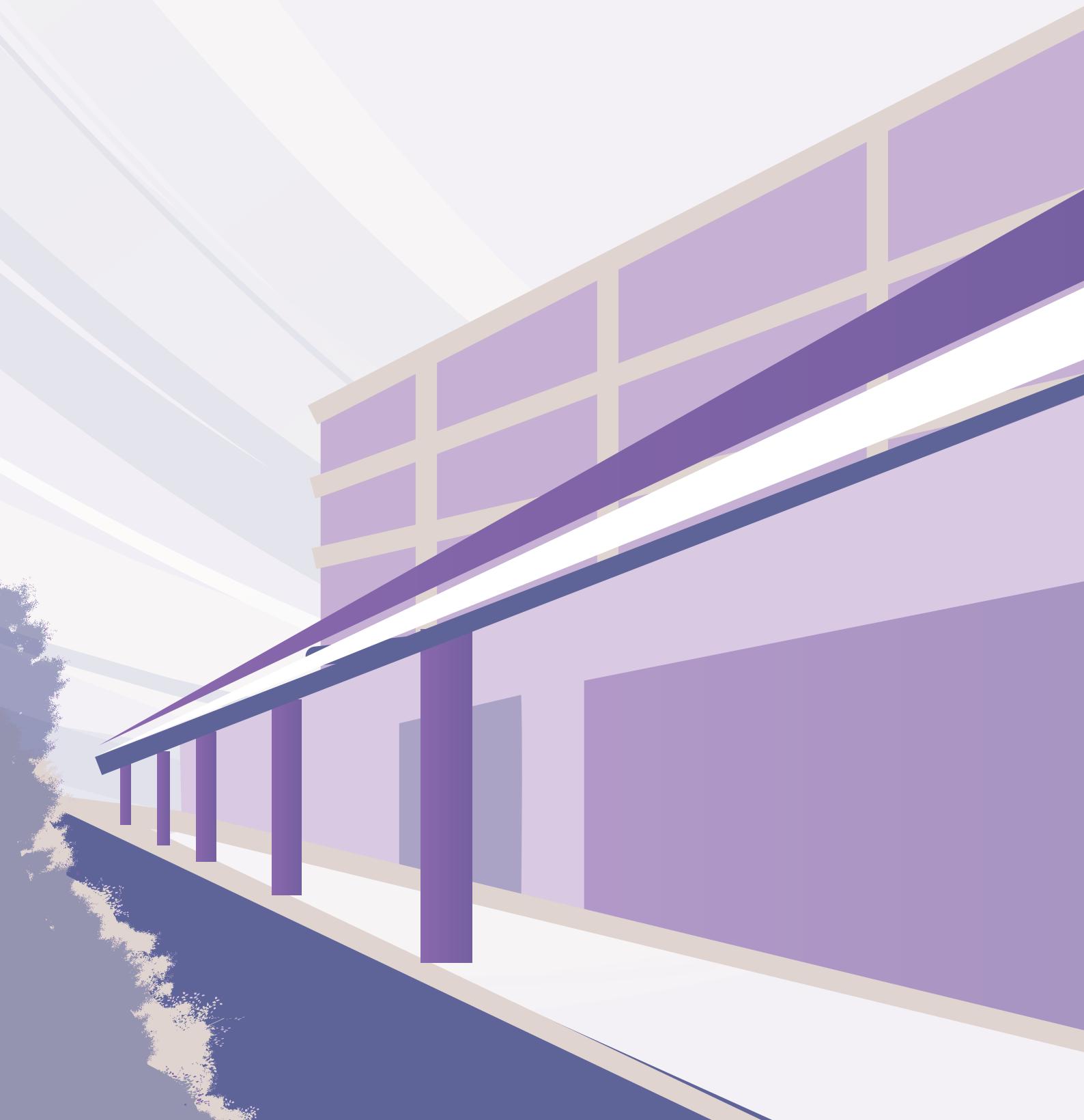
| Risk description | Impacted strategic imperative | Risk Rating | Risk responses |
|---|--|-------------|---|
| Supply chain issues/ Supply Chain shortages Disruption to operations, increased cost & reputational loss | Operational excellence and cost optimisation | Low | <ul style="list-style-type: none"> Continuous supplier engagements, maintenance of a pool of alternate suppliers and regular monitoring of the operating environment for potential disruptions affecting supplier operations Alterations to menus in accordance with evolving supply conditions and changes to order processes Regular supplier audits |
| Fraud and anti-corruption Possibility for fraud and engaging in corruption can lead to financial losses as well as reputational damages to the entity | Operational excellence and cost optimisation | Low | <ul style="list-style-type: none"> Internal audits Special investigations Data driven analytics in identifying potential fraudulent trends, and monitoring of same |
| Brand reputation impact Events that could negatively affect the reputation and relationships with key stakeholders | Revenue optimisation | Low | <ul style="list-style-type: none"> Training and development of staff who are in effect brand ambassadors Carrying out compliance audits/brand audits Brand positioning, development, and marketing Establishment of a Crisis Communication Plan/Team and Spokesperson |
| Technology, data and cyber security risk Given the nature of our business, we handle substantial volumes of guest data both domestically and internationally. The heightened reliance on remote technology, encompassing digital sales channels, remote work setups, and online marketing, has elevated the vulnerability to cyber threats. As a result, prioritising cybersecurity is imperative to safeguarding business operations and preserving the reputation of the Hotels | Operational excellence and cost optimisation | Low | <ul style="list-style-type: none"> Well-defined cyber security incident response process addressing the pillars of device, information and user Training employees and creating staff awareness on the importance of maintaining information security and handling sensitive information Implementation and regular testing and verification of network protection technology Pursuing opportunities with cloud-based applications Establishing a disaster recovery plans Continuous monitoring of potential threats. |

Risk Management

Risk categorization: Environment Risks

| Risk description | Impacted strategic imperative | Risk Rating | Risk responses |
|--|-------------------------------|-------------|---|
| <p>Climate change risk The Hotel's operations are affected by climate change – which is one of the triple planetary crises, posing current and emerging risks to its operations. These include global warming and erratic weather patterns which lead to for example, greater usage of energy in air-conditioning affecting profitability and carbon footprint and disruptions to events, specially outdoor events</p> | <p>ESG considerations</p> | <p>Low</p> | <ul style="list-style-type: none"> • The Company recognises sustainability as an operational priority and has set long-term environmental goals, which include a reduction in greenhouse gas emissions and a reduction in single-use plastics • Promoting biodiversity conservation • Company's commitment to establishing long-term goals focusing on efficient resource utilisation and reducing emissions • Setting up standards, training and monitoring a range of environmental indicators, including water, energy, waste, and carbon footprint • Consider long-term climate change. Impacts in evaluating expansion plans • Promoting awareness among key stakeholders on sustainable operations • Business Continuity Plans including alternate working arrangements and emergency response plans in the event of natural disasters |

CANOROUS CERTAINTY



Financial Calendar

Interim Reports for 2023/24

| | |
|-------------|-----------|
| 1st Quarter | 24-Jul-23 |
| 2nd Quarter | 6-Nov-23 |
| 3rd Quarter | 30-Jan-24 |
| 4th Quarter | 21-May-24 |

Audited Financial Statements

| | |
|---------|-----------|
| 2022/23 | 23-May-23 |
| 2023/24 | 21-May-24 |

Annual General Meetings

| | |
|-------------------------------|-----------|
| 29th Annual General Meeting | 27-Jun-23 |
| 30th Annual General Meeting | 27-Jun-24 |
| Extraordinary General Meeting | 27-Jun-24 |

Financial Reports

| | |
|---|-----|
| Annual Report of the Board of Directors | 149 |
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| Statement of Financial Position | 163 |
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Annual Report of the Board of Directors

The Directors have the pleasure of presenting the 30th annual report of Asian Hotels and Properties PLC together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of Asian Hotels and Properties PLC and its subsidiaries (“AHP Group”) for the year ended 31st March 2024.

This Report satisfies the relevant requirements of the Companies Act No. 7 of 2007 (Companies Act), the relevant listing rules of the Colombo Stock Exchange (CSE), recommended reporting and corporate governance best practices, including the Code of Best Practices on Related Party Transactions (2013) issued by the Securities and Exchange Commission of Sri Lanka (SEC), Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka to the extent of business exigency as required by the Company and recommended accounting practices.

PRINCIPAL ACTIVITIES

The Company is engaged in the business of hoteliering, property development and management. Trans Asia Hotels PLC (the owner of Cinnamon Lakeside Colombo) is the subsidiary of the Company, which is incorporated in Sri Lanka, and its principal activity is hoteliering. There has been no material change in the activities of the Company and its subsidiary (collectively the ‘AHP Group’) during the period under review.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The financial and operational performance, during the year ended 31st March 2024 and future business development of the Company and the AHP Group, is provided in the Chairperson’s message and reports on Management Discussion & Analysis and Financial Review.

These reports, which form an integral part of the Annual Report of the Board of Directors, together with the Audited Financial Statements, state of affairs of the Company and the AHP Group.

FINANCIAL STATEMENTS AND AUDITORS’ REPORT

The Financial Statements, duly signed by the Directors, are provided on pages 161 to 212 and Independent Auditors’ Report on the Financial Statements is provided on pages 158 to 160 of this Annual Report.

CORPORATE GOVERNANCE

A comprehensive report on Corporate Governance practices and principles with respect to the management and operations of the Company are set out on page 92.

SEGMENT REPORTING

Segment-wise contribution to AHP Group revenue, results, assets and liabilities are provided in Note 33 to the Financial Statements.

REVENUE

Revenue generated by the Company amounted to

Rs. 6,310 Mn (Rs. 4,848 Mn in 2023) whilst the AHP Group revenue amounted to Rs. 10,772 Mn (Rs. 8,417 Mn in 2023). Contribution to AHP Group revenue, from the different business segments are provided in Note 05 to the Financial Statements.

RESULTS AND APPROPRIATIONS

The loss after tax of the Company was Rs. 95 Mn (Rs. 235 Mn in 2023) whilst the AHP Group loss attributable to the Owners of the Company, for the year was Rs. 20 Mn (Rs. 278 Mn in 2023). A detailed description of the Group results and appropriations are given below.

Annual Report of the Board of Directors

| For the year ended 31st March In Rs.'000s | 2024 | 2023 |
|--|-----------|-----------|
| Net Profit / (Loss) for the year after providing for expenses including depreciation on property, plant and equipment was: | 212,336 | (132,509) |
| From which income tax has been reversed/(deducted): | (134,679) | (200,254) |
| Leaving thereafter a Net Profit / (Loss) after tax of: | 77,657 | (332,763) |
| The amount attributable to Minority Interest which has been deducted is: | (97,967) | (55,174) |
| Leaving a Loss available to the Group of: | (20,310) | (277,589) |
| The brought forward Profit after adjustments is: | 4,916,727 | 5,181,714 |
| Transferred to Revenue Reserve of: | 10,911 | 10,911 |
| Other Comprehensive Income/(Expenditure): | (76,103) | 1,691 |
| Leaving an un-appropriated balance to be carried forward: (adjusted) | 4,851,535 | 4,916,727 |

ACCOUNTING POLICIES

All the significant accounting policies adopted by the Company and the AHP Group are mentioned in the Notes to the Financial Statements. The Financial Statements, which comprise the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows, together with the accounting policies and notes ('The Financial Statements') have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by CA Sri Lanka and the requirement of the Companies Act. The changes to accounting policies have been applied consistently to all financial periods presented in these Financial Statements, unless otherwise indicated. The accounting policies adopted in preparation of the Financial Statements are given from pages 168 to 212 of this report.

There have been no changes in the accounting policies adopted by the Group during the year under review. For all periods up to and including the year ended 31 March 2024, the Company and the Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

RESPONSIBILITY OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the Financial Statements so that they present a true and fair view of the state of affairs of the Company. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), Companies Act, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the CSE.

The Statement of Directors' Responsibility for financial reporting is given on page 157 and forms an integral part of this Annual Report of the Board of Directors

DIVIDENDS

There was no dividend declared for the financial year ended 31st March 2024.

However, if a dividend is declared, it is preceded by a confirmation from the Board of Directors that the Company will satisfy the requirements of Section 56 (2) of the Companies Act, and that it will also satisfy the solvency test in accordance with Section 57 of the Companies Act. The Board will also obtain a certificate from the Auditors, prior to recommending the dividend.

PROPERTY, PLANT AND EQUIPMENT

The book value of Property, Plant and Equipment of the Company as at the reporting date amounted to Rs. 35,188 Mn (2023 - Rs. 33,621 Mn) and for the AHP Group amounted to Rs. 39,773 Mn (2023 - Rs. 37,686 Mn).

Capital expenditure for the Company and the AHP Group amounted to Rs. 494 Mn (2023 - Rs. 208 Mn) and Rs. 832 Mn (2023 - Rs. 712 Mn) respectively.

Total Freehold Land available - Asian Hotels and Properties PLC - Eight Acres and Five Decimal Naught Eight Perches (A8. R00 P05.08).

Total Leasehold Land available - Trans Asia Hotels PLC - Seven Acres, One Rood and Twenty-Four Decimal Two Eight Perches (A07. R01. P24.28).

Details of Land and Buildings with net book values including details of Property, Plant and Equipment of the Company and the AHP Group and their movements are given in Note 12 to the Financial Statements.

MARKET VALUE OF PROPERTIES

All buildings owned by the Company and its subsidiary were last revalued as at 31st December 2023. Valuation was carried out by M/s P. B. Kalugalagedara and Associates, Chartered Valuation Surveyor.

All properties classified as investment property were also revalued as at 31st December 2023 in accordance with the requirements of LKAS 40. This valuation too was carried out by M/s P. B. Kalugalagedara and Associates, Chartered Valuation Surveyor.

Details of property valuations, including the valuation methods are provided in Note 12 to the Financial Statements.

INVESTMENT PROPERTIES

In accordance with LKAS 40-Investment Property, the net book value of properties held to earn rental income, and properties held for capital appreciation have been classified as Investment Properties. The details of Investment Properties are explained in Note 12 to the Financial Statements.

INVESTMENT IN SUBSIDIARY

| Company | % Holding |
|-----------------------------------|---------------------|
| Trans Asia Hotels PLC (Quoted) | 86,823,028 43.41 |

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2024 Rs. 3,345 Mn (2023 - Rs. 3,345 Mn) comprising of 442,775,300 ordinary shares.

SHARE INFORMATION

The market value of an ordinary share of the Company as at 31st March 2024 was Rs. 61.00 (31st March 2023 - Rs. 44.00).

The distribution and composition of shareholders and the information relating to earnings, dividend, net assets, and market value per share is given in the Information to Shareholders and Investors and Financial Review section of this annual report.

INFORMATION TO SHAREHOLDERS

The Board strives to be transparent and provide accurate information to shareholders in all published material.

The quarterly financial information and relevant announcements have been sent to the CSE in a timely manner.

EQUITABLE TREATMENT OF ALL SHAREHOLDERS

The Company has made every endeavour to ensure the equitable treatment of all shareholders and has adopted adequate measures to prevent information asymmetry.

MAJOR SHAREHOLDERS

Details of the twenty three (23) largest shareholders of the Company and the percentage shareholding held by the public are disclosed in the Information to Shareholders and Investors section of this Annual Report on page 215.

RESERVES

Total reserves as at 31st March 2024 for the Company and the AHP Group amounted to Rs 26,604 Mn (2023 - Rs. 25,530 Mn) and Rs. 24,502 Mn (2023 - Rs. 23,611 Mn) respectively.

The movements in Other Components of Equity Revenue Reserve of the Company are shown in the Statement of Changes in Equity on page 164 of this report.

CONTINGENT LIABILITIES & CAPITAL COMMITMENTS

Commitments made for capital expenditure as at 31st March 2024 and the contingent Liabilities as at that date are given in Note 34 and 35 the Financial Statements.

Annual Report of the Board of Directors

DIRECTORS

The Board of Directors of the Company as at 31st March 2024 and brief profiles of each Director are given in the Board of Directors section of this Annual Report.

The Directors of the Company who held office during the year under review are set out below:

Mr. K. N. J. Balendra - Chairperson

Mr. J. G. A. Cooray

Mr. S. Rajendra

Mr. A. S. De Zoysa

Mr. J. Durairatnam

Mr. M. R. Svensson

Mr. C.L.P. Gunawardane

Ms. A. Nanayakkara

The Board consists of eight (8) Directors comprising of five (5) Non-Executive Non-Independent Directors (NED/NID) and three (3) Non-Executive Independent Directors (NED/ID).

In accordance with the criteria for ‘Independence’ specified by section 7.10.4 of the listing rules of the CSE and as identified by the Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and CA Sri Lanka, the Board affirms that the aforesaid NED/IDs satisfy the criteria for independence and have satisfied the requirements under clause 7.10.2 (b).

The Directors of the subsidiary, Trans Asia Hotels PLC who held office during the year under review are set out below:

Mr. K. N. J. Balendra - Chairperson

Mr. J. G. A. Cooray

Mr. N. L. Gooneratne

Mr. M. R. Svensson

Mr. C.L.P. Gunawardane

Mr. S. Rajendra

Mr. H. A. J. D S Wijeyeratne

Ms. S. A. Atukorale

RESPONSIBILITY OF THE BOARD

Details of responsibilities of the Board and the manner in which those responsibilities were discharged during the year are disclosed in the Corporate Governance section of this annual report.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with Article 84 of the Articles of Association of the Company, Mr. S Rajendra and Mr. A S De Zoysa retire by rotation and offer themselves for re-election. Brief profiles of Mr. S Rajendra and Mr. A S De Zoysa are contained on Page 13 and 14 of this Annual Report.

BOARD SUB - COMMITTEES

Board Audit Committee

The following NED/IDs of the Board served as members of the Board Audit Committee during the year ended 31st March 2024.

Ms. A. Nanayakkara - Chairperson

Mr. A. S. De Zoysa

Mr. J. Durairatnam

The Report of the Audit Committee is given on pages 132 .

Nominations Committee

The Nominations Committee comprised of two (2) NED/IDs and one (1) NED/NID and the membership of the Committee during the year ended 31st March 2024 was as follows:

Mr. J. Durairatnam - Chairperson

Mr. A. S. De Zoysa

Mr. K. N. J. Balendra

The Nomination Committee of AHP Group also acts as the Nomination Committee of the subsidiary Trans Asia Hotels PLC, The Report of the Nominations Committee is given in the Corporate Governance section of this annual report.

Human Resources and Compensation Committee

As permitted by the listing rules of the CSE, the Human Resources and Compensation Committee of the Parent Company, John Keells Holdings (JKH), functions as the Human Resources and Compensation Committee of the Company and its subsidiary.

The following members of the JKH Board of Directors who are NED/IDs served on the JKH Human Resources and Compensation Committee during the year ended 31st March 2024;

D A Cabraal – Chairperson

S S H Wijayasuriya

By Invitation

S Coorey

A N Fonseka

The report of the Human Resources and Compensation Committee and the remuneration policy is given in the Corporate Governance section of this annual report.

Related Party Transactions Review Committee

As permitted by the listing rules of the CSE, the Related Party Transactions Review Committee of the Parent Company, JKH, functions as the Related Party Transactions Review Committee of the Company and its subsidiary.

The Related Party Transactions Review Committee comprised three (3) NED/IDs and following members during the year ended 31st March 2024:

A N Fonseka – Chairperson

D A Cabraal

S Fernando**

M P Perea*

*Retired w.e.f. 1 July 2023

**Appointed w.e.f. 8 November 2023

The report of the Related Party Transactions Review Committee is given in the Corporate Governance section of this annual report.

Project Risk Assessment Committee

Project Risk Assessment Committee of JKH, the parent company, functions as the Project Risk Assessment Committee of the Company and its subsidiary. The Project Risk Assessment Committee members of JKH during the year ended 31st March 2024 were as follows.

S S H Wijayasuriya - Chairperson

K N J Balendra

J G A Cooray

M P Perera*

* Retired with effect from 1 July 2023

INTERESTS REGISTER

The Company and its subsidiary have maintained Interests Registers as contemplated by the Companies Act. In compliance with the requirements of the Companies Act, this annual report also contains particulars of entries made in the interest register of its subsidiary which is a Public Listed Company as permitted by Section 30 of the Companies Act. The Interest Register is available at the Registered office of the Company, in keeping with the requirement of the Section 119 (1) (d) of the Companies Act.

Particulars of entries in the Interests Register of the Company for the Financial Year 2023/24 are as follows.

a. Directors' Interests in Contracts

All the Directors have made a general disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies Act and no additional interests have been disclosed by any Director of the Company.

b. Share Dealings

There have been no disclosures of share dealings during the financial year ending as at 31st March 2024.

c. Indemnities and Directors' Remuneration

Details of the remuneration and other benefits received by the Directors of the Company and its subsidiary are set out in Note 07 to the Financial Statements. While any Executive Directors' remuneration is determined by the Human Resources and Compensation Committee of JKH, the parent company, the remuneration of the Non-Executive Directors is determined according to scales of payment decided upon by the Board. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company.

Director fees applicable to NEDs nominated by JKH are paid directly to JKH and not to individual Directors.

Particulars of entries in the Interests Register of the Subsidiary

Trans Asia Hotels PLC has maintained an Interests Register as contemplated by the Companies Act No.7 of 2007.

a) Interests in contracts

The Directors have all made a general disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies Act and no additional interests have been disclosed by any Director of TAH.

b) Share Dealings

There have been no disclosures of share dealings during the financial year ending 31 March 2024.

c) Indemnities and remuneration

The Board approved the payment of revised Director fees and Board Sub Committee fees to the Non-Executive Directors of the Company, namely, K N J Balendra, J G A Cooray, S Rajendra, C L P Gunawardane, M R Svensson, N L Gooneratne, H A J de S Wijeyeratne and S A Atukorale which fees are commensurate with the market and complexities of the business of the Company, with effect from 1st July 2022. The fees payable to Directors nominated by John Keells Holdings PLC were remitted to John Keells Holdings PLC rather than to individual Directors.

