



**Hilton**  
COLOMBO

Hilton

# 2024 ANNUAL REPORT

HOTEL DEVELOPERS LANKA LTD

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## ABOUT US

Hotel Developers Lanka Ltd (HDL) was incorporated in 1983 as a property development company with the primary mandate of owning and facilitating the operations of the Hilton Colombo Hotel. Strategically situated at Echelon Square, Colombo 01, the hotel occupies a total land extent of 6.2 acres within one of the most prestigious and commercially significant locations in Sri Lanka's capital city.

The Hilton Colombo property itself encompasses 4.4 acres, while an additional 1.8 acres along Lotus Road, Colombo 01, has been designated for the development and operation of recreational facilities, for which a 99-year lease agreement is currently in the process of being finalized. This prime real estate footprint reflects HDL's vital role in shaping Colombo's hospitality landscape and contributing to the city's broader urban infrastructure.

Originally a publicly listed entity on the Colombo Stock Exchange (CSE), HDL underwent a strategic transition in 2011 to become a fully state-owned enterprise, with 100% of its shareholding vested with the Secretary to the Treasury of Sri Lanka

## Our Vision

*"To stand supreme with sustainable excellence in the hospitality business."*

## Our Mission

*"To deliver exceptional value to all stakeholders by fostering innovation and excellence in hospitality, driving sustainable growth, and elevating Sri Lanka as a premier global travel destination while enhancing shareholder returns and positively impacting the community."*



## Strategic Partnership for the Management of Hilton Colombo

Hotel Developers Lanka Ltd has entrusted the management and operational responsibilities of Hilton Colombo to Hilton International Management Corporation (Hilton Worldwide), under a Management Agreement signed in 1984. Hilton Worldwide, a leading global hospitality company with over 8600 properties in 139 countries and territories, brings global brand value, operational expertise, and international best practices to the partnership.

Hotel Developers Lanka Ltd, through its strategic partnership plays a pivotal role in Sri Lanka's tourism and hospitality sector. By maintaining a strategic partnership with a world-renowned hospitality brand, the company ensures the delivery of high-quality guest experiences while upholding long-term asset value and stakeholder returns. HDL contributes to the national economy not only through revenue generation and job creation

but also by positioning Colombo as a key destination for international travel, business, and events.

## Property Highlights – Hilton Colombo

Hilton Colombo stands as a flagship luxury hospitality property in Sri Lanka, prominently located in the heart of Colombo's central business district. The hotel caters to a broad clientele including international and domestic business travelers, leisure tourists, and event delegates. It offers 368 elegantly appointed guest rooms, including Presidential and Junior Presidential Suites, combining contemporary design with superior comfort and functionality.

The hotel features a comprehensive selection of dining and entertainment experiences through seven distinct venues, offering guests a wide array of culinary styles and atmospheres—from casual to fine dining, indoor to open-air settings, and relaxed lounges to vibrant nightlife experiences.

In addition to its accommodation and culinary excellence, Hilton Colombo provides robust event and business infrastructure. Key facilities include a grand ballroom with an adjoining pre-function area and a range of adaptable multi-purpose event spaces. Business travelers are supported with access to premium executive facilities, as well as fully equipped meeting rooms located within the property.

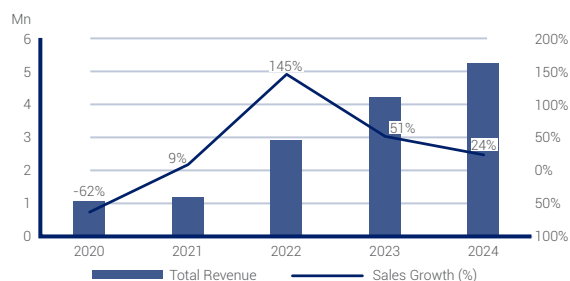
Complementing its core offerings, the hotel is enhanced by a dedicated wellness and lifestyle complex situated on an adjacent 1.8-acre site. This facility provides hotel guests and club members with a range of recreational amenities, including a state-of-the-art gymnasium, an outdoor swimming pool, and holistic spa and wellness services. These features reinforce Hilton Colombo's reputation for delivering a complete and integrated luxury hospitality experience that meets global standards.



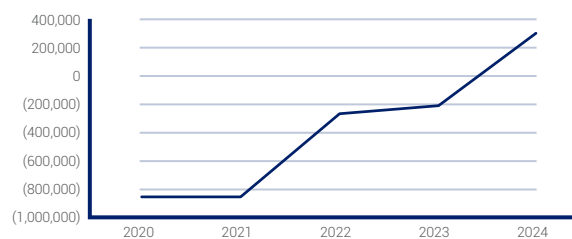
# Financial Highlights

|                                                    | 2024       | 2023       |
|----------------------------------------------------|------------|------------|
| Room Revenue LKR '000                              | 1,848,222  | 1,137,293  |
| F&B Revenue LKR'000                                | 3,342,408  | 3,034,962  |
| Other Revenue LKR '000                             | 56,153     | 55,845     |
| Social Security Levy LKR '000                      | 146,306    | 118,651    |
| Total Revenue LKR '000                             | 5,393,089  | 4,346,751  |
| Gross Profit LKR '000                              | 2,684,204  | 1,901,133  |
| Gross Profit Margin %                              | 50%        | 44%        |
| Gross Operating Profit LKR '000                    | 872,082    | 163,336    |
| Gross Operating Profit %                           | 16%        | 4%         |
| Profit/(Loss)before Tax LKR'000                    | (268,347)  | (784,366)  |
| Profit After Tax LKR'000                           | (339,837)  | (688,712)  |
| Total Comprehensive Income for the Period LKR '000 | (351,638)  | (15,873)   |
| Earning/(Loss) per share LKR                       | (0.17)     | (0.01)     |
| Average Room Rate LKR                              | 31,691     | 31,496     |
| Occupancy %                                        | 51%        | 33%        |
| Long Term Interest Bearing Borrowings LKR'000      | 3,354,136  | 3,067,766  |
| Short Term Debt                                    | 2,255,220  | 1,843,522  |
| Total Equity LKR '000                              | 11,915,257 | 12,266,894 |
| Debt/Equity %                                      | 47.08%     | 40.04%     |
| Total Assets LKR '000                              | 21,426,589 | 20,566,956 |
| Debt /Total Assets %                               | 26.18%     | 23.88%     |
| Current Assets LKR'000                             | 872,837    | 1,092,825  |
| Current Lliabilities LKR'000                       | 4,462,726  | 3,609,382  |
| Current Ratio (times)                              | 0.20       | 0.30       |
| Quick Assets Ratio (times)                         | 0.17       | 0.28       |

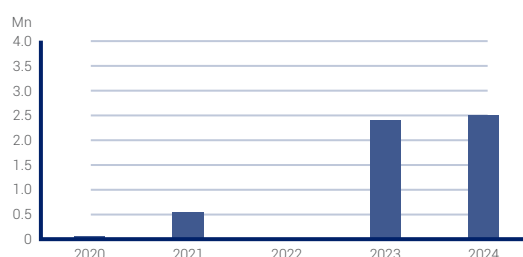
Five Year Revenue Trend



EBIT



PPE Investment



# Operational Highlights



## Our Facilities

The main hotel property is on 4.5 acres land in prime location of Colombo

GUEST ROOMS  
**368**

FOOD AND BEVERAGE OUTLETS  
**07**

CONFERENCE & EVENTS SPACES  
**17**

SPORT CENTER AND OTHER RECREATIONAL FACILITIES ON  
**1.87** acres land



## Our Team

OUR TEAM

**596** Employees (2023: 615)

TRAINING AND DEVELOPMENT HOURS

**65,098** Annual Training Hours (2023: 24,752)

PAYMENTS TO EMPLOYEES (INCLUDING SERVICE CHARGE)

**Rs. 1,262 Mn** (2023: Rs. 1,026 Mn)



## Health & Safety Certificates

FOOD & SAFETY MANAGEMENT SYSTEMS

- Food Safety Management Systems
- HACCP



## AWARDS & ACCOLADES

- Luxury Business Hotel
- Luxury Conference & Event Hotel
- Best Architectural Design
- No. 2 in Asia's Best MNC Workplaces 2024
- No. 3 in Large Category - Top 50 Best Workplaces in Sri Lanka 2024
- Sustainability Awards - Large Enterprise
- GM winning Top 10 Champions of Diversity Awards





**Hilton Colombo Hotel** ★★★★★

[Fort, Colombo](#) [Show on map](#) 100 m from centre

Sustainability certification

Overlooking the Indian Ocean and Beira Lake, Hilton Colombo Hotel offers direct access to Colombo's World Trade Centre. It features an outdoor pool, 24-hour business centre and 10 dining outlets.

**Fabulous** 8.6

713 reviews

**HOTEL**

**Hilton Colombo**

4.2 (3,191 reviews)

Colombo, Sri Lanka

3,191 reviews and opinions

"...We stayed at the [Hilton Colombo](#) recently and had a really great experience."

# Operational Highlights

## TRIPADVISOR – HILTON COLOMBO OUTLETS



### Graze Kitchen

2, Sir Chittampalam A Gardiner Mawatha,  
Colombo 200 Sri Lanka



Ratings and reviews  
4.8 ●●●●● 1,281 reviews



### L.A.B

Hilton Colombo 2 Sir Chittampalam a Gardiner MW,  
Colombo 00200 Sri Lanka



Ratings and reviews  
4.9 ●●●●● 297 reviews



### Emperor's Wok

2, Sir Chittampalam A Gardiner Mawatha Mawatha,  
Colombo, Colombo 00200 Sri Lanka



Ratings and reviews  
4.8 ●●●●● 174 reviews



### Stella Karaoke Lounge and Bar

2 Sir Chittampalam A Gardiner MW,  
Colombo 00200 Sri Lanka



Ratings and reviews  
4.7 ●●●●● 68 reviews



### Cafe Kai

2 Sir Chittampalam A Gardiner Mawatha The Hilton  
Colombo, Colombo 00200 Sri Lanka



Ratings and reviews  
4.7 ●●●●● 48 reviews



### Sunsetblu

2 Sir Chittampalam A Gardiner Mawatha Colombo 2,  
Colombo 00200 Sri Lanka



Ratings and reviews  
4.9 ●●●●● 436 reviews



# Chairman's Review



“

I am pleased to announce that Hilton Colombo has successfully launched the newly upgraded guest rooms, marking a significant milestone in the hotel's evolution. This upgrade coincides with the property's return to a full inventory of 368 guest rooms after a decade ”

## Dear Shareholder,

On behalf of the Board, I am pleased to present the key highlights from the Annual Report and Financial Statements of Hotel Developers (Lanka) Ltd for the year ending 31 December 2024. I take the pleasure to report that the Company has demonstrated a robust recovery, driven by our unwavering commitment to our core values.

## Global Tourism

Global tourism experienced a remarkable recovery in 2024, with international tourist arrivals

reaching an estimated 1.4 billion, nearly 99% of pre-pandemic levels. This represents an 11% increase from 2023, adding 140 million more arrivals. The recovery can be attributed to robust post-pandemic demand, strong performances from key source markets, and the ongoing recovery of destinations in Asia and the Pacific.

In 2024, global tourism witnessed significant regional variations in performance. The Middle East led the recovery, with a remarkable 32% increase in arrivals compared to 2019, reaching 95 million tourists and experiencing a modest 1%

growth from the previous year. Africa also demonstrated strong growth, recording 74 million arrivals, reflecting a 7% increase over 2019 levels and a 12% rise from 2023. Europe, the world's largest tourism destination, welcomed 747 million arrivals, representing a 1% increase over 2019 and a 5% growth compared to 2023, largely driven by robust intra-regional demand. However, challenges remain in Central and Eastern Europe due to the ongoing conflict in Ukraine. The Americas achieved 213 million arrivals, reaching 97% of pre-pandemic levels, with the Caribbean and

# Chairman's Review

Central America exceeding 2019 figures, growing 7% from the previous year. Finally, Asia and the Pacific saw 316 million arrivals, recovering to 87% of pre-pandemic levels and experiencing a 33% increase from 2023, signaling a strong rebound in the region.

In 2024, international tourism receipts reached USD 1.6 trillion, a 3% increase from 2023 and a 4% rise from 2019, in real terms. Additionally, tourism exports, including passenger transport, hit a record USD 1.9 trillion, reflecting a 3% increase over pre-pandemic levels.

Looking ahead to 2025, international tourist arrivals are expected to grow by 3% to 5%, with continued recovery in Asia and the Pacific and steady growth across other regions. Despite challenges such as high transport costs, volatile oil prices, and geopolitical risks, the outlook remains positive. Approximately 64% of tourism experts predict an improved outlook for 2025, with an emphasis on sustainability and the discovery of lesser-known destinations.

However, the industry must remain mindful of ongoing economic and geopolitical uncertainties, such as conflicts, extreme weather events, and staffing shortages. It will be crucial to balance growth with sustainability to ensure long-term development.

## Sri Lanka

Sri Lanka's tourism industry showed strong recovery in 2024, closing the year with positive momentum. In December alone, the country welcomed 248,592 tourists, marking a 35% increase from November and an 18.18% growth

compared to December 2023. By end of year 2024, Sri Lanka had recorded 2,053,465 international arrivals, reflecting steady growth and recovery, thanks to effective tourism strategies and targeted marketing efforts. The milestone of 2 million tourist arrivals was a remarkable achievement and the highest since 2018.

This was achieved amidst several challenges, including issues surrounding a new visa system, political uncertainties, safety concerns due to travel advisories, delays in infrastructure development, and global geopolitical tensions. Further, competition from other destinations with more attractive visa policies and aggressive marketing efforts in the post pandemic period has impacted Sri Lanka's tourism growth. Despite these challenges, the resilience of the sector is evident. The growth in arrivals from key markets and the achievement of surpassing 2 million visitors demonstrates the ongoing recovery of the industry

As we look to the future, it will be crucial in achieving sustained growth, by diversifying tourism markets, enhancing infrastructure, and strengthening our competitive position to position Sri Lanka's tourism industry for further success in 2025 and beyond.

Key markets such as India, Russia, the United Kingdom, Germany, and Australia contributed significantly to this growth. Europe emerged as the dominant region, accounting for 51.9% of total arrivals, with Asia and the Pacific contributing 41%. Although the Americas (5.1%) and the Middle East and Africa (2.1%) represented smaller shares, these regions present

valuable opportunities for future diversification.

## Financial Performance

In 2024, the company achieved significant financial growth, demonstrating a strong performance recovery. Total revenue for the year reached Rs. 5,242 million, a notable increase from Rs. 4,228 million in the previous year. This growth was primarily driven by a substantial rise in room revenue, which surged to Rs. 1,848 million from Rs. 1,137 million in 2023. The positive performance was largely attributed to the successful and progressive completion of our guest room renovation projects, with the operational room count increasing to 368 by the end of November, positioning us for greater capacity and competitiveness.

For the 12 months ending December 31, 2024, our operating profit reached Rs. 869 million, marking a significant improvement from the previous year's operating profit of Rs. 163 million. This growth reflects the enhanced operational efficiencies and effective financial management that have driven our strong performance.

The Loss Before Tax for 2024 reduced significantly to Rs. 268 million, after accounting for finance costs and depreciation, reflecting a strong recovery from the Rs. 784 million Loss Before Tax reported in 2023. This substantial reduction in loss demonstrates the effectiveness of our strategic efforts to fortify our financial position and optimize operational efficiencies to enhance the profitability

## Hilton Colombo stepping into a New Era

I am pleased to announce that Hilton Colombo has successfully launched the newly upgraded guest rooms, marking a significant milestone in the hotel's evolution. This upgrade coincides with the property's return to a full inventory of 368 guest rooms after a decade, a strategic response to the increasing market demand and emerging competition from new entrants. This expansion enables us to meet the evolving needs of our guests while strengthening our competitive position in the local hospitality sector.

The asset enhancements implemented over the past 5 to 7 years, combined with the operational scale now in place, enables Hilton Colombo to leverage its brand equity and deliver superior, world-class experiences to both domestic and international visitors. We are confident that these upgrades will not only elevate the guest experience but also solidify our standing as a market leader in Sri Lanka's hospitality industry.

Furthermore, the entry of new entrants into the local market, while increasing competition, presents an opportunity for the industry as a whole. This influx of competition is expected to stimulate market demand, foster innovation and drive improvements in service quality across the sector. It will elevate the overall standard of hospitality in the region, positioning Hilton Colombo to maintain its competitive edge and continue to exceed guest expectations in this dynamic environment.

## Looking Forward

I am highly confident that Sri Lanka possesses the critical attributes necessary to establish itself as a premier destination for MICE (Meetings, Incentives, Conferences, and Exhibitions) tourism. With its strategic geographic location, robust infrastructure, and increasing appeal to international business travelers, the country is well-positioned to capitalize on the growing demand in this sector. These factors collectively position Sri Lanka as a potential regional hub for business events, offering an ideal environment for large-scale meetings and conferences.

The government's proactive initiatives, including the plans to develop a state-of-the-art convention facilities within the Colombo Port City, demonstrate a clear commitment to enhancing the country's competitive edge within the global MICE landscape. This infrastructure development further reinforces Sri Lanka's appeal as a premier business destination, catering to the evolving needs of multinational corporations, international organizations, and event organizers seeking innovative and accessible venues as the global MICE market continues to expand.

The Hilton Colombo, strategically located in the heart of Colombo's Central Business District, benefits from its prime proximity to key landmarks such as the Colombo Port City and the Elevated Highway. This advantageous location coupled with the newly renovated guest rooms and other amenities enhances our competitive positioning, making the property an ideal choice for business travelers and event organizers seeking easy

access to major commercial, government, and tourism hubs. The seamless connectivity to transportation networks further supports Hilton Colombo's ability to accommodate both large-scale conferences and intimate corporate meetings with efficiency and convenience.

## Appreciation

As we reflect on the past year, I would like to express my deep gratitude to my fellow Directors for their steadfast guidance and support. To our valued shareholder, your confidence in our vision continues to drive us toward greater success.

I also acknowledge my predecessors and the outgoing Board's valuable contributions, as well as the Senior Management team and dedicated staff of Hilton Colombo unwavering commitment to excellence, which has been crucial in overcoming the year's challenges and significantly improving the operational performance.

I acknowledge the vital support of Hilton International Management Corporation. Their partnership remains invaluable as we look ahead to a brighter future, driven by improved operational conditions and a rebounding tourism sector. This collaboration strengthens our long-term relationship with Hilton Worldwide and sets the stage for future growth.

Finally, to our valued guests, thank you for your continued trust and loyalty; we are committed to providing exceptional experiences in the years to come.

# Directors Profiles

## **Mr. Pravir D. Samarasinghe** Chairman

Mr. Samarasinghe is the Director/ Chief Executive Officer of Overseas Realty (Ceylon) PLC, the premier real estate investment, development, and management company listed on the Colombo Stock Exchange. He is a Fellow Member of both the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants (UK), and holds a Master's Degree in Business Administration.

With over 38 years of professional and commercial experience, including 23 years in senior leadership roles, Mr. Samarasinghe brings comprehensive expertise across the real estate, industrial, services, retail, plantation, and export sectors. He serves on the Boards of several publicly listed companies and chairs a number of board sub-committees, with a strong emphasis on corporate governance and strategic oversight.

Mr. Samarasinghe has held several key industry leadership roles, including serving as Past Chairman of the Sri Lanka Institute of Directors, Employers' Federation of Ceylon, Industrial Association of Sri Lanka, Condominium Developers Association of Sri Lanka, and the EFC Affiliated Group of Companies. He is also a Past President of the Chartered Institute of Management Accountants – Sri Lanka Division, and a former Council Member of CIMA (UK). Additionally, he served as a Board Member of the Ceylon Chamber of Commerce and the Sri Lanka Accounting and Auditing Standards Monitoring Board and has been exposed to a number of executive development programs

conducted by internationally recognized institutions such as the National University of Singapore, Harvard University (Harvard International Program), and the Australian Institute of Directors.

## **Ms. Dheeshana S. Ameresekere** Director

Ms. Ameresekere holds a Bachelor of Science in Business Administration with a specialization in International Marketing from American University, Washington, D.C., USA, and a Bachelor of Science in Travel Industry Management with a specialization in Hotel Management from the University of Hawai'i, USA.

With extensive experience in the hospitality sector, Ms. Ameresekere serves as the Managing Director of The Theva Residency and The Theva Cuisine, an award-winning boutique hotel and fine-dining restaurant located in Kandy, Sri Lanka. Under her leadership, both establishments have achieved continuous international recognition over the past 16 years. Recent accolades include the "TripAdvisor Travelers' Choice Award 2025", "12 Best Hotels to Visit Sri Lanka 2025 by Timeout Sri Lanka" and multiple honors from the South Asian Travel Awards over the years.

In addition to her work in the private sector, she is actively engaged with the Geoffrey Bawa Trust, where she oversees the operational management of Bawa's architectural properties in Colombo—namely, Number 11 and De Saram House.

She is also a dedicated advocate for community development in Sri Lanka's hill country, actively engaging in programs that empower women and children. As an ambassador for The T.E.A. Project's Children's Empowerment Centre, she contributes to the organization's mission of providing training, empowerment, and awareness to vulnerable children. Additionally, she serves as the Project Manager for the Sizuku Sri Lanka Pads Forward initiative, addressing period poverty in tea plantation communities by ensuring access to menstrual hygiene products and education.

## **Mr. Dulinda Perera** Director

Mr. Perera is an accomplished professional with over a decade of experience as the Founder and CEO of IKON Group of Companies, coupled with equal years of expertise in branding, digital transformation, and finance. He has served as a corporate professional and branding consultant for numerous local and global entities, contributing to their growth and strategic initiatives.

In addition to his leadership roles, he serves as a member of the board of directors for People's Leasing and Finance PLC and People's Insurance PLC and also serves as the Chairman of People's Micro Commerce Ltd, all the while rendering his active participation in multiple other roles.

Mr. Perera holds a Bachelor of Engineering in Chemical and Process Engineering from the



University of Moratuwa and an MBA from the University of the West of Scotland. He is a Chartered Global Management Accountant (CGMA) and an Associate in the Chartered Institute of Management Accountants ACMA, (UK), a Member of the Chartered Institute of Marketing (MCIM), and a Member of the Institute of Chartered Professional Managers in Sri Lanka (MCPM).

### **Mr. Chamil Udawatte**

#### **Director**

Mr. Chamil Udawatte is a seasoned professional in the travel and aviation sector, with over 30 years of industry experience spanning strategic business development, international agency relations, and operational leadership. He currently serves as a Director at Hayleys Travels and Aviation (since 1994) and is also a Director of the Sri Lanka Export Development Board, contributing to national trade and tourism initiatives.

Throughout his career, Mr. Udawatte has demonstrated expertise in strategic planning, budget management, stakeholder engagement, and project execution. His deep understanding of global travel markets and regulatory frameworks has enabled him to lead numerous successful initiatives, including international market expansion and participation in global tourism exhibitions.

He has played a key role in aligning operational performance with corporate goals, while ensuring compliance with international standards and managing industry-

specific risks. Mr. Udawatte's leadership continues to support innovation and growth in Sri Lanka's travel and aviation landscape, while promoting international trade and tourism development through his public and private sector roles.

### **Mr. B. A. Thushara Rodrigo**

#### **Director**

Mr. B. A. Thushara Rodrigo is a senior public sector professional with over 30 years of experience in financial management, public sector governance, and state enterprise oversight. He is a Special Grade Officer of the Sri Lanka Accountants' Service and currently serves as the Additional Director General of the Department of Public Enterprises at the General Treasury.

Mr. Rodrigo began his career in 1995 as an Audit Examiner at the Auditor General's Department and has since held key positions across several government institutions. His experience includes serving as Accountant at the Divisional Secretariat in Medawachchiya, Assistant Director at the Ministry of Foreign Affairs, Second Secretary at the Sri Lankan Deputy High Commission in Chennai, and Chief Executive Officer of the Local Loans and Development Fund under the Ministry of Provincial Councils and Local Government.

He holds a Bachelor of Commerce degree and a Master's in Public Management from the Sri Lanka Institute of Development Administration. He is a Fellow Member of the Association of Public Finance Accountants of Sri Lanka and a Chartered Public

Finance Accountant of the Institute of Chartered Accountants of Sri Lanka.

Mr. Rodrigo also serves as a Director on the boards of several government institutions and contributes to public sector governance through his role as Chair of various Audit and Management Committees.

### **Mr. Ruwan Fernando**

#### **Director**

Mr. Ruwan Fernando is a Sri Lankan entrepreneur based in Nairobi, Kenya, and the Founder and Chairman of Mayleen Corporation, a diversified regional conglomerate with operations across East Africa. Since the early 2000s, Ruwan has expanded its footprint from Singapore to Africa, starting from Kenya today. The Group operates across multiple sectors, including infrastructure development, airport master planning, civil engineering, renewable energy, manufacturing, FMCG, e-mobility, agri-business, maritime and aviation (GSA, DMC, IATA accredited services). Mayleen was the Sri Lankan airline passenger sales agent when Sri Lanka operated direct flights to Nairobi.

Mr. Fernando maintains a strong partnership with Singapore. He has served as a key contact for market access and business development for Enterprise Singapore under the Ministry of Trade and Industry. Since 2019, he has facilitated several high-level Singaporean delegations to Kenya, supporting bilateral trade and investments.

