

A FORTIFIED PLEDGE



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A FORTIFIED PLEDGE

As the world moves along, we at Trans Asia Hotels PLC prioritise the delivery of a promise of luxurious living to our judicious clientele. Armed with the conscientious leadership of our directors, furnished with the unending dedication of our staff, and strengthened by the unyielding presence of our partners and collaborators on the front line, we present a fortified pledge to continue on our journey towards continuously elevating the definition of opulence and towards delivering a monumental guest experience.

In the year under review, we have pushed the boundaries of possibility, dared to think outside the box, nurtured a culture of creativity and inventiveness, and we have steered ourselves in the right direction, with the uncompromising strategy and calculated decision making of our leaders. As we prepare for the year ahead, we strength our promise – we fortify our pledge – to continue being the best in hospitality.

OUR APPROACH TO REPORTING

WELCOME TO OUR FOURTH INTEGRATED ANNUAL REPORT

We are pleased to present Trans Asia Hotels PLC's (the Company) fourth integrated annual report, prepared in accordance with the Integrated Reporting <IR> Framework of the IFRS Foundation. This Report is a balanced and comprehensive account of our performance, how we pursued sustainable value.

SUSTAINABILITY REPORTING

In this Annual Report, sustainability aspects are seamlessly incorporated into the overall reporting structure to better illustrate our value creation process and the resulting outputs and outcomes.

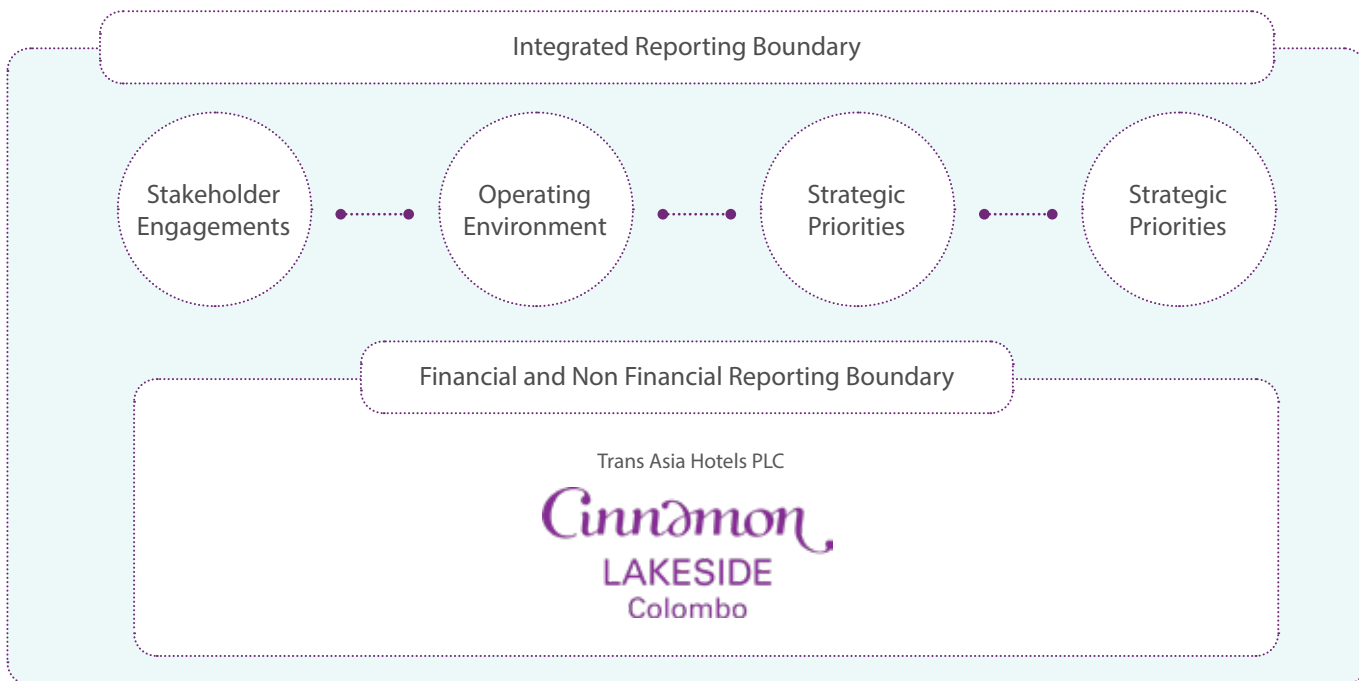
REPORTING PERIOD

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



Reporting scope and boundary

This Report covers the operations of Trans Asia Hotels PLC.



REPORTING FRAMEWORKS

This Report is built upon a combination of mandatory and voluntary reporting frameworks, both local and international. The predominant frameworks adopted are the Sri Lanka Financial Reporting Standards (SLFRS), the International Integrated Reporting <IR> Framework, and the Global Reporting Initiative's (GRI) Reporting Standards. As the world of non financial reporting continues to evolve with Sri Lanka also aligning to the

adoption of SLFRS S1: General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2: Climate related Disclosures, effective from January 1st, 2025, we are taking preliminary 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
- Code of Best Practices on Related Party Transactions (2013) advocated by the SEC

Internal Assurance

- Outsourced Internal Auditors Verifications and assessments
- 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
- GRI Standards
- SASB Standards – Hotels & Lodging Sustainability Accounting Standard
- Sustainable Development Goals (SDGs)

Internal Assurance

- Review of the Board of Directors

External Assurance

- Independence Assurance on GRI Reporting by Messrs, KPMG, Chartered Accountants



Corporate Governance

Reporting frameworks

- Listing Requirements of the Colombo Stock Exchange, including the new Corporate Governance Rules.
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.
- The Companies Act No.7 of 2007 (Companies Act)

Internal Assurance

- Company governance framework built on applicable regulations and internal best practices

REPORT NAVIGATION

The Management Discussion and Analysis of this Report is structured under 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. Where possible, the Company's key strategic pillars are connected to the discussions to establish the correlation between strategy and performance.

Capital Inputs
(Pages 42 - 82)

- Financial Capital
- Manufactured Capital
- Human Capital
- Intellectual Capital
- Social and Relationship Capital
- Natural Capital

Stakeholders
(Pages 20 – 23)

- Shareholders
- Employees
- Customers
- Business Partners
- Government and Regulatory Bodies
- Communities

Strategic Priorities
(Pages 32 – 35)

- Service Excellence
- Revenue Optimisation
- Operational excellence and cost optimisation
- Talent Management
- ESG Considerations

Forward looking statements

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.


OUR APPROACH TO REPORTING

FORWARD LOOKING STATEMENTS

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.



Chairperson's Message

 Page 10



Management Discussion and Analysis

 Page 42

These forward looking statements offer guiding 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 Trans Asia Hotels PLC holds ultimate responsibility for ensuring the integrity of this Report. We affirm that this Annual Report for the financial year ending 31st 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.



IN PRINT

All security holders of Trans Asia Hotels PLC have the option to request for a printed version of this Report by submitting a Request Letter.



FEEDBACK

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

Raguraman Ramjisharma , Finance Manager

ramjisharma@cinnamonhotels.com

Cinnamon Lakeside,
115, Sir Chittampalam A Gardiner Mawatha,
Colombo 00200

REFER OUR REPORT

In PDF

Colombo Stock Exchange - <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=TRAN.N0000>

Scan and read



ABOUT THE COMPANY



Our vision:

To bring the best of Sri Lanka to the world with style and elegance

Our Purpose:

We curate emotional experiences to inspire stories that connect

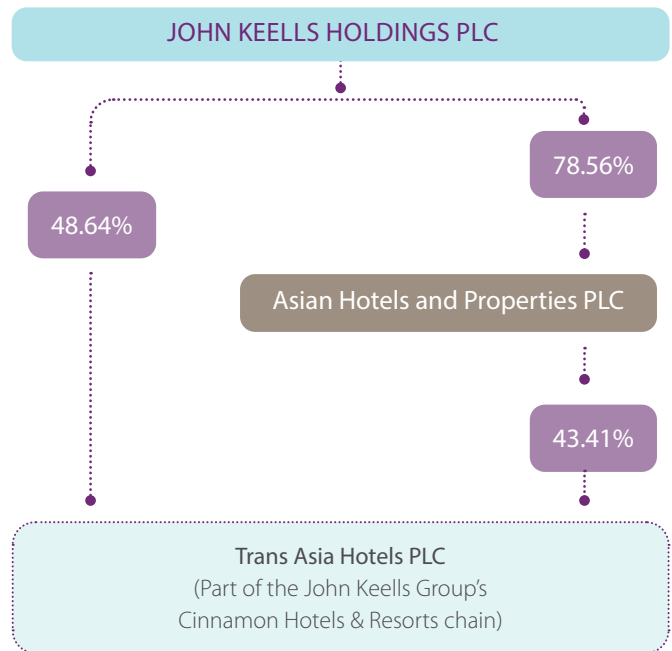
Our Values



Trans Asia Hotels PLC owns and operates Cinnamon Lakeside Colombo, one of the premier 5 star city hotels in Sri Lanka's capital city. The Company was incorporated as a public limited company in 1981, with its largest shareholder being John Keells Holdings PLC, one of Sri Lanka's most diversified and respected conglomerates. The Company is a part of the John Keells Group's Cinnamon Hotels & Resorts chain.

Its prime location near the scenic Beira Lake and beautifully landscaped surroundings create a tranquil retreat for guests. The hotel is led by a team of seasoned hospitality professionals dedicated to providing exceptional guest experiences. Known for its world class service standards and award winning specialty restaurants, Cinnamon Lakeside is a beacon of excellence in the hospitality industry. Despite facing numerous challenges throughout the year, the hotel has remained steadfast in its commitment to delivering warmth and passion to its guests.

Cinnamon Lakeside offers a perfect combination of serenity and luxury within Sri Lanka's commercial hub, catering to both business and leisure travellers. The hotel features elegant accommodation and state of the art facilities that cater to the needs of a diverse clientele, from high profile business meetings and conferences to leisurely stays for vacationers.



PERFORMANCE HIGHLIGHTS

	Note	2023/24	2022/23	2021/22	2020/21	2019/20
Key Financial Ratios-Income Statement and Other Comprehensive Income						
Net revenue	Rs.000's	4,461,845	3,569,025	1,817,224	810,968	2,328,597
Gross profit margin	%	45	41	41	18	51
EBIT (Earnings before interest and tax)	Rs.000's	420,919	339,358	178,429	(921,809)	329,587
EBIT	%	9	10	7	(114)	14
Profit/(Loss) after tax	Rs.000's	173,117	(97,497)	4,100	(818,746)	275,220
Earnings/ (loss) per share	Rs.	0.87	(0.49)	0.02	(4.09)	1.38
ROE (Return on Equity)	%	3	(2)	0	(13)	4
ROCE (Return on Capital Employed)	%	6	5	3	(14)	5
Interest cover	Times	3	2	1	(38)	13
Key Financial Ratios-Statement of Financial Position						
Total assets	Rs.000's	9,495,731	8,656,825	7,555,345	7,172,289	7,886,933
Net assets	Rs.000's	6,362,165	5,942,226	5,889,582	5,844,147	6,628,072
Interest bearing loans	Rs.000's	454,726	213,987	236,546	217,527	186,573
Debt/equity ratio	Times	0.21	0.19	0.04	0.08	0.04
Equity asset ratio	%	67	69	78	81	84
Net assets per share	Rs.	31.81	29.71	29.45	29.22	33.14
Current ratio	Times	0.44	0.38	0.39	0.26	1.01
Quick asset ratio	Times	0.38	0.30	0.34	0.22	0.96
No. of shares in issue	000's	200,000	200,000	200,000	200,000	200,000
Market/Shareholder information						
Market value per share	Rs.	42.60	45.20	48.20	55.90	56.30
Market capitalisation	Rs.000's	8,520,000	9,040,000	9,640,000	11,180,000	11,260,000
Dividend per share	Rs.	-	-	-	-	0.50
Price earnings ratio	Times	49	(93)	2,410	(14)	41
Dividend cover Times	Times	-	-	-	-	2.75
Dividend yield	%	-	-	-	-	0.9%
Dividend payout ratio	%	-	-	-	-	36%
Key operational ratios						
Occupancy	%	56	39	24	2	42
Revenue per available room	Rs.	10,999	7,157	3,425	301	6,503
Average room rate	Rs.	19,575	18,429	14,049	12,281	15,457

VALUE CREATION HIGHLIGHTS

2024

2023

YoY change

Manufactured capital



Room inventory	No.	346	346	-
Property, plant and equipment	Rs. Mn	4,586	4,065	521
Capital expenditure	Rs. Mn	339	504	(164)

Human capital



Total employees	No.	721	717	4
Female representation	%	14%	13%	1%
Value added per employee	Rs. Mn	2.33	2.05	0.28
Total training hours	No.	75,880	76,708	(828)
Training hours per employee	No.	140	1,862	(1,722)
Employee retention rate	%	83%	82%	1%
Workplace injuries	No.	6	7	(1)
Total suppliers	No.	652	670	(18)

Social and relationship capital



Payments to local suppliers	Rs. Mn	3,076	3,115	(39)
Net Promoter Score (NPS)	%	78.77%	70.26%	8.51%
Global Review Index (GRI)	%	95.10%	94.3%	0.8%
Total investment in community projects	Rs. Mn	0.18	3.21	(3.03)
Total beneficiaries of community projects	No.	3,789	1,544	2,245

Intellectual capital



Average service length of an employee	No.	10	10	-
Awards won	No.	5	2	3

Natural capital



Carbon footprint	tCO2e	5,579	5,236	343
Carbon footprint per EarthCheck guest night	KgCO2e	15.55	16.44	(0.89)
Energy consumption	GJ	37,555	37,036	437
Energy consumption per EarthCheck guest night	MJ	104.67	115.54	(11)
Solar power generated	Kwh	42,396	46,225	(3,829)
Water withdrawn	m3	157,204	130,447	26,757
Water withdrawn per EarthCheck guest night	Litres	438.14	414.04	24
Total waste	MT	267.50	213.64	53.86
Waste disposed per EarthCheck guest night	Kg	0.75	0.67	0.08



LEADERSHIP

A STURDY GUARANTEE

At the core of our success is the leadership that drives us forward and moves us towards generating revolutionary ideas. It is through their strategic decision making and conscientious presence that Trans Asia Hotels PLC has risen to and remains at the top of its game.

CHAIRPERSON'S MESSAGE

"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"

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 Trans Asia Hotels PLC (the Company) for the year ended 31 March 2024. The Company's strong performance, driven by our core values, reflects our 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 rise in tourist arrivals contributed to an increase in hotel occupancy rates during the year. However, profitability was impacted

25%

YoY Increase in Total Revenue

117%

YoY Increase in Profit Before Tax

by high input costs, particularly during the first half of the year, stemming from import restrictions. However, as macroeconomic conditions gradually stabilised over the second half of the financial year, a reduction in cost of inputs was observed. Our team remained dedicated to navigating these challenges by offering competitive pricing while ensuring the retention of our loyal customer base.

The implementation of minimum room rates (MRR) by the Sri Lanka Tourism Development Authority (SLTDA) of USD 100 on 5-star hotels effective from 1st 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 due to the predominantly leisure market positioning of the hotel, the company 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 from contracts with customers experienced a notable increase of 25% during the year amounting to Rs. 4,462 million, attributed to higher room occupancy and rate revisions, which witnessed a 54% increase in income. Revenue remained well diversified, affirming the resilience of the Company's operations. Effective cost management practices aided to curtail expenses amidst high prices of key input items. The significant rise in electricity costs due to the increase in electricity tariffs negatively impacted margins. Margins will also benefit from an improvement in energy costs in 2024/25 due to the downward revision of electricity tariffs in March 2024. The Company reported a pre-tax profitability of Rs. 234 million marking a significant growth of 117% in comparison to 2022/23. The growth was further supported by the normalisation of working capital cycles which led to lower borrowings, and reduction of finance costs. The Company recorded a post-tax profit of Rs. 173 million, a substantial improvement compared to the loss of Rs.97 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 company continued to harness technology alongside our diverse global and local expertise to cultivate a more flexible, streamlined, and productive business model. In recent years, a primary area of emphasis has been the enhancement of our revenue management capabilities and the optimisation of our commercial operations. We have continuously invested in data analytics tools and property management systems to gain invaluable insights into both customer behaviour and operational efficiency. Looking ahead, the company aims to make an investment to implement the Opera Cloud Property Management System during FY 2024/25. 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. Our team of biodiversity specialists and naturalists led this project, including implementing initiatives aimed at protecting endangered species of wildlife.

Responsible consumption of resources and waste management with specific focus on reducing our plastic waste footprint continued well into the year. We made steady progress towards our medium-term goal of achieving a 50% reduction in single use, guest-facing plastic by 2025, during the year.

Conserving and preserving the biodiversity of the planet whilst maintaining a balanced ecosystem amidst several climate risks is a formidable challenge. Nevertheless, we remain steadfast in our commitment to utilising environmental resources optimally to uphold essential ecological balance for long-term sustainability. In this respect, we are aligned with the United Nations Sustainable Development Goals (UN SDGs) which advocate for sustainable tourism development, where our focus ranges from preserving biodiversity to eliminating plastic pollution and safeguarding the treasures of the ocean, such as coral reefs. Our efforts are documented in detail in the Natural Capital chapter of this Report.

Recognition

Our ongoing commitment to creating a sustainable brand continues to garner recognition both locally and internationally. During the year we received the Gold certification by Travelife for Accommodation

CHAIRPERSON'S MESSAGE

Sustainability (recognised by the Global Sustainable Tourism Council). Further, Trans Asia Hotels PLC was ranked 10th in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL), with a 96% score for transparency in disclosure practices for the year 2022/23.

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.

Potential headwinds to the outlook primarily stem from the global economy, including persistent inflation, high interest rates, volatile oil prices and disruptions to trade.

"The Company remains confident that the prospects for tourism in the medium to longterm 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"

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 Tourism

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 Company 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

21st May 2024

BOARD OF DIRECTORS

K N J BALENDRA

Chairperson

Krishan Balendra is the Chairperson-CEO of John Keells Holdings PLC. 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. He started his career at UBS Warburg, Hong Kong, in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. He holds a law degree (LLB) from the University of London and an MBA from INSEAD.

J G A COORAY

Director

Gihan Cooray is the Deputy Chairperson/Group Finance Director of John Keells Holdings PLC 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.

M R SVENSSON

Director

Mikael Svensson is the Chief Executive Officer at Cinnamon Hotels & Resorts, part of the Leisure industry group of John Keells Holdings PLC (JKH). 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 is also a Non Independent Non Executive Director of John Keells Hotel PLC and Asian Hotels & Properties PLC. 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. 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.

S A ATUKORALE

*Director**

Shivanthi Atukorale is a Non Executive Director of Trans Asia Hotels PLC. She possesses over 25 years' experience in the financial services industry, in both Banking and Non Banking Financial Institutions, covering large local corporates, Multinational Companies and SME sectors. She is currently attached to the State Owned Enterprises Restructuring Unit of the Ministry of Finance, Economic Stabilisation and National Policies, and is also an Independent Director of Melsta Tower (Pvt) Ltd. Previously, She was an Independent Director at Fintrex Finance Limited and was the General Manager, Operations and Investor Relations, at Melsta Corp Limited. Prior to that, she had a successful 16 year stint at Citibank N.A. Colombo where she held titles of Head, Private Banking and Corporate Liabilities Group and Head, Global Relationship Banking and was a member of the Country Coordinating Committee and the Branch Credit Committee.

She possesses a first class in BSc. Statistics, Computing, Operational research and Economics from University College London, UK and an MBA from Imperial College London UK.

S 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. He serves as a Director of Asian Hotels & Properties PLC, Union Assurance PLC, John Keells Hotels PLC and also in many of the unlisted companies of the John Keells Group. He is a member of the Tourism Advisory Committee appointed by the Ministry of Tourism.

C L P 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. He currently serves as a Non Executive Director on the Board of Asian Hotels & Properties PLC and in many of the unlisted companies of the John Keells Group.

He 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.

H A J DE S WIJEYERATNE*Director**

Harin de S Wijeyeratne was appointed as a Non Executive Director and as the Chairperson of the Board Audit Committee of Trans Asia Hotels PLC in June 2021. He counts over 30 years of experience in the fields of general management, financial management and auditing which has been acquired while being employed at Invest Corp Bank, Bahrain, Grindlays Bahrain Bank, Ernst & Young, Bahrain and Ernst & Young, Sri Lanka. In addition, he has held the position of Chief Executive Officer of the Sri Lanka Institute of Nanotechnology (Pvt) Limited (SLINTEC) for over five years (2013 to 2019) and a consultant for ZONE 24*7 an IT company involved in data analytics and machine learning (2019 to 2020). He was an Independent Director of Union Assurance PLC and was also the Chairman of the Board Audit and Compliance Committee and retired after completing 9 years in September 2020.

He is an Associate member of The Institute of Chartered Accountants of Sri Lanka and a fellow member of The Chartered Institute of Management Accountants UK. Also he is an Independent Non Executive Director of DFCC Bank. Furthermore, he is the Audit Committee Chairman of MAS Holdings, commencing from 01st February 2024. He is the Chairman of the Audit Committee and a Director of the Board of Ceylon Tobacco Company Plc and is also a Director of the Gamini Corea Trust Fund and remains the Founder/ Owner of Avastha Financial Advisory Services and the Co Founder of Kalyana, a mental health advocacy group.

N L GOONERATNE*Director**

Navin Gooneratne has been a member of the Trans Asia Hotels PLC Board as a Non Executive Director since its inception in 1984. He holds a Bachelor of Science Degree in Engineering and is a Member of the Institute of Engineers (Sri Lanka). He is the Chairman of 1:2:4 Designs Ltd, Radiance Film International (Pvt) Ltd and Trans Asia Films (Pvt) Ltd. He is the Honorary Chairman of SAMA International Trust, Swarajya Foundation, and the Light of Asia Foundation. He is also a Patron of Mahatma Gandhi Centre in Colombo.

*Independent Non-Executive Directors



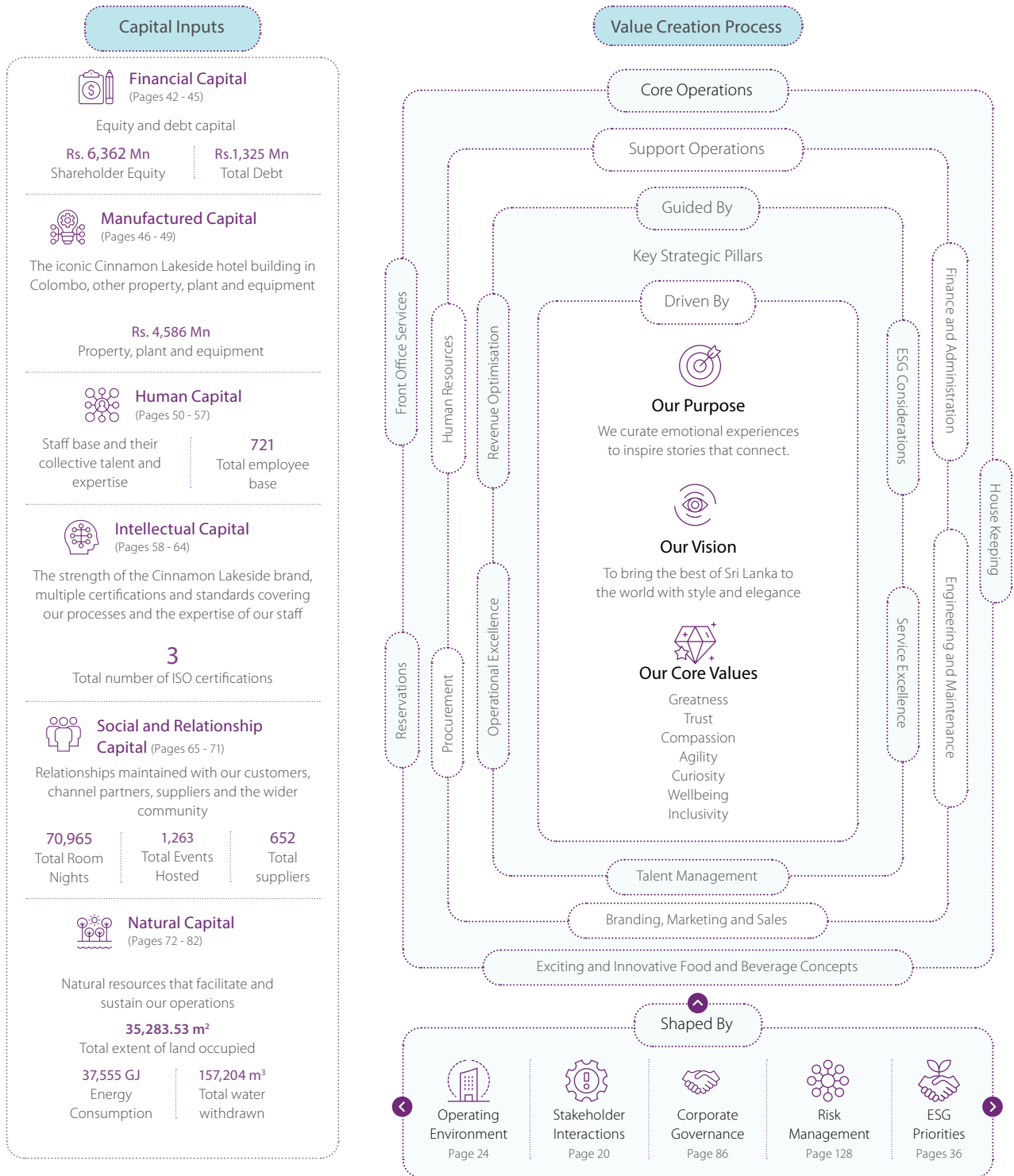
OPERATING CONTEXT AND STRATEGY

SHARP SENSIBILITY

With unparalleled customer satisfaction as our primary goal, we navigate a rapidly changing environment and focus on streamlining operations and on approaches challenges with strategic solutions, always in service of all stakeholders.

VALUE CREATION MODEL

Illustrated below is Trans Asia Hotels PLC's Value Creation Model, depicting 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

Unique Guest Experiences

56% Occupancy Through the Financial Year

70,965 Room Nights

MICE Events Hosted all year round with **6,849** Room Nights from MICE



Emissions, Effluent and Waste

5,579 tCO2e Total GHG Emissions

267.5 MT Total Waste Generated

Key Outcomes

Capital Outcomes

Financial Capital
(Pages 42 - 45)

Rs. 173 Mn Profit After Tax

Rs. 0.87 Earnings Per Share

3% ROE

6% ROCE

Manufactured Capital
(Pages 46 - 49)

Rs. 504 Mn Capital Expenditure

Rs. 211 Mn Depreciation and Amortisation

Human Capital
(Pages 50 - 57)

Rs. 1,110 Mn Payments to Employees

83% Employee Retention Ratio

Rs. 10.5 Mn Investment in Training and Development

Intellectual Capital
(Pages 58 - 64)

10 years Average Length of Service of Employees

Rs. 12.4 Mn Investments in IT Systems and Software

Social and Relationship Capital
(Pages 65 - 71)

GRI 95.1% NPS **78.77%** Guest Satisfaction Rate

Rs. 3,076 Mn Total Payments to Suppliers

Rs. 0.18 Mn Investments in CSR Initiative

Rs. 683 Mn Taxes Paid to the Government of Sri Lanka

Natural Capital
(Pages 72 - 82)

37,864 MT Material Recycled

Stakeholder Impact

Shareholders

Wealth maximisation through enhanced financial performance and share performance

Robust governance and risk management practices safeguarding the invested fund

Customers

Deliver customer satisfaction through excellence in customer service, food and beverages and unique experiences

Business Partners

Creating opportunities for our business partners in the thriving tourism sector in Sri Lanka and collaboration for mutual growth

Employees

Affirmed job security, financial resilience, physical and mental being and career growth opportunities

Communities

Social empowerment and community upliftment through corporate sustainability initiatives

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

Government and Related Institutions

Alignment and contribution to the Government's economic growth agenda particularly the growth plan designed for the tourism sector

Timely contribution to fiscal revenue through payment of taxes

Social empowerment and community upliftment through corporate sustainability initiatives

Contribution to SDGs



STAKEHOLDER ENGAGEMENTS

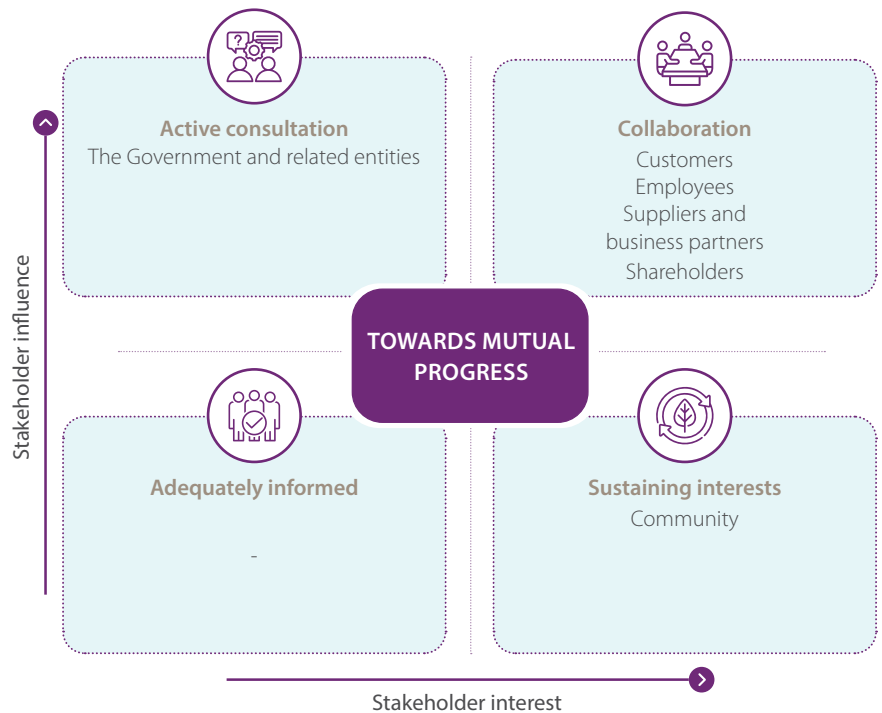
The ongoing success of our operations hinges on our capacity to deliver value to our stakeholders diverse interest. This involves a deep understanding of their diverse and evolving needs, which we strive to address by aligning our strategic objectives with these requirements. As the economy gradually commenced recovery and the tourism sector also demonstrated resurgence, we attuned our engagements to ensure the preservation of all interests.

In order to sustain our business and foster stakeholder trust, we engage with groups who have the most substantial influence on our value creation process. These include our investors, customers, employees, business partners, the community and the Government and related bodies, each playing a critical role in our operations and long term success.

Through continuous and open communication with our stakeholders, we gain valuable insights into their expectations, concerns, and aspirations. This feedback informs our strategic planning, allowing us to tailor our offerings and initiatives to better serve their interests.

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

- Strength of interaction
- Room nights **70,965**
 - Global Review Index (GRI) **95.10%**
 - Net Promoter Score (NPS) **78.77%**

Level of engagement: Collaboration

- Modes of engagement:
- All customer serving front line staff
 - Channel partners in Sri Lanka and overseas
 - Global sales officers
 - In stay and post stay surveys
 - Online reviews across multiple platforms such as Brand.com, bookings.com, etc.
 - Social media
 - Corporate website www.cinnamonhotels.com

- Key area of focus during the financial year:
- Escalations in pricing
 - Highest value for money
 - Unique experiences
 - Embedding 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

Read more information: Social and relationship capital – Page 65

Employees

- Strength of interaction
- **721** employees
 - **10** years of average service
 - **83%** retention rate

Level of engagement: Collaboration

- Modes of engagement:
- Periodic meetings at different levels
 - Employee satisfaction surveys
 - Induction programmes for all new recruits
 - Mid year and full year performance appraisals
 - Cinnamon Lakeside Long Service Awards
 - Engagement initiatives conducted such as Annual Get together

- Key area of focus during the financial year:
- Job security and financial wellbeing
 - Psychological and physical wellbeing
 - Effective performance management and attractive remuneration
 - Opportunities for talent development and career advancements
 - Equitable career opportunities for females and the differently abled
 - Safe working conditions
 - ESG considerations in our business

- Our strategic response:
- Creating a rewarding, empowering and safe workplace for all our employees guided by a robust employee management policy.
 - Continued investment in training and development for our staff.

Read more information [Human capital – Page 65](#)

Suppliers and business partners

- Strength of interaction
- **05** Global sales agents
 - **252** Travel agents
 - **652** Suppliers

Level of engagement: Collaboration

- Modes of engagement:
- 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 area of focus during the financial year:
- Opportunities for enhanced business with the revival of the economy
 - Unique experiences curated for guests
 - Collaborations with various high profile international event organisers and personalities for flagship events
 - Fair pricing
 - Timely payments and adherence to terms and conditions in agreements and contracts
 - ESG considerations in our business

- Our strategic response:
- Enhanced collaborations with suppliers and business partners leading to higher business volumes and the creation of enticing guest experiences
 - Positioning Cinnamon Lakeside as a top choice destination

Read more information [Social and Relationship capital – Page 65](#)

STAKEHOLDER ENGAGEMENTS

Shareholders	
Strength of interaction	<ul style="list-style-type: none"> • 1,532 shareholders • 48.64% shareholding of John Keells Holding PLC • 3% institutional shareholders • 98.9% local shareholders
Level of engagement:	Collaboration
Modes of engagement:	<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 area of focus 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:	<ul style="list-style-type: none"> • Strong alignment to our business strategy in delivering enhanced profitability • Enhanced corporate governance and risk management initiatives • Maintaining continuous and transparent dialogue with all shareholders
Read more information	Financial capital – Page 42
Community	
Strength of interaction	<ul style="list-style-type: none"> • Rs. 0.18 Mn invested in community empowerment initiatives • 3,789 total beneficiaries
Level of engagement:	Sustaining interest
Modes of engagement:	<ul style="list-style-type: none"> • Direct engagement via projects carried out • Sustainability reportings, press releases and other related publications • Social media platforms
Key area of focus 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:	<ul style="list-style-type: none"> • Continuous empowering and uplifting local communities while further improving our environmental impact management to align with international best practices
Read more information	Social and relationship capital – Page 65 Natural capital – Page 72

Government and related entities

Strength of interaction	<ul style="list-style-type: none"> • Rs. 683 Mn in taxes paid to the Government of Sri Lanka • Full compliance with all laws, rules and regulations issued by regulatory authorities connected to the Government such as the Central Environment Authority, Colombo Stock Exchange, Securities Exchange Commission of Sri Lanka, etc.
Level of engagement:	Active consultation
Modes of engagement:	<ul style="list-style-type: none"> • Statutory reporting • Timely payment of taxes, renewal of all licenses, etc. • Engagement with regulatory bodies regarding sector related affairs
Key area of focus 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:	<ul style="list-style-type: none"> • Continued full compliance with applicable laws, rules and regulations, timely and accurate tax payments and maximum contribution in economic activities
Read more information	Corporate Governance – Page 86 Taxation – Page 162 Economic Value Added Statement - Page 45

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 - Ukraine war 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 during the year under review. 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

% Change	Projection		
	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

Source: 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.

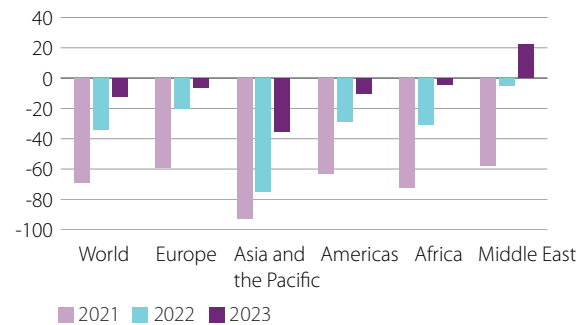
- International tourism receipts reached USD 1.4 trillion in 2023 according to preliminary estimates, about 93% of the USD 1.5 trillion earned by destinations in 2019
- Total export revenues from tourism (including passenger transport) are estimated at USD 1.6 trillion in 2023, almost 95% of the USD 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 above 22% than in 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, the 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

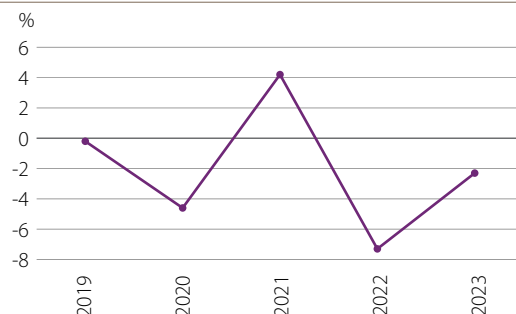
During the financial year under review, the Sri Lankan economy showed signs of recovery following a prolonged period of economic hardships on account of multiple internal and external shocks. Other aspects of the operating environment also evolved simultaneously such as social and political, affording various opportunities and posing threats to the operations of Trans Asia Hotels PLC. The Company was agile in identifying these changes, and adapting its strategy in minimising potential risks and deploying resources in generating value through capitalising on the opportunities.

Macro-economic environment

Key indicators

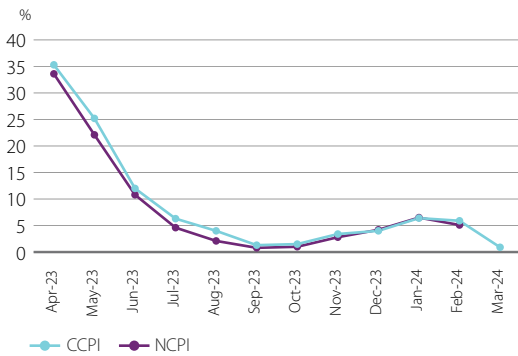
GDP growth – Stimulated by the CBSL's relaxing monetary policies and easing inflation, Sri Lanka's GDP growth entered positive territories during the third quarter of 2023 ending deep contraction, with growth recorded in all three sectors of Services, Industries and Agriculture. However on a yearly basis,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

ANNUAL GDP GROWTH



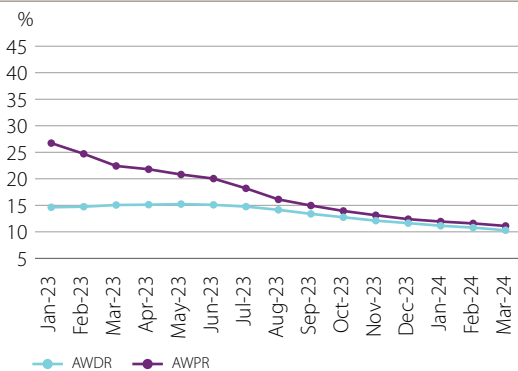
Inflation - Inflation continued to ease out through the year in the aftermath of having reached historic highs in latter part of 2022. Inflation also ranged within the target mid-single digits level bringing in greater confidence on broader price levels within the economy.

HEADLINE INFLATION



Interest rates – The Central Bank of Sri Lanka (CBSL) relaxed its monetary policy commencing June 2023 and during the financial year ended 31st 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.

COMMERCIAL BANK LENDING AND DEPOSIT RATES



External sector stability

Exchange rate - The Sri Lanka Rupee continued on its appreciating trend with a 7.6% appreciation against the US Dollar during the year up to 28th March 2024. The Sri Lanka 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 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"> Disinflationary 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 	<p>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.</p>

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 fiscal policy focused on enhancing fiscal revenue with upward revisions introduced to taxes applicable. Withholding tax of 5% was introduced effective 1st January 2023. Corporate taxes of 24% was increased to 30%, effective from the second half of the financial year, whilst value added taxes (VAT) rate increased from 15% to 18%. 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 channelled 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 1st, 2023. In effect, a price control, 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 Company Political stability and revival of economic activity increasing business confidence Enhanced profile of the country in overseas markets 	<ul style="list-style-type: none"> Focus on avenues for profitability enhancement such as cost rationalisation and selling price revisions Strategising towards more business volumes amidst recovering economic conditions <p>Response to the minimum room rates implied</p> <ul style="list-style-type: none"> Enhancements to the value proposition of the Company Driving value for money, giving guests the assurance and experience that is worth the fees Greater 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 wellbeing was also a key concern as employees were subjected 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 wellbeing was ensured through various initiatives including employee engagement activities.