Annual Report of the Board of Directors

DIRECTORS' SHAREHOLDINGS OF THE COMPANY

The shares held by Directors and their spouses in the Company as of 31st March 2024 are as follows.

| Full Name | Shares as at 31st March 2024 | Shares as at 31st March 2023 |
|---|------------------------------------|------------------------------------|
| Mr. Krishan Niraj Jayasekara Balendra | Nil | Nil |
| Mr. Joseph Gihan Adisha Cooray | 10,600 | 10,600 |
| Mr. Suresh Rajendra | Nil | Nil |
| Mr. Jegatheesan Durairatnam | Nil | Nil |
| Mr. Ashan Suresh De Zoysa | Nil | Nil |
| Mr. Mikael Svensson | Nil | Nil |
| Mr. Changa Lashantha Poojitha Gunawardane | Nil | Nil |
| Ms. Aroshi Nanayakkara | Nil | Nil |

EMPLOYEE SHARE OPTION PLAN (ESOP)

The Company does not offer its shares under an ESOP Scheme. Employees of the Company receive remuneration in the form of share-based payment under the John Keells Group's ESOP Scheme. Share options of the parent Company JKH are granted to senior executives of the Company, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of the employee services received in respect of the shares or share options granted is recognised in the Income Statement over the period that employees provide services, from the time when the award is granted up to the vesting date of the options. The overall cost of the award is calculated using the number of share options expected to vest and the fair value of the options at the date of grant. The Company has not directly or indirectly provided funds to its employees to purchase shares under ESOP Scheme.

The employee remuneration expense resulting from the John Keells Group's ESOP scheme to the employees of the Company is recognised in the Income Statement of the Company. This transaction does not result in a cash outflow to the Company and expense recognised is met with a corresponding equity reserve increase, thus having no impact on the Statement of Financial Position (SOFP). The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options

were granted. The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected volatility of share price, expected dividend yield and risk-free interest rate.

DIRECTORS MEETINGS

Details of the meetings of the Directors are given on page 97.

DIRECTORS' DECLARATIONS

(i) Chairperson's declaration

The Chairperson declares that there were no departures from any of the provisions of the Code of Business Conduct and Ethics.

(ii) Directors' declarations

The Directors declare that;

- a) the Company and its subsidiary have complied with all applicable laws and regulations in conducting its business.
- b) they have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.
- c) the Company has made all endeavours to ensure equitable treatment of shareholders.
- d) the business is a going concern with supporting assumptions or qualification as necessary,
- e) they have conducted a review of internal control covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.
- f) the Company has a Code of Business Conduct and Ethics for Directors and members of the senior management team and that all Directors and members of the senior management team have complied with this Code.
- g) the Company being listed on the CSE is compliant with the rules on Corporate Governance under the Listing Rules of the CSE with regard to the composition of the Board and its Sub-Committees.
- h) the Company is fully compliant with the Code of Best Practice on Corporate Governance (2013) jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Company is almost fully compliant with the 2017 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka, to the extent of business exigency and as required by the Company, and the John Keells Group.

The adverse effects of the pandemic and the macro-economic conditions in the Country, have directly impacted the share price of the subsidiary, Trans Asia Hotels PLC (TAH), resulting in its decrease. This in turn has resulted in the TAH's float adjusted market capitalisation to fall below the required threshold of Rs.1.0 Bn, despite TAH satisfying the other criteria, as per Option 1 of Rule 7.14.1 (i) (b) of the Listing Rules of the Colombo Stock Exchange thus rendering TAH non-compliant with the Minimum Public Holding Requirements of the Listing Rules.

Pursuant to the announcement dated 27th August 2021, TAH was transferred to the Secondary Board on 27th August 2021, due to its continued non-compliance with the said Minimum Public Holdings requirements.

TAH in accordance with Rule 7.14.1 (b) of the Listing Rules, has made announcements to the Market by notices dated last year, 22 April 2022, 19 July 2022, 26 October 2022 and 11 January 2023.

TAH continues to be non compliant with the Minimum Public Holding Requirement specified in Rule 7.14.1 (b) of the Listing Rules. The non-compliance is due to the float adjusted market capitalisation not meeting the required threshold, owing to the anomalies brought about through the macro economic conditions of the country. TAH continues to aggressively pursue its business strategies in order to capitalise on all available opportunities and maximise stakeholder value creation. TAH also monitors the situation towards ensuring compliance with the required Public Holding threshold as specified in the CSE Listing Rules.

SUSTAINABILITY

The Company is conscious of the need to preserve the environment and its natural resources and has taken specific steps, particularly in ensuring the conservation of its natural resources and environment as well as addressing material issues highlighted by its stakeholders. Every endeavour has been made to minimise adverse effects on the environment to ensure sustainable continuity of natural resources. The Company has adopted the main sustainability disclosures prescribed by the Code of best Practice on Corporate Governance (2013) which cover the elements of economic performance, the environment, labour practice, society and stakeholders, product service responsibility, sustainable reporting, engagement and effective communication.

HUMAN RESOURCES

The Company continued to implement appropriate human resource management policies to develop employees and optimise their contribution towards the achievement of corporate objectives. The policies and procedures ensure the equitable treatment of all employees.

EMPLOYMENT

The Company has an equal opportunity policy in respect of employment and these principles are enshrined in specific selection, training, development and promotion policies, ensuring

that all decisions are based on merit. The Company, in line with the JKH Group policy, practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability.

The number of persons employed by the Company and the AHP Group as at 31st March 2024 was 817 (789 in 2023) and 1,436 (1,390 in 2023), respectively.

There have been no material issues pertaining to employees and industrial relations of the Company and the AHP Group during the financial year 2023/24.

SUPPLIER POLICY

The Company, in line with the JKH Group's policies, applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers and endeavours to pay for all items properly charged in accordance with these agreed terms. As at 31st March 2024, the trade and other payables of the Company and AHP Group amounted to Rs. 921 Mn (2023 - Rs. 715 Mn) and Rs. 1,491 Mn (2023 - Rs. 1,230 Mn) respectively.

ENVIRONMENTAL PROTECTION

The Company is in compliance with the relevant environmental laws, regulations and endeavours to comply with best practices applicable in the Country. The Company has not engaged in any activity that is harmful to the environment.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiary, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the Company and its Subsidiary, and all other known statutory dues that were due and payable by the Company and its Subsidiary as at the Balance Sheet date have been paid or, where relevant provided for, except as specified in Note 34 to the Financial Statements, covering Contingent Liabilities.

ENTERPRISE RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, evaluating and managing any significant risks faced by the Company, where annual risk reviews are carried out by the Enterprise Risk Management Division and the risks are further reviewed each quarter by the Company. The headline risks are presented to the Board Audit Committee for review by the respective business units. The details of the Risks Report and Risk Management Process are set out on page 138.

INTERNAL CONTROL

The Board, through the involvement of the Group Business Process Review (Group BPR) Division, takes steps to gain assurance on the effectiveness of internal control systems in place. The Audit Committee receives regular reports on the adequacy

Annual Report of the Board of Directors

and effectiveness of internal controls in the Company. These include compliance with laws, regulations and established policies and procedures of the Company.

The Head of the Group BPR Division has direct access to the Chairperson of the Audit Committee. Reports of the outsourced Internal Auditors are also reviewed by the Audit Committee on matters pertaining to the Company.

The Directors acknowledge their responsibility for the Company's systems of internal controls. The statement of Corporate Governance from pages 92 to 137 sets out in detail the Company's system of internal controls.

RELATED PARTY TRANSACTIONS

The Company's transactions with Related Parties, given in Note 30 to the Financial Statements, have complied with CSE Listing Rule 9 and the Code of Best Practices on Related Party Transactions under the SEC Directive dated 12th December 2013.

DONATIONS

Total donations made by the Company and AHP Group during the year amounted to Rs. 5.7 Mn (2023 - Rs. 2.4 Mn) and Rs. 5.9 Mn (2023 - Rs. 5.6 Mn) respectively.

EVENTS SUBSEQUENT TO THE

BALANCE SHEET DATE

Except for the matters disclosed in Note 34 to the Financial Statements and there were no material events that require adjustments or disclosure in the Financial Statements.

GOING CONCERN

The Company has prepared the Financial Statements for the year ended 31st March 2024 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the Financial Statements for the year ended 31st March 2024, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue to operate as a going concern. The management has formed the judgement that the Company has adequate resources to continue in operational existence for the foreseeable future, driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans along with the financial strength of the Company.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations have been

considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

Having presented the outlook for the Company and subsidiary to the AHP Board, the Directors are satisfied that the Company and its subsidiary have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these Financial Statements.

AUDITORS

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence, and relationship with the Company, including the level of audit. As far as the Directors are aware, the Auditors, Messrs. KPMG, Chartered Accountants, do not have any relationship or interest in the Company and its Subsidiaries. Messrs. KPMG, Chartered Accountants have indicated their willingness to continue as Auditors of the Company, and accordingly, a resolution proposing their re-appointment as Auditors will be proposed at the Annual General Meeting. Details of the Audit Fees paid to the Auditors are set out in Note 07 to the Financial Statements of this report.

Further details of the work of the Auditor and the Audit Committee are set out in the Audit Committee Report on page 132.

ANNUAL REPORT

The Board of Directors approved the Consolidated Financial Statements on 21 May 2024. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

ANNUAL GENERAL MEETING

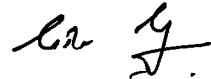
The Annual General Meeting will be held as a virtual meeting on 27 June 2024 at 2:45 pm.

This Annual Report is signed for and on behalf of the Board of Directors.

By Order of the Board



Director



Director



Keells Consultants (Private) Limited

Secretaries

21 May 2024

Statement of Directors Responsibility

The responsibility of the Directors, in relation to the Financial Statements of Asian Hotels and Properties PLC (the “Company”) and the Consolidated Financial Statements of the Company and its Subsidiary (AHP Group) is set out in this Statement. This Statement of Directors’ Responsibility is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and the Auditors in relation to the Financial Statements contained in this Annual Report.

As per the provisions of the Companies Act No. 07 of 2007 (Companies Act), the Directors are required to prepare, for each financial year and place before a general meeting, financial statements which comprise of:

- Statement of profit or loss, statement of comprehensive income of the Company and AHP Group, which present a true and fair view of the financial performance of the Company and AHP Group for the respective financial year;
- Statement of financial position, which represents a true and fair view of the state of affairs of the Company and AHP Group as at the end of the financial year;
- A statement of changes in equity; and
- A cash flow statement together with notes to the financial statements.

The Board of Directors have ensured that the Financial Statements of the Company and of the AHP Group for the year ended 31 March 2024 presented in the report have been prepared

- using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained;
- in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and that reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- provide the information required by and otherwise comply with the Companies Act the Listing Rules of the Colombo Stock Exchange (CSE), the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the code of best practice on Corporate Governance (2013) jointly advocated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC) and the code of best practice on Corporate Governance (2017) issued by CA Sri Lanka

In preparing the Financial Statements, the Board of Directors have ensured that the Company has adequate resources to continue in operation to justify applying the going concern basis.

After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate Governance Code, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the financial statements. Additionally, the Board Directors have a responsibility to;

- Ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and of the AHP Group; and
- Take all reasonable steps expected of them to safeguard the assets of the Company and of the AHP Group to establish appropriate systems of internal controls to prevent, deter and detect any fraud, misappropriation or other irregularities.

The Board of Directors have taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting books of record, which reflect the transparency of transactions and provide an accurate disclosure of the financial position of the Company and of the AHP Group.

Further in the event of a dividend distribution, as required by Section 56(2) of the Companies Act, and based on the information available, the Board of Directors will ensure that the Company has satisfied the solvency test immediately after the distribution of any dividends in accordance with Section 57 of the Companies Act and have obtained a certificate from the auditors, prior to declaring such dividends.

The Board of Directors is required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give an independent Audit Report.

The Board of Directors is of the view that they have discharged their responsibilities as set out in this Statement.

The Board of Directors approved the Annual Report on 21st May 2024. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

COMPLIANCE REPORT

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and AHP Group, and all contributions, levies and taxes payable on behalf of the employees of the Company and AHP Group, and all other known statutory obligations as at the reporting date, have been paid or provided for, except as specified in Note 34 to the Financial Statements covering Contingent Liabilities.

The Board of Directors confirms that the Company and AHP Group have complied with the Para 23 of the LKAS 24, and all related party transactions are carried out at “arm’s length” basis.

By Order of the Board



ASIAN HOTELS AND PROPERTIES PLC

Keells Consultants (Private) Limited

Secretaries

21 May 2024

INDEPENDENT AUDITORS' REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
Internet +94 - 11 244 6058
www.kpmg.com/lk

TO THE SHAREHOLDERS OF ASIAN HOTELS AND PROPERTIES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asian Hotels and Properties PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at March 31, 2024, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 161 to 212 of this annual report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as of March 31, 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| 01. Management assessment of the Company's ability to continue as going concern. | |
|--|--|
| Risk Description | Our Response |
| <p>The Company incurred net loss of Rs. 95 Mn for the year ended 31st March 2024. (Net loss of Rs. 235 Mn in 2023) Further, the Company's current liabilities exceeded its current assets by Rs 1,437 Mn as at the reporting date. However, these financial statements have been prepared on a going concern basis. In adopting the going concern basis in preparation of the financial statements, the directors have reviewed the Company's cash flow projections, prepared by the management. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows, also taking into consideration the impact of current uncertain economic conditions.</p> <p>We identified management assessment of the Company's ability to continue as going concern and related disclosures as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain, and effect of those uncertainties may significantly impact the resulting accounting estimates. Therefore, the assessment requires the exercise of significant management judgement in assessing future cash inflows and outflows which could be subject to potential management bias.</p> | <p>Our audit procedures included:</p> <p>Obtaining the cash flow projections and discussing with management the possible impact on the key assumptions used in preparing the projections due to current uncertain economic conditions.</p> <p>Assessing adequacy of disclosures in the financial statements, in relation to the impact of prevailing uncertain economic condition to sustain its operations in the foreseeable future.</p> |

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C. P. Jayatilake FCA
Ms. S. Joseph FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

W. W. J. C. Perera FCA
S. T. D. L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyard FCMA (UK), FCIT

| 02. Valuation of the land and buildings (Property, Plant and Equipment and Investment Property) – the Group and the Company | |
|--|--|
| Refer to note 12 and 14 to the financial statements | |
| Risk Description | Our Response |
| <p>As at 31st March 2024, the Group's Land and Buildings stated at fair value, classified as Property, Plant and Equipment and Investment Properties amounted to Rs. 37.3 Bn and Rs. 5.7 Bn respectively and in the Company: Rs. 33.7 Bn and Rs. 2. 5 Bn respectively.</p> <p>The Group has engaged an independent professional Valuer with appropriate expertise to determine the fair value of these properties in accordance with recognised industry standards.</p> <p>Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of price per perch of the land, capitalisation rates, value per square feet, fair market rental and diversity of locations and nature of the land and buildings and investment properties.</p> <p>We identified this as a key audit matter because of the significance of the value of these properties to the Financial Statements and significant judgement/estimation involves in the valuation.</p> | <p>Our audit procedures included:</p> <p>Discussions with management and the external valuer and comparison of the key assumptions used against externally published market comparable or industry data where available and challenging the reasonableness of key assumptions based on our knowledge of the industry.</p> <p>Discussions with management and the external valuer in relation to the possible impact on the key assumptions and the resulting valuation due to current uncertain economic conditions.</p> <p>Assessing the key inputs used in the valuation by the independent external valuer against our expectations based on our experience, externally published market comparable and our knowledge of property market, consultation with internal valuation specialist.</p> <p>Assessing the objectivity, independence, competence and qualifications of the external valuer.</p> <p>Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates.</p> |

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

Colombo

21 May 2024

STATEMENT OF PROFIT OR LOSS

| | Note | GROUP | | COMPANY | |
|--|------|-------------|-------------|-------------|-------------|
| | | 2024 | 2023 | 2024 | 2023 |
| For the year ended 31st March In Rs.'000s | | | | | |
| Revenue from contracts with customers | 5 | 10,771,758 | 8,416,558 | 6,309,914 | 4,847,533 |
| Cost of sales | | (5,881,167) | (5,008,403) | (3,446,755) | (2,885,705) |
| Gross Profit | | 4,890,591 | 3,408,155 | 2,863,159 | 1,961,828 |
| Other operating income | 6 | 82,053 | 55,711 | 72,153 | 54,732 |
| Selling and Distribution expenses | | (442,079) | (300,740) | (224,832) | (157,144) |
| Administrative expenses | | (2,786,533) | (2,204,387) | (1,783,912) | (1,397,003) |
| Other operating expenses | | (1,131,576) | (865,773) | (617,944) | (461,627) |
| Results from operating activities | 7 | 612,456 | 92,966 | 308,624 | 786 |
| Finance cost | | (336,016) | (393,477) | (152,578) | (191,090) |
| Finance income | | 25,800 | 13,609 | 7,274 | 9,807 |
| Net Finance cost | 8 | (310,216) | (379,868) | (145,304) | (181,283) |
| Change in fair value of investment property | 14 | (89,904) | 154,393 | (184,959) | (59,909) |
| Profit/(Loss) before tax | | 212,336 | (132,509) | (21,639) | (240,406) |
| Tax (expense)/reversal | 9 | (134,679) | (200,254) | (73,821) | 5,139 |
| Profit/(Loss) for the year | | 77,657 | (332,763) | (95,460) | (235,267) |
| Attributable to: | | | | | |
| Equity holders of the parent | | (20,310) | (277,589) | (95,460) | (235,267) |
| Non-controlling interest | | 97,967 | (55,174) | - | - |
| | | 77,657 | (332,763) | (95,460) | (235,267) |
| Rs. | | | | | |
| Loss per share - Basic/Diluted | 10 | (0.05) | (0.63) | (0.22) | (0.53) |
| Dividend per share | 11 | - | - | - | - |

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 168 to 212 form an integral part of these Financial Statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

| For the year ended 31st March In Rs.'000s | Notes | GROUP | | COMPANY | |
|---|-------|-----------|-------------|-----------|-------------|
| | | 2024 | 2023 | 2024 | 2023 |
| Profit/(Loss) for the year | | 77,657 | (332,763) | (95,460) | (235,267) |
| Other comprehensive income items that will not be reclassified to statement of profit or loss in subsequent periods | | | | | |
| Revaluation of land and buildings | 12 | 1,862,721 | 2,678,613 | 1,471,548 | 2,351,949 |
| Re-measurement gain/(loss) on defined benefit plans | 26.1 | (84,366) | 8,897 | (43,323) | (1,801) |
| | | 1,778,355 | 2,687,510 | 1,428,225 | 2,350,148 |
| Deferred tax effect on actuarial valuation | 25 | 12,313 | (2,654) | - | - |
| Deferred tax effect on revaluation of land & building | 25 | (558,816) | (5,060,464) | (441,465) | (4,888,028) |
| Tax on other comprehensive income | 25 | (546,503) | (5,063,118) | (441,465) | (4,888,028) |
| Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods, net of tax | | 1,231,852 | (2,375,608) | 986,760 | (2,537,880) |
| Total comprehensive income for the year, net of tax | | 1,309,509 | (2,708,371) | 891,300 | (2,773,147) |
| Attributable to : | | | | | |
| Equity holders of the parent | | 1,072,845 | (2,745,027) | 891,300 | (2,773,147) |
| Non-controlling interests | | 236,664 | 36,656 | - | - |
| | | 1,309,509 | (2,708,371) | 891,300 | (2,773,147) |

Figures in brackets indicate deductions

The accounting policies and notes as set out in pages 168 to 212 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

| As at 31st March In Rs.'000s | Note | GROUP | | COMPANY | | |
|---|------|------------|------------|------------|------------|--|
| | | 2024 | 2023 | 2024 | 2023 | |
| ASSETS | | | | | | |
| Non current assets | | | | | | |
| Property, plant and equipment | 12 | 39,773,775 | 37,685,819 | 35,187,698 | 33,620,536 | |
| Right-of-use asset | 13 | 694,624 | 707,028 | - | - | |
| Investment property | 14 | 5,720,981 | 5,784,515 | 2,478,893 | 2,637,481 | |
| Intangible assets | 15 | 2,173 | 1,202 | 544 | 827 | |
| Investment in subsidiary | 16 | - | - | 660,045 | 660,045 | |
| Non current financial assets | 17 | 33,704 | 43,287 | 20,337 | 28,444 | |
| Other non current assets | 18 | 11,019 | 8,885 | 4,760 | 2,458 | |
| Total non current assets | | 46,236,276 | 44,230,736 | 38,352,277 | 36,949,791 | |
| Current assets | | | | | | |
| Inventories | 19 | 328,009 | 414,597 | 208,202 | 264,420 | |
| Trade and other receivables | 20 | 1,310,586 | 596,853 | 677,250 | 271,666 | |
| Amounts due from related parties | 30.2 | 107,746 | 116,682 | 88,735 | 94,070 | |
| Other current assets | 21 | 224,657 | 362,137 | 111,319 | 225,500 | |
| Cash in hand and at bank | | 174,028 | 190,642 | 127,765 | 120,553 | |
| Total current assets | | 2,145,026 | 1,680,911 | 1,213,271 | 976,209 | |
| Total assets | | 48,381,302 | 45,911,647 | 39,565,548 | 37,926,000 | |
| EQUITY & LIABILITIES | | | | | | |
| Equity | | | | | | |
| Stated capital | 22 | 3,345,117 | 3,345,117 | 3,345,117 | 3,345,117 | |
| Revenue reserves | | 4,851,535 | 4,916,727 | 3,359,649 | 3,498,432 | |
| Other components of equity | 23 | 21,752,125 | 20,613,338 | 21,142,080 | 20,112,228 | |
| Equity attributable to equity holders of the parent | | 29,948,777 | 28,875,182 | 27,846,846 | 26,955,777 | |
| Non-controlling interest | | 3,600,350 | 3,362,706 | - | - | |
| Total equity | | 33,549,127 | 32,237,888 | 27,846,846 | 26,955,777 | |
| Non current liabilities | | | | | | |
| Interest bearing loans and borrowings | 24 | - | 246,453 | - | 125,000 | |
| Deferred tax liabilities | 25 | 9,555,409 | 9,003,537 | 8,783,558 | 8,397,581 | |
| Employee benefit liabilities | 26 | 473,813 | 333,631 | 284,949 | 206,674 | |
| Total non current liabilities | | 10,029,222 | 9,583,621 | 9,068,507 | 8,729,255 | |
| Current liabilities | | | | | | |
| Trade and other payables | 27 | 1,490,628 | 1,230,136 | 921,404 | 715,499 | |
| Amounts due to related parties | 30.3 | 340,251 | 130,316 | 255,757 | 81,042 | |
| Income tax liabilities | 28 | 60,196 | 39,763 | 34,575 | 18,302 | |
| Interest bearing loans and borrowings | 24 | 581,085 | 180,415 | 126,359 | 87,881 | |
| Other current liabilities | 29 | 453,911 | 648,280 | 305,900 | 409,690 | |
| Bank overdrafts | | 1,876,882 | 1,861,228 | 1,006,200 | 928,554 | |
| Total current liabilities | | 4,802,953 | 4,090,138 | 2,650,195 | 2,240,968 | |
| Total liabilities | | 14,832,175 | 13,673,759 | 11,718,702 | 10,970,223 | |
| Total equity and liabilities | | 48,381,302 | 45,911,647 | 39,565,548 | 37,926,000 | |

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

C.L.P. Gunawardane
Director / Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

K.N.J. Balendra
Chairperson

J.G.A. Cooray
Director

The accounting policies and notes as set out in pages 168 to 212 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

| GROUP In Rs.'000s | Note | Attributable to equity holders of the parent | | | | | Non controlling interest | Total Equity |
|---|------|--|------------------------|-----------------------------|--------------------|-------------|--------------------------------|-----------------|
| | | Stated Capital | Revaluation Reserve | Other Capital Reserve | Revenue Reserve | Total | | |
| As at 1st April 2022 | | 3,345,117 | 22,914,950 | 178,441 | 5,187,893 | 31,626,401 | 3,332,915 | 34,959,316 |
| Adjustment for surcharge Tax | 9.4 | | | | (6,179) | (6,179) | (8,055) | (14,234) |
| As at 1st April 2022(Adjusted) | | 3,345,117 | 22,914,950 | 178,441 | 5,181,714 | 31,620,222 | 3,324,860 | 34,945,082 |
| Total comprehensive income | | | | | | | | |
| Loss for the year | | - | - | - | (277,589) | (277,589) | (55,174) | (332,763) |
| Other comprehensive income | | - | (2,469,129) | - | 1,691 | (2,467,438) | 91,830 | (2,375,608) |
| Total comprehensive income | | - | (2,469,129) | - | (275,898) | (2,745,027) | 36,656 | (2,708,371) |
| Transferred to revenue reserve (Note a) | | - | (10,911) | - | 10,911 | - | - | - |
| Share based payments | 23.2 | - | - | (13) | - | (13) | 1,190 | 1,177 |
| As at 31st March 2023 | | 3,345,117 | 20,434,910 | 178,428 | 4,916,727 | 28,875,182 | 3,362,706 | 32,237,888 |
| As at 1st April 2023 | | 3,345,117 | 20,434,910 | 178,428 | 4,916,727 | 28,875,182 | 3,362,706 | 32,237,888 |
| Total comprehensive income | | | | | | | | |
| Profit/(Loss) for the year | | - | - | - | (20,310) | (20,310) | 97,967 | 77,657 |
| Other comprehensive income | | - | 1,148,949 | - | (55,794) | 1,093,156 | 138,697 | 1,231,853 |
| Total comprehensive income | | - | 1,148,949 | - | (76,104) | 1,072,845 | 236,664 | 1,309,509 |
| Transactions with owners of the company | | | | | | | | |
| Transferred to revenue reserve (Note a) | | - | (10,911) | - | 10,911 | - | - | - |
| Share based payments | 23.2 | - | - | 749 | - | 749 | 980 | 1,729 |
| As at 31st March 2024 | | 3,345,117 | 21,572,948 | 179,177 | 4,851,535 | 29,948,777 | 3,600,350 | 33,549,127 |

Note (a) - According to the Sri Lanka Accounting Standard - 16 "Property, Plant and Equipment", when the revalued asset is used by an entity, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the assets' original cost is transferred from revaluation surplus to retained earnings amounting Rs.10.91Mn. (Rs.10.91 Mn in 2023).