In 2023, the Ministry of Investment Promotion appointed him Sri

# Directors Profiles

Lanka's Country Representative in Kenya in a pro bono capacity. His Group has contributed to Sri Lanka's economy through the import of Sri Lankan goods and services to Kenya from many sectors and by working closely with State agencies in Sri Lanka.

Mr Fernando is a regular panellist at regional economic forums, recognized for his leadership and entrepreneurial contributions across Africa.

Mr. Fernando is currently enrolled in the business Strategy Program at Harvard Business School.

## **Mr. Manoj Algama**

Director

Mr. Manoj Algama is an accomplished business leader with over 30 years of international experience in strategic management, financial planning, and digital transformation. He holds a Master of Business Administration from the University of Southern Queensland, Australia.

Mr. Algama has held senior leadership roles at prominent institutions including HSBC, DFCC, and Ernst & Young, where he played a key role in driving financial restructuring, strategic transformation, and operational excellence. His expertise spans global banking operations, wealth management, and core banking solutions. He has successfully led complex change initiatives and introduced digital innovations that enhanced efficiency and customer experience across diverse markets.

His experience managing high-performing teams across regions such as the UK, Middle East, North Africa, and South Asia provides him with a strong global perspective. He brings deep insight into aligning corporate vision with evolving market dynamics, supporting long-term growth and competitiveness.

Mr. Algama's consulting background at Ernst & Young further strengthens his capabilities in digital transformation, business process reengineering, and strategic risk management. A strong advocate for leadership development, he promotes a culture of continuous learning, collaboration, and performance excellence.

## **Mr. A.G.S. Senadeera**

Director

Mr. A.G.S. Senadeera is an accomplished corporate trainer, business strategist, and leadership coach with over 20 years of experience in organizational development, capacity building, and executive education. He currently serves as the Chairman and Chief Executive Officer of the IBMC Group of Companies, with operations in Sri Lanka and the UAE, spanning corporate training, advertising, publishing, and business consultancy.

He holds a B.Sc. in Business Administration (Special Hons.) from the University of Sri Jayewardenepura and a Postgraduate Diploma in Business Management from the University of Colombo. He is also a CIMA-qualified professional and a

Master Practitioner in Neuro-Linguistic Programming (NLP) and Life Coaching, bringing a multidisciplinary approach to leadership and team development.

Mr. Senadeera has conducted over 1,200 corporate workshops and partnered with more than 180 organizations, delivering programs focused on motivation, strategic leadership, and performance enhancement. His professional affiliations include AITD, MAAT, and certification in Psychology & Counselling, along with recognition as a certified Yoga Shiromani and Justice of the Peace.

Renowned for his dynamic and transformative training methodologies, Mr. Senadeera continues to play a vital role in shaping high-performance cultures and supporting corporate growth through human capital development and strategic advisory services.

## **Mr. Uzmaan Annas**

### Director

Mr. Uzmaan is a finance professional with over seven years of experience in financial strategy, risk management, and business valuation. He currently serves as the Chief Financial Officer of the IKON Group of Companies, where he oversees financial operations and contributes to strategic decision-making and organizational growth. He also holds the position of Finance Manager at Derwant Services (Pvt) Ltd, focusing on financial planning, trade finance, and forecasting.

His academic background includes a Master of Business Administration from the University of West London, and he is a passed finalist of the Chartered Institute of Management Accountants (CIMA), UK, bringing both theoretical insight and practical expertise to his roles.

Early in his career, Mr. Uzmaan served at KPMG Sri Lanka, within the Internal Audit, Risk & Compliance Services (IARCS) division, gaining valuable exposure to internal control systems, audit processes, and corporate risk frameworks.

In addition to his corporate responsibilities, he is a lecturer at Imperial College of Business Studies, where he shares his industry knowledge with aspiring finance professionals.

## **Ms. Roshika Jayawardena**

### Director

Ms. Roshika Jayawardena is a seasoned professional with over 20 years of experience in the hospitality and travel sectors, specializing in banquet sales, event management, and corporate relations. She began her career at Superlink Travels and later advanced to managerial roles at Access Travels, where she handled international group tours and business development initiatives.

In 2004, she joined Waters Edge during its pre-opening phase as Head of Banquet Sales. She was instrumental in positioning the property as a premier events venue, leading large-scale corporate functions and weddings, while driving revenue through strategic sales planning. She later joined Regent Banqueting and Resorts as General Manager – Sales & Marketing, playing a key role in launching Reefs Edge Hotel and implementing long-term revenue strategies.

Recognized for her leadership, she returned to Waters Edge in 2018 as Director – Banquet Sales, where she led a senior sales team, developed client-focused campaigns, and ensured consistent financial performance. She also conducted training programs to uphold service excellence.

Ms. Jayawardena currently serves as a Business Consultant for a luxury villa, applying her expertise in hospitality management, marketing strategy, and client engagement to new ventures, continuing to contribute to the industry's growth.

# Senior Management

## **Mr. Shamahil Mohideen**

Chief Operating Officer

Mr. Shamahil Mohideen is a seasoned finance professional and a member of the Chartered Institute of Management Accountants (CIMA), UK. With over 25 years of post-qualifying experience, he has held senior managerial roles in leading companies both locally and internationally.

Prior to joining Hotel Developers (Lanka) Plc, Mr. Mohideen served as Director and Vice President at Aitken Spence Power, a subsidiary of the Aitken Spence Group. In this capacity, he led the financial and operational management of large-scale infrastructure projects, demonstrating strong project management skills in planning, execution, risk mitigation, and stakeholder coordination.

Mr. Mohideen's expertise in managing complex projects, combined with his deep financial acumen, enables him to drive efficiency and value creation across diverse business operations.

## **Mr. Jude Wickramaratne**

Chief Financial Officer

Mr. Jude Wickramaratne is an experienced finance professional with over 15 years of expertise in accounting, financial management, and strategic planning. He is an Associate Member of the Chartered Institute of Management Accountants (CIMA), UK, and holds a Master of Business Administration (MBA) from the Postgraduate Institute of Management, University of Sri Jayewardenepura.

He began his career at a multinational infrastructure company operating in Sri Lanka, where he gained valuable exposure to international financial practices and large-scale project environments. In 2012, he joined the Company as an Accountant and steadily progressed through roles of increasing responsibility. In 2022, he was appointed Chief Financial Officer.



# Corporate Governance

The Board of Directors of Hotel Developers (Lanka) Limited plays a high degree of importance in adopting sound Corporate Governance practices and are committed to highest standards corporate governance within the organization guided by the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Guidelines on Corporate Governance for State Owned Enterprises, published by the Department of Public Enterprises of the General Treasury that was circulated by the Ministry of Finance by a Circular dated 16th November 2021.

## THE BOARD OF DIRECTORS

The Board of Directors of the Company provides leadership being the top most body carrying the responsibility of formulating corporate strategic goals, values and standards and monitoring the performance and reporting to ensure the Company maintains high level of corporate governance and transparency in reporting to meet the obligations and the responsibility towards the stakeholders.

## THE COMPOSITION OF THE BOARD

The Board comprised of 10 Directors as at the end of the year under review constituting Non-Executives with a balance of skills and experience which is appropriate for the business carried on by the Company as morefully set out below.

|                              |                                                                    |
|------------------------------|--------------------------------------------------------------------|
| Mr. Pravir D. Samarasinghe   | <i>Independent Non Executive [appointed w.e.f. 03.10.2024]</i>     |
| Ms. Dheeshana S. Ameresekere | <i>Independent Non Executive</i>                                   |
| Mr. P H P Deniyaya           | <i>Independent Non Executive</i>                                   |
| Dr. A I Kankanamge           | <i>Independent Non Executive</i>                                   |
| Mr. M S Wattagama            | <i>Independent Non Executive</i>                                   |
| Mr. R Sooriyaarachchige      | <i>Independent Non Executive</i>                                   |
| Mr. Chamil Udawatte          | <i>Independent Non Executive [appointed w.e.f. 11.10.2024]</i>     |
| Mr. Dulinda Perera           | <i>Independent Non Executive [appointed w.e.f. 11.10.2024]</i>     |
| Mr. A. G. S. Senandeera      | <i>Independent Non Executive [appointed w.e.f. 11.10.2024]</i>     |
| Mr. B. A. Thushara Rodrigo   | <i>Non Independent Non Executive [appointed w.e.f. 08.11.2024]</i> |

The following ceased to be Directors of the Company during the year under review;

|                          |                            |
|--------------------------|----------------------------|
| Mr. Upul Dharmadasa      | <i>[w.e.f. 03-10-2024]</i> |
| Mr. P. A. Jayakantha     | <i>[w.e.f. 11-10-2024]</i> |
| Mr. K. S. Weerasinghe    | <i>[w.e.f. 11-10-2024]</i> |
| Mr. K. A. R. J. Fernando | <i>[w.e.f. 11-10-2024]</i> |
| Mr. P A S A Kumara       | <i>[w.e.f. 08-11-2024]</i> |

The following were appointed as Directors during the year under review;

|                            |                            |
|----------------------------|----------------------------|
| Mr. Pravir D. Samarasinghe | <i>[w.e.f. 03-10-2024]</i> |
| Mr. Dulinda Perera         | <i>[w.e.f. 11-10-2024]</i> |
| Mr. A. G. S. Senandeera    | <i>[w.e.f. 11-10-2024]</i> |
| Mr. Chamil Udawatte        | <i>[w.e.f. 11-10-2024]</i> |
| Mr. B. A. Thushara Rodrigo | <i>[w.e.f. 08-11-2024]</i> |

During the year 2025, the following ceased to be the Directors of the Company;

|                         |                            |
|-------------------------|----------------------------|
| Dr. A I Kankanamge      | <i>[w.e.f. 08-01-2025]</i> |
| Mr. P H P Deniyaya      | <i>[w.e.f. 08-01-2025]</i> |
| Mr. M S Wattagama       | <i>[w.e.f. 22-01-2025]</i> |
| Mr. R Sooriyaarachchige | <i>[w.e.f. 22-01-2025]</i> |

# Corporate Governance

The following were appointed as Directors during the year 2025;

Mr. Manoj Algama  
[w.e.f. 2025-01-08]

Mr. Uzmaan Annas  
[w.e.f. 2025-01-08]

Mr. Ruwan Fernando  
[w.e.f. 2025-01-22]

Ms. Roshika Jayawardena  
[w.e.f. 2025-01-22]

## APPOINTMENT OF DIRECTORS

As per the Articles of Association of the Company so long as the Secretary to the Treasury holds the majority of the shares, the Secretary to the Treasury shall have the right to nominate and appoint the majority of the Directors to take office.

The rights conferred on the Secretary to the Treasury are deemed to include the right to remove any person so appointed and to appoint another in place of any person so removed or in place of any person previously appointed who for any reason ceases to be a Director. A Director so nominated by the Secretary to the Treasury is not subject to retirement by rotation.

Directors who are over 70 years of age are subject to the provisions of Sections 210 and 211 of the Companies Act No. 7 of 2007 and will hold office only until the next Annual General Meeting after they reach the age of 70 years or were reappointed as per Section 211 of the Companies Act, unless they are re-appointed at such meetings specially declaring that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to such Director.

## BOARD MEETINGS

The results of the Company are regularly considered and monitored against the budgets at Board Meetings at which a standard agenda is discussed together with any other matters that require the attention of the Board. The Board meets at least 6 times every year and wherever necessary Special Meetings of the Board are held.

During the year ended 31st December 2024, ten (10) meetings of the Board were held. The attendance at the meetings was as follows

| Names of the Director        | Date of appointment as a Director | No of Meetings attended in 2024 |
|------------------------------|-----------------------------------|---------------------------------|
| Mr. Upul Dharmadasa          | 16/02/2023                        | 05/08                           |
| Ms. Dheeshana S. Ameresekere | 07/04/2015                        | 09/10                           |
| Mr. P H P Deniyaya           | 24/01/2020                        | 10/10                           |
| Mr. K.S Weerasinghe          | 06/04/2023                        | 06/08                           |
| Mr. P.A.S A Kumara           | 24/08/2020                        | 08/09                           |
| Mr. P A Jayakantha           | 06/04/2023                        | 08/08                           |
| Mr. K A R J Fernando         | 21/03/2023                        | 0/08                            |
| Dr. A I Kankanamge           | 21/03/2023                        | 10/10                           |
| Mr. M S Wattagama            | 21/03/2023                        | 10/10                           |
| Mr. R Sooriyaarachchige      | 21/03/2023                        | 09/10                           |
| Mr. Pravir D. Samarasinghe   | 03/10/2024                        | 02/02                           |
| Mr. Dulinda Perera           | 11/10/2024                        | 02/02                           |
| Mr. A. G. S. Senadeera       | 11/10/2024                        | 02/02                           |
| Mr. Chamil Udawatte          | 11/10/2024                        | 02/02                           |
| Mr. B. A. Thushara Rodrigo   | 08/11/2024                        | 01/01                           |

The Directors are provided with Monthly Accounts and all matters of importance are discussed and decisions are taken at the Board Meetings. Further, Board Papers are submitted in advance on issues which require specific approval of the Board. Minutes of all Meetings are properly recorded and maintained by the Company Secretaries.

## THE CHAIRMAN

Mr. Upul Dharmadasa was the Chairman of the Board of Directors during the period 16.02.2023 to 03.10.2024.

Mr. Pravir D. Samarasinghe was appointed as the Chairman on 3rd October 2024. He is also the Director/CEO of Overseas Realty (Ceylon) PLC, a leading real estate company listed on the Colombo Stock Exchange. With 38 years of experience, including 23 years in senior leadership, he has expertise across multiple sectors such as property, industrial, service, retail, plantations, and exports.

The primary responsibilities of the Chairman;

- Presiding over Board Meetings and maintaining order to facilitate the effective discharge of the duties of the Board.
- In consultation with all the Directors and the Company Secretary, to develop a routine agenda for the Board Meetings ensuring that all important topics for discussion are covered. In addition, encourage full and active participation of the Directors at Board Meetings.
- To ensure that the Board and the Board Sub Committees carry out their duties and responsibilities and the standards of care expected of them. The Chairman further ensure that the Directors are properly briefed on issues arising at Board Meetings and also ensure that Directors receive adequate information in a timely manner.
- Ensure that the Board has the oversight in respect of the Company's affairs and its obligations to its stakeholders.
- To ensure that highest standards of Corporate Governance is upheld.

## THE MANAGEMENT

The day to day operations of the Company are entrusted to the Corporate and Senior Management headed by the Chief Operating Officer. They ensure that risks and opportunities are identified and steps are taken to achieve targets within defined time frames and budgets.

## INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has introduced adequate internal controls and risk management systems to safeguard the shareholder investments and the Company's assets. The Board is fully aware that internal controls have inherent limitations and do not provide absolute assurance against fraud and error.

The Board of Directors reviews the Monthly Accounts and the performance of the Company against approved budgets on a regular basis

## AUDIT COMMITTEE

The Report of the Audit Committee is given on pages 43 to 45.

The Audit Committee was reconstituted with effect from 28th June 2023 as follows:

|                      |                                                 |
|----------------------|-------------------------------------------------|
| Mr. P.A.S. A. Kumara | <i>Chairman (Non Independent Non Executive)</i> |
| Mr. P.H.P. Deniyaya  | <i>Member (Independent Non Executive)</i>       |
| Mr. M S Wattegama    | <i>Member (Independent Non Executive)</i>       |

The Audit Committee was reconstituted with effect from 17th December 2024 as follows:

|                            |                                                 |
|----------------------------|-------------------------------------------------|
| Mr. B. A. Thushara Rodrigo | <i>Chairman (Non Independent Non Executive)</i> |
| Mr. P H P Deniyaya         | <i>Member (Independent Non Executive)</i>       |
| Mr. M S Wattegama          | <i>Member (Independent Non Executive)</i>       |

Following further changes to the Board, the Audit Committee was once again reconstituted with effect from 21st February 2025, as follows:

|                            |                                                 |
|----------------------------|-------------------------------------------------|
| Mr. B. A. Thushara Rodrigo | <i>Chairman (Non Independent Non Executive)</i> |
| Mr Manoj Algama            | <i>Member (Independent Non Executive)</i>       |
| Mr. Uzmaan Annas           | <i>Member (Independent Non Executive)</i>       |

The Audit Committee reviews and analyzes Reports on the Internal Controls of the Hotel Operations and Internal Audit Reports. The Audit Committee makes recommendations to the Board on necessary/appropriate actions based on such reports and finding improvements to the internal control systems of the Hotel/Company.

The Audit Committee also reviews the Annual Financial Statements before releasing the same for Audit;

Mr V Kanagasabapathy attends the Audit Committee Meetings by invitation pursuant to a decision taken by the Board of Directors of the Company, in April 2023.

# Corporate Governance

## REMUNERATION COMMITTEE

The Remuneration Committee was reconstituted with effect from 20th April 2023 as follows:

|                        |                                             |
|------------------------|---------------------------------------------|
| Mr. Upul Dharmadasa    | <i>Chairman (Independent Non Executive)</i> |
| Mr. R Sooriyarachchige | <i>Member (Independent Non Executive)</i>   |
| Mr. P H P Deniyaya     | <i>Member (Independent Non Executive)</i>   |
| Mr K S Weerasinghe     | <i>Member (Independent Non Executive)</i>   |

Mr. P.A.S.A. Kumara was appointed to the Remuneration Committee with effect from 28th November 2023.

The Remuneration Committee was reconstituted with effect from 17th December 2024 as follows:

|                            |                                               |
|----------------------------|-----------------------------------------------|
| Mr. Pravir D. Samarasinghe | <i>Chairman (Independent Non Executive)</i>   |
| Mr. A. G. S Senadeera      | <i>Member (Independent Non Executive)</i>     |
| Mr. R Sooriyaarachchige    | <i>Member (Independent Non Executive)</i>     |
| Mr Chamil Udawatta         | <i>Member (Independent Non Executive)</i>     |
| Mr. B. A. Thushara Rodrigo | <i>Member (Non Independent Non Executive)</i> |

Following further changes to the Board, the Remuneration Committee was again reconstituted with effect from 21st February 2025, as follows:

|                            |                                               |
|----------------------------|-----------------------------------------------|
| Mr. Pravir D. Samarasinghe | <i>Chairman (Independent Non Executive)</i>   |
| Mr. A. G. S Senadeera      | <i>Member (Independent Non Executive)</i>     |
| Ms. Roshika Jayawardena    | <i>Member (Independent Non Executive)</i>     |
| Mr. Chamil Udawatta        | <i>Member (Independent Non Executive)</i>     |
| Mr. B. A. Thushara Rodrigo | <i>Member (Non Independent Non Executive)</i> |

The Remuneration Committee makes recommendations on remuneration related matters to the Board.

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee was reconstituted with effect from 21st February 2025, as follows

|                            |                                                 |
|----------------------------|-------------------------------------------------|
| Mr. B. A. Thushara Rodrigo | <i>Chairman (Non Independent Non Executive)</i> |
| Mr. Ruwan Fernando         | <i>Member (Independent Non Executive)</i>       |
| Mr. Dulinda Perera         | <i>Member (Independent Non Executive)</i>       |

## COMPANY SECRETARIES

Company Secretaries provide advice to the Board on matters relating to the Companies Act and Best Practices on Corporate Governance in order to ensure that the Best Governance practices are adopted by the Board and its Committees.

Currently, P W Corporate Secretarial (Pvt) Ltd, who are qualified Secretaries under the Companies Act are the Company Secretaries.

## COMPLIANCE WITH LEGAL REQUIREMENTS

All Directors have access to the Financial and Management Information of the Company. The Directors make every endeavor to ensure that the Company complies with Laws and Regulations and to exercise due diligence in managing the affairs of the Company. Additionally, checks and controls are in place to ensure that the policies of the Board are complied with.

## FINANCIAL DISCLOSURES AND TRANSPARENCY

Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards and the Companies Act.

In terms of the 19th and 20th Amendments to the Constitution, read together with Article 154 of the Constitution the Auditor General continues to be the Auditor of the Company.

Auditors are allowed to act independently and without intervention from the Management or the Board of the Company to express an opinion on the Financial Statements of the Company. All the required information is provided for examination to the Auditors.

## **ETHICAL STANDARDS**

The Company requires that all its employees maintain the highest standards of integrity in the performance of their duties and dealings on behalf of the Company.

The Company focuses on the training and career development of employees for the creation of an empowered and training committed group of employees, who will drive the Company to high levels of achievement in keeping with its mission, vision, goals and values.

## **STATUTORY PAYMENTS**

All statutory payments due to the Government, which have fallen due, have been made or where relevant provided for. Retirement gratuities have been provided for in accordance with Sri Lanka Accounting Standards LKAS - 19, Employees Benefits.

## **ACCOUNTABILITY AND DISCLOSURES**

In the year ended 31st December 2024 the members of the Board of Directors have reviewed in detail the monthly Financial Statements and Annual Financial Statements in order to satisfy themselves that they present a true and fair view of the Company's affairs and these practices have been further strengthened as per the Code of Best Practice on Corporate Governance and the Guidelines on Corporate Governance for State Owned Enterprises.

## **OBTAINING INDEPENDENT PROFESSIONAL ADVICE**

The Board in discharging its duties seeks independent professional advice from external parties when necessary, at the Company's expense.

**By Order of the Board of HOTEL DEVELOPERS (LANKA) LIMITED**

Sgd  
P W Corporate Secretarial (Pvt) Ltd  
Company Secretaries

Colombo  
24th June 2025



# Risk Management

Being in the forefront of a highly competitive industry that resonates with the demand of attracting and retaining diversified markets amidst numerous challenges, Company considers Risk Management as an integrated process in its pursuit in delivering long term stakeholder value. In its' current business environment where change has become the norm rather than the exception, the Hotel has consistently recognized the pivotal role it plays in balancing strategic planning with business execution and compliance. This facilitates informed decision making and a conscious evaluation of opportunities and their inherent risks as such, enabling the Hotel to protect or enhance key assets appropriately.

Our Risk Management platform is geared in identifying the types of risk exposure within the company, measuring those potential risks and developing strategies to mitigate and control the same. Risk Management is an essential element of our corporate governance structure and strategic development process and the Hotel has successfully and strategically structured appropriate systems, policies and procedures in all areas of operations with periodical reviews to ensure adequacy and adherence.

Our risk management framework constantly reflects the changing dynamics in the operating environment and are woven into in line with our policy frameworks and international best practices where applicable.

## RISK MANAGEMENT FRAMEWORK

The Risk Management team is headed by the General Manager of the hotel who is assigned the responsibility to implement the risk strategies in consultation with the principal Hilton Worldwide regional office, in fulfilling its statutory, fiduciary and regulatory responsibilities within a well formulated risk management framework. And report to the company Board. Functional heads of the Hotel together with the General Manager make up the Risk Management team. A methodological process ensures that all relevant internal and external risks are identified with intelligence gathering, quality audits, safety audits, internal audits and means such as customer feedback and incidents. These identified risks are then assessed in terms of business impact, likelihood of occurrence and velocity. Risks are mapped in terms of impact and probability, enabling the prioritization of key risk exposures.

The result of these risk rankings are tabulated in a risk grid that rates the risks in scale of 'High to Insignificant', which enables the Hotel to prioritize the risks and to plan out risk mitigation strategies under the classification of preventive, detective and corrective action plans.