Evolving customer expectations

There is continuous growing inclination in customers to patronage hotels that are environmentally and socially conscious. 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 and so on.

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 handprint Enhancing tech capabilities of the Company 	<ul style="list-style-type: none"> Continued environmental and social initiatives under the strong ESG agenda of the John Keells Group with key targets set Investments in IT capabilities leading to enhanced and speedier guest experience at room booking, check-outs, etc.

Climate change

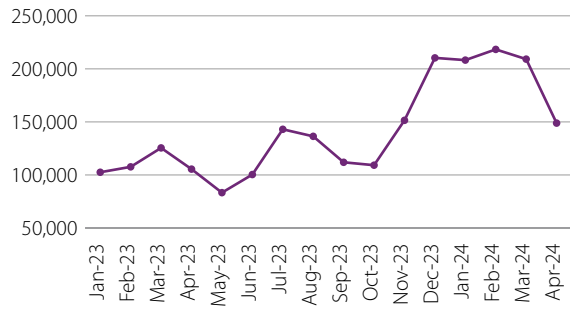
Businesses around the world are grappling with the impact of climate change in varying degrees with pronounced impact on the hotel and leisure sector. Impact could be direct, such as physical damage and closure of business from extreme and erratic weather conditions like floods, droughts, bushfires, 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	Company response
<ul style="list-style-type: none"> Increasing demand from customers for environmentally responsible products Scope in migration to clean energy and responsible waste management 	<ul style="list-style-type: none"> Continued environmental and social initiatives under the strong ESG agenda of the John Keells Group with key targets set

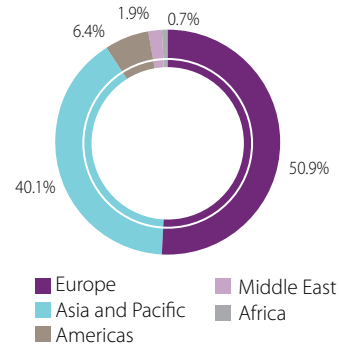
PERFORMANCE OF SRI LANKA TOURISM SECTOR

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

MONTHLY TOURIST ARRIVALS



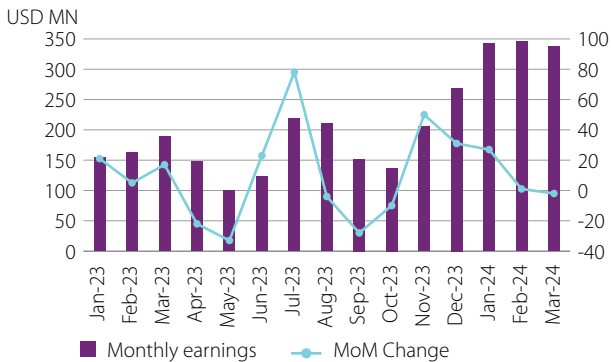
BREAKDOWN OF TOURIST ARRIVALS BY REGIONS



Total tourist arrivals

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

MONTHLY EARNINGS FROM TOURISM



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

TOP TEN KEY SOURCE MARKETS 2023

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%
Maldives	37,328	2.5%

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



OPERATING ENVIRONMENT REVIEW

Sri Lankan Tourism - 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 in to 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.1Bn to develop Sigiriya/ Dambulla and Trincomalee tourism zones
- SLTDA shares 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. Aim 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 Travel Destinations in the World to Travel



MATERIAL MATTERS

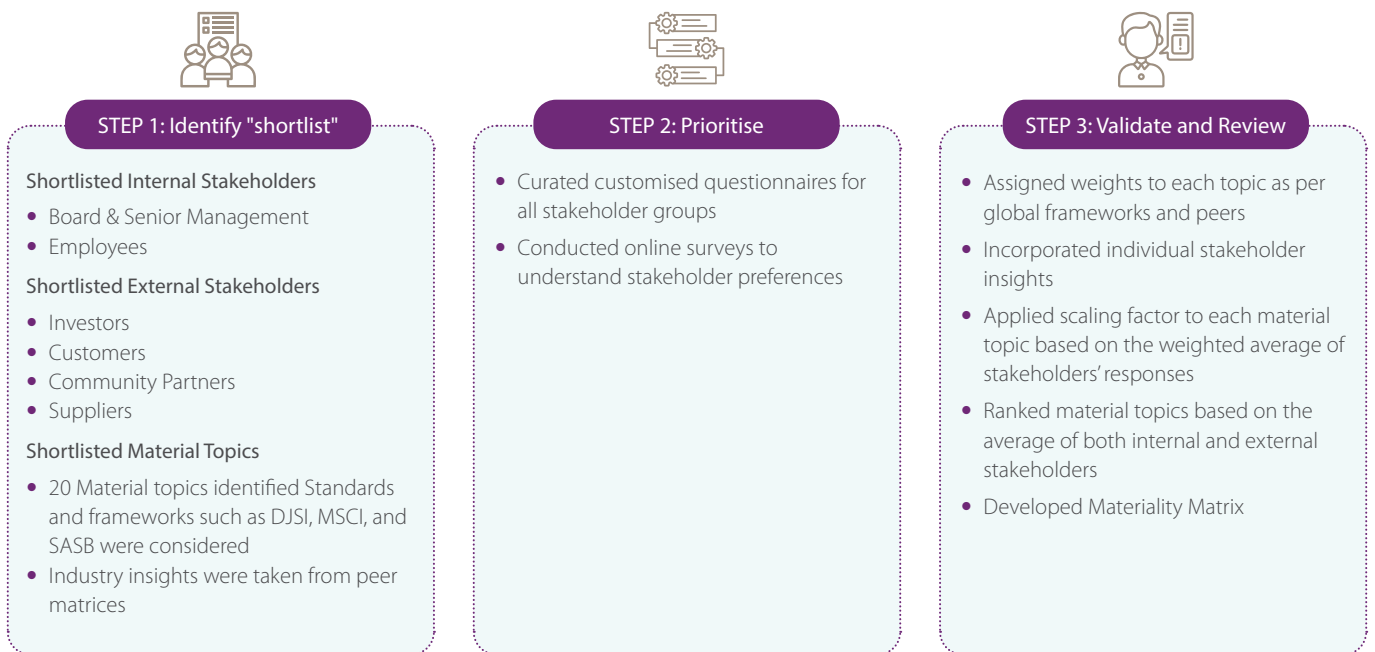
Trans Asia Hotels PLC takes in to consideration the following when determining their material matters.

Potential impact any matter could have on the Company's

- financial performance and position
- social sustainability
- ability to generate stakeholder value

Material matters are informed based on the stakeholder feedback received. The Company adopts a well structured process in gathering stakeholder insights and covers a combination of internal and external stakeholder groups viz., customers, employees, directors and senior management, regulators, suppliers and the community. ESG reporting frameworks such as SASB and GRI also guide the Company on determining material matters.

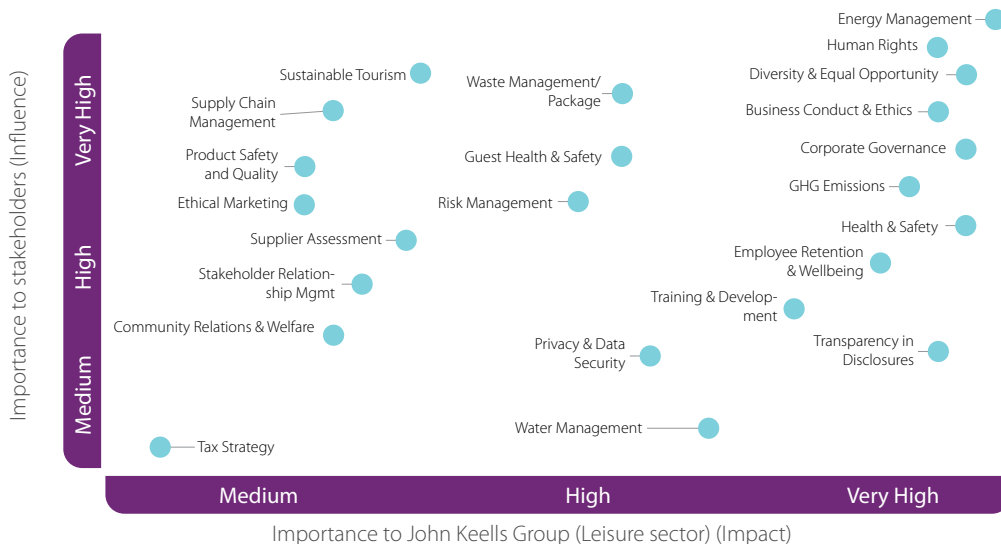
The process involved follows a three step approach as illustrated below.



Governance process

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

Materiality map



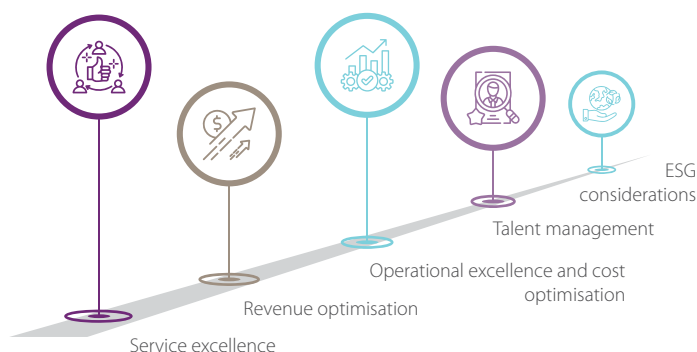
MATERIAL MATTERS

Material Topic in FY 2023/24	Impact Level	Relevant GRI Topics (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	75
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	78
Waste management Preventing waste by reducing, reusing and recycling	Very high	GRI 306: Waste	79
Human rights Ensuring that humans are treated with dignity (E.g.: no discrimination, no child labour or forced labour, freedom of association and collective bargaining)	Very high	GRI 406: Non Discrimination, SV-HL-310a.4	55
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	54
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	55
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: Labour/Management Relations, GRI 404: Training and education, SV-HL-310a.1	53
Community relations and empowerment Building strong relationships with the local community in which the company operates	Medium	GRI 413: Local Communities	202
Privacy and data security Ensuring zero leakage of customer, employee or supplier data	High	GRI 418: Customer Privacy	66
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	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	86
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	72

Material Topic in FY 2023/24	Impact Level	Relevant GRI Topics (If applicable)	Refer more information – Page
<p>Guest health and safety</p> <p>Measures and protocols are put in place to ensure the wellbeing and protection of guests who visit a particular hotel or destination.</p>	High	GRI – 416 Customer health and safety	68
<p>Risk management</p> <p>Process of identifying, assessing, and prioritising potential risks or uncertainties related to a hotel, and implementing strategies to mitigate or manage those risks effectively.</p>	High		128
<p>Supply chain management</p> <p>Coordination and integration of various functions within and across companies to ensure the smooth flow of materials and information throughout the supply chain.</p>	Medium	GRI 204: Procurement Practices	69
<p>Product safety and quality</p> <p>Materials 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.</p>	Medium	GRI 204: Procurement Practices	68
<p>Supplier assessment</p> <p>Review various aspects such as quality, reliability, sustainability, cost effectiveness, and compliance with regulations</p>	Medium	GRI 308: Supplier Environmental Assessment	69
<p>Stakeholder relationship management</p> <p>Systematic identification, analysis, and engagement of key stakeholders who are impacted by or have an interest on the organisation</p>	Medium	GRI 413: Local Communities	202
<p>Tax strategy</p> <p>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</p>	Medium	GRI 207: Tax	162

STRATEGIC FOCUS

The Company is guided by a five year strategy that outlines a path for accelerated growth through clearly defined milestones across short, medium, and long term horizons. This strategy takes a five pronged approach, providing the Company direction along five performance aspects identified as critical to the Company. Given the rapidly evolving external environment, the strategy required recalibration so as to stay relevant. The agility of the team, versatility of leadership and resilience of business model ensured strong alignment of our operations to the strategy throughout the year, thereby ensuring we achieved the intended outcomes and created sustained value generation to all stakeholders.



Service excellence

Key focus	Exceptional service extended to our customers for a delightful experience. Aims to drive positive brand image, enhanced revenue, attract more new customers, increase incidence of repeat patronage and stay ahead of competition.
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 Lakeside/ Cinnamon Hotels and Resorts. Hosted a variety of unique experiences and flagship events throughout the year featuring world renowned chefs from the best regional and global restaurants. Continuous feedback sourced from our customers and other stakeholders via multiple platforms and consideration of same in further sharpening our offerings.
KPIs	Net promoter score – 78.77% Loyalty score – 74.06% Global Review Index (GRI) score - 95.10% Occupancy rate – 56% Fair share – 15% (based on room nights) Market share – 16% (based on room nights)
Resources allocated and connectivity to capitals	Human capital – Customer service excellence related training Intellectual capital – Positive brand image
Way forward	<ul style="list-style-type: none"> Planned implementation of two key front end systems for property management and F&B, thereby enhance guest experience. Deployment of advanced data analytics and business intelligence in understanding customer requirements and demand patterns, thereby curating precise solutions. 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.

Revenue Optimisation

Key focus	Focused 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. The focus of the Company is driving greater volume at more competitive pricing.
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 building tourist confidence and stimulating inbound tourist arrivals. • Strategies to increase 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 on 1st October 2023, thereby preserving demand for MICE events/ other. • Hosted a series of innovative initiatives throughout the year to diversify sources of revenue. • Series of attractive rates and promotions offered. • Targeted branding and marketing campaigns.
KPIs	Global Review Index – 95.10% YoY growth in net revenue – 25%
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 Lakeside 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, etc., in securing more business.

Operational excellence and cost optimisation

Key focus	Streamlining 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 • Number of initiatives rolled out in reducing waste across multiple points. E.g. No Bin Day targeting staff members, special initiatives towards minimising plate waste targeting guests
KPIs	96% cost to income ratio (2023: 103%) 230% increase in operating profit
Resources allocated	<p>Financial capital – Capital and operating expenditure on process enhancements</p> <p>Intellectual capital – IT systems and processes</p> <p>Human capital – Integral in driving operational excellence</p>
Way forward	<ul style="list-style-type: none"> • Consolidation of operations for greater efficiencies • Further deployment of technology in streamlining and automating processes • Continued investment in training and development of staff on SOPs

STRATEGIC FOCUS

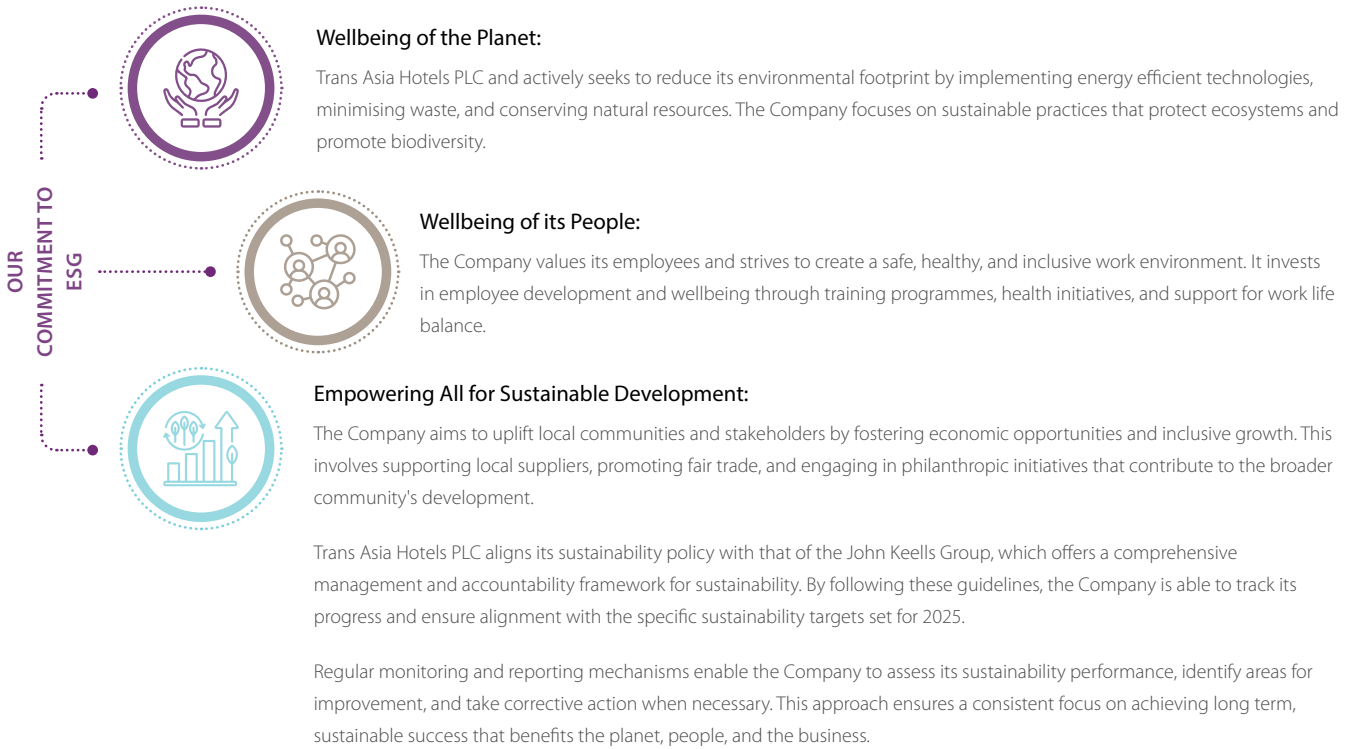
Talent management	
Key focus	Cultivating a motivated, creative, and productive team by empowering employees and nurturing a culture centered on innovation and service excellence
Strategic initiatives rolled out during the year	<ul style="list-style-type: none"> • Attractive remunerations and benefits 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 • Driving the initiative “Aloka” aimed at recruiting female employees into non traditional job roles in the hospitality industry • Initiatives conducted to enhance employee engagement such as culinary competition
KPIs	83% retention rate 75,880 training hours
Resources allocated	Financial capital Rs. 10.5 Mn invested in training and development Rs. 1,110 Mn 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 wellbeing through fair labour 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 programmes 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"> • 5.41% YoY reduction in carbon footprint per guest night • 5.81% reduction in water withdrawn (base year 2018) • 37.15% reduction in single use plastic per guest night (base year 2021/2022) <p>Social</p> <ul style="list-style-type: none"> • 485.5% volunteer hours focused on women children • 1.3% points increase in female participation in the work force • 1% points increase in female participation in leadership • 0.13% differently abled representation in the work force <p>Governance</p> <ul style="list-style-type: none"> • 1.07% suppliers assessed under the Supplier Impact Assessments carried out for all contracted suppliers in top 10 purchase categories
Resources allocated	Human capital – 1,672.5 employee volunteer hours Financial capital – Rs. 0.18 Mn in corporate social initiatives
Way forward	<ul style="list-style-type: none"> • 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 component of Trans Asia Hotels PLC’s brand ethos, underscoring our commitment to responsible and ethical practices across all aspects of our operations. Our Environmental, Social, and Governance (ESG) approach is structured around three key pillars that guide our efforts, as depicted below.

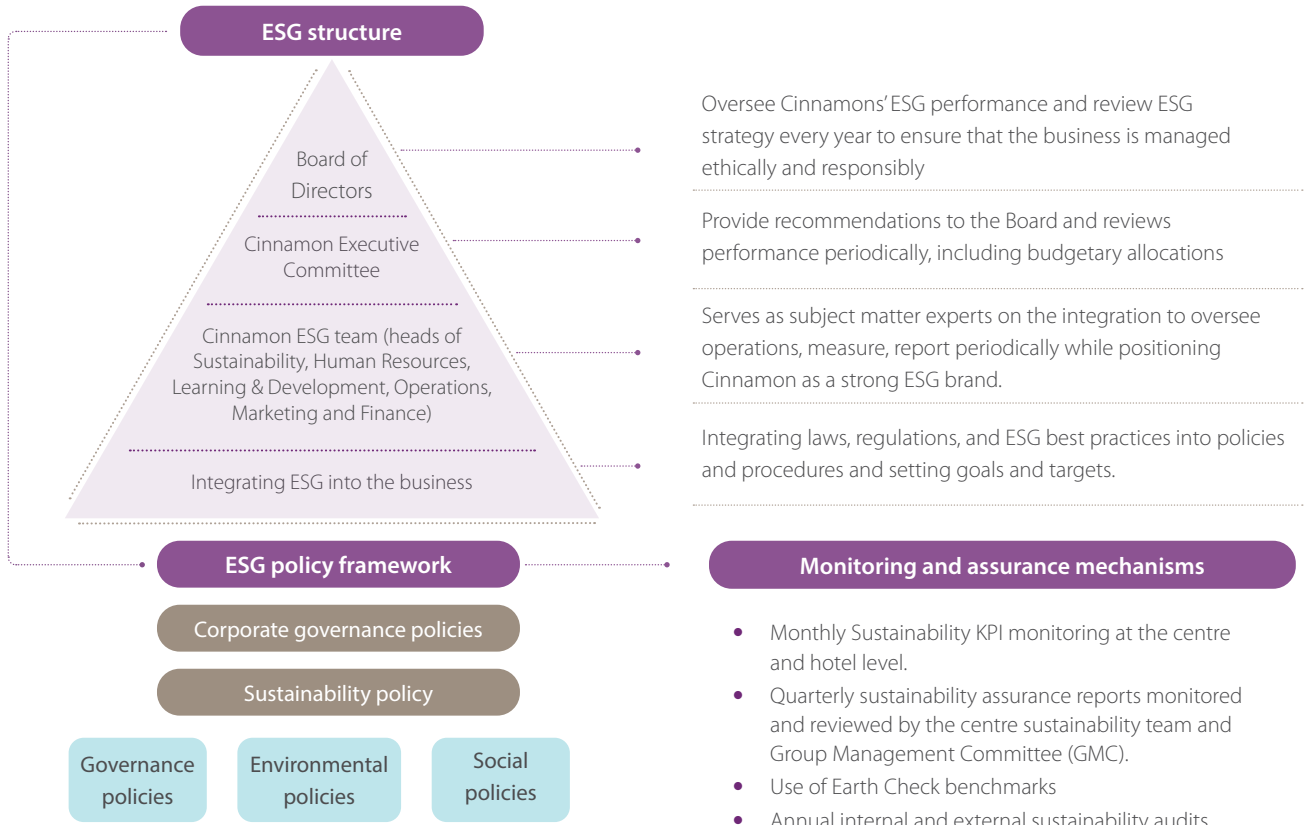


During the year, there were no instances of noncompliance with laws and regulations.

OUR ESG STRATEGY AND FRAMEWORK

Similar to all other entities of Cinnamon Hotels and Resorts, Trans Asia Hotels PLC also follows a sustainability policy which is closely aligned to that of the John Keells Group, thereby be 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 all Cinnamon Hotels and Resorts, including Trans Asia Hotels PLC are subjected to governance oversight stemming from the Board of Directors.



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 wellbeing 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
Occupational Health & Safety Policy	<ul style="list-style-type: none"> Derived based on ISO 45001:2018 requirements

TRANS ASIA HOTELS PLC – ESG SCORECARD

Environment

2025 Goals	KPI/Target	Progress	Our achievement so far
Reduce carbon footprint (Scope 1 & 2)	Reduction of 1,300 tCO ₂ e at the end of 2025	Started	Renewable and demand side energy assessments 5.41% in reduction carbon footprint per 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 24 liters per guest night (base year 2018)
50% reduction of single use, Guest facing plastic (base year 2021/2022)	50% of guest facing plastic	On track	A 37.14% of reduction in guest facing single use plastic consumption
100% of hotels are certified to a recognised (GSTC)	100% of hotels are certified to a recognised (GSTC)	Achieved	Achieved
15% of Energy requirements covered by renewable energy	15%	Variance versus target	Negative variance versus renewable energy targets
Review and establish sustainability benchmarks	Define hotel specific sustainability benchmarks	On track	Ongoing Earth Check 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. (Pasal Diriya Schools feeding Project etc.)
Increase female participation in the work force to 24%	24%	On track	Current composition of female employees - 14.3%
Increase female representation in leadership to 25%	25%	On track	Current representation of females in leadership - 19%
Improving differently able participation across the board into 1%	1%	Variance versus target	Current differently abled participation in workforce - 0.13%
7.5% of approved cadre to be filled through community youth development programmes	7.5%	On track	1.25% of our carder has been filled through youth development programmes
Plastic reduction awareness sessions for the community	80 individuals in the community per quarter	To be implemented	Planned commencement - During FY 2024/25
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 10 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) 07 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 – 18 Businesses led by PWDs – 01



MANAGEMENT
DISCUSSION AND
ANALYSIS

A DEDICATED OATH

Trans Asia Hotels PLC has taken strides towards enhancing all aspects of our operation in the year under review, and we are careful to cleverly scrutinise every action, every decision and every idea that we implement, with the wellbeing of our customers as our uncompromising goal.



FINANCIAL CAPITAL

WHAT FINANCIAL CAPITAL MEANS TO US

Our robust repository of financial capital comprising equity and debt capital ensure adequate financial resources to fund our expansion plans and smooth running of our day to day operations, thereby enhance revenue and profitability.



Key Capital Inputs



Rs. 6.4Bn

Equity capital



Rs. 1.3Bn

Debt capital



117%

Growth in PBT



56%

Occupancy

Value Delivered

Rs. 31.81

Net assets value per share

Rs. 0.87

Earnings per Share

Connectivity to Other Capitals



Manufactured capital



Capital investments and recurring expenditure on enhancing the upkeep of property



Human Capital



Employee remuneration and benefits



Continued investment in training enhancing quality of human capital



Intellectual Capital



Operational and process excellence contributing towards enhancing profitability through cost controls



Social and Relationship Capital



Support extended to needy segments of the society



Natural Capital



Increased business volumes leading to greater resources consumption and emissions, effluent and waste



Investments made on environment preservation initiatives

Contribution to SDGs



Revenue Optimisation



Service Excellence



Operational excellence and cost optimisation

Link to our strategy

The financial year comprised both challenges and opportunities of varying degrees, which Trans Asia Hotels PLC navigated and capitalised on efficiently. Resultantly, the Company was able to post impressive financial results furthering its commitment to enhancing shareholder value.

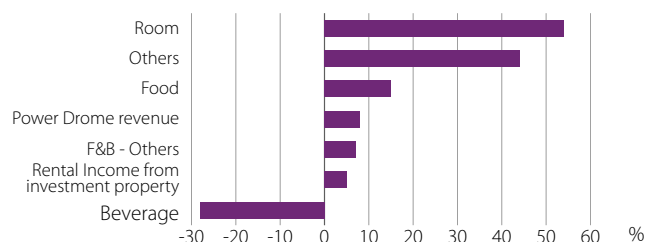
REVENUE, COSTS AND PROFITABILITY

For the year ended Rs.Mn	2024	2023	YoY change
Revenue from contracts with customers	4,462	3,569	25%
Cost of sales	(2,434)	(2,123)	15%
Gross profit	2,027	1,446	40%
Other operating income	10	1	911%
Administrative expenses	(1,003)	(807)	24%
Sales and marketing expenses	(217)	(144)	51%
Other operating expenses	(514)	(404)	27%
Results from operating activities	304	92	230%
Finance income	19	4	387%
Finance Cost	(183)	(202)	-9%
Net finance Cost	(165)	(199)	-17%
Change in fair value of investment property	95	214	-56%
Profit before tax	234	108	117%
Income tax expense	(61)	(205)	-70%
Profit /(Loss) for the year	173	(97)	-278%

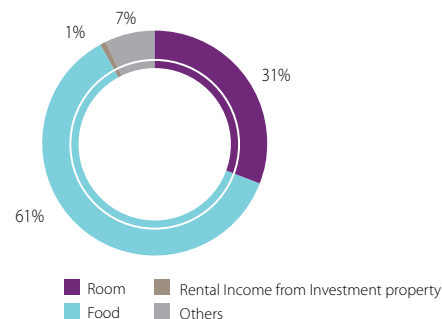
REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers recorded a notable increase of 25% in 2024 over 2023 (YoY) to Rs. 4,462 Mn, benefiting from the uptick in the tourism sector in Sri Lanka. With guest arrivals surpassing the 1.4 Mn mark for the twelve months ended 31st December 2023, which was a YoY growth of 107% over 2022, and the trend continuing well into 2024, hotels and leisure as a sector reported exceptional growth in revenue from tourism. The recovery of the local market after the economic crisis also significantly contributed to this growth. The Company deployed several initiatives to increase the capture rate of the large influx of tourists to Colombo and incentivised their patronage at Cinnamon Lakeside. All revenue sub categories, except for Rental Income from investment property, posted growth, with revenue from rooms showing the highest YoY growth of 54%. This increase was due to both increased room occupancy to 56% compared to 39% last year and higher rates where average dollar rate increased from USD 51 to USD 61. The composition of revenue also remained healthy, affirming the dynamism and resilience of the revenue portfolio, with food and room revenue leading the way.

YOY GROWTH IN REVENUE CATEGORIES



REVENUE COMPOSITION FY 2023/24



Cost of sales

Cost of sales increased in tandem but at a slower pace of 15% to Rs. 2,434 Mn despite the high price levels of key input items of our business operations which continued through the year. This increase was primarily due to salary increments and the year on year rise in business activities. This financial year presented challenges such as price fluctuations and material scarcity. However, the management's strong supply chain strategies and effective cost control mechanisms helped maintain costs at a desired level.

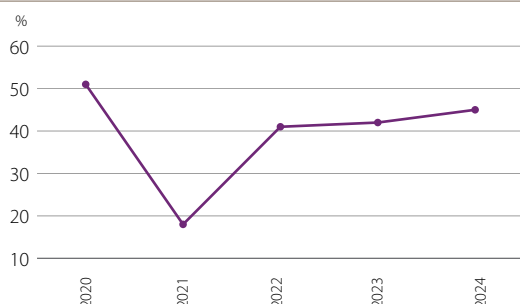
Gross profit

Gross profit increased by an impressive 40% to Rs. 2 Bn. The resultant gross profit margin was 45%, a steady growth since 2021. The improvement in gross profit margins was fuelled by strategic price revisions, a surge in room revenue, and a strong rebound in F&B revenue following the economic crisis. Additionally, cost management strategies and meticulous efficiency enhancements by the management played a pivotal role in sustaining gross profit level.



FINANCIAL CAPITAL

GROSS PROFIT MARGIN OVER FIVE YEARS



Operating expenses

Key operating expense categories of Distribution expenses and Administration expenses both recorded YoY increases, understandably in line with volume growth of business as well as price level increases. Other operating expenses increased by 27%, and this expense category is inclusive of Heat, light and power expenses which were subjected to steep increases over the years. Strong cost discipline across the Company operations and conscious effort to link expenses to meaningful results enabled the Company to achieve a profit from operating activities of Rs. 304 Mn, a notable growth of 230% YoY.

Net finance cost

During the year, finance income increased by an impressive 387% mainly driven by Exchange gain on Interest bearing loans and borrowings. The interest expense decreased by Rs. 19 Mn YoY, despite an increase in short term interest bearing borrowings. Reduction of the bank overdraft balance YoY and the downward trajectory of market interest rates contributed towards this decrease. As a result, the net finance cost recorded a reduction of 17% YoY.

Profitability

Resultantly, the Company posted a pre tax profitability of Rs. 234 Mn, an impressive 117% increase compared to corresponding period, whilst post tax profitability was Rs. 173 Mn, an encouraging turnaround from the loss territory of the prior year. This profitability includes a fair value gain on Investment Property amounting to Rs. 95 million, compared to Rs. 214 million last year. The taxation for the year was Rs. 61 Mn resulting in an effective tax rate of 26%.

EBITDA

EBITDA for the financial year reached Rs. 637 Mn compared to Rs. 494 Mn of 2023, a YoY increase of 36%. 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.

Balance sheet performance

Assets

Rs.Mn	2024	2023	YoY change
Total Assets	9,496	8,657	10%
Non current assets	8,544	7,941	8%
Property, plant and equipment	4,586	4,065	13%
Investment property	3,242	3,147	3%
Other non current assets	716	729	-2%
Current assets	952	716	33%
Inventories	120	150	-20%
Trade and other receivables	633	325	95%
Other current assets	199	240	-17%

Total assets of the Company posted a 10% year on year growth closing in at Rs. 9,496 Mn. Property, plant and equipment and investment property continued to comprise the larger part of total assets, collectively accounting for 82% of assets. Within non current assets property, plant and equipment grew by 13% YoY to Rs. 4,586 Mn. All sub categories under property, plant and equipment increased except for motor vehicles, due to new additions and the annual property valuation. New additions during the financial year amounted to Rs. 339 Mn and gain from property valuation amounted to Rs. 391 Mn.

Current assets also grew by 33% with inventory and receivables maintained at healthy levels as denoted in following efficiency ratios.

Times	2024	2023
Current ratio	0.44	0.38
Quick asset ratio	0.38	0.30

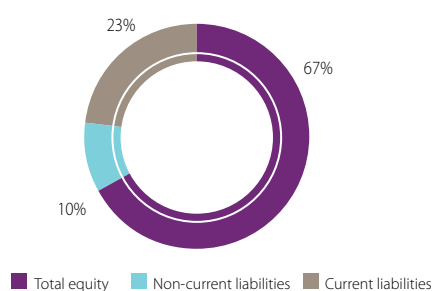
Balance Sheet funding

Rs.Mn	2024	2023	YoY change
Total Equity	6,362	5,942	7%
Stated capital	1,113	1,113	0%
Revenue reserves	3,343	3,174	5%
Other components of equity	1,906	1,656	15%
Non current liabilities	961	854	12%
Interest bearing loans and borrowings	-	121	-100%
Employees benefits	189	127	49%
Deferred tax liabilities	772	606	27%
Current liabilities	2,173	1,860	17%
Trade and other payables	569	515	11%
Other current liabilities	148	239	-38%
Amounts due to related parties	104	60	73%
Current tax liabilities	26	21	19%
Interest bearing loans and borrowings	455	93	391%
Bank overdrafts	871	933	-7%

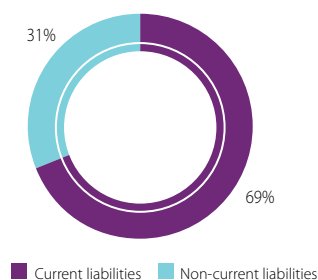
The Company continued to be well capitalised with 67% of the funding coming from equity capital. Total equity reached Rs. 6,362 Mn by the end of the year with a 7% YoY growth. Total liabilities increased by 15% to Rs. 3,134 Mn.

The increase in Interest bearing loans and borrowings is a result of obtaining new short term borrowing during the year for working capital management and the settlement of other interest bearing borrowings falling due within the next financial year.

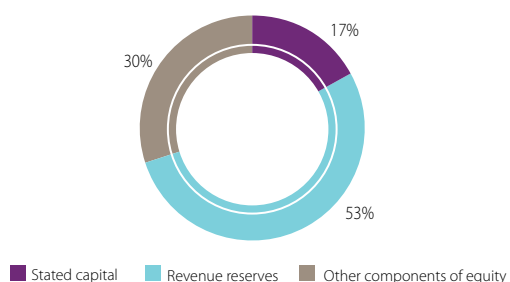
COMPOSITION OF BALANCE SHEET FUNDING



MATURITY COMPOSITION OF LIABILITIES



TOTAL EQUITY COMPOSITION



Economic Value Added Statement

For the year ended Rs.'000'	2024	2023
Net Revenue	4,981,276	3,847,194
Adjustment for change in Fair Value of Investment Property	95,055	214,301
Adjustment for finance income	18,526	3,802
Adjustment for other income	9,900	979
Less : Cost of materials & Services purchased from external sources	(2,681,376)	(2,464,291)
Value Added	2,423,380	1,601,985
Distributed as follows		
To Employees as Remuneration	1,110,964	928,633
To the Government as taxes	683,398	389,138
To the providers of capital	183,438	202,387
To Community investments	181	3,209
Retained within the company		
As depreciation	211,424	176,115
As Reserves	233,976	(97,497)





MANUFACTURED CAPITAL

WHAT MANUFACTURED CAPITAL MEANS TO US

Our iconic hotel property situated in a prime location in Sri Lanka's capital Colombo, with a scenic view of the Beira Lake is a key input of our value creation process. The property's grandeur and amenities, together with five star service offerings enhanced by other manufactured capital elements such as state of the art equipment, machinery, IT systems, etc., enable us to attract discerning guests and remain competitive.



Key Capital Inputs



Rs. 4,586Mn

Property, Plant and Equipment



Rs. 1.6Mn

Digital Infrastructure

Value Delivered



95.10%

Global Review Index

78.77%

Net Promoter Score



56%

Occupancy

Connectivity to Other Capitals



Financial Capital



Propels revenue



Capital and operation expenses in upgrades, maintenance and upkeep



Human Capital



Employment opportunities created in one of the most sought after professional sectors



Intellectual Capital



Enhances our brand image



Social and Relationship Capital



Enhances our guest experiences



Natural Capital



Contribution to biodiversity conservation



Energy and water consumption, emissions, effluent and waste

Link to our strategy

Contribution to SDGs



Revenue optimisation



Service Excellence



Operational excellence and cost optimisation

CINNAMON LAKESIDE



What We Offer

- Prime location at 115, Sir Chittampalam A. Gardiner Mawatha, Colombo 2 in close proximity to key travel attractions in Colombo city limits
- Scenic view of the Beira lake
- **346** room inventory - Superior **190**, Premium **108**, Executive **29**, Suites **18** and **01** Presidential Suite.
- The Kings Court – Main Banquet Hall with seating capacity of **400**
- A range of other banquet halls
 - Earl's Court, Dukes Court 1, Dukes Court 2, Duchess Suite, Baroness Suite, Empress Suite, Countess Court and Goodies Meeting Room with varying seating capacities and amenities, for customers to choose from to suit their unique occasion.
- The Dining Room – Main restaurant offering international cuisine
- 07 Thematic restaurants and Bars complete with amenities offering unique thematic experience including:
 - Royal Thai : Authentic Thai culinary experience
 - Long Feng : Authentic Chinese restaurant
 - Colombar : Most Happening outdoor Bar with true Sri Lankan Essence.
 - Library : Exclusive members and Inhouse guest only private dining space.
 - Goodies : Signature cake & coffee shop offering delightful savouries, coffee, and cakes for any special occasions.
 - Pool & Bistro : Situated alongside the swimming pool offering a wide array of gourmet Italian cuisine.
- 8 Degrees
 - An open show kitchen with action stations, two floors, elegant white interiors and a venue that floats out onto the lake, 8 Degrees on the Lake is an extraordinary place to host events of any type.
- Waterside
 - An outdoor venue with manicured gardens, a tranquil lake, and a tropical breeze suitable for weddings. An artificial waterfall can be arranged to add glamour with capability to be extended indoors if necessary, or marquee tents set up if the weather demands.
- Pool Terrace
 - A relaxed, refined space for any social event such as evening high teas, weddings, poruwa or church ceremonies and pre dinner cocktails.
- State of the art fully equipped gymnasium, Tennis Court, Squash Court and Yoga Space.
- Swimming pool
- Laundry facility
- Shopping arcade

MANUFACTURED CAPITAL



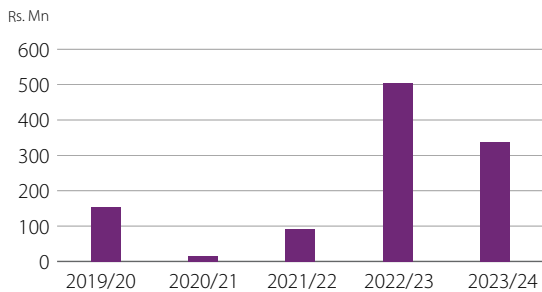
Capital Expenditure

As Sri Lanka is emerging from the economic crisis and the tourism sector is demonstrating rapid recovery with tourist arrivals setting new record every month, we have placed strategic importance on capital expenditures to improve our premises and other key infrastructure, in directly enhancing the value we offer our guests and remaining competitive.