Figures in brackets indicate deductions.

The Notes to the Financial Statements from Pages 168 to 212 form an integral part of these Financial Statements.

| COMPANY In Rs.'000s | Note | Stated Capital | Revaluation Reserve | Other Capital Reserve | Revenue Reserve | Total Equity |
|--|------|------------------|---------------------|-----------------------|------------------|-------------------|
| As at 1st April 2022 | | 3,345,117 | 22,480,631 | 168,601 | 3,735,500 | 29,729,849 |
| Total comprehensive income | | | | | | |
| Loss for the year | | - | - | - | (235,267) | (235,267) |
| Other comprehensive income | | - | (2,536,079) | - | (1,801) | (2,537,880) |
| Total comprehensive income | | - | (2,536,079) | - | (237,068) | (2,773,147) |
| Share based payments | 23.2 | - | - | (925) | - | (925) |
| As at 31st March 2023 | | 3,345,117 | 19,944,552 | 167,676 | 3,498,432 | 26,955,777 |
| As at 1st April 2023 | | 3,345,117 | 19,944,552 | 167,676 | 3,498,432 | 26,955,777 |
| Total comprehensive income | | | | | | |
| Loss for the year | | | | | (95,460) | (95,460) |
| Other comprehensive income | | - | 1,030,083 | - | (43,323) | 986,760 |
| Total comprehensive income | | - | 1,030,083 | - | (43,323) | 986,760 |
| Transactions with owners of the company | | | | | | |
| Share based Reversal | 23.2 | - | - | (231) | - | (231) |
| As at 31st March 2024 | | 3,345,117 | 20,974,635 | 167,445 | 3,359,649 | 27,846,846 |

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 168 to 212 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

| For the year ended 31st March In Rs.'000s | Note | GROUP | | COMPANY | |
|--|------|-----------|-----------|-----------|-----------|
| | | 2024 | 2023 | 2024 | 2023 |
| Operating Profit /(Loss) before working capital changes | | | | | |
| Profit /(Loss) before tax | | 212,336 | (132,509) | (21,639) | (240,406) |
| Adjustments for: | | | | | |
| Finance income | 8 | (25,800) | (13,609) | (7,274) | (9,807) |
| Finance cost | 8 | 336,016 | 372,323 | 152,578 | 191,090 |
| Change in fair value of investment property | 14 | 89,904 | (154,393) | 184,959 | 59,909 |
| Depreciation of property, plant and equipment | 12 | 596,068 | 499,898 | 397,410 | 336,482 |
| (Profit) / loss on disposal of property, plant & equipment | 6 | (7,920) | (4,097) | 209 | (3,299) |
| Amortisation of right-of-use assets | 13 | 12,404 | 12,404 | - | - |
| Amortisation of intangible assets | 15 | 645 | 431 | 283 | 137 |
| Provision for doubtful debts | 20 | 7,596 | 3,397 | 11,661 | 6,131 |
| Employee benefit provision and related costs | 26 | 105,307 | 39,977 | 68,803 | 16,861 |
| Share based payment expenses /(reversal) | 23 | 1,729 | 1,177 | (231) | (925) |
| Provision /(reversal) made on slow moving Inventory | 19 | (662) | 3,315 | - | 2,079 |
| Provision /(reversal) for net realisable value of Inventory | 19 | (4,006) | 5,547 | (4,006) | 5,547 |
| Unrealised (gain)/ loss on foreign exchange | | (5,498) | 7,150 | 10,321 | (14,005) |
| | | 1,318,119 | 641,011 | 793,074 | 349,794 |
| Operating Activities | | | | | |
| Operating Profit/(Loss) before working capital changes | | 1,318,119 | 641,011 | 793,074 | 349,794 |
| (Increase) / Decrease in inventories | | 91,257 | (210,010) | 60,224 | (128,804) |
| (Increase) / Decrease in trade and other receivables | | (726,753) | (108,954) | (428,331) | 20,627 |
| (Increase) / Decrease amounts due from related parties | | 8,936 | (69,947) | 5,335 | (66,551) |
| (Increase) / Decrease other current assets | | 137,480 | (17,662) | 114,181 | (23,593) |
| Increase / (Decrease) trade and other payables | | 260,492 | 209,469 | 205,905 | 78,358 |
| Increase / (Decrease) amounts due to related parties | | 209,935 | 43,026 | 174,715 | 29,031 |
| Increase / (Decrease) other current liabilities | | (194,369) | 329,468 | (103,790) | 233,281 |
| Cash generated from operations | | 1,105,097 | 816,401 | 821,313 | 492,143 |
| Finance income received | 8 | 25,800 | 13,609 | 7,274 | 9,807 |
| Finance cost paid | 8 | (336,016) | (370,964) | (152,578) | (189,731) |
| Tax paid | | (112,269) | (118,857) | (112,269) | (101,606) |
| Surcharge tax paid | 9 | - | (14,233) | - | - |
| Gratuity paid | 26 | (49,492) | (41,319) | (33,852) | (23,076) |
| Net cash flows from operating activities | | 633,120 | 284,637 | 529,888 | 187,537 |

| For the year ended 31st March In Rs.'000s | Note | GROUP | | COMPANY | |
|--|-------------|--------------|-------------|----------------|-------------|
| | | 2024 | 2023 | 2024 | 2023 |
| Investing Activities | | | | | |
| Purchase / Transfers and construction of property, plant and equipment | 12 | (832,080) | (712,028) | (494,243) | (208,359) |
| Addition / Transfers to investment property | 14 | (26,371) | - | (26,371) | - |
| Addition to intangible assets | 15 | (1,615) | (405) | - | (145) |
| Proceeds from disposal of property, plant & equipment | | 18,697 | 12,506 | 1,009 | 7,120 |
| Proceeds from/ (repayment of) other assets (net) | | 7,449 | (14,930) | 5,805 | (10,532) |
| Net cash flows used in investing activities | | (833,920) | (714,857) | (513,800) | (211,916) |
| Financing Activities | | | | | |
| Repayment long term borrowings | 24 | (175,468) | (1,034,806) | (86,522) | (943,093) |
| Proceeds from long term borrowings | 24 | 344,000 | 486,000 | - | 438,000 |
| Net cash flow from /(used in)financing activities | | 168,532 | (548,806) | (86,522) | (505,093) |
| Net decrease in cash and cash equivalents | | (32,269) | (979,025) | (70,434) | (529,472) |
| Cash and cash equivalents at the beginning of the year | | (1,670,586) | (691,561) | (808,001) | (278,529) |
| Cash and cash equivalents at the end of the year | | (1,702,854) | (1,670,586) | (878,435) | (808,001) |
| Analysis of cash and cash equivalents | | | | | |
| Favourable balances | | | | | |
| Cash and bank | | 174,028 | 190,642 | 127,765 | 120,553 |
| Unfavourable balances | | | | | |
| Bank overdrafts | | (1,876,882) | (1,861,228) | (1,006,200) | (928,554) |
| Total cash and cash equivalents | | (1,702,854) | (1,670,586) | (878,435) | (808,001) |

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdraft.

Figures in brackets indicate deductions

The accounting policies and notes as set out in pages 168 to 212 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

Asian Hotels and Properties PLC is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at No.77, Galle Road, Colombo 03.

The Company's controlling entity and ultimate parent undertaking is John Keells Holdings PLC which is incorporated in Sri Lanka.

Consolidated financial statements

The consolidated financial statements of the Company as at and for the year ended 31st March 2024 comprise the financial information of the Company and its subsidiary; Trans Asia Hotels PLC (together referred to as the 'Group' and individually as 'Group entities').

Approval of financial statements

The financial statements for the year ended 31st March 2024 were authorised for issue by the Board of Directors on 21st May 2024.

Principal activities and nature of operations

The principal activities of the Company and the Group during the year were hoteliering and property development. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

The Group had 1,435 (2023 – 1,390) employees and the Company had 817 (2023 - 789) employees as at the reporting date.

Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility in the Annual report.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements which comprise the statement of profit or loss, statement of other comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

(b) Provision for taxation

The tax liability arising from the Surcharge Tax Act No: 14 of 2022 has been accounted as recommended by the (Addendum to) Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under Note 9.4 on surcharge tax.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for followings items, which are measured on an alternative basis on each reporting date.

- Freehold land and buildings which are measured at cost, at the time of acquisition are subsequently recognised at revalued amounts which are the fair values at the date of revaluation less accumulated depreciation and impairment cost if any.
- Investment properties which are stated at fair values.
- Defined benefit obligations are measured at its present value, based on an actuarial valuation as explained in Note 26.

(d) Presentation and functional currency

The Financial Statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency, which is the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest Sri Lankan Rupees thousand (Rs.'000) unless otherwise indicated.

(e) Use of estimates and judgements

The preparation of the Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

- Consolidation: whether the Group has de facto control over an investee - Note 16

ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2024 is included in the following notes:

- Measurement of Freehold land & buildings - Note 12
- Measurement of Investment Properties - Note 14
- Measurement of Defined Benefit obligations - key actuarial assumptions - Note 26
- Impairment test: key assumptions underlying recoverable amounts – Note 20

- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources – Note 34
- Recognition of deferred tax assets; availability of future taxable profits against which deductible temporary differences and tax losses carried forward can be utilised -Note 25

(f) Measurement of fair values:

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group's Audit Committee. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- I. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- II. Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- III. Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(g) Going concern

The Group has prepared the financial statements for the year ended 31 March 2024 on the basis that it will continue to operate as a going concern. Based on available information, the management has assessed prevailing macroeconomic conditions and its effect on the Group companies in determining the going concern basis for preparation of financial statements.

The Company has recognised a loss of Rs. 95 Mn for the year ended 31st March 2024, and as at that date, current assets exceed current liabilities by Rs. 1,437 Mn. However, management believes that the

repayment of the short-term interest-bearing loans and borrowings and bank overdraft facilities will be met out of operating cash flows and the mitigation actions taken such as the management's evaluation of resilience of its businesses considering a wide range of factors such as current and expected profitability, expected revenue streams, ability to defer non-essential capital expenditure and strong reserve position.

The management has formed judgement that the Company, its subsidiary have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

In determining the above, significant management judgement, estimates and assumptions, the impact of the macroeconomic uncertainties, including exchange rate volatilities, supply chain disruptions and interest rate volatilities have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

(h) Comparative information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

Certain comparative amounts in the statement of profit or loss and statement of financial position have been reclassified as a result of correction of prior period errors -Note 36

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Summary of material accounting policies have been disclosed along with the relevant individual notes in the subsequent pages and those accounting policies presented with each note, have been applied consistently by the Group and the Company.

Other material accounting policies not covered with individual notes. The following accounting policies, which have been applied consistently by the Company and the Group, are considered to be material but not covered in any other sections.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

NOTES TO THE FINANCIAL STATEMENTS

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

(ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree’s identifiable net assets, which are generally at fair value at the date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are those enterprises controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

3.2 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Company classifies all other assets as non-current

A liability is current when:

- it is expected to be settled in normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current liabilities.

3.3 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in statement of profit or loss.

3.4 Non financial assets impairment

The carrying amounts of the Group/Company’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business

combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (Group of CGUs) on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; fair value through other comprehensive income (FVOCI)
- debt investment; fair value through other comprehensive income (FVOCI)
- equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Groups' consolidated financial assets classified and measured at amortised cost are limited to its trade debtors, related party receivables, short term investments and cash and cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group's investment in equity investments are classified as Fair Value through OCI (FVOCI).

3.6 Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular
- interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or
- realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;

NOTES TO THE FINANCIAL STATEMENTS

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

| | |
|------------------------------------|--|
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement profit or loss. Any gain or loss on de-recognition is recognised in statement of profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss. |
| Financial assets at FVTPL | These include Financial assets that the entity either holds for trading purposes or upon initial recognition it designates as at fair value through statement of profit or loss. |
| Debt instrument through FVOCI | A Debt instrument that meets the cash flow characteristics test and is not designated at FVTPL under the Fair Value option must be measured at FVTOCI if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sell financial assets. |

Financial Liabilities

Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL

are measured at fair value and gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on de-recognition is also recognised in statement of profit or loss.

(i) De-recognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of profit or loss.

(ii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously

(iii) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the Group's effective interest rate.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(iv) Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 360 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

4 CHANGES IN ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

Changes in accounting standards

The following amendments and improvements do not expect to have a significant impact on the Company's financial statements.

- Amendments to LKAS 1: Disclosure of Accounting Policies
- Amendments to LKAS 8 : Definition of Accounting Estimate
- Amendments to LKAS 12 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Standards issued but not yet effective

The following amendments and improvements are not expected to have a significant impact on the Company's financial statements.

- Amendments to LKAS 1: Classification of Liabilities as Current
- Amendments to LKAS 1: Non-Current liabilities with Covenants
- Amendments to LKAS 7 and SLFRS 7: Supplier Finance Arrangements
- Amendments to SLFRS 16: Lease Liability in a Sale and Leaseback
- Amendment to LKAS 21: Lack of Exchangeability
- Amendments to SLFRS 10 and LKAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

NOTES TO THE FINANCIAL STATEMENTS

5 REVENUE

ACCOUNTING POLICY

Contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Performance obligations and significant judgements

The Group's performance obligations and significant judgements are summarised below:

The revenue for providing the services are usually recognised at or after the guests' departure, over the period of stay or at the point of arrival of guests. The entity identifies the services under each contract as one performance obligation. The revenue is accounted based on the output method. Since revenue will be based on the final good or service provided, the output method will provide a faithful depiction in recognising revenue. Accordingly revenue is recognised on the rooms occupied on daily basis and food and beverages and hotel related sales are accounted for at the time of sale and rental income is recognised on an accrual basis.

When obtaining destination management service (travel agents), the entity acts as the principal. Customer receives and consumes the benefits of the entity's performance, as and when the service is performed. Therefore, revenue is recognised at gross over the period, based on the output method. The timing and the amount of cashflow will vary according to the agreements. Transaction price shall comprise of supplier fee and company mark-up, summing up to be the gross service fee. The advance payments are recognised as a liability. Upon provision of the services, the liability is set off and revenue is recognised over the period.

| | GROUP | | COMPANY | |
|--|------------|-----------|-----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| For the year ended 31st March | | | | |
| In Rs.'000s | | | | |
| Revenue | | | | |
| Rooms | 3,205,512 | 2,077,851 | 1,816,392 | 1,173,976 |
| Food & Beverage | 6,342,469 | 5,424,985 | 3,748,525 | 3,156,786 |
| Rental Income from Investment Property | 321,640 | 241,338 | 273,801 | 174,932 |
| Other Revenue | 902,137 | 672,384 | 471,196 | 341,839 |
| Total Revenue | 10,771,758 | 8,416,558 | 6,309,914 | 4,847,533 |

6 OTHER OPERATING INCOME

ACCOUNTING POLICY

Other income is recognised on an accrual basis. Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non current assets, including investments, are accounted for in the statement of profit or loss, after deducting the proceeds from disposal, the carrying amount of such assets and the related selling expenses. Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

| | GROUP | | COMPANY | |
|--|--------|--------|---------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| For the year ended 31st March | | | | |
| In Rs.'000s | | | | |
| Exchange gain | - | 8,098 | - | 8,098 |
| Net gain/(loss) on disposal of property, plant and equipment | 7,920 | 4,097 | (209) | 3,299 |
| Car park income | 15,892 | 11,555 | 15,892 | 11,555 |
| Promotional income | 3,173 | 536 | 3,173 | 536 |
| Taxi line commission | 4,908 | 4,461 | 4,908 | 4,461 |
| Insurance claim | 3,352 | 5,374 | 3,352 | 5,374 |
| Sundry income | 46,808 | 21,590 | 45,037 | 21,409 |
| Total | 82,053 | 55,711 | 72,153 | 54,732 |

7 RESULTS FROM OPERATIONS

ACCOUNTING POLICY

Expenditure recognition

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of profit or loss.

For the purpose of presentation of the statement of profit or loss, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company’s and Group’s performance.

Profit/(Loss) before tax is stated after charging all expenses including the following:

| For the year ended 31st March In Rs.'000s | Note | GROUP | | COMPANY | |
|--|-------------|--------------|-------------|----------------|-------------|
| | | 2024 | 2023 | 2024 | 2023 |
| Remuneration to Non-Executive Directors | 30.5 | 16,140 | 13,843 | 6,300 | 5,660 |
| Remuneration to Auditors | | | | | |
| Audit | | 2,969 | 2,415 | 1,719 | 1,495 |
| Cost of defined employee benefits | | | | | |
| Defined benefit plan cost | 26.1 | 99,737 | 56,295 | 63,233 | 33,179 |
| Defined contribution plan cost - EPF and ETF | | 196,687 | 165,531 | 119,818 | 101,953 |
| Other long term employee benefits reversal | 26.2 | - | (16,318) | - | (16,318) |
| Staff Expenses | | 2,323,667 | 1,934,417 | 1,212,703 | 1,092,478 |
| Depreciation of property, plant and equipment | 12 | 596,068 | 499,898 | 397,410 | 336,482 |
| Amortisation of right of use assets | 13 | 12,404 | 12,404 | - | - |
| Donations/CSR | | 4,678 | 5,629 | 4,497 | 2,420 |
| Amortisation of intangible assets | 15 | 645 | 431 | 283 | 137 |
| Provision for impairment losses on trade and other receivables | 20.1 | 7,596 | 3,397 | 11,661 | 6,131 |
| Provision/(reversal) for slow moving inventory | | (662) | (499) | - | 286 |
| Foreign exchange (gain)/loss | | (3,994) | (8,098) | 10,321 | (8,098) |

8 FINANCE INCOME AND FINANCE COSTS

ACCOUNTING POLICY

Finance income

Finance income comprises interest income derived on funds invested as Fixed Deposits and Savings. Interest income is recorded as it accrues using the effective interest rate (EIR).

Finance cost

ACCOUNTING POLICY

Finance costs comprise interest expense on borrowings, overdraft and exchange loss on borrowings. Interest expenses are recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Borrowing cost

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent the borrowing costs that are directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for its intended use, and are capitalized as part of that asset.

| | GROUP | | COMPANY | |
|---|-----------|-----------|-----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| For the year ended 31st March In Rs.'000s | | | | |
| Finance income | | | | |
| Interest income on loans to employees | 6,597 | 6,583 | 3,777 | 3,974 |
| Exchange gain on long term loans and borrowings | 14,315 | - | - | - |
| Income from short term investments/savings | 4,888 | 7,026 | 3,497 | 5,833 |
| Total finance income | 25,800 | 13,609 | 7,274 | 9,807 |
| Finance cost | | | | |
| Interest expense on interest bearing loans and borrowings | 85,266 | 127,119 | 19,197 | 98,183 |
| Interest expense on Bank overdraft | 250,750 | 245,204 | 133,381 | 92,907 |
| | 336,016 | 372,323 | 152,578 | 191,090 |
| Exchange loss on interest bearing loans and borrowings | - | 21,154 | - | - |
| Total finance costs | 336,016 | 393,477 | 152,578 | 191,090 |
| Net finance costs | (310,216) | (379,868) | (145,304) | (181,283) |

9 TAX EXPENSE/(REVERSAL)

ACCOUNTING POLICY

Tax expenses /(reversal) comprise of current tax and deferred tax. It is recognised in statement of profit or loss except items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes and are therefore accounted for under LKAS 37 provision for contingent liabilities and contingent assets.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax assets and liabilities are offset only if certain criteria are met.

The subsidiary is liable for taxation at the rate of 30% on its profits as per the Inland Revenue (Amendment) Act No. 45 of 2022 from 01st October,2022 onwards.(24% up to 30 Sep 2022)

In accordance with BOI agreement dated 11th March 1994 the profits and income of the Company were exempt from taxation until 2014 and at the expiry of said period the following options were available for the Company.