The Risk Management Team of the Hotel reviews the identified risks on a monthly basis; the assigned risk owners are responsible for the implementation of any mitigation action and report to the Board through the General Manager. The consolidated financial and operational compliance report is received by the Management. The Risk Management Team has also included the Risk Review on the agenda of Risk Management meetings.

| Risk Category    | Risk Type                                                                                       | Control Measures and Action Plans to Mitigate Risks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operational Risk | Technology Risk<br>Risk of failure of electronic systems and inadequacy of information systems. | <ul style="list-style-type: none"> <li>Implementation of a fully integrated, property management, material management, Point of Sales, and financial information system, ensuring a seamless flow of information and operational efficiencies.</li> <li>Existence and continuous improvement of a Disaster Recovery Plan in the event of a disruption or failure in the system.</li> <li>The IT Division of the Hotel has implemented controls to safeguard the computer installations of the hotel to reduce down-time and ensure continuity of operation.</li> <li>Continuous review of the network protection process is carried out to ensure information security and integrity.</li> </ul> |

| Risk Category | Risk Type                                                                                                                                                                                                           | Control Measures and Action Plans to Mitigate Risks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|               | <b>Internal Process &amp; Procedures</b><br>The risk of financial loss and disruption to business and breakdown in Internal Controls.                                                                               | <ul style="list-style-type: none"> <li>Clearly defined systems &amp; procedures are in place to ensure compliance with internal controls which are periodically reviewed for their continued effectiveness.</li> <li>An Internal Audit team from Hilton Worldwide carries out regular reviews and reports on the adequacy and effectiveness of these systems and the level of compliance.</li> <li>Periodic review by HDL and reporting to the Audit Committee for the reviews conducted and observation of systems and processes as per the annual audit plan.</li> </ul>                                                                                                |
|               | <b>Competitive Risk</b><br>Reduction in market share, failure to be competitive resulting in lower occupancy and room rates due to the Refurbishment program.                                                       | <ul style="list-style-type: none"> <li>Strict adherence to service standards to ensure superior quality in service delivery and value for money.</li> <li>Upgrading and enhancing facilities and services.</li> <li>Reviewing and monitoring adherence to Brand Standards and Standard Operational Procedures (SOP). Anticipate competitor strategies and new entrants to the market and formulate strategies accordingly. Constant creativity and innovation in products and services.</li> </ul>                                                                                                                                                                        |
| Operational   | <b>Brand Image &amp; Reputational Risk</b><br>Action that may cause material damage to the brand and reputation of the company.                                                                                     | <ul style="list-style-type: none"> <li>Conduct regular brand audits and mystery audits for guests' feedback covering both facilities and services.</li> <li>Compliance with environmental, health &amp; safety best practices by obtaining HACCP and other quality certification standards. Benchmark industry best practices in terms of both product and service.</li> <li>Ensuring key managerial positions are held by suitably qualified and trained staff with sufficient experience in the hotel industry. Innovative service delivery in keeping with the brand promise. Responsible for corporate citizenship through CSR initiatives.</li> </ul>                |
|               | <b>Human Resources Risk</b><br>Risk of losing key personnel and skilled staff; inappropriate labor action. Risk of injuries/ health hazards due to employees being exposed to hazardous work conditions/ chemicals. | <ul style="list-style-type: none"> <li>Structured training programs cross-exposure training opportunities arising from the performance appraisal process.</li> <li>Emphasis on good employer-employee relationships, employee welfare, and effective and open communication with the labor union to achieve a win-win outcome.</li> <li>Fostering a spirit of unity and self-belonging across the organization via associate gatherings, outings, family get-togethers, and religious events.</li> <li>Adjusting the salary level of the key team members to be more competitive in the market. Strict adherence to laid down safety standards and procedures.</li> </ul> |

# Risk Management

| Risk Category        | Risk Type       | Control Measures and Action Plans to Mitigate Risks                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial            | Investment Risk | <ul style="list-style-type: none"> <li>Parodically monitoring budgets to ensure that targeted profits are achieved for any incremental investments made</li> <li>New investments are reviewed based on target ROIs with realistic cash flows prior to commitment</li> <li>Periodic review of the assets to ensure proper maintenance by the operator</li> </ul>                                                                                                                                                  |
|                      | Credit Risk     | <ul style="list-style-type: none"> <li>Periodically review the credit policy and controls to mitigate the impact of default.</li> <li>Regular review of credit limits and approval process for new debtors.</li> <li>Monthly monitoring and reporting on debtors aging for prompt action</li> </ul>                                                                                                                                                                                                              |
|                      | Liquidity risk  | <ul style="list-style-type: none"> <li>Negotiate and obtain best credit facilities with suppliers leveraging on shared service procurement.</li> <li>Banking facilities for operational cash are obtained through close review and approval process to ensure company has the potential to finance the same.</li> <li>Capital investment are reviewed by the management and approved based on sufficient availability of cash flows for financing with realistic cash projections for sustainability.</li> </ul> |
| Economic & Political | Currency Risk   | <ul style="list-style-type: none"> <li>Optimum hedging of foreign currency payments with foreign currency income by holding sufficient USD deposit.</li> <li>Maximize the opportunity of advance booking at high exchange rates to minimize the conversion Risk</li> </ul>                                                                                                                                                                                                                                       |
|                      | Fiscal Policy   | <ul style="list-style-type: none"> <li>Periodic review of market interest rates against committed contracts for negotiations and new financing arrangements</li> <li>Ensure effective tax planning strategies are implemented to overcome change of taxes and other levies.</li> </ul>                                                                                                                                                                                                                           |

The company continuously monitor the processes implemented by the hotel to identify, evaluate and manage significant risks that endanger the operations throughout the year in accordance with the guidelines set out by the Hilton Worldwide of USA for management of hotels. Periodic reviews are carried out by the regional office overlooking the Risk Management and reports are submitted for corrective actions.

Below are some of the key items included in the risk register along with the status and mitigation strategies for each, for the financial year ending 31st December 2024.

# Management Discussion and Analysis

## Financial Capital

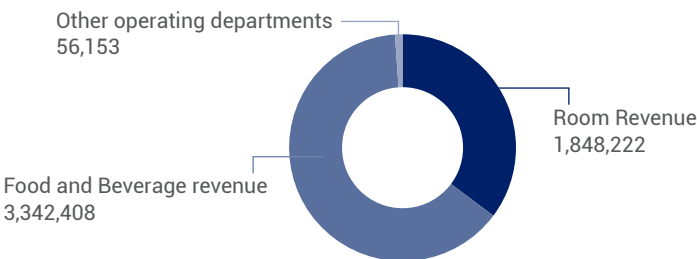
At Hotel Developers (Lanka) Ltd, financial capital continues to serve as a critical enabler of strategic advancement and operational resilience. In 2024, the completion of a major guest room renovation project marked a significant milestone in our commitment to enhancing service excellence and delivering superior guest experiences. This capital investment modernized core hospitality infrastructure, aligning our offerings with evolving market expectations and strengthening the hotel's competitive positioning in the hospitality sector.

The strong financial performance post-renovation underscores a resilient recovery, driven by prudent cost management, higher occupancy rates, and a targeted approach to revenue optimization across all business segments. Amid increasing tourist arrivals and renewed confidence in Sri Lanka's hospitality industry, Hilton Colombo has strategically capitalized on its upgraded infrastructure to improve profitability and elevate guest satisfaction.

## Revenue Analysis – FY 2024 vs FY 2023

In the financial year 2024, Hilton Colombo recorded strong growth across its core revenue streams, underpinned by sustained operational resilience. Total revenue increased by 24.1% YOY, reaching LKR 5.39 billion, compared to LKR 4.35 billion in 2023.

Revenue Composition



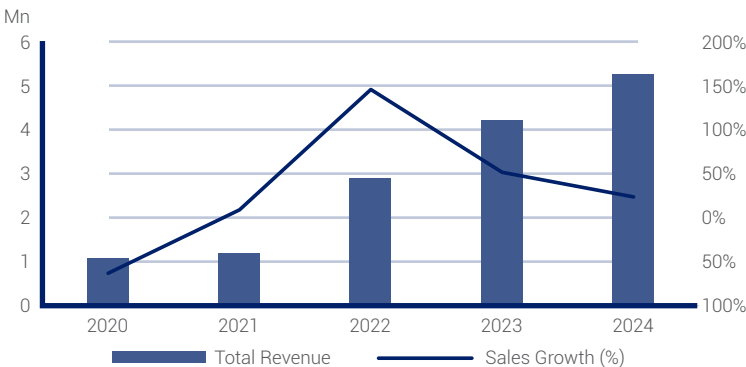
- Room Revenue** Room revenue recorded a substantial increase of 62.5%, reaching LKR 1.85 billion. This growth was primarily driven by higher occupancy rates and improved average daily rates, supported by the progressive completions of the newly renovated guest rooms
- Food and Beverage** revenue grew by 10.1% to LKR 3.34 billion, supported by increased patronage across dining outlets and event catering services. This performance was further enhanced by the introduction of seasonal menus and targeted promotional initiatives
- Other Operating Departments** remained stable with a marginal 0.6% increase, maintaining steady income from ancillary services such as spa, laundry, and recreational facilities.

This performance underscores effective strategies capitalizing on the tourism resurgence and optimized operations, positioning the Hotel for continued growth in FY 2025.

## Key Revenue Streams Breakdown (LKR '000)

| Revenue Category            | FY 2024   | FY 2023   | Change (%) |
|-----------------------------|-----------|-----------|------------|
| Room Revenue                | 1,848,222 | 1,137,293 | +62.5%     |
| Food & Beverage Revenue     | 3,342,408 | 3,034,962 | +10.1%     |
| Other Operating Departments | 56,153    | 55,845    | +0.6%      |
| Total Revenue               | 5,393,089 | 4,346,751 | +24.1%     |

Five Year Revenue Trend



# Management Discussion and Analysis

## Expense and Operating Profit Analysis

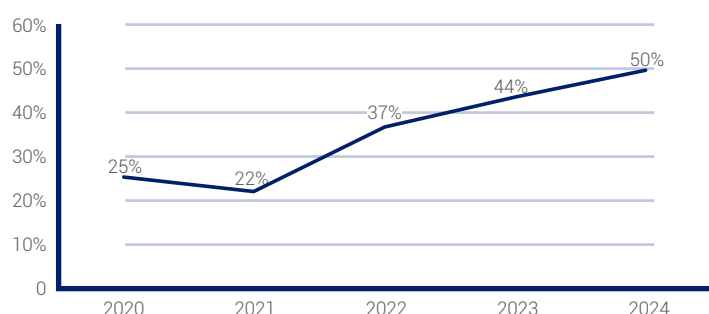
In FY 2024, the Company recorded a significant operational recovery, with profit before depreciation increasing to LKR 872.1 million—representing a growth of 433% compared to LKR 163.3 million in the previous year. This substantial improvement was driven by strong revenue growth and effective cost management initiatives.

- **Administrative expenses** rose by 19.2% to LKR 1.08 billion, driven by increased in revenue growth. As a percentage of revenue, expenses remained consistent with the prior year, reflecting sustained operational efficiency.
- **Sales and marketing expenses** rose marginally by 2.1%, indicating effective management and control of promotional expenditures.
- **Other expenses** decreased by 12.4% to LKR 611.7 million, attributing to the reduction in the energy cost with tariff revision.
- **Other gains and losses** improved significantly by 117.9% to LKR 28.7 million, primarily driven by gains realized from the disposal of assets retired during the pre-renovation phase. This contributed positively to the Company's overall profitability.

## Operating Performance Summary (LKR '000)

| Category                             | FY 2024     | FY 2023     | Change (%) |
|--------------------------------------|-------------|-------------|------------|
| Revenue                              | 5,393,089   | 4,346,751   | +24.0%     |
| Cost of Sales                        | (2,708,885) | (2,445,618) | +10.8%     |
| Gross Profit                         | 2,684,204   | 1,901,133   | +41.1%     |
| Other Gains and Losses               | 28,621      | 13,175      | +117.2%    |
| Administrative Expenses              | 1,077,648   | (904,197)   | +19.2%     |
| Sales & Marketing Expenses           | (151,347)   | (148,227)   | +2.1%      |
| Other Expenses                       | (611,748)   | (698,548)   | -12.4%     |
| Operating Profit Before Depreciation | 872,082     | 163,335     | +433.7%    |

Gross Profit Margin



Revenue (Rs.Mn)

**5,393**

2023 - 4,347

EBIT (Rs.Mn)

**311**

2023 - (204)

PBT (Rs.Mn)

**(268)**

2023 - (784)

Interest Cover (Times)

**0.5**

2023 - (0.34)



## Net Finance Cost Analysis

During the financial year ended 2024, total finance income decreased by 40.5% to LKR 11 million, primarily driven by a substantial decline in interest income from deposits and reserves.

Finance costs experienced a slight reduction of 1.3%, totaling LKR 590 million. This decrease was mainly due to significant policy rate cuts on borrowings during 2024. The decline was partially offset by higher interest expenses related to term loan facilities utilized to finance the ongoing renovation program, which was fully drawn down during the year. Additionally, a considerable portion of the interest expense was capitalized as part of the cost of completing and commissioning renovated room inventories, and therefore, was not fully reflected the statement of Profit and loss during the project.

## Value Added Statement

| In Rs.'000s                                                         | 2024             | 2023             |
|---------------------------------------------------------------------|------------------|------------------|
| Gross Revenue from contracts with customers                         | 5,967,394        | 4,808,636        |
| Less : Service Charge Collected from customers                      | (521,435)        | (419,310)        |
| Less : Tourism Development Levy                                     | (52,870)         | (42,575)         |
| <b>Net Revenue from contracts with customers</b>                    | <b>5,393,089</b> | <b>4,346,751</b> |
| Adjustment for Finance Income                                       | 10,740           | 18,037           |
| Adjustment for Other gains and losses                               | 28,621           | 13,175           |
|                                                                     | 5,432,451        | 4,377,963        |
| Less : Cost of Materials & Services purchased from external sources | (2,812,687)      | (2,874,885)      |
| <b>Value Added</b>                                                  | <b>2,619,764</b> | <b>1,503,078</b> |

| In Rs.'000s                                                      | 2024             |             | 2023             |             |
|------------------------------------------------------------------|------------------|-------------|------------------|-------------|
| Distributed as follows:                                          |                  |             |                  |             |
| To Employees as Remuneration and Service charge                  | 1,262,418        | 48%         | 1,026,190        | 68%         |
| To the Government as Taxes                                       | 756,873          | 29%         | 499,310          | 33%         |
| To the Providers of Capital<br>as Interest on Loans & Borrowings | 379,638          | 14%         | 299,097          | 20%         |
| Retained within the business<br>as Depreciation & Amortization   | 560,672          | 21%         | 367,193          | 24%         |
| as Reserves                                                      | (339,837)        | -13%        | (688,712)        | -46%        |
|                                                                  | <b>2,619,764</b> | <b>100%</b> | <b>1,503,078</b> | <b>100%</b> |

# Management Discussion and Analysis

## Asset Analysis – Key Highlights

Total assets increased by 4.2% to LKR 21.43 billion as at 31 December 2024, driven by capital investments and asset optimization.

- **Property, Plant & Equipment (PPE)** increased by 24.0% to LKR 14.32 billion, reflecting asset capitalization from completion of the guest room refurbishment project
- **Capital Work-in-Progress (CWIP)** declined sharply by 94.8% to LKR 89 million, marking significant progress in the project completion
- **Cash and Bank Balances** reduced by 62.4% to LKR 104 million, mainly due to capital expenditures and debt servicing.
- **“Receivables from related parties** increased by 378.9%, primarily driven by amounts receivable arising from transactions with shareholders
- **Other assets** declined by 60.7%, primarily due to the settlement of advances related to capital projects.

## Asset Summary (LKR ‘000)

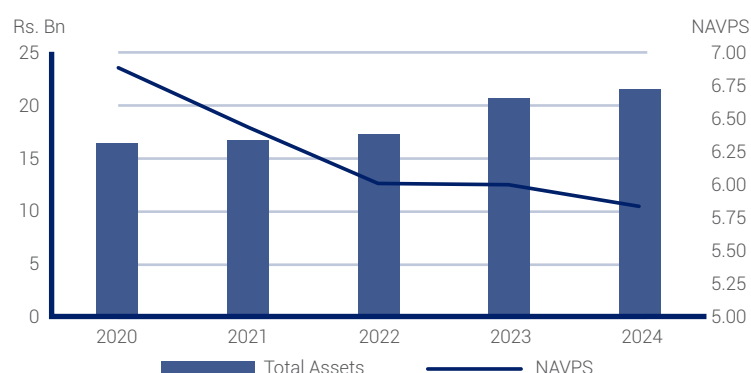
| Asset Category                    | 2024       | 2023       | Change (%) |
|-----------------------------------|------------|------------|------------|
| <b>Non-Current Assets</b>         | 20,553,752 | 19,474,132 | +5.5%      |
| – Property, Plant & Equipment     | 14,323,547 | 11,553,379 | +24.0%     |
| – Leasehold Land                  | 6,141,189  | 6,215,377  | -1.2%      |
| – Capital Work-in-Progress        | 89,016     | 1,705,375  | -94.8%     |
| <b>Current Assets</b>             | 872,837    | 1,092,826  | -20.1%     |
| – Cash and Bank Balances          | 103,596    | 275,356    | -62.4%     |
| – Other Assets                    | 160,708    | 385,056    | -58.3%     |
| – Trade and Other Receivables     | 343,568    | 230,329    | +49.2%     |
| – Amount Due from Related Parties | 88,407     | 42,820     | +106.5%    |
| – Inventories                     | 109,792    | 97,317     | +12.8%     |
| – Current Financial Assets        | 66,766     | 61,947     | +7.8%      |
| <b>Total Assets</b>               | 21,426,588 | 20,566,956 | +4.2%      |

## Equity and Liabilities Analysis

Total equity and liabilities rose by 4.2% to LKR 21.43 billion as at year-end, reflecting the Group's financing mix and capital structure dynamics.

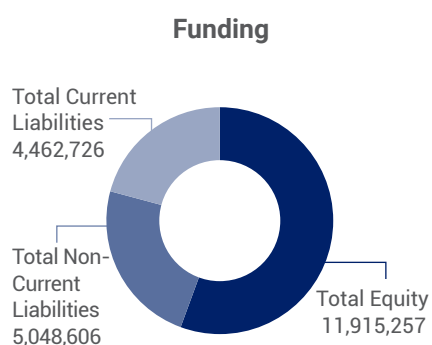
- **Shareholders' equity** declined by 2.9% to LKR 11.92 billion, primarily reflecting the impact of current year post-tax losses
- **Non-current liabilities** grew by 7.6% to LKR 5.05 billion, full disbursement of long-term borrowings for the capital expenditure.
- **Current liabilities** increased by 23.6% to LKR 4.46 billion, reflecting:
  - Loan maturities expected with completion of the grace period.
  - Growth in trade and other payables consistent with increased business activity.
  - Higher contract liabilities due to deferred revenue recognition for guest deposits.
  - Reduction in amounts due to related parties, improving intra-group settlements.
  - Slight reduction in bank overdrafts, demonstrating improved cash management.

**Total assets VS NAVPS**



## Equity and Liabilities (LKR '000)

| Category                              | 2024              | 2023              | Change (%)    |
|---------------------------------------|-------------------|-------------------|---------------|
| Shareholders' Equity                  | 11,915,256        | 12,266,894        | -2.9%         |
| Non-Current Liabilities               | 5,048,606         | 4,690,679         | +7.6%         |
| Current Liabilities                   | 4,462,726         | 3,609,382         | +23.6%        |
| <b>Total Liabilities</b>              | <b>9,511,331</b>  | <b>8,300,062</b>  | <b>+14.6%</b> |
| <b>Total Equity &amp; Liabilities</b> | <b>21,426,589</b> | <b>20,566,956</b> | <b>+4.2%</b>  |



The expansion of the Company's asset base in FY 2024 is attributable to continued strategic investments in long-term assets, primarily linked to the completion of guest room renovation projects aimed at improving operational efficiency. The decline in current assets—particularly cash balances—reflects the purposeful deployment of liquidity towards capital development initiatives and related financing obligations. Despite the reduction in short-term assets, the Company maintains a robust asset position, reinforcing its capacity to support sustained growth over the long term.

## Way Forward

Looking ahead, the Company remains committed to the prudent allocation and optimization of financial capital with a clear focus on maximizing long-term shareholder value. Strategic capital expenditures will be directed toward initiatives that enhance the

guest experience, drive operational efficiencies, and expand revenue streams by targeting higher-yield market segments. To support these priorities, the company will continue to uphold an optimal capital structure and pursue financing strategies aimed at minimizing the weighted average cost of capital. This disciplined financial management approach is designed to ensure continued financial resilience and operational flexibility in a rapidly evolving hospitality landscape.

# Management Discussion and Analysis

## MANUFACTURED CAPITAL

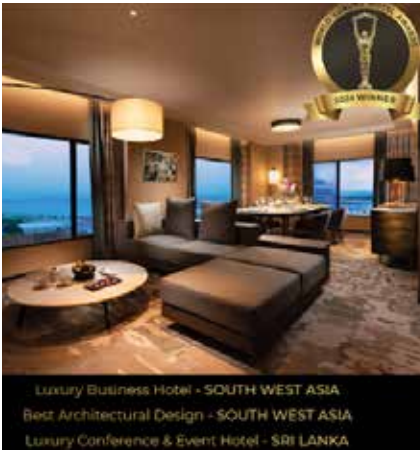
### What We Offer

Hilton Colombo remains dedicated to delivering exceptional guest experiences through its world-class facilities and premium service offerings. Strategically situated in the heart of Colombo, the property provides guests with convenient access to the city's key business districts and cultural landmarks, reinforcing its position as a premier hospitality destination in the region

|                                                                                                                 |                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Accommodation              | Our 342 well-appointed rooms and 36 suites are designed to provide comfort and luxury. Guests can choose from various room categories, including De-luxe Rooms, Executive Rooms, Suites and Presidential Suites, each equipped with modern amenities to ensure a restful stay.                                                                |
| <br>Dining                   | We offer a diverse culinary experience with multiple dining options. Guests can indulge in local and international cuisines at our restaurants, including Curry Leaf, Graze Kitchen, and Emperor's Wok. For a more casual setting, our Echelon Pub and Sunset Blu provide a relaxed atmosphere with a selection of beverages and light bites. |
| <br>Meeting and Event Spaces | Hilton Colombo boasts extensive meeting and event facilities, including 26 meeting and Grand Ballroom. Our venues are equipped with state-of-the-art technology to accommodate various events, from corporate meetings to social gatherings.                                                                                                  |
| <br>Recreational facilities  | Guests can unwind at our outdoor pool, fitness center, and full-service spa. For families, we offer a children's pool and a playground. Our hotel also features a sauna, steam room, and racquetball/squash courts for those seeking active recreation.                                                                                       |
| <br>Location                 | Executive Lounge exclusively for the use of guests occupying Executive Rooms and Suites                                                                                                                                                                                                                                                       |
|                                                                                                                 | Spans over 6.6 areas of land including the 1.8 acres of sport center land for recreational facilities                                                                                                                                                                                                                                         |

### Hilton Colombo Celebrates the Successful Completion of Major Guest Room Refurbishment Project

In November 2024, Hilton Colombo achieved a significant milestone in its ongoing commitment to enhancing guest experiences and upholding elevated hospitality standards with the successful completion of the refurbishment of 264 guest rooms. This initiative underscores the property's dedication to delivering world-class comfort and luxury in alignment with Hilton's global brand standards



With the completion of this project, 70% of the hotel's room inventory has been fully refurbished, featuring

contemporary design elements, advanced in-room technology, and upgraded amenities. These enhancements are designed to not only meet but surpass international standards for premium hospitality, offering guests a modern, thoughtfully curated environment that seamlessly caters to the needs of both business and leisure travelers. The newly renovated rooms feature

- Elegant interiors blending modern sophistication with subtle Hilton Brand standards
- Smart room controls, upgraded lighting, and ergonomic work-spaces
- Enhanced connectivity with high-speed Wi-Fi and multimedia ports
- Refreshed bathrooms with high-end fixtures
- Environmentally conscious design elements and energy-efficient systems

This strategic investment in guest comfort and operational excellence has enabled the hotel to operate with a fully available inventory of 368 rooms, substantially enhancing both capacity and operational efficiency. The refurbishment initiative not only elevates the overall guest experience but also reinforces Hilton Colombo's position as one of the most modern and forward-looking hospitality offerings in Sri Lanka's capital.

As the property continues to evolve, Hilton Colombo remains firmly committed to delivering elevated guest experiences through innovation, sustainable practices, and the distinctive warmth that defines Hilton hospitality

## Creating a Safe and Secure Environment

At Hilton Colombo, the health, safety, and well-being of our guests, team members, and stakeholders remain a core strategic priority. In alignment with Hilton's global brand standards, the property has implemented a comprehensive framework of health, safety, and security protocols aimed at ensuring a secure operating environment while maintaining the premium service excellence associated with the Hilton brand.

Throughout the reporting period, we continued to reinforce our safety infrastructure through targeted training programs, strict adherence to policy guidelines, and sustained operational vigilance. Key safety initiatives undertaken included

- **Ongoing fire safety and basic firefighting training** for all team members to ensure immediate and informed response capabilities/ Chemical safety , Lock out tag out / Location Bas training , Working at height Training will conduct by annually
- **Regular emergency evacuation drills**, enhancing readiness and procedural effectiveness across departments / We have Practice Full evocation two time For Annually Q1 And Q3 with Fire Department /and Night Drill two time For Annually Q2 and Q4/ According to Local Regulation
- **Lifeguard certification and refresher training** for all pool attendants, reinforcing a safe recreational environment for guests
- **Compliance with internationally recognized chemical handling procedures**, mitigating operational risk and ensuring workplace safety

- **Strict implementation of food safety and hygiene protocols** across all food and beverage outlets, aligning with ISO 22000:2018 and Hazard Analysis and Critical Control Point (HACCP) standards. This includes comprehensive training, guidance, and procedures as outlined in Hilton's HACCP Manual, which operates in countries within EMEA and APAC.
- **Hilton Colombo implements a robust water safety program**, including regular microbiological and chemical analyses of drinking water, swimming pool water, cooling tower water, guest room water, and food processing water. These tests are carried out by accredited laboratories to ensure compliance with safety standards.

These measures are central to our continued efforts in risk mitigation, regulatory compliance, and operational excellence. Our commitment to maintaining a secure and resilient environment is integral to the trust placed in us by our guests and partners and forms a cornerstone of our long-term sustainability and service assurance objectives.



# Management Discussion and Analysis

## NATURAL CAPITAL

### Environmental Sustainability & Climate Action

At Hilton Colombo, the principles of environmental stewardship are deeply embedded into our operational DNA. As part of Hilton's global Travel with Purpose strategy, we are committed to protecting and preserving natural ecosystems, reducing our environmental footprint, and enabling a transition toward a net-zero economy. In 2024, our efforts were focused on climate resilience, waste reduction, energy efficiency, water conservation, and broader community engagement around environmental awareness.

Our environmental initiatives are designed not only to meet Hilton's global ESG targets but also to align with Sri Lanka's national sustainability priorities and the UN Sustainable Development Goals (SDGs). By investing in eco-friendly technologies, green practices, and circular economy models, Hilton Colombo continues to prove that operational excellence and environmental responsibility can—and must—coexist.

### Key Environmental Focus Areas in 2024

#### 1. Energy Efficiency and Climate Action

Hilton Colombo remains aligned with Hilton's global climate targets, specifically the pledge to reduce Scope 1 and 2 carbon intensity by 61% by 2030, in line with climate science. In 2024:

- We implemented stringent energy monitoring systems and optimized operations to reduce electricity and thermal energy usage.