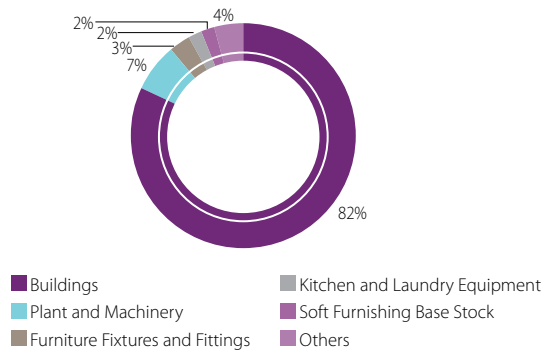
Initiatives conducted during the year are as follows.

- Earls Court Renovation
- Colombar Decking with new wood flooring and safety structure
- Boat yard construction for water sports
- Food Store , Receiving, Plant room area renovation
- Long Feng Restaurant Renovation
- Renovation of Pool & Bistro

ADDITIONS TO PPE



COMPOSITION OF PPE



Enhancing our customer experience

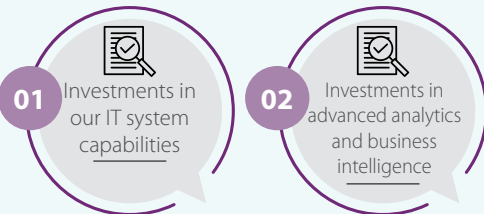
QR codes were placed at main customer interaction points across our premises and guest rooms allowing them to share their feedback on social media platforms and online travel sites such as Booking.com.

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
- First-aid trainings
- Chemical handling trainings
- BCP trainings
- Accident/incident prevention trainings
- Workplace hazards awareness
- Mental health and wellbeing
- Near miss identification and reporting process
- Emergency preparedness trainings



Way forward on our digital infrastructure



The Company has planned a major overhaul in its IT and digital infrastructure as a part of its transformative journey towards a digi savvy organisation, commencing the financial year 2024/ 25.

Salient features are as follows.

Investments in IT system capabilities

A Cloud based property management system and a Food and beverages system will be installed, delivered by world renowned IT solutions partners which will enable following enhanced capabilities.

- Speedier reservations, checkins, checkouts and bill finalisations at restaurants
- Consolidated view of our guest behaviours which will be used in curating customised experiences
- Efficient planning of related stocks
- Seamless integration with other systems

Investments in advanced analytics and business intelligence

The Company will expand in to advanced analytics and business intelligence with resource contribution of OCTAVE – Data and Advanced Analytics Division of the John Keells Group.



HUMAN CAPITAL

WHAT NATURAL CAPITAL MEANS TO US

The Company employs a set of highly skilled, knowledge based staff members who have enabled exceptional service and reputation of Cinnamon Lakeside.



Key Capital Inputs



721
employees
14.3%
female employees

Impact



Rewarding and empowering career opportunities

Value Delivered



140
average training hours

91
promotions and job upgrades

Rs.10.5Mn
invested for training and development.

Connectivity to Other Capitals



Financial Capital



Drives business growth and incremental revenue

- Payments made to employees.
- Investments in training and development



Intellectual Capital



Sharpens the Company's organisational capital and tacit knowledge.



Social and Relationship Capital



Delivers excellent customer service.



Enables enhanced relationships with other stakeholders.



Contributes to corporate sustainability initiatives through employee volunteerism.



Natural Capital



Contributes to the Company's environmental initiatives.



Resource depletion through usage

Link to our strategy



Talent management



Service excellence

Contribution to SDGs



MANAGEMENT APPROACH

The Company's management of human capital is supported by a complete set of HR policies and procedures aligned with John Keells group standard and industry best practices. These guidelines promote inclusive employment in an environment that values dignity, mutual respect, and employee wellbeing. All employees must adhere to the HR policies that outline the professional and ethical standards expected of them.

A robust HR governance structure is a central aspect of human resource management, providing additional support for the implementation and oversight of our HR policies and practices. This strong governance framework ensures effective management of our workforce and reinforces our commitment to fair and ethical treatment of employees.

HR policy framework

- 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
- Employees' 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

The Whistleblowing Policy

The Whistleblowing Policy serves as a vital framework for upholding ethical standards and protecting colleagues who report unauthorised or unethical behaviour within the organisation. 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 organisation'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.

Employees by contract and gender

Type of Contract	Female	Male	Grand Total
Expat Fixed Term Contract	0	3	3
Fixed Term Contract	51	202	253
Permanent	20	343	363
Trainee Contract	32	70	102
Grand Total	103	618	721

Employees by Staff Category & Gender

Type of Contract	Female	Male	Grand Total
Executive	12	85	97
Non executive	57	432	489
Senior Management & above	2	31	33
Trainee	32	70	102
Grand Total	103	618	721

Employees by age & Gender

Type of Contract	Female	Male	Grand Total
18 - 30 Years	66	239	305
31 - 55 Years	37	350	387
55 years above	0	29	29
Grand Total	103	618	721

Employees by Staff Category & Age

Type of Contract	18 - 30 Years	31 - 55 Years	55 years above	Grand Total
Executive	13	77	7	97
Non executive	189	281	19	489
Senior Management & above	2	28	3	33
Trainee	101	1	0	102
Grand Total	305	387	29	721

HUMAN CAPITAL

Employees by Region/ Contract

Region	Expat Fixed Term Contract	Fixed Term Contract	Permanent	Trainee Contract	Grand Total
Central	0	19	23	4	46
Eastern	0	3	0	0	3
Expat	3	0	1	0	4
North Central	0	4	2	6	12
North Western	0	11	11	10	32
Northern	0	1	0	0	1
Sabaragamuwa	0	8	11	7	26
Southern	0	22	18	4	44
Uva	0	5	7	4	16
Western	0	180	290	67	537
Grand Total	3	253	363	102	721

Recruitments by Region

Region	Count
Central	11
Expat	2
North Central	2
North Western	8
Sabaragamuwa	4
Southern	12
Uva	1
Western	107
Grand Total	147

Recruitments by Gender

Gender	Count
Female	24
Male	123
Grand Total	147

Recruitment by Age

Age Category	Count
Between 30 - 55 years	42
Over 55 years	2
Under 30 Years	103
Grand Total	147

Turnover by Region

Region	Count
Central	6
Expat	2
North Western	5
Sabaragamuwa	3
Southern	11
Uva	4
Western	98
Grand Total	129

Staff movements



Turnover by Gender

Gender	Count
Female	21
Male	108
Grand Total	129

Turnover by Age

Age Category	Count
30 - 55 Years	62
Over 55 Years	6
Under 30 Years	61
Grand Total	129

Remuneration, recognition and rewards

Total payments to
employees during
the year

Rs. 1,110Mn

We attract skilled individuals by offering transparent, unbiased, and consistent remuneration and reward schemes aligned with industry best practices. Permanent employees receive a base salary with a variable pay component tied to performance, as well as guaranteed fixed

pay. Alongside base compensation, we offer a range of statutory and other benefits to retain and motivate our employees.

Benefits provided 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
- Meals whilst on duty
- Annual medical tests
- Birthday cake provided in celebration of employee birthday.

Performance management

Trans Asia Hotels PLC cultivates a performance based culture by conducting annual performance appraisals for all eligible employees. These appraisals are rooted in predetermined key performance indicators (KPIs) to evaluate employee achievements objectively.

Employees who meet or exceed targets are recognised and rewarded without bias, enhancing employee morale and motivation. This approach encourages high performance and promotes a sense of fairness and equality within the workplace.

Performance appraisals play a vital role in employee development by providing a structured framework for constructive feedback and career discussions. These appraisals facilitate dialogue between employees and management, allowing for a comprehensive review of individual contributions and potential areas for growth.

Through these evaluations, employees and supervisors can collaboratively identify training needs and opportunities for skill development. This ongoing process supports employees in reaching their full potential and advancing their careers within the company.

Additionally, performance appraisals offer employees the chance to express their career aspirations and goals. By aligning individual objectives with organisational needs, the Company creates clear paths for advancement and promote a culture of continuous improvement.

Percentage of Staff Receiving Regular Performance Appraisals

	Male	Female
Senior Management	100%	100%
Management	100%	100%
Executive	100%	100%
Non executive	100%	100%

Training and development

Providing opportunities for continuous learning and development is a fundamental aspect of our HR strategy. We prioritise a competency based learning approach to upskill our talent pool and equip employees with the necessary technical, digital, and soft skills to drive organisational success.

To implement this strategy, we conducted role based competency mapping for all critical business functions. This process involved assessing the specific skills and knowledge required for each role, allowing us to tailor training programmes that address the precise needs of our employees.

By mapping competencies across various roles, we identified skill gaps and development areas, enabling us to design targeted training initiatives that are directly aligned with our business objectives. These customised programmes support employees in gaining expertise and mastering the skills essential for their positions.

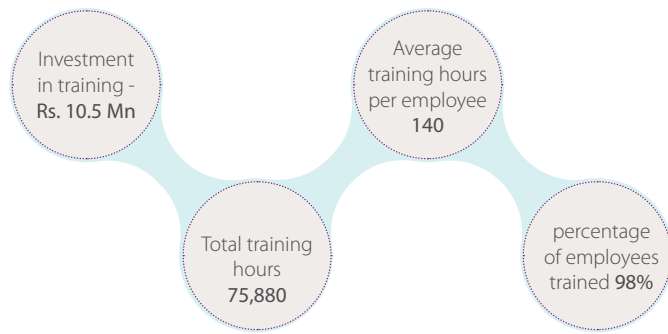
In addition to formal training sessions, our learning and development opportunities may include workshops, seminars, online courses, and on the job training. This diverse range of offerings ensures that employees have access to continuous growth opportunities throughout their careers.

Our focus on continuous learning and development not only enhances individual performance but also contributes to the overall success of the organisation. By nurturing a skilled and adaptable workforce, we can achieve higher levels of productivity, innovation, and competitiveness.

HUMAN CAPITAL

Investments in training and development

Investment in employee development fosters a culture of lifelong learning, engagement, and job satisfaction.



Average Training Hours per Category	
Executive staff and above	22,223
Non executive Staff	53,657

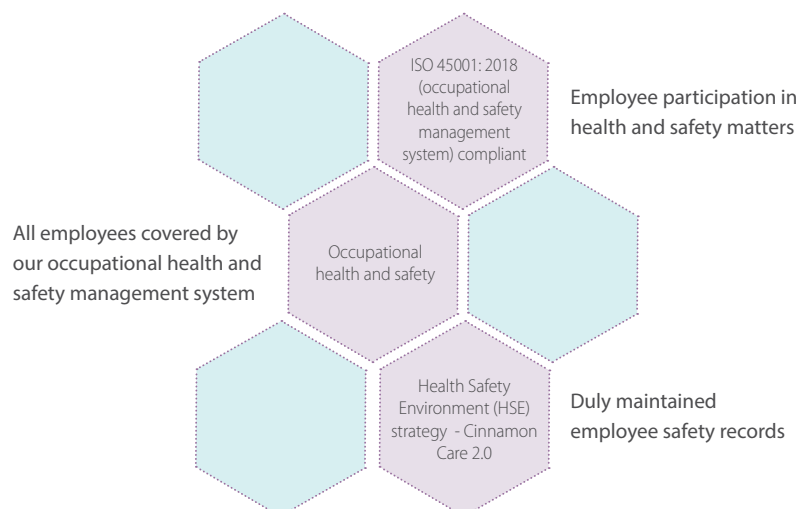
Employee health and wellbeing

We ensure holistic wellbeing of our employees by supporting their physical, mental, emotional, and social wellness which are key priorities in our HR agenda. Initiatives in place are as follows.

- Financial wellbeing - 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 employees and annual medical checks.
- Mental wellness - Continued focus on mental wellness of employees. "It's Okay not to be Okay" wellness initiative in action across the Company.
- Occupational health and safety

Training topics

Training topics/ Type of training	Number of training hours	% of training hours
Review Pro Training	60	0.07
Orators club	90	0.11
Why Diversity matters	240	0.36
Customer Care Programme	960	1.26
Grooming Programme	360	0.47
General First Aid	4,200	5.53
Compliance Standards	90	0.11
General BCP Awareness	60	0.78
Consequence Matrix	90	0.11
Empowerment Matrix Training	780	1.02
Workplace Hazards	120	0.15
Food Allergen Awareness	1,410	1.85
General Fire Training	90	0.11
TAP Leadership Programme	960	1.26
Orators Club	1,260	1.66
Action Station Chefs Customer Care training	180	0.23
Breast Cancer Awareness	180	0.07
Health & Safety and Sustainability	60	0.79
Cinnamon Care	120	0.15
Train The Trainer Programme	3,060	4.03
Empower Her training Programme	1,440	1.89
Chemical Handling Training	270	0.35
Housekeeping		
Cinnamantra	1,350	1.77
Middle Management Development plan	2,880	3.79
Operation control procedure	120	0.15
Inspiring Young Mind	90	11.00
Induction Program	25,680	33.48
Emergency Preparedness and Response	60	0.07
Cinnamon Online Academy	29,620	39.04
Total	75,880	100.00



Employee safety record 2023/24

Workplace related accidents and incidents	06
Workplace related fatalities	00
No. of lost workdays due to workplace related injuries	48

Employee engagement

Employee engagement activities play a major role in creating a sense of belonging and directly contributing to our employees' emotional wellbeing. By offering opportunities for employees across the entire Cinnamon Hotels network to interact informally, we create a supportive work environment where employees feel connected to one another and the Company.

- New Year celebrations
- Indoor Games
- Poson Bhakthi Geetha
- Mother's Day celebrations
- Father's Day celebrations
- Cricket Carnival
- Breast Cancer Awareness
- Valentine's day Celebration
- International Mens-day Celebrations
- Special Christmas Dinner
- Women's Day celebrations

Handling 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 of 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.

Protecting human rights

We are dedicated to ensuring compliance with local and international labour regulations in both our operations and supplier activities. Our governance framework and work practices maintain a zero tolerance policy for sexual harassment, child labour, and forced labour, with stringent policies safeguarding human rights. Ongoing training programmes raise awareness about fair work practices and human rights. Moreover, we uphold an open door policy, encouraging transparent communication and fostering a culture of trust and respect among

our team members. Additionally, our whistle blowing policy provides a safe and confidential avenue for colleagues to report any concerns or violations they may encounter, ensuring accountability and upholding our commitment to ethical practices. We prioritise the wellbeing and rights of our colleagues, promoting a workplace environment built 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

Inclusivity and compassion are core values we aim to instill in all employees by nurturing a culture that appreciates and celebrates diversity. We actively combat workplace discrimination based on ethnicity, gender identity, sexual orientation, age, or ability. Additionally, we work to challenge ingrained biases and discrimination against women, fostering a level playing field and empowering women.

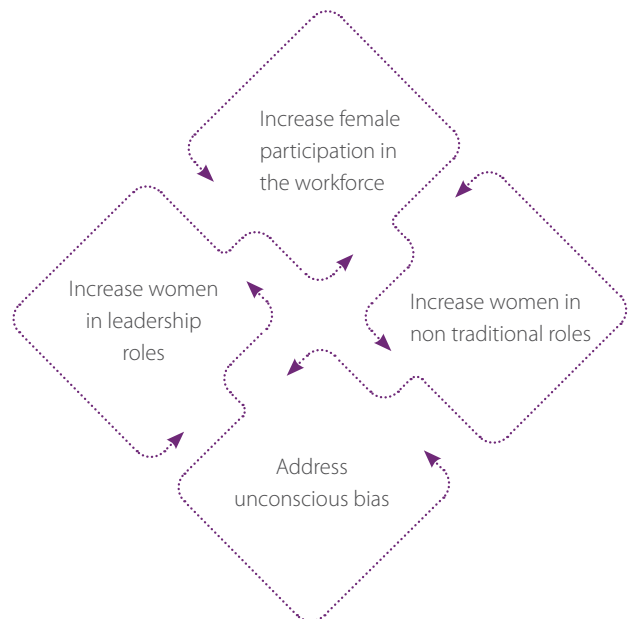
We continuously implement practices that support and encourage more women to join and stay in the workforce, and we also strive to create more opportunities for people with disabilities to succeed in the workplace. We are pleased to report that there were no incidents of discrimination reported during the year.

GENDER PARITY

Our gender parity journey



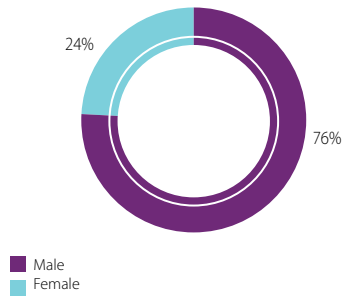
Our gender parity goals



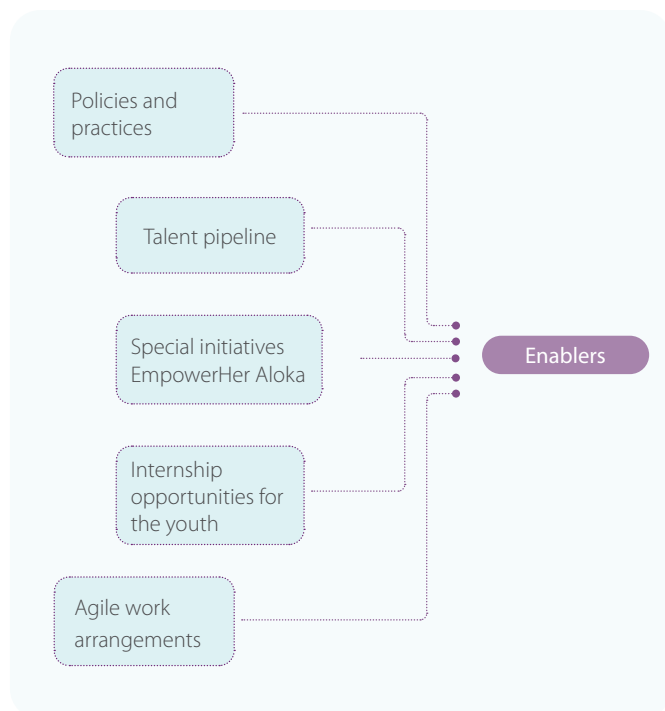
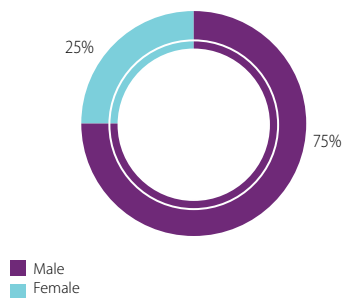
HUMAN CAPITAL

Our gender parity targets

FEMALE PARTICIPATION IN THE WORKFORCE BY 2025



WOMEN IN LEADERSHIP POSITIONS BY 2025

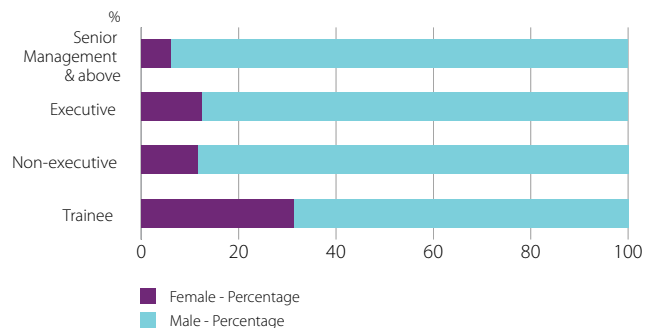


Gender parity indication results

Driving gender parity – Fresh initiatives rolled out during the year

- 100 days parental leave for both male and female employees
- One JKH logo displayed on recruitment advertisements symbolising our non discriminatory recruitment policy.
- Women recruited for non traditional roles, example kitchen stewarding, garden, banquet operations

GENDER REPRESENTATION BY GRADE



Parental Leave	Male	Female
Employees entitled to parental leave	236	103
Employees that took parental leave	11	0
Number of employees that returned to work in the reporting period after parental leave ended	7	0
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	7	0

Average Training Hours per Gender	Male	Female
Male	117	
Female		456

Our flagship initiative – Aloka by Cinnamon



Empowering women, creating opportunities:

Over the past decades, the hospitality and tourism sector has become a major driver of employment in Sri Lanka. Female workers represent a significant proportion of this growth, yet they face varied challenges that hinder their career prospects. We acknowledge the ongoing challenges they face owing to stigmas and misperceptions about the sector. Aloka is dedicated to tackling these challenges spear headed by Cinnamon Hotel Management Limited. It is designed to take a personal approach by visiting local communities to demonstrate our commitment to build trust and positively empower women to sustain and advance their career in the hospitality and tourism industry.

What we offer:

- Quality vocational training accredited and recognised by National Apprentice and Industrial Training Authority (NAITA), spanning essential life skills to industry specific competencies
- High focus on life skills, empowering young women entering the Hospitality & Tourism industry, particularly from marginalised backgrounds, to thrive in the industry
- Vocational skills input coupled with a complete package of support that includes job placement, meals, uniforms, and female friendly accommodations like locker and dormitory spaces

Our aim:

Equip participating females with the know how to recognise and pursue promising career opportunities and heighten their self assurance as they navigate these pathways

Our belief: Comprehensive, cooperative action to advance gender equality, economic self sufficiency, and overall wellbeing of young women in the industry

Launch date: 10th July 2023

Impact created: 08 female employees benefited

A heart felt testimony

"As the eldest sister, I'm delighted that I've been able to financially contribute to my family, significantly supporting my mother. Cinnamon has graced me with a respectable earning, providing me with necessities such as food and consider it a blessing that I can also support the educational pursuits of my younger sisters with this money. It fills me with immeasurable pride and joy to share my family responsibilities at the age of 21. I cannot express my gratitude enough to Cinnamon Lakeside for this life changing opportunity. My professional development would not have been possible without their guidance and the opportunities they have provided me with. I look forward to contributing even more to the organisation with an optimistic mindset, using every chance to give back as they have given me."

Madhushika Kumari
Housekeeping Trainee

Employees' right to unionise

We maintain the right to freedom of association and collective bargaining. 34% of our employees from TransAsia hotels PLC belong to a trade union covered by a Memorandum of Understanding (MoU). We continue to conduct an ongoing dialogue with trade unions.

We ensure a minimum notice period of one month before any significant operational change.





INTELLECTUAL CAPITAL

WHAT INTELLECTUAL CAPITAL MEANS TO US

The repository of our intellectual capital includes the strength of our brand – Cinnamon Lakeside, organisational tacit knowledge, systems and processes and our innate capacity to innovate unique guest experiences, among other factors. These collectively have been a core differentiator for the Company, enabling it to distinguish itself from competitors



Key Capital Inputs

- Cinnamon brand
- Presence and acceptance across social media platforms and online travel sites
- Organisational tacit knowledge
- Organisational structure, with the holding of John Keells Holdings PLC
- Systems and processes

Value Delivered

- Continually high rankings in online travel sites
- Unique and innovative experiences curated for both individual guests and large scale MICE events as per international standards
- ISO certified processes

Connectivity to Other Capitals



Financial Capital



Brand strength driving business growth and revenue



Investments in brand visibility initiatives



Human Capital



A conducive and empowering organisational culture fostering human capital development



Social and Relationship Capital



Enabling innovative customer experiences leading to greater customer satisfaction levels



Natural Capital



Leaner processes aligned to international best practices leading to resource efficiencies

Link to our strategy

Contribution to SDGs



Service excellence



Revenue optimisation



Operational excellence and cost optimisation



Talent management



BRAND STRENGTH



Cinnamon Lakeside enjoys loyalty, patronage and respect of a wide array of guests both local and international. The brand is distinguished among numerous other city hotel brands for the unique fusion of experiences it offers and warm and intuitive hospitality.

Brand building initiatives

A number of initiatives were conducted during the year in taking the Cinnamon Lakeside brand to our clientele. The uniqueness of such initiatives was enhanced by both events traditional to Sri Lanka and those that feature globally renowned chefs and international cuisine.

Additionally, we were the preferred hospitality partner for several high-profile events in Colombo, enhancing our brand visibility and solidifying our position as a premier hospitality provider in the city. This partnership not only elevated our brand but also allowed us to showcase our exceptional service and facilities to a broader audience. Through these events, we continue to strengthen our relationships with clients and industry peers, affirming our status as a leader in the hospitality sector.



Certain such events were conducted in collaboration with Cinnamon Grand, thereby leveraging the strength offered by Cinnamon Colombo hotels of the John Keells Group.

Celebrity chef feature Steaks and Sails, featuring celebrity chef Azam Riyard

Chef Director of The Clubhouse in the UK, renowned for mastering 'dry aging' of steaks crafted a diverse menu for a truly remarkable dining experience to our guests at Cinnamon Lakeside's restaurant 8 Degrees North, with a focus on top-quality ingredients, including dry-aged steaks.

Thematic events Mindful Solutions with Mo Gawdat

Cinnamon Lakeside hosted Mo Gawdat a global icon on the realm of Artificial Intelligence (AI), and author of "Scary Smart: The Future of Artificial Intelligence and How You Can Save Our World." His discussion centered on the prevention of AI becoming a narrow, obnoxious caricature of humanity by ensuring that we imbue it with the best of ourselves, with the event seeing attendance by tech entrepreneurs, businessmen, digital strategists, and others interested in AI from Sri Lanka and across the globe.

Motor Surf Continental Cup Asia

Cinnamon Lakeside opened its newly constructed jetty at the Beira Lake to spectators at the Motor Surf Asia Championship held in partnership with the Lanka Powerboat Association held in November 2023.

Colombo Fashion Week

Cinnamon Colombo hotels, 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.

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 Lakeside to gain visibility access to India, Sri Lanka's largest source market in tourism.

INTELLECTUAL CAPITAL

Elevated customer experiences at our flagship restaurants Reopening of Long Feng

Cinnamon Lakeside's signature Chinese Restaurant Long Feng reopened for guests during the year, offering an extensive menu of authentic Chinese cuisine, featuring a variety of flavourful dishes together with attentive staff guiding customers on best picks as per their preferences.

Relaunch of ColomBar

ColomBar – a feature bar offering the true essence of Sri Lanka was relaunched during the year. The experience at the bar is elevated with an array of delectable local spirits-based cocktails crafted by our expert mixologists and exquisite culinary delights prepared by our renowned chefs.

Goodies transformed

Much loved coffee shop of Cinnamon Lakeside Goodies underwent a transformational upgrade during the year offering our customers an elevated experience, which is set to increase patronage and drive our brand's reputation.

Cake Walk, for all cake lovers

Goodies added on to its dynamism by opening up an all new cake shop dubbed Cake Walk. Cake Walk offers customers bespoke customised cake designs for any and all occasions together with the goodness and quality of Cinnamon Lakeside.





ORGANISATIONAL TACIT KNOWLEDGE

The Company is powered by a strong base of organisational tacit knowledge derived from different aspects of our operations, such as our core values, team expertise, IT capabilities, and established systems and processes. This accumulated knowledge allows us to adapt to changing operational environments, remain resilient in the face of unexpected challenges, stay focused on our strategic objectives, and engage effectively with our stakeholders to create shared value.

Vision, Purpose and Value Launch

Cinnamon Hotels & Resorts are guided by its vibrant vision, purpose and seven core values fostering a culture rooted in these essential principles.

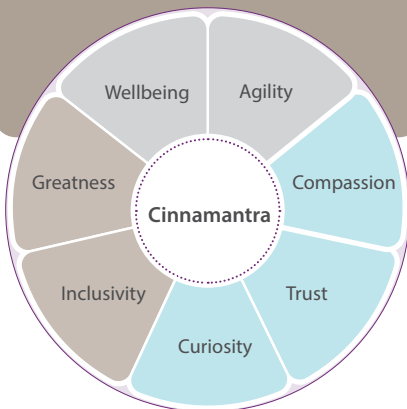
Our vision:

To bring the best of Sri Lanka to the world with style and elegance

Our purpose:

We curate emotional experiences to inspire stories that connect

Our Values



Cinnamontra

Each of these values are accompanied by guiding principles and behaviours, shaping the ethos of our organisation. They, alongside our mission and purpose, serve as the bedrock of our organisational culture, guiding our interactions with both guests and colleagues alike. As we embark on this transformative path, we are steadfast in our commitment to ensuring that these values remain steadfastly upheld in all aspects of our operations.

Cinnamontra – Corporate purpose and values

Cinnamontra, our new purpose and seven corporate values launched during the previous financial year unite our employees and guide them towards the common vision of Cinnamon Hotels and Resorts.

To fortify our dedication to these values, we have appointed selected HR and L&D colleagues as value champions, and our executive teams at property levels as value Captains, entrusted with spearheading initiatives within their respective business units. Furthermore, we have conducted comprehensive training sessions for our entire staff to elevate awareness of the Cinnamon Values. Looking ahead, we remain steadfast in our resolve to implement ongoing educational and awareness initiatives, fostering a culture where living these values is ingrained in the fabric of our organisation.

Service tenure of our employees

We take pride in the diverse, skilled, and resilient team at Trans Asia Hotels PLC. Their combined knowledge and experience have allowed us to consistently exceed guest expectations and fulfill our brand promise. In recent years, the country experienced significant migration of skilled labour, which has had a noticeable effect on the tourism and leisure industry.

The Company experienced a similar trend but the integration of fresh talent with seasoned staff has allowed us to maintain high standards of service. Despite higher turnover in recent years, our team has an average length of service of 10 years, which has been beneficial for the company.

Skills development and capacity building

One critical factor that sustainably augments our organisational tacit knowledge is continuous skills 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 50 a total of 721 employees were trained across 75,880 training hours during the year, with Rs.10.5 Mn invested.

Strength in leadership

The Company is guided by a versatile Board of Directors with a wealth of expertise from various disciplines essential to running the business effectively. The Board is supported by a corporate management team with international experience, contributing a dynamic global perspective.

Their collective visionary leadership has been instrumental in navigating the recent unprecedented challenges, emphasising value creation and taking the Company's unique value proposition to new heights. The well established governance structure and code of ethics offer a clear framework for conducting business ethically and efficiently, providing the leadership with a solid foundation for decision making.

Average tenure of Board Directors with the Company
8+ years

Average tenure of service of the corporate management
5 years

INTELLECTUAL CAPITAL

SYSTEMS AND PROCESSES

Our operations follow well defined systems and processes, with Standard Operating Procedures (SOPs) covering every aspect of our business. These SOPs create a uniform standard for all employees to consistently adhere to in their work.

New employees receive training on the importance and use of SOPs during induction and on the job training, while existing employees participate in refresher sessions throughout the year to reinforce their understanding and application of these procedures.

- Examples of SOPs**
- Health and Safety Policies
 - Fire and Emergency
 - Grooming and Department
 - Cinnamantra
 - Business Continuity Plan
- 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
 - Work place hazards
 - Basic food safety and hygiene

CERTIFICATIONS

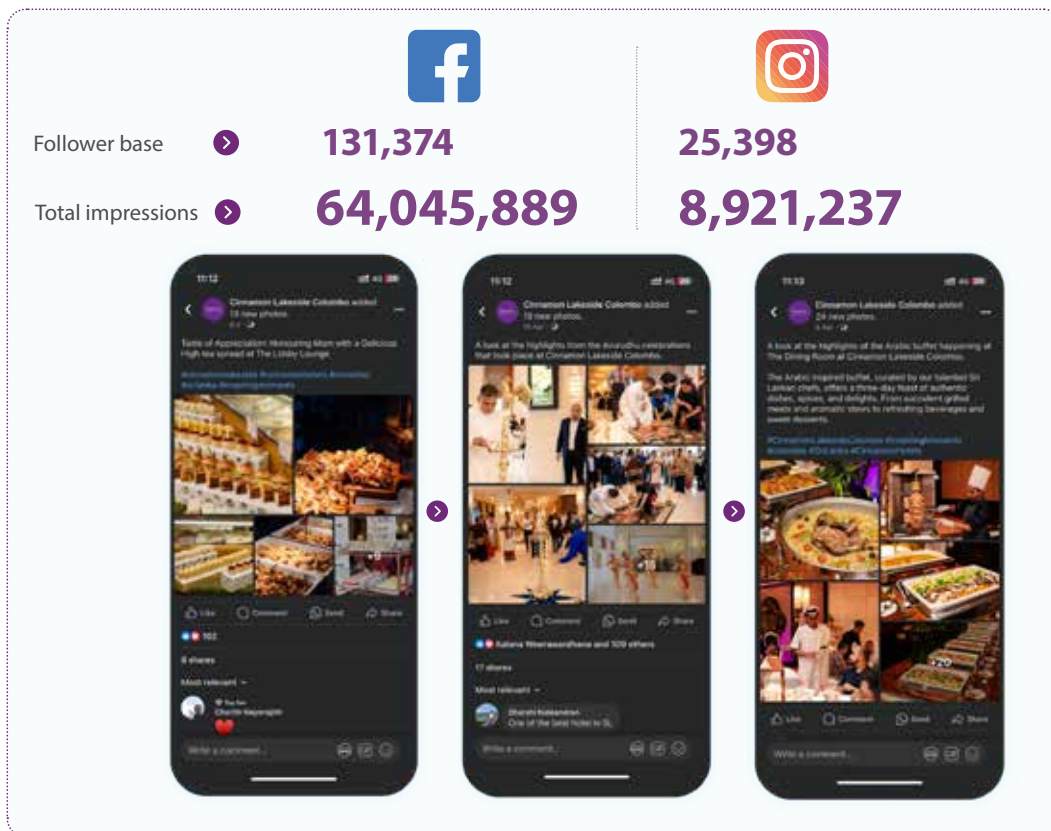
Our operations are certified by the following ISO certifications and other certifications

Certification	Issuing authority	Periodic review/ audit involved	Frequency
ISO 22000:2018 Food Safety Management System	International Standards Organisation	Yes	Annually
ISO 45001:2018 Occupational Health and Safety Management System	International Standards Organisation	Yes	Annually
ISO 14001:2015 Environmental Management System	International Standards Organisation	Yes	Annually
Travelife gold certification for accommodation sustainability	Travelife Ltd - UK	Yes	Onsite verification – once in two years Online verification – After getting the onsite verification within 12 to 15 months.



SOCIAL MEDIA PRESENCE

Cinnamon Lakeside has a robust presence and followings on social media platforms. We maintain ongoing engagement with our target audiences throughout the year by sharing dynamic, appealing, and informative content. Our platforms showcase thematic events, international guest chefs, and other special events.



RECEPTION AT ONLINE TRAVEL SITES

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

4.5 rating at Tripadvisor

#2 ranking out of 89 hotels in Colombo



4.5 Excellent ●●●●● 7,982 reviews

#2 of 89 hotels in Colombo

- Location
- Cleanliness
- Service
- Value

Ranked the Best Five Star City Hotel by Sri Lanka Tourism, Cinnamon Lakeside Colombo is the epitome of indulgence and elegance. Overlooking the tranquil Beira Lake, the hotel offers completely refurbished rooms. Its inimitable blend of luxury, personal attention, sincerity and warmth gives you the opportunity to operate at your own pace and in your own space, regardless of whether you are visiting for a business luncheon or dropping in for a quick coffee, planning your dream wedding or organising a conference, attending to important business or on a well-deserved vacation.

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

(As of 22 April 2024)

INTELLECTUAL CAPITAL

REVIEWS SUMMARY

Industry collaborations

We actively collaborate with various industry stakeholders to support the growth and development of our sector. By fostering partnerships within the tourism and leisure industry and related sectors, we create a collaborative environment for the free exchange of ideas and best practices, benefiting our operations and driving industry wide innovation and progress. This approach is particularly vital given the sector's current improvement after years of challenges.

Our employees participate in industry forums to share their expertise and stay informed on trends, shaping the industry's future. Additionally, we maintain memberships in numerous industry associations, allowing us to leverage collective strength, access resources, and advocate for shared interests.

List of memberships held

- The Hotels Association of Sri Lanka
- 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
- Sri Lanka Conventions Bureau
- Pacific Asia Travel Association (PATA)
- Indo Lanka Chamber of Commerce
- Employers' Federation of Ceylon
- Sri Lanka Institute of Tourism and Hotel Management
- Sri Lanka Tourism Promotions Bureau
- Sri Lanka Tourism Development Authority
- Chef Guild of Sri Lanka
- Ceylon Hotel School Graduates Association
- Pacific Asia travel association (Sri Lanka) chapter (PATA)
- Sri Lanka Institute of Directors
- Sri Lanka Association Of Professional Conference Exhibition & Event Organisers
- Travel Agents Association of India

Awards and recognition



- PATA 2023 Face of the Future - Sangeetha Liyanapathirana, Manager of Health, Hygiene, and Sustainability
- 28th National Bartender Competition 2023 – Winner
- 2nd Place of the Chef Guild competition
- 2nd place at room national stylist competition
- 1st Place of the travel trade carrom tournament





SOCIAL AND RELATIONSHIP CAPITAL

WHAT SOCIAL AND RELATIONSHIP CAPITAL MEANS TO US
The strong relationships with our customers, value chain partners, suppliers and the community which validate our social license to operate, and propel the pursuit of our strategic priorities

Key Capital Inputs

- Customers with a dynamic profile comprising individuals and corporates, local and international
- Value chain partners comprising global sales agents, channel partners, suppliers and industry stakeholders
- The community we operate in

Value Delivered

95.10%

Global Review Index

78.77%

Net Promoter Score

Rs. 3.1 Bn

payments made to suppliers

Rs. 0.18 Mn

investment in corporate social responsibility (CSR) initiatives

1,672.5

volunteer staff hours spent on CSR initiatives



Connectivity to other capitals



Financial capital



Customer satisfaction driving revenue



Investments in CSR initiatives (negative impact in the immediate term leading to social acceptance and business sustainability in the long term)



Human Capital



Enhanced opportunities for employees in volunteering in CSR initiatives



Natural capital



Positive impact created on the environment through CSR initiatives

Link to our strategy



Service excellence



Revenue optimisation



ESG considerations



Contribution to SDGs



SOCIAL AND RELATIONSHIP CAPITAL

MANAGEMENT APPROACH

A wide range of clearly established policies govern our approach to managing our stakeholders. Additionally, year round engagements via various modes enable us to understand their concerns and attune our responses to be mutually beneficial and effective.



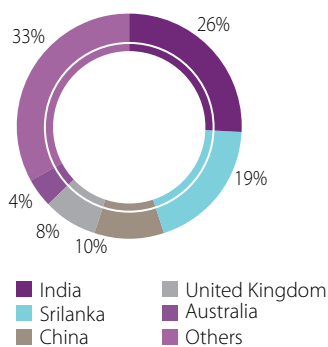
CUSTOMERS

Driven by the strategic commitment to service excellence, we place customers at the centre of all our initiatives. With resurgence in tourist arrivals to the country during the year, we ensured innovative and unique experiences created for them, with the dual objectives of increasing the capture rate of tourists to Colombo and creating lasting memories for them which will compel repeat patronage.

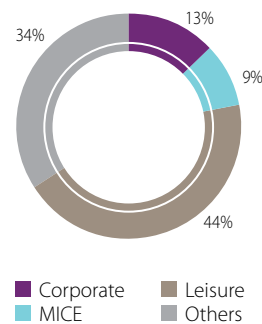
- Innovative culinary experiences featuring the world's best chefs and renowned restaurants
- Partnering a number of high profile local and international events as the official hospitality partner
- Curated events during special occasions/ celebrations such as Christmas, traditional Sinhala and Tamil 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
- 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, nonoffensive and easily accessible
- Strong alignment of all our operations to ESG considerations, thereby making our proposition more appealing to customers who seek responsible hospitality

KEY SOURCE MARKETS



CUSTOMER ENGAGEMENTS - BASED ON REVENUE



OUR SIGNATURE OFFERINGS

The Library - A private bar for our in house guests and members



Lobby Lounge - Unique and captivating experience with live music and picturesque lake views



The Dining Room – Main restaurant serving extensive selection of international cuisines



ColomBar – Signature bar serving handcrafted local drinks and live entertainment



Long Feng – Serving Chinese cuisine, featuring a variety of flavourful dishes



Royal Thai - The only Sri Lankan restaurant with a certificate of authenticity from the Thai Embassy, serving exquisite Thai cuisine, showcasing a blend of flavours and spices.