- (a) Income tax payable for the year of assessment shall be computed at 2% of the turnover of the Company or
- (b) To adapt the provisions of the Inland Revenue Laws for the time being imposed

The Board of the Company resolved to compute the income tax at 2% of the turnover of the Company with effective from 01st April 2014. The Group is liable for Income Tax on any other income at 30% as per the new rates legislated as per the Inland Revenue (Amendment) Act No 45 of 2022 (24% up to 30 Sep 2022).

The Group has complied with the arms' length principles relating to transfer pricing as prescribed in the Inland Revenue Act.

| | GROUP | | COMPANY | |
|---|---------|-----------|-----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| For the year ended 31st March In Rs.'000s | | | | |
| Tax expense/(reversal) | | | | |
| Current tax charge (Note 9.1) | 129,309 | 116,432 | 129,309 | 100,908 |
| (Reversal)/Charge for deferred tax (Note 9.2) | 5,370 | 83,822 | (55,488) | (106,047) |
| | 134,679 | 200,254 | 73,821 | (5,139) |
| Effective tax rate | 63% | 151% | 341% | (2%) |
| 9.1 Reconciliation between Tax expense and the Product of Accounting Profit | | | | |
| Income tax and deferred tax have been provided as per the new rates legislated per the inland revenue (amendment) Act No 45 of 2022 | | | | |
| For the year ended 31st March In Rs.'000s | | 2024 | 2023 | |
| COMPANY | | | | |
| Taxable Revenue | | 6,390,085 | 4,917,610 | |
| Income tax charged at | | | | |
| Standard rate of 24% until September 30, 2022 | | - | 761 | |
| Standard rate of 30% | | 2,182 | 1,991 | |
| Concessionary rate of 2% | | 127,656 | 98,156 | |
| Under/(Over) provision on Income tax for previous years | | (529) | - | |
| Current income tax charge | | 129,309 | 100,908 | |
| SUBSIDIARY | | | | |
| Profit Before Tax | | 233,975 | 107,894 | |
| Income not liable for Income Tax | | (2,377) | (1,192) | |
| Accounting profit chargeable to income taxes | | 231,598 | 106,702 | |
| Disallowable expenses | | 259,400 | 238,583 | |
| Aggregate Allowable expenses | | (305,508) | (398,599) | |
| Tax losses utilised during the year | | (185,490) | - | |
| Tax losses not utilised | | - | 110,841 | |
| Taxable Income | | - | 57,527 | |
| Income Tax charged at | | | | |
| Standard rate of 30% (2023-24% and 30%) | | - | 15,524 | |
| Under/(Over) provision on income tax for previous years | | - | - | |
| Current income tax charge | | - | 15,524 | |
| GROUP | | | | |
| Company | | 129,309 | 100,908 | |
| Subsidiary | | - | 15,524 | |
| Group current income tax charge | | 129,309 | 116,432 | |

NOTES TO THE FINANCIAL STATEMENTS

9.2 Provision for Deferred Tax

| | GROUP | | COMPANY | |
|---|----------|-----------|----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| For the year ended 31st March In Rs.'000s | | | | |
| Deferred Tax arising from | | | | |
| Change in fair value of investment property | (26,971) | (71,152) | (55,488) | (106,047) |
| Benefit arising from tax losses and other credits | 32,774 | (171,735) | - | - |
| Accelerated depreciation for tax purposes | 1,961 | 412,224 | - | - |
| Others | 3,865 | (63,363) | - | - |
| Employee benefits | (6,259) | (22,152) | - | - |
| Total deferred tax (reversal)/charge | 5,370 | 83,822 | (55,488) | (106,047) |

Deferred tax liability has been computed at the tax rate of 30% as per the Inland Revenue (Amendment) Act No. 45 of 2022.

9.3 Tax Losses Carried Forward

| | GROUP | |
|--|----------------|----------------|
| | 2024 | 2023 |
| For the year ended 31st March In Rs.'000s | | |
| At the beginning of the year | 913,636 | 731,115 |
| Adjustment on finalisation of the liability | (18,810) | 71,680 |
| Tax losses arising during the year | - | 110,841 |
| Tax losses utilised during the year | (185,490) | - |
| Balance at the end of the year | 709,336 | 913,636 |

9.4 Surcharge Tax

Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022 and is applicable to the John Keells Group as the collective taxable income of companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds Rs. 2,000 million, for the year of assessment 2020/2021. The liability is computed at the rate of 25 per cent on the taxable income of the individual Group companies, net of dividends from subsidiaries and deemed to be an expenditure in the financial statements in the year of assessment which commenced on 1 April 2020.

Total Surcharge Tax liability of LKR 14.2 Mn has been recognised for the Subsidiary as an opening adjustment to the 1 April 2022 retained earnings in the statement of Changes in Equity as per the Addendum to the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

The Subsidiary was liable to pay Surcharge Tax on the respective individual entity level. The Subsidiary share of total Surcharge Tax liability of Rs. 14.2 Mn has been included in Surcharge Tax charge recognised in the Group Statement of Changes in Equity as an adjustment to the 01 April 2022 opening retained earnings.

The impact of the surcharge tax under the Surcharge Tax Act on the comparative year would have been as given below:

| In Rs.'000s | GROUP | COMPANY |
|---|-------------|-------------|
| Loss after Tax for the year ended 31 March 2021 | (2,244,002) | (1,425,256) |
| Surcharge Tax attributable to owners of the company | (6,179) | (6,179) |
| Surcharge Tax share of Non-controlling Interest | (8,055) | - |
| Surcharge Tax charge | (14,234) | - |
| Adjusted comparable Profit for the year ended 31 March 2021 | (2,250,181) | (1,425,256) |

10 LOSS PER SHARE

ACCOUNTING POLICY

Basic EPS is calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The basic loss per share is based on the loss attributable to Asian Hotels & Properties PLC.

Diluted EPS is calculated by dividing the loss attributable to ordinary equity holders of the parent (after adjusting outstanding share option scheme and warrants) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year. Therefore diluted loss per share is the same as basic loss per share

| For the year ended 31st March | GROUP | | COMPANY | |
|--------------------------------------|----------|-----------|----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| Net Loss for the year (In Rs.'000s) | (20,310) | (277,589) | (95,460) | (235,267) |
| Number of ordinary shares (In '000s) | 442,775 | 442,775 | 442,775 | 442,775 |
| Basic/Diluted loss per share (Rs.) | (0.05) | (0.63) | (0.22) | (0.53) |

11 DIVIDEND PER SHARE

No dividend declared for the financial year ended 31st March 2024 (2023 - Nil).

12 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Basis of recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value. The Group applies cost model to property, plant and equipment except for land and buildings and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Revaluation of land and buildings

The Group has adopted a policy of revaluing assets at least every three years.

When an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

When an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

The Group engaged independent expert valuers to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location, or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation was carried out on 31st December 2023.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in their considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

De-recognition

An item of property, plant and equipment is de-recognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognised.

Depreciation

Depreciation is calculated by using straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets. The estimated useful life of assets is as follows:

| Assets | Years |
|---------------------------------|-------|
| Buildings | 75 |
| Plant and Machinery | 10-20 |
| Motor Vehicles | 4-10 |
| Vessel of Floating Restaurant | 18 |
| Furniture, Fittings & Equipment | 5-15 |
| Base Stock/Circulating Assets | 3-10 |
| Outdoor Carpark Development | 10 |

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Buildings of the subsidiary are depreciated using straight line method in order to depreciate over the balance lease period of 56 years.

Depreciation of an assets ceases at the earlier of the date that the asset is classified as held for sale and the date that asset is de-recognised.

Capital work-in-progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred on property, plant and equipment, awaiting capitalisation.

12.1 Group

| As at 31st March In Rs. '000s | | Freehold Land | | Buildings Development | | Outdoor Carpark | | Plant & Machinery | | Base Stock & Circulating Assets | | Furniture, Fittings & Equipment | | Motor Vehicles | | Capital Work In Progress | | Total 2024 | | Total 2023 | |
|--|------------|------------------|--------|--------------------------|-----------|--------------------|---------|----------------------|------------|---------------------------------------|-----------|---------------------------------------|--|-------------------|--|--------------------------------|--|---------------|--|---------------|--|
| Cost or Valuation | | | | | | | | | | | | | | | | | | | | | |
| At the beginning of the year | 24,878,890 | 10,532,363 | 11,783 | 1,584,356 | 1,895,838 | 3,044,256 | 77,476 | 50,144 | 42,075,106 | 39,163,526 | | | | | | | | | | | |
| Additions | - | 93,892 | - | 108,218 | 184,084 | 300,394 | - | 145,492 | 832,080 | 712,028 | | | | | | | | | | | |
| Disposals | - | - | - | (19,339) | (34,730) | (70,381) | (8,571) | (17) | (133,038) | (146,095) | | | | | | | | | | | |
| Revaluation gain | 927,110 | 935,611 | - | - | - | - | - | - | - | 1,862,721 | 2,678,613 | | | | | | | | | | |
| Depreciation adjustment on revaluation | - | (181,922) | - | - | - | - | - | - | - | (181,922) | (332,966) | | | | | | | | | | |
| Transfers from work in progress | - | 157,246 | - | 19,147 | 1,231 | 8,132 | - | (185,756) | - | - | | | | | | | | | | | |
| At the end of the year | 25,806,000 | 11,537,190 | 11,783 | 1,692,382 | 2,046,423 | 3,282,400 | 68,905 | 9,863 | 44,454,947 | 42,075,106 | | | | | | | | | | | |
| Accumulated Depreciation | | | | | | | | | | | | | | | | | | | | | |
| At the beginning of the year | - | 16,439 | 11,783 | 982,688 | 1,510,359 | 1,815,585 | 52,433 | - | 4,389,287 | 4,360,001 | | | | | | | | | | | |
| Charge for the year | - | 248,430 | - | 66,700 | 110,307 | 167,340 | 3,291 | - | 596,068 | 499,898 | | | | | | | | | | | |
| Disposals | - | - | - | (13,340) | (33,453) | (66,897) | (8,571) | - | (122,262) | (137,686) | | | | | | | | | | | |
| Depreciation adjustment on revaluation | - | (181,922) | - | - | - | - | - | - | - | (181,922) | (332,926) | | | | | | | | | | |
| At the end of the year | - | 82,947 | 11,783 | 1,036,048 | 1,587,213 | 1,916,028 | 47,154 | - | 4,681,172 | 4,389,287 | | | | | | | | | | | |
| Carrying Value | | | | | | | | | | | | | | | | | | | | | |
| As at 31st March 2024 | 25,806,000 | 11,454,244 | - | 656,334 | 459,210 | 1,366,372 | 21,752 | 9,863 | 39,773,775 | | | | | | | | | | | | |
| As at 31st March 2023 | 24,878,890 | 10,515,924 | - | 601,668 | 385,479 | 1,228,671 | 25,043 | 50,144 | - | 37,685,819 | | | | | | | | | | | |

Leadership Operating Context and Strategy Corporate Governance and Risk Management **Financial Information**

Supplementary Information

12.1(a) -Freehold Land and Buildings of the Group were valued by M/s. P.B. Kalugaledara & Associates, an independent Chartered Valuer as at 31st December 2023, and the book values were written up to correspond with the valuation. Further there is no significant value change as at 31st March 2024.

Had the revalued buildings of the Group been included at cost, the carrying value of the said asset would amount to Rs. 5,191 Mn (Rs.3,328 Mn in 2023) had the revalued Land of Group been included at cost, the carrying value of the said asset would amount to Rs.470 Mn (Rs.470 Mn in 2023).

(Details of the fair Value hierarchy is given in Note 12.3).

12.1(b) - The capital working progress of the Group includes only the amount relating to WIP of the company.

12.1(c) - Details of Groups' Land and Building stated at valuation are indicated on page 182.

NOTES TO THE FINANCIAL STATEMENTS

| Property | | Land /Building Extent | Location | Fair Value as at 31.12.2023 |
|-----------------------------------|-----------------------------------|-----------------------|--|-----------------------------------|
| | | | | In Rs. '000s |
| Freehold Land and Building | | | | |
| Company | Land (I) | A06 - R2- P22.21 | No 77, Galle Road, Colombo 03 | 25,806,000 |
| | Land (II) | A01 - R1- P22.87 | No 77, Galle Road, Colombo 03 | |
| | Building- Stage(I) | 350,237 Sq Ft | No 77, Galle Road, Colombo 03 | |
| | Building- Stage (II) & (III) | 299,975 Sq Ft | No 77, Galle Road, Colombo 03 | 7,644,000 |
| | Life style Building | 49,280 Sq.Ft | No 77, Galle Road, Colombo 03 | |
| | New Associate Life Style Building | 36,859 Sq. Ft | No 77, Galle Road, Colombo 03 | |
| Investment Properties | | | | |
| Company | Building | 145,196 Sq Ft | No 89, Galle Road, Colombo 03 | |
| Subsidiary | Building | 55,548 Sq Ft | No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02. | Note 14 |
| | Land | A01 - R02- P30.0 | No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02. | |
| Leasehold Properties | | | | |
| Subsidiary | Building | 344,383 Sq Ft | No. 115, Sir Chittampalam A. Gardiner Mawatha, Colombo 02. | 3,715,404 |
| | Land | A05 - R02- P34.28 | No. 115, Sir Chittampalam A. Gardiner Mawatha, Colombo 02. | Note 13 |

Note-I2.1.(d) The Vessel of floating restaurant of the Subsidiary has been classified under Motor Vehicles.

Note-I2.1.(e) The cost of the fully depreciated assets in the Group which are still in use of the Group amounts to Rs.2,516 Mn (Rs. 2,445Mn in 2023).

Note-I2.1.(f) There are no assets pledged as at the reporting date that require disclosure in the Group.

12.2 Company

| As at 31st March In Rs. '000s | Freehold Land | Buildings | Outdoor Carpark Development | Machinery | Plant & Base Stock & Circulating Assets | Furniture, Fittings & Equipment | Motor Vehicles | Capital Work In Progress | Total 2024 | Total 2023 |
|---|------------------|-----------|-----------------------------------|-----------|--|---------------------------------------|-------------------|--------------------------------|---------------|---------------|
| Cost or Valuation | | | | | | | | | | |
| At the beginning of the year | 24,878,890 | 7,245,111 | 11,783 | 924,558 | 917,172 | 2,112,687 | 3,450 | 19,165 | 36,112,816 | 33,799,110 |
| Additions | - | 1,886 | - | 48,275 | 95,299 | 203,290 | - | 145,493 | 494,243 | 208,359 |
| Disposals | - | - | - | (93) | (22,840) | (16,475) | - | - | (40,246) | (108,377) |
| Revaluation gain | 927,110 | 544,438 | - | - | - | - | - | - | 1,471,548 | 2,351,949 |
| Depreciation adjustment on revaluation | - | (135,347) | - | - | - | - | - | - | (135,347) | (138,225) |
| Transfers from work in progress | - | 133,457 | - | 16,668 | 1,231 | 3,439 | - | (154,795) | - | - |
| At the end of the year | 25,806,000 | 7,789,545 | 11,783 | 988,570 | 990,862 | 2,302,941 | 3,450 | 9,863 | 37,903,014 | 36,112,816 |

Accumulated Depreciation

| | | | | | | | | | | |
|---|---|-----------|--------|---------|----------|-----------|-------|---|-----------|-----------|
| At the beginning of the year | - | 47,215 | 11,783 | 603,222 | 669,484 | 1,157,126 | 3,450 | - | 2,492,280 | 2,398,579 |
| Charge for the year | - | 184,109 | - | 39,888 | 60,041 | 113,372 | - | - | 397,410 | 336,482 |
| Disposals | - | - | - | (92) | (22,575) | (15,531) | - | - | (39,027) | (104,556) |
| Depreciation adjustment on revaluation | - | (135,347) | - | - | - | - | - | - | (135,347) | (138,225) |
| At the end of the year | - | 95,977 | 11,783 | 642,189 | 706,950 | 1,254,967 | 3,450 | - | 2,715,316 | 2,492,280 |

Carrying Value

| | | | | | | | | | | |
|-----------------------|------------|-----------|---|---------|---------|-----------|---|--------|------------|------------|
| As at 31st March 2024 | 25,806,000 | 7,693,568 | - | 346,381 | 283,912 | 1,047,974 | - | 9,863 | 35,187,698 | - |
| As at 31st March 2023 | 24,878,890 | 7,197,896 | - | 321,336 | 247,688 | 955,561 | - | 19,165 | - | 33,620,536 |

Note-12.2.(a) Freehold Land and Buildings of Asian Hotels and Properties PLC were valued by M/s. P.B. Kalugaledara & Associates, an independent Chartered Valuer as at 31st December 2023, and the book values were written up to correspond with the valuation. Valuation Method used is direct capital comparison approach. Further there is no significant value change as at 31st March 2024.

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Note-12.2.(b) Had the revalued Buildings of the company been included at cost, the carrying value of the said asset would amount to Rs. 3,279 Mn. (Rs.3,,328 Mn in 2023)
Had the revalued Land been included at cost, the carrying value of the said asset would amount to Rs. 470 Mn (Rs.470 Mn in 2023).

Note-12.2.(c) The cost of the fully depreciated assets which are still in use of the Company amounting Rs. 1,361 Mn (Rs. 1227 Mn in 2023).
Note-12.2.(d) There are no assets pledged as at the reporting date that require disclosure in the Company.

Note-12.2.(e) The capital working progress of the Company includes the refurbishment of Lobby car porch and Baggage X Ray Inspection system.

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NOTES TO THE FINANCIAL STATEMENTS

12.3 Details of Group's land, building and other properties stated at valuation are indicated below;

| | Method of valuation | Effective date of valuation | Property valuer |
|---|----------------------------------|-----------------------------|--|
| Buildings on leasehold land of Trans Asia Hotels PLC. | Direct Capital Comparison Method | 31-Dec-23 | P B Kalugalagedara, Chartered Valuation Surveyor |
| Land and building of Asian Hotels and Properties PLC. | Direct Capital Comparison Method | 31-Dec-23 | P B Kalugalagedara, Chartered Valuation Surveyor |

(i) Fair value hierarchy

The fair value of property was determined by external independent property values having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of properties has been categorised as level 03 fair value based on the input to the valuation technique used.

(ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of property, as well as the significant unobservable inputs used.

| Valuation Technique | Significant Unobservable Inputs | Estimates for unobservable inputs | Interrelationship between Key Unobservable Inputs and Fair Value Measurements |
|----------------------------------|---|--|---|
| GROUP | | | |
| Direct Capital Comparison Method | Estimated price per square feet of building | Rs.10,000/- per sq. ft. Rs.5,250/- per sq. ft. Rs.7,250/- per sq. ft. Rs.650/- per sq. ft. Rs.475/- per sq.ft. | Positive correlated sensitivity |
| | Capitalisation rate | 6.25% & 3% for 56 years | Negative correlated sensitivity |
| COMPANY | | | |
| Direct Capital Comparison Method | Estimated price per square feet of building | Rs.16,000/- per sq. ft. Rs.12,500/- per sq. ft. Rs.12,000/- per sq. ft. Rs.11,000/- per sq. ft. Rs.7,000/- per sq. ft. Rs.5,000/- per sq. ft. Rs.3,750/- per sq. ft. Rs.3,500/- per sq. ft. | Positive correlated sensitivity |
| | Estimated cost per perch of land | Rs. 21.0 Mn per perch Rs. 18.0 Mn per perch Rs. 20.0 Mn per perch | Positive correlated sensitivity |

(iii) Summary description of valuation methodologies

Direct capital comparison method

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalized value of the property is fixed by direct comparison with capitalized value of similar property in the locality.

13 RIGHT OF USE ASSET

ACCOUNTING POLICY

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

| As at 31st March In Rs.'000s | GROUP | |
|---------------------------------|---------|---------|
| | 2024 | 2023 |
| Cost | 945,160 | 945,160 |
| Accumulated amortisation | | |
| At the beginning of the year | 238,132 | 225,728 |
| Charge for the year | 12,404 | 12,404 |
| Balance at the end of the year | 250,536 | 238,132 |
| Carrying amount | 694,624 | 707,028 |

Leasehold property is the land which the hotel (Trans Asia Hotels) is located. The leasehold land is on a 99 years long term lease agreement entered with the Urban Development Authority, Sri Lanka, which commenced from 7th August 1981 and is being amortised on a straight line basis over a period of 94 years commencing from 1st April 1986.

13.1 Details of leasehold Property

| Property In Rs. '000s | Land extent (in acres) | Lease period | GROUP | |
|--------------------------------|---------------------------|-------------------------------|---------|---------|
| | | | 2024 | 2023 |
| Trans Asia Hotels PLC, Colombo | A07 - R01 - P24.28 | 99 years from 7th August 1981 | 694,624 | 707,028 |
| | | | 694,624 | 707,028 |

14 INVESTMENT PROPERTY

ACCOUNTING POLICY

Basis of recognition and measurement

Investment property is held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in Statement of profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self - constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Any gains or losses on retirement or disposal are recognised in Statement of profit or loss in the year of retirement or disposal. Transfers are made to and from investment property only when there is a change in use in accordance with the criteria listed in Sri Lanka Accounting Standard 40 "Investment Property".

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| | GROUP | | COMPANY | |
|---|-----------|-----------|-----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | |
| At the beginning of the year | 5,784,515 | 5,630,122 | 2,637,481 | 2,697,390 |
| Additions | 26,370 | - | 26,371 | - |
| Net gain/(loss) from fair value remeasurement | (89,904) | 154,393 | (184,959) | (59,909) |
| At the end of the year | 5,720,981 | 5,784,515 | 2,478,893 | 2,637,481 |
| | | | | |
| Freehold property | 2,478,893 | 2,637,481 | 2,478,893 | 2,637,481 |
| Leasehold property | 3,242,088 | 3,147,034 | - | - |
| | 5,720,981 | 5,784,515 | 2,478,893 | 2,637,481 |

14.1 Valuation details of investment property

Investment properties of the Group were valued by a qualified professional valuer as at 31st December 2023, details of which are as follows;

In order to adopt the Fair Value model on Investment Property, as per Sri Lanka Accounting Standard 40 “Investment Property” the Land & Building classified as Investment Property of Asian Hotels and Properties PLC which includes Crescat Boulevard was valued by Mr. P.B. Kalugalagedera, a Chartered Valuation Surveyor using Investment/Income method of valuation on 31st December 2023.

The Commercial Centre of Trans Asia Hotels PLC was valued by Mr. P.B. Kalugalagedera, a Chartered Valuation Surveyor using the direct capital comparison method on 31st December 2023.