- Internal awareness campaigns promoted energy conservation practices among team members.
- Continued integration of energy-efficient lighting, building management and smart HVAC systems contributed to reduced emissions and utility costs.

#### 2. Waste Management and Circular Economy

In line with Hilton's global target to reduce waste output by 50% by 2030, Hilton Colombo is actively pursuing a circular waste economy through:

- "No Bin Day" Initiative – A day without discarding waste into bins, aimed at promoting mindfulness, waste segregation, and food waste minimization.



- Soap Recycling Project – Collection of partially used soap bars from guest rooms for recycling in collaboration with Hilton Colombo Residences.
- Beach Cleanup Campaign – Conducted in partnership with the Zero Plastic Movement, supported by a \$1,000 Hilton Global Foundation Action Grant. Held at Poruthota Moya Beach, the cleanup removed significant quantities of plastic waste, and a PET bottle collection bin was installed as a long-term intervention.





- Recyclables collected were responsibly handed over to the Municipal Council for recycling, promoting community collaboration in circular practices.

### 3. Water Conservation

Hilton Colombo continues to implement Hilton's goal of 50% reduction in water use intensity by 2030. In 2024:

- Water-saving fixtures were maintained across guest rooms and staff areas.
- Awareness was built through internal communications on World Water Day via flyers and educational videos.
- Participation in Hilton's global community water resilience program is being evaluated for potential activation in flood-affected communities.

## Environmental Awareness & Community Engagement

### World Earth Week 2024

Hilton Colombo celebrated World Earth Week with a series of integrated awareness and action-driven events designed to foster environmental literacy and sustainable living:

- **Environmental Resilience Workshop with "THURU"** – Topics covered included waste management, home gardening, climate change mitigation, and

social entrepreneurship.

- **On-Site Herb Garden Implementation** – A sustainability-focused culinary initiative aligned with Hilton's "Pledge 01" under Travel with Purpose.
- **Partner Session with CIC** – Focused on modern fertilizer technology and sustainable gardening for urban households.
- **Location-Based Sessions** – Covered carbon footprint reduction, sustainable procurement, energy conservation, and green office best practices.

### World Earth Hour

As a symbolic gesture of commitment, the hotel dimmed non-essential lights and displayed educational posters and videos throughout the property. The initiative reinforced our internal culture of conservation and accountability.

### Special Recognition & Awards

#### 1. Hilton Global Foundation Action Grant

Hilton Colombo was awarded a \$1,000 Action Grant by the Hilton Global Foundation in recognition of its Travel With Purpose Week volunteer activities. This funding supported the successful beach cleanup operation and long-term plastic waste mitigation efforts.

#### 2. Sustainability Award – First Place

Hilton Colombo was honored with First Place at the 2024 Sustainability Awards under the "Hotel and Accommodation Service Providers – Large Enterprise" category, presented by the Friedrich Naumann Foundation (Germany). This award acknowledges our industry leadership in sustainable

practices, innovation, and long-term environmental commitment.

## Strategic Impact and Future Outlook

Hilton Colombo's environmental sustainability strategy forms a crucial part of our corporate risk management and long-term value creation. Our programs directly contribute to mitigating environmental risks, reducing operating costs, enhancing stakeholder trust, and improving resilience against climate-related disruptions.

Looking ahead to 2025, we aim to:

- Expand renewable energy integration across hotel operations.
- Implement smart water metering and rainwater harvesting pilots.
- Introduce plastic-free room amenities aligned with Hilton's circular product strategy.
- Publish measurable environmental KPIs in future sustainability reports to ensure transparency and accountability.

## Conclusion

Our stewardship of natural capital reflects a belief that luxury hospitality and environmental sustainability are not opposing goals, but rather, mutually reinforcing commitments. Hilton Colombo remains steadfast in its responsibility to lead by example and to operate in a manner that sustains and respects the natural world upon which we all depend.

# Management Discussion and Analysis

## SOCIAL CAPITAL

### Community Engagement – Travel With Purpose 2024

At Hilton Colombo, our commitment to sustainable and inclusive growth extends well beyond the confines of our hotel operations. In line with Hilton's global Travel With Purpose initiative, our community engagement strategy forms a core pillar of our ESG framework. The year 2024 marked a significant expansion of our outreach activities, reflecting both our enduring relationship with the local community and our deep commitment to fostering social equity and opportunity.

Operating in Sri Lanka for over three decades, Hilton Colombo acknowledges that its long-term success is inseparable from the well-being of the community that supports it. Our Blue Energy Community Team, comprised entirely of hotel team members volunteering their time and skills, has been instrumental in executing a series of impactful initiatives throughout the year. These projects address key areas including education, healthcare, disaster relief, disability support, youth empowerment, and gender inclusion.

### Key Community Initiatives in 2024

#### Education and Youth Empowerment

##### 1. School Refurbishment – Puttalam District

In partnership with local education authorities, our engineering team led the refurbishment of a rural school building, enhancing infrastructure and learning

conditions for students. Stationery supplies were also distributed, emphasizing our dual focus on physical learning environments and educational tools.

##### 2. Hotel Familiarization – Galporuyaya School (Remote Area)



As part of our hospitality industry awareness campaign, rural students visited Hilton Colombo for an immersive learning tour. They explored hotel operations and interacted with staff to better understand career paths available in the hospitality sector. This initiative sought to bridge the rural-urban opportunity gap and inspire long-term aspirations.



##### 3. "We Hear You" – Engagement with Hearing-Impaired Youth

A familiarization session was organized for students from Rathmalana Deaf and Blind School, giving them practical exposure to hotel functions and fostering workplace inclusivity. By providing them with firsthand experience in the hospitality industry, we open doors to new skills and possibilities. This session is not just about learning; it's about building confidence, fostering independence, and inspiring dreams.

##### 4. Cake Decorating Workshop for Hearing-Impaired Trainees

This hands-on workshop aims to empower participants with creative skills in cake decoration, enhancing their confidence and opening new opportunities for self-expression and career growth. With visual guides and step-by-step instruction, we strive to create an inclusive, engaging experience that celebrates their unique talents. We look forward to witnessing the beautiful, personalized creations of each trainee and supporting their journey in the culinary arts.



## Healthcare and Disability Support

### 1. Hope in Every Breath – Apeksha Pediatric Cancer Hospital



A major milestone for the year was our donation of critical medical equipment and medicine to the Apeksha Hospital Pediatric Unit. This contribution enhanced diagnostic capacity and treatment delivery, improving patient outcomes and easing financial pressure on affected families.

### 2. Paint a Smile – Special Lunch for Pediatric Patients

Hosting a Special lunch for 25 children who are fighting for life at the Apeksha Cancer Hospital Pediatric ward. Our special lunch aims to bring joy and warmth to the lives of 25 courageous children battling cancer at Apeksha Hospital. By creating a nurturing environment filled with laughter, delicious food, and engaging activities. This initiative created emotional upliftment through shared joy, entertainment, and personalized interactions.



### 3. Support for Prithipura Home

Donations of household essentials, toys, and nutrition supplies were made to support children and adults with physical and mental disabilities. The initiative reflects our broader belief in inclusion and dignity for all.

### 4. Down Syndrome Home Food Donation

Our team visited and provided meals to a local Down Syndrome care center, demonstrating compassion and continuity in community nourishment programs.

## Disaster Relief and Basic Needs

### 1. Feed in Need – Flood Disaster Relief (Kolonnawa & Gampaha)

In response to severe flooding in early 2024, cooked food was distributed over two days to displaced families. These actions underscore our readiness to mobilize during crises and contribute to resilience-building at the grassroots level.



### 2. Essential Packs – Front Office CSR Drive

A dedicated initiative by our Front Office team led to the distribution of curated essential packs—including food and daily-use items—to 10 struggling households. Those essential packs were carefully curated to include necessities such as food items, and other essential items along with a breakfast pack that can make a significant difference in someone's life.

## Gender Inclusion and Women's Empowerment

### 1. Women Empowerment Awareness Session – Kolonnawa

A targeted session was conducted to educate women from vulnerable communities about career pathways in hospitality. This initiative aimed to boost economic participation, provide practical guidance, and support skill development among underrepresented women.

## Seasonal and Cultural Engagement

### 1. Annual Christmas Tree Lighting – Celebrating with Children in Need

We hosted 22 underprivileged children at our annual tree lighting ceremony, celebrating the spirit of inclusion and giving.

# Management Discussion and Analysis

## **Strategic Impact and Alignment with Hilton's Global ESG Goals**

These initiatives reflect Hilton Colombo's strategic alignment with Hilton's 2030 Travel with Purpose Goals, including:

- Doubling investment in social impact projects
- Creating career opportunities for underrepresented groups
- Reducing social inequities through targeted education and training

By mobilizing internal volunteer networks and partnering with local institutions, we have strengthened our role as a responsible corporate citizen. These efforts enhance brand equity, build community trust, and foster a positive workplace culture centered on empathy, service, and shared purpose.

## **Looking Ahead**

As we continue to navigate a complex economic and social landscape, our commitment to social capital remains unwavering. In 2025, we plan to scale our outreach efforts, introduce metrics-based impact reporting, and deepen collaboration with NGOs and government bodies to ensure long-term, measurable change.



## INTELLECTUAL CAPITAL

As a key pillar of Hilton Colombo's value creation framework, intellectual capital mainly refers to the strategic use of intangible assets derived from its affiliation with Hilton Worldwide—a globally renowned and respected hospitality brand. Hilton Colombo actively leverages this intellectual capital in the form of brand standards, global marketing platforms, advanced technology systems, operational best practices, and talent development frameworks provided by Hilton Worldwide. These resources play a vital role in enhancing strategic positioning, strengthening brand equity, driving operational excellence, and delivering long-term value to shareholders.

### Global Brand Affiliation and Market Positioning

Hilton Colombo benefits from the strong global equity of the Hilton brand, which continues to be a significant driver of consumer confidence, market differentiation, and premium pricing capability. This international brand association enhances the property's appeal across key business and leisure segments, reinforcing Hilton Colombo's competitive positioning within Sri Lanka's hospitality landscape.

### Operational Systems and Standards

Operational excellence at Hilton Colombo is supported by standardized global frameworks and proprietary Hilton operating procedures. These systems ensure consistency in guest service delivery, regulatory compliance, quality control, and safety, which

collectively drive operational discipline and process optimization across all functional areas.

### Human Capital Development and Knowledge Transfer

Talent development remains a key pillar of Hilton Colombo's intellectual capital. Through access to Hilton's global learning and development ecosystem—including platforms such as Hilton University—team members are continuously upskilled to align with brand standards and evolving guest expectations. These structured programs foster leadership growth, staff retention, and service excellence, directly impacting customer satisfaction and performance outcomes.

### Global Distribution, Sales, and Loyalty Infrastructure

Hilton Colombo leverages Hilton's extensive international distribution network, corporate sales reach, and the Hilton Honors loyalty program, which collectively enhance room-night generation and customer retention. The property benefits from centralized sales strategies, dynamic pricing models, and access to high-value repeat guests, particularly from dynamic markets.

### Technology Integration and Innovation Platforms

Access to Hilton's proprietary systems—including the ONQ Property Management System, and other customer relationship management tools supports operational efficiency and real-time business intelligence. In-room innovations such as digital keys and new building management system (BMS) functionalities have

enhanced guest convenience and elevated service personalization.

### Sustainability and Strategic Alignment

Hilton Colombo aligns with Hilton's Travel with Purpose global ESG strategy, which underpins the hotel's long-term environmental, social, and governance objectives. This alignment enables the property to meet rising stakeholder expectations, adhere to international sustainability benchmarks.

### Strategic Relevance and Value Enhancement

The collective benefits derived from Hilton Colombo's affiliation with Hilton Worldwide have significantly contributed to the hotel's long-term sustainability and profitability. This alignment allows the property to access global expertise, operational know-how, and brand support, helping maintain high service standards and competitive positioning. These advantages have strengthened the hotel's resilience in the face of changing market conditions and are expected to remain a key driver of value creation in the future.

# Management Discussion and Analysis

## HUMAN CAPITAL

As per the signed management agreement, Hotel Developers (Lanka) Ltd has entrusted Hilton Worldwide (HWW) with Power of Attorney and full responsibility for human resources management at the property level. This includes oversight of all people-related functions, ensuring alignment with Hilton's global standards and operational excellence.

Hilton's property-level operations are guided by a clearly defined hierarchical organizational structure, with hotel led by a General Manager (GM) who holds full accountability for operational performance, team leadership, and guest satisfaction. GM is supported by a team of department heads each playing a vital role in managing frontline teams and executing Hilton's brand standards.

| Number of Employees Categorized by Gender and Job Designation, Highlighting Workforce distribution across various roles | Female | Male | Total |
|-------------------------------------------------------------------------------------------------------------------------|--------|------|-------|
| - General Manager                                                                                                       | -      | 1    | 1     |
| - Director                                                                                                              | -      | 2    | 2     |
| - Senior Manager                                                                                                        | 2      | 8    | 10    |
| - Manager                                                                                                               | 4      | 10   | 14    |
| - Assistant Manager                                                                                                     | 10     | 58   | 68    |
| - Senior Executive                                                                                                      | 12     | 46   | 58    |
| - Executive                                                                                                             | 25     | 85   | 110   |
| - Junior Executive                                                                                                      | 8      | 55   | 63    |
| - Non Executive                                                                                                         | 47     | 223  | 270   |
| - Grand Total                                                                                                           | 108    | 488  | 596   |

## Recruitment and Retention

Hotel's recruitment and selection processes are strategically designed to identify individuals who align with core values and commitment to exceptional service. Hilton deploy a combination of centralized systems and local hiring practices to attract a diverse, skilled, and service-oriented workforce. Every new team member undergoes a comprehensive onboarding program, followed by continuous training to build competencies in areas such as guest engagement, safety, brand delivery, and operational excellence.

| Employees by contract and gender | Female | Male | Total |
|----------------------------------|--------|------|-------|
| Permanent                        | 25     | 221  | 246   |
| Contract                         | 83     | 267  | 350   |
| Trainee Total                    | 108    | 488  | 596   |

| Employees by Age & Gender | Female | Male | Total |
|---------------------------|--------|------|-------|
| 18-30 years               | 64     | 163  | 227   |
| 31-55 years               | 38     | 287  | 325   |
| 55 years above            | 6      | 38   | 44    |
| Total                     | 108    | 488  | 596   |

| Service of employees ( Years ) | Executive | Non Executive |
|--------------------------------|-----------|---------------|
| 1<                             | 13        | 99            |
| 1 to 5                         | 30        | 190           |
| 6 to 10                        | 11        | 35            |
| 11 to 15                       | 8         | 60            |
| 16 to 20                       | 7         | 45            |
| 21 to 25                       | 13        | 34            |
| 26 to 30                       | 9         | 27            |
| 31>                            | 4         | 11            |
| <b>Total</b>                   | <b>95</b> | <b>501</b>    |

## Learning and Development

A cornerstone of Hilton's human capital strategy is leadership development. Through structured programs like Lead@Hilton, emerging leaders receive targeted training and mentoring to build capabilities that support both operational excellence and long-term career progression within the organization. These initiatives ensure a robust leadership pipeline that sustains Hilton's growth and service quality.

| Training Type               | No. Of Participants | Training Hours |
|-----------------------------|---------------------|----------------|
| Leadership Development      | 341                 | 2,044          |
| Corporate Value Development | 892                 | 49,624         |
| Technical Development       | 530                 | 8,500          |
| Soft Skill Development      | 390                 | 3,580          |
| Out Bound Training          | 241                 | 1,350          |
| <b>Total</b>                | <b>2,394</b>        | <b>65,098</b>  |

## Employee Engagement

Team member engagement remains a priority across property levels. Hilton fosters a positive, inclusive, and high-performing workplace culture by emphasizing recognition, open communication, and opportunities for advancement. Initiatives such as regular employee engagement surveys and the globally recognized programs such as "CEO Light & Warmth Award", "Hospitality Heroes Award" and "Catch Me at My Best" - which celebrates outstanding performance and fosters sense of belonging and pride among team members.

Integrity and ethical behavior are deeply embedded in Hilton's human capital practices. All employees are required to complete annual compliance and ethics training based on Hilton's Code of Conduct, which outlines expectations around professional behavior, workplace safety, anti-discrimination, and legal compliance. This ensures a consistent culture of accountability and trust across our global operations.

Hilton remains committed to cultivating a workforce that reflects our values of hospitality, integrity, leadership, teamwork, ownership, and now. Through continuous investment in our people, Hilton not only support our business objectives but also empower our team members to thrive personally and professionally.

# Annual Report of The Directors on the Affairs of The Company

The Directors of Hotel Developers (Lanka) Limited are pleased to present their Report and the Audited Financial Statements of the Company for the Year ended 31st December 2024.

## 1. THE PRINCIPAL ACTIVITY

The principal activity of the Company is to carry on the business of the proprietors and operators of hotels and for such purpose to construct, purchase take on a lease or otherwise acquire any lands, buildings and other property and to improve, equip and furnish the same.

Accordingly, during the year under review the Company engaged in the business of hospitality trade, owning Hilton Colombo Hotel.

## 2. FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 48 - 87.

## 3. GOING CONCERN

The Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. The Financial Statements of the Company have accordingly been prepared on a going concern basis.

## 4. AUDITOR'S REPORT

The Auditor's Report on the Financial Statements of the Company is given on pages 48 - 51.

## 5. ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Statements are given in Note 03, and there were no significant changes to those accounting policies during the year under review vis-à-vis those used in the previous year.

## 6. TAXATION

Provision for taxation has been computed at the rates given in Note 10 to the Financial Statements.

## 7. DIVIDENDS

The Directors do not recommend a dividend on the ordinary shares for the year ended 31st December 2024.

## 8. BOARD OF DIRECTORS AND THEIR SHAREHOLDING

The Directors of the Company during the year and as at 31st December 2024 were:

|                              |                                      |
|------------------------------|--------------------------------------|
| Mr. Pravir D. Samarasinghe   | <i>[appointed w.e.f. 03.10.2024]</i> |
| Ms. Dheeshana S. Ameresekere |                                      |
| Mr. P H P Deniyaya           |                                      |
| Dr. I A Kankanamge           |                                      |
| Mr. M S Wattegama            |                                      |
| Mr. R Sooriyaarachchige      |                                      |
| Mr. Chamil Udawatte          | <i>[appointed w.e.f. 11.10.2024]</i> |
| Mr. Dulinda Perera           | <i>[appointed w.e.f. 11.10.2024]</i> |
| Mr. A. G. S. Senadeera       | <i>[appointed w.e.f. 11.10.2024]</i> |
| Mr. B. A. Thushara Rodrigo   | <i>[appointed w.e.f. 08.11.2024]</i> |

Directors ceased to be as Directors as at 31st December 2024;

|                      |                                   |
|----------------------|-----------------------------------|
| Mr. Upul Dharmadasa  | <i>[ceased w.e.f. 03.10.2024]</i> |
| Mr. P A Jayakantha   | <i>[ceased w.e.f. 11.10.2024]</i> |
| Mr. K S Weerasinghe  | <i>[ceased w.e.f. 11.10.2024]</i> |
| Mr. K A R J Fernando | <i>[ceased w.e.f. 11.10.2024]</i> |
| Mr. P A S A Kumara   | <i>[ceased w.e.f. 08.11.2024]</i> |

The changes effected on the Directorate post 31st December 2024 were;

|                         |                                      |
|-------------------------|--------------------------------------|
| Mr. Uzmaan Annas        | <i>[appointed w.e.f. 08.01.2025]</i> |
| Mr. Manoj Algama        | <i>[appointed w.e.f. 08.01.2025]</i> |
| Mr. P H P Deniyaya      | <i>[ceased w.e.f. 08.01.2025]</i>    |
| Dr. A I Kankanamge      | <i>[ceased w.e.f. 08.01.2025]</i>    |
| Mr. Ruwan Fernando      | <i>[appointed w.e.f. 22.01.2025]</i> |
| Ms. Roshika Jayawardena | <i>[appointed w.e.f. 22.01.2025]</i> |
| Mr. M S Wattegama       | <i>[ceased w.e.f. 22.01.2025]</i>    |
| Mr. R Sooriyaarachchige | <i>[ceased w.e.f. 22.01.2025]</i>    |

Subsequent to the changes effected on the Directorate post 31st December 2024, the current Board of Directors consists of;

Mr. Pravir D. Samarasinghe  
Ms. Dheeshana S. Ameresekere  
Mr. Chamil Udawatte  
Mr. Dulinda Perera  
Mr. A. G. S Senadeera  
Mr. B. A. Thushara Rodrigo  
Mr. Uzmaan Annas  
Mr. Manoj Algama  
Mr. Ruwan Fernando  
Ms. Roshika Jayawardena

None of the above Directors hold shares in the Company.

## 9. INTEREST REGISTER

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 7 of 2007. Arising from this, details of contracts in which they have an interest, if any, are disclosed in Note 37.1 to the Financial Statements.

## 10. REMUNERATION OF THE DIRECTORS

The remuneration and other benefits of Directors during the accounting period are as follows; Directors' emoluments Rs. 24,515,000 /- (2023 – Rs. 18,806,000/-).

## 11. DIRECTORS INTERESTS / RELATED PARTY TRANSACTIONS

The above details are contained in Note 37 to the Financial Statements. The Directors have no direct or indirect interest in any contracts or proposed contracts with the Company other than those disclosed.

## 12. AUDITORS

In terms of the 19th and 20th Amendments to the Constitution read together with Article 154 of the Constitution, the Auditor General continues to be the Auditor of the Company. A sum of Rs. 4,592,021/- is payable to the Auditor for the year under review, comprising Audit Fees only (2023- Rs 3,440,000/-)

## 13. DONATIONS

The Company has not made any donations during the year ended 31st December 2024

## 14. AUDIT COMMITTEE

The Composition of the Audit Committee during the year under review.

The Audit Committee was reconstituted with effect from 28th June 2023 as follows:

Mr. P.A.S.A Kumara - *Chairman*  
Mr. P.H.P. Deniyaye  
Mr. M.S. Wattegama

The Audit Committee was reconstituted with effect from 17th December 2024 as follows:

Mr. B. A. Thushara Rodrigo  
- *Chairman*  
Mr. P.H.P. Deniyaye  
Mr. M.S. Wattegama

Following further changes to the Board, the Audit Committee was once again reconstituted with effect from 21st February 2025, as follows:

Mr. B. A. Thushara Rodrigo  
- *Chairman*  
Mr Manoj Algama  
Mr. Uzmaan Annas

Mr. V Kanagasabapathy Chartered Accountant, a former Director and the Chairman of the Audit Committee attends the Audit Committee Meetings on invitation in accordance with a decision taken by the Board of Directors in April, 2023.

## 15. REMUNERATION COMMITTEE

The Remuneration Committee was reconstituted with effect from 20th April 2023 as follows:

Mr. Upul Dharmadasa - *Chairman*  
Mr. R Sooriyarachchige  
Mr. P.H.P. Deniyaye  
Mr. K.S.Weerasinghe

Mr. P.A.S.A. Kumara was appointed to the Remuneration Committee with effect from 28th November 2023.

The Remuneration Committee was reconstituted with effect from 17th December 2024 as follows:

Mr. Pravir D. Samarasinghe  
- *Chairman*  
Mr. A. G. S Senadeera  
Mr. R Sooriyaarachchige  
Mr. Chamil Udawatta  
Mr. B. A. Thushara Rodrigo

Following further changes to the Board, the Remuneration Committee was again reconstituted with effect from 21st February 2025, as follows:

Mr. Pravir D. Samarasinghe  
- *Chairman*  
Mr. A. G. S Senadeera  
Ms. Roshika Jayawardena  
Mr. Chamil Udawatta  
Mr. B. A. Thushara Rodrigo



# Annual Report of The Directors on the Affairs of The Company

## 16. RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee was reconstituted with effect from 21st February 2025, as follows

Mr. B. A. Thushara Rodrigo  
- *Chairman*

Mr. Ruwan Fernando  
Mr. Dulinda Perera

## 17. CAPITAL EXPENDITURE

The details of material capital commitments are given in Note 34 to the Financial Statements.

## 18. PROPERTY, PLANT AND EQUIPMENT

The details of the property, plant and equipment are given in Note 12 to the Financial Statements.

## 19. STATED CAPITAL

The Stated Capital of the Company as at 31st December 2024 was Rs. 20,466,456,858/- represented by 2,046,645,686 ordinary shares.

## 20. DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL REPORTING

The Directors are responsible for the preparation and presentation of the Financial Statements of the Company to reflect a true and fair view of its state of affairs. The Directors confirm that these Financial Statements have been prepared in conformity with the Sri Lanka Accounting Standards and the Companies Act No. 07 of 2007. The Directors are accordingly satisfied that the Financial

Statements presented herein give a true and fair view of the state of affairs of the Company as at 31st December 2024 and the loss for the year then ended.

## 21. STATUTORY PAYMENTS

The Directors are satisfied that to the best of their knowledge and belief, all statutory payments due to the Government and the employees of the Company have been made up to date.

## 22. EVENTS AFTER THE REPORTING DATE

No events have occurred after the reporting date, which would require adjustments to, or disclosure in the Accounts, other than those given in Note 33 to the Financial Statements.

## 23. ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 27th June 2025 at Hotel Developers (Lanka) Limited, Hilton Colombo, 2, Sir Chittampalam A Gardiner Mawatha, Colombo 1.