Goodies - Charming pastry shop and casual wine bar



Pool & Bistro : Situated alongside the swimming pool offering a wide array of gourmet Italian cuisine.



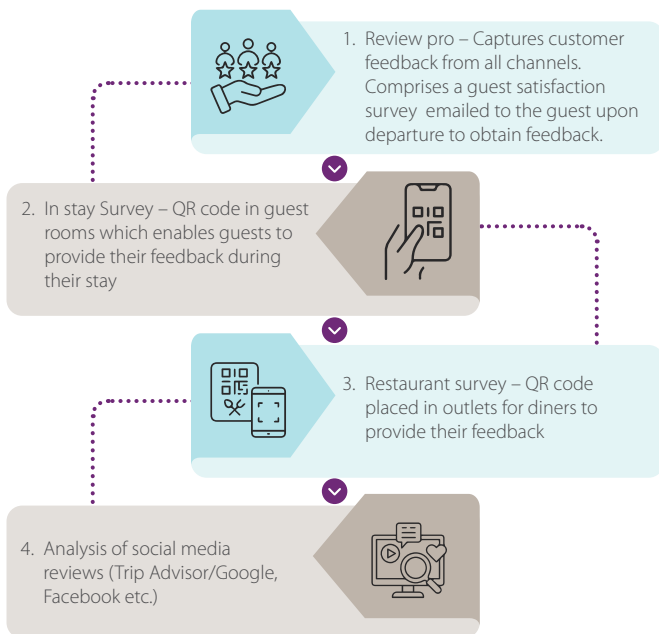
SOCIAL AND RELATIONSHIP CAPITAL

FOOD QUALITY AND SAFETY

Trans Asia Hotels PLC abide by 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 . There were no reported incidents of non compliance with health and safety standards regarding our products and services during the year.

CUSTOMER SATISFACTION

As done across all properties of John Keells Group hotels and resorts, we deployed a number of modes in capturing customer satisfaction levels. Customer feedback forms a critical source of information which affirms the effectiveness of our operations and guides us in further augmenting our offers to them.



CUSTOMER TESTIMONIALS

Source: tripadvisor

“Awesome Hotel
The facilities at this spot were incredible. The buffet was awesome and the pool was always warm and good to use. Really friendly staff. They were always willing to help out and overall were really nice. Great experience and would definitely recommend.”

“Flavours of Flavours by Cinnamon Lakeside
Flavours of Flavours by Cinnamon Lakeside Recently ordered lunch from Flavours by Cinnamon Lakeside for a family event and highly satisfied about the wonderful service provided. The quality and the quantity of meals and the service was top notch. Highly recommended. Special thanks to the wonderful staff for the great service.”

“High Tea
Excellent high tea buffet at cinnamon lakeside. The spread was huge so many dessert items. And the staff was very helpful as well. Special thanks to the staff.”

“Online Food Order Experience
I placed a mutton biriyani portion (4pax) along with some desserts. Food was so delicious and the portion was more than enough for 8 people. Food coordinator at Flavors did a wonderful job coordinating with me. Appreciate the service provided.”

CUSTOMER ENGAGEMENTS – COMPLIANCE

	No. of instances
Incidents of non compliance concerning the health and safety impacts of products and services	Nil
Incidents of non compliance concerning product and service information and labelling	Nil
Incidents of non compliance concerning marketing communications	Nil
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Nil

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

Global Contact Center – Established in 2022, has also 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
- Promoting Colombo as a key tourist attraction and value for money destination for MICE events, thereby increase the capture ratio to Colombo
- 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.

Suppliers

Trans Asia Hotels PLC has established procedures to foster long term business relationships with suppliers, governed by a Supplier Code of Conduct. This Code ensures that all major suppliers comply with laws and regulations concerning labour, human rights, the environment, and ethical business practices. In addition, the Company maintains an overarching policy of clearly defining payment terms as part of commercial agreements with suppliers and ensures all properly invoiced items according to 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.

Suppliers are selected based on a transparent and unbiased tender procedure which includes documented social, environmental, and financial criteria. During the year, 63 new suppliers were onboarded. 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 10 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) 7 suppliers
Increase the local supplier base up to 50% while prioritising locally sourced ingredients	50% local supplier base	On track	Approximately 100% of our suppliers are from surrounding communities
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 – 18 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.
- IFTM 2023 (International & French Travel Market.)
- PATA German Chapter Road Show
- The Iconic Experience Show – New Delhi
- World Travel Market – London November 5th to 7th
- Hosting a media FAM movement from India in partnership with Sri Lankan Airlines
- IBTM Barcelona: 19th - 21st November
- OTM Mumbai
- SATTE 22nd - 24th February
- ITB Berlin

SOCIAL AND RELATIONSHIP CAPITAL

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

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

- Strengthening communities
- Provision of social services
- Commercialisation of culture and art

Indirect impact

- Preserving the local culture and heritage
- Revitalisation of customs and art forms

Total staff volunteer hours during the year
1,672.5

PROJECTS CARRIED OUT DURING THE YEAR

Flagship initiative Pasal Diriya – School Meals Programme

Target group: School students of St. Mary's Balika Maha Vidyalaya, Colombo 03

Impact: Provision of meals to over 300 school students

Collaborations: Cinnamon Lakeside and Cinnamon Grand Colombo together with John Keells Foundation

Alignment to strategic CSR initiatives of the John Keells Group: Education initiatives of John Keells Foundation complementing learning opportunities with nutrition for our children and youth

Initiative to mark the World Hunger Day – Donation of meals to Gamini Matha Elder's Home in Colombo 02, as part of our 'Meals That Heal' programme

Impact: Over 5,000 meals shared since 2020

Initiative to mark the World Clean Up Day: Shramadana Campaign

During Housekeepers Week observed within the Company (in the lead up to World Clean Up Day), the team at Cinnamon Lakeside Colombo took cleaning to a whole new level. The team identified specific areas within the property that needed specific attention, and dedicated staff stepped up to the task.

Marking World Cleanup Day with great pride, the meticulous planning and flawless execution of over 680 cleanups spread across the Country were made possible through the joint efforts of the Zero Plastic Movement and the Central Environment Authority, generously supported by the Star Garment group.

A celebratory gathering took place at Cinnamon Lakeside Colombo with the Colombo District Professionals Club providing support, alongside National Youth Services Council and the Ministry of Public Administration, Home Affairs, Provincial Councils, and Local Government for their pivotal contributions.

Initiative to mark the World Children's Day

Cinnamon Lakeside Colombo embarked on a heartwarming Corporate Social Responsibility project to celebrate Children's Day at St. Mary's Balika Maha Vidyalaya Colombo 03, where donations of school books and a hearty meal were made to the school children.

Other initiatives

1. In celebration of World Women's Day, we purchased handcrafted bags from the differently abled community at Mathara Sumaga Ruhunu Deft Circle, empowering individuals with disabilities and promoting economic inclusion.
2. Our efforts to support the special education school and home for boys in Madiwela included donating food and essential items, reflecting our dedication to serving marginalised communities and promoting social inclusion.
3. In commemoration of World Environment Day, the Company organised an interschool competition where students created artwork from plastic waste generated on the premises, promoting creativity and environmental awareness among the younger generation.
4. As part of our commitment to social responsibility, laundered used clothing donated by staff members of JKH were distributed to flood victims in Matara, providing relief and support to those in need during times of crisis.
5. Students from grades 2 to 5 at St. Mary's Girls School Colombo 03 participated in an upcycling activity, crafting items from hotel used waste materials on Thanksgiving Day. This initiative not only encourages creativity but also fosters a culture of sustainability by repurposing waste into useful and innovative products.





NATURAL CAPITAL

WHAT NATURAL CAPITAL MEANS TO US

The Company relies on a wide range of natural resources such as energy, water and land in its value creation process. The Company is also deeply cognizant of the triple planetary crisis, viz. climate change, pollution and biodiversity loss and the role it can play in combatting these through responsible tourism and corporate stewardship. As such multiple initiatives are conducted year on year, through a structured approach with strong governance, to align our efforts towards a healthier planet.



Key Capital Inputs

35,283.53m²

Land

37,555GJ

Energy usage

157,204m³

Water usage

Impact

266MT

Waste

5,579tco₂e

Carbon emissions

Value Delivered

5.41%

reduction in carbon footprint per guest night.

Connectivity to other capitals



Financial capital



Identification and management of Climate Related Risks and Opportunities (CRROs)

Resource efficiencies leading to cost savings

Investments in bio diversity preservation projects



Human Capital



Employee volunteerism in driving bio diversity preservation projects



Social and Relationship Capital



Propagate sustainable practices in experiences created to our guests

Contribution to SDGs



Link to our strategy



ESG considerations



Operational excellence and cost optimisation

MANAGEMENT APPROACH

The Company follows a structured approach in managing its impact on the natural world as follows.

Direct impact

- Reducing negative impacts and preserving the environment
- Reducing operational costs and cost control efficiency through interventions related to energy, water and waste management

Indirect impact

- Long term ability to stay in business and be profitable while contributing minimally to climate actions

We are strongly dedicated to reducing our environmental impact, acknowledging the increasing challenges of climate change and the importance of sustainable business practices. We make environmental responsibility a priority across all our operations, working proactively to decrease our carbon footprint and use resources efficiently. Our sustainability initiatives include:

Implementing energy efficient practices to reduce carbon footprint

We invest in energy efficient technologies and practices, such as the use of renewable energy sources and the implementation of energy saving measures in our facilities. 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, recycling 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 implementing recycling and composting programmes as well as reducing single use plastics and packaging materials. This helps us lessen our impact on landfills and promotes a circular economy.

The extensive ESG agenda of Trans Asia Hotels PLC, closely aligned with that of our parent company, John Keells Holdings PLC, directs our environmental efforts with immediate targets set to be achieved in 2025. This keeps us on track with long term sustainability goals and reinforces our dedication to environmental stewardship, bolstering our reputation as a responsible corporate.

NATURAL CAPITAL

Policies that drive our environmental initiatives

Policy	Revised in 2023/24	Additional information
Sustainability Policy	Yes	Derived based on the ESG framework of Cinnamon Hotels & Resorts. New inclusions: Transparency and stakeholder engagement, employee wellbeing and community relations
Environment Policy	Yes	Derived based on ISO 14001:2015 requirements
Elimination of Single use Plastic Policy	Yes (Newly introduced policy)	Include banned plastic items, supplier management, plastic based awareness encompassing both employees and the community

Standards and certifications

- 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.

Environment sustainability data stewardship Towards 2025 targets

Monthly KPIs Data tracked via internal system

- Carbon footprint per guest night (Kg/GN)
- Water withdrawn amount per guest night (L/GN)
- Landfill waste per guest night (Kg/GN)
- Single use plastic amount per guest night (Kg/GN)
- Staff volunteer hours per month

Reports compilation by the Sustainability Team at Cinnamon center sustainability team to monitor progress on KPIs

Updates provided to the Cinnamon Hotels Management

Quarterly sustainability data Collected through the Uniqus online platform

- Energy Consumption
- Water Consumption
- Waste Generation and disposal
- Violations
- Single use plastic consumption
- Carbon Footprint (Scope 1 and Scope 2) according to GRI standards.

Reports generated according to GRI criteria and reviewed by Sustainability, Enterprise Risk Management and Initiatives team, John Keells Holdings PLC

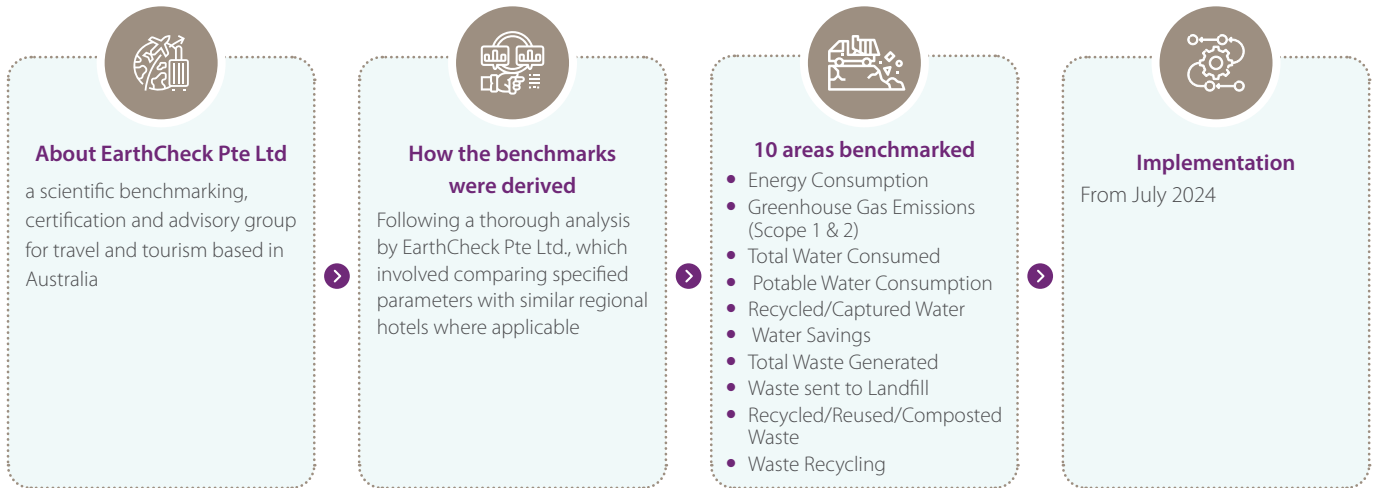
Sustainability Dashboard indicating performance against EarthCheck Global Benchmarks are shared with the Sector, to be presented to Group Management Committees

External assurances

Annual Sustainability Assurance Audit conducted by Sustainability, Enterprise Risk Management and Initiatives team on data recording process and entry.

Sustainability Assurance Audit Report shared with Hotel Management team and Centre Sustainability Team with audit findings and recommendations

Benchmarks set in consultation with EarthCheck Pte Ltd



302-1, 302-3, 302-4, 302-5
305-1, 305-2, 305-4, 305-5

ENERGY MANAGEMENT AND EMISSIONS MANAGEMENT

Energy consumption by source

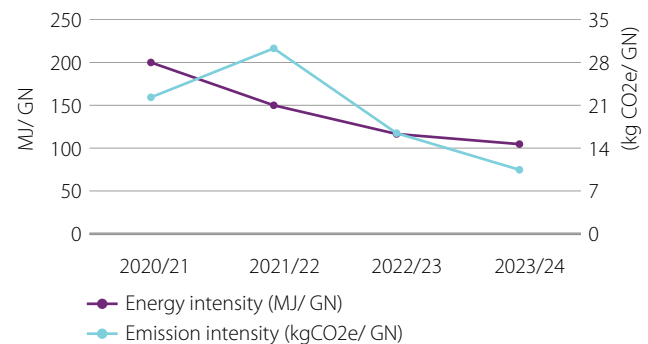
In GJ	FY 2023/24	FY 2022/23	YoY change (%)
Grid electricity	24,344	21,787	11.74%
Diesel	311	5,583	94.43%
Furnace oil	8,919	5,478	62.81%
LPG	3,981	4,188	4.94%
Total energy consumption	37,555	37,036	1.40%

Environmental impact - Emissions

In tCO ₂ e	FY 2023/24	FY 2022/23	YoY change (%)
Direct (scope 1) GHG emissions	969.92	1,111	-12.69%
Indirect (scope 2) GHG emissions	4,609.08	4,125	11.73%
Total carbon footprint	5,579	5,236	6.55%

104.67MJ
(2022/23: 116.5MJ)
Energy consumption per guest night

ENERGY INTENSITY AND CARBON FOOTPRINT



Energy conservation efforts during the year

- Renewable energy drive – 0.6% of the Company's energy requirements were met by self generated solar power.
- 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.
- Installed an energy efficient new boiler. - The efficiency of this new boiler is 3% more than the existing running boiler. It's about 89% efficient. The average furnace oil consumption was reduced by 30 liters per day. So, it saves about Rs.6,600.00 per day. Annually it's a saving of Rs.2,376,000
- The hotel's sustainability efforts include utilising laundry steam return water for heating the primary tank, subsequently supplying it to the boiler, demonstrating a commitment to resource efficiency and reducing energy consumption.
- Our ongoing commitment to energy efficiency involves the continuous replacement of traditional light bulbs with energy efficient LED lights, further reducing our carbon footprint and contributing to sustainable practices.

NATURAL CAPITAL

Emissions reductions initiatives during the year

1. Annually, our diligent monitoring of generator and boiler stack emissions, coupled with routine preventive maintenance measures, ensures optimal machinery performance while meeting compliance standards for environmental emissions.
2. We maintain a rigorous system for monitoring electricity, LPG, furnace oil, diesel, and petrol consumption on both a daily and monthly basis, allowing us to track and manage our energy usage effectively in line with our sustainability goals.

303-1, 303-2, 303-3, 303-4, 303-5

WATER MANAGEMENT AND EFFLUENT MANAGEMENT

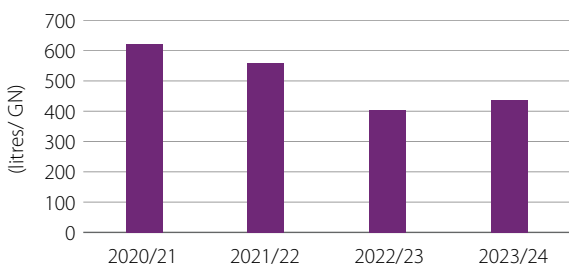
Water withdrawn by source

In m3	FY 2023/24	FY 2022/23	YoY change (%)
Pipe borne water from the municipality	156,619	130,447	19.11%
Groundwater	585	-	
Surface water (rivers, lakes, etc.)	-	-	
Sea water	-	-	
Total water withdrawn	157,204	130,447	19.17%

Water consumption

In m3	FY 2023/24	FY 2022/23	YoY change (%)
Total water withdrawn	157,204	130,447	20.51%
Total water discharged	135,170	110,659	22.15%
Total water consumed	22,034	19,788	11.35%

WATER WITHDRAWN PER GUEST NIGHT



Water conservation efforts during the year

- Potable water is tested monthly, while wastewater 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.

Initiatives on effluent during the year

- Effluent waste is tested every quarter to ensure the quality levels are within the parameters

438.13 liters/ GN (2022/23:
414.04 liters / GN)
Water withdrawn per guest night

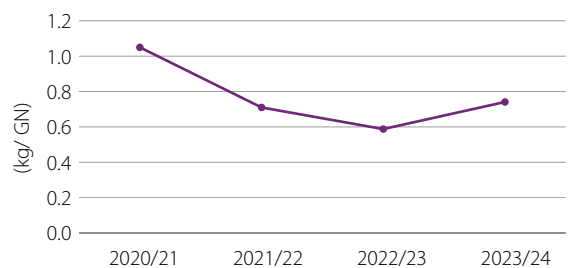
WASTE MANAGEMENT AND RESPONSIBLE CONSUMPTION OF RESOURCES (PLASTIC, ETC.)

306-1, 306-2, 306-3, 306-4, 306-5

Waste generated

In m3	FY 2023/24	FY 2022/23	YoY change (%)
Total hazardous waste	0.482	Not calculated	
Total non hazardous waste	267.094	213.644	25
Total waste generated	267.576	213.644	

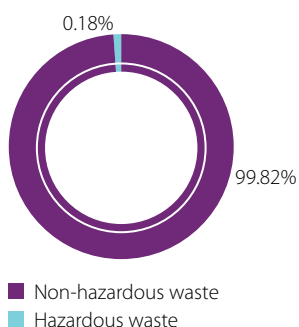
WASTE/ GN



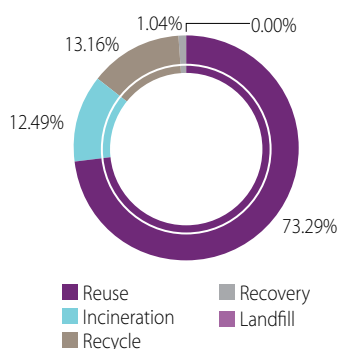
WASTE BY DISPOSALS METHODS

Waste Type	Method of Disposal	2022/2023	2023/2024
Non Hazardous	Reuse	142,381	195,639
	Recycle	33,983	35,226
	Recovery	2,063	2,790
	Landfill	-	-
	Incineration	35,218	33,439
Hazardous	Recycle	-	-
	Reuse	-	482
	Recovery	-	-
Total measured waste - Kg		213,644	267,576

WASTE COMPOSITION



COMPOSITION BASED ON METHOD OF DISPOSAL



Waste by type

Waste type disposed	Measured Waste (Kg)	
	2022/2023	2023/2024
Organic waste	142,381	195,639
Paper/cardboard waste	8,850	10,948
Plastic/ polythene waste	3,903	5,026
E-waste	-	-
Hazardous metal waste	-	-
Non-hazardous metal waste	2,063	2,790
Glass/ceramic waste	21,230	19,252
Other hazardous waste	-	482
Other non-hazardous waste	35,218	33,439
Total non-hazardous waste disposed	213,644	267,094
Total hazardous waste disposed	-	482
Total Measured waste	213,644	267,576

Initiatives taken to reduce/ manage waste during the year

- Monitoring of food waste generated from each kitchen and outlets.
 - Targeting employees - No Bin Day awareness campaign and poster campaign educate them on food waste.
 - Innovative campaign targeting guests to educate them on food waste/ reduce plate waste (groundwork conducted during 2023/24 with the campaigns to be launched via social media platforms in 2024/25)
- Recyclable solid waste is sorted at the source and sold to recyclers registered with the Central Environmental Authority (CEA), ensuring proper disposal, and promoting recycling practices. Additionally, food waste is collected and utilised as animal feed by partnering with local piggeries, contributing to sustainable waste management practices.
- Used cooking oil is responsibly collected and handed over to a CEA authorised collector, who exports it for recycling into biodiesel, exemplifying our commitment to reducing waste and promoting eco-friendly alternatives.
- In observance of World Clean Up Day, a dedicated cleaning initiative was organised across the hotel premises, with reusable items being redistributed to our associates, fostering a culture of waste reduction and resource conservation within our community.
- Specialised training sessions on waste management have been conducted to equip staff with the necessary knowledge and skills to effectively manage and reduce waste, furthering our commitment to environmental sustainability.

NATURAL CAPITAL

Responsible consumption of resources - Reducing our plastic waste footprint

The core focus under waste management across all Colombo City hotel of the John Keells Group, including at Trans Asia Hotels PLC during the financial year 2023/24 was reducing our plastic waste footprint. A number of initiatives were conducted towards this end, which enabled us to achieve notable results achieved during the year.

Target by 2025 – 50% % reduction of single use, Guest facing plastic (base year 2018)

Achievement in 2023/24 - 37.15% of reduction in guest facing single use plastic consumption

Initiatives undertaken during the year

1. The hotel remains steadfast in its commitment to sustainability by refraining from the use of plastic straws, stirrers, takeaway containers, as well as individual servings such as jam and butter sachets.
2. Cinnamon wet wipes were discontinued and instead of that wet paper towels were introduced.
3. Awareness posters displayed to educate employees on plastic pollution



Biodiversity conservation efforts

Project commencement: November 2023

Project scope: Establishment of a butterfly garden within Cinnamon Lakeside Colombo premises

Project actions: Planting of several planting pollinator friendly plants

Alignment to John Keells Group biodiversity conservation plans: Each hotel of John Keells Holdings PLC conducts its biodiversity assessment and action plans. Our scientific approach to biodiversity conservation utilises our team of expert inhouse ecologists to design and implement targeted conservation initiatives that achieve meaningful results, based on the locality of the property.



NATURAL CAPITAL

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 prevalent 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 the 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.

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 S1 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 shift to a circular economy	
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 programmes to minimise 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	
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Networking events: Cinnamon Lakeside as a MICE host can organise 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)	
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Implement diversity training programmes 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.

Sustainability related risks	Sustainability related opportunities
Stemming from Health and Safety aspects	
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 wellbeing of both guests and employees.
Stemming from good governance	
Personal data protection and security	
<ul style="list-style-type: none"> • Cinnamon hotels and resorts 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 hotels 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.
Protection of human rights	
<ul style="list-style-type: none"> • Ensuring fair labour 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
Supplier chain controls	
<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

NATURAL CAPITAL

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. At Trans Asia Hotels, 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	
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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
Stemming from sustainable food	
<ul style="list-style-type: none"> The production of sustainable food for Cinnamon hotels and 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. Transportation of sustainable food products to our hotels may result in greenhouse gas emissions, contributing to climate change 	<ul style="list-style-type: none"> 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 (WTTTC) 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 Million 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
- 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
- Bleisure Travel combining business and leisure
- Remote Work and Digital Nomadism
- Safety and Hygiene

Future ready - Trans Asia Hotels PLC

We are well cognizant of the plethora of opportunities that are opening up for city hotels in Colombo, particularly driven by the healing economy and rapid development initiatives taking place within the Colombo city limits. We are also aware of the challenges that persist such as intensifying competition, escalating costs, evolving guest dynamics and potential stresses on guest influx due to global geopolitical tensions. Amidst such a scenario, with the aim to chart the best course of action and generate most meaningful value to all stakeholders that partner our journey, we are guided by the following time-bound goals.

Long term

Harnessing the strength of having a presence in the Sri Lankan tourism sector as a leading hotel of over many decades, Trans Asia Hotels PLC will seek to drive more rapid growth, supported by greater economic, policy and political stability.

Medium term

- Continuing the build-up of talent and strong succession planning
- Achievement of medium term ESG goals
- Capital expenditure on property upgrades, expansions as needed, to support the Company's growth strategy

Near term

- Strong alignment of activities towards achieving the 2025 ESG goals of the Company
- Deploying new systems and IT solutions at guest facing points
- Driving process efficiencies and cost disciplines
- Strengthening relationships with global sales representatives, travel agents, other business partners and encouraging them to promote Colombo as an attractive destination and securing emerging business opportunities



CORPORATE GOVERNANCE AND RISK MANAGEMENT

A CONFIDENT ASSURANCE

As we reflect on a successful year, we pay due diligence to the straightforward and impenetrable administration that has ensured that the pathway to the future continues to be clear. The company's driving force lies within its governing bodies which take on any challenge with gusto.

CORPORATE GOVERNANCE

Trans Asia Hotels PLC ("Company") creates value through its effective corporate governance practices that support extensive policy frameworks and judicious governance structures toward a culture of integrity and transparency within the organisation. The Company follows and conforms to most of the structures and policies of the John Keells Group ("JKH Group"/"Group") to make sure an agreed level of compliance is maintained across the organisation. The Company's robust corporate governance practices enhance the value of its working environment, establishing a favourable culture amidst all challenges that could arise at work.

CORPORATE GOVERNANCE HIGHLIGHTS IN 2022/23

Highlights of the 42nd Annual General Meeting held on 26th June 2023

- Mr. M R Svensson who retired in terms of Article 83 of the Articles of Association of the Company, was re elected as a Non Executive Director.
- Mr. J G A Cooray who retired in terms of Article 83 of the Articles of Association of the Company, was re elected as a Non Executive Director.
- Ms. S. Atukorale who retired in terms of Article 90 of the Articles of Association of the Company, was re elected as a Non Executive Director.
- Mr. N L Gooneratne who is over the age of 70 years and who retired in terms of Section 210 of the Companies Act No. 7 of 2007, was re elected as a Non Executive Director
- Messrs. KPMG, Chartered Accountants were re appointed as the External Auditors of the Company and the Directors were authorised to determine their remuneration
- Notified the shareholders regarding the Company's non compliance of the minimum public holding requirement of the Listing Rules of the Colombo Stock Exchange

Key developments and focus areas of the Board of Directors in 2023/24

Trans Asia Hotels PLC was ranked 10th in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL), with a 96 per cent score for transparency in disclosure practices. This ranking is based on an assessment of corporate disclosure practices among the top 125 companies listed on the Colombo Stock Exchange, under five different thematic areas crucial to fighting and preventing corruption:

- Reporting on anti corruption programmes
- Organisational transparency
- Domestic financial reporting
- Reporting on gender and non discrimination
- Reporting on procurement related to government contracts / tenders

COMPLIANCE SUMMARY

Standard / Principle / Code	Adherence
The Companies Act No.7 of 2007 (Companies Act)	
Listing Rules of the Colombo Stock Exchange (CSE), including circulars	
Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars	Mandatory provisions - Fully Compliant
Code of Best Practices on Related Party Transactions (2013) advocated by the SEC	
Code of Best Practice on Corporate Governance (2013) jointly issued by the SEC and the institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary provisions - Fully Compliant
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	Voluntary provisions - Compliant with the majority of the Codes, to the extent of business exigency and as required by the Company and the Hotels Group
International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)	Reporting Frameworks
Global Reporting Initiative Standards	
Articles of Association	
Internal Policies**	Internal mechanisms

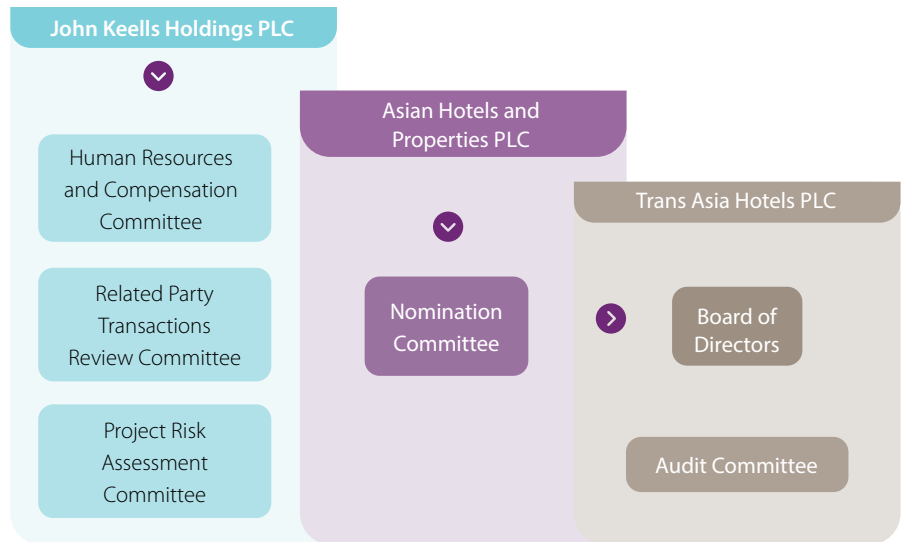
*CA Sri Lanka issued an updated Code of Best Practice on Corporate Governance (2023) in December 2023, effective from 1 April 2024. The updated Code has been reviewed and will be adopted to the extent of business exigency and as required by the John Keells Group.

**Internal policies that are adopted by the Company are described under Policy Framework on page 92 of this Report.

GOVERNANCE STRUCTURE

The Board of Directors acts as the main governing authority in charge of all corporate governance related matters of the Company. Several sub committees share responsibilities in support of the functions of the Board. Except for the Audit Committee of the Company, the Board Committees of the ultimate parent company, JKH, namely the Related Party Transactions Review Committee, the Human Resources and Compensation Committee and the Project Risk Assessment Committee and the Nominations Committee of the parent company, Asian Hotels and Properties PLC, functions as the Board Committees of the Company, as permitted by the Listing Rules

of the CSE. Notwithstanding the functioning of the Board Committees, the Board of Directors is collectively responsible for the decisions taken by these sub Committees. Accordingly, the sub Committees of JKH and Asian Hotels and Properties PLC as mentioned above, provide key inputs in relation to their areas of responsibility. The Audit Committee appointed by the Board of the Company also supports the Board's processes.



- The above illustration shows only the sub committees of the parent and ultimate parent, which are relevant to Trans Asia Hotels PLC.



CORPORATE GOVERNANCE

BOARD OF DIRECTORS

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

Roles and responsibilities of the sub-committees are summarised below:

Board Committee & Composition	Mandate	Scope
Audit Committee (Trans Asia Hotels PLC)		
<p>All members to be Non-Executive Directors with a majority being Independent, with at least one member having significant, recent and relevant financial management and accounting experience and a professional accounting qualification.</p> <p>The Chief Executive Officer of Cinnamon Hotels and Resorts, General Manager of Trans Asia Hotels PLC, Chief Financial Officer - Leisure Group, Sector Financial Controller – Colombo City Sector and the Head of Group Business Process Review (Group BPR) of JKH attend the meetings of the Audit Committee by invitation. The Director Finance of the Company is the secretary of the Audit Committee.</p> <p>The current members are:</p> <ul style="list-style-type: none"> • Mr. H A J De S Wijeyeratne (I/NED)* – Chairperson • Mr. S Rajendra (NI/NED) • Ms. S Atukorale (I/NED) <p>* Member of a professional accounting body</p>	<p>Assist the Board in meeting its oversight responsibilities pertaining to Company financial statements, risk management, internal controls, legal and regulatory frameworks.</p>	<ol style="list-style-type: none"> 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. 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. 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.. Review the adequacy and effectiveness of the internal and external audit arrangements. Review the risk policies adopted by the Company on an annual basis. Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence.

Refer page 137 for Audit Committee Report.

Board Committee & Composition	Mandate	Scope
Human Resources and Compensation Committee (John Keells Holdings PLC)		
<ul style="list-style-type: none"> The Committee comprises exclusively of Independent Non-Executive Directors (NEDs). The Chairperson of the Committee must be an Independent NED. The Chairperson-CEO of JKH and the Deputy Chairperson/ Group Finance Director of JKH are invited to all Committee meetings, unless their own remuneration is under discussion respectively. The Deputy Chairperson/Group Finance Director is the Secretary of the Committee. <p>The current members are:</p> <p>Mr. D A Cabraal (I/NED) - Chairperson Dr. S S H Wijayasuriya (I/NED)</p> <p>By invitation Dr. S Coorey Mr. A N Fonseka Mr. K N J Balendra Mr. J G A Coorey</p>	<p>Determines Remuneration Policy and reviews implementation of the same, determines the remuneration of the Executive Directors of the Company, as applicable, in terms of the methodology set out by the Board, determines remuneration of Board and GEC members having reviewed their performance evaluations by the Chairperson.</p>	<ol style="list-style-type: none"> Review and recommend the overall remuneration philosophy, strategy, policies and practice and, performance-based pay plans for the Company Determine and agree with the Board a framework for remuneration of 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 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 interests 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. <p>Determining compensation of Non-Executive Directors is not under the scope of this Committee.</p> <p>Refer page 124 for the Report of the Human Resources and Compensation Committee including the statement of remuneration policy.</p>

CORPORATE GOVERNANCE

Board Committee & Composition	Mandate	Scope
Nominations Committee (Asian Hotels and Properties PLC)		
<ul style="list-style-type: none"> The Chairperson of the Committee shall be an Independent NED. Comprises of two Independent Non-Executive Directors and one Non-Executive Director namely: <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 N J Balendra (NED)</p>	<p>Lead the process of Board appointments and recommendations to the Board and to define and establish a nomination process for Non-Executive Directors.</p>	<ol style="list-style-type: none"> Assess skills required on the Board given the needs of the businesses. From time to time assess the extent to which required skills are represented on the Board Prepare a clear description of the role and capabilities required for appointment. Identify and recommend suitable candidates for appointments to the Board. 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. Ensure that every appointee undergoes an induction to the Group. The appointment of the Chairperson, as relevant, is a collective decision of the Board. <ul style="list-style-type: none"> Refer page 127 for the report of the Nominations Committee.

Board Committee & Composition	Mandate	Scope
Related Party Transactions Review Committee (John Keells Holdings PLC)		
<ul style="list-style-type: none"> Chairperson should be an Independent Non-Executive Director. Members of the Committee should be a combination of Non-Executive Directors and Independent Non-Executive Directors. The composition may include Executive Directors at the option of the Listed Entity. <p>Secretary to the sub-committee: Head of Group Business Process Review</p> <p>Mr. A N Fonseka (I/NED) - Chairperson Mr. D A Cabraal (I/NED) Mr. D V R S Fernando* Dr. S Coorey** Ms. M P Perera (I/NED)***</p> <p>Note: The Related Party Transactions Review Committee Meetings were held quarterly.</p> <p>*Attended by invitation on 6 November 2023. Appointed with effect from 8 November 2023.</p> <p>**Appointed to the RPT Committee w.e.f. 1 July 2023 and resigned w.e.f. 8 November 2023.</p> <p>*** Retired from 1 July 2023.</p>	<p>Ensure that all related party transactions of the Group are consistent with the Code on Related Party Transactions issued by SEC and with the Listing Rules of the CSE.</p>	<ol 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 or 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. 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. <ul style="list-style-type: none"> Refer page 125 for the report of the Related Party Transactions Review Committee.

CORPORATE GOVERNANCE

Board Committee & Composition	Mandate	Scope
Project Risk Assessment Committee (John Keells Holdings PLC)		
<p>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.</p> <p>The current members are as follows: Dr. S S H Wijayasuriya - Chairperson Mr. K N J Balendra Mr. J G A Cooray Ms. M P Perera*</p> <p>*Retired From 1 July 2023</p>	<p>Evaluate and assess risks associated with significant new investments at the initial stages of formulation and in any event prior to making any contractual commitments for the long term.</p> <p>Note that the Committee shall convene only when there is a need to transact in business as per the terms of its mandate.</p>	<ol style="list-style-type: none"> 1. 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. 2. Ensure stakeholder interests are aligned, as applicable, in making investment decisions. 3. Where appropriate, obtain specialised expertise from external sources to evaluate risks, in consultation with the Group Finance Director. 4. 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. <p>Refer page 126 for the report of the Project Risk Assessment Committee</p>

NED-Non independent Non-Executive Director

INED-Independent Non-Executive Director

ED-Executive Director

INTERNAL POLICY FRAMEWORK

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

Above policies of the John Keells Group are followed by all employees of the Company.

AN EFFECTIVE BOARD

The Board ensures that the Company is in the right direction; stakeholder relationships are built and enhanced; risk appetite is determined; performance against objectives is reviewed; and key management personnel is appointed. Further, the executive authority of the Board has been delegated to the President of the Leisure Industry Group. Eight eminent professionals in different fields create the Board and add expertise, valuable skills, and years of experience, supporting deliberations and decision-making.

The Board's key responsibilities include:

- Providing direction and guidance to the Company 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.

Board Composition

The Board comprised of 8 Non-Executive Directors as at 31st March 2024. With 3 of them, are being Independent Non-Executive Directors. The varied expertise of the Board includes skills, experience, age, and tenure that contribute diversified perspectives to boardroom deliberations and exercising independent judgment to bear on matters set before them. Regular inspections and reviews about the Board composition ensured diversity and the pool of skills is in alignment with the current and future strategic targets of the Company.

Board member profiles are on page 14. All Directors are responsible for determining and disclosing to the Board any potential or actual conflict of interest situations resulting from their external associations, interests or personal relationships in material matters considered by the Board.

Non-Executive Independent Directors are in the forefront of enhancing the value of strategic discussions and decision-making, in addition to fairmindedness. The Company's policy encourages good corporation between Non-Independent Non-Executive Directors and Independent Non-Executive Directors, in support of the applicable rules and codes. Non-Independent Non-Executive Directors' thorough knowledge of the businesses and the Non-Executive Independent Directors' experience, objectivity and independent oversight were paramount to the Company's success.

Board composition is regularly reviewed to ensure adequate diversity and that the skills representation is in alignment with current and future strategic needs of the Company. Profiles of the Board members are set out on page 14.