Changes in the values are recognised as gains in Statement of profit or loss. All gain are unrealised. Further there is no significant value change as at 31st March 2024 as per Valuer’s statement.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Rental Income earned from Investment Property by the Company and Group amounted to Rs. 274 Mn (Rs. 175 Mn in 2023) and Rs. 322 Mn (Rs. 241 Mn in 2023) respectively. Direct Operating Expenses incurred by the Company and Group amounted to Rs. 236 Mn (Rs. 161 Mn in 2023) and Rs. 248 Mn (Rs. 170 Mn in 2023) respectively.

The methods used by the valuer are as follows;

| Property | Method of Valuation | Fair Value as at 31.12.2023 In Rs. '000s |
|--|----------------------------------|---|
| Asian Hotels and Properties PLC. Crescat Boulevard, Colombo 3 | Investment Income Method | 2,478,893 |
| Trans Asia Hotels PLC. Commercial Centre, Colombo 2 | Direct Capital Comparison Method | 3,242,088 |

(i) Fair Value Hierarchy

The fair value of property was determined by external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement for all of properties has been categorised as level 03 fair value based on the input to the valuation technique used.

(ii) Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used:

| Valuation Technique | Significant Unobservable Inputs | Estimates for unobservable inputs | Interrelationship between Key Unobservable Inputs and Fair Value Measurement |
|----------------------------------|---------------------------------|-----------------------------------|--|
| Direct Capital Comparison Method | Capitalisation rate | 6.25% & 3% for 56 years | Negatively correlated sensitivity |
| | Estimated price per square feet | Rs. 6,500/- per sq. ft | Positively correlated sensitivity |
| | Estimated price per perch | Rs.16.5 Mn per perch | Positively correlated sensitivity |
| Investment/Income method | Annual rent income | Rs. 143 Mn | Positively correlated sensitivity |
| | Capitalisation rate | 6.00% | Negatively correlated sensitivity |

Refer Note 12.3 for summary description of valuation methodologies

15 INTANGIBLE ASSETS

ACCOUNTING POLICY

Basis of Recognition

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply goods or other services, rental to others or for administrative purposes. An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

(i) Computer software

All computer software costs incurred, licensed for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Amortisation

Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are amortised on a straight line basis in the Statement of profit or loss from the date on which the asset was available for use, over the best estimate of its useful life. The estimated useful life of software is 5 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year- end.

Amortisation shall cease at the earlier of the date that the asset is classified as held for sale or the date that asset is de-recognised.

(iii) De-recognition

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from its use and subsequent disposal.

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| | GROUP | | COMPANY | |
|---------------------------------|--------|--------|---------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | |
| Computer Software | | | | |
| Cost | | | | |
| At the beginning of the year | 10,927 | 10,522 | 7,740 | 7,595 |
| Additions | 1,616 | 405 | - | 145 |
| Disposals | - | - | - | - |
| At the end of the year | 12,543 | 10,927 | 7,740 | 7,740 |
| Accumulated Amortisation | | | | |
| At the beginning of the year | 9,725 | 9,294 | 6,913 | 6,776 |
| Amortisation | 645 | 431 | 283 | 137 |
| Disposals | - | - | - | - |
| At the end of the year | 10,370 | 9,725 | 7,196 | 6,913 |
| Carrying value | | | | |
| As at 31 March | 2,173 | 1,202 | 544 | 827 |

The Company intangible assets with a cost of Rs.6.6 Mn (2023- Rs.6 Mn) have been fully amortised and continue to be in used by the Company.

16 INVESTMENT IN SUBSIDIARY

ACCOUNTING POLICY

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the statement of profit or loss. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses.

| | COMPANY | | | | |
|---------------------------------|------------------|---------------------|--------------------|--------------|-----------|
| | 2024 | 2023 | | | |
| As at 31st March In Rs.'000s | | | | | |
| Carrying value | | | | | |
| Investments in subsidiary | 660,045 | 660,045 | | | |
| | 660,045 | 660,045 | | | |
| | | | | | |
| | Number of shares | Effective holding % | Cost of Investment | Market Value | |
| Trans Asia Hotels PLC. (Quoted) | 2024 | 86,823,028 | 43.41% | 660,045 | 3,698,661 |
| | 2023 | 86,823,028 | 43.41% | 660,045 | 3,924,401 |

Power and exposure, or rights, to variable returns

Trans Asia Hotels PLC (the owner of Cinnamon Lakeside Colombo) is a subsidiary of the Company, and its principal activity is Hoteliering. There has been no material change in the activities of the subsidiary during the period under review. Asian Hotels & Properties PLC (AHP) considers Trans Asia Hotels PLC (TAH) as a subsidiary since the AHP has power and exposure, right to variable return and ability to use its powers over TAH, based on the factors mentioned below even though it has only 43.41% ownership.

It is AHP that strategies the marketing, positioning and sales of TAH, thereby, affecting the operating return, in addition to the dividend. This duly approved operating model established for AHP and TAH is driven by AHP as the lead.

AHP is exposed to variable returns from its involvement with TAH as a result of its performance. In addition AHP has quantitative, and qualitative, returns that are not available to other interest holders, due to its ability to use TAH's assets in combination with its own to achieve economies of scale, cost savings and other synergies in their mutual interest.

In addition to having the lead of the operating model, AHP also has the right to nominate directors to the TAH board. JKH had assigned the power to AHP in order to nominate Directors to TAH.

Non Controlling Interest in subsidiary

The following table summarises the information relating to the Group's subsidiary that has NCI.

| As at 31st March In Rs. '000s | 2024 | 2023 |
|--|------------------|------------------|
| NCI percentage | 56.59% | 56.59% |
| Non current assets | 8,544,048 | 7,940,988 |
| Current assets | 951,683 | 715,838 |
| Non current liabilities | (960,715) | (854,364) |
| Current liabilities | (2,172,850) | (1,860,236) |
| Net assets | 6,362,166 | 5,942,226 |
| Net assets attributable to NCI | 3,600,350 | 3,362,706 |
| Revenue | 4,461,845 | 3,569,025 |
| (Loss)/Profit | 173,117 | (97,497) |
| Other comprehensive income | 245,091 | 162,272 |
| Total Comprehensive income | 418,208 | 64,775 |
| (Loss)/Profit allocated to NCI | 97,967 | (55,174) |
| OCI allocated to NCI | 138,697 | 91,830 |
| | 236,664 | 36,656 |
| Cash flow from operating activities | 59,350 | 51,109 |
| Cash flow from investing activities | (182,089) | (282,104) |
| Cash flow from financing activities | 144,335 | (24,738) |
| Net increase in cash and cash equivalents | 21,596 | (255,733) |

17 NON CURRENT FINANCIAL ASSETS

Loans to executives

Refer Note 32.1.2

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| At the beginning of the year | 60,511 | 41,662 | 36,816 | 23,568 |
| Loans granted/transfers | 18,854 | 38,812 | 10,854 | 24,758 |
| Recoveries | (35,408) | (19,963) | (19,601) | (11,510) |
| At the end of the year | 43,957 | 60,511 | 28,069 | 36,816 |
| Receivable within one year (Note 20) | 10,253 | 17,224 | 7,732 | 8,372 |
| Receivable between one and five years | 33,704 | 43,287 | 20,337 | 28,444 |
| | 43,957 | 60,511 | 28,069 | 36,816 |

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18 OTHER NON CURRENT ASSETS

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|--|--------|-------|---------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| Prepaid cost of staff motor vehicle loan | 11,019 | 8,885 | 4,760 | 2,458 |

19 INVENTORIES

ACCOUNTING POLICY

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|-------------------------------------|---------|---------|---------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| Food & Beverage | 204,361 | 261,957 | 127,730 | 154,392 |
| General | 61,190 | 71,077 | 34,648 | 51,547 |
| Diesel/ Furnace/ Gas | 24,761 | 49,389 | 24,761 | 42,166 |
| Engineering | 41,890 | 41,036 | 24,683 | 23,941 |
| Provision for net realisable value | (1,541) | (5,547) | (1,541) | (5,547) |
| Provision for slow moving inventory | (2,653) | (3,315) | (2,079) | (2,079) |
| Amount at the end of the year | 328,009 | 414,597 | 208,202 | 264,420 |

20 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Refer Note 3.5 for accounting policy of financial instruments.

The Group has obtained customer deposit from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers and uses a provision matrix to calculate Expected Credit Loss (ECL) for the balance. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix was initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset including trade and other receivable in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|---------------------------------|-----------|-----------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Trade receivables | 1,508,202 | 788,528 | 635,112 | 217,160 |
| Other receivables | 96,727 | 94,527 | 59,682 | 59,749 |
| Loans to executives (Note 17) | 10,253 | 171,224 | 7,732 | 8,372 |
| Impairment (Note 20.1) | (304,596) | (297,001) | (25,276) | (13,615) |
| | 1,310,586 | 596,853 | 677,250 | 271,666 |

| | GROUP | | COMPANY | |
|---------------------------------|---------|---------|---------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | |
| 20.1 Impairment | | | | |
| At the beginning of the year | 297,001 | 293,604 | 13,615 | 7,484 |
| Provision for the year | 12,985 | 6,131 | 12,985 | 6,131 |
| Reversal for the year | (5,389) | (2,734) | (1,324) | - |
| At the end of the year | 304,596 | 297,001 | 25,276 | 13,615 |

21 OTHER CURRENT ASSETS

| | GROUP | | COMPANY | |
|--------------------------------------|---------|---------|---------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | |
| Prepayments and non cash receivables | 62,967 | 58,324 | 49,953 | 45,871 |
| Tax recoverable | 39,923 | 14,853 | 12,427 | 199 |
| VAT refund | 52,900 | 231,112 | 40,281 | 157,769 |
| Advance to creditors | 68,867 | 57,848 | 8,658 | 21,661 |
| | 224,657 | 362,137 | 111,319 | 225,500 |

22 STATED CAPITAL

The ordinary shares of Asian Hotels and Properties PLC are quoted in the Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are eligible for one vote per share at Annual General Meetings of the Company.

| | 2024 | | 2023 | |
|---------------------------------------|------------------|-----------------|------------------|-----------------|
| | Number of shares | Value of shares | Number of shares | Value of shares |
| As at 31st March In Rs.'000s | | | | |
| Issued and fully paid ordinary shares | 442,775 | 3,345,117 | 442,775 | 3,345,117 |

23 OTHER COMPONENTS OF EQUITY

| | Note | GROUP | | COMPANY | |
|---------------------------------|------|------------|------------|------------|------------|
| | | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | | |
| Revaluation reserve | 23.1 | 21,572,948 | 20,434,911 | 20,974,635 | 19,944,552 |
| Other capital reserve | 23.2 | 179,177 | 178,427 | 167,445 | 167,676 |
| | | 21,752,125 | 20,613,338 | 21,142,080 | 20,112,228 |

NOTES TO THE FINANCIAL STATEMENTS

23.1 REVALUATION RESERVE

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|---|------------|-------------|------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| At the beginning of the year | 20,434,911 | 22,914,950 | 19,944,552 | 22,480,631 |
| Revaluation gain on freehold land & buildings | 1,641,357 | 2,493,754 | 1,471,548 | 2,351,949 |
| Transferred to revenue reserve | (10,911) | (10,911) | - | - |
| Deferred tax on land & building | (492,407) | (4,962,882) | (441,465) | (4,888,028) |
| At the end of the year | 21,572,950 | 20,434,911 | 20,974,635 | 19,944,552 |

The Revaluation Reserve relates to revaluation of land and buildings and comprises the cumulative increase in the fair value of the property at the date of revaluation and related deferred tax adjustments. Further, it includes transfer from revaluation surplus to retained earnings, as per the LKAS 16 – Property plant and equipment, when the revalued asset is used by an entity, the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

23.2 Share-based payment plans -Group

ACCOUNTING POLICY

In accounting for employee remuneration in the form of shares, SLFRS 2 – Share based payments, is effective for the Company's parents entity John Keells Holdings PLC, from the financial year beginning 2013/14.

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments of the Parent entity John Keells Holdings PLC (equity settled transactions). The cost of the employee services received in respect of the shares or share options granted is recognised in the statement of profit or loss over the period that employees provide services, from the time when the award is granted up to the vesting date of the options. The overall cost of the award is calculated using the number of share options expected to vest and the fair value of the options at the date of grant.

The employee remuneration expense resulting from the John Keells Holdings PLC's share option scheme to the employees of Asian Hotels and Properties PLC is recognised in the statement of profit or loss of the company. This transaction does not result in a cash outflow to the company and expense recognised is met with a corresponding equity reserve increase, thus having no impact on the Statement of Financial Position (SOFP). The fair value of the options granted is determined by the John Keells Holdings PLC using an option model and the relevant details are communicated by the John Keells Holdings PLC to all applicable subsidiary companies.

Accounting judgments, estimates and assumptions

Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The John Keells Group measures the cost of equity settled transactions with employees relevant to the entire Group by reference to the fair value of the equity instruments on the date at which they are granted. The same assumptions have been used by the Company as John Keells Group's Employee Share Option Scheme applies to the Company.

The expected life of the share options is based on the historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

The following information were used and results were generated using binomial model for ESOP.

| As at 31st March | 2024 Plan no 11 award 2.1 | 2024 Plan no 11 award 2 | 2023 Plan no 10 award 1 | 2022 Plan no 10 award 3 | 2021 Plan no 10 award 2 | 2020 Plan no 10 award 1 |
|---|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Dividend yield (%) | 2.07 | 2.54 | 2.90 | 3.28 | 3.87 | 3.62 |
| Expected volatility (%) | 25.05 | 24.99 | 24.15 | 22.37 | 21.35 | 17.47 |
| Risk free interest rate (%) | 14.49 | 26.92 | 23.10 | 8.87 | 6.44 | 9.83 |
| Expected life of share options (Years) | 5 | 5 | 5 | 5 | 5 | 5 |
| Weighted average share price at the grant date (LKR) | 158.36 | 137.83 | 119.85 | 132.63 | 134.74 | 138.70 |
| Weighted average remaining contractual life for the share options outstanding (Years) | 3 | 3 | 3 | 3 | 3 | 3 |
| Weighted average fair value of options granted during the year (LKR) | 52.79 | 45.94 | 39.95 | 44.21 | 44.91 | 46.23 |
| Exercise price for options outstanding at the end of the year (LKR) | 145.59 | 137.86 | 121.91 | 136.64 | 132.86 | 136.97 |

Employee Share Option Scheme

Under the John Keells Group's Employees Share Option scheme (ESOP), share options of the parent are granted to senior executives of the Company with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vest over a period of four years and is dependent on a performance criteria and a service criteria. The performance criteria being a minimum performance achievement of "Met Expectations" and service criteria being that the employee has to be in employment at the time the share options vest. The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The contractual term for each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

The expense recognised for employee services received during the year is shown in the following table:

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| At the beginning of the year | 192,444 | 191,267 | 167,676 | 168,601 |
| Expense arising from equity-settled share-based payment transactions | 1,729 | 1,177 | (231) | (925) |
| At the end of the year with non-controlling interest | 194,173 | 192,444 | - | - |
| Non-controlling interest at the end of the year | (14,996) | (14,017) | - | - |
| At the end of the year | 179,177 | 178,427 | 167,445 | 167,676 |

Movements during the year - Group

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

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| | 2024 | | 2023 | |
|----------------------------------|-----------|--------|-----------|--------|
| | No. | WAEP | No. | WAEP |
| Outstanding as at 1st April | 327,499 | 141.16 | 376,201 | 161.50 |
| Granted during the year | 38,100 | 133.06 | 158,500 | 133.06 |
| Lapses/Forfeited during the year | (127,299) | 173.25 | (192,456) | 173.25 |
| Exercised during the year | (3,100) | 137.86 | - | - |
| Transfers in/(out) | 9,300 | 154.11 | (14,746) | 154.11 |
| Outstanding as at 31st March | 244,500 | 141.16 | 327,499 | 141.16 |
| Exercisable as at 31st March | 94,291 | 80.65 | 130,224 | 152.37 |

Movements during the year - Company

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

| | 2024 | | 2023 | |
|----------------------------------|----------|--------|-----------|--------|
| | No. | WAEP | No. | WAEP |
| Outstanding as at 1st April | 242,783 | 139.80 | 221,188 | 165.07 |
| Granted during the year | 38,100 | 145.59 | 111,300 | 131.02 |
| Lapses/Forfeited during the year | (79,783) | 154.10 | (126,659) | 173.25 |
| Transfers in/(out) | 12,400 | 137.86 | 36,954 | 129.67 |
| Outstanding as at 31st March | 213,500 | 135.38 | 242,783 | 139.80 |
| Exercisable as at 31st March | 56,775 | 133.95 | 92,708 | 151.67 |

Fair value of the share option and assumptions

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected volatility of share price, expected dividend yield and risk free interest rate.

24 INTEREST BEARING LOANS AND BORROWINGS

ACCOUNTING POLICY

Borrowings are initially recognised at fair value less any directly attributable transaction costs. Subsequently, they are stated at amortised cost, any difference between the proceeds (net of transaction cost) and the repayable amount (including interest) is recognised in Statement of profit or loss over the period of the loan using effective interest method.

Refer note 3.5 for accounting policy of financial liabilities

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|---------------------------------|-------------|-------------|-------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| At the beginning of the year | 426,868 | 953,161 | 212,881 | 716,615 |
| Loans obtained | 344,000 | 486,000 | - | 438,000 |
| Repayments | (175,468) | (1,034,806) | (86,522) | (943,093) |
| Accrued interest | - | 1,359 | - | 1,359 |
| Exchange difference | (14,315) | 21,154 | - | - |
| At the end of the year | 581,085 | 426,868 | 126,359 | 212,881 |
| Repayable within one year | 581,085 | 180,415 | 126,359 | 87,881 |
| Repayable after one year | - | 246,453 | - | 125,000 |
| | 581,085 | 426,868 | 126,359 | 212,881 |

Security and repayment terms

| In Rs.'000s | | | Security | 2024 | | 2023 | |
|--|----------------------------------|---|----------|------------|----------------|------------|----------------|
| Nature of facility | Interest rate | Repayment terms | | Face value | Carrying value | Face value | Carrying value |
| Company | | | | | | | |
| Saubagya | 4% | 16 equal monthly instalments of Rs.1.47 Mn and final instalment of Rs.1.46 Mn commencing from Jul 2022 | None | - | - | 11,761 | 11,761 |
| COVID-19 | | | | | | | |
| Renaissance Facility Loan | | | | | | | |
| Credit | 4% | 16 equal monthly instalments of Rs.1.47 Mn and final instalment of Rs.1.46 Mn commencing from Jul 2022 | None | - | - | 11,761 | 11,761 |
| Guarantee and Interest subsidy loan scheme | | | | | | | |
| Term Loan | Year 1 - 8.25% Year 2 - 8.50% | 12 equal monthly instalments of Rs.4 Mn commencing from Jan 2023 11 equal monthly instalments of Rs. 9 Mn and final instalment of Rs.53 Mn commencing from Jan 2023 | None | 126,359 | 126,359 | 189,359 | 189,359 |
| Company Total | | | | 126,359 | 126,359 | 212,881 | 212,881 |
| Subsidiary | | | | | | | |
| Term Loan (USD) | LIBOR+ Margin | 12 equal monthly installments of USD 17,552 commencing from January 2023 and 11 equal monthly installments of USD 40,955 commencing from January 2024 and final installment of USD 40,957 on December 2024. | None | 110,726 | 110,726 | 213,987 | 226,239 |
| Short term loan | AWPLR+ 1.75% | To be settled within a maximum period of 12 months from the date of disbursement. Interest to be serviced monthly | None | 344,000 | 344,000 | - | - |
| Group Total | | | | 581,085 | 581,085 | 426,868 | 426,868 |

The Group and the Company continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Company. The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

NOTES TO THE FINANCIAL STATEMENTS

25 DEFERRED TAX LIABILITIES

ACCOUNTING POLICY

Deferred taxation is provided using the Statement of Financial Position liability method providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets including those related to tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

| | GROUP | | COMPANY | |
|---|-----------|-----------|-----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | |
| At the beginning of the year | 9,003,537 | 3,856,597 | 8,397,581 | 3,615,600 |
| Recognised in statement of profit or loss | 5,370 | 83,822 | (55,488) | (106,047) |
| Recognised in other comprehensive income | 546,503 | 5,063,118 | 441,465 | 4,888,028 |
| At the end of the year | 9,555,409 | 9,003,537 | 8,783,558 | 8,397,581 |

Income tax and Deferred tax have been provided as per the new rates legislated by the Inland Revenue (Amendment) Act No 45 of 2022. The deferred tax reversal in the Income Statement includes Rs.88 for the Company relating to the tax rate differential in 2022/23. The deferred tax charge in the Other Comprehensive Income statement includes Rs.4.2 Bn for the Company relating to the tax rate differential in 2022/23.

The closing deferred tax liability is made up as follows;

| | GROUP | | COMPANY | |
|---|-----------|-----------|-----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | |
| Revaluation of land | 7,600,800 | 7,322,667 | 7,600,800 | 7,322,667 |
| Revaluation of buildings | 1,743,249 | 1,462,566 | 1,388,330 | 1,224,998 |
| Accelerated depreciation for tax purposes | 794,218 | 758,871 | - | - |
| Employee Benefit Liability | (56,659) | (38,087) | - | - |
| Losses and other credits available for offset against future taxable income | (241,318) | (274,091) | - | - |
| Revaluation of investment property | (177,055) | (116,698) | (205,572) | (150,084) |
| Others | (107,826) | (111,691) | - | - |
| | 9,555,409 | 9,003,537 | 8,783,558 | 8,397,581 |

The Group has recognised deferred tax on revaluation of its buildings classified as investment property (Investment assets) as per the Inland Revenue (Amendment) Act No 45 of 2022. Accordingly, the Company has recognised deferred tax asset of Rs.206 Mn as at 31st March 2024 on the revaluation loss reported during the year.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for Subsidiary.

26 EMPLOYEE BENEFIT LIABILITIES

ACCOUNTING POLICY

(i) Defined Contribution Plans - EPF/ETF

Employees' Provident Fund and Employees' Trust Fund (EPF & ETF) are recognised as incurred. Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations.

The Company and the Group contribute 3% of gross emoluments of employees to the Employees' Trust Fund.

The company contributes 15% of the gross emoluments of the employees as of September 30, 2022, and 12% of the employees hired after October 1, 2022, to the Employees' Provident Fund. The subsidiary contributes 12% of the gross emoluments of employees to the Employees' Provident Fund.

(ii) Defined benefit plans - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company and the Group are liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983.

The Company and the Group are liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation as at 31st March 2024.