By Order of the Board  
HOTEL DEVELOPERS (LANKA) LIMITED

Sgd  
Mr. Pravir D. Samarasinghe  
Chairman

Sgd  
Mr. B. A. Thushara Rodrigo  
Director

Sgd  
P W CORPORATE SECRETARIAL (PVT) LTD  
Company Secretaries

Colombo  
24th June 2025

# The Audit Committee Report

## AUDIT COMMITTEE CHARTER

Audit Committee operates as a Sub-Committee of the Board of Directors in terms of the mandates given in the Audit Committee Charter to examine any matters relating to the financial affairs of the Company and to review and monitor the financial reporting.

## ROLE OF THE AUDIT COMMITTEE

Audit Committee acts as an effective forum to assist the Board of Directors in discharging their responsibilities on ensuring proper systems of Internal Control are in place both in terms of decision making as well as in operations to address the Risk management process and quality of financial reporting covering the following: -

Integrity of Company's Financial Statements and the Company's system of Internal Auditing and Financial Controls.

Performance of Internal Auditor. Annual Independent Audit of Company's Financial Statements. Impartial review of the reports of internal and external audits and taking into consideration findings and recommendations. Compliance by the Company with statutory requirements.

## COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee appointed by the Board of Directors, comprises of three Non-Executive Directors and the committee was reconstituted with effect from 21st February 2025, as follows:

| Name of the Directors      | The date of appointment |
|----------------------------|-------------------------|
| Mr. B. A. Thushara Rodrigo | 17. 12.2024             |
| Mr Manoj Algama            | 21. 02. 2025            |
| Mr. Uzmaan Annas           | 21. 02. 2025            |

The following directors concluded their tenure as members of the Audit Committee subsequent to the reconstitution of the Board of Directors.

| Name of the Directors | The date of resignation |
|-----------------------|-------------------------|
| Mr. P.A.S. A. Kumara  | 08. 11. 2024            |
| Mr. P H P Deniyaya    | 08. 01. 2025            |
| Mr. M S Wategama      | 22. 01. 2025            |

The profiles of the members which detail their background and professional experience are on pages 12 - 15 of this Report.

Mr V Kanagasabapathy, attends the Audit Committee Meetings by invitation pursuant to a decision taken by the Board of Directors of the Company, in April 2023.

Mr. V. Kanagasabapathy, is a Retired Director General of Public Enterprises, General Treasury counts over 40 years of service in the public sector and was the Financial Management Reform Coordinator in the Ministry of Finance & Planning. Holds a Master's Degree in Public Administration from Harvard University and is a Chartered Public Finance Accountant, London. He is also a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Association of Public Finance Accountants of Sri Lanka, and Institute of Certified Management Accountants of Sri Lanka.

## AUDIT COMMITTEE MEETINGS

During the year ended 31st December 2024, the Audit Committee had 5 meetings. The Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor, Accountant of the Company, General Manager & Director Finance of Hilton Colombo, representatives of the Auditor General and Management Auditors of Hilton Colombo, M/s Ernst and Young attended the Audit Committee Meetings by invitation where required.

# The Audit Committee Report

The attendance of the members to the meetings is set out in the table below:

| Name of the Directors      | Number of Meetings scheduled to be attended | Attendance |
|----------------------------|---------------------------------------------|------------|
| Mr. B. A. Thushara Rodrigo | 1                                           | 1/1        |
| Mr Manoj Algama            | NA                                          | N/A        |
| Mr. Uzmaan Annas           | NA                                          | N/A        |
| Mr. P.A.S. A. Kumara       | 4                                           | 4/4        |
| Mr. P H P Deniyaya         | 5                                           | 5/5        |
| Mr. M S Wattegama          | 5                                           | 5/5        |

The proceedings of the Audit Committee meetings were recorded by the Company Secretary, functioning as the Secretary to the Audit Committee, and the minutes of the Audit Committee meetings were circulated to the Board of Directors at the next most practicable meeting.

## FINANCIAL REPORTING

The Audit Committee plays a critical role in overseeing the integrity and transparency of the Company's financial reporting process. This responsibility includes a thorough review of all significant accounting policies and practices, with particular attention to complex or unusual transactions requiring significant judgment or estimation. The Committee ensures that these accounting treatments are appropriate, consistently applied, and in alignment with Sri Lanka Accounting Standards and other relevant regulatory frameworks.

Additionally, the Committee closely monitors recent developments in accounting standards and regulatory pronouncements to assess their potential impact on the Company's financial statements. This proactive approach enables timely adjustments to accounting practices and disclosures, ensuring compliance while maintaining the accuracy and reliability of financial reporting.

Prior to recommending the Financial Statements for approval by the Board of Directors, the Audit Committee reviewed the Financial Statements for the year ended 31st December 2024, in conjunction with the External Auditors, Internal Auditors, and Management Auditors of Hotel Hilton Colombo, M/s Ernst and Young. The Committee was provided with the necessary confirmations and declarations. This review ensured that the Financial Statements were prepared in accordance with Sri Lanka Accounting Standards and the requirements of the Companies Act, No. 7 of 2007, and confirmed that they present a true and fair view of the Company's state of affairs as at that date and its activities during the year under review.

## INTERNAL CONTROLS AND RISK MANAGEMENT

The Committee monitors the effectiveness of the Company's internal control systems and risk management processes. It reviews control deficiencies identified through audits or other sources and recommends corrective actions to management. The Committee periodically reassesses controls and procedures to ensure continuous improvement and compliance with regulatory requirements.

The Audit Committee is empowered with unrestricted authority to investigate any issues within its remit. It has full access to all Company records, personnel, and facilities necessary to perform its duties. The Committee may engage external consultants or advisors as needed and has the right to request the attendance of any employee, internal auditor, or external auditor at its meetings to facilitate effective oversight.

## INTERNAL AUDIT

The Internal Audit function, led by the Chief Internal Auditor, conducted detailed audits of hotel operations in accordance with the annual Internal Audit Plan approved by the Audit Committee. These audits focused on evaluating the effectiveness of the internal control systems established by management and assessing compliance by operational staff, with particular emphasis on risk management practices.

The Audit Committee reviewed and approved the Internal Audit Plan, ensuring that its scope, resource allocation, and timelines

were adequate to address key risk areas across the organization. Regular engagements were held with internal auditors to assess the robustness of internal controls, accounting practices, and the overall risk mitigation framework.

Internal audit findings were discussed with management, and corrective actions were implemented in a timely manner. The internal audit reports, along with management's responses, were submitted to the Audit Committee for review. A summary of these reports, including key issues and the Committee's decisions, was subsequently presented to the Board of Directors to ensure oversight at the highest level.

The Committee also reviewed any complaints or concerns related to accounting, auditing, or internal controls and ensured that appropriate procedures and resolutions were in place.

## EXTERNAL AUDITORS

With the enactment of the 19th & 20th Amendment to the Constitution and the National Audit Act No 19 of 2018, the Auditor General continues to be the external Auditor of the Company. Accordingly, the Auditor General served as the External Auditor of the Company for the financial year ended 31 December 2024. The Audit Committee maintained regular and effective engagement with the External Auditor, who is responsible for expressing an independent opinion on the fair presentation and compliance of the financial statements in accordance with the Sri Lanka Accounting Standards. The External

Auditor was invited to attend all Audit Committee meetings in the capacity of an independent observer. These interactions provided the Committee with valuable insights into regulatory and compliance matters, and enabled discussions on any identified control or procedural deficiencies.

## CONCLUSION

The Audit Committee is of the view that adequate controls are in place to safe guard the Company's assets and financial position and the results disclosed in the audited accounts are free from any material mis-statements.

Sgd  
**Mr. B. A. Thushara Rodrigo**  
Chairman Audit Committee

21st February 2025







# Financial Report

# Independent Auditor's Report



## ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல.  
My No.

TIP/C/HDL/2024/FA/09

ඔබේ අංකය  
உமது இல.  
Your No.

}

දිනය  
திகதி  
Date

26 May 2025

Chairman  
Hotel Developers (Lanka) Limited.

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Hotel Developers (Lanka) Limited for the year ended 31 December 2024 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

### 1. Financial Statements

#### 1.1 Opinion

The audit of the financial statements of the Hotel Developers (Lanka) Limited ("Company") for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154(6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### 1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### 1.3 Other information included in the Company's 2024 Annual Report.

The other information comprises the information included in the Company's 2024 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

අංක 306/72, පොල්වත්ත පාර, පොල්වත්ත, දි. කොළඹ.

இல. 306/72, பாலேவா வீதி, பாலேவா, இலங்கை.

No. 306/72, Polduwa Road, Polduwa, Sri Lanka.



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www.naoal.gov.lk

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my 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 my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Company's 2024 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154(6) of the Constitution that will be tabled in due course.

#### **1.4 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 determine 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.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

#### **1.5 Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting



## Independent Auditor's Report

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 the management.
- Conclude on the appropriateness of the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **2. Report on Other Legal and Regulatory Requirements**

- 2.1 National Audit Act, No. 19 of 2018 and Companies Act, No 07 of 2007 include specific provisions for following requirements.
- 2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) (d) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.
- 2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- 2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.
- 2.2 Based on the procedures performed and evidence obtained which limited to matters that are material, nothing has come to my attention;

- 2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.
- 2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.
- 2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.
- 2.2.4 to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No.19 of 2018.

  
G.H.D. Dharmapala  
Actg. Auditor General



# Statement of Comprehensive Income

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

|                                                        |       | 12 Months<br>31.12.2024 | 12 Months<br>31.12.2023 |
|--------------------------------------------------------|-------|-------------------------|-------------------------|
|                                                        |       | Rs. '000                | Rs. '000                |
| Revenue                                                | 05    | 5,393,089               | 4,346,751               |
| Cost of sales                                          |       | (2,708,885)             | (2,445,618)             |
| Gross profit                                           |       | 2,684,204               | 1,901,133               |
| Other gains and losses                                 | 06    | 28,621                  | 13,175                  |
| Administrative Expenses                                |       | (1,077,648)             | (904,197)               |
| Sales & Marketing Expenses                             |       | (151,347)               | (148,227)               |
| Other expenses                                         |       | (611,748)               | (698,548)               |
| Operating Profit Before Depreciation & Amortization    |       | 872,082                 | 163,336                 |
| Depreciation & Amortization                            | 12/13 | (560,672)               | (367,193)               |
| Operating Profit After Depreciation                    |       | 311,410                 | (203,857)               |
| Finance Income                                         | 07    | 10,740                  | 18,037                  |
| Finance Charges                                        | 08    | (590,497)               | (598,546)               |
| Profit/(loss) before taxation                          | 09    | (268,347)               | (784,366)               |
| Income Tax Expense                                     | 10    | (71,490)                | 95,654                  |
| Profit/(loss) After Taxation for the Period            |       | (339,837)               | (688,712)               |
| Other Comprehensive Income                             |       |                         |                         |
| Revaluation surplus - net of tax                       |       | -                       | 704,527                 |
| Actuarial Gain/ (Loss) on employee benefit obligations |       | (11,801)                | (31,688)                |
| Total comprehensive Income/ (Expense) for the period   |       | (351,638)               | (15,873)                |
| Earnings Per Share - Basic (Rs.)                       | 11    | (0.17)                  | (0.01)                  |

# Statement of Financial Position

AS AT 31ST DECEMBER 2024

|                                        |    | 31.12.2024<br>Rs. '000 | 31.12.2023<br>Rs. '000 |
|----------------------------------------|----|------------------------|------------------------|
| <b>Assets</b>                          |    |                        |                        |
| <b>Non-Current Assets</b>              |    |                        |                        |
| Property, Plant & Equipment            | 12 | 14,323,547             | 11,553,379             |
| Leasehold Land                         | 13 | 6,141,189              | 6,215,377              |
| Capital Work-in-Progress               |    | 89,016                 | 1,705,375              |
| <b>Total Non-Current Assets</b>        |    | <b>20,553,752</b>      | <b>19,474,131</b>      |
| <b>Current Assets</b>                  |    |                        |                        |
| Inventories                            | 14 | 109,792                | 97,317                 |
| Trade and Other Receivables            | 15 | 343,568                | 230,329                |
| Amount Due From Related Parties        | 16 | 88,407                 | 42,820                 |
| Other Assets                           | 17 | 160,708                | 385,056                |
| Current Financial Assets               | 18 | 66,766                 | 61,947                 |
| Cash and Bank Balances                 | 19 | 103,596                | 275,356                |
| <b>Total Current Assets</b>            |    | <b>872,837</b>         | <b>1,092,825</b>       |
| <b>Total Assets</b>                    |    | <b>21,426,589</b>      | <b>20,566,956</b>      |
| <b>Equity and Liabilities</b>          |    |                        |                        |
| <b>Shareholders' Equity</b>            |    |                        |                        |
| Stated Capital                         | 20 | 20,466,456             | 20,466,456             |
| Revaluation Surplus                    |    | 2,157,505              | 2,157,505              |
| Reserves                               | 21 | 303                    | -                      |
| Accumulated Loss                       |    | (10,709,007)           | (10,357,067)           |
| <b>Total Equity</b>                    |    | <b>11,915,257</b>      | <b>12,266,894</b>      |
| <b>Non-current Liabilities</b>         |    |                        |                        |
| Interest Bearing Loans and Borrowings  | 22 | 3,354,136              | 3,067,766              |
| Retirement Benefit Obligations         | 23 | 123,261                | 117,655                |
| Deferred Tax Liability                 | 24 | 1,552,104              | 1,480,613              |
| Right to Use - Lease Land Liability    | 13 | 19,105                 | 24,645                 |
| <b>Total Non-Current Liabilities</b>   |    | <b>5,048,606</b>       | <b>4,690,679</b>       |
| <b>Current Liabilities</b>             |    |                        |                        |
| Trade and other payables               | 25 | 1,696,975              | 1,156,620              |
| Amount due to related parties          | 26 | 32,776                 | 215,996                |
| Contract Liabilities                   | 27 | 304,541                | 226,786                |
| Interest Bearing Loans and Borrowings  | 22 | 595,824                | 58,333                 |
| Right to Use - Lease Land Liability    | 13 | 6,505                  | 4,446                  |
| Retention Fees - Refurbishment Project |    | 166,709                | 162,012                |
| Bank overdraft                         |    | 1,659,396              | 1,785,189              |
| <b>Total Current Liabilities</b>       |    | <b>4,462,726</b>       | <b>3,609,382</b>       |
| <b>Total Liabilities</b>               |    | <b>9,511,332</b>       | <b>8,300,062</b>       |
| <b>Total Equity and Liabilities</b>    |    | <b>21,426,589</b>      | <b>20,566,956</b>      |
| <b>Net Assets per share - (Rs.)</b>    | 28 | <b>5.82</b>            | 5.99                   |

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Chief Financial Officer  
Jude Wickramaratne

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board on 21st February 2025

Director  
Mr. B. A. Thushara Rodrigo

Chairman  
Mr. Pravir D. Samarasinghe

The accounting policies and notes from 1 to 38 form an integral part of these financial statements.

# Statement of Changes in Equity

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

|                                                                            | Stated<br>Capital | Revaluation<br>Surplus | Furniture,<br>Fittings &<br>Equipment<br>Replacement<br>Reserves | Accumulated<br>Loss | Total             |
|----------------------------------------------------------------------------|-------------------|------------------------|------------------------------------------------------------------|---------------------|-------------------|
|                                                                            | Rs.'000           | Rs.'000                | Rs.'000                                                          | Rs.'000             | Rs.'000           |
| <b>Balance as at 01 st January 2022</b>                                    | 20,466,456        | 1,452,978              | 178,230                                                          | (9,814,896)         | 12,282,767        |
| Profit / (Loss) for the Period                                             | -                 | -                      | -                                                                | (688,712)           | (688,712)         |
| Actuarial gain/(loss) on employee benefit obligations, net of taxes - loss | -                 | -                      | -                                                                | (31,688)            | (31,688)          |
| Revaluation Surplus (net of tax)                                           | -                 | 704,527                | -                                                                | -                   | 704,527           |
| Replacement of furniture, fittings & equipment Reserve                     | -                 | -                      | -                                                                | -                   | -                 |
| Transfers to furniture, fittings & equipment reserve                       | -                 | -                      | (178,230)                                                        | 178,230             | -                 |
| <b>Balance as at 31 st December 2023</b>                                   | 20,466,456        | 2,157,505              | -                                                                | (10,357,067)        | 12,266,894        |
| Profit / (Loss) for the period                                             | -                 | -                      | -                                                                | (339,837)           | (339,837)         |
| Actuarial Gain/(Loss) on Employee Benefit Obligations, net of taxes - loss | -                 | -                      | -                                                                | (11,801)            | (11,801)          |
| Revaluation Surplus (net of tax)                                           | -                 | -                      | -                                                                | -                   | -                 |
| Replacement of Furniture, Fittings & Equipment                             | -                 | -                      | 207,816                                                          | (207,816)           | -                 |
| Transfers to Furniture, Fittings & Equipment Reserve                       | -                 | -                      | (207,513)                                                        | 207,513             | -                 |
| <b>Balance as at 31 st December 2024</b>                                   | <b>20,466,456</b> | <b>2,157,505</b>       | <b>303</b>                                                       | <b>(10,709,007)</b> | <b>11,915,257</b> |

The accounting policies and notes from 1 to 38 form an integral part of these financial statements.

# Statement of Cash Flows

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

|                                                                | Notes | 31.12.2024<br>Rs. '000 | 31.12.2023<br>Rs. '000 |
|----------------------------------------------------------------|-------|------------------------|------------------------|
| Profit / (Loss) before taxation                                |       | (268,347)              | (784,366)              |
| <b>Adjustment for</b>                                          |       |                        |                        |
| Depreciation                                                   | 12    | 482,573                | 291,682                |
| Land Amortization                                              | 13    | 78,099                 | 75,511                 |
| Changes in Impairment of Debtors                               | 15    | 2,350                  | 7,643                  |
| Provision for Defined Benefit Plans                            | 23    | 28,460                 | 22,462                 |
| Provision for Breakages                                        | 25    | 2,798                  | 4,647                  |
| Interest Expenses                                              | 8     | 590,497                | 598,546                |
| Unrealized Exchange (Gain)/Loss                                | 6     | (35)                   | (2,955)                |
| Profit on Sale of Property, Plant & Equipment                  | 6     | (10,674)               | (3,188)                |
| Interest Income                                                | 7     | (10,740)               | (18,037)               |
| <b>Operating Profit Before Working Capital Changes</b>         |       | <b>894,981</b>         | <b>191,944</b>         |
| (Increase)/ Decrease in Inventories                            | 14    | (12,476)               | 35,287                 |
| (Increase) / Decrease in Receivables                           | 15    | (115,588)              | (96,078)               |
| (Increase) / Decrease in Amount Due From Related Parties       | 16/26 | (228,806)              | 105,713                |
| (Increase) / Decrease in Other Assets                          | 17    | 224,349                | (50,641)               |
| Increase / (Decrease) in Trade & Other Payables                | 25    | (164,289)              | 89,961                 |
| Increase / (Decrease) in Contract Liabilities                  | 27    | 77,755                 | 47,342                 |
| <b>Cash generated from operations</b>                          |       | <b>675,926</b>         | <b>323,527</b>         |
| Income Tax Paid                                                | 29    | -                      | (254)                  |
| Payment of Retirement Benefits                                 | 23    | (34,656)               | (13,963)               |
| <b>Net cash generated from operating activities</b>            |       | <b>641,270</b>         | <b>309,310</b>         |
| <b>Cash Flows from Investing Activities</b>                    |       |                        |                        |
| Purchase of property, plant & equipment                        | 12    | (171,388)              | (193,842)              |
| Net Change in Right to Use - Lease Land Liability              | 13    | (7,392)                | (4,806)                |
| Investment in Capital Work-in-Progress                         |       | (766,283)              | (1,289,918)            |
| Proceeds from sale of property, plant & equipment              |       | 18,541                 | 5,625                  |
| Interest income received                                       | 7     | 10,740                 | 18,037                 |
| <b>Net cash used in investing activities</b>                   |       | <b>(915,781)</b>       | <b>(1,464,903)</b>     |
| <b>Cash Flows from Financing Activities</b>                    |       |                        |                        |
| Repayment of long term borrowings                              | 22    | -                      | (500,040)              |
| Proceeds from long term borrowings                             | 22    | 823,861                | 1,626,139              |
| Finance Cost                                                   | 8     | (590,497)              | (598,546)              |
| <b>Net cash used in financing activities</b>                   |       | <b>233,364</b>         | <b>527,553</b>         |
| Net Increase/(Decrease) in Cash & Cash Equivalents             |       | (41,146)               | (628,038)              |
| Cash & Cash Equivalents at the Beginning of the Year (Note 30) |       | (1,447,886)            | (822,800)              |
| Unrealized Exchange Gain /(Loss) on USD Savings Deposits       |       | 35                     | 2,955                  |
| <b>Cash &amp; Cash Equivalents at the End of the Year</b>      |       | <b>(1,488,998)</b>     | <b>(1,447,886)</b>     |

The accounting policies and notes from 1 to 38 form an integral part of these financial statements.

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

## 1. CORPORATE INFORMATION

### 1.1. General

Hotel Developers (Lanka) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and the principal place of business of the company are located at No. 02, Sir Chittampalam Gardiner Mawatha, Colombo 2.

### 1.2. Principal Activities and Nature of Operations

Hotel Developers (Lanka) Ltd is engaged in the business of hospitality trade, owning Hilton Colombo Hotel.

### 1.3. Date of Authorization for Issue

The financial statements were authorized for issue by the Board of Directors on .....

## 2. BASIS OF PREPARATION

### 2.1. Statement of Compliance

The financial statements of the company (statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows together with accounting policies and notes) are prepared by Sri Lanka Accounting Standards, commonly referred to as SLFRS as issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

### 2.2. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following material

item in the statement of financial position:

- Property, Plant, and Equipment which were subsequently measured at fair value.
- Liability of defined benefit obligation is recognized at the present value of the defined benefit obligation.

### 2.3. Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency and presentational currency. All financial information presented in Sri Lanka Rupees is rounded to the nearest rupee unless otherwise stated.

### 2.4. Comparative Information

The accounting policies have been consistently applied by the Company with those of the previous financial by LKAS 01 - presentation of financial statements.

### 2.5. Materiality & Aggregation

In compliance with LKAS 01 on the presentation of financial statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions too are presented separately, if they are material as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements and amendments to the LKAS 1 which was effective from January 01, 2020.

### 2.6. Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of fi-

nancial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

## 3. ACCOUNTING POLICIES

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year except for changes in accounting policies stated in note 3.1.

### Comparative information

The presentation and classification of the financial statements of the previous year have been amended, where relevant for better presentation and to be comparable with those of the current year.

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of the previous period in the Financial Statements. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.



### 3.1 Changes in Accounting Policies and Disclosures

#### New and amended standards and interpretations

##### SLFRS 16 Leases

SLFRS 16 provides a single lessee accounting model, requiring leases to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value even though lessor accounting remains similar to current practice. This supersedes LKAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC 15 Operating Leases- Incentives; and SIC 27 Evaluating the Substance of Transactions Involving the Legal form of a Lease. Earlier application is permitted for entities that apply SLFRS 15 Revenue from Contracts with customers.

SLFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Land lease rights of UDA Car Park of Hilton Colombo will have an impact when adopting SLFRS 16 with effect from 1 January 2019.

### 3.2 Significant Accounting Judgments, Estimates, and Assumptions

The preparation of financial statements requires the application of certain critical accounting assumptions relating to the future. Further, it requires the management of the Company to make judgments, estimates, and assumptions that affect the reported amounts of income, expenses, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could

result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods. Hence, experience and results may differ from these judgments and estimates.

In the process of applying the company's accounting policies, management has made the following judgments, estimates, and assumptions which have the most significant effect on the amounts recognized in the financial statements:

#### a) Taxation

The Company is subject to income taxes and other taxes including value-added taxation and Social Security Contribution Levy. Significant judgment was required to determine the total provision for current, deferred, and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the imposition of taxes. Uncertainties exist, concerning the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Company recognized assets and liabilities for current, deferred, and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income, deferred, and tax amounts in the period in which the determination is made.

#### b) Revaluation of Property, Plant, and Equipment.

The Property, Plant, and Equipment of the Company are reflected at fair

value. When current market prices of similar assets are available, such evidence is considered in estimating the fair values of these assets. In the absence of such information the Company determines within reasonable fair value estimates, amounts that can be attributed as fair values, with the assistance of an independent professional valuer.

#### c) Useful lifetime of the Property, Plant, and Equipment

The Company reviews the residual values, useful lives, and methods of depreciation of assets at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, and methods and hence they are subject to uncertainty.

#### d) Going Concern

The Directors have assessed the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on a going concern.

#### e) Impairment Losses on Financial Assets

The company assesses at each reporting date or more frequently to determine whether there is any objective evidence of whether an impairment loss should be recorded in the statement of comprehensive income.

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

## f) Defined Benefit Plans

The cost of defined benefit plans is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions, and their long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the yield of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and the expected future salary increase rate of the Company.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company in preparation for its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

### 4.1 Revenue Recognition

#### (i) Revenue from Contracts with Customers

The Hotel is in the business of providing hospitality and leisure services.

Revenue from contracts with the Customer is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Hotel expects to be entitled in exchange for these goods and services.