Each Director holds continuous responsibility to determine whether he or she has a potential or actual conflict of interest arising from external associations, interests or personal relationships in material matters which are considered by the Board from time to time.

Board Refreshment

The retirement age of the Company limits the tenure of Non-Executive Non-Independent Directors. Also, the Non-Executive Independent Directors can be appointed to office for three consecutive terms of three years or a further period if deemed necessary due to the needs of the Company subject to the statutory limitations as to age and shareholder approval at the time of reappointment following the end of a term. 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 and the listing rules.

One third of the Directors except for the Chairperson, retire by rotation on the basis prescribed in the Articles of Association of the Company. Directors retiring by rotation are those who have been longest in office since their appointment/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.

The proposal for the re-appointment of Directors is presented in the Annual Report of the Board of Directors on page 139 of this report.

CORPORATE GOVERNANCE

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 qualifying, 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 appointments or resignations during the financial year under review.

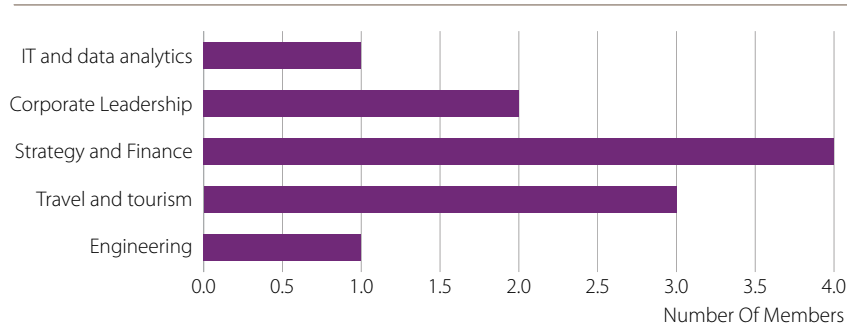
Board Composition (as at 31st March 2024)

Non-Executive Non-Independent Directors	5/8
Non-Executive Independent Directors	3/8

Gender Representation

Male	7/8
Female	1/8

BOARD SKILL COMPOSITION



Name of Director / capacity	Shareholding (i)	Management / Director (ii)	Material business relationship(iii)/ employee of company (iv)	Family member a Director or General Manager (v)	Continuous Service for nine years (vi)	Year of Appointment	Tenure as of 31.03.2024	Age
Non-Executive, Non-Independent Director (NED/NID)								
Mr. K N J Balendra-Chairperson	No	Yes	No	No	N/A	2016 April	8 Years	50 Years
Mr. J G A Cooray	Yes	Yes	No	No	N/A	2018 January	6+ Years	47 Years
Mr. M R Svensson	No	Yes	No	No	N/A	2019 November	4+ Years	53 Years
Mr. S Rajendra	No	Yes	No	No	N/A	2021 January	3+ Years	60 Years
Mr. C L P Gunawardane	No	Yes	No	No	N/A	2021 January	3+ Years	50 Years
Non-Executive, Independent Director (NED/ID)								
Mr. N L Gooneratne	Yes	No	No	No	Yes	1984 October	39+ Years	81 Years
Ms. S A Atukorale	No	No	No	No	No	2022 June	1+ Years	51 Years
Mr. H A J De S Wijeyeratne	No	No	No	No	No	2021 June	2+ Years	57 Years

Maintaining Board Independence and Managing Conflicts of Interest

Board independence is highlighted by streamlined nominating procedures, methodical and comprehensive board evaluation processes and independent director led engagement.

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

Nominees are requested to make known their various interests

Once Appointed

Directors obtain Board clearance prior to;

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 of any changes to their current Board representations or interests and a new declaration is made annually.

During Board Meetings

Directors who have an interest in a matter under discussion;

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 Non-Executive Independent Directors was reviewed against the criteria summarised below:

Criteria for Defining Independence	Status of Conformity of INEDs
None of the INEDs are employed, have a material business relationship and/or significant shareholding in other companies**. Entails other companies that have a significant shareholding in JKH and/or JKH has a business connection with	complied
None of the INEDs have Shareholding carrying more than 10 per cent of voting rights	complied
None of the INEDs is a Director of another company**	complied
None of the INEDs have Income/non-cash benefits 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	complied
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	complied
None of the INEDs have Close family member is a Director, CEO or a Key Management Personnel	complied
None of the INEDs have served on the Board continuously for a period exceeding nine years from the date of the first appointment*	All INEDs except Mr. N L Gooneratne satisfied these criteria for the year 2023/24. The Board determined that, although Mr. N L Gooneratne does not satisfy these criteria, he did, in the opinion of the Board, satisfy the other qualifying criteria in terms of independence. Having also considered all other factors, the Board is of the view that Mr. N L Gooneratne is Independent.

*The Listing Rules allows the Board of Directors to determine that Directors be considered as "independent" even if the "independence" criteria mentioned in the rules had not been fulfilled.

CORPORATE GOVERNANCE

The Listing Rules allows the Board of Directors to determine that Directors be considered as “independent” even if the “independence” criteria mentioned in the rules had not been fulfilled.

The Board resolved that Mr. N L Gooneratne is an Independent Director on the Board of Trans Asia Hotels PLC notwithstanding the Listing Rules of the Colombo Stock Exchange having noted that;

1. Mr. N L Gooneratne of Trans Asia Hotels PLC has served on the Board as a representative since 31st October 1984;
2. The Listing Rules of the Colombo Stock Exchange and guidelines issued by the Colombo Stock Exchange/Securities and

Exchange Commission state, inter alia, that a Director who served on the Board for more than nine (09) years ceases to be an Independent Director;

3. Mr. N L Gooneratne although not satisfying the “number of years on the Board” criteria, does, in the opinion of the Board satisfy the other qualifying criteria in terms of independence, and the Board, having also considered all other factors, is therefore of the holistic view that Mr. N L Gooneratne is an Independent Director;

** 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 28 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 at 31 March 2024.

Name of Director	No. of Board Seats Held in Other Listed Sri Lankan Companies		No. of Board Seats Held in Other Unlisted Sri Lankan Companies
	Executive Capacity	Non-Executive Capacity	
Mr. K N J Balendra	-	-	-
Mr. J G A Cooray	-	-	-
Mr. M R Svensson	-	-	-
Mr. S Rajendra	-	-	-
Mr. C L P Gunawardane	-	-	-
Mr. N L Gooneratne	-	-	Design (Pvt) Ltd, Radiance Film International (Pvt) Ltd
Ms. S A Atukorale	-	-	Melstra Tower (Pvt) Ltd
Mr. H A J de S Wijeyeratne	-	DFCC Bank PLC, Ceylon Tobacco Company PLC	-

Meetings, Agenda and Attendance

Directors' attendance at the Board meetings held on a quarterly basis during the year under review is given below.

At the meetings, the Chairperson of the Board allocated time for Directors to analyse and discuss related matters. The Board also verified and approved the written minutes that were made available at the meetings. All Directors consult Keells Consultants (Private) Limited, which offers Company Secretarial services, for any relevant matters. The Chairperson approved the agenda for each meeting forwarded by the Board Secretary with the assurance that

Board meetings be proceeded in a proper flow. The typical Board agenda for the financial year 2023/24 included the following items:

- 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 and share certificates issued
- Ratification of Circular resolutions
- Any other business

The Board meetings are held in every quarter and Directors' attendance during the last financial year 2023/24 is given below:

Name	Year of Appointment to the Board	27/04/2023	17/07/2023	23/10/2023	22/01/2024	Eligibility	Attended
Mr. K N J Balendra	2016/2017	√	√	√	√	4	4
Mr. J G A Cooray	2017/2018	√	√	N/A	√	4	3
Mr. M R Svensson	2019/2020	√	√	√	√	4	4
Mr. S Rajendra	2020/2021	√	√	√	√	4	4
Mr. C L P Gunawardane	2020/2021	√	√	√	√	4	4
Mr. N L Gooneratne	1984/1985	√	√	√	√	4	4
Ms. S A Atukorale	2022/2023	√	√	√	√	4	4
Mr. H A J de S Wijeyeratne	2021/2022	√	√	√	√	4	4

The Audit Committee met on four occasions during the financial year 2023/24 and the attendance was as follows:

Name of Director	Date of Appointment	21.04.2023	14.07.2023	18.10.2023	19.01.2024	Meetings Attended
Mr. H A J de S Wijeyeratne – Chairperson	25/06/2021	√	√	√	√	4/4
Ms. S A Atukorale	22/06/2022	N/A	√	√	√	3/4
Mr. S Rajendra	25/06/2021	√	√	√	√	4/4
By invitation						
Mr. C L P Gunawardane		√	√	√	√	4/4
Mr. M R Svensson		√	√	Excused	√	3/4

The Nominations Committee met on one occasion during the financial year 2023/24 and the attendance was as follows:

Name of Director	Date of Appointment	31.03.2024	Meetings Attended
Mr. J Durairatnam - Chairperson	08/09/2018	√	1/1
Mr. K N J Balendra	01/01/2019	√	1/1
Mr. A S De Zoysa	08/09/2018	√	1/1

The Human Resources and Compensation Committee met on one occasion during the financial year 2023/24 and the attendance was as follows:

Name	Date of Appointment	Meetings Attended
Mr. D A Cabraal - Chairperson	29/01/2015	1/1
Dr. S S H Wijayasuriya	05/11/2016	1/1
By Invitation		
Mr. K N J Balendra		1/1
Mr. J G A Cooray		1/1
Mr. A N Fonseka		1/1
Dr. S Coorey		0/1

CORPORATE GOVERNANCE

The Related Party Transactions Review Committee met on four occasions during the financial year 2023/24 and the attendance was as follows:

Name	Date of Appointment	Meetings Attended
Ms. A N Fonseka - Chairperson	29/01/2014	4/4
Dr. S Coorey*	01/07/2023	2/2
Mr. S Fernando**	08/11/2023	1/1
Mr. D A Cabraal	29/01/2014	4/4
Ms. M P Perera***	24/07/2014	1/1
By Invitation		
Mr. K N J Balendra		4/4
Mr. J G A Cooray		3/4

* Ceased to be a member with effect from 8 November 2023.

** Attended by invitation on 6 November 2023.

*** Retired from 1 July 2023.

The Project Risk Assessment Committee did not meet during the financial year 2023/24.

Role of Chairperson

The Chairperson is a Non-Executive, Non-Independent Director who holds the main responsibility of leading and managing the Board and its Committees for their smooth functioning. The Company is represented by him externally and is the main point of contact for shareholders on all aspects of Corporate Governance.

The Chairperson of John Keells Holdings PLC also guides Trans Asia Hotels PLC as its Chairperson. He holds the responsibility of leading the Board, making engagements with Non-Executive Directors, and facilitating Independent Non-Executive Directors-only meetings continuously. He establishes the governance and ethical framework of the Company, assists and prompts the expression of different opinions with a follow-up on local and global industry developments, and makes sure that the Board honours its obligations to the Company's shareholders and other stakeholders.

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 with the assistance of the Board Secretary, that:
 - Board procedures are followed
 - Information is disseminated in a timely manner to the Board

President – Leisure

The President of the Leisure Sector of JKH, who is also a Non-Executive Director of the Company, is responsible for ensuring the implementation of the Company's strategic plans, guiding the senior management team, ensuring that the Company's operating model is aligned to the strategic aspirations of the ultimate parent Company JKH and ensuring effective succession planning at senior management level.

CEO - Cinnamon Hotels & Resorts: Executes strategies and policies of the Board, in consultation with the President - Leisure, JKH and ensures:

- The efficient management of all businesses of the Company
- That the operating model of the Company is aligned with the short and long-term strategies of the Hotels' Group
- Succession planning in respect of the senior management levels of the Company.

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

Board Induction and Training

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 Appraisal

The Board conducted its annual Board performance appraisal for the financial year 2023/24. 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

Board and corporate image and reputation

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

The effectiveness of the Audit Committee is evaluated by the Independent, Non-Executive Chairperson of the Audit Committee based on feedback from committee members and regular invitees to the Committee, which includes the General Manager, Finance Director of the Company, Chief Financial Officer of the Leisure Group, Sector Financial Controller, Head of Group Business Process Review and the Internal and External Auditors.

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, coordinated through the Company Secretaries, is available to Directors at the Company's expense.

Board Secretary

Secretarial services to the Board are provided by Keells Consultants (Private) Limited. The Secretaries and 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, 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.

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 NEDs/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.

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 179 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.

CORPORATE GOVERNANCE

INTEGRATED GOVERNANCE SYSTEMS AND PROCEDURES

The main governance systems and procedures of the JKH Group, adopted by the Company are listed below. These systems and procedures strengthen the elements of the company's Internal Governance Structure and are benchmarked against industry best practice.

- a. Strategy formulation and decision-making process
- b. Human resource governance
- c. Integrated risk management
- d. IT governance
- e. Tax governance
- f. Stakeholder management and effective communications
- g. Sustainability governance

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.

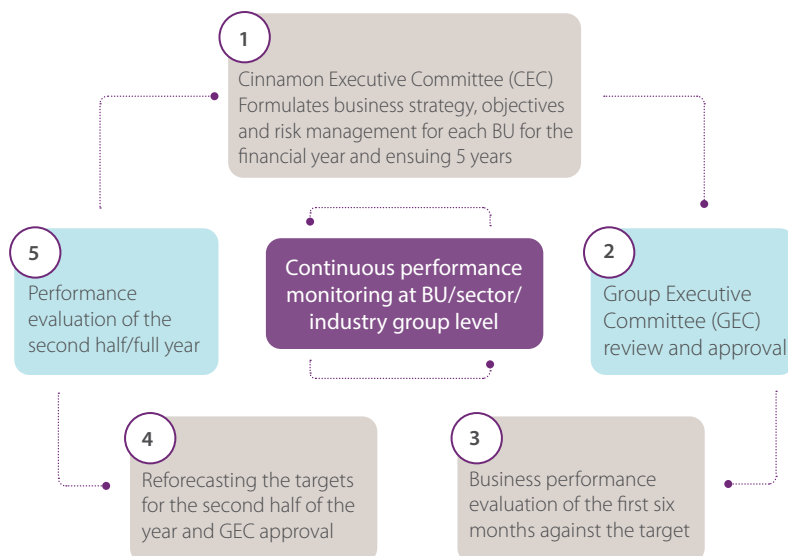
1. Progress and deviation report of the strategies formed.
2. Competitor analysis and competitive positioning.
3. Analysis of key risks and opportunities.
4. Management of stakeholders such as suppliers and customers.
5. Value enhancement through initiatives centered on the various forms of Capital under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

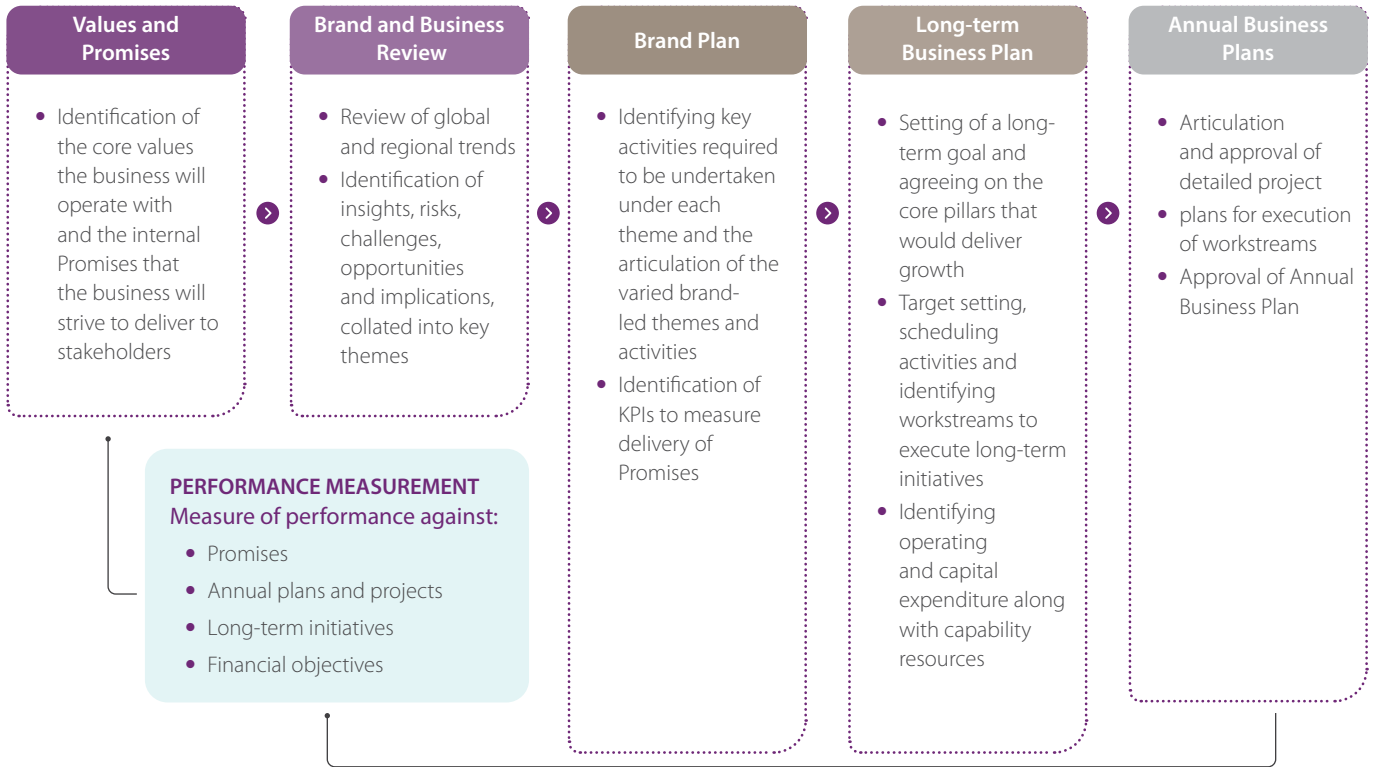
- A broad range of views, opinions and advice are obtained prior to making an investment decision.
- A holistic view is taken on the commercial viability and potential of any project, including operational, financial, funding, legal, risk, sustainability and tax implications.
- Sensitivity and scenario 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 afore-discussed 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 Group's project appraisal and execution process.

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



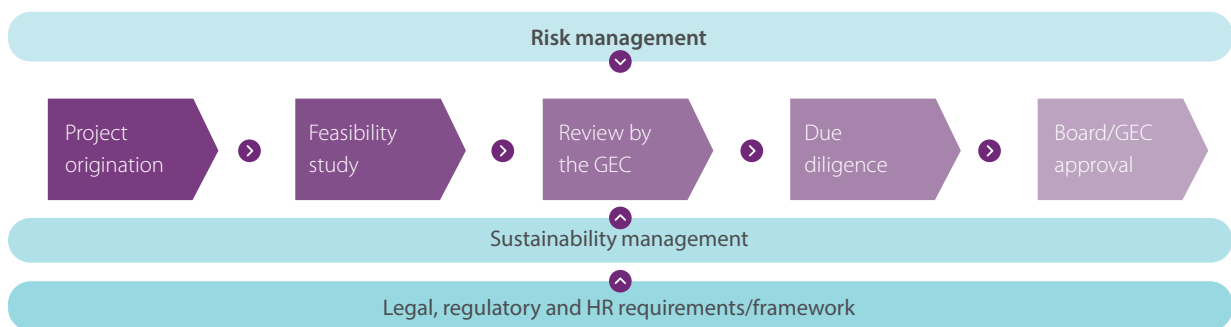
Medium-term Strategy

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



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.



CORPORATE GOVERNANCE

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 follows an open door policy for its employees and this is promoted at all levels of the Company. 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.

Identification of:

- Performance rating
- Competency ratings

Identification of:

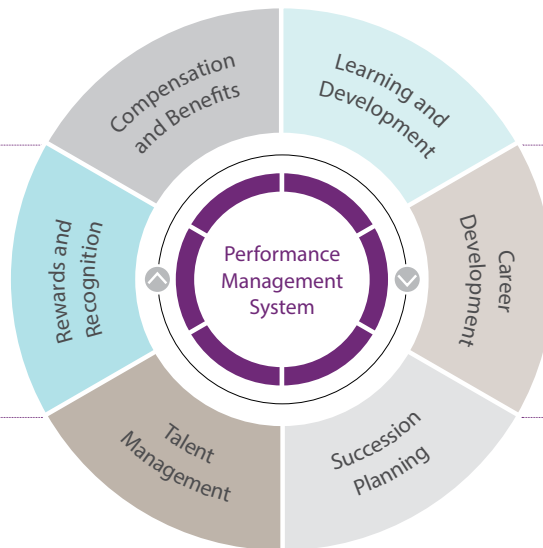
- Long term development plans
- Competency based training needs
- Business focussed training needs

Identification of:

- Chairperson's Award
- Employee of the Year
- Champion of the Year

Identification of:

- Promotions
- Inter company transfers
- Inter department transfers



Identification of:

- High performers
- High potential

Identification of:

- Jobs at risk
- Suitable successors
- Readiness level of successors
- Development plans
- External recruitments

JKH Success Drivers with Highlights:

During the year, the Group embarked on a project to transform the Group Competency Framework which has been in use for over a decade. The outcome was a refreshed and more relevant set of new competencies termed 'Success Drivers' which will be implemented for use during the ensuing year. The 'Success Drivers' evolved through the establishment of a series of workshops and discussions, and has been developed to be current, relevant and flexible in the context of the diversity of the Group talent pool and range of demographics it operates in



1. INCLUSIVE LEADERSHIP

Inclusivity & Diversity
Collaboration & Open Communication
Compassion & Empathy
Coaching & Mentoring
Upholding Values



2. CONNECTING THE DOTS

Big Picture Perspective
Multidisciplinary approach
Critical Thinking
Value Driven approach



3. BEING AGILE

Adapting to Change
Thriving in uncertainty
Bouncing back from adversities
Rapid experimentation approach
Solution-oriented Growth Mindset



4. RELENTLESS EXECUTION

Action orientation
Prioritisation
Effective Time Management
Focus & Commitment



5. STORYTELLING

Impactful Communication
Inspiring People
Creative ways of engagement
Active Listening



6. 360 STAKEHOLDER COMMITMENT

Passion for all stakeholders
Building Synergies
Trust & Credibility
Commitment to Financial outcomes + ESG

The JKH Group Compensation Policy adopted by the Company is as follows

Performance Management 'Pay for performance'

Greater prominence is given to the incentive component of the total target compensation.

Satisfaction 'More than just a workplace'

Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

Compensation Policy

- Compensation comprises of fixed (base) payments, short-term incentives and long-term incentive
- Higher 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

- 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

External Equity

- 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.

CORPORATE GOVERNANCE

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

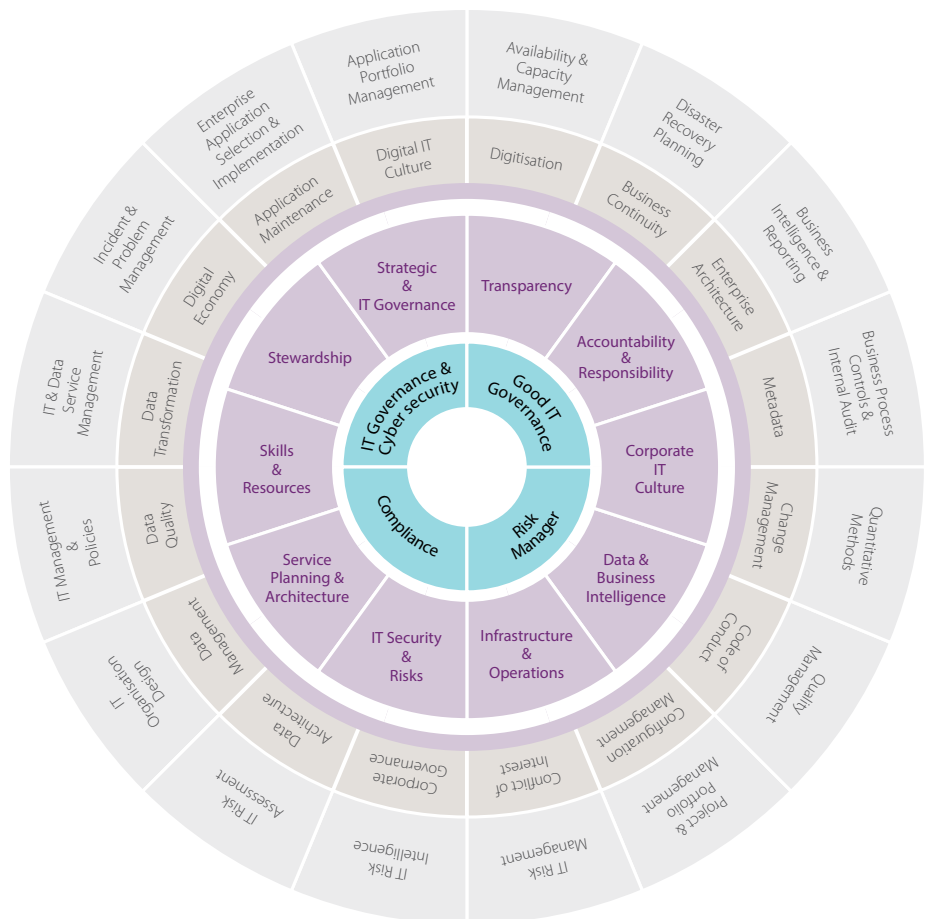
- Continuous steps taken towards promoting the Group's integrated risk management process are:
 - Integrating and aligning activities and processes related to planning, policies/ procedures, culture, competency, internal audit, financial management, monitoring and reporting with risk management.
- Supporting 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 (Group Executive Committee) 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 128 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.

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's IT governance framework focuses on five broader segments, namely strategic alignment, value delivery, performance management, risk management, and resource



The Group continually focusses 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

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, and 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 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).

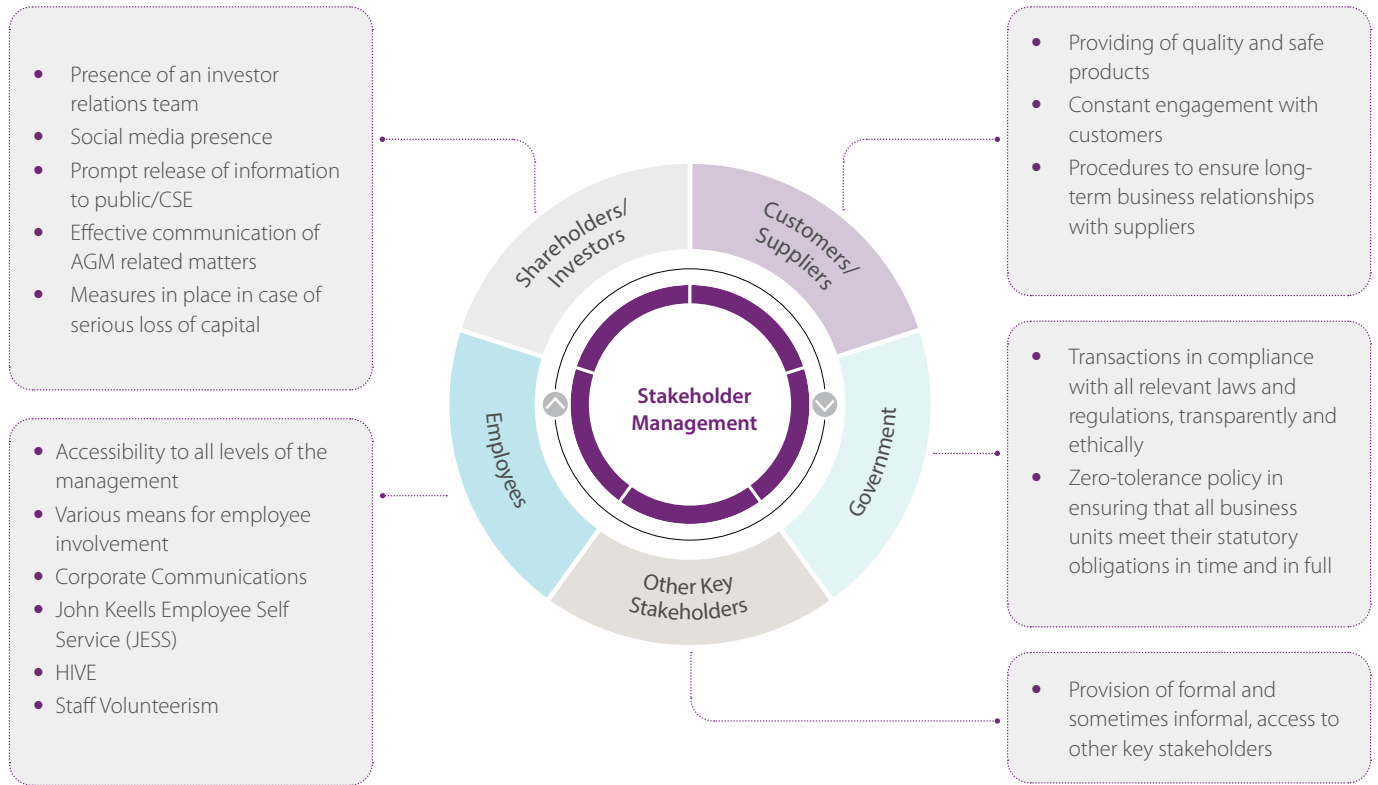
The Company approach to tax governance is directly linked to the sustainability of business operations. The presence of a well-structured tax governance framework ensures the following:

- 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 defence.
- Facilitate healthy relationships amongst stakeholders, Government and tax authorities.
- Ensuring integrity of reported numbers and timely compliance.

CORPORATE GOVERNANCE

f. Stakeholder management and effective communications

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



Communication with Shareholders

The Company 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 JKH 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 Group's performance which includes the company as well as to obtain constructive feedback. The online quarterly investor forums provide stakeholders the opportunity to directly engage with the Group'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 Group.

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.

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 2024 and at the end of each quarter of the financial year 2023/24.

All other material and price sensitive information about the Company 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 Company 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 Non-Executive Directors are made available to answer queries.
- The Chairperson 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.

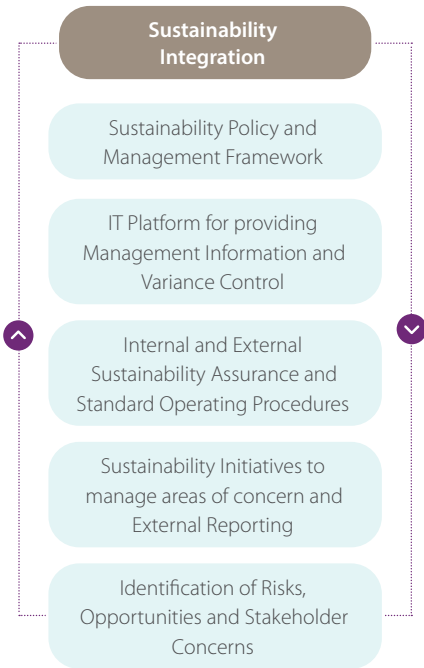
g. Sustainability Governance

The Company 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 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 and the Company 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.

CORPORATE GOVERNANCE



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:



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

Operationalises 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 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.

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 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 128 of the Annual Report.

The Company 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 Leadership spearheads the implementation of the Code. Further, Directors and all employees of the Company is 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. The company 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 were further emphasised 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

JKH and the company 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

JKH and the company 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.

CORPORATE GOVERNANCE

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.

HIV & AIDS workplace policy

JKH and the company 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

All significant suppliers of JKH and the company 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.

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.

JKH 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 the Group's 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 practices and demonstrate respect for the communities the Group operates in and the natural environment.

Exercise of professionalism and integrity in all business and 'public' personal transactions.

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.

Code of Conduct

The Company abides by the JKH Group Code of Conduct. To drive cohesive growth across the Company, 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 Company's purpose and values.

Whistle-blower Policy

Independence of the Group's whistle-blower channels was maintained by the appointment of an 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 emphasises 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 and the Company and Hotels Group 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 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 Hotels Group 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.

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 or to the Senior Independent Director upon which the involvement duty of the Ombudsperson ceases.

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

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.

Ombudsperson

Internal Controls

A quarterly self-certification programme requires the President, CEO, COO and 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 subject 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 Company has adopted the Group's 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 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 subject 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 industry 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 and the Company 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 is 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

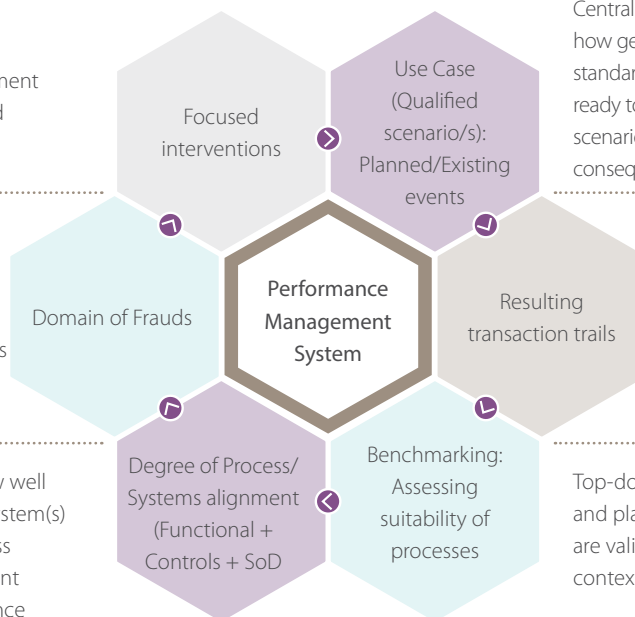
The Company uses forensic data analytics adopted by JKH Group to facilitate action towards investigating transactions that are distinct within its population, based on well established algorithms that prompt attention to strengthen process and systems controls in ensuring the integrity of such transactions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

Prompt active engagement based on prioritised remediation for identified opportunities for continuous improvement of existing processes, systems, standard operating procedures and practices

Disclosure of a qualified list of Fraud that the process is assessed for its susceptibility and is based on authoritative sources such as Association of Certified Fraud Examiners (ACFE), and amongst others, Global knowledge resources of Audit firms.

Bottom-up evaluation : Determine how well process controls are enforced by the system(s) in use, identify opportunities for process automation and optimising enforcement of segregation of duties (SoD) to enhance efficiencies.



Central to this approach: Auditor determine how geared the factors of Process, Systems, and standard operating procedures are aligned and are ready to facilitate predominant use cases [specific scenario(s)] that stem from events occurring, consequent to the current business strategy

Transactions resulting from events are scrutinised, anomalies identified, and root cause (contributory effect of Process, Systems, People), and its potential impact to the Business are prioritised for further deliberation

Top-down assessment : Efficacy of the design and placement of Process/functional controls are validated/verified and benchmarked with contextually relevant best practices

CORPORATE GOVERNANCE

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'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

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 2023/24 at the last AGM.

Regulatory and Accounting Benchmarks

The Board, through its operating structures, strived to ensure that the Company has 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 is fully compliant with all the mandatory rules and regulations stipulated by the:

- Listing Rules of the CSE 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 the SEC
- Code of Best Practice on Corporate Governance (2013) jointly issued by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

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 139 of this Report.

Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure Mandatory Provisions - Fully Compliant

Rule	Compliance Status	Reference (within the Report)
(i) Names of persons who were Directors of the Entity	Yes	Board of Directors
(ii) Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Annual Report of the Board of Directors
(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	
in(iv) 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	No – (A note on non compliance with the minimum public holding requirement has been included under The Annual Report of the Board of Directors Section)	Share Information & Shareholding
The public holding percentage in respect of non- voting Shares (where applicable)	N/A	
b) The public holding percentage in respect of Foreign Currency denominated Shares	N/A	
(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	
(vi) Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk Management
(vii) Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Annual Report of the Board of Directors
(viii) Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Notes to the Financial Statements
(ix) Number of shares representing the Entity's stated capital	Yes	
(x) A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Share Information & Shareholding/Performance Highlights
(xi) Financial ratios and market price information	Yes	
(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
(xiii) Details of funds raised through a public issue, rights issue and a private placement during the year	Yes	Share Information & Shareholding/Notes to the Financial Statements
(xiv) Information in respect of Employee Share Ownership or Stock Option Schemes	Yes	
(xv) Disclosures pertaining to Corporate Governance practices in terms of section 9 of the Listing Rules	Yes	Annual Report of the Board of Directors Corporate Governance Note 09 and 28 of the Notes to the Financial Statements
(xvi) Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	
(xvii) Disclosures pertaining to Foreign Currency denominated Securities, Sustainable to Bonds, Perpetual debt Securities. Infrastructure Bonds and/or Shariah	N/A	
(xxi) Compliant Debt Securities listed on the CSE		

CORPORATE GOVERNANCE

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.	Compliance with Corporate Governance Rules	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.	At least 2 members or 1/3 of the Board, whichever is higher should be NEDs	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.	2 or 1/3 of NEDs, whichever is higher shall be "independent"	Yes	3 out of the 8 NEDs are Independent.
b.	Each NED to submit a signed and dated declaration of his/her independence or non-independence	Yes	Independence of the Directors has been determined in accordance with CSE Listing Rules and where relevant Board determinations have been made the 3 Independent NEDs have submitted signed confirmation of their independence.
7.10.5 Remuneration Committee			
a.1	Remuneration Committee shall comprise of NEDs, a majority of whom will be independent	Yes	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 two INEDs and one NED.
a.2	A NED shall be the Chairman of the committee	Yes	The Chairperson of the Audit Committee is an Independent NED.
a.3	CEO and CFO should attend AC meetings	Yes	The Chief Executive Officer of Cinnamon Hotels and Resorts, General Manager of Trans Asia Hotels PLC, Chief Financial Officer - Leisure Group, Sector Financial Controller – Colombo Sector and the Head of Group Business Process Review (Group BPR) of John Keells Holdings PLC attend the meetings of the Audit Committee by invitation
a.4	The Chairman 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.

CSE Rule		Compliance Status	Company Action/Reference (within the Report)
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, on 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.
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 the Company in relation to the above.	Yes	Refer Report of the Audit Committee.

CORPORATE GOVERNANCE

Rule		Compliance Status	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	Minimum required Board Committees	Yes	The required Committees are maintained and are functioning effectively.
b/c/d			
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	Communication and relations with shareholders and investors	Yes	Refer Stakeholder management and effective communications under Corporate Governance Report
a/b/c			
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	N/A	N/A
9.6.2	Market announcement on the rationale behind the appointment of a SID	N/A	
9.6.3	Requirement for a SID	N/A	
a-d			
9.6.3	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties	N/A	N/A
e			
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	N/A	N/A

Rule		Compliance Status	Reference (within the Report)
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 Committees reviews and makes recommendation to the Board on the fitness and propriety of Directors.</p> <p>These have been tabled at the Board meetings and 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 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 NEDs and NEDs 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

CORPORATE GOVERNANCE

Rule		Compliance Status	Reference (within the 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	
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure the independence	Yes	
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	
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 Compensation Committee Report
9.12.6 (3)	An ID shall be appointed as the Chairperson of the Remuneration Committee	Yes	Refer Director Remuneration section in the Corporate Governance Report
9.12.7	Functions	N/A	Refer Human Resources and Compensation Committee Report
9.12.8	Names of Remuneration Committee Chairperson and members	Yes	
A			
9.12.8	Statement of Remuneration policy	Yes	
B			
9.12.8	Aggregate remuneration paid to EDs and NEDs	Yes	
C			
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.
9.14.2 (2)	Where the parent company and the 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	
9.14.4	General Requirements	Yes	
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Yes	

Rule		Compliance Status	Reference (within the Report)
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	
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.
(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.	N/A	N/A

CORPORATE GOVERNANCE

Statement of Compliance pertaining to the Companies Act No. 7 of 2007

Mandatory Provisions - Fully Compliant

Rule	Compliance Status	Reference (within the Report)
168 (1) (a)	Yes	Annual Report of the Board of Directors
168 (1) (b)	Yes	Financial Statements
168 (1) (c)	Yes	Independent Auditors' Report
168 (1) (d)	Yes	Notes to the Financial Statements
168 (1) (e)	Yes	Annual Report of the Board of Directors
168 (1) (f)	Yes	Notes to the Financial Statements
168 (1) (g)	Yes	Notes to the Financial Statements
168 (1) (h)	Yes	Board of Directors
168 (1) (i)	Yes	Notes to the Financial Statements
168 (1) (j)	Yes	Report of the Audit Committee/ Financial Statements
168 (1) (k)	Yes	Financial Statements/Annual Report of the Board of Directors
168 (2)		Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries.