The defined benefit obligation is calculated by a qualified actuary as at 31st March 2024 using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Such actuarial valuations will be carried out every year.

The liability is not externally funded. All actuarial gains or losses are recognised immediately in the other comprehensive income. Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five-years of continued service.

When the benefits or a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

26.1 Employee defined benefit plan - Gratuity

| | GROUP | | COMPANY | |
|---|----------|----------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | |
| At the beginning of the year | 333,631 | 327,552 | 206,674 | 194,770 |
| Current service cost | 34,679 | 26,816 | 22,932 | 15,650 |
| Interest cost on benefit obligation | 70,628 | 29,479 | 45,871 | 17,529 |
| Payments | (54,914) | (37,133) | (39,345) | (23,016) |
| (Gain)/Loss arising from changes in assumptions | 84,366 | (8,897) | 43,323 | 1,801 |
| Transfers | 5,423 | (4,186) | 5,493 | (60) |
| At the end of the year | 473,813 | 333,631 | 284,949 | 206,674 |

NOTES TO THE FINANCIAL STATEMENTS

The employee benefit liability of the Company and Group is based on the actuarial valuations carried out as at 31st March 2024 by Mr. P. Gunasekera, AIAA, Messrs. Smiles Global (Pvt) Ltd and Mr. M. Poopalanathan, AIA, M/S. Actuarial & Management Consultant (Pvt) Ltd; firms of professional actuaries respectively.

The principal assumptions used in determining the cost of employee benefits were:

| | GROUP | | COMPANY | |
|-------------------------|--------|--------|---------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| Discount rate | 12.00% | 19.50% | 12.00% | 19.50% |
| Future salary increases | 12.00% | 15.00% | 12.00% | 15.00% |

The actuarial valuation involves making assumptions about discount rates and future salary increases. Due to the complexity of the valuation and the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Management tested several scenarios based calculations on possible changes of the assumptions due to the prevailing macroeconomic conditions. Based on those calculations, the management has concluded that there is no material impact to retirement benefit obligations liability of the Company and its Subsidiary.

A long term treasury bond rate of 12% per annum (2023: 19.5%) has been used to discount the future liability taking into consideration remaining working life of eligible employees.

26.1.1 Sensitivity of assumptions used

If one percentage point change in the assumed discount rate and salary increment rate would have the following effects:

| In Rs.'000s | 2024 | | 2024 | |
|----------------------------------|---------------|----------|------------------|----------|
| | Discount rate | | Salary increment | |
| | GROUP | COMPANY | GROUP | COMPANY |
| Increase by one percentage point | (20,851) | (12,818) | 23,504 | 14,477 |
| Decrease by one percentage point | 22,736 | 14,007 | (21,924) | (13,475) |

26.1.2 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years

| | 2024 | | 2023 | |
|---------------------------|---------|---------|---------|---------|
| | GROUP | COMPANY | GROUP | COMPANY |
| Within the next 12 months | 39,583 | 7,611 | 27,271 | 5,346 |
| Between 1-2 years | 46,745 | 4,274 | 31,533 | 4,426 |
| Between 2-5 years | 136,687 | 87,387 | 71,516 | 39,302 |
| Between 5-10 years | 237,042 | 185,677 | 189,504 | 157,600 |
| Beyond 10 years | 13,756 | - | 13,807 | - |
| Total | 473,813 | 284,949 | 333,631 | 206,674 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 6.45 years.

26.2 Other long term employee benefits

A new Long-Term Incentive Plan (LTI) has been launched in 2018/19 for senior employees of the Group. The overall incentive was to will be paid in cash as a lump sum payment upon achievement of key performance indicators linked to the five-year strategic plan in place. The liability recognised in respect other long term employee benefits are measured as the present value of the estimated future cash outflows expected to be made by the Group in relation to the performance and the services of the relevant employees, up to the reporting date. The management has decided to cease the LTI plan due to failure in achieving overall key performance indicators linked to the five-year strategic plan. Therefore, the total provision has been reversed.

| | GROUP | | COMPANY | |
|---------------------------------|-------|----------|---------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | |
| At the beginning of the year | - | 16,318 | - | 16,318 |
| Reversal | - | (16,318) | - | (16,318) |
| At the end of the year | - | - | - | - |

27 TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Trade payables are the aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business. Trade payable are classified as current liabilities if payment is due within one year and initially recognised at Fair Value and subsequently measured at amortised cost using the effective interest method.

| | GROUP | | COMPANY | |
|---------------------------------|-----------|-----------|---------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | |
| Trade Payables | 561,765 | 445,231 | 402,558 | 298,496 |
| Retention on Construction | 26,514 | 11,566 | 13,708 | 11,566 |
| Accrued Expenses | 372,013 | 388,207 | 107,102 | 92,810 |
| Other Creditors | 530,336 | 385,132 | 398,036 | 312,627 |
| | 1,490,628 | 1,230,136 | 921,404 | 715,499 |

28 INCOME TAX LIABILITIES

| | GROUP | | COMPANY | |
|--|-----------|-----------|-----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | |
| At the beginning of the year | 39,763 | 44,192 | 18,302 | 19,248 |
| Charge for the year | 129,838 | 116,432 | 129,838 | 100,908 |
| Payments and set-off against refunds and credits | (108,876) | (120,737) | (113,036) | (101,730) |
| Under/(over) provision | (529) | (124) | (529) | (124) |
| At the end of the year | 60,196 | 39,763 | 34,575 | 18,302 |

29 OTHER CURRENT LIABILITIES

| | GROUP | | COMPANY | |
|---------------------------------|---------|---------|---------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| As at 31st March In Rs.'000s | | | | |
| Contract liabilities | 190,224 | 192,761 | 127,582 | 116,500 |
| Other Advances | 110,090 | 106,986 | 91,493 | 74,186 |
| Other tax payables | 153,597 | 348,533 | 86,825 | 219,004 |
| | 453,911 | 648,280 | 305,900 | 409,690 |

NOTES TO THE FINANCIAL STATEMENTS

30 RELATED PARTY DISCLOSURES

Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2023 audited financial statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2023 audited financial Statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Group carried out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as related parties as per LKAS 24 "Related Party Disclosure".

30.1 Parent and Ultimate Controlling Party

The Company's Ultimate Parent undertaking and controlling party is John Keells Holdings PLC (JKH PLC).

The amounts receivable from and payable to related parties as at 31st March 2024, are presented below,

30.2 Amounts due from related parties

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|---|---------|---------|---------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| Parent-John Keells Holdings PLC (JKH PLC) | 15,914 | 14,106 | 7,943 | 7,537 |
| Subsidiary-Trans Asia Hotels PLC | - | - | 19,930 | 11,137 |
| Companies under common control of JKH PLC | 91,832 | 102,576 | 60,862 | 75,396 |
| | 107,746 | 116,682 | 88,735 | 94,070 |

30.3 Amounts due to related parties

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|---|---------|---------|---------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| Parent-John Keells Holdings PLC (JKH PLC) | 37,298 | 14,069 | 30,892 | 8,653 |
| Subsidiary-Trans Asia Hotels PLC | | - | 5,890 | 6,669 |
| Companies under common control of JKH PLC | 302,953 | 116,247 | 218,975 | 65,720 |
| | 340,251 | 130,316 | 255,757 | 81,042 |

30.4 Transactions with Related Parties

The Group and Company carried out transactions with the following related entities.

| | GROUP | | COMPANY | |
|--|---------|---------|---------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| For the year ended 31st March In Rs.'000s | | | | |
| (a) Transactions with Parent Company | | | | |
| The company's parent is John Keells Holdings PLC | | | | |
| Rendering of services | 23,335 | 53,968 | 14,816 | 15,315 |
| Receiving of Services | 138,649 | 96,183 | 80,792 | 65,257 |
| Rent Received | 35,933 | - | 7,009 | - |
| (b) Transactions with Subsidiary - Trans Asia Hotels PLC | | | | |
| Rendering of services | - | - | 15,865 | 8,091 |
| Receiving of services | - | - | 8,094 | 416 |
| (c) Transaction with companies Under common control of JKH PLC | | | | |
| Purchase of Goods | 116,468 | 27,836 | 62,380 | 18,610 |
| Rendering of services | 273,884 | 169,301 | 190,343 | 115,868 |
| Receiving of services | 795,592 | 695,399 | 484,833 | 415,077 |
| Rent Received | 89,565 | 146,403 | 67,658 | 78,956 |
| (d) Transactions with Equity Accounted Investees of JKH PLC | | | | |
| Rendering of services | 15,331 | 12,353 | 10,055 | 5,479 |
| Receiving of services | 26,213 | 13,619 | 26,213 | 13,619 |
| Interest Received | - | - | - | - |

30.5 Compensation of key management personnel

| | GROUP | | COMPANY | |
|--|--------|--------|---------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| For the year ended 31st March In Rs.'000s | | | | |
| Remuneration to Non-executive Directors | 16,140 | 13,843 | 6,300 | 5,660 |

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31 FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATION AND FAIR VALUES

31.1 Financial Assets and Liabilities by Categories - Group

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

| As at 31st March In Rs.'000s | Note | Financial assets at amortised cost | | Financial liabilities measured at amortised cost | |
|--|-----------|---------------------------------------|----------------|---|------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| Financial instruments in non-current assets/non-current liabilities | | | | | |
| Non-current financial assets | 17 | 33,704 | 43,287 | - | - |
| Other non-current assets | 18 | 11,019 | 8,885 | - | - |
| Interest bearing loans and borrowings | 24 | - | - | - | 246,453 |
| Financial instruments in current assets/current liabilities | | | | | |
| Trade and other receivables / payable | 20 & 27 | 1,310,586 | 596,853 | 1,490,628 | 1,230,136 |
| Amounts due from/ due to related parties | 30.2-30.3 | 107,746 | 116,682 | 340,251 | 130,316 |
| Interest bearing loans and borrowings | 24 | - | - | 581,085 | 180,415 |
| Cash in hand and at bank | | 174,028 | 190,642 | - | - |
| Bank overdrafts | | - | - | 1,876,882 | 1,861,228 |
| Total | | 1,637,083 | 956,349 | 4,288,846 | 3,648,548 |

The management assessed that the fair value of cash at bank, short term deposits, trade receivables, other payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Accordingly the fair value hierarchy does not apply.

31.2 Financial Assets and Liabilities by Categories - Company

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

| As at 31st March In Rs.'000s | Note | Financial assets at amortised cost | | Financial liabilities measured at amortised cost | |
|---|-------------|---------------------------------------|----------------|---|------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| Financial instruments in non-current assets /liabilities | | | | | |
| Non-current financial assets | 17 | 20,337 | 28,444 | - | - |
| Other non-current assets | 18 | 4,760 | 2,458 | - | - |
| Interest bearing loans and borrowings | 24 | - | - | - | 125,000 |
| Financial instruments in current assets /liabilities | | | | | |
| Trade and other receivables / payable | 20 & 27 | 677,250 | 271,666 | 921,404 | 715,499 |
| Amounts due from/ due to related parties | 30.2 & 30.3 | 88,735 | 94,070 | 255,757 | 81,042 |
| Interest bearing loans and borrowings | 24 | - | - | 126,359 | 87,881 |
| Cash in hand and at bank | | 127,765 | 120,553 | - | - |
| Bank overdrafts | | - | - | 1,006,200 | 928,554 |
| Total | | 918,847 | 517,191 | 2,309,720 | 1,937,976 |

The management assessed that the fair value of cash at bank, short term deposits, trade receivables, other payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Accordingly the fair value hierarchy does not apply.

32 FINANCIAL RISK MANAGEMENT

Objectives and Policies

Financial instruments held by the Group, principally comprise of cash at bank, short-term deposits, other non current assets, amounts due from/ due to related parties, trade receivables, trade payables, bank overdrafts, borrowings and other current financial liabilities. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group.

Financial risk management of the Group is carried out based on guidelines established by its parent company's central treasury department (Group Treasury) which comes under the purview of the Group Executive Committee (GEC) of the parent company.

The Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk and foreign currency risk.

The Group has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and related controlling. The guidelines upon which the Group's risk management processes are based are designed to identify and analyse these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products. The Group manages and monitors these risks primarily through its operating and financing activities.

The Audit Committee of John Keells Holdings PLC, the parent Company, oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

32.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, credit worthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, Trade receivables, Related party receivables and investments in fixed deposits, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counterparties fulfill their obligations.

The individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different rearrangement of homogeneous groups. Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend.

32.1.1 Risk exposure

Credit risk is the risk of financial loss to the Group, if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and placements in deposits with banking institutions.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions.

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| | 2024 | | | | 2023 | | | | | | | |
|--|------------------------------------|--------------------------|-----------------------------|----------------------------------|-----------|-----------------|------------------------------------|--------------------------|-----------------------------|----------------------------------|---------|-----------------|
| | Other non current financial assets | Cash in hand and at bank | Trade and other receivables | Amounts due from related parties | Total | % of allocation | Other non current financial assets | Cash in hand and at bank | Trade and other receivables | Amounts due from related parties | Total | % of allocation |
| As at 31st March In Rs.'000s Risk exposure Group | | | | | | | | | | | | |
| Loans to executives | 33,704 | - | - | 33,704 | 2% | 43,287 | - | - | - | - | 43,287 | 5% |
| Trade and other receivables | - | - | 1,310,586 | - | 1,310,586 | 81% | - | - | 596,852 | - | 596,853 | 63% |
| Amounts due from related parties | - | - | - | 107,746 | 107,746 | 7% | - | - | - | - | 116,682 | 12% |
| Cash in hand and at bank | - | 174,028 | - | - | 174,028 | 10% | - | 190,642 | - | - | 190,642 | 20% |
| Total credit risk exposure | 33,704 | 174,028 | 1,310,586 | 107,746 | 1,626,064 | 100% | 43,287 | 190,642 | 596,853 | 116,682 | 947,464 | 100% |
| | 2024 | | | | 2023 | | | | | | | |
| | Other non current financial assets | Cash in hand and at bank | Trade and other receivables | Amounts due from related parties | Total | % of allocation | Other non current financial assets | Cash in hand and at bank | Trade and other receivables | Amounts due from related parties | Total | % of allocation |
| As at 31st March In Rs.'000s Risk exposure Company | | | | | | | | | | | | |
| Loans to executives | 20,337 | - | - | - | 20,337 | 2% | 28,444 | - | - | - | 28,444 | 6% |
| Trade and other receivables | - | - | 677,250 | - | 677,250 | 74% | - | - | 271,666 | - | 271,666 | 53% |
| Amounts due from related parties | - | - | - | 88,735 | 88,735 | 10% | - | - | - | - | 94,070 | 18% |
| Cash in hand and at bank | - | 127,765 | - | - | 127,765 | 14% | - | 120,553 | - | - | 120,553 | 23% |
| Total credit risk exposure | 20,337 | 127,765 | 677,250 | 88,735 | 914,087 | 100% | 28,444 | 120,553 | 271,666 | 94,070 | 514,733 | 100% |

32.1.2 Loans to executives

Loans to executive portfolio is largely made up of vehicle loans which are given to staff at manager level and above. The respective business units have obtained the necessary Power of Attorney as collateral for the loans granted.

32.1.3 Trade and other receivables

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|--|-----------|-----------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Neither past due nor impaired | 156,925 | 133,956 | 92,959 | 77,427 |
| Past due but not impaired | | | | |
| 0-30 days | 441,489 | 222,510 | 264,082 | 68,082 |
| 31-60 days | 317,071 | 181,115 | 126,339 | 67,119 |
| 61-90 days | 149,244 | 32,277 | 100,304 | 20,628 |
| 91-120 days | 79,098 | 31,629 | 19,832 | 24,875 |
| 121-180 days | 172,606 | 22,973 | 56,242 | 18,675 |
| >181 days | 304,105 | 273,301 | 42,769 | 8,475 |
| Gross carrying value | 1,620,538 | 897,761 | 702,527 | 285,281 |
| Less: impairment provision | | | | |
| Individually assessed impairment provision | (305,921) | (297,001) | (25,276) | (13,615) |
| Total | 1,314,617 | 600,760 | 677,251 | 271,666 |

The Group has obtained customer deposit from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers and uses a provision matrix to calculate Expected Credit Loss (ECL) for the balance. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

"The provision matrix was initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset including trade and receivable in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows."

32.1.4 Amounts due from related parties

The Group's amounts due from related party mainly consists from Parent, Subsidiary and other related entities.

32.1.5 Credit risk relating to cash and cash equivalents

In order to mitigate settlement and operational risks related to cash and cash equivalents, the Company uses several banks with acceptable rating for its deposits.

Company

| Bank | Credit Rating |
|-----------|---------------|
| Citi | AAA(lka) |
| DFCC Bank | A-(lka) |
| HNB | A(lka) |
| NTB | A-(lka) |

Subsidiary

| Bank | Credit Rating |
|-----------------|---------------|
| Deutsche Bank | BBB+ |
| HSBC SALARY A/C | AA- |
| Citi Bank | AAA |
| HNB - USD | A |
| Commercial Bank | A |

NOTES TO THE FINANCIAL STATEMENTS

32.2 Liquidity Risk

Liquidity risk is the risk that will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

This excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans, overdrafts and over a broad spread of maturities.

32.2.1 Net debt

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Cash in hand and at bank | 174,028 | 190,642 | 127,765 | 120,553 |
| Total liquid assets | 174,028 | 190,642 | 127,765 | 120,553 |
| Non current portion of borrowings | - | 246,453 | - | 125,000 |
| Current portion of borrowings | 581,085 | 180,415 | 126,359 | 87,881 |
| Bank overdrafts | 1,876,882 | 1,861,228 | 1,006,200 | 928,554 |
| Total liabilities | 2,457,967 | 2,288,096 | 1,132,559 | 1,141,435 |
| Net debt | 2,283,939 | 2,097,454 | 1,004,794 | 1,020,882 |

32.2.2 Liquidity risk management

The Group's approach to managing liquidity is to as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The Group maintains a portion of its assets in highly liquid form in order to meet its contractual obligations during the normal course of its operations.

The Group monitors the level of expected cash flows on trade and other receivables together with expected cash outflow on trade and other payables and it expects a significant portion of trade receivables as at the reporting date would mature within a shorter period of time, given the historical trends, which enable to meet its contractual obligations.

The Group has implemented a mixed approach that combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets and other secured borrowings.

The Group continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Group companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Group.

The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31st March 2024 based on contractual undiscounted payments.

| In Rs. '000s | Within 1 year | Between 1-2 years | Between 2-3 years | Between 3-4 years | Between 4-5 years | More than 5 years | Total 2024 |
|---------------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Interest bearing loans and borrowings | 581,085 | - | - | - | - | - | 581,085 |
| Trade and other payables | 1,490,628 | - | - | - | - | - | 1,490,628 |
| Amounts due to related parties | 340,251 | - | - | - | - | - | 340,251 |
| Bank overdrafts | 1,876,882 | - | - | - | - | - | 1,876,882 |
| | 4,288,846 | - | - | - | - | - | 4,288,846 |

The table below summarises the maturity profile of the Group's financial liabilities at 31st March 2023 based on contractual undiscounted payments.

| In Rs. '000s | Within 1 year | Between 1-2 years | Between 2-3 years | Between 3-4 years | Between 4-5 years | More than 5 years | Total 2023 |
|---------------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Interest bearing loans and borrowings | 180,415 | 246,453 | - | - | - | - | 426,868 |
| Trade and other payables | 1,230,136 | - | - | - | - | - | 1,230,136 |
| Amounts due to related parties | 130,316 | - | - | - | - | - | 130,316 |
| Bank overdrafts | 1,861,228 | - | - | - | - | - | 1,861,228 |
| | 3,402,095 | 246,453 | - | - | - | - | 3,648,548 |

Maturity analysis - Company

The table below summarises the maturity profile of the Company financial liabilities at 31st March 2024 based on contractual undiscounted payments.

| In Rs. '000s | Within 1 year | Between 1-2 years | Between 2-3 years | Between 3-4 years | Between 4-5 years | More than 5 years | Total 2024 |
|---------------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Interest bearing loans and borrowings | 126,359 | - | - | - | - | - | 126,359 |
| Trade and other payables | 921,404 | - | - | - | - | - | 921,404 |
| Amounts due to related parties | 255,757 | - | - | - | - | - | 255,757 |
| Bank overdrafts | 1,006,200 | - | - | - | - | - | 1,006,200 |
| | 2,309,720 | - | - | - | - | - | 2,309,720 |

The table below summarises the maturity profile of the Company financial liabilities at 31st March 2023 based on contractual undiscounted payments.

| In Rs. '000s | Within 1 year | Between 1-2 years | Between 2-3 years | Between 3-4 years | Between 4-5 years | More than 5 years | Total 2023 |
|--------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Interest bearing borrowings | 87,881 | 125,000 | - | - | - | - | 212,881 |
| Trade and other payables | 715,499 | - | - | - | - | - | 715,499 |
| Amounts due to related parties | 81,042 | - | - | - | - | - | 81,042 |
| Bank overdrafts | 928,554 | - | - | - | - | - | 928,554 |
| | 1,812,976 | 125,000 | - | - | - | - | 1,937,976 |

NOTES TO THE FINANCIAL STATEMENTS

32.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market prices comprise four types of risk:

- Interest rate risk
- Foreign Currency risk
- Commodity price risk
- Equity price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

32.3.1 Foreign Currency risk

Foreign currency risk that the fair value or future cash flows of a financial instrument will fluctuate, due to changes in foreign exchange rates.

The Group as at the reporting date, do not hold significant “Financial Instruments” denominated in currencies other than its functional/ reporting currency, hence do not get significantly exposed to currency risk from transaction of such balances in to the functional/ reporting currency, which is Sri Lankan Rupees.

The bank loan obtained in US Dollar terms are matched with US Dollar receipts from customers. The annual average US Dollar receipts of the Company is USD 3 Mn approximately.

However, Group engages in transactions associated with foreign currencies in its ordinary course of operations, hence exposed to ‘Currency risk’.

Across the industry, the hotel rates targeting the foreign tourists are quoted in US Dollar terms. However a fluctuation in the exchange rate will not have a significant impact since majority of the quotes are converted to local currency at the point of invoicing. The Group attempts to mitigate the exposure to currency risk arising from its transactions.

The Sri Lankan Rupee experienced appreciation in the first quarter, followed by depreciation in the second and third quarters, before showing an upward trend again in the final quarter.

The Group adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. At a Group level, the translation risk on foreign currency debt is largely hedged “naturally” because of the conscious strategy of maintaining US Dollar cash balances at the holding company whilst also ensuring obligations can be managed through US Dollar denominated revenue streams.