The Hotel has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Management has assessed the impact of applying SLFRS 15 as disclosed below:

#### (a) Rendering of services

Revenue from the rendering of services is recognized when performance obligations are satisfied over some time.

Room revenue is recognized on the rooms occupied daily and food and beverage revenue is accounted for at the time of sale. (i.e. when performance obligation is satisfied). Other Hotel Related Revenue is account for ted when such service is rendered.

#### (ii) Interest

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future

cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income on the non-financial assets is included in the FF&E reserve. All other interest income is included in finance income.

#### (iii) Shop Rental Income

Shop Rental income is recognized on an accrual basis.

#### Turnover based taxes

Turnover-based taxes include Value Added Tax, Tourism Development Levy, and Social Security Contribution Levy. The hotel's taxes are by the respective statutes.

#### Other income

Other income is recognized on an accrual basis.

## 4.2 Expenditure Recognition

Expenses are recognized in the statement of comprehensive income based on a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in running the business and in maintaining property, plant, and equipment in a state of efficiency has been charged to the statement of comprehensive income.

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

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive income.

## **4.3 Taxation**

### **4.3.1 Current Tax**

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as of the reporting date.

### **4.3.2 Deferred Tax**

Deferred tax is provided using the liability method on temporary differences at the reporting period date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible differences. Carry forward of unused tax credits and unused tax losses, to the extent that taxable profits will probably be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the

extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the reporting date.

## **4.4 Non-financial Asset**

### **4.4.1 Property, Plant, and Equipment**

#### **a) Recognition and Measurement**

##### **At Initial Recognition**

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably by LKAS 16 - property, plant & equipment. Initially property and equipment are measured at cost net of accumulated depreciation and accumulated impairment loss, if any. Such cost includes the cost of replacing parts of the Property, Plant, and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant, and Equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major refurbishment is performed, its cost is recognized in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred.

##### **At Subsequent Measurement**

All Property, Plant, and Equipment are subsequently measured at fair value less accumulated depreciation, and such valuation are carried by external independent valuers. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognized in other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the Income Statement, in which case the increase is recognized in the Income Statement. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal or de-recognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost.

##### **Subsequent Cost**

Subsequent expenditure incurred to acquire, extend, or improve assets of a permanent nature by means of which to using the business or to increase the earning capacity of the business is treated as capital expenditure, and such expenses are recognized in the carrying amount of an asset. The costs associated with the day-to-day servicing of

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

property, plant, and equipment are recognized in the statement of comprehensive income as incurred.

## Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Depreciation is charged from the date of purchase to the date of disposal on prorated basis. The rates of depreciations based on the estimated useful lives are as follows:

| Category of asset                 | %     |
|-----------------------------------|-------|
| Buildings                         | 1.82  |
| Plant and machinery               | 7.50  |
| Refrigerators & kitchen equipment | 7.50  |
| Computers & televisions           | 20.00 |
| Motor vehicles                    | 25.00 |
| Furniture, fittings & equipment   | 10.00 |
| Operating Equipment               | 33.00 |

- \* Software is classified under "Computers and Television" and as it represents an ancillary component that is not material in value and does not contribute directly to revenue generation

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

## De-recognition

Property, plant, and equipment are derecognized on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'other operating income' in the statement of comprehensive income in the year the asset is derecognized. The revaluation surplus included in the equity in respect of an item of Property, Plant and Equipment is transferred directly to equity when the assets are de-recognized.

## Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

### 4.4.2 Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to selling and its

value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value and lower costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in the Income Statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the

asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Income Statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

#### 4.4.3 Fair Value Measurement

The Company measures all Property, Plant, and Equipment at fair value. 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

- 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use

of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized 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 is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Financial Statements regularly, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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's management determines the policies and procedures for both recurring fair value measurements. External valuers are involved in the valuation of Property, Plant, and Equipment. The involvement of external valuers is decided by the management after discussion with and approval by

the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

#### 4.5 Prepaid Lease Rental

The leasehold lands are amortized on an equal annual basis over the period of the lease and charged to the Income Statement on a straight-line basis over the period of the lease.

#### 4.6 Inventories

Inventories are valued at the lower cost and estimated net realizable value, after making due allowances for obsolete and slow-moving items. Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for the cost of realization and/ or cost of conversion from their existing state to saleable condition.

The cost of each category of inventory is determined on a weighted average basis.

#### 4.7 Financial Assets – Recognition and Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

##### (a) Initial Recognition and measurement

Financial assets are classified at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.



# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Hotel's business model for managing them. Except for trade receivable that does not contain significant financing components for which Hotel has applied the practical expedient, the Hotel initially measures a financial asset at its fair value plus, in the case of a financial asset not a fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component for which the Hotel has applied the practical expedients measured at the transaction price determined under SLFRS 15.

For a financial asset to be classified and measured at amortized cost or fair value through OCI it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding.

The Hotel's business model for managing financial assets refers to how it manages financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows selling the financial assets or both.

Purchases or sales of financial assets that require delivery of financial assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Hotel commits to purchase or sell the asset.

## (b) Subsequent measurement

For purposes of subsequent measurement, financial assets are

classified into four categories:

- i. Financial assets at amortized cost (debt instruments)
- ii. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- iii. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- iv. Financial assets at fair value through profit or loss

### Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Hotel. The Hotel measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model to hold financial assets to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

The Hotel's financial assets at amortized cost include cash and bank balances, short-term investments, the amount due from related parties, trade receivables, and non-current investments.

The Hotel does not classify financial assets at fair value through OCI (debt instruments) and financial assets at fair value through OCI (equity instruments) and financial assets at fair value through profit or loss.

## (c) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired Or
- The Hotel has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
  - (a) the Hotel has transferred substantially all the risks and rewards of the asset, or
  - (b) the Hotel has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

When the Hotel has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Hotel continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Hotel also recognizes an associated liability. The transferred

asset and the associated liability are measured on a basis that reflects the rights and obligations that the Hotel has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Hotel could be required to repay.

#### **(d) Impairment**

The Hotel 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 by the contract and all the cash flows that the Hotel expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Hotel applies a simplified approach to calculating ECLs. Therefore, the Hotel does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Hotel 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.

#### **Financial liabilities**

##### **(a) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial li-

abilities at fair value through profit or loss, loans, borrowings, payables, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Hotel's financial liabilities include trade and other payables, amounts due to related parties including bank overdrafts.

The hotel does not have financial liabilities at fair value through profit and loss and derivative financial instruments.

##### **(b) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### **Loans and borrowings**

This is the category most relevant to the Hotel. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

##### **(c) De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### **4.8 Cash and Bank Balances**

Cash and bank balances are defined as cash in hand and balances with banks. For a statement of cash flows, cash, and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

#### **4.9 Stated Capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

## 4.10 Retirement Benefit Obligations

### 4.10.1 Defined Benefit Plan – Gratuity

The liability recognized in the statement of financial position represents the present value of the defined benefit obligation at the reporting date estimated based on actuarial valuation using the projected unit credit method. Actuarial valuations involve making assumptions about discount rates and future salary increases. A defined benefit obligation is highly sensitive to changes in these assumptions. These benefits are not externally funded.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in the other comprehensive income.

However, as per the Payment of Gratuity Act No. 12 of 1983, the liability to pay gratuity arises only on completion of 5 years of continued service.

### 4.10.2 Defined Contribution Plan

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

#### a) Employees' Provident Fund

The company and employees contribute 12% and 8% respectively on

the salary of each employee to the approved Provident Fund.

#### b) Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

## 4.11 Financial Liabilities

### 4.11.1 Initial Recognition and Measurement

The Company classifies financial liabilities into financial liabilities at Fair Value through Profit or Loss (FVTPL) or other financial liabilities by the substance of the contractual arrangement and the definitions of financial liabilities.

The Company recognizes financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the financial liability.

#### a) Financial Liability at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading or designated as such upon initial recognition. After initial recognition, financial liabilities at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

Upon initial recognition, transaction cost directly attributable to the acquisition is recognized in profit or loss as incurred. The criteria for the designation of financial liabilities at FVTPL upon initial recognition are the same as those of financial assets at FVTPL.

#### b) Other Financial Liabilities

Other financial liabilities including deposits, debt issued by the Company, and the other borrowed funds

are initially measured at fair value less transaction cost that is directly attributable to the acquisition and subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

### 4.11.2 De-recognition of Financial Liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

## 4.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and an outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

#### **4.13 Statement of Cash Flows**

The cash flow statement has been prepared using the indirect method, as stipulated in LKAS 7- statement of cash flows. Cash and cash equivalents comprise cash in hand, cash at the bank, and bank over-drafts.

#### **4.14 Segmental Information**

A Segment is a distinguishable component engaged in providing services that are subject to risks and returns that are different from those of other segments. The Company does not have distinguishable components to be identified as a segment as all operations are treated as one segment.

#### **4.15 Standards Issued But Not Yet Effective**

The company has adopted all the relevant standards and interpretations that are issued as of 31 December 2023.

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

## 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

|                                                         | 31.12.2024 | 31.12.2023 |
|---------------------------------------------------------|------------|------------|
|                                                         | Rs. '000'  | Rs. '000'  |
| <b>5.1. Gross Revenue from contracts with customers</b> | 5,445,959  | 4,389,326  |
| Less : Tourism Development Levy                         | (52,870)   | (42,575)   |
| Net Revenue from contracts with customers               | 5,393,089  | 4,346,751  |

Value added tax of Rs. 1,033 Mn (2023 - Rs. 720 Mn) has been deducted in arriving at Revenue.

## 5.2 Revenue

|                                   |           |           |
|-----------------------------------|-----------|-----------|
| Room revenue                      | 1,848,222 | 1,137,293 |
| Food and Beverage revenue         | 3,342,408 | 3,034,962 |
| Other operating departments       | 56,153    | 55,845    |
| Social Security Contribution Levy | 146,306   | 118,651   |
|                                   | 5,393,089 | 4,346,751 |

## 6. OTHER GAINS AND LOSSES

|                                         |        |          |
|-----------------------------------------|--------|----------|
| Profit on disposal of plant & equipment | 10,674 | 3,188    |
| Shop Rentals                            | 15,168 | 15,673   |
| Exchange Gain / (Loss) Unrealized       | 35     | 2,955    |
| Exchange gain realized                  | (82)   | (13,668) |
| Sundry Income                           | 2,826  | 5,027    |
|                                         | 28,621 | 13,175   |

## 7. FINANCE INCOME

|                                             |        |        |
|---------------------------------------------|--------|--------|
| Interest income - Loans and receivables     |        |        |
| Interest on MoneyMarket/ Treasury Bills     | 4,941  | 961    |
| Interest on Staff Loans                     | 436    | 609    |
| Interest on RFC Accounts                    | 30     | 409    |
| Interest on Savings Accounts                | 2,623  | 2,507  |
| Interest income on FF&E Replacement Reserve | 2,712  | 13,551 |
|                                             | 10,740 | 18,037 |

## 8. FINANCE CHARGES

|                                |         |         |
|--------------------------------|---------|---------|
| Overdraft Interest             | 209,850 | 296,254 |
| Term Loan Facility             | 379,638 | 299,097 |
| Interest on Right to Use Lease | 1,008   | 3,195   |
|                                | 590,497 | 598,546 |



## 9. PROFIT FOR THE PERIOD

|                                                                                      | 31.12.2024 | 31.12.2023 |
|--------------------------------------------------------------------------------------|------------|------------|
|                                                                                      | Rs. '000'  | Rs. '000'  |
| Profit for the period is stated after charging all expenses including the following: |            |            |
| Directors' emoluments                                                                | 24,515     | 18,806     |
| Auditors' remuneration - Company                                                     | 1,952      | 1,200      |
| - Colombo Hilton                                                                     | 2,600      | 2,240      |
| Depreciation                                                                         | 560,672    | 367,193    |
| Staff costs (including the following employee benefit plan costs)                    | 740,983    | 606,880    |
| - Defined benefit plan cost - Gratuity                                               | 28,460     | 22,462     |
| - Defined contribution plan costs - EPF & ETF                                        | 87,842     | 75,780     |
| Group service & benefit charge - Hilton International                                | 105,273    | 85,008     |
| Legal fees                                                                           | 12,057     | 6,337      |
| Electricity                                                                          | 276,784    | 349,175    |

### 9.1 Reclassification Expenses

In previous years, the cost of the staff cafeteria related to revenue centers, which was reclassified to the cost of sales, was inadvertently credited to Other Operating Expenses, while the original cost was recorded under Administrative Expenses. Additionally, from 2024 onwards, the Social Security Contribution Levy has been grossed up with revenue, and the corresponding cost has been adjusted under Administrative Expenses for both the current and previous years. This has now been correctly reclassified in the current year.

|                                      | As previously recorded | Impact of correction of Error | As Restated |
|--------------------------------------|------------------------|-------------------------------|-------------|
| Operating Expenses                   | 616,505                | 82,043                        | 698,548     |
| Administrative Expenses              | 867,590                | (82,043)                      | 785,547     |
| Social Security Contribution Levy    | -                      | 118,651                       | 118,651     |
| Reclassified Administartion Expenses | 867,590                | 36,607                        | 904,197     |

## 10. INCOME TAX EXPENSE

|                                                        | Impact of correction of Error | As Restated |
|--------------------------------------------------------|-------------------------------|-------------|
| Under/(Over) Provision adjustments from previous years | -                             | (17,731)    |
| Deferred tax (Income) Expense                          | 71,490                        | (77,923)    |
|                                                        | 71,490                        | (95,654)    |

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

The applicable Income Tax Rate is 30%

The rate of 30% has been used for deferred tax and the resultant impact has been recognized in the statement of the comprehensive income.

**10.1** A reconciliation between Taxable profit and Accounting Profit for the Years Ended 31st December 2024 and 31st December 2023 are as follows

|                                                   | 31.12.2024 | 31.12.2023  |
|---------------------------------------------------|------------|-------------|
|                                                   | Rs. '000'  | Rs. '000'   |
| Accounting Profit Before Income Tax               | (268,347)  | (784,367)   |
| Aggregate Disallowed Items                        | 618,814    | 383,516     |
| Aggregate allowable Expense                       | (733,631)  | (625,103)   |
| Trading Profits and Other Sources of Income @ 30% | (383,163)  | (1,025,954) |
| Other sources of Income Liable @ 30%              | -          | -           |
| Total Taxable Profit                              | -          | -           |
| <b>Taxable Profit</b>                             | -          | -           |
| Taxable other source of Income @ 30%              | -          | -           |
| Current Year Total Tax Expense                    | -          | -           |

## 10.2 Deferred Tax

Deferred tax arising from:

|                                                              |               |                 |
|--------------------------------------------------------------|---------------|-----------------|
| - Origination and reversal of temporary difference (Note 24) | 71,490        | (77,923)        |
| <b>Total deferred tax charge</b>                             | <b>71,490</b> | <b>(77,923)</b> |

## 10.3 Tax losses carried forward

|                                                      |                  |                   |
|------------------------------------------------------|------------------|-------------------|
| Tax losses carried forward                           | 14,048,890       | 13,057,369        |
| (-) Loss expired during the year                     | (9,937,175)      | -                 |
| Tax losses incurred during the year                  | 383,163          | 1,025,954         |
| Losses Transfer to Investment                        | -                | (34,433)          |
| <b>Tax losses carried forward for future periods</b> | <b>4,494,878</b> | <b>14,048,890</b> |

## 11. Earning Per Share - Basic

Basic earning per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the ordinary shares outstanding during the year.

|                                                                                       | 31.12.2024       | 31.12.2023       |
|---------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                       | Rs. '000'        | Rs. '000'        |
| Profit per ordinary share                                                             | (0.17)           | (0.01)           |
| <b>Amount used as the Numerator</b>                                                   | <b>Rs. '000</b>  | <b>Rs. '000</b>  |
| Profit attributable to the ordinary shareholders                                      | (351,638)        | (15,873)         |
| <b>Amount Used as the Denominator</b>                                                 | <b>Nos. '000</b> | <b>Nos. '000</b> |
| 'Weighted average number of ordinary shares for the purpose of basic profit per share | 2,046,646        | 2,046,646        |

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

## 12. PROPERTY, PLANT AND EQUIPMENT

|                                                       | Buildings<br>on<br>leasehold<br>land | Plant &<br>machinery | Hotel<br>furniture &<br>fittings | Motor<br>vehicle | Refrigerator<br>& kitchen<br>equipment | Television & Operational<br>computers Equipment | Total             |
|-------------------------------------------------------|--------------------------------------|----------------------|----------------------------------|------------------|----------------------------------------|-------------------------------------------------|-------------------|
|                                                       | Rs. '000                             | Rs. '000             | Rs. '000                         | Rs. '000         | Rs. '000                               | Rs. '000                                        | Rs. '000          |
| <b>Cost/ Revaluation</b>                              |                                      |                      |                                  |                  |                                        |                                                 |                   |
| <b>Balance as at 31st December 2022</b>               | 6,123,575                            | 407,765              | 564,166                          | 56,020           | 474,650                                | 52,060                                          | 7,829,566         |
| Disposal                                              |                                      |                      | (2,272)                          |                  | (593)                                  | (978)                                           | (3,844)           |
| Additions during the year                             | 48,754                               | 10,315               | 52,266                           | -                | 3,844                                  | 29,260                                          | 193,842           |
| Transfer from WIP – Capitalization of Room renovation | 2,085,124                            |                      | 204,743                          | -                | -                                      | -                                               | 2,289,866         |
| Transfer from WIP - Building structure                | 1,123,560                            |                      |                                  |                  |                                        |                                                 | 1,123,560         |
| Revaluation Gain                                      | 1,396,705                            | -                    | -                                | 107,785          | -                                      |                                                 | 1,629,173         |
| Transfer to WIP                                       | (318,342)                            |                      |                                  |                  |                                        |                                                 | (318,342)         |
| Transferred to Revaluation Reserve                    | (486,616)                            |                      |                                  | (56,020)         |                                        | (142,216)                                       | (684,852)         |
| <b>Balance as at 31st December 2023</b>               | 9,972,759                            | 418,080              | 818,903                          | 107,785          | 477,901                                | 80,342                                          | 12,058,970        |
| Disposal                                              | -                                    | (818)                | (7,378)                          | -                | (3,337)                                | (3,018)                                         | (14,550)          |
| Additions during the year                             | 18,391                               | 7,936                | 43,744                           | -                | 34,522                                 | 42,940                                          | 171,388           |
| Transfer from WIP – Capitalization of Room renovation | 2,194,388                            | -                    | 179,278                          | -                |                                        | 22,691                                          | 2,396,358         |
| Transfer from WIP - Building structure                | 692,862                              |                      |                                  |                  |                                        |                                                 | 692,862           |
| <b>Balance as at 31st December 2024</b>               | <b>12,878,400</b>                    | <b>425,199</b>       | <b>1,034,548</b>                 | <b>107,785</b>   | <b>509,086</b>                         | <b>142,956</b>                                  | <b>15,305,028</b> |
| <b>Accumulated Depreciation</b>                       |                                      |                      |                                  |                  |                                        |                                                 |                   |
| <b>Balance as at 31st December 2022</b>               | 365,629                              | 73,533               | 166,047                          | 42,015           | 97,361                                 | 30,017                                          | 900,166           |
| Charge for the year                                   | 120,987                              | 30,862               | 61,167                           | 14,005           | 35,678                                 | 12,331                                          | 291,682           |
| Disposal                                              | -                                    |                      | (682)                            |                  | (133)                                  | (585)                                           | (1,400)           |
| Transferred to Revaluation Reserve                    | (486,616)                            |                      |                                  | (56,020)         |                                        | (142,216)                                       | (684,852)         |
| <b>Balance as at 31st December 2023</b>               | -                                    | 104,395              | 226,532                          | -                | 132,905                                | 41,763                                          | 505,595           |
| Charge for the year                                   | 207,369                              | 31,533               | 90,922                           | 26,946           | 37,756                                 | 24,326                                          | 482,573           |
| Disposal                                              |                                      | (327)                | (2,941)                          | -                | (1,001)                                | (2,414)                                         | (6,683)           |
| <b>Balance as at 31st December 2024</b>               | <b>207,369</b>                       | <b>135,600</b>       | <b>314,512</b>                   | <b>26,946</b>    | <b>169,661</b>                         | <b>63,672</b>                                   | <b>981,481</b>    |
| <b>Written Down Value</b>                             |                                      |                      |                                  |                  |                                        |                                                 |                   |
| <b>Balance as at 31st December 2022</b>               | 5,757,946                            | 334,232              | 398,119                          | 14,005           | 377,289                                | 22,043                                          | 6,929,400         |
| <b>Balance as at 31st December 2023</b>               | 9,972,759                            | 313,685              | 592,371                          | 107,785          | 344,996                                | 38,579                                          | 11,553,379        |
| <b>Balance as at 31st December 2024</b>               | <b>12,671,031</b>                    | <b>289,599</b>       | <b>720,036</b>                   | <b>80,839</b>    | <b>339,425</b>                         | <b>79,284</b>                                   | <b>14,323,547</b> |

Hotel Developers (Lanka) Ltd has full possession and control of the property, plant & equipment of the hotel.

**12.2** A bridge was constructed in 1998 linking the World Trade Centre and Hilton Hotel at a cost of USD 360,000. Overseas Realty Ltd and Hilton International contributed US \$ 180,000 and US \$ 90,000 respectively, and the company contributed the balance amount. USD 90,000 incurred by the company has been capitalized in the financial statements under the building.

**12.3** The Company uses the revaluation model of measurement for property, plant and equipment (PPE) effective from 31st December 2019. The Fair Value of the Building, Motor Vehicles & Operating Equipment was determined by means of revaluation during the Financial year 2023 by G.W.G. Abeygunawardene, an accredited independent valuer, to determine the fair value of company owned PPE. 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, all of which falls under level 3 of the fair value measurement hierarchy. The date of the valuation was 31st December 2023.

|                             |                                                                                                                     |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------|
| Property                    | Buildings (Extent - 445,175 Sq. ft.) No.02, Sir Chittampalam A Gardiner Mawatha Colombo 02 and other movable assets |
| Method of valuation         | Based on depreciated replacement cost approach                                                                      |
| Effective date of valuation | 31st December 2023                                                                                                  |
| Property Valuer             | Mr. G.W.G. Abeygunawardene, Chartered Valuation Surveyor                                                            |

If the PPE is presented at Cost less depreciation, the carrying value would be as follows:

|                          | 31.12.2024  | 31.12.2023  |
|--------------------------|-------------|-------------|
|                          | Rs. '000'   | Rs. '000'   |
| Cost                     | 19,726,510  | 17,158,765  |
| Accumulated Depreciation | (7,487,792) | (7,005,220) |
| Writtendown Value        | 12,238,718  | 10,153,545  |

**12.4.** The renovation of 264 guest rooms was completed progressively, with final completion in November 2024. since the assets were put in use and required capitalization, the related costs were capitalized based on estimated costs to completion provided by the Cost Consultant (Quantity Surveyor) as the final contractor invoices for work completion are pending submission. Upon receipt of the final certified contractor invoices, the capitalized amounts will be reviewed and, where necessary, adjusted to reflect the actual costs incurred.

## 13.

| Rs. "000"                  | Main Property<br>99 Year Lease | UDA Car Park | Total     |
|----------------------------|--------------------------------|--------------|-----------|
| Balance as at 31. 12. 2022 | 6,256,992                      | 4,806        | 6,261,798 |
| Amortisation               | (70,705)                       | (4,806)      | (75,511)  |
| Addition                   | -                              | 29,091       | 29,091    |
| Balance as at 31. 12. 2023 | 6,186,287                      | 29,091       | 6,215,377 |
| Amortisation               | (70,707)                       | (7,392)      | (78,099)  |
| Addition                   |                                | 3,911        | 3,911     |
| Balance as at 31. 12. 2024 | 6,115,580                      | 25,609       | 6,141,189 |

**13.1** The leasehold land of the main property is for a period of 99 years effective from 28th June 2012. The leasehold land value amounting to Rs. 7 Bn. has been capitalized and shares issued to the Government of Sri Lanka.



# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

**13.2.** In accordance with the Cabinet decision dated 13th December 2016, the lease term for the 1.8-acre parcel of land on which the Sports Complex is located was extended until June 2111, in alignment with the lease of the main building. Furthermore, a subsequent Cabinet decision dated 3rd March 2022 determined that the lease premium of Rs. 4,440 million, representing the total lease premium for the period, will be deferred until a sub-lease agreement is finalized with an investor as part of the company's capital restructuring.

**13.3.** The company has entered into a lease agreement with the Urban Development Authority (UDA) for a 52-perch parcel of land adjacent to the hotel, designated for use as a car park facility. The lease term is 30 years, commencing on 1 January 2020, with lease rentals subject to revision every five years, as determined by the Government Chief Valuer. As the initial five-year term ends on 31 December 2024, the lease rental for the subsequent five-year period has been capitalized based on a 5% increase over the base year lease premium. This adjustment has been made to ensure that the lease liability and the corresponding right-of-use asset are stated at amounts that reasonably reflect fair value.