Statement of Compliance with applicable Codes of Best Practice – Voluntary Compliance

The Company is also compliant with the Code of Best Practices on Related Party Transactions (2013) advocated by the SEC (mandatory), the Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and CA Sri Lanka (voluntary) and almost all the provisions of the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka to the extent of business exigency and as required by the Company and the John Keells Group.

CA Sri Lanka issued a revised Code of Best Practices on Corporate Governance in December 2023. The Company is in the process of reviewing the Code for further adoption as applicable and relevant to the Company. As the new Code was issued nine months into our reporting year, the Company has presented its compliance in line with the 2017 Code of Best Practices on Corporate Governance.

Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka

Directors	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The Human Resource and Compensation Committee, which consists exclusively of JKH INEDs, is responsible for determining the remuneration of JKH Group EDs. 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.
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, GRI 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.

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.



D A Cabraal
Chairperson of the Human Resources and Compensation Committee
20th May 2024

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Composition

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

N Fonseka

A Cabraal

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 1st July 2023 and resigned with effect from 8th 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 Trans Asia Hotels 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 and pre-approval of such transactions by the Committee.

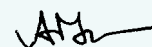
Accordingly Recurrent RPTs as well as the aforesaid disclosures and assurances were reviewed annually by the Committee.

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

20th May 2024

BOARD SUBCOMMITTEE REPORTS

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

20th May 2024

NOMINATIONS COMMITTEE REPORT

The Nominations Committee of the Company as at 31st 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:-

- Mr. 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
Chairman of the Nominations Committee

21st May 2024

RISK MANAGEMENT REPORT

As a part of the John Keells Group and Cinnamon Hotels and Resorts, Trans Asia Hotel PLC (TAH) recognises the inherent susceptibility of the hotels and leisure industry to various external shocks such as macro-economic imbalances, geopolitical instabilities, pandemics, and climate change. To address these challenges, TAH employs an enterprise-wide approach to risk management, supported by a robust risk management framework. This framework encompasses governance structures, policies, processes, and procedures aimed at effectively managing risks while maintaining a balance between profitability and financial stability. Over recent years, this approach has demonstrated its effectiveness in providing strategic foresight and agility, particularly in navigating unprecedented external shocks.

Risk Governance

TAH draws deep strength from the very robust risk governance process that has been instilled within the Cinnamon Hotels and Resorts. 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 (BPR) 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 Company which follows a structured process and enables the pre-identification of potential risks that may impact the performance of the Company. 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 and
- Designing appropriate risk treatments

FORMAL ERM FRAMEWORK



KEY COGS OF THE ERM FRAMEWORK

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

- Includes the likelihood of occurrence and the potential severity of impact.
- Group guidelines used to create a risk grid for the Company.
- Every risk analysed in terms of the likelihood of occurrence and severity of impact and assigned a score ranging from 1 (low probability/impact) to 5 (high probability/impact) to signify the probability of occurrence and the level of impact on the organisation.



- Risk Event - Any event with a degree of uncertainty that, if it occurs, may result in the organisation or Business Unit failing to meet its stated objectives
- Core Risks - Core Risks are those risks that have a catastrophic impact on and from the organisation. Still, they may have a very low or nil probability of occurrence
- Use the matrix to establish risk levels based on the values assigned for each risk.
- Please see elaboration below

RISK MATRIX

TAH'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
		Rare/Remote to Occur 1	Unlikely to Occur 2	Possible to Occur 3	Likely to Occur 4	Almost Certain to Occur 5

Step 2 - Determining the priority level of risks based

	Occurrence / Likelihood				
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

RISK MANAGEMENT REPORT

Key risks for Trans Asia Hotels Properties PLC and their risk priorities

The following risks have been identified as being impactful and affecting the strategic business objectives of TAH. These risks have been assessed as per the above illustrated Risk Matrix and their respective priority levels are indicated.

Risk categorisation	Key risks	Impact/ Severity	Occurrence/ Likelihood	Risk priority	Trend
Operating Environment	Pandemic Risk	Moderate/High	Possible to occur	Medium	→
	Country Risks	Moderate/High	Possible	Medium	→
Financial Risks	Exchange rate fluctuations	Major/Very high	Likely	High	→
	Financial risks- Credit and Liquidity risks	Minor	Possible to occur	Low	↓
	Financial risks- Increase in interest rates	Moderate/High	Possible to occur	Medium	↓
Business Risk	Business Risk	Moderate/High	Likely	High	→
	IT Risks	Moderate/High	Possible	Medium	→
Operational Risks	Fire	Major/Very high	Rare/Remote	Medium	↑
	Disruption to business due to power and fuel crisis	Moderate/High	Unlikely	Low	→
	Supply chain issues/Supply chain shortages	Moderate/High	Unlikely	Low	→
	Brand and reputation risk	Moderate/High	Unlikely	Low	→
	Food Safety	Major/Very high	Rare/Remote	Medium	→
	Equipment/Machinery breakdown	Moderate/High	Likely	High	↑
	Labour Disputes	Moderate/High	Unlikely	Low	→
	Employee Risks	Moderate/High	Likely	High	→
	Corruption and Fraud	Minor	Unlikely	Insignificant	→
	Sexual harassment at workplace	Major/Very high	Unlikely	Low	→

Risk Management Strategy

The Company 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.

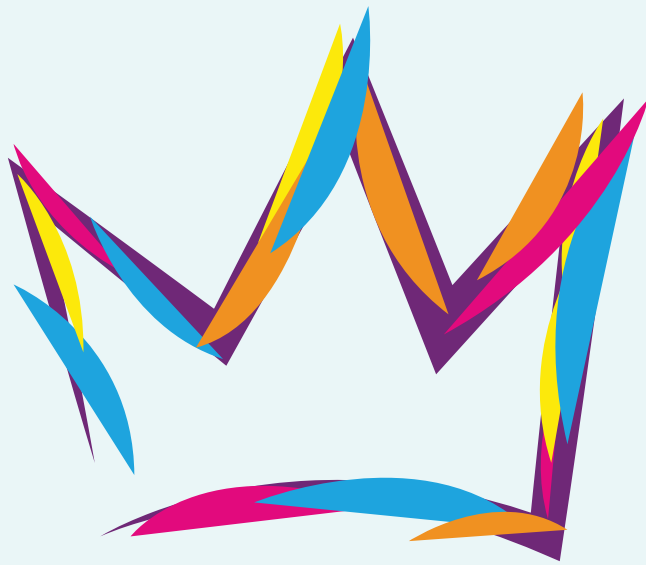
RISK ANALYSIS

Risk	Mitigating Actions	Current Assessment
Operating Environment		
1	<p>Pandemic Risk</p> <ul style="list-style-type: none"> Loss or closure of business due to travel restrictions, obstructions to business continuity and health and safety of guests and staff Negative publicity and implications on Customer footfall 	<p>Preventive- BCP to include processes on handling infected cases, SOP's in place for guest and staff self-isolations on infected cases, compliance with guidance issued by SLTDA and MOH guidelines (safety measures and disinfecting methods etc.), social distancing protocols and health checks, arrangements for working from home and Staffing plans</p> <p>Detective- Daily health checks for guests and staff, Conducting tests for staff, staff trainings on symptom detections, collection of guest and staff recent health condition and declarations relating to infections.</p> <p>Corrective- Diversification of revenue sources through a focus on F&B income and other supplementary services, expenditure control measures, stress tests, weekly dashboard monitoring of financial and non-financial KPIs.</p>
2	<p>Country Risks</p> <ul style="list-style-type: none"> Acts of terrorism can cause disruptions to operations, loss of life/injury and damage property and equipment Civil unrest and Breakdown of law and order Natural Disasters 	<p>Preventive- Additional security arrangements including additional military personnel and CCTV, continuous lobbying with the Government agencies and industry personnel, review of business continuity plans, fire and safety drills, Annual evacuation drills, Business Continuity Plan reviews, signage and evacuation plans</p> <p>Detective- Installation of baggage X-ray machines, walk through metal and explosive detectors, vehicle checks, fire safety certifications, Monitoring of Political and External environment</p> <p>Corrective- Business Continuity Plans, signage and evacuation plans, adequate insurance covers, backup plans for data, monitoring of external environment, Emergency preparedness plans in place</p>
Financial Risks		
3	<p>Exchange rate fluctuations</p> <ul style="list-style-type: none"> Increase in cost of purchases Realised losses on US Dollar loan repayments Fluctuations in room-based revenue 	<p>Preventive- Monitoring of market movements and trends of exchange rates</p> <p>Detective- Ongoing engagement with Group Treasury</p> <p>Corrective- Natural hedging options such as invoicing and accepting payments in the same currency and engaging proactively with banks to obtain the best possible rates</p>
4	<p>Financial risks- Credit and Liquidity risks</p> <ul style="list-style-type: none"> Exposure and losses due to default of settlement by debtors Inability to meet financial commitments on due dates 	<p>Preventive- Stringent credit policy and controls to mitigate the impact of default, regular review of credit limits, capital investments are planned in a manner which would not adversely impact on the cashflows and gearing position, continuous monitoring of markets</p> <p>Detective- Ongoing monitoring against collection targets with progressive action, regular review mechanisms to monitor the Company's performance against budgets</p> <p>Corrective- Regular internal audits</p>

RISK MANAGEMENT REPORT

Risk	Mitigating Actions	Current Assessment
5	Financial risks- Increase in interest rates <ul style="list-style-type: none"> • Increase in cost of debt 	Preventive/Detective- Constant monitoring of market interest rates and regular communication with Group Treasury on minimum lending rates Corrective- Renegotiation of credit periods and constant follow ups on outstanding debt
Business Risk		
6	Business Risk <ul style="list-style-type: none"> • Increased competitiveness in the industry • Cost increases due to continuously improving product quality standards in line with competitors 	Preventive- Pricing, refurbishment, retention of talent, training and development of staff, product and service upgrades are carried out to be competitive with industry counterparts Detective- Pricing strategies are scrutinised with competitor pricing and other available offers Corrective- Monitoring of guest reviews and rankings, increased marketing efforts including social media strategies and review of pricing strategies
7	IT Risks <ul style="list-style-type: none"> • Not keeping up with the latest technological developments in the industry • Cyber security 	Preventive- Implementation of latest technological developments, Updating of firewalls, service contracts, infrastructure and disaster recovery plans based on the latest technological advances in the industry Detective- Monitoring potential threats through regular internal audits and implementation of the cybersecurity framework Corrective- Immediate measures taken to correct identified deficiencies and gaps, implementing latest technological developments
Operational Risks		
8	Fire <ul style="list-style-type: none"> • Disruption to operations • Loss of life or injury • Loss of key documentation 	Preventive- Fire detection and fighting equipment are in place, staff training, regular fire drills Detective- Regular auditing, daily rounds done by trained officers in the property Corrective- Business continuity plans, insurance, evacuation procedures
9	Disruption to business due to power and fuel crisis <ul style="list-style-type: none"> • Inability to run the generator during power outages • Inability of staff to report to work 	Preventive- Increase frequency and quantity of fuel purchased to power the generator, increase par level of stocks. Detective- Continuous monitoring and Identification of alternative suppliers Corrective- Seek alternate sources of power supply
10	Supply chain issues/Supply chain shortages <ul style="list-style-type: none"> • Inability of our suppliers to fulfil delivery requirements in terms of quality and price can lead to negative impacts on service quality and margin pressure. Short supply of raw material could result in disruption to operations. 	Preventive- Review supplier standards, maintenance of agreements, supplier forums and continuous monitoring Detective- Identification of alternative suppliers and supplier audits Corrective- Modifying the menus and ordering process accordingly, robust supplier engagement
11	Brand and reputation risk <ul style="list-style-type: none"> • Our reputation on social media will directly impact our ability to attract customers 	Preventive- Maintaining brand standards, health and safety standards and high guest & associate satisfaction levels Detective- Continuous monitoring of social media Corrective- Responding immediately to guest concerns and addressing any areas of weaknesses

Risk	Mitigating Actions	Current Assessment
12	<p>Food Safety</p> <ul style="list-style-type: none"> This has an immediate impact on the health and safety of our guests, staff and reputation 	<p>Preventive- ISO 22000 food safety management certification supported by associate training on basic food hygiene and establishing systematic waste disposal methods</p> <p>Detective- Regular audits and third-party microbiological testing, regular medical checks for food handlers, cleaning, regular sanitation and pest control schedules</p> <p>Corrective- Public relations handling by duty managers and immediate action for damage control</p>
13	<p>Equipment/Machinery breakdown</p> <ul style="list-style-type: none"> Breakdown can cause disruption to operations, adversely impacting our services and guest experiences resulting in loss of reputation and increased costs 	<p>Preventive- Regular preventative maintenance programmes are carried out</p> <p>Detective- Regular inspections, supervision and monthly maintenance</p> <p>Corrective- Maintenance is done on a needs basis upon identification of issues from detective measures or breakdown incidents</p>
14	<p>Labour Disputes</p> <ul style="list-style-type: none"> This has an impact on staff motivation, talent attraction and retention 	<p>Preventive- Operational management supervision</p> <p>Detective- Regular discussions with employees on grievances</p> <p>Corrective- Increased employee engagement</p>
15	<p>Employee Risks</p> <ul style="list-style-type: none"> Loss of key staff due to increased global and local competition Inability to retain talent Attrition of staff 	<p>Preventive- Great Place to Work certification, staff welfare, building loyalty, review of remuneration packages, performance driven by "SMART" objectives, clear SOPs for staff to follow</p> <p>Detective- Cinnamon employee survey</p> <p>Corrective- Training pool, development programs, enable opportunities in other business units or redeployment, disciplinary procedures</p>
16	<p>Corruption and Fraud</p> <ul style="list-style-type: none"> Risk to reputation Lack of transparency Financial loss 	<p>Preventive- Continuous training of staff, regular review of policies, whistle blowing mechanisms</p> <p>Detective- Internal audit and spot checks</p> <p>Corrective- Staff training and Internal audit and loss recovery process including insurance</p>
17	<p>Sexual harassment at workplace</p> <ul style="list-style-type: none"> Risk to brand image Dissatisfied staff Difficulties in hiring 	<p>Preventive- Staff awareness and training sessions, robust policies</p> <p>Detective- Transparent and confidential channels of communication</p> <p>Corrective- Robust disciplinary procedures</p>



FINANCIAL STATEMENTS

A REINFORCED COVENANT

The blood, sweat and tears of our efforts throughout the year are showcased within our financial statements, which serve as a testament to the untiring commitment and inspiring veracity shown by our leadership, staff, partners, and other stakeholders.

FINANCIAL CALENDAR

42nd Annual General Meeting	26th June 2023
43rd Annual General Meeting	27th June 2024
Extraordinary General Meeting	27th June 2024
Interim Financial Statements	
1st Quarter ended 30th June 2023	Released on 18th July 2023
2nd Quarter ended 30th September 2023	Released on 06th November 2023
3rd Quarter ended 31st December 2023	Released on 30th January 2024
4th Quarter ended 31st March 2024	Released on 21st May 2024

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AUDIT COMMITTEE REPORT

Introduction

The Board Audit Committee (BAC) of Trans Asia Hotels PLC is formally constituted as a Sub Committee of the Main Board, to which it is accountable.

The Committee operates pursuant to the Audit Committee Charter which is reviewed annually by the Committee.

This report focuses on the activities of the Audit Committee for the year under review. A more general description of the Committee's functions is also given under the Corporate Governance Report on page 88.

Role of The Board Audit Committee

The BAC in its role, assist the Board in fulfilling their responsibility with regard to;

- Ensuring the integrity of the Financial Statements of the Company and that good financial reporting systems are in place and is managed in order to give accurate, appropriate and timely information to the management, regulatory authorities and shareholders in accordance to the financial reporting standards of The Institute of Chartered Accountants of Sri Lanka, Companies Act No.7 of 2007, the Sri Lanka Accounting and Auditing Standards and the continuing Listing Rules of the Colombo Stock Exchange.
- Assessing the independence and monitoring the performance of external auditors and external internal auditors
- Ensuring the Company's internal control and risk management process is efficient and effective
- Ensure compliance with applicable laws, regulations, and policies of the Group and the Company
- Assess the company's ability to continue as a going concern in the foreseeable future.

Composition of The Board Audit Committee and Meetings

The Audit Committee of Trans Asia Hotels PLC is comprised of two Independent Non- Executive Directors and one Non-Independent Non-Executive Director. The composition is in compliance with the requirement to have a minimum of two Independent Non-Executive Directors in terms of the Rules on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange. The Head of Finance of the company serves as the Secretary to the Audit Committee.

The Chief Executive Officer of Cinnamon Hotels and Resorts, General Manager of Trans Asia Hotels PLC, Chief Financial Officer - Leisure Group, Sector Financial Controller – City Sector and the Head of Group Business Process Review (Group BPR) of John Keells Holdings PLC attend the meetings of the Audit Committee by invitation. Other officials are invited to attend on a needs basis. The External Auditors and the Out sourced Internal Auditors also attend meetings on a regular basis.

The Board Audit Committee (BAC) is comprised of the following Non-Executive Directors who conduct Committee proceedings in accordance with the terms of reference set out in the Audit Committee Charter.

Mr. H A J de S Wijeyeratne*	- Chairperson
Mr. S Rajendra	- Member
Ms. S A Atukorale*	- Member

*Independent Non-Executive Director

The detailed profile of the members of the BAC is given under Board of Directors on pages 14 to 15.

Meetings of The Board Audit Committee

The Audit Committee held four meetings during the financial year 2023/24. The attendance of the Committee members at these meetings is given under Corporate Governance Report on page 97.

The activities and views of the Committee have been communicated to the Board of Directors by tabling the minutes of the Committee's meetings at Board Meetings and verbally at Board meetings when necessary.

Financial Reporting

The Audit Committee has reviewed and discussed the Company's quarterly and annual Financial Statements prior to publication with management and the external auditors, including the extent of the compliance with Sri Lanka Accounting Standards and the adequacy of disclosures required by other applicable laws, rules, and guidelines. The Committee has also regularly discussed the operations of the Company and its future prospects with management and is satisfied that all relevant matters have been taken into account in the preparation of the financial statements.

Internal Audit & Control Assessment

The internal audit plans and scope of work were formulated in consultation with the internal audit function, which at John Keells is termed Group Business Process Review (Group BPR) Division and the out sourced Internal Auditors and approved by the Committee.

The main focus of the 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 the internal controls, and compliance with the laws and regulations and established policies and procedures of the company.

During the year, Internal Audit Reports received by the Committee from the out sourced Internal Auditors, Deloitte Advisory Services (Pvt) Ltd were reviewed and discussed with management and Group Business Process Review Division of John Keells Holdings PLC. The recommendations of the Internal Auditors have been followed up and implemented.

Risk Assessment

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 management and the John Keells Group Sustainability and Enterprise Risk Management Division.

AUDIT COMMITTEE REPORT

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

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. At the conclusion of the Annual Audit, the Committee met with the external auditors to discuss all audit issues and agree on their treatment. The Committee also met the External Auditors, without management present, at the conclusion of the annual audit to review the financial statements and the reports thereon and to respond as necessary to such reports.

The Audit Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives 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 John Keells 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 Messrs. KPMG, Chartered Accountants be re-appointed as the External Auditors of Trans Asia Hotels PLC for the financial year ending 31st March 2024, 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 well-being, public liability and Economic benefit. The committee draws conformity of the Group Insurance Broker for the expertise and confirmation of its compliance.

Whistle Blowing Assessment

The company has an established mechanism for employees to report to the Chairperson of John Keells Holdings through a communication link named "Chairperson Direct" about any unethical behaviour or any violations to group values. Employees reporting such incidents are guaranteed complete confidentiality.

The committee reviews this process on a periodic basis.

Compliance with Code of Best Practice on Audit Committee

The BAC 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 BAC 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 BAC 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 BAC is done on a periodic basis. The committee seeks the assistance of the Group Business Process Review Team for this purpose. The members of the BAC 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 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 Audit the Company, the assurances and certifications provided by the senior management, and the discussions with 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.



Mr. H A J de S Wijeyeratne
Chairperson of the Audit Committee

21st May 2024

Members:

Mr. H A J de S Wijeyeratne-Chairperson
Mr. S Rajendra
Ms. S A Atukorale

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in presenting the 43rd Annual Report of Trans Asia Hotels PLC (Company) together with the Audited Financial Statements for the year ended 31st March 2024.

GENERAL

The Company was incorporated on 17th July 1981 as a limited liability company and the shares of the Company were listed on the Colombo Stock Exchange (CSE) on 1st January 1983. In compliance with the provisions of the Companies Act No. 7 of 2007 (Companies Act) the Company was re-registered on 15th June 2007 with Company registration number PQ 5.

Principal Activity

The principal activity of the Company, which is hoteliering remained unchanged. The Company owns Cinnamon Lakeside Hotel, a Five Star Hotel situated in Colombo. The Company also derives rental income from the investment property adjoining the Hotel.

Parent Company and Ultimate Parent Company

The Company is a subsidiary of Asian Hotels and Properties PLC, a company incorporated in Sri Lanka and listed on the CSE and the Company's ultimate parent company is John Keells Holdings PLC (JKH), also a company incorporated in Sri Lanka and listed on the CSE.

Review of the business and future Developments

The financial and operational performance during the year ended 31st March 2024 and future business developments of the Company are provided in the Chairperson's Review on pages 10 to 13 This report which forms an integral part of the Annual Report together with the audited financial statements, reflect the state of affairs of the Company.

Financial Statements and Auditor's Report

The Financial Statements of the Company duly signed by the Directors and the Auditors' Report on the Financial Statements are provided on pages 145 to 147.

Corporate Governance

The Corporate Governance principles and practices of the Company are described from pages 86 to 86 of this report.

The Company continues to be non compliant with the Minimum Public Holding Requirement specified in Rule 7.13.1 (b) under Option 1 of the CSE Listing Rules and was transferred to the Second Board on 27 August 2021 of which the shareholders were apprised at the last Annual General Meeting of the Company. The non compliance is due to the float adjusted market capitalization not meeting the required threshold, owing to the anomalies brought about through the macro economic conditions of the country. The Company continues to aggressively pursue its business strategies in order to capitalize on all available opportunities and maximize stakeholder value creation. The Company also monitors the situation towards ensuring compliance with the required Public Holding threshold as specified in the CSE Listing Rules.

Subject to the above,

(a) Chairperson's declaration

The Chairperson declares that there were no departures from any of the provisions of the Code of Business Conduct and Ethics.

(b) Directors' declarations

The Directors declare that;

- a) the Company has 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 endeavors to ensure the 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 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 Company, and the John Keells Group.

Human Resources

The Company continued to implement appropriate human resource management policies to develop employees and to optimize their contribution towards the achievement of corporate objectives. The policies and procedures ensure the equitable treatment of all employees. There were no material issues pertaining to employees and industrial relations during the year under review.

System of internal control and risk management

The Board has implemented an effective and comprehensive system of internal controls which provide reasonable but not absolute assurance that assets are safeguarded and that the financial reporting system may be relied upon in the preparation of the financial statements. The Audit Committee receives, considers, reports and acts on the results of internal control reviews carried out by independent Internal and External Auditors. The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Company and that financial, operational and compliance controls have been reviewed. Risk assessment and evaluation for the Company takes place as an integral part of the business and the principal risks and mitigating actions in place are reviewed regularly by the Audit Committee. The Board, through the involvement of the ultimate parent Company JKH, Group Business Process Review Division takes steps to gain assurance on the effectiveness of control systems in place. The Head of the Group Business Process Review Division has direct access to the Chairperson of the Audit Committee. Foreseeable risks that may materially impact business are disclosed in the Risk Management Report on pages 128 to 128 of this Report and notes to the Financial Statements on pages 153 to 188.

Going concern

The Company 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 Company in determining the going concern basis for preparation of financial statements.

The management has formed judgment 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 at the Company level along with the financial strength of the John Keells 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.

Accounting Policies

Details of accounting policies have been discussed in Notes 153 to 159 to the financial statements. There have been no changes in the accounting policies adopted by the Company during the year under review.

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.

Revenue

Revenue generated by the Company as at 31st March 2024 amounted to Rs. 4,462 Million (2023 - Rs. 3,569 Million).

Results & Appropriations

The profit after tax of the Company attributable to the equity holders for the year was Rs. 173 Million (2023 –Loss Rs. 97Million). The synopsis of the Company's performance is presented in the following table:-

For the year ended 31st March in Rs.'000s	2024	2023
After providing for all known liabilities, bad & doubtful debts and depreciation on property, plant and equipment, the profit before interest was	303,832	92,180
Interest paid during the year was	(183,438)	(202,387)
Interest earned during the year was	18,526	3,802
Change in fair value of Investment Property	95,055	214,301
Profit Before Tax was	233,975	107,896
from which was deducted the provision for taxation including deferred taxation of	(60,858)	(205,393)
Leaving a net profit/(loss) after tax of	173,117	(97,497)
Deferred tax effect on actuarial gain was	12,313	(2,654)
Gain / (Loss) on defined benefit plans of	(41,043)	10,698
The amount transferred from Revaluation Reserve was	25,134	25,134
Adjustment for Surcharge tax of	-	(14,233)
When the balance brought forward from the previous year was added	3,173,606	3,252,258
Leaving a balance to be carried forward next year of	3,343,127	3,173,606

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 No. 7 of 2007, and that it will also satisfy the solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007. The Board will also obtain a certificate from the Auditors, prior to recommending a dividend.

Property, Plant & Equipment

The book value of property, plant and equipment as at the balance sheet date amounted to Rs. 4,586 Million (2023 - Rs. 4,065 Million) for the Company.

Capital expenditure for the year amounted to Rs. 338 Million (2023 - Rs. 504 Million).

Details of property, plant and equipment and their movements are given in Note 14 to the Financial Statements on page 165 of this Report.

Market Value of Properties

All buildings owned by the Company were revalued as at 31st December 2023 and the carrying value amounted to Rs. 3,761 Million (2023 - Rs. 3,318 Million). All information related to the revaluation is given in Note 14 to the Financial Statements.

All properties classified as investment property were valued as at 31st December 2023 in accordance with the requirements of LKAS 40. This valuation too was carried out by P. B. Kalugalagedara & Associates. The carrying value of investment property of Company amounted to Rs. 3,242 Million (2023 - Rs. 3,147 Million). The Directors have decided to retain the fair value of investment property recognized as at 31st March 2024.

Details of the valuation of property, plant and equipment and investment property are provided in Notes 14 and 16 to the Financial Statements on pages 168 and 170 of this Report.

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 the investment properties are explained in Note 16 to the Financial Statements on page 169.

Stated capital

The total stated capital of the Company as at 31st March 2024 was Rs. 1,113 Million (2023 - Rs. 1,113 Million). The Stated Capital of the Company comprises of 200 Million Ordinary Shares fully paid up.

Reserves

Total reserves as at 31st March 2024 for the Company amounted to Rs. 5,249 Million (2023 - Rs. 4,829 Million). The movement of reserves during the year is disclosed in the Statement of Changes in Equity on page 150.

Segment reporting

Segment wise contribution to Company revenue, results, assets and liabilities is provided in Note 30 to the Financial Statements.

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 32 to the Financial Statements on page 187.

Events subsequent to the balance sheet date

There have been no events subsequent to the balance sheet date, which would have any material effect on the Company other than those disclosed in Note 33 to the Financial Statements on page 188.

Share information & Shareholding

The market value of an ordinary share of the Company as at 31st March 2024 was Rs. 42.60 (2023 - Rs. 45.20). The number of shareholders as at 31st March 2024 was 1,532 (2023 - 1,474). An analysis of shareholders based on shares held, percentage of public holding, the distribution of ownership and details of share transactions during the year are provided on pages 193 to 196 of this Report. The list of top twenty one Shareholders of the Company as at 31st March 2024 is also provided on page 194 of this Annual Report.

Equitable Treatment of all Shareholders

The Company has made every endeavor to ensure the equitable treatment of all shareholders and has adopted adequate measures to prevent information asymmetry.

Information to Shareholders

The Board strives to be transparent and provide accurate information to shareholders in all published material. The quarterly financial information during the year and relevant announcements have been sent to the CSE.

Directors

The Board of Directors of the Company as at 31st March 2024 and their brief profiles are given on pages 14 to 15 of this Report.

Retirement and re election of Directors

In accordance with Article 83 of the Articles of Association of the Company,

Mr. S Rajendra and Mr. H A J De S Wijeyeratne, who retire by rotation and, being eligible, offer themselves for re election. Brief profiles of Mr. Mr. S Rajendra and Mr. H A J De S Wijeyeratne are contained on Page 15 of this Annual Report.

The Board has determined that, although Mr. N L Gooneratne does not satisfy the criteria titled "has served on the Board continuously for a period exceeding nine years from the date of first appointment" of independence, he does, in the opinion of the Board satisfy the other qualifying criteria in terms of independence, and having also considered all other factors, is of the holistic view that Mr. N L Gooneratne is Independent.

The Board has further recommended the re election of Mr. N L Gooneratne, who is over the age of 70 years and retires in term of Section 210 of the Companies Act. The resolution proposes that the age limit stipulated in Section 210 of the Companies Act shall not apply to Mr. N L Gooneratne who is 81 years old and that he be re elected as Director of the Company.

Responsibilities 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.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Board Sub committees Board Audit Committee

The following members serve on the Board Audit Committee:

Mr. H A J de S Wijeyeratne – Chairperson*

Mr. S Rajendra

Ms. S A Atukorale

*Member of a professional accounting body

The Audit Committee reviewed the type and quantum of non audit services provided by the external auditors to the Company to ensure that their independence as auditors has not been impaired.

The report of the Audit Committee is given on page 137 of this Report.

Human Resources and Compensation Committee

As permitted by the listing rules of the CSE, the Human Resources and Compensation Committee of JKH, the ultimate parent company functions as the Human Resources and Compensation Committee of the Company. The Human Resources and Compensation Committee of JKH comprises of two Independent Non Executive Directors :-

Mr. D.A. Cabraal (Chairperson)

Dr. S.S.H Wijayasuriya

By invitation

S Coorey

A N Fonseka

The report of the Human Resources and Compensation Committee, including a statement of the remuneration policy and the aggregate remuneration paid to Non Executive Directors is contained on page 179 of this Annual Report.

Nominations Committee

The Nominations Committee of Asian Hotels and Properties PLC, functions as the Nominations Committee of the Company. The Nominations Committee of Asian Hotels and Properties PLC comprises of two Independent Non Executive Directors and one Non Executive Director namely:

Mr. J Durairatnam - Chairperson

Mr. A S De Zoysa

Mr. K N J Balendra

The report of the Nominations Committee is contained on page 127 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 JKH, the ultimate parent company, functions as the Related Party Transactions Review Committee of the Company. The current Related Party Transactions Review Committee of JKH comprises of three Independent Non Executive Directors :-

Mr. A N Fonseka - Chairperson

Mr. D A Cabraal

Mr. S Fernando

The report of the Related Party Transactions Review Committee is contained on page 125 of this Annual Report.

Project Risk Assessment Committee

The Project Risk Assessment Committee of JKH, the ultimate parent company, functions as the Project Risk Assessment Committee of the Company. The current Project Risk Assessment Committee members of JKH are as follows;

Dr. S S H Wijayasuriya - Chairperson

Mr. K N J Balendra

Mr. J G A Cooray

The Project Risk Assessment Committee Report is contained on page 126 of this Annual Report.

Interests register

The Company has maintained an Interests Register as contemplated by the Companies Act.

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.

b) Share Dealings

Other than for the following entry, no share dealings were reported during the period under review.

Mr. N L Gooneratne (Director) Sale of 60,847 shares

c) Indemnities and remuneration

The contract and standard Director fees of Mr. N L Gooneratne, Non Executive Director has been renewed/approved by the Board. The Director fees are commensurate with the market complexities associated with the Company.

Directors Shareholding in the Company

The shareholdings of the Directors and their spouses in the Company are set out in page 193 of this Report.

Directors remuneration

Details of the remuneration and other benefits received by the Directors are set out in page 179 of the Financial Statements.

Directors Meetings

Details of the meetings of the Directors are given on page 97.

Employee Share Option Plan (ESOP)

The Company does not offer its shares under an ESOP Scheme. The ESOP Scheme made available to the Senior Executives of the Company is from the ultimate parent company, JKH.

Senior Executives of the Company receive remuneration in the form of share based payment transactions, 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 under the ESOP scheme of JKH is recognized 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 share option scheme to the employees of the Company is recognized in the income statement of the Company.

This transaction does not result in a cash outflow to the Company and expense recognized 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 Group using an option model and the relevant details are communicated by the Group to all applicable subsidiary companies.

Employment

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The John Keells Group 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 as at 31st March 2024 was 618 (2023 – 601) excluding industrial trainees and casual employees.

There were no material issues pertaining to employees and industrial relations during the Financial Year.

Statutory Payments

The Directors to the best of their knowledge are satisfied that all statutory payments in relation to the Government, other regulatory institutions and the employees have been either duly paid or appropriately provided for in the Financial Statements. The tax position of the Company is disclosed in Note 11 to the Financial Statements.

Supplier Policy

The Company applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers, and endeavors 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 amounted to Rs. 569Million (2023 - Rs. 515Million).

Sustainability Reporting

The Company has adopted the disclosures prescribed by the Code of best Practice on Corporate Governance (2013) which cover the elements of conflict of interest; bribery and corruption; entertainment and gifts; accurate accounting and record keeping, corporate opportunities; confidentiality; fair dealing; protection and proper use of company assets; compliance with laws, rules and regulations (including insider trading laws); and the reporting of any illegal or unethical behavior.

Related Party Transactions

There were no related party transactions required to be disclosed under the Listing Rules of the CSE, other than as disclosed under Note 28 of the financial statements.

The Company's transactions with Related Parties, given in Note 28 to the Financial Statements, have complied with CSE Listing Rule 9.14 and the Code of Best Practices on Related Party Transactions under the SEC Directive.

Donations

During the financial year ended 31st March 2024 the Company made donations amounting to Rs. 181K (2023-Rs. 3 Million).

Auditors

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence and relationship with the Company, including the level of audit.

Messrs. KPMG, Chartered Accountants have indicated their willingness to continue as Auditors of the Company, and a resolution proposing their re-appointment as auditors will be tabled at the Annual General Meeting.

Details of the Audit Fees paid to the Auditors are set out in page 161 of the Financial Statements.

Further details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report on page 138.

Annual report

The Board of Directors approved the audited financial statements for issue on 21st May 2024.

Annual General Meeting

Annual General Meeting will be held as a virtual meeting on 27th June 2024 at 3.30 PM.

Extraordinary General Meeting

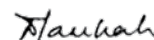
Extraordinary General Meeting will be held as a virtual meeting on 27th June 2024 at 3.45 PM.

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

21st May 2024

STATEMENT OF DIRECTORS' RESPONSIBILITY

The following statement sets out the Responsibility of Directors in relation to the Financial Statements of Trans Asia Hotels PLC (the "Company"). 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.

The responsibility of the Auditors in relation to the Financial Statements prepared in accordance with the provision of the Companies Act No. 07 of 2007 (Companies Act) and the Sri Lanka Accounting Standards (SLFRS/LKAS) is set out in the Report of Auditors on page 145 to 147 of this Report.

As per the provisions of the Companies Act, the Directors are required to prepare, for each financial year and place before a general meeting, financial statements together with accompanying notes, which comprise of:

- Income Statement and Statement of Comprehensive Income of the Company, which present a true and fair view of the profit or loss for the respective financial year.
- Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year:
- Statement of Changes in Equity, which presents a true and fair view of the changes in equity during the respective financial year:
- Statement of Cash Flows, which presents a true and fair view of the movement of cash flows during the respective financial year:

The Board of Directors have ensured that the Financial Statements of the Company for the year ended 31st 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
- to 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).

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.

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
- take all reasonable steps expected of them to safeguard the assets of the Company 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 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.

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 with a certificate from the Auditors being obtained prior to declaring such dividend.

The Board of Directors is required to provide and have provided 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 all contributions, levies and taxes payable on behalf of the employees of the Company and all other known statutory obligations as at the reporting date, have been paid or provided for, except as specified in note 32 to the Financial Statements covering Contingent Liabilities.

The Board of Directors confirms that the Company has 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

TRANS ASIA HOTELS PLC



Keells Consultants (Private) Limited
Secretaries

21st May 2024

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

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TO THE SHAREHOLDERS OF TRANS ASIA HOTELS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Trans Asia Hotels PLC (“the Company”), 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 148 to 188 of this annual report.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2024, and of its financial performance and its 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 Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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.L Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyad FCMA (UK), FCIT

INDEPENDENT AUDITOR'S REPORT



01. Valuation of the land and buildings (Property, Plant and Equipment and Investment Property)

Refer to note 14 and 16 to the financial statements

Risk Description

As at 31st March 2024, the Company's Land and Buildings stated at fair value, classified as Property, Plant and Equipment and Investment Properties amounted to Rs. 3,778 Mn and Rs. 3,242 Mn respectively.

Management has engaged an independent professional Valuer with appropriate expertise to determine the fair value of these properties in accordance with recognised industry standards.

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. We identified this as a key audit matter because of the significance of these properties and net change in fair value of these properties to the financial statements.

Our Response

Our audit procedures included:

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. 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.

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. Assessing the objectivity, independence, competence and qualifications of the external valuer. 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.

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 will 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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 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 Company'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 Company 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. 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, Sri Lanka
21st May 2024

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

All values are in Rupees' 000s, unless otherwise stated

For the year ended 31st March	Note	2024	2023
Continuing operations			
Revenue from contracts with customers	6	4,461,845	3,569,025
Cost of sales		(2,434,412)	(2,122,698)
Gross profit		2,027,433	1,446,327
Other operating income	7	9,900	979
Selling and distribution expenses		(217,247)	(143,596)
Administrative expenses		(1,002,622)	(807,384)
Other operating expenses	8	(513,632)	(404,146)
Results from operating activities	9	303,832	92,180
Finance cost	10	(183,438)	(202,387)
Finance income	10	18,526	3,802
Net finance cost		(164,912)	(198,585)
Change in fair value of investment property	16	95,055	214,301
Profit before tax		233,975	107,896
Income tax expense	11	(60,858)	(205,393)
Profit/(Loss) for the year		173,117	(97,497)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation gain on buildings	14	391,173	326,664
Re-measurement (loss) / gain on defined benefit obligation	25	(41,043)	10,698
Other comprehensive income not be reclassified to profit or loss in subsequent years		350,130	337,362
Tax effect on other comprehensive income	11.3	(105,039)	(175,090)
Other comprehensive income for the year, net of tax		245,091	162,272
Total comprehensive income for the year, net of tax		418,208	64,775
		Rs.	Rs.
Dividend per share	13	NIL	NIL
Basic/ Diluted Earnings / (Loss) Per Share	12	0.87	(0.49)

Note : The accounting policies and notes as set out on pages 153 to 158 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

All values are in Rupees '000s, unless otherwise stated

As at 31st March	Note	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	14	4,586,082	4,065,283
Right-of-use asset	15	694,624	707,028
Investment property	16	3,242,088	3,147,033
Intangible assets	17	1,628	376
Non current financial assets	29.2.3	13,367	14,843
Other non-current assets	29.2.3	6,259	6,424
Total non current assets		8,544,048	7,940,987
Current assets			
Inventories	18	119,806	150,177
Trade and other receivables	19	633,336	325,186
Other current assets	20	113,338	136,637
Amounts due from related parties	28.2	38,940	33,749
Cash in hand and at bank		46,263	70,089
Total current assets		951,683	715,838
Total assets		9,495,731	8,656,825
EQUITY AND LIABILITIES			
Stated capital	21	1,112,880	1,112,880
Revenue reserves		3,343,128	3,173,606
Other components of equity	22	1,906,158	1,655,740
Total equity		6,362,166	5,942,226
Non-current liabilities			
Interest bearing loans and borrowings	23	-	121,453
Employee benefits	25	188,864	126,957
Deferred tax liabilities	11.5	771,851	605,955
Total non-current liabilities		960,715	854,365
Current liabilities			
Trade and other payables	26	569,386	514,567
Other current liabilities	27	148,011	238,590
Amounts due to related parties	28.4	104,424	60,411
Current tax liabilities	11.6	25,621	21,461
Interest bearing loans and borrowings	23	454,726	92,534
Bank overdrafts		870,682	932,671
Total current liabilities		2,172,850	1,860,234
Total liabilities		3,133,565	2,714,599
Total equity and liabilities		9,495,731	8,656,825
		Rs.	Rs.
Net assets per share		31.81	29.71

Note- The accounting policies and notes as set out on pages 153 to 188 form an integral part of these Financial Statements.