The table below illustrates the Group's and the Company's profit before tax sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

| | | Balances held in Foreign Currency as of 31st March (USD) | | Increase/ (Decrease) in exchange rate USD | "Effect on profit before tax Rs.000's" | |
|------|---------|--|---------|--|---|---------|
| | | GROUP | COMPANY | | GROUP | COMPANY |
| 2024 | Debtors | 125,595 | 125,595 | +7.5% | 38,169 | 5,835 |
| | Cash | 229,299 | 136,361 | -7.5% | (38,169) | (5,835) |
| 2023 | Debtors | 32,994 | 32,994 | +12.6% | 20,479 | 5,374 |
| | Cash | 264,950 | 100,578 | -12.6% | (20,479) | (5,374) |

33.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group is exposed to interest rate risk for USD loan obtained from HNB. However, management monitors the sensitivities on regular basis and ensure risks are managed on a timely manner.

The Central Bank of Sri Lanka (CBSL) began to ease the monetary policy during the current financial year amid decelerating inflation, resulting in a downward trend in market interest rates throughout the financial year. The directions issued by the Central Bank to licensed banks to reduce interest rates, and the significant reduction of risk premia on government securities, have accelerated the downward adjustment in market interest rates, particularly lending rates, in the second half of the financial year. Downward pressures on inflation on account of many factors including decreases in global commodity prices, food supply, and the appreciation of the currency have resulted in eased policy actions by the CBSL on monetary policy post the end of the reporting period.

The Group has managed the risk of volatile interest rates by having a balanced portfolio of borrowings at fixed and variable rates while interest rate swap agreements are in place for a significant portion of the Group's foreign currency borrowing portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit before tax.

| | Increase/(decrease) in basis points | | Effect on profit before tax Rs.000's | |
|------|-------------------------------------|---------------------------|---|---------|
| | Rupee borrowings | Other currency borrowings | GROUP | COMPANY |
| 2024 | +1036 | + 57.56 | (107,937) | - |
| | -1036 | - 57.56 | 107,937 | - |
| 2023 | +1407 | + 451 | (119,144) | - |
| | -1407 | - 451 | 119,144 | - |

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment and changes to base rates such as AWPLR and LIBOR. The Company has a fixed rate of interest as of the reporting date.

32.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

| As at 31st March In Rs.'000s | GROUP | | COMPANY | |
|--|------------|------------|------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Total liabilities | 14,832,175 | 13,673,759 | 11,718,702 | 10,970,223 |
| Less: cash in hand and at bank | 174,028 | 190,642 | 127,765 | 120,553 |
| Adjusted net debt | 14,658,148 | 13,483,117 | 11,590,937 | 10,849,670 |
| Total equity | 33,549,128 | 32,237,888 | 27,846,848 | 26,955,777 |
| Adjusted net debt to adjusted equity ratio | 43.70% | 41.84% | 41.82% | 40.25% |

NOTES TO THE FINANCIAL STATEMENTS

33 OPERATING SEGMENT INFORMATION

ACCOUNTING POLICY

A segment is a distinguishable component of the Company that is engaged either in providing products or services which are subject to risks and rewards that are different from those of other segments.

The Group has the following two strategic divisions, which are its reportable segments.

The following summary describes the operations of each reportable segment.

| Reportable Segments | Operations | | | | | |
|--|------------|------------|------------|------------|-------------|------------|
| | HOTELS | | PROPERTY | | Group Total | |
| For the year ended 31st March In Rs.'000s | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| External revenue | 10,497,958 | 8,241,626 | 273,801 | 174,932 | 10,771,758 | 8,416,558 |
| Inter segment revenue | (47,840) | (66,406) | 47,840 | 66,406 | - | - |
| Total Segment Revenue | 10,450,118 | 8,175,220 | 321,641 | 241,338 | 10,771,759 | 8,416,558 |
| Segment Operating Profit/ (Loss) | 564,912 | 35,066 | 73,345 | 71,510 | 638,257 | 106,576 |
| Before Finance Expenses | | | | | | |
| Inter Company Dividends | - | - | - | - | - | - |
| Finance Expenses | (307,611) | (364,157) | (28,405) | (29,320) | (336,016) | (393,477) |
| Change in Fair Value of Investment Properties | | | | | | |
| Company | - | - | (184,959) | (59,909) | (184,959) | (59,909) |
| Commercial centre of subsidiary | - | - | 95,055 | 214,301 | 95,055 | 214,301 |
| Profit/(loss) before tax | 257,301 | (329,091) | (44,962) | 196,582 | 212,338 | (132,509) |
| Income tax expense/(reversal) | (184,500) | (301,548) | 49,821 | 101,294 | (134,679) | (200,254) |
| Profit/(loss) after tax | 72,801 | (630,639) | 4,858 | 297,876 | 77,657 | (332,763) |
| Non-controlling interest | (29,915) | (209,001) | 127,882 | 153,827 | 97,967 | (55,174) |
| Profit/(loss) attributable to equity holders of the parent | 102,716 | (421,638) | (123,024) | 144,049 | (20,310) | (277,589) |
| Assets | | | | | | |
| Segment assets | 38,482,806 | 35,959,585 | 10,578,471 | 10,623,241 | 49,061,277 | 46,582,826 |
| Elimination | | | | | (679,975) | (671,182) |
| Total assets | 38,482,806 | 35,959,585 | 10,578,471 | 10,623,241 | 48,381,302 | 45,911,647 |
| Liabilities | | | | | | |
| Segment liabilities | 14,623,295 | 13,424,023 | 228,810 | 260,873 | 14,852,105 | 13,684,896 |
| Elimination | | | | | (19,930) | (11,137) |
| Total liabilities | 14,623,456 | 13,424,023 | 228,810 | 260,873 | 14,832,175 | 13,673,759 |

34 CONTINGENT LIABILITIES

ACCOUNTING POLICY

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

The contingent liability of subsidiary as at 31st March 2024, relates to the following:

Income Tax Assessments - Subsidiary

Income tax assessments relating to years of assessments 2012/13 to 2017/18.

The subsidiary has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31st March 2024 is estimated at Rs. 183.3 Mn.

CMC Tax matter - Group

In the year 2009, Colombo Municipal Council (CMC) imposed a trade tax on the hotel revenue for all the hotels within the city limits with subsequent gazetted amendments. However, the hoteliers together with Tourist Hotels Association of Sri Lanka (THASL) are in the process of negotiations with CMC through court, for which the resolution is still pending. Accordingly, the Company and the Group have made a provision in the financial statements amounting to Rs. 3 million per year based on the guidelines issued by THASL.

35 CAPITAL AND OTHER COMMITMENTS

The Capital and other commitments of the Company as at the reporting date as follows.

| Guarantee | Amount | Purpose |
|-------------------------------|------------|---------------------------------|
| Tax appeals commission | 38,941,672 | Tax Appeal |
| Airport and Aviation Services | 3,438,075 | Security deposit for the rental |
| Sri Lanka Ports Authority | 4,401,600 | Security deposit for rental |

NOTES TO THE FINANCIAL STATEMENTS

36 COMPARATIVE INFORMATION

The presentation and classification of following items in this Financial Statements are reclassified to ensure the comparability with the current year.

| Statement Of Profit or Loss | After Reclassification | | Prior to Reclassification | |
|--|---------------------------|-------------|------------------------------|-------------|
| | GROUP | COMPANY | GROUP | COMPANY |
| | 2023 | | 2023 | |
| Cost of sales | (5,008,403) | (2,885,705) | (4,832,495) | (2,760,253) |
| Gross profit | 3,408,155 | 1,961,828 | 3,584,063 | 2,087,280 |
| Other Operating expenses | (865,773) | (461,627) | (1,041,681) | (587,079) |
| Statement of Financial Position | | | | |
| Trade and other receivables | 596,853 | | 600,760 | - |
| Cash in hand and at bank | 190,642 | | 186,735 | - |
| Statement of Cash Flows | | | | |
| (Increase) in trade and other receivables | (129,200) | | (130,754) | - |
| Cash generated from operations | 319,229 | | 317,675 | - |
| Net cash generated from operating activities | 90,315 | | 88,761 | - |
| Net increase / (decrease) in cash and cash equivalents | (451,903) | | (453,457) | - |

Social Security Contribution Levy expense has been reclassified to cost of sales from other operating expenses.

Undeposited cash collections of the front office cashiers have been reclassified from trade & other receivable to cash in hand by subsidiary from current year onwards for a better presentation.

37 EVENTS SUBSEQUENT TO THE REPORTING DATE AND OTHER MATTERS

Other than the contingent liabilities and capital commitments referred to in Note 34 & 35 to the Financial Statements, there have been no events subsequent to the reporting date which would have any material effect on the Company and the Group.

38 DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Please refer to the page 157 for the Statement of Directors Responsibility for Financial Reporting.



ASTUTE ASSURANCE

INFORMATION TO SHAREHOLDERS & INVESTORS

Stock Exchange Listing

The Issued Ordinary Shares of Asian Hotels and Properties PLC are listed with the Colombo Stock Exchange of Sri Lanka. The Audited Financial Statements of the Company and the Consolidated Financial Statements for the year ended 31st March 2024 have been submitted to the Colombo Stock Exchange.

Distribution of Shareholdings

| From | To | 31.03.2024 | | | 31.03.2023 | | |
|---------------------|-----------|------------------------|---------------------|-----------------------------|------------------------|---------------------|-----------------------------|
| | | Number of Shareholders | Total Shareholdings | Percentage of Shareholdings | Number of Shareholders | Total Shareholdings | Percentage of Shareholdings |
| 1 - 1,000 | 1,000 | 2,335 | 579,594 | 0.1 | 2,247 | 559,681 | 0.1 |
| 1,001 - 10,000 | 10,000 | 707 | 2,561,424 | 0.6 | 695 | 2,501,258 | 0.6 |
| 10,001 - 100,000 | 100,000 | 223 | 6,578,134 | 1.5 | 171 | 4,946,799 | 1.1 |
| 100,001 - 1,000,000 | 1,000,000 | 53 | 17,896,878 | 4.0 | 31 | 8,006,723 | 1.7 |
| 1,000,001 and above | | 9 | 415,159,270 | 93.8 | 10 | 426,760,839 | 96.4 |
| | | 3,327 | 442,775,300 | 100.0 | 3,154 | 442,775,300 | 100.0 |

Analysis of Shareholders

Categories of Shareholders

| | 31.03.2024 Holdings | | 31.03.2023 Holdings | |
|--------------|---------------------|--------|---------------------|--------|
| | Number | % | Number | % |
| Individual | 15,604,287 | 2.73 | 16,076,911 | 3.66 |
| Institutions | 427,171,013 | 97.27 | 426,698,389 | 96.37 |
| | 442,775,300 | 100.00 | 442,775,300 | 100.00 |
| Resident | 439,188,470 | 99.20 | 439,252,821 | 99.20 |
| Non Resident | 3,586,830 | 0.80 | 3,522,479 | 0.82 |
| | 442,775,300 | 100.00 | 442,775,300 | 100.00 |
| Public | 94,940,508 | 21.44 | 94,940,508 | 21.44 |
| Non Public* | 347,834,792 | 78.56 | 347,834,792 | 78.56 |
| | 442,775,300 | 100.00 | 442,775,300 | 100.00 |

*Includes shareholdings of Parent Company, Directors & Spouses.

Public shareholding

| | 2024 | 2023 |
|---|-------|-------|
| The Public Shareholding (%) | 21.44 | 21.44 |
| Number of Public Shareholders | 3,325 | 3,152 |
| Compliant under option 3, Float adjusted market capitalization (LKR Bn) | 5.79 | 4.18 |

| For the Year Ended 31st March | | Date | 2024 | Date | 2023 |
|---|-------------|------------------|---------------------------|------------------|---------------------------|
| Market Value | | | | | |
| Highest Market Price per share | Rs. | 27-09-2023 | 64.50 | 15-09-2022 | 47.30 |
| Lowest Market Price per share | Rs. | 31-05-2023 | 32.10 | 20-06-2022 | 27.00 |
| Last Traded Market Price per share | Rs. | 31-03-2024 | 61.00 | 31-03-2023 | 44.00 |
| Top Twenty Three Shareholders | | | | | |
| Name | | As at 31.03.2024 | | As at 31.03.2023 | |
| | | Share holdings | Share holdings percentage | Share holdings | Share holdings percentage |
| John Keells Holdings PLC | 347,824,192 | 78.56 | 347,824,192 | 78.56 | |
| Employee's Provident Fund | 45,249,798 | 10.22 | 45,249,798 | 10.22 | |
| Bank of Ceylon A/C Ceybank Unit Trust | 8,978,984 | 2.03 | 8,978,984 | 2.03 | |
| Dr. S. Yaddehige | 3,415,200 | 0.77 | 3,415,200 | 0.77 | |
| Bank of Ceylon-No. 2 A/C (BOC PTF) | 2,481,053 | 0.56 | 2,481,053 | 0.56 | |
| Bank of Ceylon-No. 1 Account | 2,367,741 | 0.53 | 2,367,741 | 0.53 | |
| J.B.Cocoshell (Pvt) Ltd | 2,089,132 | 0.47 | - | 0.00 | |
| Merchant Bank of Sri Lanka & Finance PLC/S.A.A.Hasitha | 1,476,932 | 0.33 | - | 0.00 | |
| Mr. A.M. Weerasinghe | 1,276,238 | 0.29 | 1,276,238 | 0.29 | |
| DFCC Bank PLC/A.I.Wickremasinghe | 1,000,000 | 0.23 | - | 0.00 | |
| Bank of Ceylon A/C Ceybank Century Growth Fund | 998,830 | 0.23 | 1,260,052 | 0.28 | |
| Employee Trust Fund Board | 767,478 | 0.17 | 767,478 | 0.17 | |
| Akbar Brothers (Pvt) Ltd A/C No 1 | 750,000 | 0.17 | - | 0.00 | |
| Merchant Bank of Sri Lanka & Finance PLC/A.C.Ukwatta | 743,030 | 0.17 | - | 0.00 | |
| Commercial Bank of Ceylon PLC/Andaradeniya Estate (Pvt) Ltd | 733,712 | 0.17 | 359,841 | 0.08 | |
| Merchant Bank of Sri Lanka & Finance PLC/D.Weerasinghe | 700,000 | 0.16 | - | 0.00 | |
| Mr. M. Mannawarajan | 650,124 | 0.15 | 650,124 | 0.15 | |
| Hatton National Bank PLC-Astrue Alpha Fund | 650,000 | 0.15 | - | - | |
| Richard Pieris & Co Ltd - Account No. 01 | 639,400 | 0.14 | 639,400 | 0.14 | |
| People's Leasing and Finance PLC/R.L.Perera | 628,000 | 0.14 | - | 0.00 | |
| Commercial Bank of Ceylon PLC/W.Jinadasa | 600,000 | 0.14 | - | 0.00 | |
| Seylan Bank PLC/Anuja Chamila Jayasinghe | 540,977 | 0.12 | 506,949 | 0.11 | |
| Hatton National Bank PLC A/C No.4 (HNB Retirement Pension Fund) | 515,251 | 0.12 | - | 0.00 | |
| | 425,076,072 | 96.00 | 416,427,050 | 93.90 | |

5 YEAR FINANCIAL SUMMARY - GROUP

| | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 |
|--|--------------|-------------|-------------|-------------|-------------|
| | Rs '000 | Rs '000 | Rs '000 | Rs '000 | Rs '000 |
| Revenue | 10,771,759 | 8,416,558 | 4,094,672 | 1,790,116 | 5,559,550 |
| Profit after taxation | 77,657 | (332,763) | (507,847) | (2,244,002) | 105,919 |
| Profit/ (Loss) attributable to equity owners | (20,310) | (277,589) | (510,167) | (1,780,674) | (49,828) |
| Share Capital & Reserves | | | | | |
| Stated Capital | 3,345,117 | 3,345,117 | 3,345,117 | 3,345,117 | 3,345,117 |
| Other Components of Equity | 21,752,126 | 20,613,338 | 23,093,391 | 22,287,036 | 22,151,217 |
| Revenue reserves | 4,851,535 | 4,916,727 | 5,187,893 | 5,673,539 | 7,445,171 |
| Shareholders' Funds | 29,948,777 | 28,875,182 | 31,626,401 | 31,305,692 | 32,941,505 |
| Minority Interest | 3,600,350 | 3,362,706 | 3,332,915 | 3,307,203 | 3,750,825 |
| | 33,549,127 | 32,237,888 | 34,959,316 | 34,612,895 | 36,692,330 |
| Assets & (Liabilities) | | | | | |
| Current Assets | 2,145,026 | 1,680,911 | 1,316,880 | 788,058 | 2,033,169 |
| Current Liabilities | (4,802,953) | (4,090,138) | (3,096,157) | (2,081,448) | (1,617,135) |
| Net Current Assets | (2,657,926) | (2,409,227) | (1,779,277) | (1,293,390) | 416,034 |
| Non Current Assets | 46,236,276 | 44,230,736 | 41,191,770 | 40,080,874 | 40,548,653 |
| Non Current Liabilities | (10,029,222) | (9,583,621) | (4,453,177) | (4,174,589) | (4,272,357) |
| | 33,549,127 | 32,237,888 | 34,959,316 | 34,612,895 | 36,692,330 |
| Ratio Analysis | 2024 | 2023 | 2022 | 2021 | 2020 |
| Earnings Per Share (Rs) | (0.05) | 0.63 | (1.15) | (4.02) | (0.11) |
| Net assets per share (Rs) | 67.64 | 65.21 | 71.43 | 70.70 | 74.40 |
| Current Ratio (Times) | 0.45 | 0.41 | 0.43 | 0.38 | 1.26 |
| After tax return on net assets (%) | -0.07% | (0.96) | (1.61) | (5.690) | (0.15) |
| Dividend Per Share (Rs)* | - | - | - | - | 1.00 |
| P/E Ratio | (1,334.31) | (70.18) | (32.11) | (9.30) | (257.70) |
| Dividend Payout Ratio* | - | - | - | - | (8.89) |

* No dividend declared for the financial year ended 31st March 2024.

5 YEAR SUMMARY OF PROPERTY DIVISION

| | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 |
|---|-----------|----------|-----------|-----------|-----------|
| | Rs '000 | Rs '000 | Rs '000 | Rs '000 | Rs '000 |
| Revenue | 273,801 | 174,932 | 39,011 | 83,479 | 255,031 |
| Cost of Sales | 143,397 | 91,562 | 48,969 | 73,530 | 102,006 |
| Gross Profit/ (Loss) | 130,404 | 83,370 | (9,958) | 9,949 | 153,025 |
| Net Finance and Other Income | 2,841 | (4,389) | 11,344 | 53,341 | 75,021 |
| Administration & Other Overheads | (124,174) | (94,318) | (88,496) | (106,193) | (136,279) |
| Change in Fair Value of Investment Property | (184,959) | (59,909) | (42,374) | (349,236) | (9,410) |
| Net Profit/ (Loss) before Tax | (175,887) | (75,246) | (129,484) | (392,139) | 82,357 |

5 YEAR FINANCIAL SUMMARY OF CINNAMON GRAND COLOMBO HOTEL

| | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | Rs '000 |
| Revenue | | | | | |
| Rooms | 1,816,392 | 1,173,976 | 509,745 | 38,918 | 1,077,116 |
| Food | 3,302,068 | 2,768,480 | 1,398,746 | 689,331 | 1,479,204 |
| Beverage | 446,457 | 388,306 | 179,229 | 108,122 | 237,819 |
| Food & Beverage Others | 106,328 | 122,768 | 68,541 | 8,808 | 3,104 |
| Telephone | 83 | 197 | 9 | 3 | 316 |
| Rental Income | 32,494 | 21,865 | 15,202 | 6,939 | 22,212 |
| Other Operating Income | 332,291 | 197,009 | 66,964 | 43,548 | 156,153 |
| Total Revenue | 6,036,113 | 4,672,601 | 2,238,436 | 895,669 | 2,975,924 |
| Expenses | | | | | |
| Room | 443,477 | 306,298 | 172,706 | 130,879 | 305,939 |
| Food Cost | 1,334,311 | 1,171,552 | 559,211 | 284,007 | 527,123 |
| Beverage Cost | 134,322 | 130,547 | 57,384 | 36,542 | 66,041 |
| Food & Beverage Other | 1,070,572 | 994,792 | 639,196 | 538,305 | 745,206 |
| Telephone | 6,074 | 5,458 | 4,089 | 3,787 | 4,163 |
| Other | 314,602 | 185,496 | 65,692 | 43,730 | 136,676 |
| Total Expenses | 3,303,358 | 2,794,143 | 1,498,278 | 1,037,250 | 1,785,148 |
| Gross Operating Income/ (Loss) | 2,732,755 | 1,878,458 | 740,158 | (141,581) | 1,190,776 |
| Expenses | | | | | |
| Administration & General | 595,150 | 484,187 | 283,225 | 298,634 | 414,744 |
| Advertising & Sales Promotion | 207,531 | 141,836 | 64,771 | 77,771 | 137,314 |
| Heat, Light & Power | 604,764 | 458,579 | 198,232 | 165,041 | 240,112 |
| Repair & Maintenance | 318,145 | 239,624 | 120,771 | 98,921 | 151,562 |
| Total Deductions | 1,725,589 | 1,324,226 | 666,999 | 640,367 | 943,732 |
| Gross Operating Profit/ (Loss) | 1,007,166 | 554,232 | 73,159 | (781,948) | 247,044 |
| Interest Income | 7,026 | 7,532 | 1,802 | 8,755 | 49,273 |
| Dividend Income | - | - | - | - | 43,412 |
| Sundry Income | 30,832 | 32,077 | 100,578 | 168,311 | 64,979 |
| | 1,045,024 | 593,841 | 175,539 | (604,882) | 404,708 |
| Insurance | 36,743 | 19,544 | 20,108 | 15,090 | 11,048 |
| Interest Expenses | 124,173 | 161,770 | 52,416 | 7,497 | - |
| Rates | 20,280 | 17,658 | 16,784 | 16,784 | 16,784 |
| Management/ Marketing Fee | 312,385 | 223,820 | 93,745 | 35,860 | 135,237 |
| Depreciation | 397,193 | 336,208 | 327,203 | 351,437 | 385,052 |
| | 890,775 | 759,000 | 510,256 | 426,668 | 548,121 |
| Net (Loss)/ Profit Before Tax | 154,249 | (165,159) | (334,717) | (1,031,550) | (143,413) |

GRI content index

Company as at the reporting date as follows.

