



09th October 2023

Mr. Renuke Wijayawardhane,
Chief Regulatory Officer
Colombo Stock Exchange
04-01, West Block,
World Trade Centre
Echelon Square,
Colombo 01

Dear Sir,

Corporate Disclosure Under Section 8.1 of the Listing Rules

In accordance with 8.1 of the listing rules of the Colombo Stock Exchange, the company wishes to inform that Seylan Bank PLC has published auction notices on the three properties owned by Asia Capital PLC being; Beach Resorts Kosgoda (Pvt) Ltd, Wadduwa Resorts (Pvt) Ltd (subsidiaries) and Galle Beach C C Trust Pvt Ltd which is an associate company.

Needless to say, the impact of three consecutive years of seismic shocks to the leisure industry was indeed a heavy blow. The Easter Sunday terror attacks in April 2019 impacted, while the onset of the COVID-19 pandemic affected the global tourism industry in 2020 and 2021 with unprecedented border closures. Then in the fourth consecutive year, we faced economic and political instability, plunging the country into its darkest period post-independence. Tourist arrivals to the country, which was witnessing an encouraging post-pandemic recovery, recorded a sharp slowdown due to multiple travel advisories issued and negative perceptions as a result of the socio-economic turmoil.

The performance of the company was inextricably linked to the performance of the tourism industry, and hence the impacts of the challenges faced over the financial year in this segment are reflected in the performance of the Group as the anticipated recovery remains elusive amidst rise in costs, especially electricity. The Resorts witnessed a rebound in occupancies during the second half of the year driven by domestic travel and improved tourist arrivals. However, operating margins were under pressure given the rising input and utility costs as yields did not pick up commensurately since the benefit of foreign currency revenue was limited due to the gradual recovery of tourism.

We further would like to state that the values of the properties are higher than the loans outstanding, total loan value due to Seylan Bank of Rs. 1,621.5 Mn and total values of the properties of Rs. 3,640.10Mn, (revalued on 31st March 2019 as per the Annual Report of 2023) which is equivalent to 44.54% of the total asset value of the said Companies.

Aware of the situation the Board of Directors has resolved to safeguard the assets of the companies and that the company is in the process of coming up with a plan to settle the outstanding creditors which will be notified in due course.

In the meantime, Directors will take the appropriate steps to safeguard the assets including making further representations to the banking institution.

Thank you,
Yours Sincerely,

A handwritten signature in blue ink, appearing to be 'Thusitha Perera', written over the printed name and title.

Thusitha Perera
Director/CEO