## 14. INVENTORIES

|                                          | 31.12.2024 | 31.12.2023 |
|------------------------------------------|------------|------------|
|                                          | Rs. '000'  | Rs. '000'  |
| Food                                     | 42,554     | 32,200     |
| Beverages                                | 58,872     | 56,516     |
| Engineering Stores (Fuel & Furnance Oil) | 8,366      | 8,600      |
|                                          | 109,792    | 97,317     |

## 15. Trade and Other Receivables

|                             |          |          |
|-----------------------------|----------|----------|
| Trade receivables           | 356,109  | 240,521  |
| Less: Impairment of debtors | (12,542) | (10,192) |
|                             | 343,568  | 230,329  |

## 16. AMOUNTS DUE FROM RELATED PARTY

|                          |        |        |
|--------------------------|--------|--------|
| Hilton Colombo Residence | 3,852  | 5,309  |
| Hilton Weerawila         | 1,829  | 6,803  |
| Hilton Yala              | 10,997 | 4,277  |
| Hilton Kuala Lumpur      | -      | 2,031  |
| Hilton Shah Alam 1-City  | -      | 42     |
| Ministry of Finance      | 71,728 | 24,358 |
|                          | 88,407 | 42,820 |

## 17. OTHER ASSETS

|                                    | 31.12.2024 | 31.12.2023 |
|------------------------------------|------------|------------|
|                                    | Rs. '000'  | Rs. '000'  |
| Deposits, prepayments and advances | 90,426     | 116,003    |
| Other receivables                  | 36,052     | 40,257     |
| Advances - Refurbishment Expenses  | -          | 194,941    |
| Income tax receivable - Note 29    | 34,231     | 33,855     |
|                                    | 160,708    | 385,056    |

## 18. CURRENT FINANCIAL ASSETS

|                                   |        |        |
|-----------------------------------|--------|--------|
| Call deposits                     | 961    | 836    |
| Debt Services Reserve (DSR) - A/C | 65,805 | 61,111 |
| Total Short-term investment       | 66,766 | 61,947 |

## 19. CASH AND BANK BALANCES

|                                   |         |         |
|-----------------------------------|---------|---------|
| Foreign Currency Savings          | 43,791  | 113,297 |
| FFE Reserve A/C (Savings A/C)     | 20,909  | 112,249 |
| Debt Services Reserve (DSR) - A/C | 36      | 36      |
| Cash & Operating Bank A/C         | 38,860  | 49,774  |
|                                   | 103,596 | 275,356 |

The year end balance in the foreign currency saving account has been translated to functional currency of Sri Lankan Rupees at the closing rate as at Balance Sheet date in terms of the accounting standards.

## 20. STATED CAPITAL

|                               | 31.12.2024 | 31.12.2023 |
|-------------------------------|------------|------------|
|                               | Rs. '000   | Rs. '000   |
| Issued and Fully Paid         |            |            |
| 2,046,645,685 Ordinary shares | 20,466,456 | 20,466,456 |

The Secretary to the Treasury of the Government of Sri Lanka presently holds 100% of the ordinary share capital of the Company. The divestment of Hotel Developers (Lanka) Ltd as per the Cabinet Decision No. 23/0431/604/046 of 14th March 2023 with respect to the Cabinet Memorandum No MF/018/CM/2023/055 dated 27th February 2023, is currently put on hold pending new policy directions of the Government of Sri Lanka.

## Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

### 21. RESERVES

|                                                                 | 31.12.2024 | 31.12.2023 |
|-----------------------------------------------------------------|------------|------------|
|                                                                 | Rs. '000   | Rs. '000   |
| Furniture, fittings & equipment replacement reserve (Note 21.1) | 303        | -          |

#### 21.1 Furniture, Fittings and Equipment Replacement Reserves

|                                                                     |           |           |
|---------------------------------------------------------------------|-----------|-----------|
| Balance at the beginning of the year                                | -         | 178,228   |
| Add: Provision made during the year                                 | 207,816   | -         |
| Less: Amounts transferred to equity statement                       | -         | -         |
| Amounts utilized for purchase & replacement of furniture & fittings | (207,513) | (178,228) |
| Balance at the end of the year                                      | 303       | -         |

An amount equivalent to USD 700,000 has been transferred to furniture, fittings & equipment reserve during the year.

## 22. INTEREST BEARING BORROWINGS

|                              | 2024                        |                            |           | 2023                        |                            |           |
|------------------------------|-----------------------------|----------------------------|-----------|-----------------------------|----------------------------|-----------|
|                              | Amounts due within one year | Amounts due after one year | Total     | Amounts due within one year | Amounts due after one year | Total     |
|                              | Rs.                         | Rs.                        | Rs.       | Rs.                         | Rs.                        | Rs.       |
| Term Loan - Sampath Bank PLC | 262,500                     | 2,187,500                  | 2,450,000 | -                           | 1,626,139                  | 1,626,139 |
| Term Loan - Peoples Bank     | 333,324                     | 1,166,636                  | 1,499,960 | 58,333                      | 1,441,627                  | 1,499,960 |
|                              | 595,824                     | 3,354,136                  | 3,949,960 | 58,333                      | 3,067,766                  | 3,126,099 |

Security and Repayment Terms

### 22.1. Term Loans

|                          | Balance as at 01.01.2023 | Loans draw down | Repayment | Balance as at 31. 12. 2023 |
|--------------------------|--------------------------|-----------------|-----------|----------------------------|
| Term Loan - Peoples Bank | 2,000,000                | -               | (500,040) | 1,499,960                  |
| Term Loan - Sampath Bank | -                        | 1,626,139       | -         | 1,626,139                  |
|                          | 2,000,000                | 1,626,139       | (500,040) | 3,126,099                  |

|                          | Balance as at 01.01.2024 | Loans draw down | Repayment | Balance as at 31. 12. 2024 |
|--------------------------|--------------------------|-----------------|-----------|----------------------------|
| Term Loan - Peoples Bank | 1,499,960                | -               | -         | 1,499,960                  |
| Term Loan - Sampath Bank | 1,626,139                | 823,861         | -         | 2,450,000                  |
|                          | 3,126,099                | 823,861         | -         | 3,949,960                  |

| Financial Institution  | People's Bank     | Sampath Bank      |
|------------------------|-------------------|-------------------|
| Nature of the facility | Term Loan         | Term Loan         |
| Amount                 | Rs.1,500 Mn       | Rs. 2,450 Mn      |
| Rate of interest       | AWPLR +1.5%       | AWPLR +1.5%       |
| Security               | Property Morgaged | Property Morgaged |

Repayment period 7 Years 7 Years

Primary concurrent mortgage bond was executed for Rs. 3,050 Mn in March 2023 favour of Sampath Bank PLC over the leasehold rights of the Hilton Colombo Hotel Property ranking equal and pari-passu with existing primary Mortgage executed in favor of Peoples Bank. The total banking facility from Sampath Bank comprises of an Overdraft facility of Rs. 600Mn and a term loan of Rs. 2,450Mn which includes partial settlement of Peoples Bank existing loan by Rs. 500Mn.

As per the primary concurrent mortgage bond which was executed in favour of Sampath Bank PLC on 28th March 2023, a new term loan facility of Rs. 2,450Mn was granted with 2 year grace period to partly finance the ongoing refurbishment project and partial settlement of Peoples Bank existing loan by Rs. 500Mn. Accordingly, repayment of next capital installments of both facilities will fall due only in 2025.

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

## 23. RETIREMENT BENEFIT OBLIGATIONS

|                                                                                                              | 31.12.2024 | 31.12.2023 |
|--------------------------------------------------------------------------------------------------------------|------------|------------|
|                                                                                                              | Rs. '000   | Rs. '000   |
| Balance at the beginning of the year                                                                         | 117,655    | 77,467     |
| Charge for the year                                                                                          | 11,972     | 8,131      |
| Interest cost for the year                                                                                   | 16,488     | 14,332     |
| Recognition of transitional liability /(asset) and actuarial loss/(gain)                                     | (343)      | 8,648      |
| Loss/ (gain) arising from changes in the assumptions or due to (over)/under provisions in the previous years | 12,144     | 23,041     |
| Payments made during the year                                                                                | (34,656)   | (13,963)   |
| Balance at the end of the year                                                                               | 123,261    | 117,655    |

The retirement benefit obligation of the company is based on the actuarial valuation carried out by Messrs. Piyal S. Goonetilleke and Associates. All assumptions remain the same, except for the discount rate assumption and the annual basic salary increase and No material change is expected in the contribution to the defined benefit plan for the next annual reporting period. The discount rate was revised to 12% (vs 14% last year) to reflect the yield rates of the Treasury Bonds. The principal assumptions used in determining the cost of employee benefits were:

|                        | 31.12.2024 | 31.12.2023 |
|------------------------|------------|------------|
|                        | Rs. '000   | Rs. '000   |
| Discount rate          | 12%        | 14%        |
| Future salary increase | 6%         | 6%         |
| Retirement Age         | 60 Years   | 60 Years   |

| Sensitivity & maturity profile   | Discount Rate |         | Salary Increment |         |
|----------------------------------|---------------|---------|------------------|---------|
|                                  | 2024          | 2023    | 2024             | 2023    |
| Increase by one percentage point | (6,353)       | (5,957) | 6,971            | 6,632   |
| Decrease by one percentage point | 6,992         | 6,551   | (6,432)          | (6,110) |

Maturity Analysis of the payments as at - Undiscounted

|                         | 31.12.2024 | 31.12.2023 |
|-------------------------|------------|------------|
| With in next 12 Months  | 2,203      | 1,137      |
| Between 1 and 2 years   | 311        | 7,383      |
| Between 2 and 5 years   | 34,625     | 35,558     |
| Between 5 and 10 years  | 82,194     | 135,450    |
| Total Expected payments | 119,334    | 179,529    |

Weighted average duration of defined benefit obligation is 6.2 Years (2023 - 6.1 years)



## 24. DEFERRED TAX LIABILITY

Deferred tax is recognized using the Statement of Financial Position liability method, which accounts for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective amounts for taxation purposes. The provision for deferred tax is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets, including those arising from tax effects of income tax losses and credits available for carryforward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are adjusted downward if it is no longer probable that the related tax benefit will be realized.

|                                           | 31.12.2024 | 31.12.2023 |
|-------------------------------------------|------------|------------|
|                                           | Rs. '000   | Rs. '000   |
| Balance at the beginning of the year      | 1,480,613  | 633,891    |
| Recognised in statement of profit or loss | 71,491     | (77,923)   |
| Recognised in other comprehensive income  | -          | 924,645    |
| Balance at the end of the year            | 1,552,104  | 1,480,613  |

### 24.1 The closing deferred tax liability balance relates to the following:

|                                                                          |             |             |
|--------------------------------------------------------------------------|-------------|-------------|
| Accelerated depreciation for tax purposes                                | 1,954,762   | 1,717,385   |
| Revaluation Surplus for tax purposes                                     | 924,645     | 924,645     |
| Retirement benefit obligation                                            | (36,978)    | (35,297)    |
| Impairment of Debtors                                                    | (705)       | (2,293)     |
| Deferred tax asset relating to utilization of brought forward tax losses | (1,289,620) | (1,123,828) |
|                                                                          | 1,552,104   | 1,480,613   |

The deferred tax has been calculated at the rate of 30% .

## 25. TRADE AND OTHER PAYABLES

|                                                 | 31.12.2024 | 31.12.2023 |
|-------------------------------------------------|------------|------------|
|                                                 | Rs. '000   | Rs. '000   |
| Trade payables                                  | 358,956    | 342,641    |
| Sundry creditors and including accrued expenses | 184,789    | 130,785    |
| Accrued - Refurbishment Expenses                | 701,881    | 321,198    |
| Management fee payable                          | 11,318     | -          |
| Management fee payable *                        | (4,806)    | (4,806)    |
| Other liabilities                               | 71,412     | 66,197     |
| Replacement of breakages                        | 18,804     | 16,006     |
| Statutory payables                              | 354,620    | 284,598    |
|                                                 | 1,696,975  | 1,156,620  |

\* The receivable balance, which reflects the management fee reversal (receivable) from Hilton International LLC for the year 2018 and 2019.

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

## 26. AMOUNTS DUE TO RELATED PARTIES

|                                          | 31.12.2024 | 31.12.2023 |
|------------------------------------------|------------|------------|
|                                          | Rs. '000   | Rs. '000   |
| Hilton International Asia Pacific        | 12,662     | 19,966     |
| Hilton International LLC                 | 16,318     | 163,604    |
| Hilton Kuala Lumpur                      | -          | 25,565     |
| Hilton Hotel management (Shangha) Co.Ltd | -          | 3,666      |
| Hilton Weerawila                         | 387        | 301        |
| Hilton Colombo Residence                 | 3,410      | 2,894      |
|                                          | 32,776     | 215,996    |

## 27. CONTRACT LIABILITIES

|                        |         |         |
|------------------------|---------|---------|
| City Ledger Credits    | 157,055 | 68,702  |
| Guest Advance Deposits | 147,487 | 158,084 |
|                        | 304,541 | 226,786 |

## 28. NET ASSETS PER SHARE

|                                 |            |            |
|---------------------------------|------------|------------|
| Net Assets Value (Rs)           | 11,915,257 | 12,266,894 |
| Number of ordinary shares "000" | 2,046,646  | 2,046,646  |
| Net Assets per share            | 5.82       | 5.99       |

## 29. INCOME TAX LIABILITY

|                                                                                             |          |          |
|---------------------------------------------------------------------------------------------|----------|----------|
| Opening Balance                                                                             | (33,855) | (11,858) |
| Payment for the period                                                                      | -        | (254)    |
| Under/(Over) Provision Adjustments from previous years                                      | -        | (17,730) |
| Tax Credit                                                                                  |          |          |
| WHT                                                                                         | (377)    | (4,014)  |
| Balance at the end of the year (Current year balance transferred to Other Assets - Note 17) | (34,231) | (33,855) |

## 30. NOTES TO THE CASH FLOW STATEMENT

### 30.1 Cash and Cash Equivalents at the Beginning of the Year

|                                        | 31.12.2024  | 31.12.2023  |
|----------------------------------------|-------------|-------------|
|                                        | Rs. '000    | Rs. '000    |
| Cash and bank balance                  | 49,774      | 7,141       |
| Call Deposits                          | 836         | 836         |
| Debt Services Reserve (DSR) - (MM A/C) | 61,111      | -           |
| FFE Reserve A/C (Savings A/C)          | 112,249     | 49,989      |
| Debt Services Reserve (DSR) - A/C      | 36          |             |
| Foreign Currency Savings               | 113,297     | 242,521     |
| Repo Investment                        | -           | 15,016      |
| Fixed Deposit                          | -           | 10,444      |
| Bank overdraft                         | (1,785,190) | (1,148,747) |
|                                        | (1,447,886) | (822,800)   |

### 30.2. Cash and Cash Equivalents at the end of the Year

|                                        |             |             |
|----------------------------------------|-------------|-------------|
| Cash and bank balance                  | 38,860      | 49,774      |
| Call deposits                          | 961         | 836         |
| Debt Services Reserve (DSR) - (MM A/C) | 65,805      | 61,111      |
| FFE Reserve A/C (Savings A/C)          | 20,909      | 112,249     |
| Debt Services Reserve (DSR) - A/C      | 36          | 36          |
| Foreign Currency Savings               | 43,791      | 113,297     |
| Bank overdraft                         | (1,659,396) | (1,785,189) |
|                                        | (1,489,033) | (1,447,885) |

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

## 31. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31ST DECEMBER 2024

| Financial assets by categories          | Loans & Receivables |                |
|-----------------------------------------|---------------------|----------------|
|                                         | 31.12.2024          | 31.12.2023     |
|                                         | Rs. '000            | Rs. '000       |
| Financial instruments in current assets |                     |                |
| Trade and other receivables             | 343,568             | 230,330        |
| Other assets                            | 160,708             | 385,056        |
| Amounts due from related party          | 88,407              | 42,820         |
| Other current financial assets          | 66,766              | 61,947         |
| Cash in hand and at bank                | 103,596             | 275,356        |
| <b>Total</b>                            | <b>763,044</b>      | <b>995,511</b> |

| Financial liabilities by categories          | Financial Liabilities<br>measured at amortized cost |                  |
|----------------------------------------------|-----------------------------------------------------|------------------|
|                                              | 31.12.2024                                          | 31.12.2023       |
|                                              | Rs. '000                                            | Rs. '000         |
| Financial Instruments in current liabilities |                                                     |                  |
| Trade and other payables                     | 1,696,975                                           | 1,156,620        |
| Amounts due to related party                 | 32,776                                              | 215,996          |
| Bank overdrafts                              | 1,659,396                                           | 1,785,189        |
| Contract Liabilities                         | 304,541                                             | 226,786          |
| <b>Total</b>                                 | <b>3,693,687</b>                                    | <b>3,384,590</b> |

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 or liquidation sale.

The management assessed that cash in hand and at bank, short term investment, amount due from related parties, trade and other receivables, trade and other payables, amount due to related parties and bank overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management process focuses on the unpredictability of financial risks and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is performed by the finance department under policies approved by the Board of Directors.

The principal financial instruments of the Company comprise of short term deposits, money market investments, and cash. The main purpose of these financial instruments is to raise and maintain liquidity for the Company's operations, and maximize returns on the Company's financial reserves. The Company has various other financial instruments such as trade receivables and trade payables which arise directly from its business activities.

### 32.1. Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Hotel is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities.

The Hotel trades only with recognized, credit worthy third parties. It is the Hotel'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 Hotel's exposure to bad debts is not significant.

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

### 32.2 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.

| In Rs. "000"                      | As at 31st December 2024 |                        |                            |                                 |                |
|-----------------------------------|--------------------------|------------------------|----------------------------|---------------------------------|----------------|
|                                   | Cash in hand and at bank | Short term investments | Trade and other receivable | Amount due from related parties | Total          |
| Deposits with bank                | -                        | 66,766                 | -                          | -                               | 66,766         |
| Trade and other receivables       | -                        | -                      | 343,568                    | -                               | 343,568        |
| Amounts due from related parties  | -                        | -                      | -                          | 88,407                          | 88,407         |
| Cash in hand and at bank          | 82,688                   | 20,909                 | -                          | -                               | 103,596        |
| <b>Total credit risk exposure</b> | <b>82,688</b>            | <b>87,675</b>          | <b>343,568</b>             | <b>88,407</b>                   | <b>602,337</b> |

| In Rs. "000"                      | As at 31st December 2023 |                        |                            |                                 |                |
|-----------------------------------|--------------------------|------------------------|----------------------------|---------------------------------|----------------|
|                                   | Cash in hand and at bank | Short term investments | Trade and other receivable | Amount due from related parties | Total          |
| Deposits with bank                | -                        | 61,947                 | -                          | -                               | 61,947         |
| Trade and other receivables       | -                        | -                      | 230,329                    | -                               | 230,329        |
| Amounts due from related parties  | -                        | -                      | -                          | 42,820                          | 42,820         |
| Cash in hand and at bank          | 163,108                  | 112,249                | -                          | -                               | 275,356        |
| <b>Total credit risk exposure</b> | <b>163,108</b>           | <b>174,196</b>         | <b>230,329</b>             | <b>42,820</b>                   | <b>610,453</b> |

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

## 32.3. Trade and other receivables

| In Rs. "000"                               |         | As at 31st<br>December 2024 | As at 31st<br>December 2023 |
|--------------------------------------------|---------|-----------------------------|-----------------------------|
| Neither past due nor impaired              |         | 216,374                     | 193,808                     |
| Past due but<br>not impaired               | 30-60   | 86,223                      | 32,571                      |
|                                            | 61-90   | 8,690                       | 9,311                       |
|                                            | 91-120  | 2,346                       | 1,710                       |
|                                            | 121-150 | 21,242                      | -                           |
|                                            | 151>    | 21,233                      | 3,121                       |
| Gross carrying value                       |         | 356,110                     | 240,520                     |
| Less: impairment provision                 |         |                             |                             |
| Individually assessed impairment provision |         | (12,542)                    | (10,192)                    |
| Total                                      |         | 343,568                     | 230,329                     |

## 32.4. Amounts due from related parties

The balance consists of amount due from affiliate companies of Hiton Chain.

## 32.5. Credit risk relating to cash and cash equivalents

The company maintains an authorized list of acceptable cash counterparties based on current ratings and economic outlook, taking into account analysis of fundamentals and market indicators. The Hotel held cash and cash equivalents of Rs.(1,489 Mn) as at 31 December 2024 (as at 31 December 2023 - Rs. (1,447 Mn)).

## 32.6. Liquidity risk

The Company's policy is to hold cash at a level sufficient to ensure that the Company has available funds to meet its short and medium term funding obligations, including organic growth, and to meet any unforeseen obligations and opportunities.

The Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

| Net (debt)/cash          | 31.12.2024<br>Rs. '000 | 31.12.2023<br>Rs. '000 |
|--------------------------|------------------------|------------------------|
| Short term investments   | 66,766                 | 61,947                 |
| Cash in hand and at bank | 103,596                | 275,356                |
| Total liquid Assets      | 170,362                | 337,304                |
| Bank overdrafts          | (1,659,396)            | (1,785,189)            |
| Total Borrowings         | (1,659,396)            | (1,785,189)            |
| Net (debt)/cash          | (1,489,033)            | (1,447,885)            |



### 32.7. Maturity analysis

The table below summarizes the maturity profile of the Hotel's financial liabilities at 31st December 2023 based on contractual undiscounted payments.

| Rs.                                    | As at 31st December 2024 |                  | As at 31st December 2023 |                  |
|----------------------------------------|--------------------------|------------------|--------------------------|------------------|
|                                        | Within one year          | Total            | Within one year          | Total            |
| Trade & other payables                 | 1,696,975                | 1,696,975        | 1,156,620                | 1,156,620        |
| Amounts due to related parties         | 32,776                   | 32,776           | 215,996                  | 215,996          |
| Retention Fees - Refurbishment Project | 166,709                  | 166,709          | 162,012                  | 162,012          |
| Bank overdrafts                        | 1,659,396                | 1,659,396        | 1,785,189                | 1,785,189        |
| <b>Total</b>                           | <b>3,555,855</b>         | <b>3,555,855</b> | <b>3,319,816</b>         | <b>3,319,816</b> |

### 32.8. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Hotel is exposed to market risk through its use of financial instruments and specially to currency risk, and certain other price risks.

### 33. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting period that requires adjustment to or disclosure in the financial statements.

### 34. CAPITAL COMMITMENTS

There were no capital commitments or contingent liabilities that requires disclosures in these financial statements other than the following:

- 34.1.** The company embarked on a comprehensive refurbishment program of the hotel from October 2014 in terms of the Management Agreement signed with Hilton Worldwide. The renovation program was carried out in a 2 phases, 1) Public Areas and Service Augmentation, 2) 264 Guest rooms. The project was finance by internally generated funds and debt finance via term loan. The project has been successfully completed in November 2024.

The estimated Values of the Contracts that the Company has already entered into on the room renovation and the balance outstanding as at 31st December 2024 are as follows:

| Supply Item                      | Total<br>Estimated<br>Contract value | Payment<br>made to<br>date | Estimated<br>balance to be<br>paid |
|----------------------------------|--------------------------------------|----------------------------|------------------------------------|
|                                  | Rs.'000                              | Rs.'000                    | Rs.'000                            |
| Main Contractor (CIVIL/ID/MEP)   | 2,377,482                            | 1,766,157                  | 611,325                            |
| Client Supplied Items            | 831,873                              | 645,910                    | 185,963                            |
| ICT Contract - Phace 01 ,02 & 03 | 295,436                              | 253,545                    | 41,891                             |
| Current Consultant               | 160,510                              | 151,636                    | 8,874                              |
|                                  | <b>3,665,301</b>                     | <b>2,817,248</b>           | <b>848,054</b>                     |

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

## 34.2. Lease Commitments

|                                                        | 31.12.2024 | 31.12.2023 |
|--------------------------------------------------------|------------|------------|
|                                                        | Rs. '000   | Rs. '000   |
| Lease rentals due on non-cancellable operating leases; |            |            |
| Within one year                                        | 6,505      | 4,446      |
| Between one and five years                             | 19,105     | 24,645     |
|                                                        | 25,610     | 29,091     |

The lease commitment is related to 52 Perch UDA Car Park which is on 5 year leased property.

## 35. CONTINGENCIES

- 35.1.** The hotel is a defendant in a lawsuit in respect of the damages due to an accident at the function. The Plaintiff has to take steps to serve summons on the Defendant with notice to Hotel developers (Lanka) Limited and get the case listed. Up to date, notice has not been received. (DMR 01012/2014). The management is unable to predict the outcome of such case on the date of the issue of the financial statements. Accordingly, no provision for the above-mentioned lawsuits has been made in these financial statements.
- 35.2.** In accordance with SLFRS 37 the company has made a provision relating to a disputed licenses fees payable to Colombo Municipal Council by Hotels, Restaurant and Lodging establishments. The Colombo Municipal Council issued a Gazette notice on 6th July 2007 announcing a revision to the rate of licenses fees to be charges with effect from 1st Jan 2007. A case was filed with the Magistrate Court collectively by the Colombo City Hotels including Hilton Colombo in 2007 disputing the said revision. The outcome of the case remains uncertain. Further details are given in Note No 38.6 under litigation matters.
- 35.3.** As of reporting date, there exists certain tax assessments raised by the Department of Inland Revenue. Management having obtained the advice of experts have determined that there is unlikely to be any material liabilities that would arise from such pending assessments. Accordingly, Management has not made any related provisions as of 31 December 2024.

## 36. ASSETS PLEDGED AS SECURITIES

The company has mortgaged the Hilton Colombo Property against the loan agreement signed with Peoples Bank and Sampath Bank for Rs. 2,750Mn and 3,050 Mn respectively for financing the refurbishment projects and working capital requirements.