I certify that the financial statements are prepared and presented in compliance with the requirements of the Companies Act No.7 of 2007.

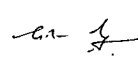


C L P Gunawardane
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and Signed for and on behalf of the Board;



K N J Balendra
Chairperson
21st May 2024



J G A Cooray
Director

STATEMENT OF CHANGES IN EQUITY

All values are in Rupees' 000s, unless otherwise stated

	Note	Stated Capital	Other Components of Equity		Revenue Reserve	Total Equity
			Other Capital Reserve	Revaluation Reserve		
Balance as at 1st April 2022		1,112,880	22,666	1,501,878	3,252,158	5,889,582
Adjustment for Surcharge Tax	11.60	-	-	-	(14,233)	(14,233)
As at 1st April 2022 (Adjusted)		1,112,880	22,666	1,501,878	3,237,925	5,875,349
Total comprehensive income for the year						
Loss for the year		-	-	-	(97,497)	(97,497)
Other comprehensive Income for the year net of tax		-	-	154,228	8,044	162,272
Total comprehensive income for the year		-	-	154,228	(89,453)	64,775
Transferred to revaluation reserve (Note a)		-	-	(25,134)	25,134	-
Share based payments	24	-	2,102	-	-	2,102
		-	-	-	-	-
Balance as at 31st March 2023		1,112,880	24,768	1,630,972	3,173,606	5,942,226
Balance as at 1st April 2023		1,112,880	24,768	1,630,972	3,173,606	5,942,226
Total comprehensive income for the year						
Profit for the year		-	-	-	173,117	173,117
Other comprehensive Income / (Expense) for the year net of tax		-	-	273,820	(28,729)	245,091
Total comprehensive income for the year		-	-	273,820	144,388	418,208
Transferred to revaluation reserve (Note a)		-	-	(25,134)	25,134	-
Share based payments	24	-	1,732	-	-	1,732
		-	-	-	-	-
Balance as at 31st March 2024		1,112,880	26,500	1,879,658	3,343,128	6,362,166

Note : As per Sri Lanka Accounting Standards No. 16 on "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 original cost of the asset is transferred from revaluation surplus to retained earnings.

The accounting policies and notes as set out on pages 153 to 188 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Note	2024	2023
OPERATING ACTIVITIES			
Profit before tax		233,975	107,896
Adjustments for:			
Finance income	10	(4,211)	(3,802)
Finance expenses	10	183,438	181,233
Depreciation of property, plant and equipment	14	198,657	163,418
Profit on disposal of property, plant and equipment	7	(8,129)	(798)
Amortisation of right-of-use assets	15	12,404	12,404
Amortisation of intangible assets	17	363	294
Employee benefits provision and related costs	25.1	36,504	23,116
Exchange (gain) / loss on interest bearing borrowings	23	(14,315)	21,154
Change in fair value of investment property	16.1	(95,055)	(214,301)
Provision (Reversed) /made on slow moving inventory	18.1	(662)	785
Reversal of provision for impairment of trade receivables	19.1	(4,065)	(2,734)
Share based payment expenses	24	1,732	2,102
Operating profit before working capital changes		540,636	290,767
Decrease/ (Increase) in inventories		31,033	(81,991)
(Increase) in trade and other receivables		(299,925)	(129,200)
(Increase) in amounts due from related parties		(5,191)	(13,481)
(Increase) in other current assets		23,299	5,933
Decrease / (Increase) in other non-current assets		1,641	(4,175)
Increase in trade and other payables		54,819	131,108
Increase in amounts due to related parties		44,013	24,081
(Decrease)/Increase in other current liabilities		(90,579)	96,187
Cash generated from operations		299,746	319,229
Finance income received	10	4,211	3,802
Finance expenses paid	10	(183,438)	(181,233)
Surcharge Tax paid	11.6	-	(14,233)
Tax paid	11.6	-	(19,007)
Employee benefits paid/transfers	25	(15,640)	(18,243)
Net cash generated from operating activities		104,879	90,315
INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment	14	(337,842)	(503,631)
Purchase of intangible assets	17	(1,615)	(261)
Proceeds from disposal of Property, plant and equipment		17,687	5,387
Net cash used in investing activities		(321,770)	(498,505)
FINANCING ACTIVITIES			
Loan obtained during the year	23	344,000	48,000
Repayment of long term borrowing	23	(88,946)	(91,713)
Net cash from / (used in) financing activities		255,054	(43,713)
Net increase / (decrease) in cash and cash equivalents		38,163	(451,903)
Cash and Cash equivalents at the beginning of the year		(862,582)	(410,679)
Cash and cash equivalents at the end of the year		(824,419)	(862,582)
Analysis of cash and cash equivalents			
Cash at bank		37,208	63,297
Cash in hand		9,055	6,792
Bank overdrafts		(870,682)	(932,671)
		(824,419)	(862,582)

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.

Note : The accounting policies and notes as set out on pages 153 to 188 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

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NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Reporting entity

Trans Asia Hotels PLC (the Company) 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 115, Sir Chittampalam A. Gardiner Mawatha, Colombo 2.

Principal shareholders of the Company are John Keells Holdings PLC and Asian Hotels & Properties PLC who hold 48.64% and 43.41% respectively. The number of persons employed by the Company as at 31st March 2024 was 618 (2023 - 601) excluding industrial trainees and casual staffs.

The ultimate parent company of Trans Asia Hotels PLC is John Keells Holdings PLC.

Approval of financial statements

The financial statements for the year ended 31 March 2024 were authorized for issue by the Board of Directors on 21st May 2024.

Principal activities and nature of operations of the Company

The principal activity of the Company is hoteliering. The Company also derives rental income from the commercial property.

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 report in the Annual report.

2 BASIS OF ACCOUNTING

Basis of preparation

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of Companies Act No. 7 of 2007.

Statements of compliance

The financial statements which comprise the Income Statement and 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.

Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following which are measured on an alternative basis on each reporting date.

- Buildings are measured at cost at the time of acquisition and subsequently recognized at revalued amounts which are fair values at the date of revaluation less accumulated depreciation and impairment losses if any,
- Investment properties are stated at fair values.
- Defined benefit obligations are measured at its present value, based on an actuarial valuation as explained in Note 25.

Presentation of functional currency

The Company's Financial Statements are presented in Sri Lankan Rupees which is the Company's functional and Presentation Currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard-LKAS 1 on 'Presentation of Financial Statements.

Going concern

The Company 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, even though the Company is operating at a net current liability position, as there is a strong position of Retained Earnings. Also, based on available information, the management has assessed prevailing macroeconomic conditions and its effect on the Company in determining the going concern basis for preparation of financial statements.

The management has formed judgment 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 at the Company level along with the financial strength of the John Keells 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.

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.

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 the note 11 on Income Taxes.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing of the Financial Statements, management has made judgements, estimates and assumptions that effect the application of the Company's 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.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31st March 2024 is included in the following notes:

- Determining the fair value of investment property;
- Measurement of defined benefit obligations: Key actuarial assumptions;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Provision for expected credit losses of trade receivables and contract assets
- Valuation of buildings

The preparation of these Financial Statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Such estimates and judgements are reviewed on an ongoing basis.

A brief explanation of the key estimates, assumptions and judgements that have changed during year ended 31 March 2024 are as follows;

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2024 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Summary of material accounting policies have been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note, have been applied consistently by the Company.

Other material accounting policies not covered with individual notes.

Except for the above following accounting policies, which have been applied consistently by the Company, are considered to be material but not covered in any other sections.

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

All other assets are classified as non-current assets.

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(a) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to functional currency of the Company 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 amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized 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 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 costing in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in income statement.

(b) 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 Company 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: amortized 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 Company 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 amortized 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 Company's financial assets classified and measured at amortized cost are limited to its trade debtors, related party receivables, short term investments and cash & cash equivalents.

Financial assets - Business model assessment

The Company 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 realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- 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 Company's continuing recognition of the assets.

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 Company 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 Company considers:

NOTES TO THE FINANCIAL STATEMENTS

- 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 Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole 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 income statement. Any gain or loss on de-recognition is recognised in income statement.

Financial Liabilities

Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortized 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 income statement. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in income statement. Any gain or loss on de-recognition is also recognised in income statement.

(ii) De-recognition

Financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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 Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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 income statement.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iv) Impairment

Financial instruments and contract assets

The Company 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 Company expects to receive, discounted at the Company's effective interest rate.

The Company recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company 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.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
 - the financial asset is more than 90 days past due.
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation;
- the disappearance of an active market or a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(v) Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company 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 Company 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 Company 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 Company's procedures to recovery of amounts due.

(vi) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. 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 group of CGUs that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(d) Fair Value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: In the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as investment properties, and for nonrecurring measurement, such as assets held for sale in discontinued operations. External valuers are involved for valuation of significant assets, such as land and building and investment properties. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the external valuers, which valuation techniques and inputs to use for individual assets and liabilities. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are only, disclosed are reflected in this note. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

Property, plant and equipment under revaluation model	Note 14
Investment properties	Note 16

Fair values vs carrying amounts	Amortised cost	Other financial liabilities	Total carrying amount
31st March 2024			
Cash in hand and at bank	46,263	-	46,263
Trade and other receivables	633,336	-	633,336
Amounts due from related parties	38,940	-	38,940
Non current financial assets	13,367	-	13,367
Other non-current assets	6,259	-	6,259
	738,164	-	738,164
Trade and other payables	-	364,002	364,002
Amounts due to related parties	-	104,424	104,424
Loans and borrowings	-	454,726	454,726
Bank overdrafts	-	870,682	870,682
	-	1,793,834	1,793,834
31st March 2023			
Cash in hand and at bank	70,089	-	70,089
Trade and other receivables	325,186	-	325,186
Amounts due from related parties	33,749	-	33,749
Non current financial assets	14,843	-	14,843
Other non-current assets	6,424	-	6,424
	450,291	-	450,291
Trade and other payables	-	332,391	332,391
Amounts due to related parties	-	60,411	60,411
Loans and borrowings	-	213,987	213,987
Bank overdrafts	-	932,674	932,674
	-	1,539,463	1,539,463

All the above financial assets and liabilities are not measured at fair value.

Fair value for above financial assets and liabilities is not disclosed since the carrying amount is a reasonable appropriation of their fair value. Accordingly fair value hierarchy does not apply.

5 CHANGES IN ACCOUNTING STANDARD AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

Accounting policy

Performance obligations and revenue recognition policies

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

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 Company expects to be entitled in exchange for those goods or services.

The Company'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.

For the year ended 31st March	2024	2023
Room	1,389,120	903,875
Food	2,248,033	1,948,873
Beverage	345,911	319,325
Food and beverage - Other	105,571	100,878
Power Drome revenue	18,040	16,827
Rental Income from investment property	47,840	66,406
Others	307,330	212,841
Total revenue from contracts with customers	4,461,845	3,569,025

7 OTHER OPERATING INCOME

Accounting policy

Other income is recognised on an accrual basis.

Gains and losses

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 Income Statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

On the disposal of any revalued Property, Plant and Equipment, the amount remaining in the Revaluation reserve, relating to that particular asset is transferred directly to retained earnings.

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.

For the year ended 31st March	2024	2023
Net gain on disposal of property, plant and equipment	8,129	798
Sundry income	923	181
Reversal of unclaimed dividend	848	-
	9,900	979

8 OTHER OPERATING EXPENSES

Accounting policy

Expenditure recognition

Expenses are recognised in the Income Statement 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 Income Statement.

For the purpose of presentation of the Income Statement, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

For the year ended 31st March	2024	2023
Repairs and maintenance expenses	114,909	103,186
Heat, light and power expenses	373,805	290,186
Bank charges	2,886	2,853
Loss on exchange	22,032	7,921
	513,632	404,146

9 PROFIT FROM OPERATING ACTIVITIES

Accounting policy

Expenditure recognition

Expenses are recognised in the income statement 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 income statement.

For the purpose of presentation of the income statement, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

Profit from operating activities is stated after charging all expenses including the following

For the year ended 31st March	2024	2023
Directors' fees	9,840	8,183
Audit services	1,250	1,001
Donations / CSR	181	3,209
Depreciation of PPE and amortisation of ROU asset	211,424	176,115
Provision reversal for impairment-trade receivables	(4,065)	(2,734)
(Reversal)/Provision for slow moving inventory	(662)	785
Legal fees	15,911	7,045
Foreign exchange loss	22,032	7,921
Staff cost (includes the following)	1,110,964	928,633
Defined benefit plan costs - employee benefits	36,504	23,116
Defined contribution plan costs -EPF and ETF	76,869	63,578

10 FINANCE INCOME AND FINANCE COST

Accounting policy

Finance income

Finance income comprises interest income derived on funds invested. Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

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 capitalised as part of that asset.

Finance costs

Finance costs comprise interest expense on borrowings, overdrafts and exchange loss on borrowings.

Finance Income and Finance Costs

For the year ended 31st March	2024	2023
Finance income		
Interest income on staff loan	2,820	2,609
Interest income on short term investments	1,391	1,193
Exchange gain on Interest bearing loans and borrowings	14,315	-
	18,526	3,802
Finance costs		
Interest expense on interest bearing loans and borrowings	(66,069)	(28,936)
Exchange loss on interest bearing loans and borrowings	-	(21,154)
Interest expenses on bank overdraft	(117,369)	(152,297)
	(183,438)	(202,387)
Net finance cost	(164,912)	(198,585)

11 INCOME TAX EXPENSE

Accounting policy

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Company determined that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

Income tax expenses comprise of income tax and deferred tax.

Income tax and deferred tax

Income tax and Deferred tax have been provided as per the new rates legislated by the Inland Revenue (Amendment) Act No 45 of 2022.

There is no impact to the deferred tax charge in this year relating to the tax rate differential. The deferred tax charge in the Income Statement includes Rs. 200,248,825 and Other Comprehensive Income statement includes Rs. 73,881,644 relating to the tax rate differential in previous year.

For the year ended 31st March	2024	2023
Current tax charge (11.1)	-	15,524
Deferred tax expense (11.3)	60,858	189,869
	60,858	205,393
Other comprehensive income		
Deferred tax charge		
Relating to origination and reversal of temporary differences (11.3)	105,039	175,090
	105,039	175,090

11.1 Reconciliation between Current Tax Charge and The Accounting Profit/(Loss)

For the year ended 31st March	2024	2023
Profit before tax	233,975	107,896
Income not liable for income tax	(2,377)	(1,194)
Adjusted accounting profit chargeable to income taxes	231,598	106,702
Disallowable expenses	259,400	238,583
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 - 30% (2023 - 24% and 30%)	-	15,524
Current tax charge	-	15,524
Effective tax rate	26%	192%

11.2 Reconciliation Between Tax Expense and Product of Accounting Profit

For the year ended 31st March	2024	2023
Adjusted accounting profit chargeable to income taxes	231,598	106,702
Tax effect on chargeable profits	69,481	30,276
Tax effect on non deductible expenses	6,003	7,113
Tax effect on deductions claimed	(20,184)	(26,380)
Deferred tax due to rate differentials	-	200,249
Net effect of deferred tax in respect of prior years	5,558	(5,867)
Total income Tax expense	60,858	205,393

11.3 Deferred Tax Expense

For the year ended 31st March	2024	2023
Income statement		
Deferred tax expense arising from;		
Accelerated depreciation for tax purposes	1,961	412,224
Charge/ (benefit) arising from tax losses and other credits	32,774	(171,735)
Change in fair value of investment property	28,516	34,895
Employee benefit liability	(6,259)	(22,152)
Others	3,866	(63,363)
Deferred tax charge recognised in the Income Statement	60,858	189,869
Other comprehensive income		
Actuarial losses on defined benefit obligations	(12,313)	2,654
Revaluation gain on buildings	117,352	172,436
Deferred tax charge recognised in the other comprehensive income	105,039	175,090
Total deferred tax charge	165,897	364,959

NOTES TO THE FINANCIAL STATEMENTS

11.4 Tax Losses Carried Forward

For the year ended 31st March	2024	2023
Balance at the beginning of the year	913,636	731,115
Adjustments on finalisation of 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

11.5 Deferred Tax Liability

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.

As at 31st March	2024	2023
Balance at the beginning of the year	605,955	240,996
Charge for the year (Note 11.3)	165,897	364,959
Balance at the end of the year	771,851	605,955
The closing deferred tax liability is made up as follows;		
Revaluation of buildings to fair value	354,920	237,568
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 to fair value	28,516	33,386
Others	(107,826)	(111,692)
	771,851	605,955

11.6 Current Tax Liability

As at 31st March	2024	2023
Balance at the beginning of the year	21,461	24,944
Charge for the year	-	15,524
Payments, adjustments and set off against refunds	4,160	(19,007)
Balance at the end of the year	25,621	21,461

The Company has contingent liabilities amounting to Rs. 183 Mn (2023 – Rs.192 Mn). These have been arrived at after discussing with independent legal and tax experts and based on information available. All assumptions are revisited as of the reporting date Refer (note 32).

12 EARNINGS / (LOSS) PER SHARE

Earnings / (loss) per share is calculated on the profit / (loss) attributable to the shareholders of the Company over the weighted average number of ordinary shares outstanding during the year, as required by Sri Lanka Accounting Standard 33 "Earnings per share". Diluted EPS is calculated by dividing the profit 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.

For the year ended 31st March	2024	2023
Profit / (loss) attributable to ordinary shareholders of the company (Rs. '000)	173,117	(97,497)
Weighted average number of ordinary shares ('000)	200,000	200,000
Basic/diluted earnings / (loss) per share (Rs.)	0.87	(0.49)

13 DIVIDENDS PER SHARE

No Dividend was paid during the year 2023/24 and 2022/23.

Dividend per share has been calculated, for all periods, based on the number of shares in issue at the time of dividend payout.

14 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Basis of recognition

Property plant and equipment are stated at cost of purchase or valuation less accumulated depreciation, and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

The Company applies the revaluation model for buildings. Such properties are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent impairment losses. Revaluations are made at least every five years to ensure that their carrying amounts do not defer materially from their fair values at the reporting date. When an asset is revalued, any increase in carrying amount is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down.

When an asset's carrying amount is decreased as a result of revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset. In such case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset. The Company applies cost model for other property plant and equipment which are stated at historical cost, less depreciation less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Subsequent measurement

The cost of replacing a part of an item of property plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in Income Statement.

Derecognition

An item of property, plant and equipment are derecognised 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 Income Statement in the year the asset is derecognised.

Depreciation

Depreciation is calculated by using a 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. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that asset is derecognised.

Assets	Years
Plant and machinery	20
Computer equipment	5
Kitchen and laundry equipment	15
Hotel equipment	15
Motor vehicles	5
Motor vehicles - floating restaurant	18
Base stock	10
Circulating assets	3
Furniture and fittings	15

Buildings are depreciated using the straight line method over the remaining lease period of 56 years.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

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.

Assets	Buildings	Plant and Machinery	Computer Equipment	Furniture Fixtures and Fittings	Kitchen and Laundry Equipment	Hotel Equipment	Motor Vehicles	Soft Furnishing Base Stock	Circulating Assets	Work In Progress	Total	
											Rs.	Rs.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	2024	2023
											Rs.	Rs.
Cost / Valuation												
Balance as at 1st April 2023	3,318,028	659,799	115,037	404,882	306,947	104,703	74,026	733,135	245,532	30,979	5,993,068	5,266,480
Additions	92,006	59,943	10,768	45,100	34,714	6,526	-	33,414	55,372	-	337,842	503,631
Transfers from WIP	23,789	2,479	-	4,693	-	-	-	-	-	(30,962)	-	-
Disposals	-	(18,409)	(969)	(7,791)	(41,661)	(3,485)	(8,571)	(4,478)	(7,412)	(17)	(92,793)	(37,718)
Transferred to Revaluation Reserve	(46,575)	-	-	-	-	-	-	-	-	-	(46,575)	(65,989)
Revaluation	391,173	-	-	-	-	-	-	-	-	-	391,173	326,664
Balance as at 31st March 2024	3,778,421	703,812	124,836	446,884	300,000	107,744	65,455	762,071	293,492	-	6,582,715	5,993,068
Accumulated depreciation												
Balance as at 1st April 2023	-	379,466	87,312	294,889	218,531	57,729	48,983	649,382	191,493	-	1,927,785	1,863,486
Charge for the year	64,321	26,812	11,292	23,265	12,397	7,013	3,291	20,058	30,208	-	198,657	163,418
Disposals	-	(12,419)	(968)	(6,268)	(41,378)	(2,752)	(8,571)	(3,965)	(6,913)	-	(83,234)	(33,130)
Transferred to Revaluation Reserve	(46,575)	-	-	-	-	-	-	-	-	-	(46,575)	(65,989)
Balance as at 31st March 2024	17,746	393,859	97,636	311,886	189,550	61,990	43,703	665,475	214,788	-	1,996,633	1,927,785
Carrying Amount												
As at 31st March 2024	3,760,675	309,953	27,200	134,998	110,450	45,754	21,752	96,596	78,704	-	4,586,082	
As at 31st March 2023	3,318,028	280,333	27,725	109,993	88,416	46,973	25,043	83,753	54,039	30,979	-	4,065,283

The cost of the fully depreciated assets in the Company which are still in use of the Company amounting Rs. 1,191 Mn (Rs. 1,218 Mn in 2023).

There are no assets pledged as at the reporting date that require disclosure in the Company.

NOTES TO THE FINANCIAL STATEMENTS

14.1 Valuation of Property, Plant and Equipment

The Company uses the revaluation model of measurement for buildings. The Company engaged P. B. Kalugalagedera & Associates, an accredited independent valuer, to determine the fair value of its buildings. Fair value is determined by reference to market-based evidence. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent valuation was 31st December 2023. Further, there is no significant change in the fair value as at 31st March 2024. Details of company's buildings stated at valuation are indicated below.

Property	Method of valuation	Effective date of valuation	Property valuer
Two buildings (Extent -Hotel Building 316,063 sq.ft. HR Building 28,320 sq.ft) No 115, Sir Chittampalam A Gardiner Mawatha, Colombo 02.	Direct capital comparison method based on depreciated current cost approach. This method is primarily based on the principle of substitution, where the purchaser would be unwilling to pay more for a specific property than the cost of obtaining a comparable, competitive property with the same utility, on the open market, provided there is no delay in making the acquisition.	31st December 2023	P B Kalugalagedera & Associates Chartered Valuation Surveyor

The fair value measurement for property, plant and equipment has been categorised as a level 3 fair value based on the inputs to the valuation.

Type of Asset	Fair value as at 31.12.2023	Valuation technique	Significant unobservable inputs	Estimates for unobservable inputs	Sensitivity of fair value to unobservable inputs
Building on leasehold land	Rs. 3,715,404	Direct capital comparison method based on depreciated current cost approach	Estimated price per square feet	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.	Estimated fair value will increase/(decrease) if the price per square feet for building increase/(decrease)
			Capitalisation rate	6.25% & 3% for 56 years	Estimated fair value will increase/(decrease) if the capitalisation rate (increase)/decrease

The carried amount of fair value of buildings if they were carried at cost less depreciation would be as follows,

As at 31st March	2024	2023
Cost	2,673,728	2,557,933
Accumulated depreciation	(820,930)	(756,609)
Disposals	(26,821)	(26,821)
Carrying value	1,825,977	1,774,503

Revaluation of land and buildings

The Company uses the revaluation model of measurement of land and buildings. The Company 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 carried out was on 31st December 2023.

The valuations as of 31st December 2023 contained a higher estimation uncertainty as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value. The value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

15 RIGHT OF USE ASSETS

Accounting policy

The Company 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 Company 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	2024	2023
As at 1st April	707,028	719,432
Amortisation expense	(12,404)	(12,404)
As at 31st March	694,624	707,028

Right of use assets is the land which the hotel (Cinnamon Lakeside Colombo) 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 from 1st April 1986.

15.1 Details of Right of Use Assets

Property	Land extent (in acres)	Lease period	2024	2023
Trans Asia Hotels PLC, Colombo	A07 - R01 - P24.28	99 years from 07-08-1981	694,624	707,028

16 INVESTMENT PROPERTY

Accounting policy

Basis of recognition and measurement

Investment property is the property 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 profit and 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 capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in income statement.

As at 31st March	2024	2023
Balance at the beginning of the year	3,147,033	2,932,732
Net gain from fair value remeasurement (Note 16.1)	95,055	214,301
Balance at the end of the year	3,242,088	3,147,033
Freehold property	-	-
Leasehold property	3,242,088	3,147,033
	3,242,088	3,147,033
Rental income earned	47,840	66,406
Direct operating expenses generating rental income	(11,970)	(8,879)
Direct operating expenses that did not generate rental income	-	-

NOTES TO THE FINANCIAL STATEMENTS

16.1 Valuation Details Of Investment Property

Fair value of the Investment Property is ascertained by independent valuations carried out by P.B. Kalugalagedara & Associates, Chartered Valuation Surveyors, who have recent experience in valuing properties of akin location and category. Investment Property is appraised in accordance with LKAS 40.

In determining the fair value, the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the valuers have considered the property location and size.

The fair value measurement for Investment Property has been categorised as a level 3 fair value, based on the inputs to the valuation technique used.

The Commercial Centre was revalued on 31st December 2023 by qualified valuers and the surplus arising from the valuation was transferred to the income statement.

As per the valuer's opinion, there is no significant change in the fair value as at 31st March 2024.

Property	Method of Valuation	2024	2023
Leasehold property	Direct capital comparison method:	3,242,088	3,147,033
Commercial Centre (Land extent - A 01 - R02 - P30.0, Building extent - 55,548 sq.ft. - Number of Buildings 1) No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02.	This method is primarily based on the principle of substitution, where the purchaser would be unwilling to pay more for a specific property than the cost of obtaining a comparable, competitive property with the same utility, on the open market, provided there is no delay in making the acquisition.		

16.2 Description Of Valuation Techniques Used And Key Inputs And Assumptions Used For Valuation

Property	Valuation technique	Significant unobservable Inputs	Estimates for unobservable inputs	Sensitivity of fair value to unobservable inputs
Commercial Centre building	Direct capital comparison method: This method is primarily based on the principle of substitution, where the purchaser would be unwilling to pay more for a specific property than the cost of obtaining a comparable, competitive property with the same utility, on the open market, provided there is no delay in making the acquisition.	* Capitalisation rate	* 6.25% & 3% for 56 years	Estimated fair value will increase/ (decrease) if the capitalisation rate (increase)/decrease
		* Price per building square feet	* Rs.6,500	Estimated fair value will increase/ (decrease) if the price per square feet for building increase/ (decrease)
		* Estimated price per land perch	* Rs.16.5Mn	Estimated fair value will increase/ (decrease) if the price per perch for land increase/(decrease)

The valuations as of 31st December 2023 contained a higher estimation uncertainty as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value. The value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

17 INTANGIBLE ASSETS

Accounting policy

Recognition and Measurement

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or other services, rental to others or for administrative purpose.

An intangible asset is initially recognised at cost, if it is probable that future economic benefits will flow to the enterprise, and the cost of assets can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Computer Software

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's 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.

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 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 five years. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end.

De-recognition

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from its use and subsequent disposal.

As at 31st March	2024	2023
Computer software		
Cost		
Balance at the beginning of the year	3,188	2,927
Additions	1,615	261
Balance at the end of the year	4,803	3,188
Accumulated amortisation		
Balance at the beginning of the year	2,812	2,518
Amortisation for the year	363	294
Balance at the end of the year	3,175	2,812
Carrying amount	1,628	376

NOTES TO THE FINANCIAL STATEMENTS

18 INVENTORIES

Accounting policy

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

As at 31st March	2024	2023
Food	28,268	42,162
Beverage	48,363	64,247
Engineering spares	17,207	17,092
Guest supplies	9,940	10,087
Others	16,602	17,825
Less: Provision for slow moving inventory (Note 18.1)	(574)	(1,236)
	119,806	150,177

18.1 Provision For Slow Moving Inventory

Balance at the beginning of the year	1,236	451
Provision/(reversal) made during the year	(662)	785
Balance at the end of the year	574	1,236

19 TRADE AND OTHER RECEIVABLES

As at 31st March	2024	2023
See Note 4(b) for the accounting policy on financial instruments		
Trade receivables	873,090	571,368
Less: Provision for impairment (Note 19.1)	(279,320)	(283,385)
	593,770	287,983
Advances and deposits	37,045	34,776
Staff loans recovered within one year (Note 29.2.3)	2,521	2,427
	39,566	37,204
	633,336	325,186

19.1 Provision for Impairment of Trade Receivables

Balance at the beginning of the year	283,385	286,119
Reversals made during the year	(4,065)	(2,734)
Balance at the end of the year	279,320	283,385

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. 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 Companies. 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.

20 OTHER CURRENT ASSETS

As at 31st March	2024	2023
Advances to other creditors	60,209	36,187
Prepayments	13,014	12,453
Tax recoverable	18,613	13,024
VAT refunds	12,619	73,343
WHT recoverable	8,883	1,630
	113,338	136,637

21 STATED CAPITAL

Accounting policy

The ordinary shares of the Trans Asia Hotels 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.

As at 31st March	2024	2023
Issued and fully paid 200,000,000 ordinary shares	1,112,880	1,112,880

22 OTHER COMPONENTS OF EQUITY

As at 31st March	2024	2023
Balance at the beginning of the year	1,655,740	1,524,544
Transferred to revenue reserve	(25,134)	(25,134)
Share based payments - (Note 24)	1,732	2,102
Revaluation gain on Building net of tax	273,820	154,228
Balance at the end of the year	1,906,158	1,655,740

22.1 Revaluation Reserve

Revaluation reserve relates to the revaluation of property, plant and equipment.

22.2 Other Reserves

Other reserves relates to mainly employee share based payments (Note 24).

23 INTEREST-BEARING LOANS AND BORROWINGS

See Note 4(b) for the accounting policy of financial instrument

As at 31st March	2024	2023
Balance at the beginning of the year	213,987	236,546
Cash Changes		
Loans obtained	344,000	48,000
Repayments	(88,946)	(91,713)
Non Cash Changes		
Exchange difference	(14,315)	21,154
At the end of the year	454,726	213,987
Repayable within one year	454,726	92,534
Repayable after one year	-	121,453
	454,726	213,987

NOTES TO THE FINANCIAL STATEMENTS

Security and repayment terms

Nature of facility	Interest rate	Repayment terms	Collaterals	2024		2023	
				Face value	Carrying Value	Face value	Carrying Value
Term Loan (USD)	LIBOR+ Margin	To be settled within 24 months together with interest commencing from January 2023 as follows: January 2023 to December 2023 -USD 17,552 per month January 2024 to November 2024- USD 40,955 per month and December 2024- USD 40,956.77	None	110,726	110,726	213,987	213,987
Short Term Loan (LKR)	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	-	-

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 Company 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.

24 SHARE BASED PAYMENT PLANS

Accounting policy

In accounting for employee remuneration in the form of shares, SLFRS 2- Share Based Payments, is effective for the Company's Ultimate Parent 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 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 employee remuneration expense resulting from the Group's share option scheme to the employees of Trans Asia Hotels PLC 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 (SOFPI). The fair value of the options granted is determined by the Group using an option valuation model and the relevant details are communicated by the Group to all applicable subsidiary companies.

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 which are relevant to the John Keells Holdings PLC was 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 11 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:

	2024	2023
Share based payments expense during the year	1,732	2,102
Total expense arising from share based payment transactions	1,732	2,102

Movements in the year

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 at 1st April	84,716	145.05	155,013	156.41
Granted during the year	-	-	47,200	137.86
Transfer In/(Out)	-	-	(51,700)	136.64
Lapses/forfeited during the year	(47,516)	150.68	(65,797)	173.25
Exercised during the year	(3,100)	137.86	-	-
Outstanding at 31st March	34,100	137.86	84,716	145.05
Exercisable at 31st March	6,200	137.16	37,516	154.10

NOTES TO THE FINANCIAL STATEMENTS

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.

25 EMPLOYEE BENEFITS

Accounting policy

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity- and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in income statement in the periods during which related services are rendered by employees.

Employees are eligible for Employees' Provident Fund contributions and Employees Trust Fund contributions in line with respective statutes and regulations. The Company contributes 12 percent and 3 percent of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. The liability recognised in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date 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 under other comprehensive income. Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

When the benefits or 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 income statement. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

As at 31st March	2024	2023
Balance at the beginning of the year	126,957	132,782
Current service cost	11,747	11,166
Interest cost	24,757	11,950
Transfer in	2,501	1,986
Transfer out	(2,572)	(6,112)
Payments made during the year	(15,569)	(14,117)
Actuarial loss / (gain) arising from changes in the assumptions in the previous years	41,043	(10,698)
Balance at the end of the year	188,864	126,957

The employee benefit liability of the Company is based on the actuarial valuation carried out by Mr. Poopalanathan AIA, Messrs. Actuarial and Management Consultants (Pvt) Ltd., a firm of professional actuaries as at 31st March 2024.

25.1 Provision recognised in the Income Statement

For the year ended 31st March	2024	2023
Current service cost	11,747	11,166
Interest cost	24,757	11,950
Total Provision recognised in the Income Statement	36,504	23,116

25.2 Provision recognised in Other Comprehensive Income

For the year ended 31st March	2024	2023
Actuarial loss / (gain) during the year	41,043	(10,698)
Total Provision recognised in Other Comprehensive Income	41,043	(10,698)

25.3 Breakup of Actuarial loss / (gain)

For the year ended 31st March	2024	2023
Actuarial loss / (gain) arising from;		
Experience adjustments	30,070	10,781
Changes in financial assumptions	(657)	(21,479)
Changes in demographic assumptions	11,630	-
	41,043	(10,698)

25.4 Assumptions used

For the year ended 31st March	2024	2023
Discount rate	12.0%	19.5%
Future salary increases	15.0%	15.0%
Retirement age (as specified by the Company)	60 years	60 years
Staff turnover ratio	15%	11%

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.

Sensitivity of assumptions used

If a one percentage point change in the assumptions it would have the following effects:

As at 31st March	2024		2023	
	Discount rate	Salary increment	Discount rate	Salary increment
Effect on the defined benefit obligation liability				
Increase by one percentage point	(8,033)	9,027	(5,551)	6,509
Decrease by one percentage point	8,729	(8,449)	6,069	(6,031)

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.

Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years.

For the year ended 31st March	2024	2023
Within the next 12 months	31,972	21,925
Between 1 and 2 years	42,471	27,107
Between 2 and 5 years	49,300	32,214
Between 5 and 10 years	51,365	31,904
Beyond 10 years	13,756	13,807
Total expected payments	188,864	126,957

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 4.9 years.

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26 TRADE AND OTHER PAYABLES

As at 31st March	2024	2023
Trade payables	159,207	146,735
Contract Liabilities	12,806	12,270
Advances and deposits received	77,398	60,166
Accruals and other payables	264,911	243,108
Staff payables	55,064	52,288
	569,386	514,567

27 OTHER CURRENT LIABILITIES

As at 31st March	2024	2023
Contract Liabilities (Banquet Advance)	62,642	76,262
Other advances	18,597	32,800
Taxes payable	66,772	129,528
	148,011	238,590

28 RELATED PARTY TRANSACTIONS

Terms and conditions of transactions with related parties

The Company carries out transactions in the ordinary course of business on an arm's length basis with parties who are defined as Related Parties in "Sri Lanka Accounting Standards (LKAS 24) Related Party Disclosures", the details of which are reported below.

Outstanding current account balances at the year end are unsecured, interest free and settlements occur 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 31st March 2024 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 Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31 March 2024 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 Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

The parent entity of the company is Asian Hotels and Properties PLC. In the opinion of the directors, the ultimate parent undertaking and controlling entity is John Keells Holdings PLC which is incorporated in Sri Lanka.

28.1 Transactions with Related Companies

For the year ended 31st March	2024	2023
Ultimate Parent John Keells Holdings PLC		
Rendering of Services	8,519	-
Receiving of Services	(57,857)	(38,761)
Rent Received	28,924	30,926
Parent Asian Hotels and Properties PLC		
Rendering of services	8,094	-
Receiving of services	(15,865)	(7,675)
Transactions with Companies under common control of John Keells Holdings PLC		
Purchase of Goods	(54,088)	(9,226)
Rendering of services	83,541	53,433
Receiving of services	(310,759)	(280,322)
Rent Received	21,907	67,447
Equity accounted investees of John Keells Holdings PLC		
Rendering of services	5,276	6,874

Transaction with Key Management Personnel (KMP)

According to 'Sri Lanka Accounting Standards (LKAS 24)' Key Management Personnel are those having authority and responsibility for planning and controlling activities of the entity. Accordingly, the Directors of the Company (including Executive and Non Executive Directors) have been classified as KMP of the Company.

Compensation of key management personnel		
Short term employee benefits	9,840	8,183
Key management personnel		
Rendering services	1,891	978

Governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transaction Review Committee".

28.2 Amounts due From Related Parties

As at 31st March	2024	2023
See Note 4(b) for the accounting policy of financial instrument		
Ultimate parent - John Keells Holdings PLC	7,970	6,569
Parent - Asian Hotels and Properties PLC	5,890	6,669
Companies under common control of JKH PLC (28.3)	25,080	20,511
	38,940	33,749

NOTES TO THE FINANCIAL STATEMENTS

28.3 Companies under common control of JKH PLC

As at 31st March	2024	2023
Walkers Tours Ltd	16,414	5,306
Cinnamon Hotel Management Ltd	3,336	8,848
Others	5,330	6,357
	25,080	20,511

28.4 Amounts due To Related Parties

As at 31st March	2024	2023
See Note 4 (b) for the accounting policy of financial instrument		
Ultimate parent - John Keells Holdings PLC	6,405	5,416
Parent-Asian Hotels and Properties PLC	11,496	11,136
Cinnamon Hotel Management Ltd	82,589	41,068
Companies under the common control of John Keells Holdings PLC	3,934	2,791
	104,424	60,411

29 FINANCIAL INSTRUMENTS

29.1 Financial Assets and Liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 09.

As at 31st March	Financial Assets at amortised cost		Financial Liabilities at amortised cost	
	2024	2023	2024	2023
Financial instruments in non-current assets/(liabilities)				
Other non-current assets	6,259	6,424	-	-
Non current financial assets	13,367	14,843	-	-
Interest bearing loans and borrowings	-	-	-	121,453
Financial instruments in current assets/(liabilities)				
Trade and other receivables / payables	633,336	325,186	364,002	332,391
Amounts due from / due to related parties	38,940	33,749	104,424	60,411
Cash in hand and at bank	46,263	70,089	-	-
Bank overdrafts	-	-	870,682	932,674
Current portion of interest bearing loans and borrowings	-	-	454,726	92,534
Total	738,165	450,291	1,793,834	1,539,463

The management assessed that the fair value of cash, trade receivables, trade payables, bank overdrafts and other current financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments. Accordingly the fair value hierarchy does not apply.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced sale or on liquidation.