| | |
|-----------------------------------|---|
| Statement of use | Asian Hotels and Properties PLC has reported in accordance with the GRI Standards for the period 01 April 2023 to 31 March 2024 |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | Not Applicable |

| GRI Standard/ Other Source | Disclosure | Location | Omission | | |
|---------------------------------|--|----------|----------------|----------------|--|
| | | | Requirement(S) | Reason | Explanation |
| General disclosures | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organisational details | 5 | | | |
| | 2-2 Entities included in the organisation's sustainability reporting | 2 | | | |
| | 2-3 Reporting period, frequency and contact point | 2 | | | |
| | 2-4 Restatements of information | 2 | | | |
| | 2-5 External assurance | 3 | | | |
| | 2-6 Activities, value chain and other business relationships | 16,17 | | | |
| | 2-7 Employees | 52,53 | | | The total number of employees does not comprise Trainees, given the relatively shorter tenure of their engagement which is six to twelve months and also the frequency at which trainees are on-boarded, which is multiple batches a year |
| | 2-8 Workers who are not employees | | 2-8 a,b,c | Not Applicable | Workers who are not Employees comprise those providing auxiliary services such as security and janitorial, engaged based on contracts. As these do not form core operations of the Company, information pertaining to this indicators is not tracked |
| | 2-9 Governance structure and composition | 94 | | | |

| GRI Standard/ Other Source | Disclosure | Location | Omission | | |
|----------------------------|--|----------|------------------------------------|--------|---|
| | | | Requirement(S) | Reason | Explanation |
| | 2-10 Nomination and selection of the highest governance body | 96 | Omitted | | |
| | 2-11 Chair of the highest governance body | 95 | | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 95 | | | |
| | 2-13 Delegation of responsibility for managing impacts | 95,100 | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | 114 | | | |
| | 2-15 Conflicts of interest | 98 | | | |
| | 2-16 Communication of critical concerns | 58 | | | |
| | 2-17 Collective knowledge of the highest governance body | 13,14 | | | |
| | 2-18 Evaluation of the performance of the highest governance body | 100 | | | |
| | 2-19 Remuneration policies | 99 | | | |
| | 2-20 Process to determine remuneration | 99 | | | |
| | 2-21 Annual total compensation ratio | | Information unavailable/incomplete | | This ratio is not currently calculated. It will be calculated going forward |
| | 2-22 Statement on sustainable development strategy | 36 | | | |
| | 2-23 Policy commitments | 38-40 | | | |
| | 2-24 Embedding policy commitments | 38-40 | | | |
| | 2-25 Processes to remediate negative impacts | 58 | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 58 | | | |
| | 2-27 Compliance with laws and regulations | 36 | | | |

GRI content index

| GRI Standard/ Other Source | Disclosure | Location | Omission | | |
|---|--|----------|--|------------------------------------|--|
| | | | Requirement(S) | Reason | Explanation |
| | | Omitted | | | |
| | 2-28 Membership associations | 67 | | | |
| | 2-29 Approach to stakeholder engagement | 18 | | | |
| | 2-30 Collective bargaining agreements | 59 | | | |
| Material topics | | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 29 | | | |
| | 3-2 List of material topics | 30,31 | | | |
| Economic performance | | | | | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 47 | | | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 87 | | | |
| | 201-3 Defined benefit plan obligations and other retirement plans | 197 | | | |
| | 201-4 Financial assistance received from government | | 201-4 Financial assistance received from government | Not applicable | Company did not receive financial assistance from the government during the year |
| Indirect economic impacts | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 73 | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | 74,75 | | | |
| | 203-2 Significant indirect economic impacts | 75 | | | |
| Procurement practices | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 73 | | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | | 204-1(a) | Information unavailable/incomplete | The company has a large number of suppliers at community level and therefore the company is in the process of collating information. |

| GRI Standard/ Other Source | Disclosure | Location | Omission | | |
|-------------------------------|---|--|------------------------------------|--|---|
| | | | Requirement(S) Omitted | Reason | Explanation |
| Anti-corruption | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 114 | | | |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken | 145 93 205-3 | | Not applicable | There were no identified instances for reported on. www |
| Tax | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 110 | | | |
| GRI 207: Tax 2019 | 207-1 Approach to tax 207-2 Tax governance, control, and risk management 207-3 Stakeholder engagement and management of concerns related to tax 207-4 Country-by-country reporting | 110 110 21 Not applicable | | | |
| Energy | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 79 | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation 302-2 Energy consumption outside of the organisation 302-3 Energy intensity 302-4 Reduction of energy consumption 302-5 Reductions in energy requirements of products and services | 79 302-2 79 79 302-5 | Information unavailable/incomplete | This is beyond the scope of current energy management policy | |
| | | | | | This information was not captured in last financial year. |
| Water and effluents | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 80 | | | |

GRI content index

| GRI Standard/ Other Source | Disclosure | Location | Omission | | |
|-----------------------------------|--|--|---------------------------|----------------|--|
| | | | Requirement(S) Omitted | Reason | Explanation |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource 303-2 Management of water discharge-related impacts 303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption | 80 80 80 80 80 | | | |
| Emissions | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 79 | | | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions 305-4 GHG emissions intensity 305-5 Reduction of GHG emissions 305-6 Emissions of ozone-depleting substances (ODS) 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 79 79 79 79 79 79 79 | 305-3 | Not applicable | This is beyond the scope of our current energy monitoring system. |
| | | | 305-6 | Not applicable | As a service organisation, we do not generate significant amount of these substances. |
| | | | 305-7 | Not applicable | “As a service organisation, we do not generate significant amount of these substances. |
| Waste | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 81 | | | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts 306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal | 81 81 81 81 81 | | | |

| GRI Standard/ Other Source | Disclosure | Location | Omission | | |
|---|---|-------------------|---------------------------|--------|-------------|
| | | | Requirement(S) Omitted | Reason | Explanation |
| Supplier environmental assessment | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 73 | | | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria 308-2 Negative environmental impacts in the supply chain and actions taken | 73 | | | |
| Employment | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 51,52 | | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental leave | 54 54,55 60 | | | |
| Labor/management relations | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 59 | | | |
| GRI 402: Labor/ Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | 59 | | | |
| Occupational health and safety | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 57 | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety | 57 57 57 | | | |

GRI content index

| GRI Standard/ Other Source | Disclosure | Location | Omission | | |
|---|---|----------|----------------|--------|-------------|
| | | | Requirement(S) | Reason | Explanation |
| | | Omitted | | | |
| | 403-5 Worker training on occupational health and safety | 57 | | | |
| | 403-6 Promotion of worker health | 57 | | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 57 | | | |
| | 403-8 Workers covered by an occupational health and safety management system | 57 | | | |
| | 403-9 Work-related injuries | 57 | | | |
| | 403-10 Work-related ill health | 57 | | | |
| Training and education | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 55 | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 55 | | | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 56 | | | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 55 | | | |
| Diversity and equal opportunity | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 59 | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 59 | | | |
| | 405-2 Ratio of basic salary and remuneration of women to men | 60 | | | |

| GRI Standard/ Other Source | Disclosure | Location | Omission | | |
|--|---|----------|----------------|------------------------------------|--|
| | | | Requirement(S) | Reason | Explanation |
| Non-discrimination | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 58,59 | Omitted | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 58,59 | | | |
| Child labor | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 58 | | | |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | 58 | | | |
| Local communities | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 73 | | | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 73 | | | |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | 73 | 413-2 | Information unavailable/incomplete | Process of reliably quantifying potential negative impacts are currently underway. |
| Customer health and safety | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 71 | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | 71 | | | |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 72 | | | |
| Marketing and labeling | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 72 | | | |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | 72 | | | |

GRI content index

| GRI Standard/ Other Source | Disclosure | Location | Omission | | |
|--------------------------------|--|----------|----------------|--------|-------------|
| | | | Requirement(S) | Reason | Explanation |
| | | | Omitted | | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 72 | | | |
| | 417-3 Incidents of non-compliance concerning marketing communications | 72 | | | |
| Customer privacy | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 72 | | | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 72 | | | |

SASB Content Index

Hotels & Lodging - Sustainability Accounting Standard

| TOPIC | METRIC | CATEGORY | UNIT OF MEASURE | CODE | PAGE NO/ RELATED DISCLOSURES |
|---------------------------|--|-------------------------|---|--------------|--|
| Energy Management | (1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable | Quantitative | "Gigajoules (GJ), Percentage (%)" | SV-HL-I30a.1 | Page 79 ref from natural capital |
| Water Management | (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress | Quantitative | Thousand cubic metres (m ³), Percentage (%) | SV-HL-I40a.1 | Page 80 ref from Natural capital |
| Ecological Impacts | Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat | Quantitative | Number | SV-HL-I60a.1 | NA |
| | Description of environmental management policies and practices to preserve ecosystem services | Discussion and Analysis | n/a | SV-HL-I60a.2 | Page 77 from Natural capital |
| Labour Practices | (1) Voluntary and (2) involuntary turnover rate for lodging facility employees | Quantitative | Percentage (%) | SV-HL-310a.1 | This information was not documented during the financial year 2023/24. |
| | Total amount of monetary losses as a result of legal proceedings associated with labour law violations 1 | Quantitative | Presentation currency | SV-HL-310a.2 | Nil |
| | (1) Average hourly wage and (2) percentage of lodging facility employees earning minimum wage, by region | Quantitative | Presentation currency, Percentage (%) | SV-HL-310a.3 | (1) LKR 233,916/- (2) 100% for all regions" |
| | Description of policies and programmes to prevent worker harassment | Discussion and Analysis | n/a | SV-HL-310a.4 | Refer to HR capital |
| Climate Change Adaptation | Number of lodging facilities located in 100- year flood zones | Quantitative | Number | SV-HL-450a.1 | NA |

| ACTIVITY METRIC | CATEGORY | UNIT OF MEASURE | CODE | PAGE NO |
|---|--------------|---------------------------------|-------------|-------------------------------------|
| Number of available room-nights | Quantitative | Number | SV-HL-000.A | Part I capitals highlights |
| Average occupancy rate | Quantitative | Rate | SV-HL-000.B | Part I capitals highlights |
| Total area of lodging facilities | Quantitative | Square metres (m ²) | SV-HL-000.C | 74,932m ² |
| Number of lodging facilities and the percentage that are: (1) managed, (2) owned and leased, (3) franchised | Quantitative | Number, Percentage (%) | SV-HL-000.D | (1) Nill (2) 1- 100% (3) Nill |

Assurance on non-financial reporting



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
Internet +94 - 11 244 6058
www.kpmg.com/lk

INDEPENDENT ASSURANCE REPORT TO ASIAN HOTELS AND PROPERTIES PLC

We have been engaged by the Directors of Asian Hotels and Properties PLC (“the Company”) to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 March 2024. The Sustainability Indicators are included in the Asian Hotels and Properties PLC Integrated Annual Report for the year ended 31 March 2024 (the “Report”).

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

| Assured Sustainability Indicators (Comparative numbers for the year ended 31 March 2023 not audited) | Integrated Annual Report Page |
|---|-------------------------------|
| Performance Highlights | 7 |

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

| Limited Assurance Sustainability Indicators (Comparative numbers for the year ended 31 March 2023 not audited) | Integrated Annual Report Page |
|---|-------------------------------|
| Value Creation Highlights | 8 |
| Information related to: | |
| Financial Capital | 42 to 47 |
| Manufactured Capital | 48 to 50 |
| Human Capital | 51 to 60 |
| Intellectual Capital | 61 to 67 |
| Social and Relationship Capital | 68 to 75 |
| Natural Capital | 76 to 84 |

Our conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Reasonable Assurance Sustainability Indicators

In our opinion, in all material respects, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2024, in all material respects, has been prepared and presented by the management of Asian Hotels and Properties PLC in accordance with the consolidated set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

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C. P. Jayatilake FCA
Ms. S. Joseph FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

W. W. J. C. Perera FCA
S. T. D. L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT

Assurance on non-financial reporting



Limited Assurance Sustainability Indicators

Based on the evidence we obtained from the assurance procedures performed, as described below we are not aware of any material misstatements that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2024, have not in all material respects, been prepared and presented by the management of Asian Hotels and Properties PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Management's Responsibility

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

The firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding professional compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reasonable assurance over Reasonable Assurance Sustainability Indicators

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal controls over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines, used by the Company in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

Limited assurance on the Assured Sustainability Indicators

Our limited assurance engagement on the Limited Assurance Sustainability Indicators consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Indicators, and applying analytical and other procedures, as appropriate. These procedures included:



- interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators;
- enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information;
- comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;
- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Reasonable and Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and for no other purpose or in any other context.

Restriction of use of our report

This report has been prepared for the Directors of Asian Hotels and Properties PLC for the purpose of providing an assurance conclusion on the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators included in the Asian Hotels and Properties PLC Integrated Annual Report for the year ended 31 March 2024 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Asian Hotels and Properties PLC, or for any other purpose than that for which it was prepared.

CHARTERED ACCOUNTANTS

Colombo

21 May 2024

GLOSSARY OF FINANCIAL TERMS

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Accrual Basis

Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Average Room Rate (ARR)

Hotel room revenue divided by the number of rooms sold.

Booking Engine

Application which helps the travel and tourism industry to support reservation through the Internet. It helps guests to book hotel services online.

Capital Employed

Shareholders' funds plus debt.

Cash Equivalents

Short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Contingencies

A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

Current Ratio

Current assets divided by current liabilities.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Capital expenditure

The total additions to property, plant and equipment.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of an entity, the supervision of executive actions and accountability to owners and others.

Debt/Equity Ratio

Debt as a percentage of shareholders' funds.

Deferred Tax

Sum set aside in the Financial Statements for taxation that may become payable in a financial year other than the current financial year.

Dividend Yield

Dividend earned per share as a percentage of its market value.

Dividend Cover

The ratio of company's earnings (net income) over the dividend paid to shareholders, calculated as earnings per share divided by the dividend per share.

Dividend Per Share (DPS)

The total dividends paid out over an entire year (including interim dividends but not including special dividends) divided by the number of outstanding ordinary shares issued.

Dividend Payout Ratio

The percentage of earnings paid to a shareholder as dividends.

Earnings Per Share (EPS)

Profit attributable to equity holders divided by the weighted average number of ordinary shares in issue during the period.

EBIT

Earnings before interest and tax (includes other operating income). EBIT includes interest income, depreciation and fair value gains/losses on investment property, but excludes exchange gain or loss.

EBITDA

Earnings before interest, tax, depreciation and amortisation. EBITDA includes interest income and fair value gains/losses on investment property, but excludes exchange gain or loss.

Effective Tax Rate

Provision for taxation for the year divided by the profit before tax.

EPS Growth

Percentage increase in the EPS over the previous year.

Equity Assets Ratio

Total assets divided by shareholder's equity.

GLOSSARY OF FINANCIAL TERMS

Fair Value

Fair value is the amount for which an asset could be exchanged between acknowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction.

Gross Profit Margin

Gross profit is how much total profit a company makes after deducting the cost of goods sold. Gross profit margin is the profit a company makes expressed as a percentage

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Intangible Asset

An intangible asset is an identifiable non- monetary asset without physical substance.

Interest Cover

Profit before interest and tax over finance expenses.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of financial Statements.

Market Value Per Share

The price at which an Ordinary share can be purchased in the stock market.

Market Capitalisation

Number of shares in issue at the end of period multiplied by the market price at end of period.

Net Assets

Total assets minus current liabilities minus long term liabilities.

Net Assets Per Share

Shareholders' funds divided by the weighted average number of ordinary shares.

Occupancy

The number of rooms occupied at a given time at the Hotel

Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Pre-Tax Return on Capital Employed (ROCE)

Profit before interest and tax as a percentage of average capital employed at year end.

Price Earnings Ratio

Market price per share over Earnings per Share.

Prudence

Inclusion of a degree of caution in the exercise of judgement needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

Quick Asset Ratio

The quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets and is calculated by deducting the inventories from the current assets and comparing with the current liabilities.

Related Parties

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Return on Equity (ROE)

Profit attributable to shareholders as a percentage of average shareholders' funds.

Room Night

One hotel room occupied for one night; a statistical unit of occupancy.

Shareholders' Funds

Stated capital plus capital and revenue reserves.

Total Debt

Long term loans plus short-term loans and overdrafts

Corporate Information

NAME OF COMPANY

Asian Hotels and Properties PLC

LEGAL FORM

A Public Limited Liability Company incorporated in Sri Lanka in 1993 and registered with the Board of Investment of Sri Lanka under Section 17 of the Board of Investment Law No. 4 of 1978

The Company was re-registered under the New Companies Act No. 7 of 2007 on 15th June 2007

STOCK EXCHANGE LISTING

The issued Ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka

COMPANY REGISTRATION NO.

PQ2

BOARD OF DIRECTORS

Mr. Krishan Niraj Jayasekara Balendra - Chairperson

Mr. Joseph Gihan Adisha Cooray

Mr. Suresh Rajendra

Mr. Jegatheesan Durairatnam

Mr. Ashan Suresh De Zoysa

Mr. Mikael Roland Svensson

Mr. Changa Lashantha Poojitha Gunawardane

Ms. Aroshi Nanayakkara

COMPANY SECRETARIES

Keells Consultants (Private) Limited

117, Sir Chittampalam A .Gardiner Mawatha,Colombo 2.

REGISTERED OFFICE

No.77, Galle Road, Colombo 03

Tel: +94 11 2497205 Fax: +94 11 5547555

E-mail: grand@cinnamonhotels.com

AUDITORS

KPMG

Chartered Accountants

32A, Sir Mohamed Macan Markar Mawatha

Colombo 03.

BANKERS

Deutsche Bank AG

Seylan Bank

Hongkong & Shanghai Banking Corp.

Nations Trust Bank

DFCC Bank

CITI Bank N.A

Bank of Ceylon

Commercial Bank of Ceylon

Hatton National Bank

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting (“Meeting”) of Asian Hotels and Properties PLC will be held as a virtual meeting on 27th June 2024 at 2:45 p.m. via Microsoft Teams for the following purposes:

1. To read the Notice convening the Meeting.
2. To receive and consider the Annual Report and Financial Statements of the Company for the Financial Year ended 31st March 2024 with the Report of the Auditors thereon.
3. To re-elect as a Director, Mr S Rajendra, who retires in terms of Article 84 of the Articles of Association of the Company. A brief profile of Mr S Rajendra is contained in the Board of Directors section of the Annual Report.
4. To re-elect as a Director, Mr A S De Zoysa, who retires in terms of Article 84 of the Articles of Association of the Company. A brief profile of Mr A S De Zoysa is contained in the Board of Directors section of the Annual Report.
5. To re-appoint Auditors, Messrs. KPMG, Chartered Accountants, and to authorise the Directors to determine their remuneration.
6. To consider any other business of which due notice has been given in terms of the relevant laws and regulations.

The Annual Report and Financial Statements of the Company are available on the below links, once the financial statements ending 31st March 2024 are released to the Colombo Stock Exchange.

| | | | |
|---|--|---|--|
| (1) Corporate website of the Company https://keells.com/resource/reports/group-annual-reports/Asian-Hotels-and-Properties-PLC.pdf and |  | (2) The Colombo Stock Exchange website - https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=AHPL.N0000 |  |
|---|--|---|--|

Shareholders may also access the Annual Report and Financial Statements on their electronic devices by scanning the above QR code.

For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Mr. Shelton Gunawardane on +94(0)112497208 during normal office hours (8.30 a.m. to 4.30 p.m.) or email shelton@cinnamonhotels.com

Any Shareholder who wishes to obtain a hard copy of the Annual Report, may send a written request to the registered office of the Company by filling the request form attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days from the date of receipt of the request.

By Order of the Board,
ASIAN HOTELS AND PROPERTIES PLC



KEELLS CONSULTANTS (PRIVATE) LIMITED

Secretaries

Colombo
21st May 2024

Note:

- A Shareholder unable to attend the meeting is entitled to appoint a Proxy to attend and vote in their place.
- A Proxy need not be a Shareholder of the Company.
- A Shareholder wishing to vote by Proxy at the Meeting may use the Form of Proxy enclosed herein.
- Shareholders are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting in the Form of Proxy.
- In order to be valid, the completed Form of Proxy must be lodged at the No 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02 or forwarded to the email address: keellsconsultants@keells.com or Fax No. +94 11 2439037 not later than 48 hours before the Meeting.
- A vote can be taken on a show of hands or by poll. If a poll is demanded, each share is entitled to one vote. Votes can be cast in person, by Proxy or corporate representatives. In the event an individual Shareholder and his/her Proxy holder are both present at the Meeting, only the Shareholder's vote is counted. If the Proxy holder's appointor has indicated the manner of voting, only the appointor's indication of the manner to vote will be used.

FORM OF PROXY

I/We.....of
.....being
a Shareholder/s of Asian Hotels and Properties PLC hereby appoint.....

.....of

.....or failing him/her

| | |
|---|----------------|
| Mr. Krishan Niraj Jayasekara Balendra | or failing him |
| Mr. Joseph Gihan Adisha Cooray | or failing him |
| Mr. Suresh Rajendra | or failing him |
| Mr. Changa Lashantha Poojitha Gunawardane | or failing him |
| Mr. Mikael Roland Svensson | or failing him |
| Ms. Aroshi Nanayakkara | or failing her |
| Mr. Jegatheesan Durairatnam | or failing him |
| Mr. Ashan De Zoysa | |

as my/our proxy to represent me/us and vote on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held on the 27 June 2024 at 2:45 p.m and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

I/We, the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the specified Resolution as indicated by the letter "X" in the appropriate cage:

FOR AGAINST ABSTAINED

1. To re-elect as a Director, Mr. S Rajendra,
who retires in terms of Article 84 of the Articles of Association of the Company..
2. To re-elect as a Director, Mr. A S De Zoysa,
who retires in terms of Article 84 of the Articles of Association of the Company.
3. To re-appoint Auditors Messrs. KPMG, Chartered Accountants
and to authorise the Directors to determine their remuneration.

| | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Signed on thisday of Two Thousand and Twenty-Four

.....
Signature/s of shareholder/s

Note: INSTRUCTIONS AS TO COMPLETION OF PROXY FORM ARE NOTED ON THE REVERSE.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at No 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02 or forwarded to the email address: keellsconsultants@keells.com or facsimile No. +94 11 2439037, no later than 48 hours before the time appointed for the holding of the Meeting.
3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. If the appointor is a Company or Corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the Company or Corporation in accordance with its Articles of Association or Constitution.
5. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise his/her discretion as to how he/she votes or, whether or not he/she abstains from voting.

Please fill in the following details:

Name :

Address :

.....

.....

Jointly with :

Share Folio No./CDS account No.:

National Identity Card No.:

Designed & produced by

emagewise

Printed by Printel (Pvt) Ltd.

Asian Hotels and Properties PLC
No.77, Galle Road, Colombo 03
Tel: +94 11 2497205 Fax: +94 11 5547555
E-mail: grand@cinnamonhotels.com