## 37. RELATED PARTY DISCLOSURES

### 37.1. Transaction with Key Management Personnel

Related Parties include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key management personnel include members of the Board of Directors of the company.

Directors' emoluments paid during the period amounts to Rs.24,515,000/- (Y/E 2022 - Rs. 18,806,000/-).

### 37.2. Amounts due from related parties (Refer Note16)

### 37.3 Amounts due to related parties (Refer Note 26)

### 37.4 Transactions with related parties

|                                                                                     | 31.12.2024     | 31.12.2023      |
|-------------------------------------------------------------------------------------|----------------|-----------------|
|                                                                                     | Rs. '000       | Rs. '000        |
| <b>Managing Company - Hilton International Management Corporation</b>               |                |                 |
| Receiving of services                                                               | 60,567         | 172,416         |
| Payment for the Services                                                            | (190,191)      | (80,124)        |
| Management Fees                                                                     | 11,318         | -               |
| <b>Affiliates/Group Hotel</b>                                                       |                |                 |
| <b>I. Hilton Worldwide Manage Ltd - UK</b>                                          |                |                 |
| GSB Payments                                                                        | (112,577)      | (65,042)        |
| GSB Charges                                                                         | 105,273        | 85,008          |
| <b>II. Hilton Colombo - Residence Rendering of services (net)</b>                   | <b>(1,972)</b> | <b>(1,676)</b>  |
| <b>III. Hilton Yala Resorts - Rendering of services (net)</b>                       | <b>6,719</b>   | <b>(4,165)</b>  |
| <b>IV. Hilton Weerawila - Rendering of services (net)</b>                           | <b>(5,060)</b> | <b>1,750</b>    |
| <b>V. Hilton Kuala Lumpur -(Singapore)- Rendering of services (net)</b>             | <b>23,534</b>  | <b>(16,282)</b> |
| <b>VI. Hilton Shah Alam 1-City (Malaysia) - Rendering of services (net)</b>         | <b>(42)</b>    | <b>42</b>       |
| <b>VII. Hilton Hotel Management (Shanghai) co Ltd - Rendering of services (net)</b> | <b>(3,666)</b> | <b>3,666</b>    |

Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

### 37.5. Related Party Disclosure

| Name of Realted Party        | Common Director        | Nature of the Transaction                                                                               | Contract Value | Amount Paid | Amount Due |
|------------------------------|------------------------|---------------------------------------------------------------------------------------------------------|----------------|-------------|------------|
|                              |                        |                                                                                                         | Rs.            | Rs.         | Rs.        |
| Overseas Realty (Ceylon) PLC | Mr. Prvir Samarasinghe | Supply & Installation of Decorative Lights for the Hilton Colombo 253 Guest Room Refurbishment Project. | 46,071,660     | 29,817,491  | 16,254,168 |

# Notes to the Financial Statements

FOR THE 12 MONTHS ENDED 31ST DECEMBER 2024

## 38. LITIGATIONAS OF THE REPORTING DATE

### 38.1 SC HCCA LA 225/16

This is an Appeal filed by Cornel & Co Ltd against the order of court dated 31st March 2016 in HCCA LA 69/14. As the parties are exploring the possibility of a settlement the case will be mentioned again on 28th May 2025.

### 38.2 H.C. [Civil] 1/98 [2] [ Date of filing 31/3/1998]

This case has been filed by Cornel & Co Ltd., against Mitsui & Co Ltd, Taisei Corporation and 9 other Defendants, including HDL [5th Respondent].

The Plaintiff filed action in the High Court of the Western Province and supported and obtain an exparte Enjoining Orders in terms of prayers [m] and [n] of the Plaint, preventing the implementation of the Settlement Agreements.

This case has been laid by since 29.10.2003 pending a settlement [if any].

### 38.3 D.C.COLOMBO CASE NO. 21819/MR

This action has been instituted by Mr. Nihal Sri Amarasekera for Judgment against the 1st Defendant, Mr. Gamini Lakshman Pieris in a sum of Rs. 35,938,000.00 and Rs. 36,071,000.00. HDL is the 2nd defendant.

The case has been laid by since 17th March 2004 pending a settlement [if any]

### 38.4 Case No. H.C. ( Civil) 754/2018/MR (Date of filing: 26/10/2018)

This case had been instituted by Mr. Nihal Sri Amarasekera seeking an Interim Injunction to restrain the Company and the Company Secretaries from taking any steps to transfer the shares of the Company.

The interim injunctions was vacated in December 2021 and February 2023. The case is in the Pre trail stage.

An Amended Complaint filed by the Plaintiff on 04.04.24 was dismissed by the Court on 17.01.25. Pleadings will now be filed based on the original Complaint on 17th March 2025.

### 38.5 HC (CIVIL) 116/96 (1)

Mr. Nihal Sri Ameresekera has filed a petition in the Commercial High Court on 24th September 2024 stating that, he is seeking the execution of Writ pursuant to a settlement decree entered in the matter.

The matter has been fixed for 5th March 2025 to file Objections.

### 38.6 Colombo Municipal Council Case

There are fifteen cases filed by the Colombo Municipal Council at the Maligakanda Magistrate Court for operating a restaurant without obtaining a requisite license in the years 2009 (13224/M), 2010 (14155/M), 2011 (15461/M), 2012 (17966/M), 2013 (28928/14), 2014 (16394/15), 2015 (15577/16), 2016 (15591/17), 2017 (16908/18, 16910/18), 2018 (16248/19), 2019 (4691/20), 2020 (7576/21), 2021 (11637/22), 2022 (25125/23), 2023 (37682/24)

Case filed for 2009 to 2018 have concluded in the Magistrate's Court with the Hon. Magistrate holding against Hilton Colombo. Appeals have been filed against the Judgements in the said cases, and the same are pending listing before the High Court.

The write application (179/2011) filed by Hotel Developers (Lanka) Limited challenging, inter alia, the decision taken by Colombo Municipal Council to levy license fees equivalent to 0.5% of the total annual turnover as a pre-condition to the issue of the Annual Trade License for the years 2009 and 2010 in respect of the restaurant operated at hotel premises. Judgment was delivered on 19th September 2019, and their Lordships of the Court of Appeal dismissed the application and ordered costs. Costs have not been determined as of date. The case was appealed to the Supreme Court, however, the appeal has yet to be supported and cases are filed in the years 2020 (08/2020), 2020 (32/2020), 2019 (134/2019), 2019 (124/2019), 2020 (96/2020), 2020 (01/2020) and 2020 (204/2020) as at 31 December 2024, the Hotel maintains a provision..

### **38.7. D.C Colombo Case No DMR 1012/2014**

Gangaram Moolchand Dhansingali vs Hotel Developers and Hilton Worldwide. This action was filed by Mr. Moolchand in order to recover damages in a sum of Rs 5 Mn due to an accident in a function. The Plaintiff is required to serve summons on Hilton Worldwide with Notice to Hotel Developers and have the Case listed. HDL has not received notice to date.

## Ten Year Financial Summary & Key Indicators

| In Rs. 000                                                  | 2024             | 2023             | 2022             | 2021             | 2020             | 2019             | 2018             | 2017             | 2016             | 2015             |
|-------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Revenue</b>                                              |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Rooms                                                       | 1,848,222        | 1,137,293        | 666,637          | 236,944          | 313,080          | 1,171,875        | 1,219,736        | 1,317,248        | 1,151,953        | 734,422          |
| Food & Beverage                                             | 3,342,408        | 3,034,962        | 2,185,005        | 907,480          | 732,119          | 1,614,671        | 1,631,492        | 1,593,286        | 1,330,543        | 797,303          |
| Other Operating Department                                  | 56,153           | 55,845           | 35,625           | 33,957           | 35,936           | 92,206           | 59,312           | 104,828          | 58,184           | 39,978           |
| Social Security Levy                                        | 146,306          | 118,651          |                  |                  |                  |                  |                  |                  |                  |                  |
|                                                             | 5,393,089        | 4,346,751        | 2,887,267        | 1,178,381        | 1,081,135        | 2,878,753        | 2,910,540        | 3,015,362        | 2,540,680        | 1,571,703        |
| Cost of Sales                                               | (2,708,885)      | (2,445,618)      | (1,825,497)      | (922,695)        | (811,092)        | (1,403,693)      | (1,427,161)      | (1,214,204)      | (440,698)        | (280,647)        |
| <b>Gross profit</b>                                         | <b>2,684,204</b> | <b>1,901,133</b> | <b>1,061,770</b> | <b>255,686</b>   | <b>270,043</b>   | <b>1,475,060</b> | <b>1,483,379</b> | <b>1,801,158</b> | <b>2,099,982</b> | <b>1,291,056</b> |
| Other gains and losses                                      | 28,621           | 13,175           | 206,589          | 31,191           | 25,391           | 20,807           | 54,355           | 29,429           | 39,914           | 40,750           |
| Administrative expenses                                     | (1,228,995)      | (1,052,424)      | (855,958)        | (585,498)        | (591,036)        | (910,514)        | (854,539)        | (828,206)        | (1,331,329)      | (831,538)        |
| Other expenses                                              | (611,748)        | (698,548)        | (302,759)        | (167,921)        | (171,603)        | (281,942)        | (283,429)        | (383,491)        | (294,905)        | (200,213)        |
| <b>Operating Profit Before Depreciation</b>                 | <b>872,082</b>   | <b>163,336</b>   | <b>109,642</b>   | <b>(466,543)</b> | <b>(467,205)</b> | <b>303,411</b>   | <b>399,766</b>   | <b>618,890</b>   | <b>513,662</b>   | <b>300,055</b>   |
| Depreciation & Amortization                                 | (560,672)        | (367,193)        | (371,065)        | (386,618)        | (378,443)        | (515,265)        | (500,861)        | (461,542)        | (368,254)        | (249,682)        |
| <b>Operating Profit After Depreciation</b>                  | <b>311,410</b>   | <b>(203,857)</b> | <b>(261,424)</b> | <b>(853,161)</b> | <b>(845,648)</b> | <b>(211,854)</b> | <b>(101,095)</b> | <b>157,348</b>   | <b>145,408</b>   | <b>50,373</b>    |
| <b>Revaluation Loss</b>                                     | <b>-</b>         |                  |                  | <b>-</b>         | <b>-</b>         | <b>(61,223)</b>  | <b>-</b>         | <b>-</b>         | <b>-</b>         |                  |
| Finance Income                                              | 10,740           | 18,037           | 18,162           | 11,222           | 10,873           | 10,708           | 15,627           | 25,533           | 27,575           | 41,957           |
| Finance costs                                               | (590,497)        | (598,546)        | (389,502)        | (134,477)        | (42,569)         | (50,078)         | (40,994)         | (9,905)          | (38)             | (617)            |
| <b>Profit/(loss) before taxation</b>                        | <b>(268,347)</b> | <b>(784,366)</b> | <b>(632,763)</b> | <b>(976,415)</b> | <b>(877,342)</b> | <b>(312,447)</b> | <b>(126,461)</b> | <b>172,976</b>   | <b>172,945</b>   | <b>91,713</b>    |
| Income tax expense                                          | (71,490)         | 95,654           | (252,358)        | 19,190           | (40,764)         | (13,182)         | (1,046)          | 85,041           | (31,933)         | (65,104)         |
| <b>Profit/(loss) after taxation for the period</b>          | <b>(339,837)</b> | <b>(688,712)</b> | <b>(885,122)</b> | <b>(957,225)</b> | <b>(918,106)</b> | <b>(325,629)</b> | <b>(127,507)</b> | <b>258,017</b>   | <b>141,012</b>   | <b>26,609</b>    |
| <b>Other comprehensive income</b>                           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Revaluation Surplus                                         |                  | 704,527          |                  | -                | -                | 1,452,978        | -                | -                | -                | -                |
| Actuarial Gain/(loss) on employee benefit obligations       | (11,801)         | (31,688)         | 2,970            | 22,630           | (8,088)          | (22,455)         | 14,996           | 2,415            | (5,065)          | (9,689)          |
| <b>Total comprehensive income/ (expense) for the period</b> | <b>(351,638)</b> | <b>(15,873)</b>  | <b>(882,152)</b> | <b>(934,595)</b> | <b>(926,193)</b> | <b>1,104,894</b> | <b>(112,512)</b> | <b>260,432</b>   | <b>135,946</b>   | <b>16,919</b>    |
| Earning per share - Basic (Rs.)                             | (0.17)           | (0.01)           | (0.43)           | (0.46)           | (0.45)           | 0.54             | (0.05)           | 0.13             | 0.07             | 0.01             |



# Ten Year Financial Summary & Key Indicators

| in Rs. 000                                                                     | 2024         | 2023         | 2022        | 2021        | 2020        | 2019        | 2018        | 2017        | 2016        | 2015        |
|--------------------------------------------------------------------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Operating Results</b>                                                       |              |              |             |             |             |             |             |             |             |             |
| Total Revenue                                                                  | 5,393,089    | 4,346,751    | 2,887,267   | 1,178,381   | 1,081,135   | 2,878,752   | 2,910,540   | 3,015,362   | 2,540,680   | 1,571,703   |
| Sales Growth%                                                                  | 24%          | 51%          | 145%        | 9%          | -62%        | -1%         | -3%         | 19%         | 62%         | -34%        |
| Operating Profit Before Depreciation & Amortization                            | 872,082      | 163,336      | 109,642     | (466,543)   | (467,205)   | 303,411     | 399,766     | 618,890     | 513,662     | 300,055     |
| Net Finance Expenses                                                           | 579,756      | 580,509      | 371,340     | 123,254     | 31,696      | 39,370      | 25,367      | (15,628)    | (27,537)    | (41,340)    |
| Depreciation & Amortization                                                    | 560,672      | 367,193      | 371,065     | 386,618     | 378,443     | 515,265     | 500,861     | 461,542     | 368,254     | 249,682     |
| Net Profit/(Loss) Before Taxation                                              | (268,347)    | (784,366)    | (632,763)   | (976,415)   | (877,342)   | (312,447)   | (126,461)   | 172,976     | 172,945     | 91,713      |
| <b>Total comprehensive income/(expense) after revaluation gain &amp; taxes</b> | (351,638)    | (15,873)     | (882,152)   | (934,596)   | (926,193)   | 1,104,893   | (112,512)   | 260,432     | 135,946     | 16,919      |
| <b>Shareholders' Fund</b>                                                      |              |              |             |             |             |             |             |             |             |             |
| Stated Capital                                                                 | 20,466,456   | 20,466,456   | 20,466,456  | 20,466,456  | 20,466,456  | 20,466,456  | 20,466,456  | 20,466,456  | 20,466,456  | 20,466,456  |
| Revaluation Surplus                                                            | 2,157,505    | 2,157,505    | 1,452,978   | 1,452,978   | 1,452,978   | 1,452,978   | -           | -           | -           | -           |
| Furniture & Fittings Reserve                                                   | 302          | -            | 178,230     | 53,801      | 1,649       | 43,864      | 187,217     | 161,348     | 21,896      | 117,421     |
| Accumulated Loss                                                               | (10,709,007) | (10,357,067) | (9,814,896) | (8,808,317) | (7,821,569) | (6,937,588) | (6,732,856) | (6,594,476) | (6,715,455) | (6,946,927) |
|                                                                                | 11,915,257   | 12,266,894   | 12,282,768  | 13,164,918  | 14,099,514  | 15,025,710  | 13,920,817  | 14,033,328  | 13,772,897  | 13,636,952  |
| <b>Assets Employed</b>                                                         |              |              |             |             |             |             |             |             |             |             |
| Property Plant, Equipemnt                                                      | 14,323,547   | 11,553,379   | 6,929,402   | 8,722,182   | 8,486,249   | 8,728,240   | 7,485,222   | 7,818,434   | 7,449,712   | 5,038,545   |
| Leasehold Land                                                                 | 6,141,189    | 6,215,377    | 6,261,798   | 6,337,966   | 6,421,326   | 6,514,390   | 6,541,834   | 6,613,547   | 6,681,237   | 6,751,945   |
| Capital work-in-progress                                                       | 89,016       | 1,705,375    | 2,600,378   | 766,764     | 865,477     | 659,487     | 591,537     | 243,414     | 215,747     | 1,266,090   |
| Net Current Assets                                                             | (3,589,889)  | (2,516,558)  | (797,453)   | (1,064,694) | (997,068)   | (43,767)    | (193,901)   | (122,915)   | 50,742      | 1,163,620   |
|                                                                                | 16,963,862   | 16,957,573   | 14,994,125  | 14,767,675  | 14,775,984  | 15,858,350  | 14,424,692  | 14,552,480  | 14,397,438  | 14,220,200  |
| <b>Less</b>                                                                    |              |              |             |             |             |             |             |             |             |             |
| <b>Long Term Liabilities</b>                                                   |              |              |             |             |             |             |             |             |             |             |
| Intrest Bearing Loans & Borrowings                                             | 3,354,136    | 3,067,766    | 2,000,000   | 1,098,372   | 72,156      | 250,000     | -           | -           | -           | -           |
| Retirement Benefit Obligation                                                  | 123,261      | 117,655      | 77,467      | 97,982      | 148,198     | 134,550     | 106,259     | 122,581     | 125,326     | 104,524     |
| Right to use - Lease Land Liability                                            | 19,105       | 24,645       | -           | 5,458       | 22,918      | 37,291      | -           | -           | -           | -           |
| Deferred tax Liability                                                         | 1,552,104    | 1,480,613    | 633,891     | 396,138     | 433,198     | 410,798     | 397,616     | 396,570     | 499,215     | 478,724     |
| <b>Net Assets</b>                                                              | 11,915,257   | 12,266,894   | 12,282,768  | 13,164,918  | 14,099,514  | 15,025,710  | 13,920,817  | 14,033,328  | 13,772,897  | 13,636,952  |
| <b>Key Indicators</b>                                                          |              |              |             |             |             |             |             |             |             |             |
| Current Ratio                                                                  | 0.20         | 0.30         | 0.64        | 0.47        | 0.34        | 0.94        | 0.79        | 0.86        | 1.18        | 3.02        |
| Net Assets per share (Rs.)                                                     | 5.82         | 5.99         | 6.00        | 6.43        | 6.89        | 7.34        | 6.80        | 6.86        | 6.73        | 6.66        |
| Earnings/(Loss) per share                                                      | (0.17)       | (0.01)       | (0.43)      | (0.46)      | (0.45)      | 0.54        | (0.05)      | 0.13        | 0.07        | 0.01        |
| <b>Statistical Summary</b>                                                     |              |              |             |             |             |             |             |             |             |             |
| Occupancy                                                                      | 51%          | 33%          | 19%         | 10%         | 11%         | 49%         | 48%         | 57%         | 47%         | 38%         |
| Average Room Rate                                                              | 31,691       | 31,496       | 29,776      | 16,754      | 20,681      | 21,562      | 22,944      | 21,077      | 20,408      | 20,326      |

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the ANNUAL GENERAL MEETING of HOTEL DEVELOPERS (LANKA) LIMITED will be held at the Board Room of Hotel Developers (Lanka) Limited, C/o Colombo Hilton, Echelon Square, No. 2, Sir Chittampalam A Gardiner Mawatha, Colombo 2 on Monday, 27th June 2025 at 4.00 p.m.

## AGENDA

### 1. ORDINARY BUSINESS

- 1.1. To pass the following resolution to accept the Notice of Meeting;  
"RESOLVED that the Notice dated 20th June 2025 convening the Annual General Meeting of the Company be and is hereby accepted as a valid notice notwithstanding that the meeting has been called with shorter notice than that specified in the Article of Association and in the Companies Act No. 07 of 2007"
- 1.2. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts of the Company for the year ended 31st December 2024 together with the Report of the Auditors thereon.
- 1.3. To note that the Auditor General continues to be the Auditor of the Company pursuant to the 19th and 20th Amendments to the Constitution.

### 2. SPECIAL BUSINESS

- 2.1 Amendments to the Articles of Association of the Company;  
To pass the following Resolution as a Special Resolution in order to correct a few typographical errors where a cross reference to Article 80 is made in Article 78 (which should correctly read as Article 78) and a cross reference is made to Article 88(ii) in Article 85(i) [which should correctly read as Article 87(ii)].  
"IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended as;  
  - (i) by deleting the figures "80" in line 2 of Article 78 (ii) and in line 2 of Article 78(iii) and by substituting therefor the figures "78" and ;
  - (ii) by deleting the figures "88(ii)" in line 7 of Article 85(i) and by substituting therefor the figures "87(ii)"

By order of the Board of Directors of  
**HOTEL DEVELOPERS (LANKA) LIMITED**  
**P W CORPORATE SECRETARIAL (PVT) LTD**

Sgd  
**SECRETARIES**  
Colombo  
24th June 2025

## NOTE:

- The Shareholder of the Company is entitled to appoint a Proxy to attend and vote on his behalf.
- A Proxy need not be a Shareholder
- A Proxy form, which is enclosed should be deposited at the Registered Office of the Company not less than 36 hours before the time appointed for the meeting.

# FORM OF PROXY

I/We.....of  
.....  
being the sole shareholder of Hotel Developers (Lanka) Limited hereby appoint:  
.....of  
.....or falling him/her

|                              |                           |
|------------------------------|---------------------------|
| Mr. Pravir D. Samarasinghe   | of Colombo or falling him |
| Ms. Dheeshana S. Ameresekere | of Colombo or falling her |
| Mr. Chamil Udawatte          | of Colombo or falling him |
| Mr. Dulinda Perera           | of Colombo or falling him |
| Mr. A. G. S Senadeera        | of Colombo or falling him |
| Mr. B. A. Thushara Rodrigo   | of Colombo or falling him |
| Mr. Uzmaan Annas             | of Colombo or falling him |
| Mr. Manoj Algama             | of Colombo or falling him |
| Mr. Ruwan Fernando           | of Colombo or falling him |
| Ms. Roshika Jayawardena      | of Colombo or falling him |

as my/our proxy to represent me/us to speak and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the Thirtieth day of June 2025 at 3.00 p.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

|     |                                                                                                                                                                                                         | For                      | Against                  |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 1.  | <b>ORDINARY BUSINESS</b>                                                                                                                                                                                |                          |                          |
| 1.1 | To pass the Notice of Meeting                                                                                                                                                                           | <input type="checkbox"/> | <input type="checkbox"/> |
| 1.2 | To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts of the Company for the year ended 31st December 2024 together with the Report of the Auditors thereon | <input type="checkbox"/> | <input type="checkbox"/> |
| 1.3 | To note that the Auditor General continues to be the Auditor of the Company pursuant to the 19th and 20th Amendments to the Constitution                                                                | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.  | <b>SPECIAL BUSINESS</b>                                                                                                                                                                                 |                          |                          |
| (1) | To pass the Special Resolution as set out in item 2.1 of the Notice of Meeting                                                                                                                          | <input type="checkbox"/> | <input type="checkbox"/> |

Signed this.....day of.....2025

.....  
Signature of the Shareholder

**Note:**

- 1. Instructions as to completion are noted overleaf
- 2. A Proxy need not be a shareholder of the Company
- 3. Please mark "X" in appropriate cages to indicate your instructions as to voting.

## FORM OF PROXY

### **INSTRUCTIONS AS TO COMPLETION OF PROXY**

1. Kindly perfect the Form of Proxy by legibly filling your full name and address, signing in the space provided, and filling in the date of signature.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the Proxy Form for registration, if such Power of Attorney has not already been registered with the Company.
3. In the case of Company/Corporation, the Proxy must be filled and attested in the legally prescribed manner.
4. The completed Form of Proxy should be deposited at the registered office of the Company, No.2, Sir Chittampalam A Gardiner Mawatha, Colombo 2, not less than 36 hours, before the time appointed for the Meeting.
5. A shareholder appointing a Proxy (other than a Director of the Company) to attend the meeting should indicate the Proxy holder's National Identity Card (NIC) number on the Form of Proxy and request the Proxy holder to bring his/her National Identity Card with him/her.

# Corporate Information

**NAME OF THE COMPANY:**

HOTEL DEVELOPERS (LANKA) LIMITED

**LEGAL FORM:**

A Public Limited Liability Company

**DATE OF INCORPORATION:**

15th March 1983

**COMPANY REGISTRATION NO:**

PQ 143 PB

**DIRECTORS:**

Mr. Pravir D. Samarasinghe  
Ms. Dheeshana S. Ameresekere  
Mr. Chamil Udawatte  
Mr. Dulinda Perera  
Mr. A. G. S Senadeera  
Mr. B. A. Thushara Rodrigo  
Mr. Manoj Algama  
Mr. Uzmaan Annas  
Mr. Ruwan Fernando  
Ms. Roshika Jayawardena

**REGISTERED OFFICE:**

Hotel Developers (Lanka) Ltd  
C/o Hilton Colombo  
No. 2 Sr Chittampalam A Gardiner Mawatha Colombo  
02  
Tel: +94 112433435 Fax: +94 112446545  
Email: hdl\_hilton@sltnet.lk  
Web site: www.hoteldevelopers.lk

**SECRETARIES AND REGISTRARS:**

P W Corporate Secretarial (Pvt) Ltd  
No. 3/17 Kynsey Road, Colombo 08

**BANKERS:**

Peoples Bank – Corporate Branch  
Bank of Ceylon – Corporate Branch  
Sampath Bank PLC - WTC Branch

**LAWYERS:**

M/s. D L & F De Saram  
Attorneys-at-Law and Notaries Public  
47, Alexandra Place  
Colombo 07



**Hotel Developers (Lanka) Limited**