29.2 Financial risk management objectives and policies

Financial instruments held by the Company, principally comprises of cash, loans and other receivables, trade and other receivables, trade and other payables, related party receivable & payables and Interest bearing loans and borrowings

The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Company.

Financial risk management of the Company 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. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Hotel's operating unit. 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 Company 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 Company's risk management process are based and designed to identify and analyse these risks throughout the Company, 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 Company manages and monitors these risks primarily through its operating and financing activities.

Audit committee of the Company monitors how management comply with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. 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.

29.2.1 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 Company 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 Company trades only with recognised, creditworthy third parties. It is the Company'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 Company's exposure to bad debts is not significant.

The Company 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 Company's historical observed default rates. The Company 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.

With respect to credit risk arising from the other financial assets of the Company, such as cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty. The Company manages its operations to avoid any excessive concentration of counterparty risks and the Company takes all reasonable steps to ensure that the counterparties fulfil their obligations.

The Company considers a financial asset including trade and other receivable as indicating impairment when contractual payments are 90 days past due.

However, in certain cases, the Company may also consider a financial asset to provide impairment indications when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

29.2.2 Credit risk exposure

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 (without consideration of collateral, if available).

As at 31st March 2024	Notes	Other non current financial assets	Cash at bank	Trade and other receivables	Amounts due from related parties	Total	% of allocation
Loans to executives	29.2.3	19,626	-	2,521	-	22,147	3%
Trade and other receivables	29.2.4	-	-	593,770	-	593,770	86%
Amounts due from related parties	29.2.5	-	-	-	38,940	38,940	6%
Bank balances	29.2.6	-	37,208	-	-	37,208	5%
Total credit risk exposure		19,626	37,208	596,291	38,940	692,065	100%

As at 31st March 2023	Notes	Other non current financial assets	Cash at bank	Trade and other receivables	Amounts due from related parties	Total	% of allocation
Loans to executives	29.2.3	21,268	-	2,427	-	23,695	6%
Trade and other receivables	29.2.4	-	-	287,983	-	287,983	70%
Amounts due from related parties	29.2.5	-	-	-	33,749	33,749	8%
Bank balances	29.2.6	-	63,297	-	-	63,297	16%
Total credit risk exposure		21,268	63,297	290,410	33,749	408,724	100%

29.2.3 Loans to executives

Loans to executive portfolio is made up of vehicle loans which are given to staff at manager level and above. Company have obtained the necessary Power of Attorney/ Promissory Notes as collateral for the loans granted.

In Rs. '000s	2024	2023
At the beginning of the year	23,695	20,187
Loans granted	8,000	14,054
Recoveries	(9,548)	(10,546)
At the end of the year	22,147	23,695
Receivable within one year (Note 19)	2,521	2,427
Non Current Financial Assets		
Receivable between one and five years	19,626	21,268
	22,147	23,695

29.2.4 Trade receivables

Age analysis of trade receivables and other carrying value net of impairment losses is given below:

In Rs. '000s	2024	2023
Neither past due nor impaired	19,045	15,417
Past due but not impaired		
< 30 days	177,407	154,428
31 - 60 days	190,732	113,996
61 - 90 days	48,940	11,649
91 - 120 days	59,266	6,754
121 - 180 days	116,364	4,298
> 180 days	261,336	264,826
Gross carrying value	873,090	571,368
Less: Provision for doubtful debts/ impairment provision		
Individually assessed impairment provision	(279,320)	(283,385)
Total	593,770	287,983

The Company has obtained customer deposits 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.

29.2.5 Amounts due from related parties

The Company's amounts due from related party mainly consists balances from related companies.

29.2.6 Cash and cash equivalents

The Company held cash in hand and at bank of Rs. 46.2 Million excluding bank overdrafts as at 31 March 2024 (2023 Rs. 70.1 Million).

Cash and cash equivalents include the following cash balances held at bank.

As at 31st March	2024			2023		
	Fitch Rating	Rs.	%	Fitch Rating	Rs.	%
Financial Institution						
Citi Bank	AAA(lka)	7,134	19.17%	AAA	40,273	63.62%
Hongkong and Shanghai Banking Corporation	AA-	662	1.78%	AA-	1,287	2.03%
Commercial Bank of Ceylon PLC	A(lka)	435	1.17%	A	41	0.07%
Hatton National Bank PLC	A(lka)	26,486	71.18%	A	21,211	33.51%
Deutsche Bank AG	A	706	1.90%	BBB+	485	0.77%
Nations Trust Bank PLC	A-(lka)	1,785	4.80%	A-	-	0.00%
		37,208	100.00%		63,297	100%

29.3 Liquidity risk

Liquidity risk is the risk that the Company encounter a 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.

The Company monitors the level of expected cash inflows on trade and other receivable together with expected cash outflows on trade and other payables as at 31st March 2024, the expected cash flow from trade and other receivables maturing within two months were Rs.387 Million (2023 - Rs. 284 Million).

This excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters.

The Company has approved overdraft facilities amounting to Rs.935 Million as at 31st March 2024 of which Rs. 691.7 Million had been utilized as at 31st March 2024.

NOTES TO THE FINANCIAL STATEMENTS

The following are the remaining contractual maturities at the end of reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Contractual cash flows - 2024	Carrying Amount	Total	2 Months or less	2-12 Months	1-2 Year	2-5 Year	More than 5 years
Trade payables	159,207	159,207	159,207	-	-	-	-
Staff payables	55,064	55,064	55,064	-	-	-	-
Amount due to related parties	104,424	104,424	104,424	-	-	-	-
Loans and borrowings	454,726	454,726	285,781	168,945	-	-	-
Bank overdrafts	870,682	870,682	870,682	-	-	-	-

Contractual cash flows - 2023	Carrying Amount	Total	2 Months or less	2-12 Months	1-2 Year	2-5 Year	More than 5 years
Trade payables	146,735	146,735	146,735	-	-	-	-
Staff payables	52,288	52,288	52,288	-	-	-	-
Amount due to related parties	60,411	60,411	60,411	-	-	-	-
Loans and borrowings	213,987	213,987	-	92,534	121,453	-	-
Bank overdrafts	932,671	932,671	932,671	-	-	-	-

Management of Liquidity risk

The Company'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 its reputation.

The Company 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 Company 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, repurchase agreement, or other secured borrowings.

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 banks regarding financing requirements, ensures that availability within borrower limit is optimised by efficiently reallocating under-utilised facilities within the Company.

The daily cash management processes of the Company include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

29.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

29.4.1 Currency risk

Foreign currency risk is that the fair value or future cash flows of a financial instrument will fluctuate, due to changes in foreign exchange rates. The Company 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 1,803,751 approximately.

However, the Company 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 Company monitors fluctuations in foreign exchange rates and takes precautionary measures to revise its exchange rates on a regular basis.

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 Company 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 the 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 company whilst also ensuring obligations can be managed through US Dollar denominated revenue streams.

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

	Balances in Financial Institutions held in USD	Increase/ decrease in exchange rates (USD)	Effect on profit before tax Rs.000's
2024	92,938	+7.50%	32,334
		-7.50%	(32,334)
2023	164,372	+12.64%	15,375
		-12.64%	(15,375)

Interest rate risk

Interest rate mainly arises as a result of the Company having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. The Company is exposed to interest rate risk for the borrowings obtained from the banks. 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.

NOTES TO THE FINANCIAL STATEMENTS

The Company manages its interest rate risk by having a portfolio of fixed and variable rate loans & borrowings and overdrafts.

As at 31st March	2024		2023	
	Rs.	%	Rs.	%
Loans & borrowings and overdrafts at fixed rate	49,698	4%	50,165	5%
Loans & borrowings and overdrafts at variable rate	1,096,735	96%	942,022	95%
	1,146,433	100%	992,187	100%

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax.

	Increase/ decrease in basis points		Effect on profit before tax Rs.000's
	Rupee borrowings	Other currency borrowings	
2024	+1036	+58	(107,937)
	-1036	-58	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 changes to base rates such as AWPLR and LIBOR.

30 SEGMENTAL 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 rental income generated from the Commercial Centre which is categorised as Investment Property is shown separately.

The Company has the following two strategic division, which are its reportable segments.

Reportable Segment	Operation
Hotel	Hotelliering activities
Investment property	Renting out building premises

For the year ended 31st March	Hotel		Investment Property		Total	
	2024	2023	2024	2023	2024	2023
Revenue from contracts with customers	4,414,005	3,502,619	47,840	66,406	4,461,845	3,569,025
Other Operating Income	9,900	979	-	-	9,900	979
Expenses	(4,155,944)	(3,468,945)	(11,970)	(8,879)	(4,167,914)	(3,477,824)
Net Finance Income/(Cost)	(164,912)	(198,585)	-	-	(164,912)	(198,585)
Net gain/(loss) from fair value remeasurement	-	-	95,055	214,301	95,055	214,301
Profit/(loss) before Taxation	103,050	(163,932)	130,925	271,828	233,975	107,896
Segment Assets	6,253,643	5,509,793	3,242,088	3,147,033	9,495,731	8,656,826
Segment Liabilities	3,133,565	2,714,600	-	-	3,133,565	2,714,600

31 CAPITAL MANAGEMENT

The primary objective of the Company 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 Company 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 Company may issue new shares, have a rights issue or buy back of shares.

	2024	2023
Total liabilities	3,133,565	2,714,600
Less: cash and short term deposits	46,263	66,182
Adjusted net debt	3,087,302	2,648,418
Total equity	6,362,166	5,942,226
Adjusted net debt to adjusted equity ratio	49%	45%

32 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Accounting policy

Provisions

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

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 liabilities of the Company as at 31st March 2024 relates to the following:

Income Tax Assessments

This pertains to years of assessments 2012/13 to 2017/18. The company 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

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 has made a provision in the financial statements amounting to Rs. 3 million per year based on the guidelines issued by THASL.

The management is confident that the ultimate resolution of the above contingencies are unlikely to have a material adverse effect on the financial position of the company.

The Capital commitments of the Company as at the reporting date as follows.

Bank guarantees

Guarantees	Amount	Purpose
Tax appeals commission	38,941,672	Tax Appeal
Airport and Aviation Services	3,438,075	Security deposit for rental
Sri Lanka Ports Authority	4,401,600	Security deposit for rental

NOTES TO THE FINANCIAL STATEMENTS

33 EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no events subsequent to the reporting date which would have any material effect on the Company.

34 COMPARATIVE INFORMATION

The presentation and classification of following items in this Financial Statements are reclassified to ensure the comparability with the current year.

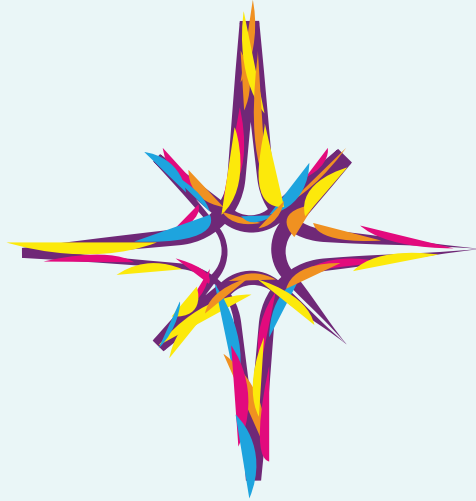
	Note	After Reclassification	Prior to Reclassification
For the year ended 31st March		2023	2023
Income Statement			
Cost of sales	34.1	(2,122,698)	(2,072,242)
Gross profit	34.1	1,446,327	1,496,783
Other Operating expenses	34.1	(404,146)	(454,602)
Statement of Financial Position			
Trade and other receivables	34.2	325,186	329,093
Cash in hand and at bank	34.2	70,089	66,182
Statement of Cash Flows			
(Increase) in trade and other receivables	34.2	(129,200)	(130,754)
Cash generated from operations	34.2	319,229	317,675
Net cash generated from operating activities	34.2	90,315	88,761
Net increase / (decrease) in cash and cash equivalents	34.2	(451,903)	(453,457)

34.1 Social Security Contribution Levy expense has been reclassified to cost of sales from other operating expenses.

34.2 Undeposited cash collections of the front office cashiers have been reclassified to cash in hand from trade and other receivables.

35 DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is responsible for the preparation and presentation of the Financial Statements. Please refer to the page 144 for the statement of Directors' Responsibility for Financial Reporting.



SUPPLEMENTARY INFORMATION

A CONFIRMED VOW

With a prosperous future in our sights, we set out to achieve our well-planned goals with renewed fervor and reminisce on the ancillary pillars of support that served to strengthen our foundations and renew our sense of purpose in the year under review.

QUARTERLY FINANCIAL DATA FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024

Income Statement For the Quarter ended	30 Jun '23	30 Sep '23	31 Dec '23	31 Mar '24	Total for the Year
Turnover	932,755	1,106,970	1,270,701	1,151,419	4,461,845
Cost of Sales	(570,850)	(622,018)	(657,030)	(584,514)	(2,434,412)
Gross Profit	361,905	484,952	613,671	566,905	2,027,433
Other operating Income	1,337	4,757	1,242	10,187	9,900
Sales and Marketing Expenses	(50,683)	(58,828)	(57,244)	(50,492)	(217,247)
Administrative Expenses	(221,239)	(243,753)	(266,288)	(271,342)	(1,002,622)
Other operating Expenses	(148,844)	(108,905)	(123,161)	(140,345)	(513,632)
Profit from Operating Activities	(57,524)	78,223	168,220	114,913	303,832
Finance Cost	(55,400)	(58,100)	(43,754)	(35,916)	(183,438)
Finance Income	14,526	972	1,166	11,595	18,526
Change in Fair Value of Investment Property	-	-	-	95,055	95,055
(Loss)/ Profit before Taxation	(98,398)	21,095	125,632	185,647	233,975
Taxation	27,884	(8,206)	(40,098)	(40,437)	(60,858)
(Loss)/Profit after Taxation	(70,514)	12,889	85,534	145,210	173,117
(Loss) Earnings Per Share	(0.35)	0.06	0.43	0.73	0.87
Balance Sheet as at	30 Jun '23	30 Sep '23	31 Dec '23	31 Mar '24	
Net Assets					
Property, Plant & Equipment	4,110,124	4,137,891	4,153,386	4,586,082	
Other Non Current Assets	3,866,194	3,870,015	3,867,077	3,957,966	
Net Current Assets	(1,327,329)	(1,369,553)	(1,293,088)	(1,221,167)	
	6,648,989	6,638,353	6,727,375	7,322,881	
Less : Non Current Liability	776,690	752,578	755,509	960,715	
	5,872,299	5,885,775	5,971,866	6,362,166	
Shareholders' Funds					
Stated Capital and revenue reserves	4,222,255	4,241,427	4,333,245	4,456,008	
Other components of equity	1,650,044	1,644,348	1,638,621	1,906,158	
	5,872,299	5,885,775	5,971,866	6,362,166	
Net Assets Per Share	29.36	29.43	29.86	31.81	

FIVE YEAR FINANCIAL SUMMARY & KEY INDICATORS

In Rs. '000s	2023/24	2022/23	2021/22	2020/21	2019/20
Revenue					
Rooms	1,389,121	903,875	432,563	38,058	823,571
Food	2,248,034	1,948,873	993,373	464,747	1,078,000
Beverages	345,911	319,325	163,491	124,447	136,032
Food & beverage others	105,571	100,878	58,142	54,926	52,558
Investment property Income	47,840	66,406	65,953	65,048	65,048
Other	325,368	229,668	103,702	63,742	173,387
Total Revenue	4,461,845	3,569,025	1,817,224	810,968	2,328,596
Direct Expenses					
Rooms	342,387	277,504	135,156	83,215	212,051
Food Cost	876,126	856,269	399,060	179,288	404,852
Beverage Cost	118,653	108,697	54,981	44,168	44,836
Food & beverage others	875,277	744,917	444,924	328,010	433,269
Investment property cost	(125)	559	237	681	701
Others	221,983	134,676	40,381	29,516	81,192
Total direct expenses	2,434,301	2,122,622	1,074,739	664,878	1,176,901
Gross operating income	2,027,544	1,446,403	742,485	146,090	1,151,695
Other Expenses					
Administration & general	417,670	368,090	221,490	481,469	276,043
Advertising & sales	203,008	134,529	76,544	45,049	112,319
Heat, light & Power	373,805	290,185	123,449	100,755	146,375
Repairs & maintenance	209,308	179,756	109,110	86,289	114,932
Operating fee	225,728	159,063	77,526	32,099	107,329
Marketing expenses	14,238	9,066	4,326	381	8,333
Total deductions	1,443,757	1,140,689	612,445	746,042	765,331
Gross operating profit	583,787	305,714	130,040	(599,953)	386,364
Other Income	6,351	4,781	32,235	7,446	12,237
Change in fair value of investment properties	95,055	214,301	167,226	(109,519)	162,425
	101,406	219,082	199,461	(702,026)	561,026
Finance Cost	183,438	202,387	122,173	24,210	25,555
Insurance & rates	56,358	38,398	36,019	32,593	30,601
Depreciation & amortisation	211,422	176,115	166,371	187,190	200,838
	451,218	416,900	324,563	243,993	256,994
Net Profit/(Loss)before taxation	233,975	107,896	4,938	(946,019)	304,032

FIVE YEAR FINANCIAL SUMMARY & KEY INDICATORS

In Rs. '000s	2023/24	2022/23	2021/22	2020/21	2019/20
Operating Results					
Total revenue	4,461,845	3,569,025	1,817,224	810,968	2,328,597
Revenue growth %	25.02	96.40	124.08	(65.17)	(17.58)
Profit/(Loss) from operating activities	303,832	92,180	(41,973)	(816,019)	162,504
Finance expenses	183,438	202,387	122,173	24,210	25,555
Rates, insurance, depreciation & amortisation	267,781	214,511	202,392	219,783	231,439
Net profit/(loss) before taxation	233,975	107,896	4,938	(946,019)	304,032
Shareholders' Funds					
Stated capital	1,112,880	1,112,880	1,112,880	1,112,880	1,112,880
Other components of equity	1,906,158	1,655,740	1,524,544	1,513,315	1,503,707
Revenue reserves	3,343,128	3,173,606	3,252,158	3,217,952	4,011,485
Total equity	6,362,166	5,942,226	5,889,582	5,844,147	6,628,072
Assets Employed					
Property, plant and equipment	4,586,082	4,065,283	3,402,994	3,425,319	3,547,493
Right-of-use asset	694,624	707,028	719,432	731,836	744,240
Investment property	3,242,088	3,147,033	2,932,732	2,765,506	2,875,025
Other non current assets	21,254	21,643	17,503	15,260	12,612
Net current assets	(1,221,167)	(1,114,396)	(752,113)	(660,220)	9,176
	7,322,881	6,796,591	6,320,548	6,277,701	7,188,546
Less					
Long term liabilities					
Employee benefits	188,864	126,957	132,782	146,037	137,681
Deffered tax liability	771,851	605,955	240,996	247,501	382,839
Loans and borrowings	-	121,453	57,188	40,016	39,954
Net assets	6,362,166	5,942,226	5,889,582	5,844,147	6,628,072
Key Indicators					
Current ratio Times	0.44	0.38	0.39	0.26	1.01
Net asset per share (Rs.)	31.81	29.71	29.45	29.22	33.14
Market price per share (Rs.)	42.60	45.20	48.20	55.90	56.30
Earnings/(Loss) per share (Rs.)	0.87	(0.49)	0.02	(4.09)	1.38
Statistical Summary					
Occupancy %	56	39	24	2	42
No. of rooms occupied	70,965	49,047	30,790	3,123	53,282
Average room rate (Rs.)	19,575	18,429	14,049	12,186	15,457

SHARE INFORMATION AND SHAREHOLDING

1 DIRECTORS' SHAREHOLDING

	As at 31.03.2024	As at 31.03.2023
Mr. K N J Balendra - Chairperson	Nil	Nil
Mr. J G A Cooray	1,200	1,200
Ms. S A Atukorale	Nil	Nil
Mr. N L Gooneratne	450,833	514,261
Mr. C L P Gunawardane	Nil	Nil
Mr. S Rajendra	Nil	Nil
Mr. M R Svensson	Nil	Nil
Mr. H A J de S Wijeratne	Nil	Nil

2 THE COMPANY'S ISSUED ORDINARY SHARE CAPITAL OF 200,000,000 SHARES WERE HELD BY 1,532 SHAREHOLDERS AS AT 31ST MARCH 2024 (1,474 SHAREHOLDERS AS AT 31ST MARCH 2023)

2.1 Share Distribution as at 31st March 2024

	Number of shareholders	Percentage of shareholding	Total number of shares
Less than or equal to 1,000	1,276	0.11%	214,177
1001 to 10,000	197	0.37%	742,088
10,001 to 100,000	45	0.72%	1,432,420
100,001 to 1,000,000	10	1.95%	3,901,952
Over 1,000,001	4	96.85%	193,709,363
Grand Total	1,532	100.00%	200,000,000

SHARE INFORMATION AND SHAREHOLDING

2.2 The Twenty One Largest Shareholders

		Number of shares			
		31 March 2024		31 March 2023	
		Number of Shares	%	Number of Shares	%
1	John Keells Holdings PLC	97,284,256	48.64%	97,284,256	48.64%
2	Asian Hotels And Properties PLC	86,823,028	43.41%	86,823,028	43.41%
3	Bank of Ceylon A/C Ceybank Unit Trust	5,305,879	2.65%	5,305,879	2.65%
4	Employees Provident Fund	4,296,200	2.15%	4,296,200	2.15%
5	Mr. A. N. G. Wijeyekoon	572,960	0.29%	572,960	0.29%
6	Employees Trust Fund Board	571,941	0.29%	571,941	0.29%
7	Bank of Ceylon A/C Ceybank Century Growth Fund	563,367	0.28%	568,165	0.28%
8	Bank of Ceylon No.1 Account	477,200	0.24%	477,200	0.24%
9	Mr. N. L. Gooneratne	450,833	0.23%	514,261	0.26%
10	Prof. M.K.D.N.L.Alwis	365,279	0.18%	-	0.00%
11	Ellawala Exports (Pvt) Ltd	358,400	0.18%	358,400	0.18%
12	Prof. D. N. L. Alwis	234,828	0.12%	600,107	0.03%
13	Mr. D. Gonsalkorale	161,200	0.08%	161,200	0.08%
14	Keells Consultants (Pvt) Ltd	145,944	0.07%	145,944	0.07%
15	Trading Partners Private Ltd	100,000	0.05%	100,000	0.05%
16	Miss. A. M. Ondaatjie	83,400	0.04%	83,400	0.04%
17	Mr. G. G. Ondaatjie	83,400	0.04%	83,400	0.04%
18	Mr. T. J. Ondaatjie	83,399	0.04%	83,399	0.04%
19	Mrs. V. A. Seneviratne	75,000	0.04%	75,000	0.04%
20	Mrs. B. J. E. Severin	72,800	0.04%	72,800	0.04%
21	Mr. R. D. Ranathunga	50,112	0.03%	50,112	0.03%
		198,159,426	99.08%	198,227,652	99.11%

2.3 Composition of Shareholders

	As at 31st March 2024			As at 31st March 2023		
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
Directors & spouses	2	452,033	0.23%	2	515,461	0.26%
Public non-resident						
Institutions	-	-	-	-	-	-
Individuals	15	87,583	0.04%	16	92,693	0.05%
Public resident						
Institutions	48	196,138,106	98.07%	49	196,158,444	98.07%
Individuals	1,467	3,322,278	1.66%	1,407	3,233,402	1.62%
Total	1,532	200,000,000	100.00%	1,474	200,000,000	100.00%

2.4 Public Shareholdings

	As at 31st March 2024			As at 31st March 2023		
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
Intercompany Shareholdings (John Keells Holdings PLC and Asian Hotels and Properties PLC)	2	184,107,284	92.05%	2	184,107,284	92.05%
Directors and spouses	2	452,033	0.23%	2	515,461	0.26%
Public Shareholding	1,528	15,440,683	7.72%	1,470	15,377,255	7.69%
	1,532	200,000,000	100.00%	1,474	200,000,000	100.00%

3 MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

		2023/24	Q4	Q3	Q2	Q1	2022/23
High	(Rs.)	53.90	46.00	50.40	53.90	46.00	55.60
Low	(Rs.)	38.10	39.00	38.10	43.50	40.00	40.00
Close	(Rs.)	42.60	42.60	39.00	48.00	40.70	45.20
Dividend paid (per share)	(Rs.)	-	-	-	-	-	-

Trading Statistics

Number of transactions		986	236	384	288	78	476
Number of shares traded	('000)	231	61	85	76	9	237
% of total shares in issue		0.115	0.030	0.042	0.038	0.004	0.118
Value of all shares traded	(Rs. Mn)	9.98	2.46	3.44	3.71	0.37	11.92
Average daily turnover	(Rs. '000)	56.73	50.23	59.37	75.70	18.50	102.74
Market Capitalisation	(Rs. Mn)	8,520	8,520	7,800	9,600	8,140	9,040
Float adjusted market capitalisation	(Rs. Mn)	658	658	601	738	626	695

The Company continues to be non-compliant with the Minimum Public Holding Requirements specified in Rule 7.13.1 (b) - Option 1 of the CSE Listing Rules and was transferred to the Second Board on 27 August 2021. The Shareholders of the Company have been apprised of such non-compliance at the Annual General Meeting of the Company, with reasons provided for such non-compliance, due to the float adjusted market capitalisation not meeting the required threshold owing to anomalies brought about by the macro-economic conditions of the Country. The Company continues to aggressively pursue its business strategies to capitalise on available opportunities with a view of maximising stakeholder value creation, while monitoring the situation towards ensuring compliance with the required Public Holding threshold.

SHARE INFORMATION AND SHAREHOLDING

4 DIVIDENDS SINCE 2004/05

Financial Year	Dividend paid per share(Rs.)	Dividend paid(RS:'000)
2004/05	3.50	175,000
2005/06	5.35	267,500
2006/07	2.40	120,000
2007/08	0.75	37,500
2008/09	1.50	75,000
2009/10	1.00	50,000
2010/11	2.00	100,000
2011/12	3.00	300,000
2012/13	3.00	600,000
2013/14	3.50	700,000
2014/15	3.50	700,000
2015/16	2.00	400,000
2016/17	3.00	600,000
2017/18	3.50	700,000
2018/19	1.00	200,000
2019/20	0.50	100,000
2020/21	Nil	Nil
2021/22	Nil	Nil
2022/23	Nil	Nil
2023/24	Nil	Nil

5 SHARE CAPITAL SINCE 2004/05

Financial Year	Number of shares in issue ('000)
2004/05	50,000
2005/06	50,000
2006/07	50,000
2007/08	50,000
2008/09	50,000
2009/10	50,000
2010/11	50,000
2011/12**	100,000
2012/13**	200,000
2013/14	200,000
2014/15	200,000
2015/16	200,000
2016/17	200,000
2017/18	200,000
2018/19	200,000
2019/20	200,000
2020/21	200,000
2021/22	200,000
2022/23	200,000
2023/24	200,000

** Sub division of shares

GRI CONTENT INDEX

Company as at the reporting date as follows.

Statement of use	Trans Asia Hotels 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) Omitted	Reason Explanation		
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	5	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	2				
	2-3 Reporting period, frequency and contact point	2,4				
	2-4 Restatements of information	2				
	2-5 External assurance	3				
	2-6 Activities, value chain and other business relationships	18,19				
	2-7 Employees	51,52				
	2-8 Workers who are not employees	-			Not applicable	Workers who are not employees of the Company comprise of 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	93,94				
	2-10 Nomination and selection of the highest governance body	93				
	2-11 Chair of the highest governance body	98				
	2-12 Role of the highest governance body in overseeing the management of impacts	98				
	2-13 Delegation of responsibility for managing impacts	93				
	2-14 Role of the highest governance body in sustainability reporting	107				
	2-15 Conflicts of interest	95				
	2-16 Communication of critical concerns	111				

GRI CONTENT INDEX

Gri Standard/ Other Source	Disclosure	Location		Omission	
			Requirement(S) Omitted	Reason	Explanation
	2-17 Collective knowledge of the highest governance body	94			
	2-18 Evaluation of the performance of the highest governance body	99			
	2-19 Remuneration policies	99			
	2-20 Process to determine remuneration	99			
	2-21 Annual total compensation ratio		2-21	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	37			
	2-24 Embedding policy commitments	37			
	2-25 Processes to remediate negative impacts	55			
	2-26 Mechanisms for seeking advice and raising concerns	55			
	2-27 Compliance with laws and regulations	36			
	2-28 Membership associations	64			
	2-29 Approach to stakeholder engagement	20			
	2-30 Collective bargaining agreements	57			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	29		A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.	
	3-2 List of material topics	30,31			
Economic performance					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed"	45			
	201-2 Financial implications and other risks and opportunities due to climate change	82			
	201-3 Defined benefit plan obligations and other retirement plans	176			
	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"

Gri Standard/ Other Source	Disclosure	Location		Omission	
			Requirement(S) Omitted	Reason	Explanation
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	70			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	70,71			
	203-2 Significant indirect economic impacts	7			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	69			
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.
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	109			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	139			
	205-2 Communication and training about anti-corruption policies and procedures	110			
	205-3 Confirmed incidents of corruption and actions taken		205-3	Not applicable	There were no identified instances for reported on.
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	105			
GRI 207: Tax 2019	207-1 Approach to tax	105			
	207-2 Tax governance, control, and risk management	105			
	207-3 Stakeholder engagement and management of concerns related to tax	23			
	207-4 Country-by-country reporting			Not applicable	
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	72-74			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	75		Unavailable	Energy management policy.
	302-2 Energy consumption outside of the organization		302-2	Information unavailable/incomplete	This is beyond the scope of current energy management policy.
	302-3 Energy intensity	75			
	302-4 Reduction of energy consumption	75			
	302-5 Reductions in energy requirements of products and services		302-5	Information unavailable/incomplete	This information was not captured in last financial year.

GRI CONTENT INDEX

Gri Standard/ Other Source	Disclosure	Location		Omission	
			Requirement(S) Omitted	Reason	Explanation
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	72-74			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	76			
	303-2 Management of water discharge-related impacts	76			
	303-3 Water withdrawal	76			
	303-4 Water discharge	76			
	303-5 Water consumption	76			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	72-74			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	75			
	305-2 Energy indirect (Scope 2) GHG emissions	75			
	305-3 Other indirect (Scope 3) GHG emissions	-	305-3	Not applicable	This is beyond the scope of our current energy monitoring system.
	305-4 GHG emissions intensity	75			
	305-5 Reduction of GHG emissions	75			
	305-6 Emissions of ozone-depleting substances (ODS)	-	305-6	Not applicable	As a service organisation, we do not generate significant amount of these substances.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	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	72-74			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	76			
	306-2 Management of significant waste-related impacts	77			
	306-3 Waste generated	76-77			
	306-4 Waste diverted from disposal	77			
	306-5 Waste directed to disposal	77			

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		69		
GRI 308: Supplier	308-1 New suppliers that were screened using environmental criteria		69		
Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken		69		
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics		51		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		52		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		53		
	401-3 Parental leave		56		
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics		51		
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes		57		
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics		54		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system		54		
	403-2 Hazard identification, risk assessment, and incident investigation		54		
	403-3 Occupational health services		54		
	403-4 Worker participation, consultation, and communication on occupational health and safety		54		
	403-5 Worker training on occupational health and safety		54		
	403-6 Promotion of worker health		54		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		54		
	403-8 Workers covered by an occupational health and safety management system		54		
	403-9 Work-related injuries		55		
	403-10 Work-related ill health		54		

GRI CONTENT INDEX

Gri Standard/ Other Source	Disclosure	Location		Omission	
			Requirement(S) Omitted	Reason	Explanation
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	53			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	54			
	404-2 Programs for upgrading employee skills and transition assistance programs	54			
	404-3 Percentage of employees receiving regular performance and career development reviews	53			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	55			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	51			
	405-2 Ratio of basic salary and remuneration of women to men	56			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	55			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	55			
Child Labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	55			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	55			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	70			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	70-71			
	413-2 Operations with significant actual and potential negative impacts on local communities		413-2	Information unavailable/incomplete	Process of reliably quantifying potential negative impacts are currently underway.

Gri Standard/ Other Source	Disclosure	Location		Omission	
			Requirement(S) Omitted	Reason	Explanation
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	68			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	68			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	68			
Marketing and labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	66			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	66			
	417-2 Incidents of non-compliance concerning product and service information and labeling	68			
	417-3 Incidents of non-compliance concerning marketing communications	68			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	66			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	68			

SASB 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-130a.1	75
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-140a.1	76
Ecological Impacts	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat	Quantitative	Number	SV-HL-160a.1	NA
	Description of environmental management policies and practices to preserve ecosystem services	Discussion and Analysis	NA	SV-HL-160a.2	73
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. 244.37 (2) 100%
	Description of policies and programmes to prevent worker harassment	Discussion and Analysis	NA	SV-HL-310a.4	55
Climate Change Adaptation	Number of lodging facilities located in 100-year flood zones	Quantitative	Number	SV-HL-450a.1	NA

Table 2. Activity Metrics

Climate Change Adaptation	Category	Unit Of Measure	Code	Page No
Number of available room-nights	Quantitative	Number	SV-HL-000.A	18
Average occupancy rate ²	Quantitative	Rate	SV-HL-000.B	19
Total area of lodging facilities ³	Quantitative	Square metres (m ²)	SV-HL-000.C	35,283.53
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

INDEPENDENT ASSURANCE REPORT TO TRANS ASIA HOTELS PLC



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We have been engaged by the Directors of Trans Asia Hotels 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 Trans Asia Hotels 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	6

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

Assured Sustainability Indicators (Comparative numbers for the year ended 31 March 2023 not audited)	Integrated Annual Report Page
Value Creation Highlights	7
Information provided on following	
Financial Capital	42 to 45
Manufactured Capital	46 to 49
Human Capital	50 to 57
Intellectual Capital	58 to 64
Social and Relationship Capital	65 to 71
Natural Capital	72 to 79

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 Trans Asia Hotels PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

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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.L Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyad FCMA (UK), FCIT

INDEPENDENT ASSURANCE REPORT TO TRANS ASIA HOTELS PLC



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 Trans Asia Hotels 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 Trans Asia Hotels PLC for the purpose of providing an assurance conclusion on the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators included in the Trans Asia Hotels 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 Trans Asia Hotels PLC, or for any other purpose than that for which it was prepared.

CHARTERED ACCOUNTANTS

Colombo
21st 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 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).

EBITDA

Earnings before interest, tax, depreciation and amortisation

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.

FAIR VALUE

Fair value is the amount for which an asset could be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction.

GROSS PROFIT MARGIN

What remains from sales after a company pays out the cost of goods sold. To obtain gross profit margin, divide gross profit by sales. Gross profit margin is 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.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty Third Annual General Meeting (“Meeting”) of Trans Asia Hotels PLC will be held as a virtual meeting on 27th June 2024 at 3.30 p.m. 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 83 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. H A J De S Wijeyeratne, who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr. H A J De S Wijeyeratne is contained in the Board of Directors section of the Annual Report.
5. To re-elect as a Director, Mr. N L Gooneratne who is over the age of 70 years and who retires in terms of Section 210 of the Companies Act No. 7 of 2007, for which the passing of the following ordinary resolution is recommended by the Company:

“THAT the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. N L Gooneratne, who is 81 years and that he be re-elected a Director of the Company.

6. To re-appoint Auditors, Messrs. KPMG, Chartered Accountants, and to authorise the Directors to determine their remuneration.
7. To notify the shareholders regarding the Company’s non-compliance of the minimum public holding requirement of the Listing Rules of the Colombo Stock Exchange.
8. 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 will be available on the below links, once the financial statements ending 31st March 2024 are released to the stock exchange.

(1) Corporate website of the Company – <https://keells.com/resource/reports/group-annual-reports/Trans-Asia-Hotels-PLC.pdf> and

(2) The Colombo Stock Exchange website - <https://cse.lk/pages/company-profile/company-profile.component.html?symbol=TRAN.N0000>

Shareholders may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code.



For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Mr. Ruvindra Angunawela on 0112491060 during normal office hours (8.30 a.m. to 4.30 p.m.) or email ruvindra@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 or facsimile to 0115377369 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,

TRANS ASIA HOTELS PLC

KEELLS CONSULTANTS (PRIVATE) LIMITED

Secretaries

Colombo

21st May 2024

NOTICE OF MEETING

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 No 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02 or forwarded to the email address: keellsconsultants@keells.com or Fax No.011 2439037 no 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 Trans Asia ..Hotels 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. Navindra Lal Gooneratne | or failing him |
| Mr. Harin Amendra Joseph De Silva Wijeyeratne | or failing him |
| Ms. Shivanthi Atukorale | or failing her |
| Mr. Mikael Ronald Svensson | or failing him |
| Mr. Suresh Rajendra | or failing him |
| Mr. Changa Lashantha Poojitha Gunawardane | |

as my/our proxy to represent me/us and to vote on my/our behalf at the Forty Third Annual General Meeting of the Company to be held on
 at 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 resolutions as indicated by the letter "X" in the appropriate cage:

- | | | | | |
|--|--|--------------------------|--------------------------|--------------------------|
| 1. | To re-elect as a Director, Mr. S Rajendra who retires in terms of Article 83 of the Articles of Association of the Company | | | |
| 2. | To re-elect as a Director, Mr. H A J De S Wijeyeratne who retires in terms of Article 83 of the Articles of Association of the Company | FOR | AGAINST | ABSTAINED |
| 3. | To re-elect as a Director, Mr. N L Gooneratne who is over the age of 70 years and who retires in terms of Section 210 of the Companies Act No. 7 of 2007 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | To re-appoint the Auditors, KPMG, Chartered Accountants, and to Authorise the Directors to determine their remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Signed on this day of Two Thousand and Twenty-Four | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|
Signature/s of shareholder/s | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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 Fax No.011 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./.....

CORPORATE INFORMATION

NAME OF THE COMPANY

Trans Asia Hotels PLC

LEGAL FORM

A Public Limited Liability Company incorporated in Sri Lanka on 17th July 1981 and listed on the Colombo Stock Exchange.

COMPANY REGISTRATION NUMBER

PQ 5

REGISTERED OFFICE

No. 115, Sir Chittampalam,
A. Gardiner Mawatha, Colombo 2.

Tel: 2491000

Fax: 2449184

E-mail: lakeside@cinnamonhotels.com

Website: <http://www.cinnamonhotels.com/cinnamonlakeside.htm>

BOARD OF DIRECTORS

Mr. Krishan Niraj Jayasekara Balendra -Chairman

Mr. Joseph Gihan Adisha Cooray

Mr. Navindra Lal Gooneratne

Mr. Mikael Ronald Svensson

Mr. Suresh Rajendra

Mr. Changa Lashantha Poojitha Gunawardane

Mr. Harin Amendra De Silva Wijeyeratne

Ms. Shivanthi Adikari Atukorale

AUDIT COMMITTEE

Mr. H.A.De.S. Wijeyeratne (Chairman)

Mr. S. Rajendra

Ms. S.A. Atukorale

COMPANY SECRETARIES AND REGISTRARS

Keells Consultants (Private) Limited

117, Sir Chittampalam A. Gardiner Mawatha Colombo 02

AUDITORS

Messrs. KPMG Chartered Accountants

32A, Sir Mohamed Macan Markar Mawatha, Colombo 03

BANKERS

Citibank NA

Deutsche Bank AG

Sampath Bank PLC

The Hongkong and Shanghai Banking Corporation Ltd

Nations Trust Bank PLC

People's Bank PLC

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

DFCC Bank

COMPANY RELATED INFORMATION REQUIREMENTS

Shareholders can contact Keells Consultants (Private) Limited on 011-2306245 for any Company related information requirements.

Trans Asia Hotels PLC